

NIBC Sustainability Report

July 2020

About this report

NIBC is pleased to share this Sustainability Report to give further insights into our progress during 2019 in sustainability and corporate social responsibility (CSR).

This Report is for the year ending 31 December 2019 unless otherwise stated. It aims to provide expanded commentary, metrics and targets related to sustainable business practices at NIBC.

The Non Financial Key Figures reported in this supplement are also reported in NIBC's Annual Report.

Where to find more information

Additional information on our financial and non-financial performance is reported in NIBC's Annual Report, GRI Content Index, Pillar III report and other disclosures. Additional information regarding NIBC's corporate governance and sustainability policies are available on our website.

Reports:

- Annual Report: nibc.com/about-nibc/investor-relations/annual-reports/
- Pillar III: nibc.com/about-nibc/investor-relations/annual-reports/
- NACE supplement: nibc.com/about-nibc/investor-relations/annual-reports/
- GRI Content Index: nibc.com/about-nibc/sustainability/
- UN Global Compact COP: nibc.com/about-nibc/sustainability/
- Equator Principles: nibc.com/about-nibc/sustainability/
- Modern Slavery Statement: nibc.com/about-nibc/sustainability/
- TCFD Report: nibc.com/about-nibc/sustainability

Policies

- Corporate Governance Policies: nibc.com/about-nibc/corporate-governance/
- Sustainability Policies: nibc.com/about-nibc/sustainability/sustainability-governance/



Feedback Appreciated

Your feedback on our sustainability disclosures is appreciated.

If you have any questions, can't find something, prefer that we begin to report an aspect that we haven't or have feedback that you would like to share, please contact us at csr@nibc.com or use the contact details available on our corporate website www.nibc.com

NON-FINANCIAL HIGHLIGHTS

Corporate lending NPS score

2019

+47%

2018: +63%

2017: +64%



NIBC Direct customer survey score

2019

7.9

2018: 7.7

2017: 7.9



Sustainability ratings

2019



Screening corporate loans

2019

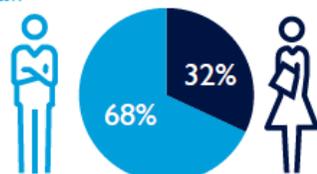
100%

2018: 100%

2017: 100%

Male/female ratio

2019

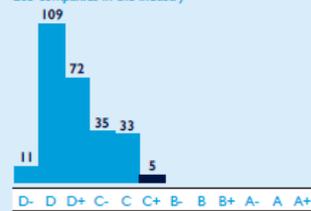


2018: 69% / 31%

2017: 70% / 30%

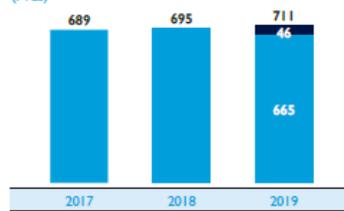
Distribution of Oekom rating

265 companies in the industry



Number of employees

(FTEs)



■ Holding ■ Capital markets activities

Non-financial key figures

	IFRS 9 2019	IFRS 9 2018	IAS 39 2017
NPS score corporate lending clients	+47%	+63%	+64%
NIBC Direct customer survey score	7.9	7.7	7.9
% of new corporate loans screened against sustainability policy	100%	100%	100%
Number of new corporate clients with increased sustainability risk assessment	10	25	23
Fines or sanctions for non-compliance with laws and regulations	0	1	1
Total number of FTEs end of financial period	711	695	689
Male / female ratio	68%/32%	69%/31%	70%/30%
Male / female ratio top management	85%/15%	85%/15%	88%/12%
Training expenses per employee (EUR)	3,352	3,101	2,318
Absenteeism (trend total)	2.0%	2.1%	2.2%
Employee turnover (employees started)	20.6%	19.2%	16.5%
Employee turnover (employees left)	18.6%	18.5%	20.5%

Further details on NIBC's results, including the definitions for our non-financial key figures and scope of reporting are included in our Annual Reports.

About NIBC

Established in 1945 to help rebuild the Netherlands after the Second World War, NIBC is strongly rooted in its obligations towards society. Today our purpose is much the same – making a difference at decisive moments. Our purpose and values define our ambition and help to guide our day-to-day decisions.

At NIBC, we work in a professional manner and with integrity. We comply with all relevant legislation, and look to treat people, the environment and the communities in which we operate, with the greatest possible care. We also strive to ensure our services are responsible and sustainable, and that the companies we finance operate in a sustainable manner.

Making a difference at decisive moments

We aim to support our clients in achieving their ambitions and enable them to build a better society for future generations. We take our obligations seriously and look to build long-lasting client relationships based on products and services that are transparent, trustworthy and sustainable.

Sustainability goes beyond the responsibilities we have towards the next generation. By being a sustainable company in the way we do business and the clients we service, we are also better suited to face future challenges and tap the most promising opportunities in our markets.

Our Values

Three values best sum up NIBC and what we stand for. They are the basis of what we do, how we choose to do it and the way we measure our success.

Professional



Our in-depth sector knowledge, expert financial solutions and agile execution are the foundations of our success. We do the right things the right way. You can rely on us; we keep a cool head when the going gets tough and give you an objective and honest opinion so that you can achieve your ambitions in a sound and prudent way.

Entrepreneurial



We are a sound, enterprising bank focused on decisive moments in our clients' business and in life. Our clients require a bank that can respond quickly and flexibly to their needs. We constantly think about how to create value for our stakeholders and to improve or transform our business.

Inventive



We provide bespoke solutions and encourage each other to think creatively to meet clients' financial needs. We try to find better ways of doing business to replace old, outdated ones. We dare to take risks within the limitations of our risk framework and appetite.

What we do and where we do it

<p>CORPORATE CLIENT OFFERING</p> <ul style="list-style-type: none"> ■ Focus on mid-market corporate clients ■ Focus on specific sectors and product solutions, ranging from advice and structuring to financing and investing ■ Growth engines originating more granular exposures in niche markets <p>EUR 9.9 billion client assets Typical ticket size: EUR 1 - 50 million</p>	<p>RETAIL CLIENT OFFERING</p> <ul style="list-style-type: none"> ■ Mortgages ranging from owner-occupied to buy-to-let ■ Mortgage origination for institutional investors ■ Online savings <p>EUR 9.8 billion client assets Typical ticket size: EUR 0.1 - 2.5 million</p>
<p>TREASURY & ASSET LIABILITY MANAGEMENT</p>	
<p>RISK MANAGEMENT / CORPORATE CENTRE</p>	

Retail Banking

NIBC offers residential mortgages, online savings and investment brokerage products. Our mortgage offerings include value added products like buy-to-let and mortgages for self-employed entrepreneurs which help to increase financial inclusion. Our mortgage products are offered through NIBC Direct as well as through third party intermediaries.

Corporate Banking

NIBC offers advice and debt, mezzanine and equity financing solutions to corporate clients in select sectors and sub-sectors in which we have strong expertise and market positions. Our focus is on mid-sized, often family-owned companies and entrepreneurs in the Netherlands, Germany and the UK.

Our corporate banking products are:

- Financing services such as Corporate Lending, Structured Finance, Asset & Project Finance, and Leveraged Finance.
- Investing services, such as Mezzanine & Equity Investments, Project Investments, and Infrastructure Fund Management.
- Corporate Finance services such as Mergers & Acquisitions and Equity & Debt Advisory.

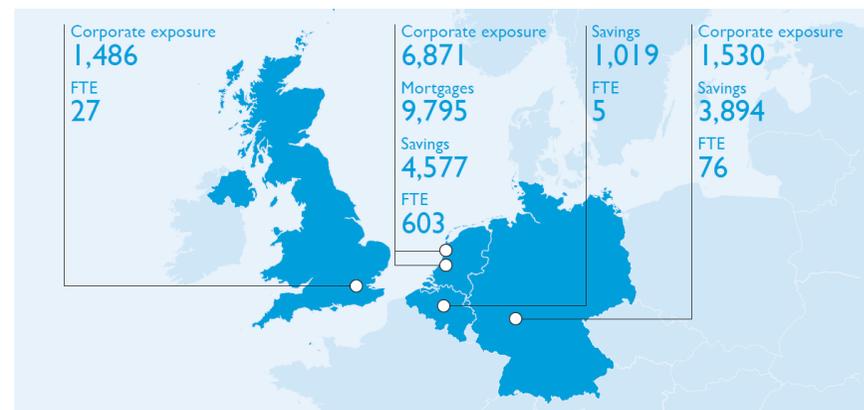
NIBC provides financing to mid-sized companies in northwestern Europe in several focus sectors. The industries we serve include:

- Financial Sponsors;
- Fintechs;
- Infrastructure;
- Offshore Energy;
- Real Estate;
- Technology;
- Transportation.

