

# NIBC SUSTAINABILITY FRAMEWORK

December 2021

## Introduction

Companies that take their human rights, environmental, and governance responsibilities seriously are the companies of the future. This means doing as they say they will, taking responsibility for their actions, respecting human rights and protecting the environment for future generations.

This is why sustainability is an integrated part of NIBC's business strategy and operations.

NIBC has developed this sustainability risk management framework to assess and manage sustainability risks as part of our comprehensive approach to risk management. By doing so, we mitigate risks and identify potential opportunities to improve environmental and human rights practices related to our financings and investments.

This Sustainability Framework describes governance, implementation, and the roles and responsibilities within our organisation in regard to identify and mitigate sustainability risks which are related to our business activities.

NIBC defines sustainability (ESG) risks to include environmental, climate, social, human rights, and governance risks. We recognize and apply the "double materiality" principle, recognising materially financial and non-financial impacts on NIBC and on sustainable development. This also means that we try to identify and manage potential ESG risks from the point of view of NIBC as well as is reasonably practical and possible from the point of view of those affected directly or indirectly by our business activities. This Framework is supported by a number of sustainability policies, corporate governance policies, and position statements.

Our Annual Report describes the sectors, asset classes, activities and geographies where NIBC is involved through its financings and investments.

For each business activity at NIBC, an appropriate responsible approach and scope is applied. Where appropriate, NIBC has developed more specific sector, business unit and/or issue-specific sustainability policies. This Framework is applied alongside NIBC's compliance framework, risk framework, client due diligence, and supplier due diligence policies and processes.

The Sustainability Framework applies to the financial services provided by NIBC and all business units (BUs) within NIBC Bank. Other subsidiaries of NIBC Holding have adopted NIBC Bank's policy approach and adapted it in proportion to their size and the sustainability risks involved in their specific business and value chain.

## Sustainability Governance

Our sustainability governance revolves around a system of checks and balances which ensures material sustainability (environment, human rights and governance) risks are taken into account in our decision-making processes.

NIBC operates a two-tier board structure. Our Managing Board and Executive Committee ( ExCo ) are ultimately responsible for all sustainability matters. The ExCo is also responsible for policies that impact NIBC's culture and ethics, such as the Code of Conduct. Although ESG aspects are a standing quarterly topic on our ExCo agenda, in practice discussions with ExCo and individually with its members are more frequent. NIBC's Supervisory Board has an oversight role. Therefore sustainability matters are also presented and discussed on a quarterly basis with NIBC's Supervisory Board and/or its subcommittees.

Role	Responsibility
<b>Supervisory Board</b>	<p>NIBC's Supervisory Board has an oversight role in regard to sustainability. Sustainability matters are typically discussed on a quarterly basis.</p> <p>NIBC Supervisory Board's Risk Policy &amp; Compliance Committee (RPCC) monitors and periodically discusses sustainability matters. The Audit Committee receives any findings from Internal Audit and our external auditors in regard to the Non Financial Key Figures reported in NIBC's Annual Reports.</p>
<b>Managing Board &amp; Executive Committee (ExCo)</b>	<p>NIBC's Managing Board is ultimate responsible for all sustainability matters. The Managing Board and Executive Committee members discuss and advise on sustainability strategy, targets, planning and budget. The ExCo is responsible for policies that impact NIBC's culture and ethics, such as the Code of Conduct and approves certain public reports, such as NIBC's Modern Slavery Statement.</p>
<b>Risk Management Committee ( RMC )</b>	<p>New sustainability policies and material changes to NIBC's Sustainability Framework and underlying policies are reviewed and approved by NIBC's Risk Management Committee.</p> <p>The RMC also sets NIBC's risk appetite, sets portfolio limits, governs model validation, approves new products ( NPARP ) and approves significant changes to existing products ( SCARP ).</p>
<b>Transaction, Investment, &amp; Engagement Committees</b>	<p>Sustainability risks related to corporate clients and transactions are presented in transaction proposals at the relevant risk committee (TC/ IC/ EC, depending on product or service offered by NIBC).</p> <p>These committees weigh the financial and sustainability risks associated with a client or a transaction and how these risks are mitigated or managed in order to reach well-informed decisions.</p> <p>The Sustainability Officer reviews assessments and is invited to join committee meetings in the event increased sustainability risks have been identified and further discussions are warranted.</p>
<b>Asset &amp; Liability Committee ( ALCO )</b>	<p>NIBC's ALCO and its Green Bond Working Group (GB WG) are responsible for any Green Bond Issuances.</p> <p>The GBWG is responsible for identifying eligible assets according to the criteria of NIBC's Green Bond Framework and monitoring their eligibility.</p>
<b>Internal Audit</b>	<p>Processes and controls are audited by NIBC's internal auditors. External third party audits may also be performed on non-financial key figures reported in NIBC's Annual Report.</p>

