

NIBC SUSTAINABILITY POLICY

December 2020

SUSTAINABILITY & NIBC

Sustainability is broad. It includes environmental aspects such as climate change and biodiversity, social aspects such as human rights and gender diversity, and governance aspects including anti-corruption, whistleblowing, grievance mechanisms, tax fairness, and applying the letter and spirit of the law.

We view sustainability as an opportunity for our stakeholders and ourselves. It's an opportunity to engage with our diverse stakeholders, to work with clients to overcome challenging issues, and to innovate and develop better ways of doing business. Understanding environmental and societal issues are keys to managing risks, maximizing opportunities and delivering responsible financial services.

This policy outlines NIBC's overall approach to sustainability and our criteria for the responsible provision of financial services. This policy is supplemented by overarching policy supplements and specific business and sector policies. These additional policies define the sustainability risks and assessment criteria for situations which might arise related to companies and investments.



At NIBC, we recognize that we are not perfect – no one is. However, sustainability is a condition to be created. NIBC and our stakeholders have a responsibility and an opportunity to continuously move towards better ways of doing business, avoid adverse impacts, and encourage positive impacts on society and the environment in our everyday operations.

Within our sphere of influence, we aim to contribute towards a more sustainable society for future generations and acknowledge our obligation to ensure that our financings and investments are responsible.

NIBC uses the UN Sustainable Development Goals (SDGs) as a framework in our approach toward sustainability. The SDGs are integrated into NIBC's sustainability strategy.

NIBC's sustainability strategy is an integral part of our overall corporate strategy.

Sustainability Risk Management

As part of our solid risk framework and our commitment to provide responsible financial services, NIBC integrates the assessment of sustainability (ESG) risks into its decision-making processes.

Screening, Assessing, and Monitoring

Whilst accepting the limitations of our influence over our corporate clients' behaviour, we nonetheless need to understand how they address and manage sustainability within their activities. We consequently have put in place sector policies that assist us in the assessment and due diligence of our corporate clients and their transactions, based on a range of sustainability criteria.

Central to the assessment of ESG risks is an understanding of the relevant positive and adverse ESG impacts associated with a client's activities and the commitment and capacity to manage any adverse ESG impacts. We also look at a client's track record to ensure that they are operating in line with the commitments they have set. NIBC assesses the commitment, capacity and track-record of a client to manage ESG risks.

An ESG risk assessment is carried out for all corporate client business activities and transactions to identify potential material and salient adverse impacts. We recognise that not all engagements require the same level of due diligence or management attention. When elevated ESG risks are identified, an advanced assessment is performed based on the potential risks and impacts associated with the sector, country and supply chain. The type of assessment also depends on the type of products or financial services that NIBC offers and the resulting exposure to ESG risks.

These processes are further elaborated in our Sustainability Framework.

OUR POLICY

NIBC will take into account sustainability (ESG) criteria in every aspect of our business. We will work with clients who meet or aim to meet our sustainability standards and will review our commitment to any client or investment where such standards are no longer met.

We weigh the financial and sustainability risks associated with a client or a transaction and how these risks are mitigated or managed, so that we can make well informed decisions.

NIBC defines sustainability (ESG) risks to include, biodiversity, climate and other environmental risks, human rights and other social risks, as well as governance risks.

Core Standards

The Universal Declaration of Human Rights forms part of the guiding principles that govern NIBC's day-to-day operations.

In addition, we support the following international conventions and protocols, codes of conduct and industry best practice initiatives:

- UN Global Compact (UN GC);
- OECD Guidelines for Multinational Enterprises;
- Equator Principles and IFC Performance Standards (IFC PS);
- UN Principles for Responsible Investment (UN PRI);
- Dutch Banking Association (NVB) Code of Conduct.

NIBC expects clients to be in full compliance with all local, national and international laws and regulations.

Natural & Cultural Resources

NIBC aims to responsibly support the protection of cultural heritage, biodiversity and natural resources.

We will not provide financial services to projects and activities prohibited by host country legislation and international conventions, among which include:

- UNESCO World Heritage Sites;
- UNESCO Biosphere Reserves;
- Ramsar Sites: Wetlands of International Importance especially as Waterfowl Habitat;
- No-take zones such as marine protected areas, strict nature reserves, and other high conservation areas.

