Industrials & Manufacturing

NIBC provides financial services to a wide range of clients in the Industrials & Manufacturing (‘I&M’) sector. We are committed to being a long term financial services provider to our clients, whilst at the same time, ensuring that such services are provided in a responsible manner.

Many of the innovations that are enabling increases in sustainability begin within midsized companies in the I&M sector. The creates opportunities for NIBC to support companies which are on the forefront of sustainable development.

At the same time, we recognise that I&M sector uses significant natural resources, produces global greenhouse gas emissions (GHGs), and creates adverse human rights impacts. The sector has an opportunity to play a pivotal role in reducing GHG emissions both through the design and manufacture of products with improved GHG emissions performance and reducing its own direct carbon footprint.

The sector also has the opportunity to lead in human rights by ensuring safe and fair working conditions, gender pay equality and widespread adoption of fair living wages throughout global supply chains.

We view that companies that are able to combine those elements will eventually become leading, and hence will add long term value. Increasing market demand for sustainable products, further regulation on climate changes, and volatile energy prices contribute to improved financial returns on sustainable and energy efficient operations.

Sustainability Risks
The I&M sector is a varied sector with a wide range of sustainability issues. Key ESG risks for the I&M sector include:

- Environmental pollution;
- Use, storage and transfer of chemicals and hazardous materials, potentially resulting in land, water and groundwater contamination;
- Physical and transition climate risks;
- Significant use of water in processing and production and water contamination, impacting local communities, biodiversity and the environment, particularly if located in or near water scarce regions;
- Significant energy use, carbon emissions and other harmful greenhouse gas emissions;
- Emissions of dust and particulate matter, Volatile Organic Compounds (“VOC”), additive chemicals and other hazardous air pollutants (such as sulfur or ammonia);
- Waste recycling, reuse, disposal and/or discharge;
- Pollution related to single use plastics, microfibers, plastic packaging and packaging waste;
- Land rights of local communities and land conversion associated with the extraction of construction materials and other natural resources;
- Product safety (use of hazardous substances, product failures);
- Negative impacts on High Conservation Value areas or High Carbon Stock areas;
- Illegally cut or traded timber in supply chains;
- Occupational health and safety;
- Labour conditions, including health & safety standards, non fair living wages, forced labour or child labour;
- Increased risks to women or vulnerable persons working in the sector or its supply chain; and
- Irresponsible sourcing of components and materials and related environmental and human rights impacts in supply chains.

Standards & Guidelines
The majority of NIBC’s financings in the I&M sector occur in North West Europe. We rely on the local regulatory frameworks governing the ESG issues resulting from the local operations of our clients.

The I&M sector has developed methodology to address and assess ESG impacts, such as ESG risk management and reporting systems, certifications, and/or standards.
To assess the client’s approach to manage its direct ESG impacts and its supply chain, NIBC will be guided by its internal methodology, the international conventions and protocols mentioned in NIBC’s Sustainability Policy as well as those listed below. This applies for both our prospective clients and their supply chain to the best of our knowledge:

- OECD Due Diligence Guidelines for Responsible Corporate Lending and Securities Underwriting;
- ILO Declaration on Fundamental Principles and Rights at Work;
- The Carbon Disclosure Project ("CDP");
- Greenhouse Gas Protocol ("GHG Protocol");
- Standards for Environmental Management System ("ISO 14001");
- Standards for Health and Safety Management System ("OHSAS 18001");
- REACH European Community regulation on chemicals and their safe use;
- EU Directives on Waste from Electrical and Electronic Equipment ("WEEE");
- Packaging directive and Packaging Waste Directive;
- FTSE4Good Supply Chain Labour Standards Criteria; and;
- Social Accountability 8000 Standard ("SA8000").

In our view, if managed responsibly, the I&M sector can contribute to furthering the sustainable policy, economic and political development of emerging and industrialised markets and States. Responsible manufacturing of goods can provide good jobs in safe working conditions paying fair wages, thereby contributing to local jobs and the resilience of local communities.

