



NLB Green Bond Framework

May 2023




Contents

Introduction to NLB	3
Overview	3
NLB's Sustainability Strategy	4
NLB Group Lending Policy	7
Environmental and Social Risk Management	8
Green Bond Framework	10
Use of Proceeds	11
Process for Project Evaluation and Selection	13
Management of Proceeds	14
Reporting	14
Verification / External Review	15
Annex I - Exclusion Criteria	16
Disclaimer	17

Introduction to NLB

Overview

NLB Group, headquartered in Ljubljana, is the largest banking and financial group in Slovenia with a strategic focus in Southern and Eastern Europe (“SEE”), covering markets with over 17 million people. The Group is comprised of the leading and systemically most important bank in Slovenia, Nova Ljubljanska banka d.d., Ljubljana (“NLB d.d.” or “NLB”), as well as seven subsidiary banks in SEE and several companies providing ancillary services (including asset management, real estate management, leasing, etc.). The Group utilises a universal banking model and supports its clients through retail, corporate, and investment banking services.



Retail banking

Retail Banking in Slovenia includes banking with individuals and micro-enterprises (NLB and N Banka), asset management (NLB Skladi), and one part of the new subsidiary NLB Lease&Go which deals with retail clients, as well as the contribution to the result from the associated company Bankart.



Corporate and investment banking

Corporate and Investment Banking in Slovenia includes banking with key corporate clients, SMEs, and Cross Border corporates, Investment Banking and Custody, Restructuring and Workout (NLB and N Banka), and one part of the new subsidiary NLB Lease&Go that renders services to corporate clients.



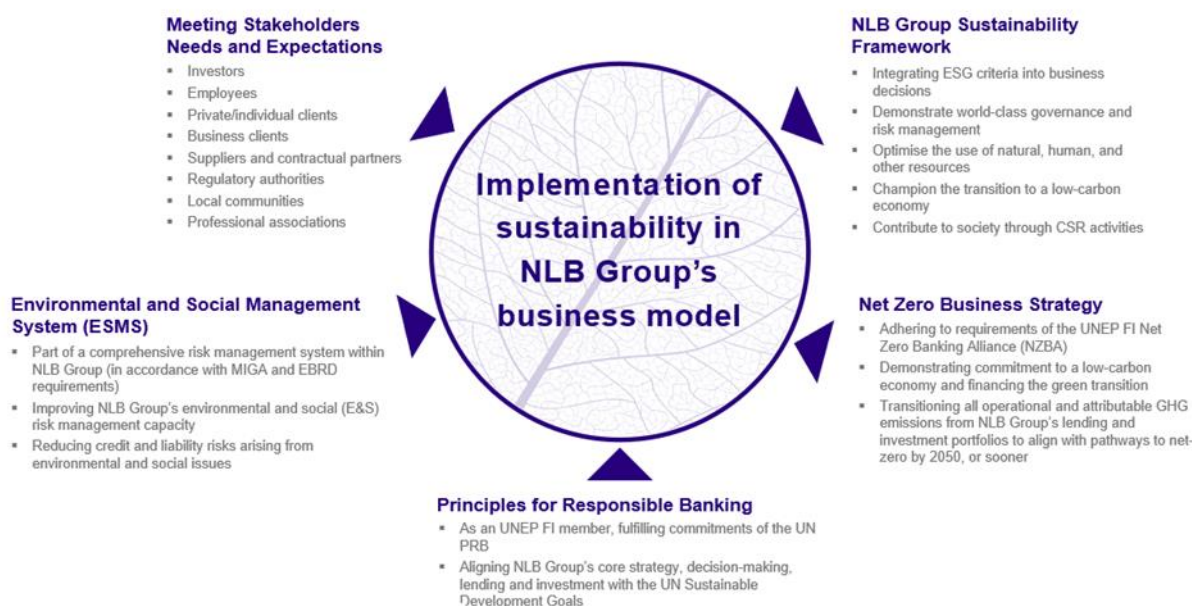
Strategic foreign markets

Strategic Foreign Markets of operations are in the following countries in the Western Balkans/SE Europe: Serbia, North Macedonia, Bosnia and Herzegovina, Kosovo, and Montenegro. All Group subsidiary banks have a stable market position and strong reputation. The banks in the Group’s strategic foreign markets offer a full range of financial services to retail and corporate clients. In Serbia and North Macedonia the Group offers leasing services as well.

