



# ARGENTA

## ARGENTA SPAARBANK NV

### GREEN BOND FRAMEWORK



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# 1. INTRODUCTION

# 1 INTRODUCTION

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*“In a volatile world, Argenta does something exceptional in the financial industry: we take care of our customers and employees in an uncompromisingly responsible way.”*

Sustainability is part of our DNA and has been one of the guiding principles for more than 65 years. Sustainability is about responsibility. It is about taking care of people, the environment and society. It is about long termism. That is why we focus on satisfied customers, happy employees and healthy business results.

Sustainability is an essential part of what Argenta stands for, what it does and how it acts, and is fundamentally related to ethics and integrity. The Sustainability Charter reflects Argenta’s aspirations on sustainability. Argenta uses the Sustainable Development Goals as an important framework to translate its corporate ambitions into concrete actions.

The sustainability policy focuses on five pillars in which Argenta wants to make a significant impact in environmental, social and governance related topics.

The ambitions set by the executive board are high. For its investment and lending activities, Argenta is playing the sustainability card to the full.

These high ambitions are also reflected in Argenta’s wholesale funding approach and more specific in the Green Bond Framework.

# 2. SUSTAINABILITY POLICY



## 2 SUSTAINABILITY POLICY

### 2.1. United Nations Sustainable Development Goals



Argenta links its sustainability policy and sustainability action plan to the 17 United Nations Sustainable Development Goals (SDGs). The SDG's provide a universal framework for our sustainability reporting.

Argenta is committed to all SDG's but its focus goes towards the five SDG's where we believe we can generate the greatest impact.

#### Argenta's objectives



- Argenta has developed the 'Argenta Passport', a new guideline for the development of competences, skills and knowledge required in order to meet the challenges of the future in a sustainable way.
- Argenta strives to achieve a good work-life balance for its employees and supported them practically and mentally during teleworking in the corona period. Moreover, working from home is the new normal and even after corona, employees now work structurally 2 days a week from home.



- Argenta's investment policy seeks to generate local impact with an impact fund for sustainable investment projects.
- As an example, Argenta financed 'Groot Schijn', a modern and sustainable swimming and sports complex in Deurne (Antwerp).



- To minimize food loss, Argenta's supplier Sodexo works with 'LeanPath'. The Waste Watch process allows Argenta to limit structurally its ecological footprint.
- Argenta uses 'Moose', which is a central ordering platform for all publicity material for the branches. By working mainly with printing on demand, paper consumption has been reduced drastically to the minimum.
- Argenta wants to evolve to a paperless office.



- The ecological footprint fell by 45% compared to the 2017 benchmark.
- During the renovation of the new head office in Antwerp, a deliberate choice was made to apply sustainable techniques, such as heating and cooling via geothermal energy, solar panels, LED lighting, automatic sun blinds, etc.
- Half of Argenta's employees already come to work in a sustainable way. Argenta encourages its employees with increased bicycle allowances and by making sustainable transport methods the most attractive in the cafeteria plan. Argenta offers a discount on consumer loans when at least 50% of the total loan amount is utilized towards energy efficiency improvements and supports the Flemish initiative to grant interest-free renovation loans of up to EUR 60,000 for residential property where certain ecological criteria are met.



- Unethical investments are not allowed. Argenta aims to avoid negative impact as much as possible and applies a strict exclusion policy. Argenta does not invest in e.g. the arms industry, the gambling industry, the tobacco industry, hazardous chemicals producers, the 'adult entertainment' industry and companies that commit animal abuse.
- To better protect its customers against phishing and fraud, Argenta uses 3D Secure Payments, which is an online payment with extra security.

## 2.2. Sustainability Pillars

Argenta's strategy builds on five thematic pillars. For each of these areas, ambitions were set with the aim of achieving tangible impact for our stakeholders:

### Employees

Our employees are part of the Argenta family. Their commitment makes our organisation strong. By taking care of them, we are building a long-term relationship.

- To ensure Argenta's growth in the long-term, employees are encouraged to develop their skills and talents. The 'Healthy Growth' programme and the 'Argenta Passport' are good examples to support this ambition.
- Through the 'Healthy Growth' programme, Argenta focuses on various themes aimed at providing an inspiring working environment where employees can fully develop their talents and grow on a personal level. The contribution of each employee to the objectives of the company are translated in a feedback- and assessment cycle. Regular conversations make clear how the employee contributes to the bigger picture and how he/she can grow in the longer term. In the meantime, agile working was introduced throughout the company.
- The 'Argenta Passport' has been developed to increase the agility of the organization and its employees. Argenta has a long-term partnership with Antwerp Management School (A.M.S.), and with the 'Next Generation Work' expertise centre of the school. With the Argenta Passport, Argenta identified which expertise- and skillsets are future proof and which internal trainings need to be organised to enable every employee to receive the passport.

