

Sustainable Bond Framework

November 2020



Bank Windhoek
a member of **Capricorn Group**

The background of the top half of the page features a photograph of several wind turbines silhouetted against a warm, golden sunset sky. The turbines are arranged in a line across the horizon, with some in the foreground and others receding into the distance. The overall mood is serene and focused on renewable energy.

EXECUTIVE SUMMARY

The Bank Windhoek Sustainable Bond Framework (SBF)¹ sets out the guidelines for the issuance of any future Green Bond, Social Bond or Sustainability Bond in accordance with the four core components as set out in the Green Bond Principles, Social Bond Principles or Sustainability Bond Guidelines established by the International Capital Market Association² (ICMA). The Framework, as described herein, is applicable to all future Sustainable Bonds issued by Bank Windhoek, subject to market conditions and funding needs and subject to market conditions.

In its 30-year history, Namibia has distinguished herself as a leader in environmental protection. Namibia is the first nation in the world to incorporate environmental protection into its constitution. In the last decade, we have become one of the leading lenders to the Namibian Sustainable Energy market, with expertise and services designed for clients that range from small businesses to large corporations.

Bank Windhoek is a proud signatory to the United Nations Global Compact³ – an initiative aimed at implementing universal sustainability principles and attaining the United Nations Development Goals. As a result of this association, the Bank makes various commitments, including operating responsibly, aligned with universal sustainability principles relating to human rights, labour, environment and corruption. The Bank has chosen to adapt and address, in part or in full, the UN Sustainable Development Goals and use these principles as the basis of our proposed SBF, and we aim to align our relevant lending activities to these goals.

We are acutely aware of our obligations under the UN Sustainable Development Goals. We recognise the importance of understanding the implications of climate change, and what its impact will be on our business and that of our clients. We have an exemplary track record in alternative energy projects. Ultimately, we are working to build a more sustainable Bank in a vast societal, economic and environmental context.

Bank Windhoek and the Capricorn Group's commitment to sustainability entails taking a long-term, holistic view that considers the perspectives of all stakeholders. Our Sustainability Framework provides the structure and processes through which we create enterprise-wide awareness and ensure aligned thinking and practices. In other words, our sustainability strategy is based on addressing sustainability holistically, encompassing environmental, social and economic issues. Bank Windhoek intends to update our SBF periodically to reflect developments in the Namibian Market.

It is important to note that the proceeds of the Sustainable Bonds are intended to support wide array of projects offering broad societal, economic and environmental benefits. Moreover, we aim to avail favorable financing to projects that are financially feasible and the each and every project will be dealt with on a case-by-case basis and the finale terms and conditions are based on the finance applicant's repayment-ability and the overall risk profile or the project.

¹The abbreviation (SBF) for Sustainable Bond Framework will be used throughout this document.

²<https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

³ For more information about the Ten Principles, please follow the link: <https://www.unglobalcompact.org/what-is-gc/mission/principles>

OUR GREEN BOND ISSUANCE SUCCESS

- Bank Windhoek became the first commercial bank to issue and list its own inaugural Green Bond in 2018, not only in the local Namibian market but within the Southern African region.
- Bank Windhoek's Green Bond is listed on the Namibia Stock Exchange (NSX) and complies with the Sustainable Stock Exchanges (SSE) Initiative, a United Nations (UN) Partnership Programme of the UN Conference on Trade and Development (UNCTAD), and the UN Global Compact.
- The success of Bank Windhoek's Green Bond was internationally recognised when it received the "Green Bond Pioneer Award" from Climate Bonds Initiative in 2019.
- In addition, the Bank also received an office certificated of recognition from the Climate Bond initiative for becoming the first commercial bank in Namibia to issue and list a Green Bond.
- Bank Windhoek was named Bank of the Year by the leading Financial Times publication, The Banker. The prestigious award follows after Bank Windhoek was ranked as the Best Namibian Bank in the African Business Magazine⁴, moving up seven places from 2019.
- The Solar PV projects⁵ financed by Bank Windhoek's Green Bond prevents 305 710 Carbon Dioxide Equivalent [tCO₂ e] tonnes of Green House Gas emissions over the expected lifespan of the solar photovoltaic panels of 25 years.



⁴ Africa's top 100 Banks are ranked annually as of the Top 100 Banks survey, which is conducted by the African Business magazine. Regarded as the industry standard for Banking excellence, The Banker's Bank of the Year Awards judge the world's leading financial institutions on their ability to deliver returns, gain strategic advantage and serve their markets. For more information, please follow the link below: <https://www.Bankwindhoek.com.na/Pages/News/Bank-of-the-Year.aspx>

⁵ For more details on the projects financed with the Bank Windhoek Green Bond, follow the link: [https://www.Bankwindhoek.com.na/Reports/2020%20Bank%20Windhoek%20Green%20Bond%20Impact%20Report%20\(20MB\).pdf](https://www.Bankwindhoek.com.na/Reports/2020%20Bank%20Windhoek%20Green%20Bond%20Impact%20Report%20(20MB).pdf)



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ABBREVIATIONS

BCC	Board Credit Committee ³
CIB	Corporate and Institutional Banking
COP21	The 21st Conference of the Parties to the UN Framework Convention on Climate Change
CRF	Credit Risk Forum
DMTN	Domestic Medium Term Note Programme
EE	Energy Efficiency
EIF	Environmental Investment Fund of Namibia
GBP	Green Bond Principals
ICMA	International Capital Market Association
IFC	International Finance Corporation
NAD	Namibian Dollar (N\$)
NDP	Namibian National Development Plan
NSX	Namibian Stock Exchange
RE	Renewable Energy
SBF	Sustainable Bond Framework
SBP	Sustainable Bond Principles
SBG	Sustainable Bond Guidelines
SIC Code	Standard Industrial Classification Code
SUNREF	Sustainable Use of Natural resources And Energy Finance Namibia
UN	United Nations
WB	World Bank

INTRODUCTION

As the only locally owned commercial Bank in Namibia, we share the responsibility to protect Namibia for future generations by actively contributing to and facilitating the transition to a low-carbon and climate-resilient economy and in turn uplifting socio-economic conditions.