OUR MARKETS

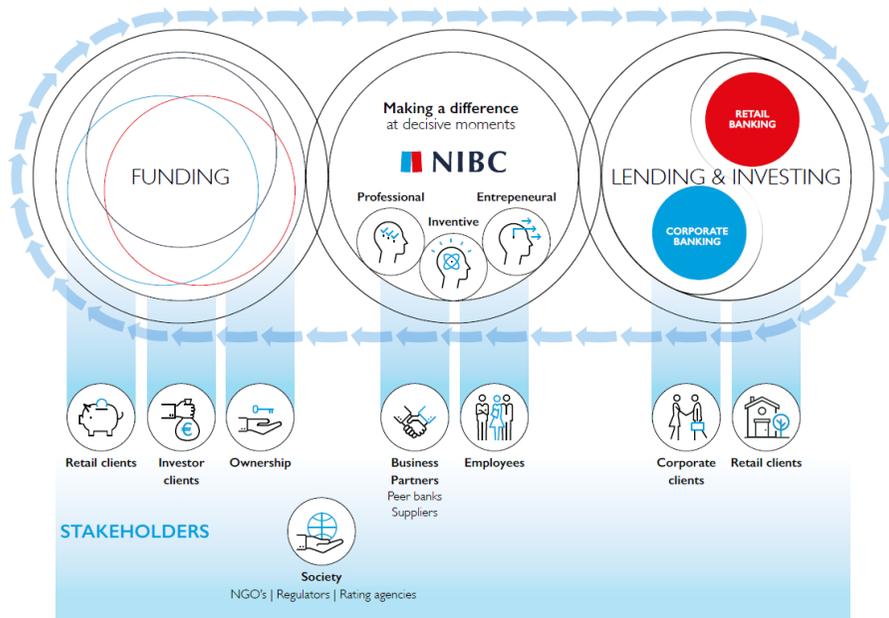
Focus on north-western Europe

in EUR millions



Additional information and figures are available on our corporate website, in our Annual Report, and in our Pillar III disclosure.

NIBC's Value Chain



NIBC's 2019 disclosures including this Sustainability Report contain information on topics which are material to our stakeholders. As part of this process, we have evaluated NIBC's value chain, assessing the different areas of the value we create and the capital we control. This is done not only in terms of our products and services to our clients, but also in terms of the value we deliver to those who invest in us and provide funding.

We have encapsulated the results into a 'value flow' diagram which provides clarity regarding our value creation model. While a simplified view, it reflects our client-first business agenda and our business principles which will enable our future financial and non-financial performance.

Value Creation Model

Our value creation model reflects the capitals of the Integrated Reporting Council. Materiality is used as a basic principle for reporting of the activities and impacts within our value chain.

We create value by transforming capital inputs. These inputs include the professionalism and inventiveness (intellectual capital) of the people within NIBC, financial capital from investors and savings from retail customers, and services provided by our suppliers and outsourcing partners. We build relationships with corporate and retail clients as well as business partners, generating social capital. Our employees are our human capital. We transform these inputs into value outputs so that they positively contribute to the resilient communities that we serve while staying within ecological limits.

We operate in a services sector, therefore manufactured capital (i.e. buildings and other physical assets) and natural capital (natural resources as an input to our work) have less material relevance than they do in other sectors.

A core societal benefit is that this capital is efficiently invested back into communities that we serve – directly to mid-sized family owned businesses in north-west Europe, in the mortgages of our retail customers and to SMEs through our fintech partnerships. This helps to contribute to financial resilience at different levels throughout these communities while delivering a good financial return for our investors.

To create value, we apply our 'Think Yes' mentality

NIBC's Value Chain

Business Partners

NIBC's strategic business partners and suppliers are largely professional services organisations providing legal, audit, communications, technology, and other specialised services. These partners help NIBC to serve the needs of our stakeholders.

Technology services are provided by Cegeka. Our mortgage business back office is outsourced to Stater. Independent mortgage brokers are used in the origination of mortgages. Professional services are provided by parties such as EY which provides auditing services and KPMG which provides consultancy services. Cerrix provides a SAAS solution for operational risk management.

During 2019 a partnership agreement was announced with Hutten to provide healthy, responsibly sourced catering services at NIBC's facilities in the Hague. Further business partners include Sopra, Fiducia, and Collectric among others. Our partners vary in size, but each provides their services from operating locations based in the same countries as NIBC.

Responsible Procurement

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

We believe that by taking a comprehensive approach to manage systemic supply chain risks and engaging with suppliers and other stakeholders, we are contributing to efforts to reduce adverse human rights impacts and environmental risks in regional and global supply chains.

NIBC includes ESG requirements in its vendor and supplier contracts and engages with these business partners to ensure a high level of sustainability performance and responsible business conduct. We focus on the most material aspects while also expecting core foundational policy commitments to the UN Guiding Principles, OECD Guidelines, and actions toward emissions reductions aligned to the Paris Climate Agreement.

No company is perfect, but we do expect a governance approach which ensures

suppliers promote equality and good employment standards, eradicate modern slavery and child labour, and have zero tolerance for discrimination of any kind. We prefer that a supplier's core commitments are publicly visible and transparent to stakeholders. This is an aspect where many companies can improve.

We undertake sustainability due diligence, monitor, and work with external stakeholders to ensure any material concerns are raised and addressed. We use internal due diligence tools, external sources and also directly ask our business partners about their policies and approach in order to evidence business partners approaches to responsible operations and supply chains.

NIBC itself is a mid-sized company, so we also recognise that our influence is limited. If incidents occur, we expect our partners to take action to remedy the situation and improve future performance. If there is no evidence of improvement or willingness to improve, NIBC will terminate the relationship.

NIBC's vendor approval process was revised and strengthened during 2019. Key vendor relationships of NIBC are reported to and approved by our regulators. This helps to reduce risks by including the right of regulators and NIBC to audit these vendors and any of their key suppliers.



Stakeholder Engagement

NIBC recognises its responsibilities towards stakeholders, regularly engages with them and considers their interests in its day-to-day decisions and activities. Engaging with stakeholders in a proactive way and on a continuous basis is central to our strategy and ambition to achieve sustainable growth.

We define stakeholders as any group or individual affected directly or indirectly by our activities. We have identified our main stakeholders to include clients, institutional investors, shareholders, regulators, employees and civil society organisations. We actively seek these connections to the world around us to ensure we reflect on our business, understand our impact and to continue to innovate.

Types of Stakeholder Engagement

Our engagement with these groups takes place via different channels that range from ongoing dialogue to direct requests for feedback. To ensure our long-term success, we acknowledge the need to strike a careful balance between the interests of all our stakeholders.

Engagement Frequency

Representatives of NIBC at all levels of the organization and in all dimensions including subsidiary organisations took part in relevant discussions. There was regular engagement with all stakeholder groups.

Stakeholder Expectations

The views of NIBC's stakeholders are continuing to evolve, influenced by the world around us. There is a rising expectation that financial and non-financial aspects need to be in balance. At the same time, our stakeholders expect NIBC first and foremost to be a financially healthy company with strong risk management which protects the integrity of the financial system. They also expect that we strongly consider environmental concerns, human rights risks and good governance in our own operations and in our financings and investments.

Summary of outcomes from stakeholder dialogues

Stakeholder Group	Type of dialogue/channel	Main aspects discussed
Customers	Surveys Deal origination Client meetings Call center	Financial solutions Climate change Client satisfaction KYC & AML
Shareholders	Annual General Meeting Capital Markets Days Shareholder Updates	Financial performance Business strategy Sustainability performance Economic outlook
Suppliers & Vendors	RFPs Supplier reviews Meetings	Terms and conditions Data security Supply chains
Authorities	Meetings Surveys Sectoral fora	Basel IV Product responsibility Climate risk KYC & AML
Civil society organisations	Individual Meetings Multistakeholder dialogues Annual General Meeting Informal discussions	Climate change Human rights Due diligence Remuneration
Employees	Team & individual meetings Works Council meetings Events	Employability Diversity Corporate culture
Peer Banks	NVB meeting and working groups Multistakeholder dialogues	Human rights Climate change Information security Governance

Stakeholder Engagement

Examples of Stakeholder Engagement

North Westerly VI CLO

With institutional investors, we discussed financial, environmental and social objectives and shared value creation. One result of these discussions was the North Westerly VI CLO which NIBC launched in November. The emphasis on ESG and our approach on applying sustainability in the development of the CLO was guided by input from both investors and civil society organisations. During its launch in November, North Westerly VI was widely praised for pushing the envelope in regard to sustainability and opening the CLO asset class for responsible investment.

