NIBC SUSTAINABILITY FRAMEWORK

December 2024

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.

This Sustainability Framework describes governance, implementation, roles and responsibilities within our organisation and certain processes which are used to identify, assess, and monitor sustainability risks related to our business activities. By doing so, we aim to prevent or mitigate adverse risks and impacts as well as identify potential opportunities to improve environmental and human rights practices related to our financings and investments. This Framework is one component of our comprehensive approach to risk management.

NIBC Sustainability Framework and sustainability policies

NIBC defines sustainability risks to include environmental, climate, social, human rights, and governance risks.

We acknowledge the "double materiality" principle which is comprised of financial materiality and impact materiality and apply it to the best of our ability. This means that we identify and manage potential sustainability risks from the point of view of NIBC as well as from the point of view of those who might be affected directly or indirectly by our business activities.

In our Annual Report NIBC discloses the 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 asset class, business unit and/or issue-specific sustainability policies.

The Sustainability Framework applies to the financial services provided by NIBC and all business units (BUs) within NIBC. NIBC's policies and processes apply both for assets originated for NIBC itself as well as for assets originated and managed on behalf of other financial institutions. The Framework should be seen as applying alongside and in addition to NIBC's Code of Conduct, our Risk Management Framework, compliance, governance and other relevant NIBC policies.

Sustainability Governance

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

NIBC operates a two-tier board structure. Our Managing Board (MB) are ultimately responsibility for all sustainability matters. MB is also responsible for policies that impact NIBC's culture and ethics, such as the Code of Conduct. Although ESG developments are a regular topic on our MB agenda, in practice discussions with our MB 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
Supervisory Board	NIBC's Supervisory Board has an oversight role in regard to sustainability. Sustainability matters are typically discussed on a quarterly basis.
Managing Board	NIBC's Managing Board is ultimate responsible within NIBC for all sustainability matters. The Managing Board members discuss and advise on sustainability strategy, targets, planning and budget. The MB is responsible for reviewing and approving policies that impact NIBC's culture and ethics, such as the Code of Conduct and approves NIBC's sustainability disclosures.
Risk Management Committee (RMC)	NIBC's Sustainability Framework and our sustainability policies are reviewed and approved by NIBC's Risk Management Committee. The RMC also sets NIBC's risk appetite, sets portfolio limits, governs model validation, approves new products (NPARP) approves significant changes to existing products (SCARP).
Transaction, Investment, & Engagement Committees	Sustainability risks related to asset backed finance clients and transactions are presented in transaction proposals at the relevant risk committee (TC/ IC/ EC, depending on the product or service offered by NIBC). 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. Group Sustainability reviews assessments and is invited to join committee meetings in the event increased sustainability risks have been identified and further discussions are warranted.
Asset & Liability Committee (ALCO)	NIBC's ALCO and its Green Bond Working Group (GB WG) are responsible for NIBC's Green Bond issuances.

	The GBWG is responsible for identifying eligible assets according to the criteria of NIBC's Green Bond Framework and monitoring their eligibility. The GBWG is chaired by NIBC's Sustainability Officer.
Pricing Committee	NIBC's Pricing Committee monitors and approves changes to the pricing of NIBC's product offerings and ensures products are offered in a fair and responsible manner.
Audit and assurance	External third party assurance is performed on relevant sustainability disclosures in NIBC's Annual Report and in regard to NIBC's green or sustainable bond issuances. Sustainability matters, regulatory compliance and internal controls are monitored by NIBC's internal auditors. Internal procedures are also performed periodically by NIBC's internal auditors.
Group Sustainability	Responsibility for overseeing NIBC's sustainability agenda. Group Sustainability is responsible for the set-up and implementation of the sustainability strategy, including targets, planning and budget. Group Sustainability provides advices on transaction proposals, new products, and significant changes to existing products. NIBC's Sustainability Officer chairs the GBWG which monitors the eligibility of green assets according to the criteria set in NIBC's Green Bond Framework. Group Sustainability is up-to-date on all sustainability developments and is responsible for engaging with our external stakeholders on sustainability matters. Group Sustainability meets regularly with business units to evaluate activities, discuss progress, and plan future developments.