### Products and services

At Argenta we are convinced that being straightforward, price-conscious, trustworthy and sustainable are the best ingredients for offering our customers a strong product range and service. We focus on ease and fulfilling customer needs to ensure they can bank easily and quickly.

Argenta has been steadily making its lending and investment product offerings more sustainable:

## **Sustainable living**

### **At the date of this framework, in Belgium:**

- Argenta supports the goal of the Flemish government to make all homes energy-efficient by 2050.
- Loans for ecological renovation and safety improvements carry lower fixed interest rates than regular renovation loans. Argenta also applies a rate reduction to the purchase of sustainable homes or new builds. These are houses with a maximum EPC/PEB/CPE value of 100 kWh/m<sup>2</sup>.
- The necessary preparations are currently being made to collect information about the Energy Performance Certificate (EPC) for residential property.
- Argenta also supports the Flemish initiative to grant interest-free renovation loans of up to EUR 60,000 for residential property where works are carried out to significantly improve EPC quality.

## **Sustainable mobility**

- In the field of mobility, Argenta offers bicycle loans at very advantageous rates and electric bikes and speed pedelecs are automatically insured via the family insurance.
- Interesting discounted rates are offered to buy a sustainable car, such as an electric or hybrid car.

## **Sustainable investments**

- All investment funds offered to our clients are subject to exclusion screening. More specific, the following exclusion criteria have been defined: investments in controversial activities, such as revenues from oil, coal, tobacco, nuclear energy, gambling, adult entertainment, weapons, pesticides and products involving animal abuse during production, non-conventional oil and gas and controversies. Companies that fail to meet the sustainability criteria are excluded from our investment offering.
- Argenta's sustainable funds are awarded with the 'Towards Sustainability Label' of Febelfin (Belgian Bank Association). For these funds, the best-in-class methodology is applied. In this way, we support companies who create services and products in the most sustainable manner in their particular sectors.
- Argenta has the intention to make the entire range of funds under management sustainable in the coming years.

## **Society**

As a financial institution, we can make the difference through the financial flows we manage for our customers. We choose to invest responsibly and sustainably.

Argenta increasingly invests in the local economy, including social housing, care for the elderly, student housing, schools, facilities for persons with disabilities, sustainable sports infrastructure, and inter-municipal companies that invest in 100% green energy, onshore wind energy, solar energy, etc.

If possible, we prefer partnerships with companies and (local) governments with specific attention to climate or social impact. Moreover, Argenta closely follows the evolution in the reporting on climate-related financial risks as provided by the Task Force on Climate-related Financial Disclosures (TCFD).



## Ecological Impact

Argenta wants to limit its ecological footprint because it believes that banking should not cost trees. The greenhouse gas inventory is prepared according to the GHG Protocol and includes the following 3 scopes:

<b>Scope 1 emissions:</b> <ul style="list-style-type: none"><li>• heating (direct emissions)</li><li>• commuting via company car fleet</li><li>• cooling gases (airco)</li></ul>	<b>Scope 2 emissions:</b> <ul style="list-style-type: none"><li>• electricity purchasing</li></ul>	<b>Scope 3 emissions:</b> <ul style="list-style-type: none"><li>• commuting</li><li>• heating (indirect emissions)</li><li>• paper consumption</li><li>• waste production</li><li>• business travel</li></ul>
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## Ethics and Integrity

Argenta's governance is based on simplicity and transparency. Ethical and honest management relies heavily on the commitment and dedication of all Argenta employees.

'DOPE' is an important framework to stimulate the desired responsible behaviour among employees. DOPE comes from the initial letters, in Dutch, of the focus values that all employees actively bear in mind in their daily work:

- **Close by:** all employees respect each other's opinions, share knowledge and experiences, are honest with each other and enter into long-term relationships in which there is no room for self-interest. On top of this comes constant attention to the customer, to ensure excellent service.
- **Entrepreneurial:** employees take action by themselves to detect opportunities and achieve the goals in a responsible way.
- **Pragmatic:** Argenta staff members go straight to the target, without detours. A good solution is as simple as possible.
- **Simple:** communication with each other is clear and focused on essentials. Solutions are not unnecessarily complicated.