Equator Principles

NIBC is one of 101 financial institutions in 38 countries worldwide which have officially adopted the Equator Principles (EPs). The EPs are a risk management framework for determining, assessing and managing environmental and human rights risks in project finance transactions.

The development and ratification process for Equator Principles 4 (EP4) attracted high interest from civil society stakeholders, trade unions, national authorities and peer banks. Based on these engagements, NIBC advocated within the EPA to strengthen standards and more closely align with the UN Guiding Principles on Business and Human Rights, OECD Guidelines for MNEs, and the targets of the Paris Climate Agreement.

IRBC agreement for the Dutch banking sector

NIBC continued its commitment towards the International Responsible Business Conduct (IRBC) agreement for the Dutch banking sector. The initiative aimed to improve human rights practices related to project and corporate financings. During 2019, NIBC added language in its human rights policy to help ensure lawful activities of human rights defenders are well protected. We used the IRBC platform to share knowledge and engage with civil society organisations, authorities, clients, and financial sector peers. NIBC actively participated in working groups focused on knowledge sharing and enabling effective grievance and remedy mechanisms.

We engaged on human rights with business partners, clients, civil society

organisations and employees. Attention was given to increasing transparency of corporate human rights commitments and practices with a view towards influencing long-term positive improvements. NIBC's commitment toward the IRBC Agreement and our Modern Slavery Statement were signed by members of our managing board.

Climate Accord

NIBC discussed carbon emissions targets, potential climate risks, and best practices in reporting with regulators, civil society organisations, peer banks and clients. NIBC's CEO engaged in these discussions and signed the Climate Accord alongside his peers from other Dutch financial institutions. NIBC has published our first TCFD Report, providing insights into our climate-related financial disclosures for 2019.

In 2019, we also joined the Partnership for Carbon Accounting Financials (PCAF) to further engage on emerging carbon accounting standards in the financial sector with our financial peers. This will also help to further strengthen the comparability of NIBC's own disclosures.

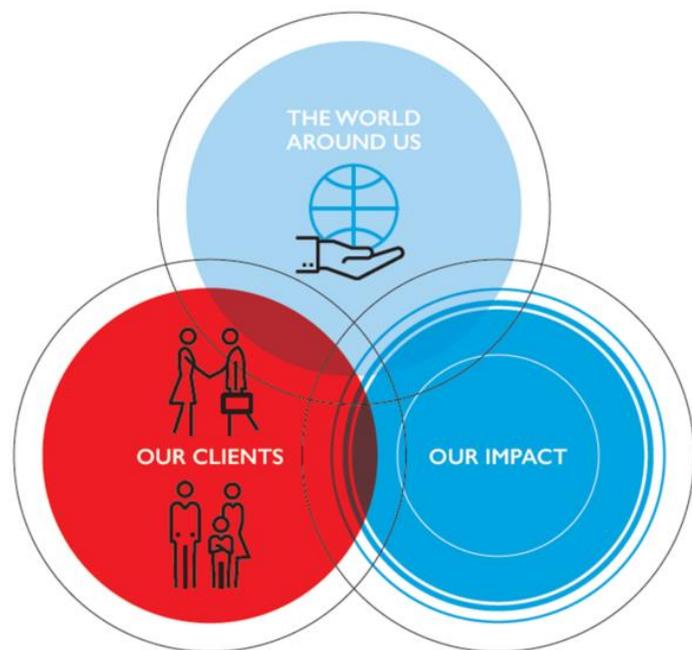
Responsible Shipping

NIBC continued to take a proactive role in addressing environmental and human rights issues in shipping value chains.

During 2019, we met with representatives of local trade unions from India and Bangladesh to listen to their views on priority areas in regard to human rights and environmental practices at shipbreaking yards. We met with civil society organisations to discuss access to yards and the challenges faced by human rights defenders. Separately we also met with inspectors of yards from Alang, India to encourage higher standards, increased cooperation with trade unions and improved access for civil society organisations. Based on these sessions, we can conclude that the efforts of NIBC and the nine other banks involved in Responsible Ship Recycling Standards (RSRS) are having a positive influence on the shipping value chain.

Since 2014, 100% of NIBC's new financings in shipping have included RSRS, achieving our target. It is a significant achievement more than 90% of NIBC's shipping portfolio at year-end 2019 includes RSRS commitments.

Corporate Culture



We embrace our responsibilities, recognize and act upon shortcomings, and aspire to exceed the expectations of our stakeholders in pursuit of our shared goals.

Investing in our people, culture and innovation is one of the strategic priorities mentioned in NIBC's Annual Report. Sustainability is one of the drivers of our corporate culture. This means that it is integrated into our day-to-day responsibilities and that we make ongoing efforts to increase awareness about the risks and the opportunities.

A variety of communications are used to maintain and build internal awareness. These include our corporate website, intranet, social media, events and workshops, and meetings. External criticisms and praises are shared internally in order to learn.

Inspired by the world around us

At the same time, our culture is innovative, inspired by our entrepreneurial clients and developments in the world around us. We also recognise that we are not perfect. Employees are encouraged to not be afraid of making mistakes, but expected to "own it" when they do. This builds a culture of trust, encourages learning and inspires continuous improvement.

Trust must be continuously earned

Banking is based on relationships and trust. Consequently, it is crucial for us to adhere to the letter and spirit of all laws and regulations in the countries in which we do business and to maintain high ethical standards.

Our internal policies and procedures are in place to achieve this and all decisions shall be in line also with them. Regular training is provided for all staff so that they will know how to act in different situations.

Do as we say we will

Our mantra is "to do as we say we will". This means being accountable, getting the basics right and adhering to best practices in corporate governance, compliance and ESG. In turn this approach forces us to take a precautionary approach, carefully consider our corporate commitments and to avoid overstating our achievements.

Corporate Culture

The Managing Board of NIBC is ultimately responsible for business ethics and ensuring compliance within NIBC. Managing compliance risk and complying with applicable laws, regulations and standards in both personal and business conduct is the responsibility of every employee or contractor working for NIBC.

Anti-Corruption

NIBC's staff is obliged to report actual or suspected fraud or misconduct. We do not accept nor tolerate any instance of fraud, bribery or corruption. Genuine concerns are handed fairly and investigated appropriately. Concerns may be reported anonymously in accordance with our Whistleblower policy or our Complaints procedure.

Our definition of bribery is clearly stated in the Anti-Fraud, Bribery, and Corruption which is published on our corporate website. Regular training and updates are provided to our staff in order to maintain awareness and address any emerging areas of concern. Guidelines of what are considered to be acceptable and unacceptable behaviour are provided. Testing is also conducted to ensure a good comprehension of our policy.

NIBC strongly values the reputation and integrity of the bank and its employees. It supports and protects the reporting of wrongdoing. Since employees can often be the first to recognise wrongdoings, like misconduct, fraud and corruption, NIBC promotes a "speak-up" culture and is committed to ensure that there is a climate of transparency in which employees can voice genuine concerns safely and without fear of reprisal.

Anti-money laundering and financing of terrorism

Money laundering is the process whereby money from an illegal source is converted into funds that appear to be legitimate. This covers more than just cash transactions. Financing of terrorism is the funding of terrorism and other severe crimes both through legal and illegal funds.

NIBC adheres to the Wolfsberg Principles and the Financial Action Task Force ("FATF") Recommendations. Knowing and understanding our clients are important

measures to prevent money laundering and financing of terrorism. In our role as a gatekeeper of the financial system, we have the responsibility to identify and prevent undesirable elements from entering the system and to prevent undesirable transactions.

Most recent instances of money laundering which have involved European financial institutions have been related to money flows and facilitation through current accounts. NIBC is different from our peers in that we do not provide or offer current accounts. This does not mean that we believe we are immune from the risk of money laundering, only that the risk and the source of that risk is inherently different from our peers.