Exclusions

In our financings and investments, NIBC will not support certain activities such as:

- Manufacture, use, trade, stockpile or service of weapons and munitions;
- Coal and lignite mining and/or power generation;
- Mountaintop removal mining or uranium mining;
- Nuclear power generation;
- Extreme fossil fuel production, such as fracking and tar sands or fossil fuels extracted from liquefied coal;
- Any business relating to pornography or prostitution;
- Production, use or trade in unbounded asbestos fibers and asbestos-containing products excluding asbestos cement sheeting where asbestos content is less than 20 per cent;
- Production or trade in products containing PCBs (polychlorinated biphenyls);
- Production, distribution, sale and trade in pesticides, herbicides, pharmaceuticals and other hazardous substances subject to international phase-outs or bans;
- Production, use or trade in chlorofluorocarbons (CFCs), halons and other chemical or ozone depleting substances not in line with international treaties, such as the Montreal Protocol or Stockholm Convention;

- Trans boundary trade in and disposal of hazardous wastes, chemicals or pesticides not in line with the Basel Convention, or the Rotterdam Convention;
- Trade in wildlife or wildlife products regulated under Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- Overfishing and harmful fishing techniques such as using dynamite, shark finning and drift net fishing in the marine environment using nets in excess of 2.5 km. in length;
- Animal testing other than for medical purposes;
- Production, distribution, sale and trade of fur products;
- Use of endangered species or wild animals for entertainment.

Smoking and Vaping

NIBC considers its involvement in the tobacco sector on a case by case basis. NIBC will only provide financial services to the tobacco sector that meet the regulatory and ethical standards of high income OECD countries. We consider as a minimum WHO Framework Convention on Tobacco Control and resolutions with respect to the protection of current and future generation against the consequences of smoking. NIBC will make such a decision on a case-by-case basis after assessing the materiality of the risk that NIBC is supporting unsustainable activities.

Given growing concerns in the medical community regarding the adverse health impacts from vaping, NIBC excludes vaping activities.

Marijuana

NIBC considers its involvement in medical marijuana on a case by case basis. We only will get involved in this segment in cases where regulatory standards are met and oversight by authorities is ensured. Hemp fabrics and materials are allowed. Marijuana for smoking, vaping, food or other non-medical consumption is fully excluded.

Gambling

NIBC considers its involvement in the gambling sector on a case by case basis. NIBC will only provide financial services to the gambling sector that meet the regulatory and ethical standards of high-income OECD countries, are licensed and which demonstrate effective management control systems which protect people and communities. Gambling activities which do not meet this criteria are fully excluded.

Land Rights

NIBC expects free, informed, and prior consent (FPIC) for land users, local communities and others in situations where human rights might be significantly and adversely impacted by a company or project. In these cases, access to a meaningful, effective grievance and remediation process should be available in the event of adverse impacts.

Project Finance

NIBC applies the Equator Principles and IFC Performance Standards as the ESG due diligence framework. Our approach to certain sectors and activities is further elaborated in our sustainability sector policies.

These standards provide the overarching principles and standards that form the basis for the ESG framework used by NIBC to consider its involvement in large-scale projects.

Asset & Liability Management (ALM)

With regard to our asset & liability management activities, as well as our indirect or portfolio investments we believe that both the influence we have and the sustainability impacts we are exposed to are significantly less than those resulting from our direct financing or investments.

Trading

For NIBC's own trading activities, we intend to act consistently with our sustainability policy providing we have sufficient information. However, this may not always be the case prior to closing a trade. In case we

become aware of conflicting issues or non compliance with our sustainability policy, we will review our commitments.

For NIBC's brokerage activities, we recognize that our ability to apply NIBC's sustainability policies is limited and instead rely on the responsible practices and judgement of our clients.

Indirect Investments

Our approach regarding indirect investments is elaborated in our Indirect Investment Policy.

Retail Banking

Our approach to Retail Banking products and services is specified separately in our customer terms and conditions and retail policies. NIBC's retail activities, include internet saving, internet deposits and residential mortgages, RMBS, and buy-to-let activities.

Suppliers and Procurement

NIBC's approach towards our own procurement is elaborated in our purchasing terms and conditions. NIBC's suppliers and vendors include technology, legal, communications, and other service companies. NIBC screens its suppliers in accordance with our Know Your Supplier (KYS) due diligence procedures and standards.

NIBC encourages suppliers to include clauses on compliance with human rights, environmental, and governance criteria in their contracts with subcontractors and suppliers. These should be evidenced where practical via certifications, site visits, and/or audits to help ensure responsible practice throughout their supply chains.

Application

NIBC applies our sustainability policies with reasonableness and proportionality, taking into account the size and capacity of a company, the complexity of its operations and supply chain, and the likelihood and materiality of potential adverse impacts.