Bank Windhoek is seen as the Green Bond pioneer in the Southern African region after becoming the first commercial bank to issue and list a Green Bond to raise alternative sources of funding to finance green projects within the borders of Namibia. The ring-fenced proceeds were utilised to finance renewable energy projects, mainly Solar Photovoltaic projects within Namibia. This initiative was an incredible learning curve for the Bank's staff and clients involved in related renewable energy projects. This experience encourages Bank Windhoek to continue to expand our green lending activities by issuing the first Sustainability Bond in Namibia.

It is evident that the environmental and social impact of many projects overlap. In other words, certain Social Projects may have environmental co-benefits, and that specific Green Projects may also have social co-benefits. For this reason, Bank Windhoek aims to obtain additional sources of funding for its green and societal lending activities by raising funds in the debt market through a local **Sustainable Bond** issuance. Also, the proceeds will be used solely to finance eligible and bankable green and societal projects and assets throughout Namibia.

Sustainability Bonds are a unique fixed income instrument and investment vehicle for institutional investors, where the proceeds are exclusively applied to finance or re-finance a combination of both green and social projects, in part or in full, new or existing, which are aligned with the four core components⁶ of the International Capital Market Association's (ICMA) Green Bond Principles⁷ (GBP), (ICMA) Social Bond Principles (SBP) and also follows the (ICMA) Sustainability Bond Guidelines. In its simplest form, the Bank will raise a fixed amount of capital, repaying the capital (principal) and accrued interest (coupon) over a set period to investors, and in turn, specifically ring-fence the proceeds to finance eligible and bankable projects on favourable terms, depending on the financed applicant's repayment ability and project risk profile.

It is a win-win situation for both the bond issuer (the Bank) and the investor, as both contribute toward a sustainable future on one hand, and on the other, showcase themselves as a responsible organisation/institution/individual. Furthermore, by issuing a Sustainability Bond, the Bank and Capricorn Group, make a strong commitment to be a sustainable and responsible organisation. Sustainable finance, therefore, is embedded in the Bank's future growth strategy.



⁶ The GBP have four core components:

1). Use of Proceeds, 2). Process for Project Evaluation and Selection 3). Management of Proceeds, 4). Reporting

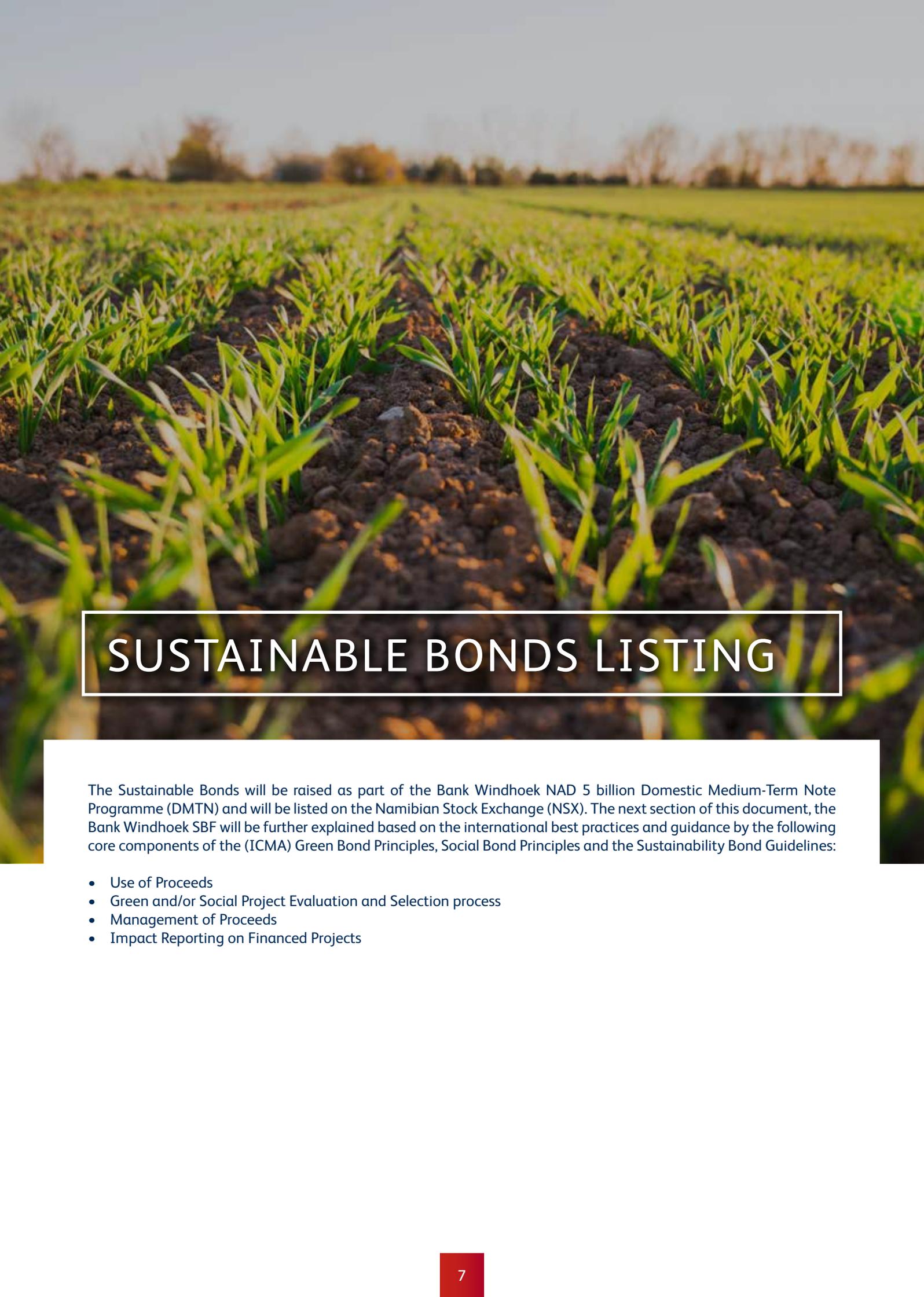
⁷ Green Principles are voluntary international guidelines which the Bank/issuer can put in place to issue a credible Green Bond that will attract investors. For more details regarding the GBP, please follow the link below: <https://www.icmagroup.org/green-social-and-Sustainability-Bonds/green-Bond-principles-gbp/>