Conflicts of Interest

We have a Conflicts of Interest policy in order to ensure that any (potential) conflicts are identified in a timely manner and adequately managed. We prevent and manage conflicts by means of an internal control framework which includes policies and procedures as well as systems and controls. For example, NIBC has a private investment transaction policy to prevent conflicts of interest, insider dealing, the misuse of inside information, and market abuse. We also have an additional functions policy to prevent actual or perceived conflicts of interest.

Knowing and understanding our clients are important measures to prevent money laundering and financing of terrorism

Corporate Culture

Data Privacy

NIBC strives to protect the privacy and the confidentiality of personal data that NIBC processes in connection with the services it provides to customers. NIBC will process personal data carefully and always in accordance with applicable rules and regulations.

NIBC is committed to notify data subjects in a timely manner in case of policy changes or a data breach. NIBC has appointed dedicated data protection officers for its legal entities and branches (each a DPO). Our DPOs are available to answer any questions in regard to the processing of personal data by NIBC

The Privacy Statement on our corporate website provides a clear overall of the personal data that we might collect, how this information is stored, data retention, the protections that are in place and the rights of data subjects under the European General Data Protection Regulation (GDPR).

Trainings on data privacy and information security are mandatory for all staff. Recent trainings have focused on digital privacy and security aspects and aim to mitigate the potential for breaches or harm.



Information Security

NIBC's Managing Board is overall responsible for privacy and security. They have designated a Corporate Information Security Officer to be responsible for the development of information security policies and to support and advise on their implementation.

NIBC's information security policies are based on NEN-ISO/IEC 27001 and 27002:2013 standards, also known as Information security management systems (ISMS) and code of practice for information security controls.

NIBC is a member of the FI-ISAC, Information Security working group of the Dutch Payments Association and other sectoral working groups to share information and stay informed about latest threats and developments in the field of cybercrime.

Our ISMS is supported by regular external and internal audits. We maintain and regularly test business continuity plans. Furthermore there is significant oversight by regulators and authorities, which also require reporting in the event of breaches and other issues.

Testing & Monitoring

The potential impact and likelihood of IT & cybercrime risks are continuously tested through NIBC's IT and Information Security Control Framework. Security incident and event monitoring is in place and acts on "notable events". Such events include occurrences that can indicate potential malicious behaviour, like elevation of privileges, unauthorised connections to databases, login attempts, and network screening.

Periodic internal vulnerability scanning and penetration testing is performed to identify possible vulnerabilities/weaknesses on NIBC's IT infrastructure. Testing is executed by reputable external parties, which are changed periodically to keep a fresh eye on NIBC's defense against cybercrime.

Vendor Management

NIBC outsources certain IT services to external vendors. During 2019 we revised our outsourcing policy to further strengthen the management of risks related to these activities. Sustainability is among the aspects which are assessed for significant new contracts and contract renewals.

Corporate Culture

Sanctions compliance

Sanctions and embargoes are political trade restrictions with the aim of maintaining or restoring international peace and security. NIBC is obliged to adhere to applicable sanction laws and regulations in all countries where NIBC operates. NIBC also complies with all sanction regimes in effect in those jurisdictions that are applicable in relation to specific transactions of clients.

Gifts and entertainment

Business decisions taken by NIBC staff, clients or other associated parties must not be influenced improperly. No conflict or appearance of conflict must exist or arise between the interests of NIBC and our clients or others with whom we do business.

We must not allow ourselves to be influenced by anything other than business considerations, nor should we influence clients or potential clients in this respect. Staff must register the giving or accepting of all gifts and entertainment worth more than EUR 100 and must never accept or offer money from/to clients or other business partners.

Lobbying and political contributions (GRI 415-1)

NIBC made no direct political contributions during 2019. Beyond our participation in trade associations like the Nederlandse Vereniging van Banken (Dutch Banking Association), NIBC does not employ or engage professional lobbyists or make direct political contributions.

Complaints

It is important to NIBC that we maintain good relations with our clients and stakeholders.

A dedicated call center is available for our retail customers to answer questions and receive feedback.

To meet our obligations under the UN Guiding Principles and OECD Guidelines for Multinationals, NIBC has a complaints mechanism available on our corporate website to facilitate the receipt and handling of grievances of our stakeholders or their appointed representatives. We cooperate in external national and sectoral grievance and remedy mechanisms when appropriate. Additional alternatives are also available.

Banking on trust

At NIBC we are mindful of our responsibility towards helping build and maintain trust in the financial services industry. We believe trust is the foundation on which our sector must be based, and we have consistently looked to make it the basis of our own company's culture. To support this aim, we have continued to run our Banking on Trust programme and made concerted efforts through our focus on sustainable culture, ethical business conduct and responsible behaviour.

During the year, we continued the Compliance & Integrity awareness programme that is based on our revised Code of Conduct, and reflects the most up-to-date standards in our industry. This dedicated programme has continued to raise employees' awareness about our Compliance &

Integrity policy framework for dealing with integrity-related matters, e.g. through a mandatory Code of Conduct/Compliance e-learning. Compliance & Integrity training is also obligatory for all new employees when they join NIBC.

Sustainability Governance

Sustainability is an integral part of our overall business strategy to create financial and non-financial value for our stakeholders.

To guide our business activities and client interactions in this area we apply a number of established principles, policies and procedures. These include our Code of Conduct, Business Principles, Compliance Framework and Sustainability Framework.

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. Updates to the sustainability framework and sustainability policies are reviewed and approved by NIBC's Risk Management Committee and/or within its sub-committees. A substantive update on sustainability developments is provided to RMC at least semi-annually. This includes topics such as climate-related issues, human rights, and performance indicators.

NIBC's Transaction Committee (TC) is the main approval body for senior debt and counterparty exposure transactions, lending and underwriting. The Investment Committee (IC) is the approval body for equity, mezzanine and subordinated debt transactions and reevaluations. The Engagement Committee approves client engagements and reviews potential conflicts of interest. Our Strategic Investment Committee (SIC) approves strategic investments. NIBC's Asset and Liability Committee (ALCO) approves NIBC's corporate debt issuances.

Internal Audit, an independent and objective assurance function, reviews NIBC's processes and controls, including those related to NIBC's non-financial key figures.

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.

The Sustainability Officer acts as a catalyst for sustainability with NIBC, responsible for preparing and implementing sustainability strategies, targets, planning and budgets, and engaging with internal and external stakeholders. Processes and controls are audited by NIBC's internal auditors. Findings are reported to the Risk Policy and Compliance Committee (RPCC) of NIBC's Supervisory Board.

Supervisory Board	NIBC Supervisory Board's Risk Policy & 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.
Managing Board & ExCo	NIBC's Managing Board is ultimately responsible for all sustainability matters. ExCo members discuss and advise on sustainability strategy, targets, planning and budget. The ExCo is also responsible for policies that impact NIBC's culture and ethics, such as the Code of Conduct.
Risk Management Committee	Updates to NIBC's sustainability framework and underlying 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, and approves new products (NPARP).
Transaction, Investment, & Engagement Committees	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). These issues are included in their risk assessment and are part of NIBC's informed decision-making. 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.
Internal Audit	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.
Senior Sustainability Officer	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. The Officer also provides advice on transaction proposals, new products, and significant changes to existing products. 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.

Sustainability Governance

Three Lines of Defense

Our sustainability governance revolves around a system of checks and balances to ensure stakeholders can be part of decision-making processes. NIBC operates 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.

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

Charters and Principles

NIBC reviews its corporate governance and sustainability policies annually. When revisions are needed, these are reviewed, approved and republished.

A number of externally-developed economic, environmental and social charters, principles, or other initiatives are endorsed and applied within NIBC's sustainability and corporate governance policies.

These include:

- Dutch Banking Codes
- Dutch Corporate Governance Code
- Equator Principles (member institution)
- UN Global Compact (signatory)
- UN Guiding Principles on Business and Human Rights (by policy)
- IFC Performance Standards (by policy)
- Dutch IMVO/SER banking sector agreement (signatory)
- Universal Declaration of Human Rights (by policy)
- OECD Guidelines for Multinational Enterprises (by policy)
- ILO Core Conventions (by policy)
- UN Principles for Responsible Investment - UNPRI (by policy)
- UNEP FI (by policy)
- UN Convention on the Elimination of All Forms of Discrimination against Women (by policy)
- UN Declaration on the Rights of Indigenous Peoples (by policy)
- UNICEF Convention on the Rights of the Child (by policy)
- Wolfsberg Principles (by policy)
- FATF recommendations (by policy)
- Partnership for Carbon Accounting Financials – PCAF (member institution)

Additional principles and charters applied by NIBC are mentioned in our sector and issue-specific policies.