NLB's Sustainability Strategy

NLB Group sustainability approach

In 2020, NLB Group embarked on a path to more intensive integration of sustainability into its banking operations, such that it plays a central role in how we do business. Being a major player in all of our markets, we have the ability to significantly influence the quality of life in our home region – South-Eastern Europe. Our sustainability journey focuses on tackling environmental, social and governance considerations, working towards one goal: to empower us and our stakeholders for a successful transition to a low-carbon, inclusive, just and sustainable future.



In 2020, NLB was the first bank from Slovenia to become a signatory to the **UN Principles for Responsible Banking (UN PRB)** – a single framework for a sustainable banking industry, developed through an innovative partnership between banks worldwide and the **United Nations Environment Programme Finance Initiative (UNEP FI)**. Through the Principles, the Bank and its Group members take decisive action to align its core strategy, lending and investment with the UN Sustainable Development Goals.

Based on these principles and to ensure successful management of the environmental, social, economic and governance challenges, as well as identifying business opportunities, the **NLB Group Sustainability Programme** was adopted in 2020. The programme evolved in 2021 into a comprehensive **NLB Group Sustainability Framework**, the mandatory framework for all core members of NLB Group in the region.

An important step in realising the Sustainability Framework agenda in NLB Group was the development and implementation of the **Environmental and Social Management System (ESMS)** in 2021. ESMS is a part of a comprehensive risk management system within NLB Group. It is developed with the aim to improve the Bank's environmental and social (E&S) risk management capacity and to reduce credit and liability risks arising from environmental and social issues.

In 2022, NLB Group made additional steps in its sustainability evolution journey by joining the **UNEP FI Net Zero Banking Alliance (NZBA)**. NZBA aims to harmonise lending and investment portfolios in line the goal of with reaching net zero emissions by 2050 or earlier. NLB is determined to actively support the transformation

of the economy required to achieve the ambition of the EU “Fit for 55” plan to reduce greenhouse gas emissions in the EU by 55% by 2030.

To that end, the next key milestone with regards to sustainability implementation is the development of a comprehensive **NLB Group Net Zero Business Strategy** with the aim to set clear portfolio decarbonisation targets. The process started in 2022, and the strategy is planned to be fully implemented in 2023.

Three Pillars of NLB Group Sustainability

Within the Sustainability Framework, three main pillars of sustainable development are defined, which set the broader strategic agenda for implementing sustainable elements in the business model and operations Group-wide:

- **Sustainable Finance**

Sustainable finance integrates ESG criteria into our business and investment decisions for the lasting benefit of our clients and society. **Embedding sustainability practices within our lending, investments, products and services**, is the most significant way in which we can support national and global sustainable development goals. Moreover, it enables us to manage risks of our own financial performance and profit from **business opportunities** emerging from the transition to a greener, more inclusive economy.

- **Sustainable Operations**

Sustainable operations refer to **managing our direct ESG (Environmental, Social, Governance) impacts, ensuring we operate ethically and efficiently**. Our approach to improving sustainable operations is to measure, manage and report performance in alignment with **EU CSRD** (EU Corporate Sustainability Reporting Directive) and **UNEP FI**.

- **Corporate Social Responsibility**

We actively contribute towards wider socio-economic development through our Corporate Social Responsibility activities with an overarching focus on education in the communities where we operate. In addition, we also support a range of external initiatives such as: humanitarian, cultural heritage, sports, entrepreneurship and environment.

Integration of SDGs and Principles for Responsible Banking into the NLB Group Sustainability Pillars

By adhering the Principles for Responsible Banking, the Group aligns its operations with the objectives of the **UN Sustainable Development Goals and the 2015 Paris Climate Agreement**. These are reflected, together with national strategies in our region, in the Group Business Model through its operations, financing and investment activities.



Principle 1:

Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks.



Principle 2:

Impact and Target Setting

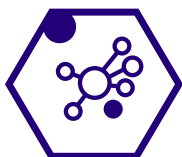
We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products, and services. To this end, we will set and publish targets where we can have the most significant impacts.



Principle 3:

Clients & Customers

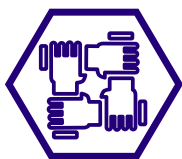
We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.



Principle 4:

Stakeholders

We will proactively and responsibly consult, engage, and partner with relevant stakeholders to achieve society's goals.



Principle 5:

Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.