<b>Senior Sustainability Officer</b>	<p>Responsibility for overseeing NIBC's sustainability agenda. The officer is responsible for the set-up and implementation of the sustainability strategy, including targets, planning and budget.</p> <p>The Officer provides advices on transaction proposals, new products, and significant changes to existing products. The Officer chairs the GBWG which monitors the eligibility of green assets according to the criteria set in NIBC's Green Bond Framework.</p> <p>The Officer is up-to-date on all sustainability developments and is responsible for engaging with our external stakeholders on sustainability matters. The officer meets regularly with each business unit to evaluate activities, discuss progress, and plan future developments.</p>
--------------------------------------	--

Day to day responsibility for managing sustainability issues is delegated by the Executive Committee to a Senior Sustainability Officer who reports on these issues to the Chief Risk Officer (CRO). Each person within NIBC is responsible for identifying and mitigating sustainability risks within their own area of responsibility.

Our sustainability policies are approved by NIBC's Risk Management Committee (RMC) and maintained in accordance with NIBC policy standards. Each sustainability policy is reviewed annually by the Sustainability Team. When updates are deemed necessary, these are prepared and presented to the RMC or a subcommittee of the RMC for their approval. NIBC's sustainability policies are published on our corporate website and publicly available unless stated otherwise. A substantive update on sustainability developments is provided to RMC semi-annually. This includes topics such as climate-related risks, human rights, and performance indicators.

NIBC's sustainability policies are publicly available on our corporate website and are also published internally on our intranet. Efforts are undertaken to ensure frontline staff have sufficient awareness and understanding to identify potential sustainability and climate-related financial risks.

Corporate governance policies such as our Code of Conduct, Whistleblowing policy, Anti-Corruption, Bribery, and Fraud Prevention policies are available to all staff on the bank's intranet. Many of our corporate governance policies are also publicly disclosed on NIBC's corporate website.

#### NIBC's Three Lines of Defense Model

NIBC operates an internal control framework which includes a 'three lines of defence' risk management model. In this model, the first line comprises the business units; the second line is risk management and the other control functions and the third line is Internal Audit.

Business Units	Risk Management	Internal Audit
Ownership	Control	Assurance
The <b>Business Units</b> themselves are primary responsible for the results, the execution, the compliance and the effectiveness of sustainability risk management	<b>Sustainability Officer</b> is responsible for setting policies, challenging, advising, monitoring and reporting on the execution, management, control and reporting of risks	<b>Internal Audit</b> is responsible for independent assurance on the setup and functioning of the internal control framework

The three lines of defence model is used as the primary means to demonstrate and structure roles, responsibilities and accountabilities for decision-making, risk and control, and to achieve effective governance, risk management and assurance. All three lines are dedicated to maintaining a strong internal control framework which protects NIBC’s stakeholders.

Processes and controls are audited by NIBC’s internal auditors. Internal audit carries out regular reviews of the overall internal control framework and systems in the light of changes in methodology, business and risk profile, as well as in the quality of underlying data. External third party audits may also be performed on non-financial key figures reported in NIBC’s Annual Report. Findings are reported to the Audit Committee of NIBC’s Supervisory Board. From time to time, other third parties may also be engaged to assess, assure or certify NIBC management systems, controls, processes, or reporting.