Managing Sustainability Risks

As part of our client risk-assessment process, the sustainability standards we expect our clients to meet are clearly set out in our *Sustainability Policy*. These are based on international conventions, codes of conduct and are regularly updated based on stakeholder feedback.

We also operate a *Sustainability Framework*, which describes the processes and tools we use and designates those responsible for these processes at NIBC. We use a sustainability toolkit to assess environmental (including climate and biodiversity), human rights and governance risks related to corporate clients and transactions.

We also apply sector-specific policies where our involvement may be restricted or prohibited entirely, as is the case with the weapons industry. ESG sector policies are also in place for those sectors where we are active. These policies outline the risks we have identified and our approach to those sectors.

2019 Policy Updates

During 2019, all of NIBC's sustainability policies were reviewed and many were updated. External stakeholders, including NGOs, were proactively consulted during this process. Many offered upfront feedback and input which allowed NIBC to consider further policy changes or clarifications.

Sustainability Screening

As part of due diligence processes at NIBC, all corporate clients and transactions are assessed for environmental (including biodiversity & climate risks), social risks and governance risks using a sustainability toolkit. Human rights due diligence and environmental due diligence are integrated parts of this process and tool.

The toolkit integrates NIBC's sustainability policies and applies the latest international conventions and standards appropriate for mid-sized corporates in our geographies and sectors. This screening process is described in detail in our *Sustainability Framework*.

NIBC Policy Framework and Sustainability Policies

NIBC's policy framework consists of corporate governance, compliance, and sustainability policies which provide clear policy guidelines within the bank.

Corporate Governance Policies

- NIBC Code of Conduct
- NIBC Bankers Oath
- Anti-corruption, Bribery and Money-laundering Policy
- Whistleblowing Policy
- Gifts and Entertainment Policy
- Corporate Information Security Policy

Sustainability Policies

- Sustainability Framework
- Sustainability Policy
- Human Rights Policy Supplement
- Environment Policy Supplement
- Commercial Real Estate Policy
- Financial Institutions Policy
- Food, Agri, Retail & Health Policy
- Indirect Investment Policy
- Industrials Manufacturing Policy
- Infrastructure Policy
- Offshore Energy Policy
- Renewables Policy
- Retail Services
- Shipping & Intermodal Policy
- Weapons and Defense Policy

Additional corporate governance and compliance policies and our tax position statement are available on NIBC's website or internally on our corporate intranet.

Innovation

Innovation and sustainability often drive the development of new products and are often a driver of product refinements which are at the center of NIBC's client-centric approach.

Lot Hypotheken

During 2019, NIBC developed a new sustainable mortgage label, Lot Hypotheken which was launched in the first quarter of 2020. Lot is ambitious, offering substantial benefits to mortgage customers which want to make energy efficiency improvements. At its launch, Lot was the most affordable mortgage offering in the Netherlands, the first to break the 1% interest rate barrier.

At the same time, Lot is set up to further expand NIBC's Originate-to-Manage mortgage proposition. This way NIBC increases its ability to serve a broader range of clients, intermediaries and institutional investors. Lot will help to increase access of these investors to sustainable mortgages and is a good example of how NIBC acts to build value in the financial ecosystem for the benefit of people and planet.

Northwesterly VI CLO

In November NIBC successfully launched North Westerly VI, a product that many investors saw as the first collateralized loan obligation (CLO) which is fully compliant with ESG best practices. The CLO applies ESG criteria for socially responsible investments which prevents the fund from investing in controversial sectors (such as coal power and mining, extreme fossil fuels, weapons and firearms, tobacco, gambling, among others) and adheres to NIBC's robust sustainability framework and policies.

NIBC ensures this through pre-investment screening, borrower/transaction due diligence, NIBC's internal assessments, monitoring and review processes. We provide transparency through detailed investor reporting and analysis.

NIBC Sustainable Finance Framework

During 2019, NIBC pursued a new Sustainable Finance Framework to support corporate and retail clients in their sustainability ambitions and create new opportunities. The Framework will guide NIBC's development of innovative green, social and sustainable financing solutions. It is based on the ICMA Green Loan Principles and Social Loan Principles and with a view towards the upcoming EU Green Taxonomy. As a signatory of UNGC, we also aligned eligibility criteria with the principles of UNGC and mapped expected impacts to the underlying targets of the SDGs.

The new Framework was launched in the first quarter of 2020, received a strong second-party opinion from Sustainalytics and can be found on NIBC's website.

NIBC Innovation Lab

NIBC's culture is innovative, inspired by our entrepreneurial clients and developments in the world around us. We have a culture of trust, encourage learning and aim to continuously improvement.

Our Innovation Lab catalyses innovation within NIBC by organising inspiration sessions, by connecting employees with innovative companies, and by providing opportunities for employees to get involved in new innovation projects.

Numerous pilots have been launched as a result including a chatbot, voice to text, savings analyses and dashboards.

During 2019 NIBC's Innovation Lab developed a sustainability analytics tool which may help us to further strengthen due diligence and monitoring of environmental risks and human rights risks of mid-sized corporates and their supply chains.

The benefits of these developments may eventually stretch beyond NIBC. Transparency in supply chains is a significant practical challenge for mid-sized and smaller businesses. Few tools exist to support these companies to map their full supply chain and to pinpoint adverse impacts so that they can act. An open invitation has been offered to leading civil society organisations to contribute, audit, and help improve the tools.

The initiative supports NIBC's ambition to be the sustainability leader for European private corporate debt and is a good example of our "Think Yes" mentality to turn practical sustainability challenges into tangible opportunities.

How we review new products and services

When NIBC decides to enter a new activity or sector, an NPARP (New Product Approval Process) is conducted to establish the parameters under which we will engage. Significant changes to existing products undergo an SCAP (Significant Change Approval Process) approval process. In both cases, the change is also reviewed from a sustainability perspective to analyze and mitigate potential negative risks to people, the climate and the environment.

In our due diligence and monitoring, corporate transactions are assigned a sustainability rating (low, medium, high, maximum) across possible human rights, environment, and governance risk factors. This assessment is performed based on public information sources, bad press checks as well as information provided by the company themselves.

What we didn't finance or support

Certain activities are excluded by policy in NIBC's sustainability policies. At the same time stakeholders occasionally inquire about exclusions in certain corporate sectors and activities, even if not within NIBC's focus sectors.

In 2019, no new transactions were approved with a high or maximum sustainability rating. Increased risks (level: medium) were identified for 10 possible corporate clients or transactions which were considered. Our ESG risk assessment process is further described in our Sustainability Framework.

- No new financings were made for companies or projects in marine protected areas or other areas of high biodiversity importance;
- No new financings were made for companies or projects in areas where water-scarcity was pre-existing and operations would compete with the needs of communities;
- No new financings were provided for projects or companies active in conflict zones, occupied territories, or locations where we determined that the impacts on people or the environment might be unmanageable;
- In cases where CO2 was compensated by companies or projects, it was compensated according to the Gold Standard.

For additional transparency to these stakeholders, during 2019 NIBC did not provide financial services which supported:

<u>Topic</u>	<u>In 2019, NIBC did not finance or support:</u>
Animal Welfare	<ul style="list-style-type: none"> • animal testing for cosmetic purposes, • genetic modification of animals, • use of wild animals for entertainment, • trade or manufacture of fur products, • use of endangered species or wild animals;
Deforestation and land biodiversity	<ul style="list-style-type: none"> • agricultural or other projects with a large impact on forests (deforestation), peatlands or high conservation areas;
Fishing and marine biodiversity	<ul style="list-style-type: none"> • drift net or dynamite fishing, • shark finning, • other harmful fishing techniques;
Extreme Fossil fuels	<ul style="list-style-type: none"> • arctic / antarctic or unconventional oil & gas projects, • oil & tar sands, • shale oil & gas (fracking), • fossil fuels extracted from liquefied coal, • other extreme hydrocarbon extractions;
Mining	<ul style="list-style-type: none"> • coal or lignite mining, • mountaintop removal mining, • uranium mining, • mining or trade in conflict minerals,
Nuclear	<ul style="list-style-type: none"> • nuclear power generation, • nuclear weapons, • nuclear waste decommissioning, transport or disposal;
Power Generation	<ul style="list-style-type: none"> • coal-or lignite-fired power generation, • nuclear power generation, • large-scale water projects (such as dams or large-scale hydroelectric),
Weapons	<ul style="list-style-type: none"> • manufacturing, supply, or development of weapons and weapons systems, • cluster munitions, nuclear weapons or other highly controversial weapons.