Principle 6:

Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Commitment to UN Sustainable Development Goals

The Group focuses on key 5 Sustainable Development Goals – those which reflect its greatest impact. These goals are the foundational in our approach to the Principles for Responsible Banking and for setting **NLB Group Sustainability Pillars in our overarching Sustainability Framework**. Thus, the Principles enable the Group to embed sustainability across all its business areas, to make positive impacts on people and planet, while reducing negative impacts and managing remaining risks, as well as to leverage new business opportunities.

Key 5 UN SDGs in the NLB Group focus are:



NLB Group Targets

Based on the NLB Group impact analysis, first performed in 2021, 13 impact areas across the business lines were identified. This was complemented by an analysis of the NLB Group portfolio, materiality analysis and identification of needs of each of the countries in which NLB operates. On the back of this analysis, the NLB Group announced 4 key targets:



The NLB Bank in 2022 started with activities to further develop new targets more focused on our portfolio. We expect to set additional targets in 2023 and 2024 in the area of Climate and Inclusive, healthy economies. In line with our UNEP FI – NZBA commitment.

NLB Group Lending Policy

The NLB Group Lending Policy defines the principles for approving balance and off-balance transactions in terms of client creditworthiness, portfolio diversification, industry, type of investments and target markets. It specifies terms of lending that reflect the risk appetite of NLB and the core members of the NLB Group. It follows the key substantive guidelines about risk appetite defined in the NLB Group Risk Strategy.

The NLB Group Lending Policy includes an environmental and social risk management system which includes risk assessment and monitoring mechanisms, as appropriate to:

- Screen all clients/sub-projects against the Environmental and Social Exclusion List;
- Categorise the environmental and social risk of proposed transactions (low/medium/high);
- Ensure, through its assessment, that transactions are structured to meet national regulatory requirements relating to environmental and social matters;
- Keep and regularly update environmental and social records on clients; and
- Monitor client's compliance with national laws on environment, health, safety and labour.

Green Lending by NLB Group

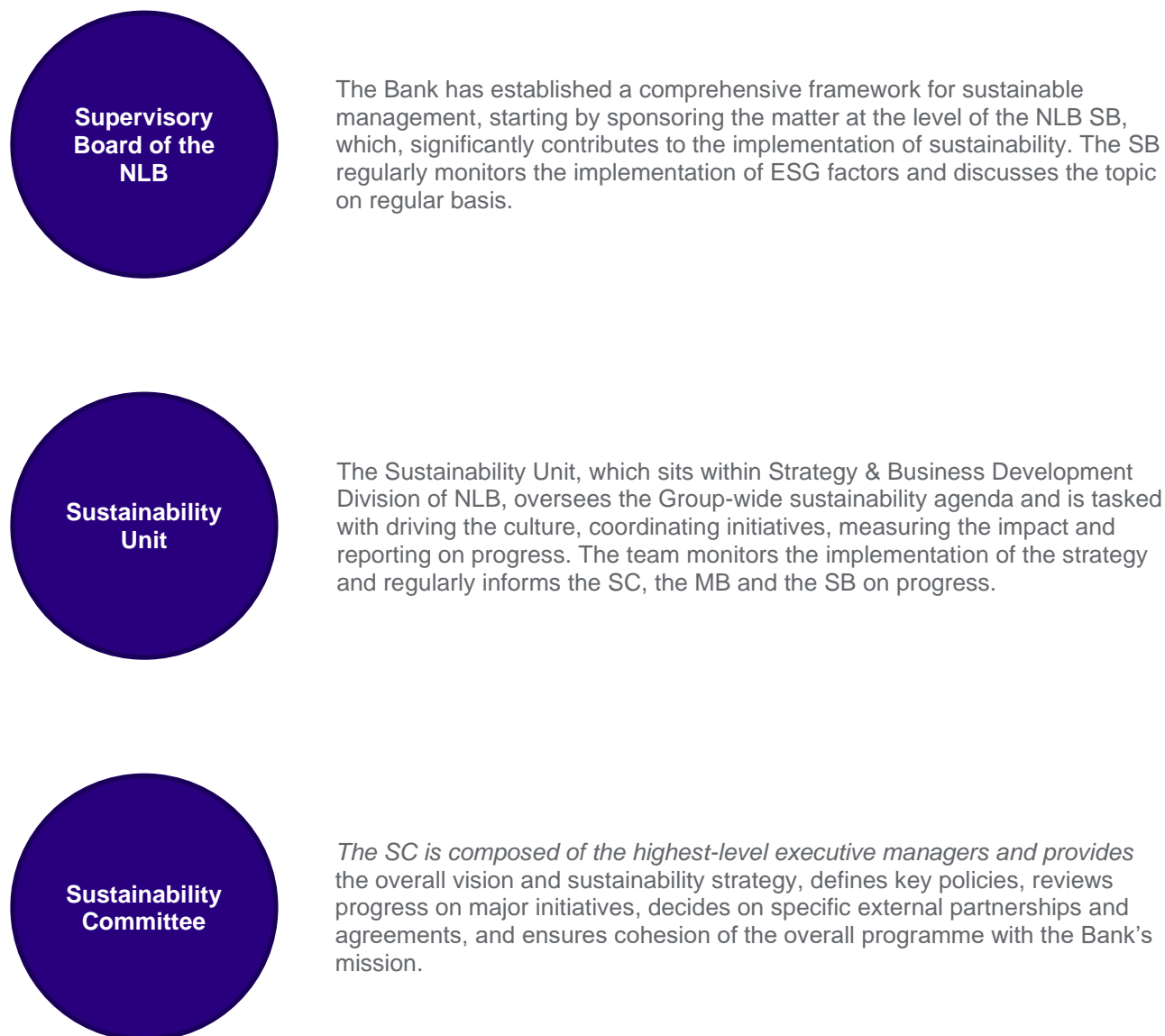
NLB Group is committed to providing financial products and services that contribute to environmental and social prosperity to its clients. NLB and banking subsidiaries of NLB Group offer green loans to corporates, SMEs and retail customers.