FRAMEWORK OVERVIEW

Bank Windhoek is committed to ensure that our clients have sufficient access to funding that supports Namibia in its transition to an environmentally sustainable and low-carbon economy and demonstrates an added environmental value to the society at large. The Bank Windhoek SBF exemplifies how Bank Windhoek proposes to raise additional funding through the Green, Social and Sustainable Bonds issuance and the use of proceeds for will be prioritised for lending to eligible green projects (aimed at mitigating and adaptation to climate change), and social projects (aimed at supporting social issues and boosting shared prosperity) and sustainable projects being a combination of these consistent with the project eligibility criteria as set out in this SBF. To ensure the credibility of the Bank Windhoek Sustainable Bond programme, the Framework is developed based on the International Capital Market Association's (ICMA) Green Bond Principles (GBP), (ICMA) Social Bond Principles and (ICMA) Sustainability Bond Guidelines and the Definitions and Metrics for Climate-Related Activities of the International Finance Cooperation (IFC)⁸.



⁸ <https://www.ifc.org/wps/wcm/connect/8ebdc507-a9f1-4b00-9468-7b4465806ecd/IFC+Climate+Definitions+v3.1+pdf?MOD=AJPERES&CVID=IQULLhw>



SUSTAINABLE BONDS LISTING

The Sustainable Bonds will be raised as part of the Bank Windhoek NAD 5 billion Domestic Medium-Term Note Programme (DMTN) and will be listed on the Namibian Stock Exchange (NSX). The next section of this document, the Bank Windhoek SBF will be further explained based on the international best practices and guidance by the following core components of the (ICMA) Green Bond Principles, Social Bond Principles and the Sustainability Bond Guidelines:

- Use of Proceeds
- Green and/or Social Project Evaluation and Selection process
- Management of Proceeds
- Impact Reporting on Financed Projects



USE OF PROCEEDS

The cornerstone of a Green, Social or Sustainability Bonds is the use of the proceeds thereof. The proceeds of each successful Bank Windhoek Sustainable Bond issuance will be used to finance, and refinance, in whole or in part, eligible and bankable projects in Namibia in line with the IFC Definitions and Metrics for Climate-Related Activities and with (ICMA) Social bond taxonomies. The Bank will evaluate social projects based on the primary objectives and impact of the underlying project. Eligible projects include, but are not limited to, the following broad categories⁹, that are (in part) aligned with the 17 United Nations Sustainable Development Goals¹⁰;

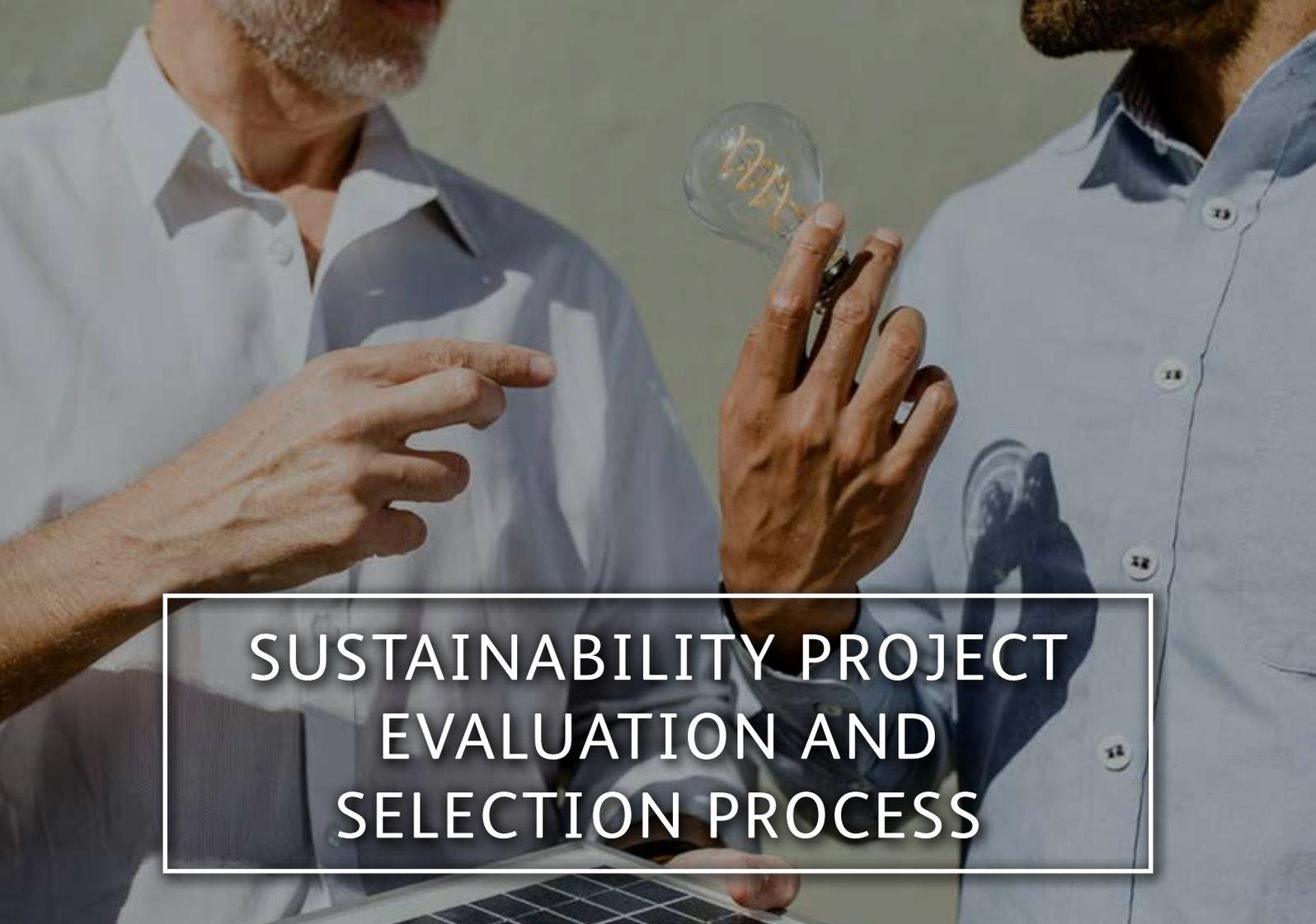
- Renewable energy
- Energy Efficiency & Resource Efficiency
- Green Buildings & Sustainable Cities and Communities
- Sustainable Waste Management
- Sustainable Land Use
- Clean Transportation
- Sustainable Water & Sanitation Management
- Climate Change Adaptation
- Green Trade
- Climate-smart Agriculture
- Non-energy Green House Gas Emission Reduction
- Social Infrastructure (Health and Education)
- Reduced Inequalities
- Responsible Consumption and Production
- Affordable Housing
- Improved Access to Funding for Small & Medium Enterprises and Micro Businesses
- Woman in Business