Human Rights

NIBC believes that respect for human rights is a basic responsibility; towards our own employees, but also towards those people who are affected directly or indirectly by our actions. NIBC endorses human rights as formulated in the Universal Declaration of Human Rights and UN Guiding Principles on Business and Human Rights (UNGPs).

Governance of respect for human rights

Respecting people and their human rights is embedded in NIBC's Code of Conduct which underpins NIBC's corporate values. NIBC's Human Rights policy supplement has continued to be further refined within the context of our business strategy, the markets we serve, and the people who may be impacted by our financings.

Governance within NIBC for human rights risks and other sustainability risks and the processes we use to manage them are described in brief in this Report and in more detail in our Sustainability Framework.

Our human rights policy was reviewed and updated during 2019. Changes were informed by dialogue with trade unions, civil society organisations, authorities, and other stakeholders.

Human rights due diligence is integrated into NIBC's sustainability due diligence and monitoring processes for financings and investments to identify and manage potential human rights risks. NIBC uses an integrated toolkit to guide our staff in the assessment of these risks in our corporate financings.

In our due diligence and monitoring, we focus our attention on the most severe risks to people and prioritise our efforts accordingly. In alignment with the UNGPs, we take into account the size, sector and operational context of a company as well as the severity of the potential impacts on people.

We expect companies to have in place policies and processes appropriate to their size and circumstances. Salience in regard to human rights means that we focus on the risks to people who may be adversely impacted and their rights.

Reporting on human rights issues

NIBC reports on human rights risks in its Annual Report and in this Sustainability Report. The main salient human rights risks for NIBC are labour conditions and worker safety in the supply chains of corporate clients receiving financing from NIBC. We mitigate these risks through stakeholder engagement, client and transaction due diligence and by raising awareness. One of our goal is to report additional human rights performance indicators in the short to medium term.

A growing risk is security of client data. To mitigate this we do not leave client information unattended and we have policies such as a clear desk policy, information security policies, and additional security controls. All staff completed mandatory trainings on data privacy and information security during 2019. Our approach to information security is led by a dedicated Corporate Information Security Officer (CISO) and is further described in the Compliance Culture section of this report.

In 2019 NIBC received an assessment as part of the IRBC Agreement for the Dutch Banking Sector. This monitoring focused on human rights policies, human rights due diligence, grievance and remedy mechanisms, and human rights reporting. It was reviewed by an expert independent monitoring committee on behalf of the national authorities, civil society organisations and banks which are parties to the agreement.

Respect for human rights is a basic responsibility towards those people who are affected directly or indirectly by our actions

Human Rights



NIBC endorses human rights as formulated in the UN Guiding Principles on Business and Human Rights

We communicated in our 2019 Annual Report that during the reporting period no severe human rights incidents related to NIBC's financings, own operations, and supply chain were reported. This may be due in part to the size and scope of our operations and financings. At the same time we do not claim to be perfect and recognise the need to continue to deepen and strengthen our due diligence, monitoring and understanding in regard to human rights risks.

Managing human rights risks

The potential salient human rights risks that we have identified are at lower levels in the supply chain of clients, for instance a supplier to our clients' suppliers. According to our policies NIBC expects clients and suppliers to have appropriate management systems in place to manage potential human rights and environmental risks. Our sector policies mention requirements in terms of international conventions NIBC expects our business partners to follow and appropriate certifications that should be obtained as evidence of a responsible supply chain.

Transparency into supply chains is a significant practical challenge for mid-sized and smaller businesses. This is an area where NIBC and the businesses we support are working to gain greater insights. NIBC engages regularly with NGOs, unions and other civil society stakeholders to deepen our understanding of their concerns and to explore possible practical solutions. Stakeholder engagement is briefly reported in our Annual Report, in our Materiality Assessment and in other sustainability-related reports on our corporate website.

NIBC offers an online complaints mechanism on its website and is available to any stakeholder or third party. We continue to improve our complaints procedure in line with the UN Guiding Principles. We also support the development of corporate and sectoral grievance mechanisms which raise the bar in terms of access for affected stakeholders and effectiveness. Internal whistleblowing procedures are available to employees on NIBC's intranet. These mechanisms are included in guidance provided to employees for NIBC's Code of Conduct and mentioned in our Annual Report.

All staff completed a mandatory elearning on NIBC's whistleblowing policy in 2019. By policy, requests for advice or concern are treated confidentially by designated trust persons. This mechanism also can be used manually and anonymously. Some retail customers prefer to communicate with us through our Call Center. Complaints to the center, current status and resolutions are reported to senior management.

IRBC Agreement

NIBC is a signatory of the International Responsible Business Conduct (IRBC) agreement for the Dutch banking sector. The initiative aims to improve human rights practices related to project and corporate financings and is guided by the OECD Guidelines for multinational enterprises and UN Guiding Principles on Business and Human Rights.

The IRBC platform enables NIBC to share knowledge and engage with civil society organisations, authorities, and financial sector peers. During 2019, NIBC actively participated in working groups focused on increasing leverage, value chains, and enabling effective grievance and remedy mechanisms. Discussions are frank, challenging and push the envelope for current human rights due diligence practices.

Outcomes

Outcomes of the working groups and several value chain studies have been published on the SER website and shared with working groups at the UN and OECD. One of the commitments of the banks is to establish a human rights learning mechanism coordinated by the Dutch Banking Association. This was launched in 2019.

Reporting

To address our commitment to report on human rights aspects in accordance with the Agreement and our policy commitment to the UN Guiding Principles, and OECD Guidelines for Multinational Enterprises, NIBC publishes a human rights section in this Sustainability Report which addresses the main points of the UNGP Reporting Framework. We report our salient human rights risks in our Annual Report, supported by two Non Financial Key Figures which illustrate our human rights and sustainability due diligence process.

Monitoring

Each year of the Agreement, a monitoring process takes place where the Banks self assess their progress. In this process, NIBC and peer banks answer monitoring questions regarding the key deliverables as well as other aspects which are embedded in the Agreement. It also is an opportunity to elaborate these aspects within the context of our business, the value chains in which we operate and the people who might be impacted by our financings or operations.

UN Global Compact

NIBC has been a signatory of UN Global Compact (UNGC) since 2010. and supports the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption as well as the broader UN goals. We state this commitment in our Annual Report each year.

By incorporating the Global Compact principles into our strategy, policies and procedures, and establishing a culture of integrity, NIBC aspires to not only uphold our basic responsibilities to people and planet, but also set the stage for the long-term success of our stakeholders and our communities.

The UN Global Compact's Ten Principles are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

Responsible Business

NIBC's commitment to responsible business is central to our vision, embedded in our business strategy, articulated in our Code of Conduct, and carried out in our day-to-day relationship with all stakeholders. Our approach is further supported by our governance framework, policies and processes.

Communication on Progress

Each year, we have published a Communication on Progress (COP) on our corporate website and on the UNGC website. Our COP provides insights into how NIBC is progressing in regard to each of the ten principles, the UN Sustainable Development Goals (SDGs), human rights, and the environment. In our most recent [UNGC COP](#) we expanded our disclosures to provide tangible examples of actions we've taken in accordance with our commitments.





Preventing Financial Distress

NIBC is committed to making sure that the retail banking products that we offer are accessible, have clear and understandable terms and conditions ('direct duidelijk'), and do not lead to overindebtedness.

NIBC Special Servicing Mortgages

NIBC has for many years had in place an extensive support programme for mortgage clients whose payments are in arrears. NIBC Special Servicing Mortgages sets up debt repayment schemes together with these clients. If the scheme fails or cannot be implemented, we discuss the options for restructuring the loan with the client.

We call in a mortgage advisor to help us assess whether the interest rate could be lowered by such actions as interest rate averaging or mobilising the client's savings or investments to enable early redemption of part of the loan. And if a mortgage client is unable to repay their debt due to unemployment, we can call in a job coach.