Day to day responsibility for managing sustainability issues is delegated by the Executive Committee to Group Sustainability which reports on these issues to the Chief Financial Officer (CFO). Each business unit and 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 Group Sustainability.

When updates are deemed necessary, these are prepared and presented to the RMC or a subcommittee of the RMC for their approval. Our 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 sustainability 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.

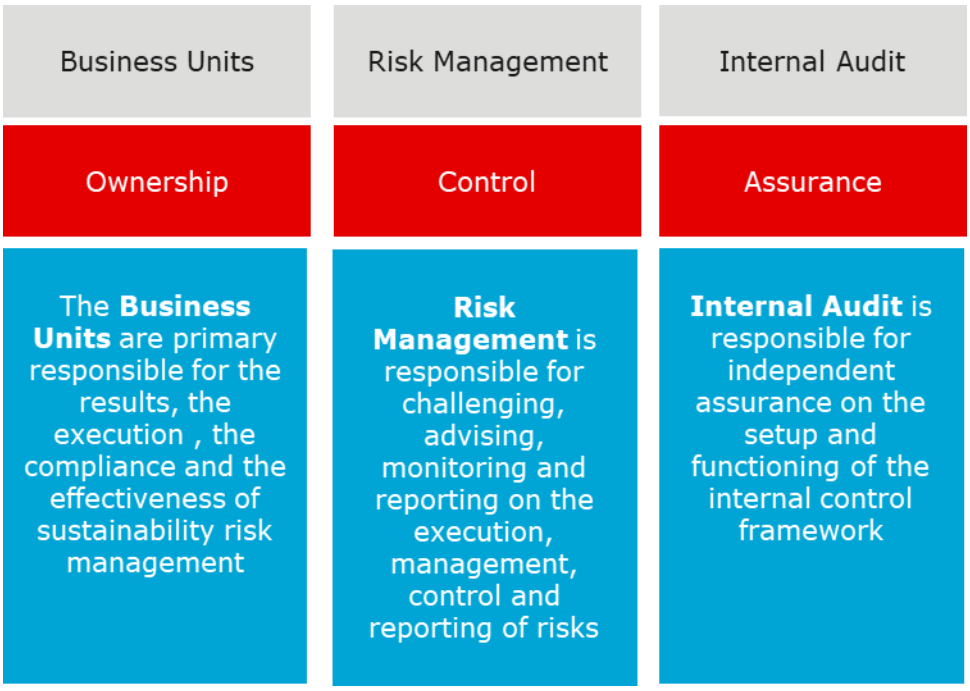
NIBC's Three Lines of Defense Model

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.

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.

NIBC's Three Lines of Defense



External third party assurance is performed on relevant non-financial performance indicators 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.

Retail Banking

NIBC's retail activities are supported by policies and KYC/due diligence processes which mitigate sustainability risks, environmental and social impacts and are appropriate to the product range and scope of our business. Our policies aim to ensure adherence to responsible marketing practices and to ensure customers are well informed of terms and conditions.

ESG data is collected periodically for mortgages from authoritative sources and is used to monitor potential sustainability risks and impacts to clients. Clients may also directly provide certain sustainability data as part of the mortgage application and acceptance processes.

The Group Sustainability participates in Retail Risk (RRT) meetings. The RRT evaluates the developments of the risk profile and the potential reputational, human rights, and environmental risks for both existing and new retail products. Product and service quality is monitored and periodically reported to the RRT. Group Sustainability may also contribute or be asked to contribute a sustainability advice for a client or transaction.

Any material sustainability impacts or risks are reported to the Risk Management Committee (RMC). Guidance for new proposals is discussed in the RRT for early engagement in the development of risks in Retail Banking. NIBC's policies and processes apply both for assets originated for NIBC itself as well as for mortgages originated and managed on behalf of other financial institutions.