Details regarding the projects that are eligible to be financed with proceeds of the Green, Social or Sustainability Bond can be found in Appendix A of this Framework. The Bank will regularly update this Appendix to reflect relevant changes and updates by the (ICMA) Green Bond Principles, (ICMA) Social Bond Principles, (ICMA) Sustainability Bond Guidelines and IFC's Definitions and Metrics for Climate-related activities.

Bank Windhoek continues to identify a pipeline of potential projects within the Renewable Energy, Energy Efficiency, Smart and Sustainable Agriculture and Sustainable Health categories. In the case of refinancing, the Bank limits the loan look-back period of up to 12-months.

⁹ Please refer to Appendix A – Project eligibility Criteria, for more details.

¹⁰ For more details regarding the SDG, please follow the link below: <https://www.un.org/development/desa/disabilities/envision2030.html>



SUSTAINABILITY PROJECT EVALUATION AND SELECTION PROCESS

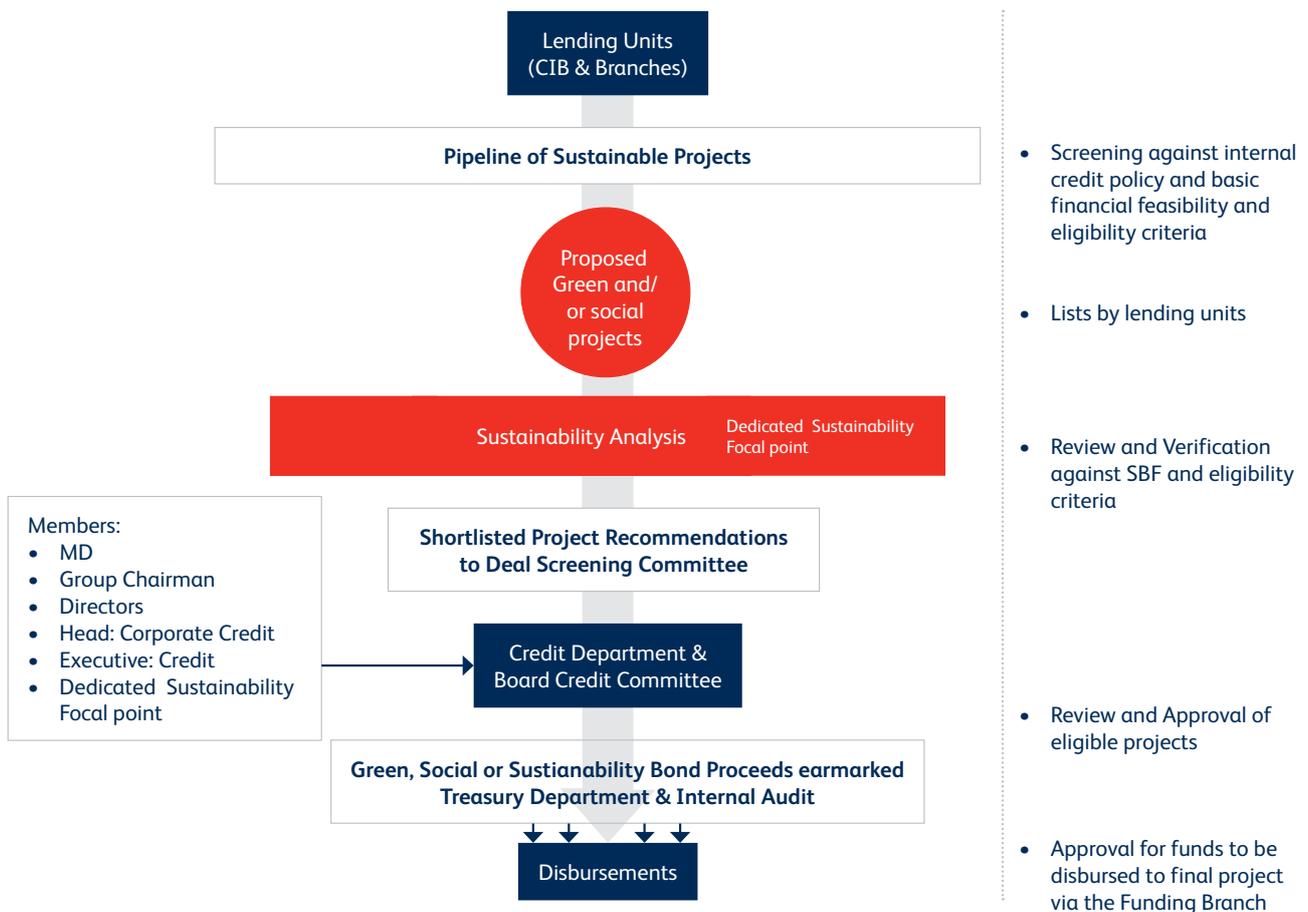
Bank Windhoek will adopt the IFC Definitions and Metrics for Climate-Related Activities to evaluate and select projects for evaluating any bankable sustainable project. In addition to using the preferred criteria, the Bank will use the web-based software application Climate Assessment for Financial Institutions (“CAFI”), which is developed based on the IFC definitions and metrics for climate-related activities, and the Excellence in Design for Greater Efficiencies (“EDGE¹¹”) online tool. These tools will enable the Bank to assess and screen projects against the climate eligibility set out in this Framework before deciding to allocate Sustainability Bond proceeds and consistently report on their impacts to investors. Certain Social Projects may also have clear environmental co-benefits; in which case, the evaluation committee will refer to the IFC Definitions and Metrics for Climate-Related Activities criteria.