## Corporate Banking

Sustainability risk assessments for corporate clients and transactions are part of the corporate risk assessment process (see Appendix II).

As part of our risk management approach, NIBC takes into account the sustainability risks associated with a client or a transaction and how these risks are mitigated or managed, so that we make well-informed decisions for all clients and transactions. The level of due diligence depends of the ESG risk profile of the client.

Our goal with these processes is to avoid investments in harmful activities, to work with companies to mitigate the risk of potential harms in their own operations and supply chains, and to simply influence better practices over time. Our approach is guided by leading public frameworks and initiatives such as the UN Sustainable Development Goals (SDGs), UN Global Compact, OECD Guidelines for Multinationals, International Labor Organization (ILO) core conventions, and the Paris Climate Agreement.

### Sustainability screening and due diligence

NIBC assesses our client’s commitment, capacity and track-record to manage ESG risks. NIBC recognizes that not all engagements require the same level of due diligence or management attention, and the time and resources dedicated to each business engagement should be commensurate with the ESG risk profile.

Each engagement is categorised according to the relationship with the client or counterparty and its potential ESG risks at an early stage in the engagement approval process. Based on this categorisation,

decisions are made relating to the level of ESG due diligence required, the allocation of staff resource and the level of approval authority required.

NIBC will refrain from doing business/ not engage with corporate clients who have consistently demonstrated to violate the sustainability standards mentioned in our policies and do not provide any level of commitment to improve.

Manual or automated techniques may be used in NIBC's due diligence and ESG risk assessment processes. NIBC has been developing new techniques and tools in its Innovation Lab to reimagine and further strengthen our due diligence and assessment processes. The tools that have been developed by NIBC utilise data science techniques to gather evidence across hundreds of human rights, environmental, and governance aspects.

External stakeholders and NIBC's engagement in multi-stakeholder discussions with clients, national authorities, civil society organisations, and unions have provided meaningful input into the development of these tools. Certain civil society stakeholders have also been invited to review these new developments and have offered their feedback. Their input has been a valuable contribution.

### Roles & Responsibilities

Prior to the formalisation of the engagement with a corporate client, it is mandatory to ascertain whether the client meets the standards defined in NIBC's Sustainability Policies and by making an assessment of the ESG risks related to the client and the transaction.

It is the responsibility of deal teams to ensure that applicable checks are carried out as part of the corporate client risk assessment process. The required checks depend on the type of client relation as well as the potential environmental and social risks related to the client and/ or transaction. Actions to be taken by relevant persons and responsibilities have to be embedded into the business processes.

In the event sustainability risks are identified, the Sustainability team should be consulted. The Sustainability team will give advice or recommend certain conditions. The Sustainability team may also contribute or be asked to contribute a sustainability risk advice for a transaction.

The sustainability risks and mitigating factors that are found as a result of the assessment should be presented to the relevant risk committee (TC/ IC/ EC, depending on product or service offered by NIBC), who will include these issues in their risk assessment and informed decision-making. The Sustainability team is invited to join committee meetings in the event increased sustainability risks have been identified and further discussions are warranted.

### Recordkeeping

Sustainability risks are assessed during transaction origination after initial contacts with the corporate client and prior to submitting a transaction or investment proposal for approval.

A statement with regard to the sustainability risk assessment and the outcome have to be added to the transaction proposal and a copy of the sustainability assessment has to be added to the client file.

The sustainability assessment is included as part of the proposal, alongside other information describing the risks, opportunities, and expected outcomes. Prior to closing a transaction or signing an agreement, the assessment should be in place and part of NIBC's client file.

### Reviews and Monitoring

It is the responsibility of the relationship managers that manage a specific corporate client file to include sustainability risk assessment in their periodic client KYC reviews or when issues arise. In this respect the

sustainability due diligence process is ongoing and responsive. NIBC aims to progressively improve its systems and processes to avoid and address adverse impacts on people and the planet.

An assessment of sustainability aspects should be performed at the same time as a client or transaction review. The updated assessment should be added to the client file.

