

# NORD/LB CBB

**Type of Engagement:** Annual Review

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## Introduction

In 2020, NORD/LB Luxembourg S.A. Covered Bond Bank (“NORD/LB CBB”) issued green covered bonds aimed at financing wind and solar energy, energy transmission, and energy storage projects. In January 2021, NORD/LB CBB engaged Sustainalytics to review the projects funded through the issued green covered bonds and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the NORD/LB CBB Green Bond Framework.<sup>1</sup>

## Evaluation Criteria

Sustainalytics evaluated the projects and assets funded in 2020 based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the NORD/LB CBB Green Bond Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the NORD/LB CBB Green Bond Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs while Table 2 lists the associated KPIs.

**Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs**

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
<b>Renewable Energy</b>	Financing of the purchase, design, construction, development and/or installation of the generation of renewable energy from the following renewable energy sources: <ul style="list-style-type: none"> <li>- On and offshore wind power</li> <li>- Solar power</li> </ul>	<ul style="list-style-type: none"> <li>• Installed Capacity in MW</li> <li>• Annual Estimated Production of Renewable Energy in kWh</li> <li>• Annual estimated CO<sub>2</sub> avoidance in t as per EUR 1 mn</li> <li>• Total capacity of renewable energy facilitated through connection, transmission, transformation and storage (in MW)</li> </ul>
<b>Transmission and Energy Storage</b>	Financing for the connection, transmission, transformation, and storage of renewable energy <sup>2</sup>	

## Issuing Entity’s Responsibility

NORD/LB CBB is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

<sup>1</sup> The NORD/LB CBB Green Bond Framework can be accessed at:

<https://www.nordlbcbb.lu/page/docManager/docs/579/NORDLB%20CBB%20Green%20Bond%20Framework%20as%20of%2030%20Sep%202019.pdf>

<sup>2</sup> Regarding energy storage and transmission equipment: Art. 12-3(2) prescribes that more than 50 per cent of its effective activity is used in connection with renewable energy.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of NORD/LB CBB’s Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from NORD/LB CBB employees and review of documentation to confirm the conformance with the NORD/LB CBB Green Bond Framework.

Sustainalytics has relied on the information and the facts presented by NORD/LB CBB with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by NORD/LB CBB.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>3</sup> nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of NORD/LB CBB’s Green Covered Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the NORD/LB CBB Green Bond Framework. NORD/LB CBB has disclosed to Sustainalytics that the proceeds of the green covered bond were fully allocated as of 31<sup>st</sup> December, 2020.

## Detailed Findings

**Table 2: Detailed Findings**

<b>Eligibility Criteria</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the 18 wind and 5 solar energy projects funded by the green covered bond in 2020 to determine if projects aligned with the Use of Proceeds Criteria outlined in the NORD/LB CBB Green Bond Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the 18 wind and 5 solar energy projects funded by the green covered bond in 2020 to determine if impact of projects was reported in line with the KPIs outlined in the NORD/LB CBB Green Bond Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 2.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

<sup>3</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## Appendices

### Appendix 1: Allocation Reporting by Eligibility Criteria

Allocation Reporting by Eligibility Criteria	Onshore Wind	Solar	Total
Total volume of assigned assets/loans (EUR in mn)	487	59	546
Share of NORD/LB CBB allocated to green covered bond (EUR in mn)	316	39	355

### Appendix 2: Impact Reporting by Eligibility Criteria

Environmental Impact Reported by Eligibility Criteria	Onshore Wind	Solar	Total
Total installed capacity (in MW)	624	50	674
Total annual estimated production of Renewable Energy in 2020 (in mn kWh)	1,841	53	1,895
Annual estimated CO <sub>2</sub> avoidance in t as per EUR 1 mn loan in cover	459	61	416

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### 5th Green Bond Pioneer Awards

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