Financial Coaching

Since 2017 NIBC Special Servicing Mortgages has focused its efforts on further developing this approach. Our new business coaching programme for motivated self-employed entrepreneurs with payment problems is unique in the Netherlands. Some self-employed entrepreneurs are highly qualified professionals who lack expertise in marketing or administrative matters. The coach provides them with the help they need to permanently boost their income.

Supporting Vulnerable Clients

Special Servicing Mortgages has also implemented a new client-first way of working. Mortgage clients whose payments are in arrears are immediately assigned to a single point of contact who deals with their case – a client-friendly approach that speeds up the process of finding solutions. We also try to observe at an early stage that clients might run into problems, for example by encouraging clients to report to us in advance that they might be laid off soon.

To prevent future payment problems, we proactively review redemption-free mortgage loans, particularly when clients are a bit older or their mortgage interest tax relief will soon expire. In such cases, we inform the client about the imminent change in their financial situation and in some cases sit down with them to draw up a plan that will facilitate repayment of the loan.

Equator Principles

The Equator Principles (EPs) are a risk management framework developed by financial institutions for determining, assessing and managing environmental and social (E&S) risks in project finance transactions. Project finance is often used to fund the development and construction of major infrastructure and industrial projects.

The EPs have also helped spur the development of other responsible environmental and social management practices in the financial sector and banking industry, including the US Carbon Principles and the international Climate Principles and provide a platform for engagement with a broad range of interested stakeholders, including non-governmental organisations (NGOs), clients and industry bodies.

NIBC is one of 94 Equator Principles Financial Institutions (EPFIs) in 37 countries worldwide which have officially adopted the EPs. As part of this commitment, we have implemented the EPs in our sustainability policies, due diligence procedures and standards for financing projects and will not provide Project Finance or Project-Related Corporate Loans where the client will not, or is unable to, comply with these principles.

Only a limited number of NIBC's transactions fall within the scope of EP. In 2019, NIBC did not finance any project finance transactions that fell within scope of EP. By comparison, NIBC reported five transactions for 2018, and seven transactions for 2017.

NIBC applies the Equator Principles methodology of determining, assessing and managing E&S risks also for other financings that do not fall within the technical scope of EP.

During 2019, NIBC supported strengthening of environmental and human rights standards during the development of EP4 which will be launched in 2020. We believe that standards in project finance can and should continue to evolve to mitigate adverse human rights impacts, adverse biodiversity impacts, and to reduce GHG emissions in accordance with Paris COP21 targets.

Free, prior and informed consent (FPIC) related to large scale projects is increasingly a concern for some stakeholders. None of the EP projects financed by NIBC in recent years have been found to have involved land-grabbing, adverse impacts on indigenous peoples or other FPIC-related impacts.



Community Engagement



Corporate Citizenship

NIBC wants to be a good corporate citizen by contributing to the well-being of the societies in which we operate. We encourage our employees to volunteer their time and expertise to community projects and support their initiatives by matching the money they raise for good causes. In addition, NIBC runs its own social projects, some of which are focused on helping to educate youngsters about prudent money management.

Dialogue with civil society organizations was frequent throughout 2019. Regular discussions were important particularly in light of the UN Sustainable Development Goals (SDGs), the IRBC agreement for the Dutch banking sector, and the Madrid COP25 climate conference.

NIBC NGO Boulevard

In 2015, we launched the NIBC NGO Boulevard, a unique initiative that makes modern office space and professional facilities available to good causes. Civil society organisations in the NIBC NGO Boulevard include Maatschappelijke Alliantie, Missing Chapter, Stichting Vitalis, Schuldhulpmaatje, SDG Charter and Buddy Network. One focus area for all of these organisations and NIBC has been to contribute to Dutch efforts towards the SDGs through activities and initiatives.

Our daily interactions, joint initiatives and workshops, and other activities have significantly increased awareness at NIBC staff of the environmental and social challenges faced by the world around us.

NIBC aims to help these civil society organisations to be effective and increase their impact. At the same time, since we share the same facilities, these organisations inspire us and help raise the awareness amongst NIBC's employees of societal challenges. Interaction with these civil society organisations has led to joint initiatives on societal challenges in areas such as financial education, blue economy, waste as a resource, circular economy, and mobility as part of NIBC's Talent Programme. New initiatives are underway in 2020.

Community Engagement

Financial education & financial inclusion

NIBC employees were active in a wide range of initiatives in our communities during 2019. In March, 15 NIBC employees conducted financial education classes during the Week van het Geld (Global Money Week), an initiative whereby bankers provide fun lessons about money to primary school children. Approximately 700 primary school children participated in this Bank voor de Klas program with NIBC staff.

Food Banks

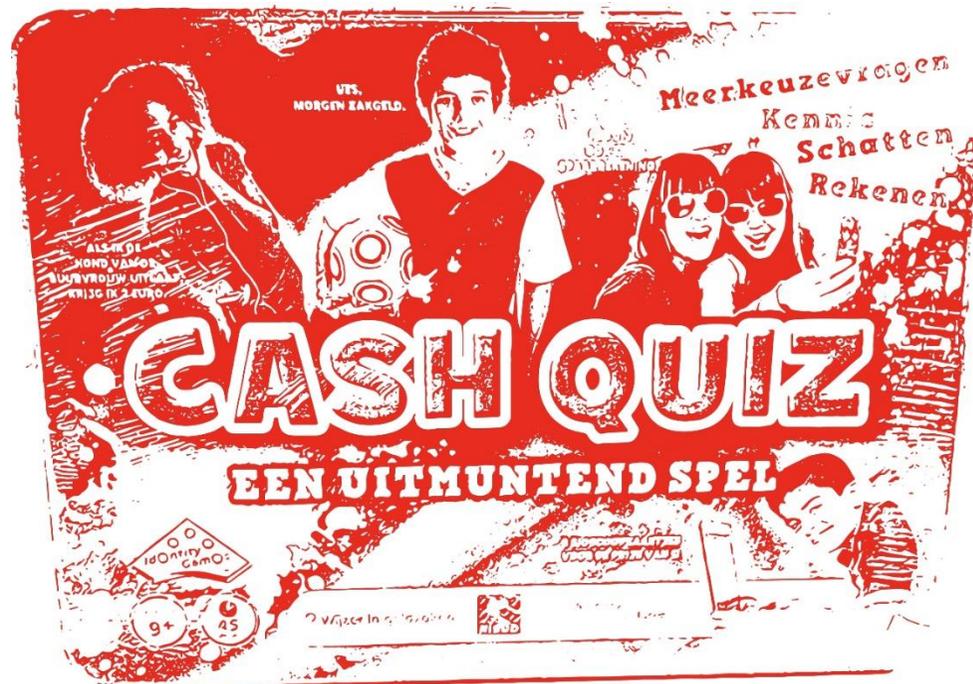
NIBC donated food and dozens of our employees packed holiday food parcels to support families which rely on the Dutch Foodbanks. We partnered with employees of other leading corporates such as Unilever, Mars, Shell, Dr Oetker and Upfield to ensure that the families reliant on the Foodbanks received a holiday food parcel.

Honey Highway & biodiversity

Beequip continued their support of 'Honey Highway', an initiative which sows flowers to create habitat for bees, combat bee mortality and support biodiversity. NIBC was a main sponsor of the Union International Club. in Frankfurt for the second time, catalysing a donation to the Frankfurt Clementine Children's Hospital and increasing awareness in the Rhine Main Business Region.

Vulnerable children

In December, employees in The Hague supported Stichting Vitalis in what has become an annual tradition at the bank. Vitalis is a professional non-profit organisation that supports vulnerable children so they can avoid intensive professional youth counselling programmes. NIBC employees provided personalised holiday gifts for more than 100 children in a special Christmas event.



Human Capital

At NIBC we strongly believe that our people represent our three core competences, entrepreneurial, professional and inventive, towards the outside stakeholders. For serving our clients our people are our key assets. Consequently, NIBC continuously invests in the development of its people to enable them to grow in order to make a difference at decisive moments for its clients.

	2019	2018	2017
Total FTEs	711	695	689
FTEs by Unit			
NIBC Bank (outside NL)	107	119	125
NIBC Bank (NL)	560	538	541
Beequip	41	38	23
Lendex	3	-	-
FTEs by Location			
Netherlands	603	576	574
Germany	76	82	78
United Kingdom	27	32	32
Belgium	5	5	5

This continuous development of employees' capabilities and commitment is pivotal. Our corporate values – professional, entrepreneurial and inventive - are the cornerstone for NIBC's organisation and culture and therefore a recurring theme in our people's development. Three major classifications that give an insight into our people-oriented activities and employee related benefits, i.e. facts, figures and measurements; employer branding and new developments; developing people based on our values.