If a sustainability incident is detected, the deal team must notify the Sustainability team and an updated sustainability assessment should be performed to determine the severity and impact and to record the actions which are being taken by the client.

In cases of material or salient adverse human rights impacts, this should include the extent to which meaningful and effective remediation in line with NIBC's policy commitment to the UN Guiding Principles on Business and Human Rights has been made available by the client/project to those who may have been negatively affected.

Depending on the issues that arise, the deal team may be referred back to the Transaction/ Investment Committee or Engagement Committee.

### Exclusions

NIBC maintains an Exclusion List of companies which it will not finance or invest in due to environmental, human rights, ethics, or other sustainability concerns. The list is maintained by the Sustainability Team.

Changes to the Exclusion List are approved by NIBC's Risk Management Committee (RMC). Additional sector activity exclusions are mentioned within NIBC's sustainability policies. NIBC's product offerings may also apply additional activity or company exclusions based on human rights, environmental, ethics or other sustainability concerns.

## Treasury, Trading, Investors, and Indirect Investments

Asset & liability management activities of our Treasury department, investors in NIBC products or indirect investments are of a different nature than other corporate activities. The influence we have or risks we are exposed to are significantly less than other types of financing.

In these cases we still want to ensure our activities meet the standards as defined in NIBC's general Sustainability Policy and the exclusion list. Teams have to complete a high-level sustainability risk assessment of their clients, counterparties or transactions and record a statement in the risk assessment documentation to indicate that the sustainability performance is sufficient.

For treasury transactions with financial institutions, our financial institutions policy applies. For indirect investments, our indirect investments policy applies.

## Asset and Collateral Management

NIBC's asset and collateral management activities consist of debt investments and private equity investments. NIBC applies the UN Principles for Responsible Investments ( UN PRI ) in its approach. In our view, ESG risks and opportunities impact the value and performance of these investments.

NIBC's Sustainability Framework and policies are applicable to NIBC's asset management activities. ESG issues are part of our risk assessment, investment analysis, and decision-making processes in our asset management activities. In asset and collateral management activities, NIBC may apply additional decision trees and workflows in addition to those in our policies. These are well described to investors and further supported through transparent investment reporting.

In cases where we become a shareholder, NIBC uses its influence in advisory or supervisory boards at the company to the extent practical and possible. We work together with our portfolio companies to promote

sustainability, responsible governance, and transparency. In certain cases, companies have adopted NIBC's approach to sustainability as their own, adjusting the approach to fit their own markets and products.

## Retail Banking

NIBC's retail activities are supported by policies and KYC/due diligence processes which mitigate sustainability risks and are appropriate to the product range and scope of our business.

The Sustainability Officer is a member of the Retail Risk Team ( RRT ) which evaluates the developments of the risk profile and the potential reputational, human rights, and environmental risks for both existing and new retail products. The Sustainability Officer may also contribute or be asked to contribute a sustainability risk advice for a product, client or transaction.

Any material sustainability impacts are reported to the Risk Management Committee ( RMC ) in the Risk Advice. Guidance for new proposals is discussed in the RRT for early engagement in the development of risks in Retail Banking.

## New products and services

When NIBC decides to enter a new activity or sector, a New Product Approval and Review Process ( NPARP ) is conducted to establish the parameters under which we will engage. Significant changes to existing products undergo a Significant Change Approval and Review Process ( SCARP ) approval process.

Both processes involve a sustainability assessment to identify positive ESG product design opportunities as well as to analyze and mitigate any potential adverse risks to people, the climate and the environment.

## Responsible Procurement

NIBC expects its vendors and suppliers to act in accordance with regulations, international conventions, standards and guidelines on human rights and the environment in their own operations and supply chains including subcontractors.