Environmental and Social Risk Management

According to NLB's Articles of Association, the bank has a commitment to consider the environmental and social impacts of its business, with the aim of ensuring sustainable development of the bank, included as one of the goals of the bank.

Sustainability is anchored at different levels within the bank (Management Board ("MB"), Supervisory Board ("SB") and Group level, as well as Business & Country level), guaranteeing that it receives attention from the highest decision-making bodies while also being broadly integrated in our daily operations.

In Q3 2021, the **NLB Group Sustainability Committee ("SC")** was established. In accordance with the Rules of Procedure of Management Board of NLB, the SC acts as a consultative body of the Management Board of NLB. Therefore, NLB has put in place 4-level NLB Group Sustainability Governance Structure, as follows:





Ad hoc working groups are being set up in the bank to introduce various elements of sustainability. Their composition varies according to the area of sustainability considered. Environmental and social management system (ESMS) Officers and ESG Coordinators have been appointed in our banking members and report regularly to local boards. ESMS Officers come from within the risk management line and ensure the ESMS is properly implemented organisation wide.

Rules of Procedure of the NLB Sustainability Committee

The Rules of Procedure of the Sustainability Committee determine the composition and powers of the SC and its members, as well as the manner of its operation and decision-making. The SC is chaired by the Chief Executive Officer of NLB. The SC's membership is drawn from senior officials across all areas of the bank, including: Sustainability; CSA & Cross-border Financing; Large Corporates; Small & Mid-Corporates; Group Steering; Strategy & Business Development; Legal & Secretariat; Financial Markets; Global risk; Credit Risk - Retail & Corporate; Evaluation & Control; Group Real Estate Management; Procurement; Human Resources & Organisation Development; Sales Development & Management; and, Communication. The Sustainability Team reports quarterly to the Supervisory Board of the NLB on progress made with implementing the ESG-related commitments, requirements, and targets.

Linking the Remuneration Policy to ESG

In 2022, the variable part of the salary of the NLB Group's management board members was subject to performance assessment against pre-determined goals in five key ESG areas:

1. **Sustainability Governance** – this included among others adhering to national and European Regulation; ensuring efficient governance, reporting and sustainability management; expanding talent responsible for sustainability at NLB and developing IT systems for gathering of ESG data and flagging transactions as per relevant regulatory/sustainability reporting requirements
2. **ESG Risk Management** – this included among others the implementation of MIGA, EBRD and EU Taxonomy frameworks to the underwriting criteria; integration of ESG factors into the risk management framework and underwriting process; conducting 2022 ESG stress tests and obtaining our first ESG rating
3. **Sustainability Financing** – increasing financing of environmental and social projects in the corporate and retail lending segments in line with the NLB Group targets
4. **Operational Environmental Impact** – reducing the Group's operational carbon footprint and paper consumption
5. **Contribution to Society** – aligning CSR activities to support the achievement of the UN SDGs

