1. INTRODUCTION

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

We recognise that I&M sector contributes to the use of natural resources and to global greenhouse gas emissions. At the same time, the sector plays a pivotal role in reducing those gas emissions both through the design and manufacture of products with improved carbon performance and reducing its own direct carbon footprint. We view that companies that are able to combine those elements will eventual 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.

At the same token, we realise that the potential Environmental and Social risks ("E&S") impact on the I&M sector could be material and makes the sector sensitive if E&S risks are not managed properly.

This I&M Policy should be read in addition to the general NIBC Sustainability Policy.

2. SECTOR SPECIFIC STANDARDS

A. E&S Risks associated with the I&M Sector
The I&M sector is a varied sector with a wide range of sustainability issues. Key E&S 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;
- Significant use of water in processing and production and water contamination, impacting local communities and the environment;
- Significant energy use, carbon and greenhouse gas emissions;
- Emissions of dust, Volatile Organic Compounds (“VOC”), additive chemicals and other hazardous air pollutants (such as sulphur or ammonia);
- Waste disposal and discharge;
- Land conversion associated with the extraction of construction materials;
- Product safety (use of hazardous substances, product failures);
- Occupational health and safety; and
- Labour conditions, including health & safety standards, forced labour or child labour.

B. Industry Standards in the I&M sector
The majority of transactions we conduct in I&M sector occurs in high income OECD countries. We rely on the local regulatory frameworks governing the E&S issues resulting from the local operations of our clients.
The I&M sector has developed methodology to address and assess E&S impacts, such as E&S risk management and reporting systems, certifications, and/or standards. To assess the client’s approach to manage its direct E&S 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 will go for both our prospective clients and their supply chain to the best of our knowledge:

- ILO Declaration on Fundamental Principles and Rights at Work;
- The Carbon Disclosure Project (“CDP”);
- 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”).

3. **SCOPE**

This policy applies to all new financial services provided by NIBC and complements the NIBC Sustainability Policy. Both new and existing clients are periodically benchmarked against these policies. 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.

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 abovementioned activities. Such decisions will be made on a case-by-case basis, benchmarked against the policies as laid down in this document.
4. NIBC POLICY APPROACH

Our assessment of E&S risks is based on the understanding of the E&S impact associated with client’s activity base and its capacity and commitment to manage such E&S 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 E&S risks will depend on the type of products or financial services that NIBC offers and the resulting exposure to E&S risks. NIBC distinguishes between the following different types of engagements:

A. 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 E&S impacts of the project / asset in line with our policies.

Additionally, NIBC will pay particular attention to:

1. Projects or assets where there are adverse or material and/or social impacts; and
2. Projects or assets for which material external stakeholder or NGO issues have been identified.

B. Corporate Typed Financing and Advisory
Corporate typed 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 E&S impacts of their activities and that of their supply chain in line with industry standards.
APPENDIX 1: Industry specific initiatives and best practices

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


The Carbon Disclosure Project (CDP)
The Carbon Disclosure Project is an independent not-for-profit organization holding the largest database of primary corporate climate change information in the world. CDP partners with organisations worldwide to accelerate carbon reporting and emissions reductions. Thousands of organizations measure and disclose their greenhouse gas emissions, water management and climate change strategies through CDP and put this information at the heart of financial and policy decision-making.

http://www.cdproject.net

Greenhouse Gas Protocol (GHG Protocol)
The Greenhouse Gas Protocol is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions. The GHG Protocol, a decade-long partnership between the World Resources Institute and the World Business Council for Sustainable Development, is working with businesses, governments, and environmental groups around the world to build a new generation of credible and effective programs for tackling climate change.

http://www.ghgprotocol.org/

Standards for Environmental Management System (ISO 14001)
International Organisation for Standardisation (ISO) is the world’s largest developer and publisher of international standards. ISO 14001 specifies requirements for an environmental management system to enable an organization to develop and implement a policy and objectives which take into account legal requirements and other requirements to which the organization subscribes, and information about significant environmental aspects.

http://www.iso.org/iso/iso_14000_essentials

Standards for Health and Safety Management System (OHSAS 18001)
OHSAS 18000 is an international occupational health and safety management system specification. OHSAS 18001 was created via a concerted effort from a number of the worlds leading national standards bodies, certification bodies, and specialist consultancies.

REACH European Community regulation on chemicals and their safe use

REACH is the European Community Regulation on chemicals and their safe use. It deals with the Registration, Evaluation, Authorisation and Restriction of Chemical substances. The law entered into force on 1 June 2007. Aim of REACH is to improve the protection of human health and the environment through the better and earlier identification of the intrinsic properties of chemical substances.

http://ec.europa.eu/environment/chemicals/reach/reach_intro.htm

EU Directives on Waste from Electrical and Electronic Equipment (WEEE)

The European Union (EU) is taking measures to prevent the generation of electrical and electronic waste and to promote reuse, recycling and other forms of recovery in order to reduce the quantity of such waste to be eliminated, whilst also improving the environmental performance of economic operators involved in its management.

http://ec.europa.eu/environment/waste/weee/index_en.htm

EU Packaging directive and Packaging Waste Directive

EU measures on the management of packaging waste in order to prevent or reduce the impact of packaging and packaging waste on the environment and to ensure the functioning of the Internal Market. It contains provisions on the prevention of packaging waste, on the re-use of packaging and on the recovery and recycling of packaging waste.

http://ec.europa.eu/environment/waste/packaging_index.htm

FTSE4Good Supply Chain Labour Standards Criteria

The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and to facilitate investment in those companies. The FTSE4Good Policy Committee has recognised that supply chain labour standards are of increasing concern and the FTSE4Good Supply Chain Labour Standards criteria cover this issue.

http://www.ftse.com/Indices/FTSE4Good_Index_Series/F4G_Download_Page.jsp

Social Accountability 8000 (SA8000) Standard

Social Accountability International (SAI) is a global, multi-stakeholder, standards setting organization whose mission is to advance the human rights of workers around the world. SAI established SA8000 a recognized benchmark among the voluntary codes and standards initiatives that employers use to measure their own performance and responsibly manage their supply chains. Grounded on the principles of core ILO conventions, UN Conventions, and an ISO-style management system, SA8000 is applicable to virtually all industrial sectors.

http://www.sa-intl.org/