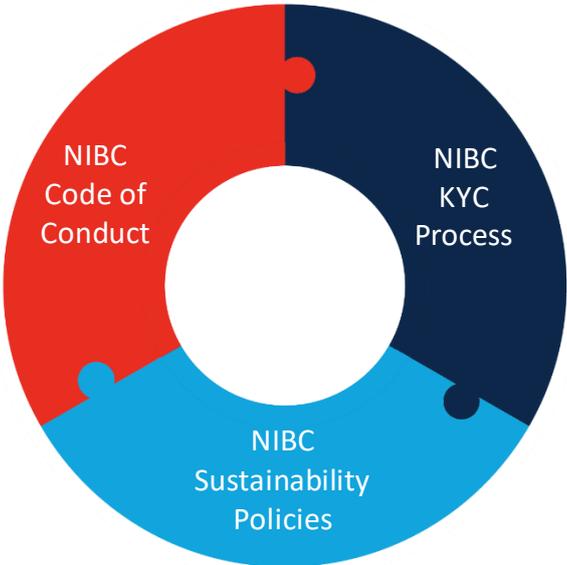
Our sustainability expectations of suppliers and vendors are embedded in NIBC's standard contracts and shown in the Supplier Code of Conduct published on our corporate website. We undertake supplier due diligence as part of our "Know Your Supplier" ( KYS ) programme and vendor management workstream.

We believe that by taking this approach to manage systemic supply chain risks and engaging with suppliers and other stakeholders, we are contributing to efforts to strengthen human rights and environmental aspects in regional and global supply chains.

NIBC will refrain from doing business/ not engage with suppliers who have consistently demonstrated to violate the sustainability standards mentioned in our policies and do not provide any level of commitment to improve.

# Appendix 1: Governance Framework

The sustainability risk assessment is performed as part of NIBC’s overall client due diligence “Know Your Customer” (KYC) process.



The KYC policy and process are aimed at identification and verification of the client and its (ultimate) beneficiaries and legal representatives, and it determines the integrity risk profile of the client. The integrity risk profile is based on various factors including the country or sector that the client operates in, or whether the client or transaction meets the standards as defined in NIBC’s Code of Conduct.

## Appendix 2: Corporate Client and Transaction Approval Process

In our corporate client interaction and supply chain processes we consider sustainability issues and our impact on stakeholders. This is embedded through tools and processes at various levels.

Our client risk assessment process includes 'Know-Your-Customer' checks which must be completed for all new clients and transactions to ensure they meet NIBC's standards on Customer Due Diligence and Sustainability. This includes:

- Customer Due Diligence checks
- Sustainability Risk Assessments

Responsibility for these checks lies with the various business teams. Checks and balances are part of the transaction process to ensure compliance. Risk Management, Legal, Compliance, Sustainability and Internal Audit play a role to assess compliance with NIBC's different standards and risk assessment processes.

### Process and Responsibilities

Before NIBC engages with a new corporate client the business team is responsible for completing the following steps:

#### 1. Engagement approval

All new corporate clients and transactions are presented to the Engagement Committee (EC). The EC assesses conflicts of interest and screens for compliance and sustainability-related issues for all new clients. The EC decides whether the business teams can proceed with a specific client or project. The EC comprises of all Managing Board members, Legal Counsel, Head of Compliance. The Head of Sustainability is invited to join committee meetings in the event additional sustainability advice is needed or potential increased risks have been identified.

#### 2. Sustainability risk assessment

After EC approval, NIBC's online sustainability toolkit has to be completed to verify whether the new client meets the sustainability standards – environmental & social issues such as human rights and labour standards – which NIBC expects all corporate clients and investments to meet.

Sustainability risks are part of the human rights and environment due diligence check on every new client and transaction. Outcome of the sustainability risk assessment will be discussed in the Transaction Committee (or relevant other approval authority). The Sustainability team may contribute or be asked to contribute an independent advice for a transaction. The Sustainability team will be asked for advice in the event increased sustainability risks have been identified.

#### 3. Transaction Approval

NIBC's Transaction Committee (or relevant other approval authority) will consider all relevant risks including commercial, legal, compliance and sustainability risks, before approving or rejecting a transaction. The Committee can also decide to approve a transaction under specific conditions.

#### 4. Complete transaction process

After the transaction has been approved, the business team – in cooperation with other functions – will complete the transaction, including completion of all internal processes and documentation.