Asset backed finance

Sustainability risk assessments for asset backed finance (ABF) clients and transactions are part of the ABF 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) 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 ABF engagement is assessed according to the relationship with the client or counterparty and its potential ESG risks at an early stage in the engagement. Based on this assessment, 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 ABF clients who have consistently demonstrated to violate the sustainability standards mentioned in our policies and do not demonstrate a commitment to improve.

As part of our due diligence, NIBC collects ESG performance and risk data directly from ABF clients. This allows NIBC to assess a client's policy approach, risk mitigation measures, net zero transition plans and overall sustainability performance. It also enables NIBC to fulfil its regulatory disclosure obligations and supervisory expectations.

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 our approach. 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 an ABF 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 ABF 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, Group Sustainability should be consulted. Group Sustainability will give advice or recommend certain conditions. Group Sustainability 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 Group Sustainability may be 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 ABF 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 ABF 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.

ESG data should be collected annually from ABF clients, preferably at the same time as a client or transaction review. The assessment of sustainability risks and potential impacts should also be updated. The updated assessment should be added to the client file.

If a sustainability incident is detected, the deal team must notify Group Sustainability 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 grievances or complaints, affected stakeholders and their legitimate representatives should be guided to NIBC's complaints procedure. NIBC's approach towards management of grievances is guided by the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Internal complaints may be raised using NIBC's whistleblowing procedures.

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 Group Sustainability.

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 our ABF 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.

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. These processes are described in NIBC's New Product Approval and Review Policy.

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

Appendix 1: Value Chain Due Diligence and Monitoring

NIBC performs due diligence related to its upstream and downstream value chain. Client due diligence is performed by NIBC's and involves NIBC's Know Your Client (KYC) processes and procedures. Supplier due diligence is also performed and involves NIBC's Know Your Supplier (KYS) programme. Due diligence is also viewed as an opportunity to engage with clients and suppliers as stakeholders.

Client due diligence aims 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.

NIBC also 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.

NIBC's suppliers are primarily other professional services providers in the areas of technology, legal, communications and accounting/consulting services. 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 KYS programme which focuses on outsourcing to technology vendors and procurement of legal services. Related policies include NIBC's Outsourcing Policy and NIBC's Legal Procurement Policy. Assessments are performed periodically as specified within these policies.

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, Group 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 ABF client the business team is responsible for completing the following steps:

1. Engagement approval

All new ABF 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. Group 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 ABF 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). Group Sustainability may contribute or be asked to contribute an independent advice for a transaction. Group Sustainability 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: ABF Sustainability Assessment

The Sustainability Toolkit is a tool which facilitates NIBC bankers to assess potential and actual risks and impacts which may occur in the normal course of business of NIBC's relationship with a ABF (corporate) client.

This Toolkit 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 sustainability risk associated with each client or transaction. Guidance for the Toolkit Assessment includes definitions and links to relevant internal and external standards.

In the final months of 2024, the Toolkit Assessment is being replaced to account for changes in the internal and external risk environment. The updated assessment is aligned with the sustainability topics and subtopics as described within the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standard (ESRS). Expectations of supervisors and authorities and market best practices have also been taken into account.

Assessment outcome and approval

The assessment of sustainability risks will result in an overall assessment outcome of low, medium, or high ESG risk across the short, medium and long term. Depending on this outcome, different approval authorities and/or further ESG due diligence may be required as follows:

- **Low:** Where ESG risks are unlikely (low risk) ESG risk across all risk categories, no escalation is required and the client and/ or transaction can be approved by the regular approval authority.
- **Medium:** Where the ESG risks are somewhat likely (medium risk) in one or more categories, advice from Group Sustainability 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 ESG risks are highly likely (high risk), advice from Group Sustainability 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.

Group Sustainability may also independently decide to evaluate or provide a sustainability risk advice for a client, project or transaction. They may also be requested to evaluate or provide and independent advice by the business teams or approval authorities among others.

NIBC Sustainability Toolkit Assessment

General questions:

Client ESG Questionnaire:

- Has the client / project / asset completed an NIBC sustainability questionnaire and agreed to disclose relevant metrics and policies on a periodic basis ?

Geographic risk:

- Is the client / project / asset or a substantial part of the client's operations or supply chain in non high-income OECD countries ?