We recognise that I&M can have potential environmental and human rights (ESG) impacts and that these make I&M a sensitive sector if these impacts are not managed appropriately. ESG sensitivities with regard to human rights, supply chains, pollution, climate change and water can create particular reputation and financing challenges.

Our Policy

NIBC realises that the potential environmental and human rights risks ("ESG") impact from the I&M sector could be material and makes the sector sensitive if ESG risks are not managed properly.

This I&M Policy should be read in addition to the NIBC Sustainability Policy, our human rights policy supplement, and our environmental policy supplement.

NIBC provides financial services to the I&M sector in the following disciplines:

- Asset Finance;
- Corporate Lending / Acquisition Finance;
- Advisory Services; and
- Equity Investments.

Our clients are typically involved in the following sub sectors with a main geographical presence in North West Europe:

- Automotive;
- Building Supplies;
- Environment, Waste and Energy;
- Equipment Rental;
- Harbour and Storage;
- Industrial Wholesale;
- Machinery;
- Metal;
- Packaging;
- Shipbuilding;
- Technical Services; and
- Transport and Logistics.
Our assessment of ESG risks is based on the understanding of the ESG impact associated with client’s activity base and its capacity and commitment to manage such ESG impacts. We will look at client’s track record to ensure that the client operates in line with their own sustainability policies.

The type of assessment of ESG risks will depend on the type of products or financial services that NIBC offers and the resulting exposure to ESG risks. NIBC distinguishes between the following different types of engagements:

**Corporate Financing and Advisory**
Corporate financing is the use of funds for general corporate purposes or acquisition finance, general corporate equity investment, and/or in case we render advisory services. NIBC will only provide those financial services to clients that have both the commitment and capacity to manage the ESG impacts of their activities and that of their supply chain in line with industry standards.

**Finance and Investments Linked to a Specific Asset**
Asset Finance and Investments linked to a Specific Asset are typically aimed at a specific asset or asset pool or asset portfolio. NIBC will only finance projects or assets for which the facilitators at arm’s length have the commitment and capacity to manage the ESG impacts of the project / asset in line with our policies.

Additionally, NIBC will pay particular attention to:
1. Projects or assets where there is increased risk of adverse environmental or human rights impacts; and
2. Projects or assets for which material external stakeholder or NGO issues have been identified.

**Application**
This policy applies to our clients and all new services provided to them by NIBC. This policy is applied in addition to the NIBC Sustainability policy and human rights and environmental policy supplements.

NIBC works with clients who meet or aim to meet our sustainability standards and will review our commitment to any client or transaction where such standards are not or no longer met.

NIBC shall exercise discretion in deciding whether to apply this policy to the provision of financial services to a company that has only marginal involvement in the industrials and manufacturing sector. NIBC will make such decisions on a case-by-case basis after assessing the materiality of any risk that NIBC is supporting unsustainable activities.

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

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.
APPENDIX

Industry specific initiatives and best practices which are applied in addition to those mentioned in NIBC’s Sustainability policy, Human Rights policy supplement, and Environment policy supplement.

ILO Declaration on Fundamental Principles and Rights at Work

Adopted in 1998, the ILO Declaration on Fundamental Principles and Rights at Work is an expression of commitment by governments, employers' and workers' organizations to uphold basic human values - values that are vital to our social and economic lives.

- Freedom of association and the effective recognition of the right to collective bargaining
- Elimination of all forms of forced or compulsory labour
- Effective abolition of child labour
- Elimination of discrimination in respect of employment and occupation


Additional conventions and guidelines
- The Carbon Disclosure Project (CDP)
- Greenhouse Gas Protocol (GHG Protocol)
- Standards for Environmental Management System (ISO 14001)
- OHSAS Standards for Health and Safety Management System (OHSAS 18001)
- REACH European Community regulation on chemicals and their safe use
- EU Directives on Waste from Electrical and Electronic Equipment (WEEE)
- EU Packaging directive and Packaging Waste Directive
- FTSE4Good Supply Chain Labour Standards Criteria
- Social Accountability 8000 (SA8000) Standard
- Forest Stewardship Council (FSC) certifications and chain of custody standards
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/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

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.