Bank Windhoek will make use of our existing internal credit evaluation process and the deal-screening platform where needed, for the review of each potential green or social project with an added layer of social eligibility, checking by a dedicated focal point, namely, the Sustainable Investments and Deal Origination Manager with the assistance of the Credit Manager and Relationship Support Manager. The dedicated focal point has the responsibility to check all the projects proposed by business units against the green and social project eligibility criteria set out in this Sustainability Bond Framework before the eligible projects, depending on their size, can be recommended to the Credit Department or Board Credit Committee for approval.

¹¹ EDGE (Excellence in Design for Greater Efficiency) is a software tool for green buildings that enables the user to determine the ideal technical solutions to reduce environmental impacts while capturing upfront costs and projected operational savings. EDGE ensures that a building achieves 20 per cent efficiencies in energy, water, and material consumption, defining a much-needed universal green standard. While the drivers behind EDGE are financial, the results are environmental – EDGE helps mitigate climate change by encouraging sustainable development (IFC, 2018).

SUSTAINABILITY PROJECT EVALUATION AND SELECTION PROCESS

The Bank's Risk Management and Internal Audit Department will be tasked with the evaluation of the entire selection and screening process to ensure the consistency with the Bank Windhoek SBF. The dedicated focal point, and with the assistance of the Business Banker and Credit Manager involved in the loan transaction, will evaluate and approve each of the proposed Green, Social or Sustainability projects, and where needed, might seek confirmation on eligibility from IFC experts. After the credit approval of the eligible projects, the Bank Windhoek Internal Audit Department will provide formal clearance for the allocation of the Sustainable Bond Proceeds to the approved loan applicants. The Bank will follow the screening, selection and approval steps as depicted in the flow chart below, for eligible projects with environmental or societal benefits to be funded by the proceeds of any Green, Social or Sustainability Bond.



Bank Windhoek is confident that this is a rigorous due diligence process with built-in checkpoints to ensure that projects selected comply with the Bank's internal Credit Policy and the Bank's SBF.



MANAGEMENT OF PROCEEDS

The net proceeds of the Sustainable bonds (including green bonds, social bonds and/or sustainability bonds) will be credited to Bank Windhoek's Treasury liquidity portfolio, specifically ring-fenced for any Sustainable Bond issuance. Bank Windhoek, as the issuer of the any Green, Social or Sustainability Bond, will establish a Sustainable Bond Register for all the final projects and assets, which will be used to keep track of the allocation of funds and will be updated during the term of the Bond. Bank Windhoek Treasury will exercise its professional judgement, discretion and sustainability expertise in the use of proceeds. In the event that any proceeds from the Bank Windhoek Sustainable Bond issuance cannot be applied to finance eligible projects, the unallocated funds will temporarily be invested in conservative and liquid money market instruments such as Treasury Bills, deposits and unit trusts, subject to market conditions. Moreover, Bank Windhoek will aim to fully allocate the net proceeds of a Green, Social or Sustainability Bond before the maturity of the Bond. The Bank will only be permitted to disburse funds raised from the Bond issuance when financing eligible projects and assets that have met the applicable eligibility criteria.

It's important to note that an eligible project may have both green and social benefits, thus qualifying for more than one type of bond (i.e. green, social or sustainable bond). The Sustainable Bond portfolio will be managed by the Bank's dedicated sustainability champion, who will also be tasked (with the assistance of other decision makers) to decide whether the proposed project will utilise proceeds from the green bond, or a social bond, or a sustainable bond. In select cases a project may use proceeds from more than one bond, and the use of proceeds will be split and managed by the Sustainable Bond Asset Register and documented to avoid double counting.