#### 5. Monitoring

A sustainability assessment should be performed at the same time as a client or transaction review or if/when a specific concern arises.

## Appendix 3: Corporate Sustainability Assessments

NIBC's online sustainability toolkit is one of the resources used by our corporate bankers to assess human rights, climate, biodiversity and other ESG risks of corporate banking clients and transactions. The Rapid Risk Screen is used to make an initial sustainability risk assessment

This tool consists of an evaluation of the engagement to determine if it involves any activities which are excluded by policy and to determine the potential level of ESG risk associated with each client or transaction. The toolkit includes definitions and links to relevant internal and external standards.

The Rapid Risk Screen results in a red, amber, or green light similar to a traffic light system, which indicates the level of ESG due diligence required:

- Where the Rapid Risk Screen gives a green light, no further ESG due diligence is required. Engagement approval should continue under the regular approval process.
- Where the Rapid Risk Screen gives an amber light, increased due diligence is required, therefore a detailed sustainability risk assessment (ESG due diligence) must be performed in order to proceed.
- Where the Rapid Risk Screen has identified high risks, a red light, the client or transaction must be declined.

### Increased Risk Assessment

- Further ESG due diligence in the form of a sustainability risk assessment is required where the Rapid Risk Screen signals increased due diligence is required. The level of ESG due diligence required for a client, project or transaction depends on many factors including the type of product or financing products involved and the resulting exposure to ESG risks.
- Corporate Client relationships (lending, investments, advisory): NIBC assesses the client's commitment, capacity and track record to manage the ESG impacts of its activities. The 'Client Risk Assessment' in NIBC's online sustainability toolkit can serve as guidance for the assessment.
- Project Finance, project finance advisory or project-related corporate loans: NIBC applies the Equator Principles as the ESG due diligence framework for all Project Finance transactions. This requires an assessment of the ESG risks associated with the project asset and the client's commitment, capacity and track record in managing ESG risk issues. The 'Sustainability Assessment' in NIBC's online sustainability toolkit has to be completed.
- Asset Finance and investments linked to a specific asset or asset pool or asset portfolio: NIBC will apply an assessment that is broadly consistent with the Equator Principles/IFC Performance Standards. These situations require an assessment of both the transaction risk and the client's commitment, capacity and track record to managing these risks.

### Risk level and approval

The ESG due diligence will result in a category of low, medium, or high ESG risk. Depending on this outcome, different approval authorities and/or further ESG due diligence may be required as follows:

- Low: Where the engagement ESG risk has been categorised as low ESG risk, no escalation is required and the client and/ or transaction can be approved by the regular approval authority.
- Medium: Where the engagement ESG risk is categorised as medium ESG risk, advice from the Sustainability team is required before the client and/ or can be approved. The client and/ or transaction can be approved by the regular approval authority.
- High: Where the risk category is high ESG risk, advice from the Sustainability team is required and the client and/or transaction may be referred back to the Engagement Committee (EC). After - and in case that - the EC has approved, the client and/ or engagement can be approved by the regular approval authority.

In all cases, the Sustainability team may also evaluate or provide a sustainability risk advice for a client, project or transaction. They may also be requested to evaluate or provide an independent advice by the business teams or approval authorities among others.

### Rapid Risk Screen

Rapid Risk Screen (RRS) questions to identify ESG risks and need for an increased sustainability risk assessment include:

- Are there any indications that the client, project or transaction does not comply with NIBC's sustainability policies (including high risk activities or exclusion list) ?
- Is the project, asset, client or a substantial part of the client's production/ supply chain activities in non high-income OECD countries ?
- Is the project or asset located in or near natural habitats or protected areas (including UNESCO World Heritage site, UNESCO Biosphere reserve, RAMSAR site, or high conservation areas) ?
- Does the project or asset involve potentially adverse or material environmental and/ or human rights impacts ?
- Are the client, project activities, or products likely to lead to significant Greenhouse Gas or air pollutant emissions, water extraction or waste issues ?
- Is the project, asset or client connected to material external stakeholders or NGO issues; and/ or has been subject to campaigns or protests ?
- Has the client been involved in allegations of human rights violations, labour force issues, high accident/ incident rates or corporate governance/ corruption issues ?