Sustainability Reporting

The NLB Group Sustainability Report 2022 was prepared in accordance with Article 56 and in conjunction with Article 70c of the Slovenian Companies Act. Furthermore, the report discloses non-financial information based on the following legal bases, requirements, recommendations, and reporting frameworks including: EU Taxonomy; the requirements and recommendations of regulatory authorities, UN PRB, ECB Guide on Climate and Environmental Risks; the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) in line with the requirements and recommendations of the Financial Conduct Authority (FCA); and, the Global Reporting Initiative (GRI) Sustainability Reporting Standards.

Green Bond Framework

In alignment with NLB Group's sustainability strategy, we have established this Green Bond Framework (hereinafter referred to as the 'Framework') under which NLB can issue any debt security (such as senior bonds, subordinated bonds or covered bonds) to finance and refinance loans, assets and projects with positive environmental benefits. For avoidance of doubt, the loans assets and projects, comprise those from NLB Group as a whole which is comprised of the Nova Ljubljanska banka d.d., Ljubljana, seven subsidiary banks in SEE and several companies providing ancillary services (including asset management, real estate management, leasing, etc.).

Green Bonds are an effective tool to highlight investments in assets with demonstrated environmental and potential social co-benefits, contributing to the achievement of the EU environmental targets and UN SDGs.

Alignment with the ICMA Principles

The Framework has been developed in alignment with the International Capital Market Association ("ICMA") Green Bond Principles 2021¹ ("GBP") and therefore consists of the four key pillars:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting

The Framework also follows the recommendations of the GBP on external review and reporting.

Alignment with the EU Taxonomy Regulation

It is NLB's intention to follow best market practice as the market standards develop and as the EU classification of environmentally sustainable economic activities (the EU Taxonomy) evolves.

Therefore, the definition of the Eligibility Criteria – as outlined in the Use of Proceeds section of this Framework – takes into account the EU Taxonomy Regulation² and the EU Taxonomy Climate Delegated Act³ with the intention to apply them on a best efforts basis. In that respect NLB will focus on compliance with technical screening criteria for determining substantial contribution to climate change mitigation and, as they enter into law, to sustainable use and protection of water and marine resources, as well as pollution prevention and control. Sustainalytics' Second Party Opinion contains an assessment of alignment of the Eligible Green Loan Criteria presented in the Framework with the relevant Technical Screening Criteria in the EU Taxonomy as well as NLB Group's performance and policies around minimum standards on human and labour rights.

¹ ICMA: Green Bond Principles – June 2021 (with June 2022 Appendix 1) ([link](#))






² EU Taxonomy Regulation: (EU) 2020/852 of 18th June 2020 ([link](#))

³ EU Taxonomy Delegated Act on Climate Objectives: (EU) 2021/2139 of 9th December 2021 ([link](#))

Use of Proceeds

Green Loan Eligibility Criteria

ICMA GSF Categories	Eligibility Criteria	Contribution to UN SDGs	EU Economic Activities
Renewable Energy	<p>Financing or refinancing the production of renewable energy:</p> <ul style="list-style-type: none"> • Solar energy - Photovoltaics (PV) and concentrated solar power (CSP); cogeneration of heat/cool and power from solar energy • Wind energy - On- and off-shore • Geothermal energy ($\leq 100\text{g CO}_2\text{e/kWh}$) • Bioenergy ($\leq 100\text{g CO}_2\text{e/kWh}$); fuel that is derived from sources of high biodiversity, that competes with food sources or that depletes carbon pools is excluded • Hydropower - Small-scale hydropower projects (less than 25MW) with either: <ul style="list-style-type: none"> ○ Life cycle emissions $\leq 100\text{g CO}_2\text{ e/kWh}$ or ○ Power density $> 5\text{W/m}^2$ or ○ The electricity generation facility is a run of river plant and does not have an artificial reservoir <p>Financing or refinancing the production of transmission and distribution of electricity projects, including but not limited to transmission and distribution infrastructure, as well as smart metering</p> <p>Financing or refinancing of the installation, maintenance and repair of renewable energy technologies</p>	 	<p>(4.1.) Electricity generation using solar PV technology</p> <p>(4.2.) Electricity generation using concentrated solar power (CSP) technology</p> <p>(4.3.) Electricity generation from wind power</p> <p>(4.5.) Electricity generation from hydropower</p> <p>(4.6.) Electricity generation from geothermal energy</p> <p>(4.8.) Electricity generation from bioenergy</p> <p>(4.9.) Transmission and distribution of electricity</p> <p>(4.17.) Cogeneration of heat/cool and power from solar energy</p> <p>(7.6.) Installation, maintenance and repair of renewable energy technologies</p>
Green Building	<p>Financing or refinancing of new or existing buildings:</p> <ul style="list-style-type: none"> • Buildings built before 31 December 2020 with EPC label $\geq 'A'$ or belonging to the top 15% of the national building stock based on primary energy demand (PED) • Buildings built after 31 December 2020 with energy performance of at least 10% better than the threshold for Nearly Zero-Energy Buildings (NZEB) based on primary energy demand (PED) in the local market • Buildings that have been refurbished, resulting in a reduction of PED of at least 30% and validated through an Energy Performance Certificate • Buildings that have been refurbished 	  	<p>(7.1) Construction of new buildings</p> <p>(7.2.) Renovation of existing buildings</p> <p>(7.7.) Acquisition and ownership of buildings</p>