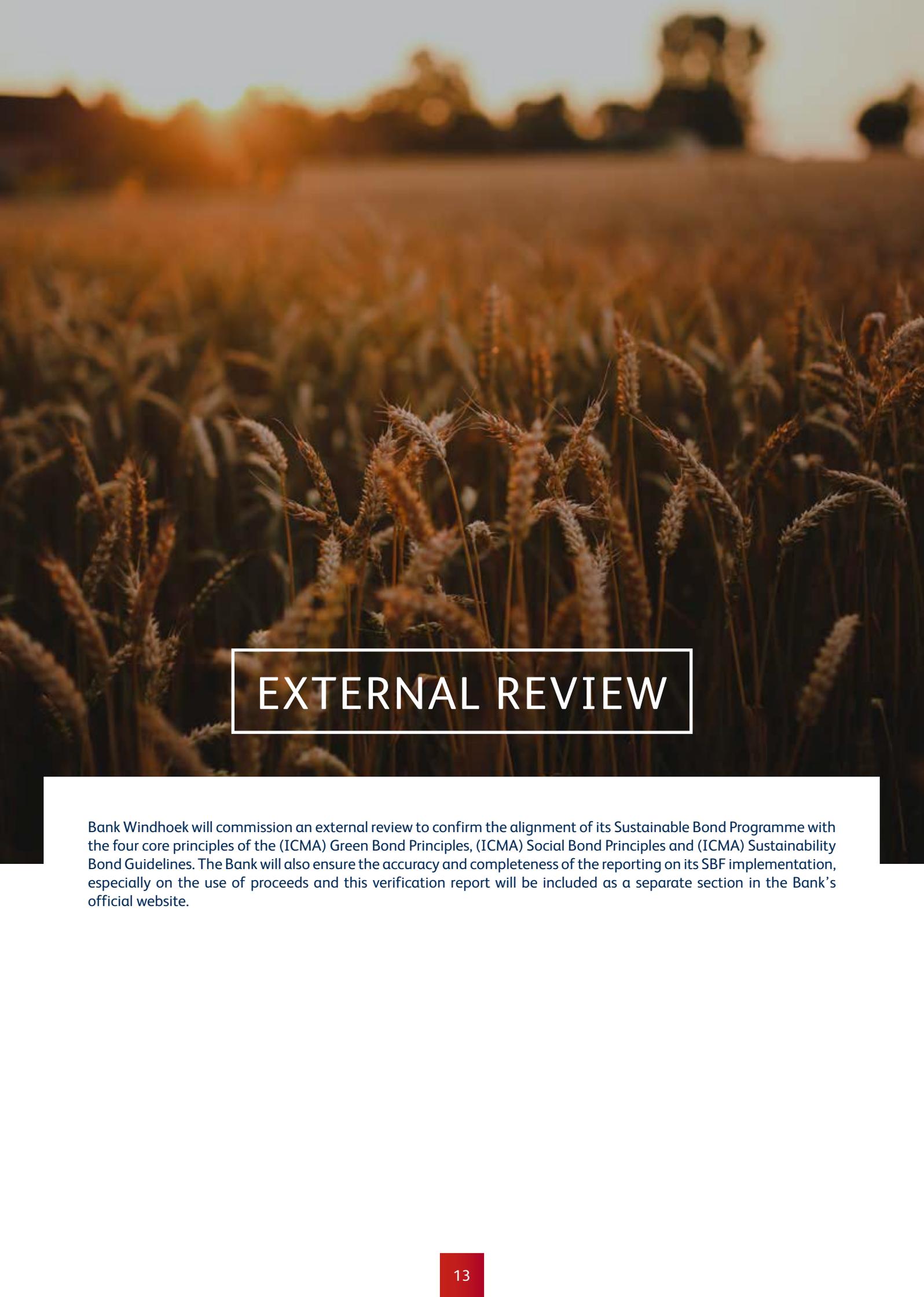
An external reviewer appointed by Bank Windhoek will verify the proceeds allocated to eligible projects and assets and the remaining balance of unallocated proceeds. The Bank Windhoek Sustainable Bond projects will be tracked and managed by the internal accounting and core banking system through a dedicated Standard Industrial Classification Code (SIC Code), and more specifically, a Green, Social or Sustainability Bond Indicator.

With any Bank Windhoek Green, Social or Sustainable Bond issuance, investors can rest assured that the payment of principal and interest on any Sustainability Bond issuance will be made from Bank Windhoek's general funds and will not be directly linked to the performance of any eligible project or asset, financed with the proceeds raised at the time of issuance.



REPORTING

Bank Windhoek will publish an annual “Bank Windhoek Sustainable Bond Impact Report” in accordance to the Bonds issued under this framework, on the status of our Green and Societal investments on the Bank Windhoek Reports section of our website as soon as all of the proceeds are successfully disbursed. An independent external reviewer or auditor will review the Sustainable Bond Impact Report in order to ensure that the correct process and procedures were followed and that the financing of eligible assets and the allocation of proceeds are in accordance with SBF. The report will comprise the detailed description of each project including the project location, amount financed, environmental and social impact indicators such as the annual GHG emission reductions, annual saved energy, renewable energy generated per year, employment creation, and communities impacted where the data is available from clients and subject to permitted disclosure in accordance with relevant confidentiality agreements and privacy, competition or other relevant Namibian regulation. These impact indicators will be consistent with those reported on an ongoing basis through the use of IFC’s CAFI online tool and information available about the social impact as indicated in the Social Bond Principles, if any. In addition, the Sustainable Bond Impact Report will detail the management of proceeds as well as the remaining balance of unallocated proceeds, if any, up to the end of the Bond programme.



EXTERNAL REVIEW

Bank Windhoek will commission an external review to confirm the alignment of its Sustainable Bond Programme with the four core principles of the (ICMA) Green Bond Principles, (ICMA) Social Bond Principles and (ICMA) Sustainability Bond Guidelines. The Bank will also ensure the accuracy and completeness of the reporting on its SBF implementation, especially on the use of proceeds and this verification report will be included as a separate section in the Bank's official website.



APPENDIX A PROJECTS ELIGIBILITY CRITERIA

- Projects must be located in Namibia
- The project developer takes responsibility for sufficient operational control of the site and operation of the project and must at least provide the following documentation:
 - Proof of ownership;
 - Proof of leasing contract enabling the project implementation;
 - or permission from the site owner or operator to implement the project.