# 3. GREEN BOND FRAMEWORK

## 3 GREEN BOND FRAMEWORK

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### 3.1. Rationale for Green Financing

The Green Bond Framework aims to support Argenta's strategy and the transition to a low carbon economy. Through its Green Bond Framework, Argenta intends to contribute to the growth of the Green Bond market through different financial instruments and to address investors' willingness to finance sustainable green buildings.

This Green Bond Framework has been established as an overreaching platform under which Argenta intends to issue Green Bonds, which may include bonds (public or private placements) and commercial paper in various formats to finance and/or refinance green loans with an environmental benefit.

With efficient housing being the focal point of Argenta's strategy, we have always advocated sustainability and encouraged our customers to make their houses energy efficient for a considerable amount of time already. This allowed us to accumulate a large portfolio of green loans.

### 3.2. Basis of the Framework

Argenta's Green Bond Framework ("the Framework") takes into account the International Capital Markets Association ("ICMA") Green Bond Principles ("GBP") 2021 version<sup>1</sup>. These voluntary process guidelines are developed in multi-stakeholder processes involving issuers, investors, financial institutions and NGOs, with a view to promoting the development and integrity of Green Bonds.

Argenta monitors the regulatory developments regarding the EU Regulation related to green bonds (including the implementation of the EU Taxonomy, the EU Taxonomy Climate Delegated Act and the EU Green Bond Standard). Argenta follows up on these potential changes and when deemed necessary by Argenta, the criteria in the Framework may be updated to further harmonise with the metrics and thresholds of the EU Regulation.

Argenta's Green Bond Framework contains four core components:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

This Green Bond Framework also follows the recommendation of the Green Bond Principles regarding External Review (see 3.4).

This Framework and the four components outlined above will apply to any Green Bond issued by Argenta. As the green bond market continues to evolve, the Framework may be revised, updated or supplemented at any time *inter alia* (but not limited thereto) to remain consistent with the strategy of Argenta, shifting market expectations, best market practices and the regulatory landscape.



The most recent version of the Green Bond Framework can be consulted on [www.argenta.eu](http://www.argenta.eu).

#### 3.2.1. Use of Proceeds

The proceeds of Argenta's Green Bonds will be used to finance and/or refinance, in whole or in part, new or existing green loans, together forming the "Eligible Green Loan Portfolio" in accordance with the eligibility criteria below:

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<sup>1</sup> See [here](#)

ICMA GBP Category	Eligibility Criteria	Contribution to UN SDG	EU Economic Activities and EU Environmental Objectives
<b>Green Buildings</b>	<p>Loans to residential buildings in the Netherlands and Belgium meet either of the following criteria:</p> <ul style="list-style-type: none"> <li>- EPC label ≥ “A” or belonging to the top 15% of the national stock or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence</li> <li>- Energy performance lower of at least 10% than the local threshold set for nearly zero-building (NZEB) requirements</li> <li>- Renovated buildings that comply with the applicable requirements for major renovations</li> <li>- Renovated buildings with energy savings of at least 30% in comparison to the baseline performance before the building renovation</li> </ul>	  	<p><b>EU Economic Activities:</b></p> <ul style="list-style-type: none"> <li>- Construction of new buildings</li> <li>- Renovation of existing buildings</li> <li>- Installation, maintenance and repair of energy efficiency equipment</li> <li>- Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings</li> <li>- Installation, maintenance and repair of renewable energy technologies</li> </ul> <p><b>Contribution to EU Environmental Objectives:</b></p> <p>Substantial contribution to Climate Change Mitigation (Art. 10): 1.b) Improving energy efficiency, except for power generation activities as referred to in Article 19(3)</p>

### 3.2.2. Process of Project Evaluation and Selection

Argenta has established a Green Bond Committee. The Green Bond Committee is composed of representatives from Group Treasury, Group wholesale funding and Group Sustainability, as well as subject matter experts from relevant business units such as lending. The committee will meet at least on a quarterly basis.