	<p>meeting the criteria for major renovations under applicable building regulations</p> <ul style="list-style-type: none"> • New, existing or refurbished buildings which received at least one of the following certifications: <ul style="list-style-type: none"> ○ BREEAM 'Excellent' or above ○ LEED 'Gold' or above ○ DGNB 'Gold' and/or above ○ HQE 'Excellent' and/or above 	
<p>Energy Efficiency</p>	<p>Financing or refinancing of energy efficiency projects, such as:</p> <ul style="list-style-type: none"> • Manufacture of rechargeable batteries (e.g., lithium-ion batteries), battery packs and accumulators for transport, stationary and off-grid energy storage • Construction of facilities that store electricity and return it later in the form of electricity • Installation of electric heat pumps • Installation, maintenance and repair of energy efficiency equipment including LED street lamps 	<p>(3.4.) Manufacture of batteries (4.10.) Storage of electricity (4.16.) Installation and operation of electric heat pumps (7.3.) Installation, maintenance, and repair of energy efficiency equipment</p>  
<p>Clean Transportation</p>	<p>Financing or refinancing of low carbon vehicles and rolling stock:</p> <ul style="list-style-type: none"> • Zero emission vehicles powered by electricity • Zero emission passenger and freight rail transportation <p>Financing or refinancing of low-carbon transportation infrastructure:</p> <ul style="list-style-type: none"> • Infrastructure for personal mobility and cycle logistics • Infrastructure for rail transport • Infrastructure enabling low-carbon road transport and public transportation, such as EV charging points and hydrogen fuelling stations 	<p>(6.1.) Passenger interurban rail transport (6.2.) Freight rail transport (6.3.) Urban and suburban transport, road passenger transport (6.5.) Transport by motorbikes, passenger cars and light commercial vehicles (6.13.) Infrastructure for personal mobility, cycle logistics (6.14.) Infrastructure for rail transport (6.15.) Infrastructure enabling low-carbon road transport and public transport</p> 
<p>Sustainable Water and Wastewater Management</p>	<p>Financing or refinancing of construction, extension as well as renewal of water collection, treatment, and supply systems</p> <p>Financing or refinancing of construction and renewal of wastewater collection and treatment</p>	<p>(5.1.) Construction, extension and operation of water collection, treatment, and supply systems (5.2.) Renewal of water collection, treatment, and supply systems (5.3.) Construction, extension and operation of wastewater collection and treatment (5.4.) Renewal of</p>  

		wastewater collection and treatment
Pollution Prevention & Control	Financing or refinancing of: <ul style="list-style-type: none"> Waste to energy with emissions below 100g CO₂/kWh. Waste incineration follows a waste hierarchy to ensure that as much of the waste as possible is reused and recycled before being converted to energy Production of heat/cool using waste heat Recycling facilities, including, collection, treatment, and processing of all types of waste, with the purpose to re-use and minimizing the amount of waste to landfill, bringing back valuable raw material to the market 	(4.25.) Production of heat/cool using waste heat (5.5.) Collection and transport of non-hazardous waste in source segregated fractions (5.9.) Material recovery from non-hazardous waste



Process for Project Evaluation and Selection

The Project Evaluation and Selection process for prospective Eligible Green Loans is a key process in ensuring that the amount equivalent to the net proceeds from Green Bonds are allocated to loans which meet the criteria outlined in this Framework.