### Client Risk Assessment / Sustainability Assessment

Depending on outcome of RRS a client risk assessment or sustainability assessment (project-related) is required to:

- Identify key potential environmental, human rights risks, and governance risks related to a client, project, or transaction
- When assessing the client's commitment, capacity and track-record to manage these risks; consider:
- What ESG issues and risks does the client consider to be material or salient ?
  - What are the most material environmental issues in the client's operations and supply chain ?
  - What are the most salient human rights issues in the client's operations and supply chain from the viewpoint of the people who are affected ?
- What policies and management systems does the client / project have in place to manage potential adverse human rights or environmental impacts ?
  - Does the client/project adhere to good industry standards and best practices ?
  - Does the client/project provide a grievance and remedy mechanism which is accessible to stakeholders in accordance with the UN Guiding Principles for Business & Human Rights ?
  - Does the client/project ensure compliance with relevant ESG criteria by its subcontractors and suppliers ?
- Is the client/project transparent about its activities and its policy approach to these activities ?
  - Does the client / project publicly report on its ESG performance ?
  - Does the client / project disclose its direct and indirect greenhouse gas emissions ?
  - Does the client / project disclose relevant diversity figures and its gender pay gap and/or specific risks to women?
- Have there been campaigns, negative media attention, etc. related to the client or project ?
  - Conclusion: identify whether this client classifies as Low, Medium or High risk.
  - Guidance

- See NIBC’s sustainability policies for different sectors for an overview of potential risks per sector and existing industry standards or best practices for managing sustainability risks.
- Use the ‘Client Risk Assessment’ in the Sustainability Toolkit as guidance for the assessment of client’s commitment, capacity and track-record to manage ESG risks.
- Use the ‘Sustainability Assessment’ in Sustainability Toolkit as guidance for the assessment of potential risks related to project-related financing and advisory and for the assessment of client’s commitment, capacity and track-record to manage ESG risks.
  - If unsure, contact the Sustainability team for input, discussion and/or advice.

### Conclusion of sustainability risk assessment

Motivate the overall outcome of the increased sustainability risk assessment and indicate the risk weighting of the client’s commitment, capacity and track-record to manage relevant ESG risks:

#### Low risk

Client has best practice policies and ESG risk management systems in place/or adheres to industry best practices; is transparent about its sustainability practices, providing formal/informal reports and information; engages with stakeholders; and has not been subject to negative campaigns or media attention in the last 3 years.

#### Medium risk

Client does not have formal ESG risk management policies and system but shows awareness of ESG issues; has assigned responsibilities as evidence of commitment; is transparent, providing information on its website and as needed; engages with stakeholders; and has not been subject to negative campaigns or media attention in the last 3 years [or has shown ability to manage negative publicity and willingness to take corrective measures in response.

#### High risk

Client operates in an environmentally and socially sensitive sector; does not recognize ESG risks; has no formal ESG risk management policies or systems in place; but indicates willingness to adopt ESG risk management measures.

#### Maximum risk

Client does not have ESG risk management policies & systems in place/does not act in accordance with existing policies and systems; has been subject to negative campaigns and media attention in the last 3 years; does not demonstrate transparency or willingness to take corrective measures in response.

### Possible outcomes and next steps

#### Low risk

- Add main findings of sustainability risk assessment and conclusion to TC/ IC proposal