The Green Bond Committee is responsible for:

- Reviewing from time to time the content of the Framework and updating it to reflect - to the extent possible - changes in corporate strategy, technology, market, or regulatory developments.
- Procure when needed that third party documents are reviewed or updated such as Second Party Opinion (SPO) and related documents from external consultants and accountants.
- Defining and evaluating the Eligibility Criteria with regard to the Green Loan Portfolio (both Technical Screening Criteria (TSC) and Do No Significant Harm criteria).
- Validating on a portfolio level the purpose of the financing and the environmental objectives they significantly contribute to and/or Do No Significant Harm (DNSH).
- Overseeing the allocation of the proceeds from Green Bonds to the Eligible Green Loan Portfolio and the evolution over time, to ensure that the amount of green loans equals or exceeds the amount of Green Financing Instruments.

- Overseeing, approving and publishing the allocation and impact reporting, including external assurance statements. Argenta may rely on external consultants and their data sources, in addition to its own assessment.
- Adapting the Framework in line with mandatory applicable sustainable finance regulation.
- Monitoring internal processes to identify mitigants to known material risks of negative social and/or environmental impacts associated with the Eligible Green Loan Portfolio. Such mitigants may include clear and relevant trade-off analysis undertaken and monitoring required where the issuer assesses the potential risks to be meaningful.
- Ensuring that the environmental and social risks potentially associated with the Eligible Green Loan Portfolio are properly mitigated via the due-diligence processes conducted by Argenta. Argenta is working on a climate risk analysis of the loan portfolio and that in case of material risks, measures may be contemplated.
- Liaising with relevant business finance segments and other stakeholders on the above, and more specifically with the Group Sustainability Committee. The Committee is responsible for the development and integration of the corporate sustainability strategy, covering all business activities in all its dimensions in order to ensure a consistent coordination, monitoring, sensitization and policy preparation throughout the Group. The CEO, who also holds the position of the Chief Sustainability Officer, is the chairperson of the Group Sustainability Committee. The Green Bond Committee reports to the Group Sustainability Committee.
- Argenta's Sustainability Policy can be found on: [LINK](#)

### 3.2.3. Management of Proceeds

Argenta will allocate the proceeds from Green Bonds to finance the Eligible Green Loan Portfolio in accordance with the use of proceeds criteria (see 3.3.1) and evaluation and selection process (see 3.3.2) presented above.

Proceeds from Green Bonds will be managed by Argenta based on a portfolio and aggregated approach.

Argenta will strive, over time, to achieve a level of allocation to the Eligible Green Loan Portfolio, which matches or exceeds the balance of proceeds from its outstanding Green Bonds.

The Eligible Green Loan Portfolio is evolving over time. Additional loans, complying with the Eligibility Criteria, will be added to the Eligible Green Loan Portfolio to the extent required.

Whilst any Green Bond proceeds remain unallocated, Argenta will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short term and liquid instruments, or to pay back a portion of its outstanding indebtedness or any other treasury activity, the balance of net proceeds not yet allocated to the Eligible Green Loan Portfolio.

### 3.2.4. Reporting

In accordance with recommendations from the Green Bond Principles, Argenta intends to make and keep readily available reporting on Eligible Green Loan Portfolio and Green Bonds outstanding. Reporting shall be renewed at least annually, until full allocation. Both the allocation report as well as the impact report will be made available via Argenta's website.



## Allocation Report

The allocation report will provide information such as:

- The total amount of Argenta Green Bonds outstanding
- The total amount of the Eligible Green Loan Portfolio
- The balance of unallocated proceeds
- The amount or the percentage of new financing and refinancing
- The geographical distribution of the loans

## Impact Report

The impact report may provide information such as

GBP Category	Potential Impact Indicators
<b>Green Buildings</b>	<ul style="list-style-type: none"><li>• Estimated avoided/reduced carbon emissions (in CO2 equivalent)</li><li>• Estimated ex-ante annual energy consumption in KWh</li><li>• Overview of EPC labels and certificates for eligible buildings (in case available and relevant)</li><li>• Estimated adverse environmental impacts, if any</li></ul>

Impact reporting information will be presented in line with ICMA's "Handbook - Harmonized Framework for Impact Reporting (June 2021)<sup>2</sup>".

### 3.3. External Review

#### Second Party Opinion

This Framework will be reviewed by an independent operator who will provide a Second Party Opinion on Argenta's Green Bond Framework.

#### Independent Verification

Argenta intends to request a limited assurance report on the annual allocation report, addressing the allocation of the net proceeds of the issued Green Bonds, provided by an external auditor. The verification report will be publicly available on the Argenta website.

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<sup>2</sup> See [here](#)

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