All loans, including Green Loans, are subject to the credit process which intends to ensure compliance with applicable national regulations, and includes a Know-Your-Customer (KYC) procedure.

NLB Group established mechanism for environmental and social screening (ESMS) of current or potential financing applications against the Exclusion List and applicable environmental and social laws. The management of ESG risks addresses the Group's overall credit approval process and related credit portfolio management. Sustainable financing is implemented in accordance with the Group's ESMS.

For the governance of the Green Bond Framework, NLB has established a Green Bond Working Group which includes representatives from: Financial Markets (co-ordinators of the Working Group); Credit Risk; Evaluation & Control; Sustainability; Corporate & Investment Banking Management; Customer, Product Management & Digital Services; Distribution Networks of NLB; and, IT Delivery. The Green Bond Working Group will meet at least twice a year.

The Green Bond Working Group is responsible for:

- Preparing Green Bond Framework, and its updates when necessary;
- Evaluating Green Loan Portfolio in line with the Eligibility Criteria as set out in the Green Bond Framework, validating the purpose of the financing and the environmental objectives they contribute to;
- Identifying Eligible Green Loans as per Green Bond Framework criteria;
- Excluding projects/assets from Green Loan Portfolio that no longer comply with the Eligibility Criteria;
- Overseeing the allocation of the proceeds from Green Bonds to the eligible Green Loan Portfolio to ensure that the value of the Eligible Green Loan Portfolio equals or exceeds the value of issued of Green Bonds;
- Preparing allocation and impact reporting on an annual basis (NLB may rely on external consultants and their data sources, in addition to its own assessment); and,
- Reporting periodically on operations to the SC.

The SC is a consultative body of the Management Board which function is to be acquainted with the implementation of sustainability activities, development of new sustainable financing products and sustainable portfolio development.

NLB Management Board shall confirm the Green Bond Framework (and its potential updates) as well as Green Loan Portfolio for Green Bond(s).

Management of Proceeds

The net proceeds of the Green Bonds issued under this Green Bond Framework will be managed by NLB in a portfolio approach.

NLB intends to allocate the proceeds from Green Bonds to a portfolio of loans that meets the Green Loan Eligibility Criteria and in accordance with the evaluation and selection process presented above.

NLB entities will strive, within 36 months after issuance, to reach a level of allocation of the Loan Portfolio that at least matches the net proceeds from its outstanding Green Bonds. Green Eligible Loans will be added to or removed from NLB's Eligible Green Loan Portfolio to the extent required.

Pending the allocation of the net proceeds of Green Bonds to the Eligible Green Loan Portfolio, the unallocated amount will be managed within NLB's regular cash management operations.

Reporting

NLB will publish allocation and impact reports annually, at least until full allocation. NLB will disclose the allocation and impact of the Green Bond proceeds to the Eligible Green Loan Portfolio for each Eligible Project Category, and on an aggregated basis, for all of NLB's outstanding Green Bonds. The reporting will be published on NLB's website.

NLB intends to align the reporting with the portfolio approach described in ICMA's Harmonised Framework for Impact Reporting (June 2022)⁴ on a best-efforts basis.

Allocation Reporting

The allocation report will, on a best-efforts basis include:

- The size of the identified Eligible Green Loan Portfolio, per Eligible Project Category,
- The total amount of proceeds allocated to the Eligible Green Loan Portfolio,
- The number of eligible loans,
- The balance of unallocated proceeds,
- The amount or the percentage of new financing and refinancing,
- The geographical distribution of the assets (at country level).

⁴ ICMA: Harmonised Framework for Impact Reporting – Green Bonds – June 2022 ([link](#))

Impact Reporting

NLB intends to report on the environmental impact of the eligible loans. The impact report may include the following impact indicators:

Eligible Project Category	Impact Examples of Potential Key Impact Indicators
Renewable Energy	<ul style="list-style-type: none"> • Total installed capacity in MW • Estimated annual avoided emissions in tonnes of CO₂ equivalent • Estimated annual energy saved in MWh • Renewable capacity connected to the grid (GW)
Green Building	<ul style="list-style-type: none"> • Estimated ex-ante annual energy consumption in KWh/m² • Estimated annual energy savings in MWh/GWh • Estimated annual reduced and/or avoided emissions in tonnes of CO₂ equivalent
Energy Efficiency	<ul style="list-style-type: none"> • Estimated annual energy savings in MWh • Estimated annual reduced and/or avoided emissions in tonnes of CO₂ equivalent
Clean Transportation	<ul style="list-style-type: none"> • Estimated annual reduced and/or avoided emissions in tonnes of CO₂ equivalent • Number of fossil-free vehicles deployed • Number of electric vehicles charging points installed • Kilometres of rail tracks • Estimated passenger-kilometres and/or passengers; or tonne-kilometres and/or tonnes transported • Other relevant indicators depending on the considered projects
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Estimated annual absolute (gross) water use before and after the project in m³/a, reduction in water use in % • Other relevant indicators depending on the considered projects
Pollution Prevention & Control	<ul style="list-style-type: none"> • Estimated annual energy generation from non-recyclable waste in energy/emission-efficient waste to energy facilities in MWh/GWh (electricity) and GJ/TJ (other energy)

Verification / External Review

Pre-Issuance

NLB Group has obtained an independent second party opinion from Sustainalytics to confirm the alignment of the Framework with the GBP, as well as an EU Taxonomy Alignment Assessment (Technical Screening Criteria and Minimum Social Safeguards only).

The Second Party Opinion as well as the Green Bond Framework are available to investors and other stakeholders on NLB's website.

Post-issuance

NLB may request on an annual basis, starting one year after issuance and until maturity (or until full allocation), a limited assurance report of the allocation of the Green Bond proceeds to the Loan Portfolio, provided by its external auditor or a reputable external verifier.

Annex I - Exclusion Criteria

Net proceeds from the NLB Green Bonds will not be knowingly used by NLB Group to finance any of the following activities:

- the production of or trade in any product or activity deemed illegal under national laws or regulations, or international conventions and agreements, or subject to international phase out bans, such as:
 - production of or trade in products containing PCBs
 - production of or trade in pharmaceuticals, pesticides/herbicides and other hazardous substances
 - production of or trade in ozone depleting substances
 - production or use of or trade in persistent organic pollutants
 - trade in wildlife or production of or trade in wildlife products regulated under CITES
 - transboundary movements of waste prohibited under public international law

- NLB Group will also not knowingly finance to any of the following activities:
 - Nuclear energy
 - Fossil-fuel related power generation
 - Mining
 - Forced evictions.
 - Upstream oil exploration.
 - Upstream oil development projects, except in rare and exceptional circumstances where the proceeds of the project exclusively target the reduction of GHG emissions or flaring from existing producing fields.
 - Activities involving force-feeding of ducks and geese.
 - The keeping of animals for the primary purpose of fur productions or any activities involving fur production.
 - The manufacture, placing on the market and use of asbestos fibres, and of articles and mixtures containing these fibres added intentionally.
 - The export of mercury and mercury compounds, and the manufacture, export and import of a large range of mercury-added products.
 - Activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage.
 - Drift net fishing in the marine environment using nets in excess of 2.5 km in length.
 - Shipment of oil or other hazardous substances in vessels which do not comply with IMO requirements.
 - Trade in goods without required export or import licenses or other evidence of authorization of transit from the relevant countries of export, import and, if applicable, transit.
 - Production or activities involving harmful or exploitative forms of forced labour / harmful child labour.
 - New financing to thermal coal mining or coal-fired electricity generation capacity in any way, including eventual transitional enhancements.
 - Financing of Political parties

Disclaimer

NLB d.d. and each of its subsidiaries (collectively: NLB Group) disclaims any and all responsibility and liability for this document (including, but not limited as to the fairness, completeness, accuracy or reasonableness of any such information (express or implied), contained or incorporated by reference herein). No information herein should be taken as, or form the basis of, any forecast, assurance, representation, warranty, undertaking or commitment and no member of NLB Group has assumed an obligation to update it or to otherwise notify anyone of any subsequent change. No member of NLB Group shall be held responsible for any damages arising from the use of this document by any person.

This document is not intended to be and should not be construed as providing legal or financial advice. It does not constitute an offer or invitation to sell or any solicitation of any offer to subscribe for or purchase or a recommendation regarding any securities. The information in this document has not been approved by any authority and neither has been independently verified.

The distribution of this document and of the information it contains may be subject of legal restrictions. Persons who might come into possession of it must inquire as to the existence of such restrictions and comply with them.