#### Medium risk

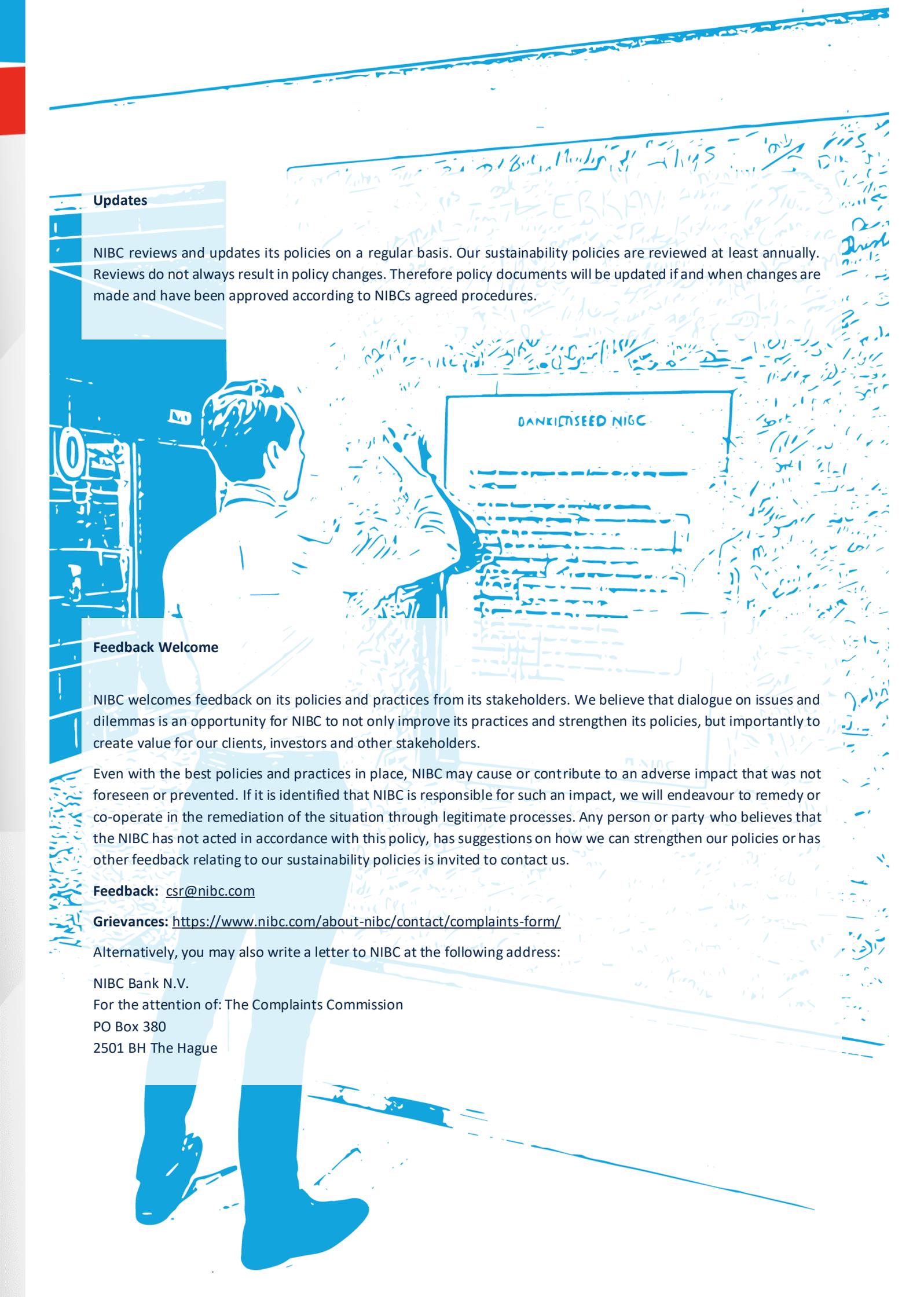
- Consult Sustainability team for advice
- Add main findings of sustainability risk assessment, conclusion, and motivation + CSR advice to TC/ IC proposal

#### High risk

- Consult Sustainability team for advice
- Sustainability team may revert back to Engagement Committee or may advise ‘conditions’ to the transaction or further engagement with client.
- Add main findings of sustainability risk assessment, conclusion, and motivation + CSR advice to TC/ IC proposal

#### Maximum risk

- Consult Sustainability team for advice
- Sustainability team may revert back to Engagement Committee, Transaction Committee, or Investment Committee
- NIBC does not want to engage with clients that have consistently demonstrated not to act in compliance with sustainability standards and do not demonstrate commitment to improve.



## 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](mailto: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