We acknowledge that legacy issues may arise from continuing engagements entered before the implementation of this policy. Although the policy is not intended to be applied to financing agreements and investments retrospectively, NIBC endeavours to address potentially material legacy issues relevant to a particular engagement whenever a specific issue arises. In addition, clients are assessed against these policies as part of the periodic review process or as they become due for renewal.

Transparency

NIBC supports accountability and expects companies to provide insight into their economic, human rights, environmental and governance performance in a manner appropriate to their size, location and business activities.

Large companies and multi-nationals should disclose their GHG emissions and other non-financial aspects in accordance with applicable international and national non-financial reporting directives and guidance. NIBC recognises the standards of the Global Reporting Initiative (GRI) as the world's most commonly used framework for reporting, and expects large companies and multi-nationals to apply these standards or an equivalent.

Non-Compliance

NIBC will engage with clients whose business practices are in line with appropriate industry ESG best practices.

Where companies do not meet with such ESG practices, we will seek to work with them to improve over time, provided the right level of commitment is demonstrated. NIBC will refrain from doing business/ not engage with companies who have consistently demonstrated to violate the sustainability standards mentioned in our policies and do not provide any level of commitment to improve.

APPENDIX

Sustainability Policies and Supplements

This policy is supplemented by specific sector policies and policy supplements. These additional NIBC policies further define the sustainability risks and apply additional assessment criteria for situations which might arise related to clients and investments.

Overarching policies

- Sustainability Framework
- Sustainability Policy
 - Environment sustainability policy supplement
 - Human Rights sustainability policy supplement

Specific business and sector sustainability policies

- Financial Institutions sustainability policy
- Food, Agri, Food Retail & Food Services sustainability policy
- Indirect Investment sustainability policy
- Industrials & Manufacturing sustainability policy
- Infrastructure sustainability policy
- Offshore Energy sustainability policy
- Commercial Real Estate sustainability policy
- Renewable Energy sustainability policy
- Retail Services sustainability policy
- Transportation sustainability policy
- Weapons & Defense sustainability policy

International Standards and Conventions

NIBC is guided in its policies and practices and supports the following international conventions and protocols, codes of conduct and industry best practice initiatives:

- Universal Declaration of Human Rights;
- UN Guiding Principles on Business and Human Rights;
- UN Global Compact (UN GC);
- OECD Guidelines for Multinational Enterprises;
- OECD Due Diligence Guidelines for Responsible Corporate Lending and Securities Underwriting;
- Equator Principles and IFC Performance Standards (IFC PS) for project financings;
- UN Principles for Responsible Investment (UN PRI);
- Dutch Banking Association (NVB) Code of Conduct;
- Wolfsberg Principles and Financial Action Task Force recommendations (FATF);
- UN Environment Program (UNEP and UNEP FI);
- UNESCO World Heritage Sites;
- UNESCO Biosphere Reserves;
- Ramsar Convention and Wetlands of International Importance (Ramsar Sites);
- Montreal Protocol on Substances that Deplete the Ozone Layer;
- Stockholm Convention on Persistent Organic Pollutants;
- Basel Convention on the Control of Transboundary Movement of Hazardous Wastes and their Disposal;
- Rotterdam Convention on the International Trade in Hazardous Chemicals;
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- WHO Framework Convention on Tobacco Control (FCTC) and resolutions;
- Voluntary Principles on Security & Human Rights.



Updates

NIBC reviews and updates its policies on a regular basis. Our sustainability policies are reviewed at least annually. Reviews do not always result in policy changes. Therefore policy documents will be updated if and when changes are made and have been approved according to NIBCs agreed procedures.

Feedback Welcome

NIBC welcomes feedback on its policies and practices from its stakeholders. We believe that dialogue on issues and dilemmas is an opportunity for NIBC to not only improve its practices and strengthen its policies, but importantly to create value for our clients, investors and other stakeholders.

Even with the best policies and practices in place, NIBC may cause or contribute to an adverse impact that was not foreseen or prevented. If it is identified that NIBC is responsible for such an impact, we will endeavour to remedy or co-operate in the remediation of the situation through legitimate processes. Any person or party who believes that the NIBC has not acted in accordance with this policy, has suggestions on how we can strengthen our policies or has other feedback relating to our sustainability policies is invited to contact us.

Feedback: csr@nibc.com

Grievances: <https://www.nibc.com/about-nibc/contact-nibc/complaints-form/>

Alternatively, you may also write a letter to NIBC at the following address:

NIBC Bank N.V.
For the attention of: The Complaints Commission
PO Box 380
2501 BH The Hague