Bank Windhoek's green asset eligibility criteria is largely based on the climate metrics and eligibility criteria of the International Finance Corporation (IFC) while taking into account the Green Bond Principles' definitions and Climate Bond Initiative taxonomy and (ICMA) Social Bonds taxonomies. The following table summarises the eligibility criteria to be applied to screen and select green assets for Bank Windhoek to finance using proceeds from its Green and Sustainability Bond issuances.

The proceeds of the Green Bond will be used for green projects included in "IFC" definitions and metrics for climate-related activities"¹².

¹² The complete list of activities eligible under the IFC Climate Definitions is available at <https://www.ifc.org/wps/wcm/connect/8ea3b242-c6bb-4132-82b1-ee4bd7007567/IFC+Climate+Definitions+v3.1+.pdf?MOD=AJPERES>



Renewable Energy

Investments in equipment, systems and services which enable the production of energy from alternative renewable resources such as hydro, wind, solar, biomass, biogas, geothermal production. Examples include:

- Heat and power generation using renewable energy sources, including wind, solar, biogas, biomass
- Measures to facilitate the integration of renewable energies into the grid networks, including transmission and storage
- Manufacture or import of components used exclusively in alternative renewable energy, including but not limited to wind turbines, solar panels, inverters, and storage batteries
- Production of biofuels
- Waste to Energy Projects such as landfill methane, and bagasse



Energy Efficiency & Resource efficiency

- Investments in equipment, systems and services which result in at least 15 % energy savings per unit of product or service generated, such as waste heat recovery, co-generation, building insulation, energy loss reduction in transmission and distribution
- Investments in manufacturing of components used exclusively in energy efficiency projects described above. Examples include but not limited to LED lights, fuel cells, and smart grid metres
- Investments to improve energy, water and raw materials efficiency in services, products or industrial processes



Green Buildings

New construction building developments or renovation of existing buildings, including public service, commercial, residential and recreational areas that comply with one or more of the following green buildings standards:

- IFC's Excellence in Design for Greater Efficiencies (EDGE) certificate
- Environmental Assessment Method (BREEAM) certificate as defined by the Building Research Establishment BREEAM
- certificate issued by the German Sustainable Building Council (DGNB), GREEN STAR, or Leadership in Energy and Environmental Design (LEED) certificate
- Buildings that have reduced life cycle consumption of energy levels of at least 20 % less than statute/city baseline consumption levels, where this can be easily and transparently demonstrated



Sustainable Waste Management

- Waste minimisation, collection, management, recycling, re-use, processing, disposal of products such as methane capture, technologies and solutions



Sustainable Land Use

- Investments in afforestation, reforestation and sustainable forest management that increase carbon stock
- Forestry with PEFC certification



Clean Transportation

Low energy or emission transportation assets, systems, infrastructure, components and services. Examples include but not limited to:

- Rail
- Tram
- Metro
- Bus Rapid Transit systems
- Electric/Hybrid Vehicles
- Transportation solutions or systems with fuel efficiency improvement of at least 15% or using non-fossil fuel and/or hybrid technologies and supporting infrastructure



Sustainable Water Management

- Investments in climate-related water projects: reducing Non-Revenue Water (NRW) in drinking water processing and distribution, capturing methane in wastewater processing facilities, and water reuse/recycling/optimisation in water stressed areas
- Water collection, treatment, recycling, re-use technologies and related infrastructure. Examples include but not limited to:
 - water pipes and collection facilities to collect water and rainwater, dams and treatment plant facilities
 - Drip irrigation technologies
 - rainwater harvesting and storage in climate smart agriculture



Climate Change Adaptation

- Flood defences systems and climate-resilient infrastructure projects
- Climate smart agriculture activities that help improve yield and resilience against climate risks.



Green Trade

- Trade finance activities that support renewable and energy efficiency product supply chains.
- Crops certified under RTRS (Roundtable on Responsible Soy Production), Bonsucro, BCI (Better Cotton Initiative), RSB (Roundtable on Sustainable Biomaterials) or Global GAP (Good Agricultural Practices).



Climate Smart Agriculture

Projects that contribute to Climate Smart Agriculture:

- Reduction of post-harvest crop/food losses, for example during warehousing, cold chain management, and improved packaging for highly perishable produce
- Reduction in energy use in traction, such as with efficient tillage, and other agricultural processes
- Reduction in water consumption through the use of efficient irrigation, laser soil levelling, switching to less-water-intensive crops, water harvest and storage facilities

Agricultural projects that improve existing carbon pools, such as:

- rangeland management;
- collection and use of bagasse, rice husks, or other agricultural waste;
- reduced tillage techniques that increase carbon contents of soil;
- rehabilitation of degraded lands;
- peatland restoration
- increase of agricultural productivity without increasing GHG emissions per unit of product,
- reduction of nitrogen oxide emissions from fertiliser applications

Livestock and aquaculture projects that reduce methane and other GHG emissions, for example:

- improved animal health,
- animal husbandry,
- manure management with bio- digesters,
- improved nutrition,
- increase of animal protein productivity without increasing GHG emissions per unit of product



Non-energy GHG emission reduction

- Projects that reduce fugitive emissions such as reduction of gas flaring or fugitive methane emissions in existing oil and gas industry installations
- Projects with carbon capture and storage benefits (not involving enhanced oil recovery)
- Replacement of refrigerants with high global warming potential in existing industrial, commercial, or residential infrastructure with solutions with lower global warming potential

Bank Windhoek will strive to align the selection and evaluation of proposed bankable societal projects with Namibian market-wide social or development objectives, such as the related Sustainable Development Goals (SDGs), the Harambee Prosperity Plan (HPP) and the National Development Plan (NDP). The proceeds of the Social and Sustainability Bond aim for capital allocation to new and existing and financially feasible (bankable) projects that address or mitigate a specific social issue or seek to achieve positive social outcomes.