Climate & Environmental Risks

Climate:

- Is the client/project/asset likely to be materially affected by climate transition risks across the short, medium or long-term ?

Examples of Climate Transition Risk include technology risks, carbon taxes, carbon pricing, regulatory risks, and/or litigation risks.

- Is the client/project/asset likely to cause or be materially affected by physical climate risks across the short, medium or long-term ?

  Examples of Physical Climate Risks include inland floods, rising seas, extreme weather, land subsidence, wildfires and /or heat stress.

Pollution:

- Is the client / project / asset known to produce high levels of air pollution in its own operations or in its supply chain ?

  Air pollution includes contaminants or pollutant substances in the air at a concentration that interferes with human health or welfare, or produces other harmful environmental effects.

- Is the client / project / asset known to produce high levels of water pollution in its own operations or in its supply chain ?

  Contamination of water from harmful or objectionable material in sufficient concentrations to make it unfit for use. Examples include contamination from agricultural, urban, and industrial uses, including fertilizers, pesticides, septic tank systems, street drainage, and air and surface-water pollution.

- Is the client / project / asset known to produce high levels of soil pollution in its own operations or in its supply chain?

Marine & water resources:

- Is the client / project / asset known to adversely impact marine and/or water resources in its own operations or in its supply chain ?

  Marine and water resource impacts can include high levels of water withdrawals, discharges to water, and/or operations in or near marine conservation areas.

Biodiversity & nature:

- Is the client / project / asset known to adversely impact biodiversity and nature in its own operations or in its supply chain?

  Biodiversity impacts may include land-use changes, habitat degradation or destruction, extinction of species, introduction of invasive species and/or operations in or near a high conservation zone among others.

Circularity:

- Is the client / project / asset known to require substantial amounts of raw (unrecycled) materials or result in significant amounts of unrecycled waste or generate hazardous waste in its own operations or in its supply chain?

Examples of impacts include substantial use of raw (unrecycled) materials, production of unrecyclable waste, production of hazardous waste among others.

Social & human rights risks and impacts

Value chain workers:

- Is the client / project / asset known to cause or contribute to negative impacts to value chain workers related to its own operations or supply chain ?

  Examples of negative impacts include use of child labour, use of forced labour (modern slavery), excessive working hours, poor working conditions, inadequate (non-living) wages, reduced freedom of expression, restricted freedom of association, prevention of collective bargaining, poor health and safety, lack of equal opportunity, lack of training and skills development, and/or exclusion of persons with disabilities.

Affected communities:

- Is the client / project / asset known to cause or contribute to negative impacts to communities related to its own operations or supply chain ?
  Examples of negative impacts include inadequate housing, inadequate food, poor water & sanitation, reduced access to land, restrictions on freedom of expression, restrictions on freedom of assembly, restrictions on rights of indigenous peoples or negative impacts on human rights defenders.

Consumers & end-users:

- Is the client / project / asset known to cause or contribute to negative impacts to consumers and end-users related to its products, own operations or supply chain ?

  Examples of negative impacts include inadequate privacy protections, lack of access to quality information regarding products, irresponsible marketing practices, discriminatory practices, harms to children, and/or reduced personal health and safety.

Governance & Business Conduct risks and impacts

Policy risk:

- Are there any indications that the client / project / asset is not in full compliance with NIBC's Sustainability Policies (including high risk activities or excluded activities) or NIBC's Compliance Policies ?

UNGC Violations:

- Is the client / project / asset alleged to have committed any violations of the UN Global Compact in the last 3 years ?

Bribery, Corruption, Fraud:

- Is the client / project / asset or its directors known to have been involved in any cases of bribery, corruption or fraud ?

Money laundering:

- Is the client / project / asset or its directors known to have been involved in any cases of money laundering ?

Greenwashing:

- Is the client / project / asset or its directors known to have been involved in any cases of greenwashing ?

Reputational Risk:

- Is the client / project / asset or its directors known to have been the subject of adverse NGO protests, campaigns, allegations or litigation in the last three years ?