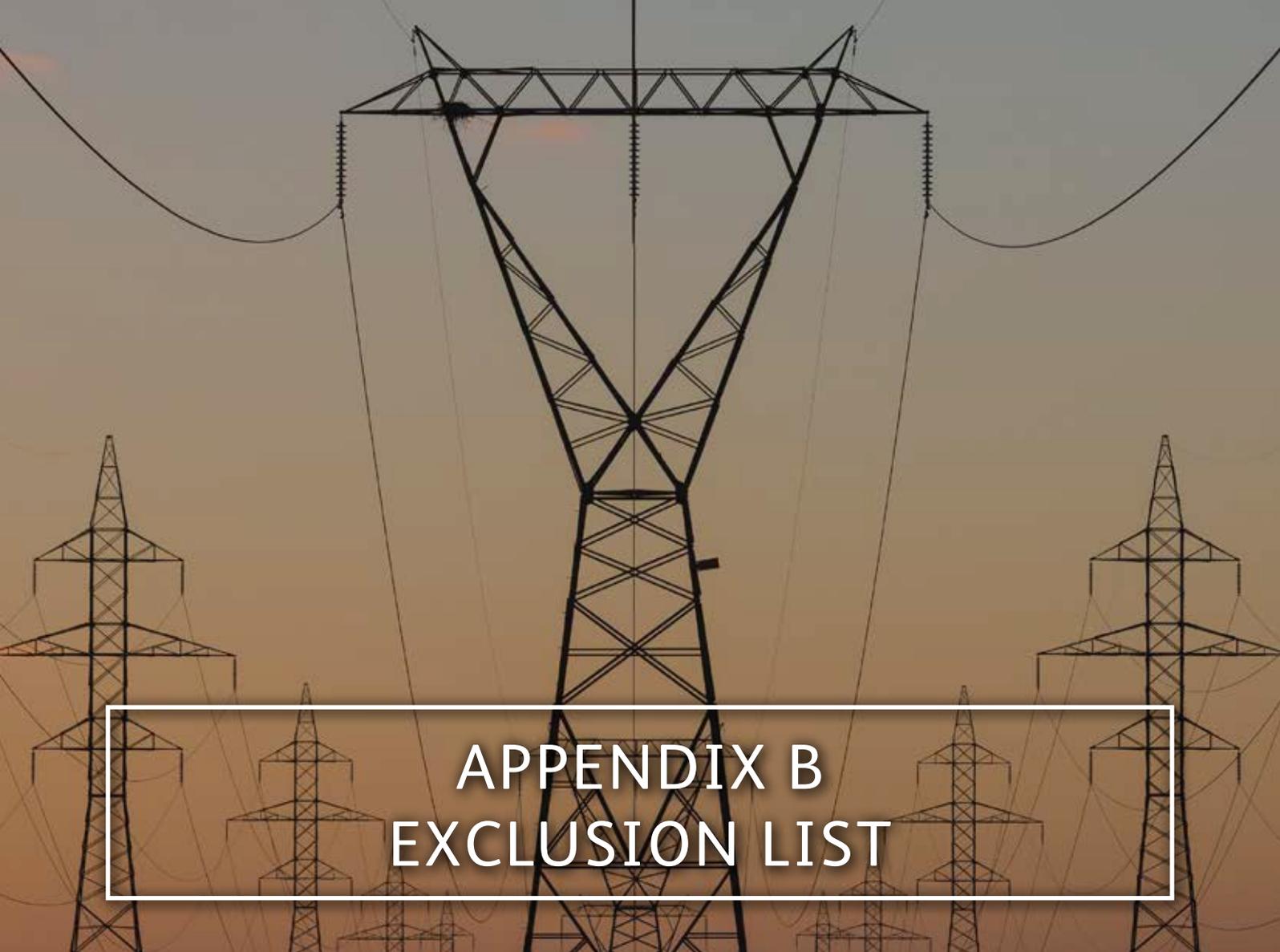
Examples of target populations and eligible projects categories include, but are not limited to those that address, in part or in full, the official UN SDG¹³ and the NDP 5 pillars¹⁴:

1. Sustainable Medical & Educational Facilities & Developments (Social Infrastructure)
2. High-Quality Education Facilities (SDG 4)
3. Gender Quality (SDG 5)
4. Affordable housing (EDGE certified buildings only) - SDG 7
5. Clean Water & Sanitation (SDG 6)
6. Industry, Innovation, and basic Infrastructure (SDG 9)
7. Sustainable Cities and Communities (SDG 11)
8. Responsible Consumption and Production (SDG 12)

The Bank's selection and evaluation members will use their experience and discretion to decide if a proposed project(s) will qualify and if needed, consult external expertise like the IFC, to advise on the eligibility of societal projects.

¹³ For more details about the 17 UN SDG's, please follow the link: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

¹⁴ For more information about the NDP 5 four pillars, please follow the link: <http://www.gov.na/documents/10181/14226/NDP+5/>



APPENDIX B EXCLUSION LIST

The proceeds of Bank Windhoek's Sustainability Bonds will be used exclusively for projects that comply with the Bank's Environmental and Social Risk Management Policy and IFC approved exclusion list. Businesses and projects that are involved in the listed operations will not be eligible to be supported by the Sustainability Bond's proceeds. They are:

- Coal mining
- Weapons (munitions, plant etc.)
- Production in alcoholic beverages, excluding beer and wine
- Gambling / Adult entertainment
- Deforestation
- Biodiversity threat etc.
- Fossil fuel energy generation projects, including green-field gas power plants
- Production of tobacco
- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions
- Activities or materials subject to international phase outs or bans, unless the activity or product is permitted under Namibian law
- Production or activities involving harmful or exploitative forms of forced labour/harmful child labour
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.
- Destruction of High Conservation value areas