By doing so we link our external promise to our internal culture and capacity to adapt to change and deliver. Our 'Think YES' campaign is mirrored internally, where we think in opportunities for our people, supporting their development and well-being.

NIBC Works Council

Given the challenges facing NIBC and the banking sector, the Council remains focused on the employability of NIBC's staff and on NIBC's competitive position as an attractive employer. This was reflected in the Council's position with respect to reorganisations, diversity and labour agreements.

The Council has also been actively involved with multiple other developments such as mobility policies and employability while also maintaining regular contact with the Works Councils of other Dutch banks and financial institutions in order to exchange best practices



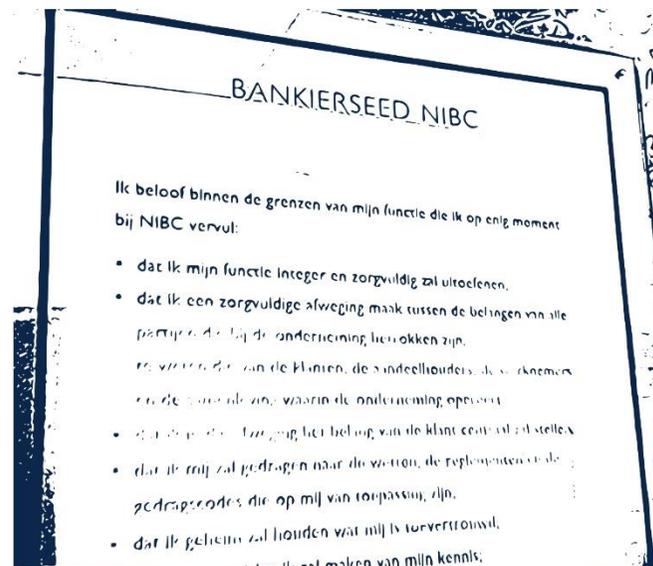
Human Capital

NIBC invests significantly in human capital, developing its people personally and professionally, and providing a stimulating work environment that values diversity and treats everyone with respect.

	2019	2018	2017
Total FTEs	711	695	689
FTE by product group			
Corporate client offering	465	479	461
Retail client offering	147	131	126
Treasury & group functions	58	47	79
Beequip	41	38	23
FTEs by type of contract			
Permanent	91%	91%	91%
Temporary	9%	9%	9%
Employee turnover			
Joiners	20.6%	19.2%	14.5%
Leavers	18.6%	18.5%	19.8%

NIBC has zero tolerance for all forms of discrimination with respect to employment and occupation including verbal, physical and sexual harassment. Furthermore, we have systems and processes in place to actively manage and stimulate equal compensation. We comply with to national employment legislation in the countries in which we are active and make use of best practices. Respecting and protecting human rights and embracing diversity are embedded in our Code of Conduct.

Recruitment efforts have continued to include engagement with selected student associations, for which we organised several in-house days and attended various recruitment events. Targeted in-house recruitment events, such as a 'Ladies' Lunch', help us to create more diversity in our organisation. Since learning and development is pivotal within NIBC, we continued to give working students opportunities in our organisation.



NIBC Introduction Program

The NIBC Introduction Program was organised on a regular basis in 2019 to enhance the onboarding of new employees. In addition to presentations on the strategy of the bank and on various parts of organisation, special attention was paid in regard to our corporate values, culture, anti-corruption, climate change and human rights.

All new bank staff have taken the Bankers' Oath and have signed the "Bankierseed" mirror in the public lobby of our office in the Hague in the presence one or more of our Executive Committee members.

Promoting Diversity & Inclusiveness

We believe that diversity is critical to our ability to succeed and achieve sustainable success. As such we are committed to creating a stimulating work environment for people from all backgrounds and an environment that is open to different ways of thinking.

	2019	2018	2017
Total FTEs	711	695	689
Employees by Gender (GRI 405-1)			
Female	32%	32%	31%
Male	68%	68%	69%
Gender in Top Management (GRI 405-1)			
Female	15%	15%	13%
Male	85%	85%	87%
Employees by age * (GRI 405-1)			
≤29 year	21%	19%	18%
30≤39	28%	26%	26%
40≤49	29%	32%	32%
50≤59	18%	18%	19%
≥60	5%	4%	5%
Discrimination (GRI 406-1)			
Number of Incidents	0	0	0

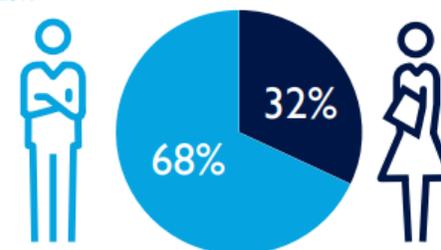
*data for NIBC Bank

In 2019, we continued to pay close attention to all elements of our diversity targets: increasing inclusiveness, balancing age distribution, improving gender diversity and retaining and valuing differences in background. Diversity across age segments showed balance in 2019: 21% of our employees were under 30 years of age and 23% of employees were 50 or older.

The gender diversity for our organisation was stable at 32% female staff (2018: 32%). Gender diversity of senior management remained at 15% (2018: 15%). We are continuing to focus on strengthening diversity at NIBC and have continued to refine our hiring policies to address gender diversity.

Male/female ratio

2019



2018: 69% / 31% 2017: 70% / 30%

Number of employees

(FTEs)



■ Holding ■ Capital markets activities

Promoting Diversity & Inclusiveness

Gender pay equity and fairness in pay is closely monitored at NIBC. We aim to ensure fairness in pay by gender and function and to reward performance without bias. The total figures reported below only show part of the story, since there are also differences in the composition of staff by location.

	2019	2018	2017
Entry level wage fairness (GRI 202-1) *			
Female	2.15	2.35	1.80
Male	2.20	2.31	2.03
Overall	2.18	2.32	1.91
Gender Pay Ratio by level (GRI 405-2) *			
Professional Support	0.85	0.84	0.92
Analyst	1.02	1.00	0.99
Associate	1.06	1.05	1.04
Vice President	1.12	1.15	1.19
Associate Director	1.07	1.09	1.10
Director	1.02	1.01	1.10
Managing Director	0.89	0.89	0.77
Additional gender ratios *			
% full-time contracts held by female employees	26.8%	n/r	n/r
% part-time contracts held by female employees	55.2%	n/r	n/r
% permanent contracts held by female employees	32.1%	n/r	n/r
% temporary contracts held by female employees	39.3%	n/r	n/r

* data for NIBC Bank

NIBC realises that improving diversity ratios is a long-term process and will continue to strive to meet our ambitions. We have a Diversity Committee in place which

is tasked with researching our current behaviours and recommending ways to achieve a fully inclusive work environment at NIBC. One of the key priorities for the committee in 2019 was creating awareness and supporting our diversity goals.

Actions and Targets

Actions to enhance gender diversity by the Diversity Committee in 2019 were focused on increasing awareness on the topic of diversity, decreasing (gender) bias in recruitment and facilitate equal development opportunities.

1. To increase awareness on (gender) diversity, multiple events were organized including a live interview with 'Topvrouw van het Jaar 2018' Eugenie van Wiechen, Young Talent of the Year 2019 and celebration of International Women's Day.
2. We took steps to increase diversity across the company through our recruitment processes by focusing on female candidates on our recruitment short lists.
3. Moreover, diversity in general, and the male-female balance specifically, are explicitly considered in our talent programmes and performance management. To address gender imbalances specifically, we have introduced engagements, like mentorships and dedicated workshops and programmes, aimed at retaining and further developing talented female employees. We have a partnership with 'Talent to the Top' and some of our talented women have participated in 'Cross Organisation Mentoring' and 'Boardroom coaching'.
4. Advised by the Diversity Committee the Executive Committee adopted diversity targets regarding staff inflow, outflow and career development. In the longer term will lead to realisation of the overall target to have a minimum of 30% females at all function levels and within each BU. In this light the ambition going forward is amongst others to have 30% of all promotions to be female, to have 50% females in our Analyst Talent Programme.

Increasing diversity among senior managers was a key focus area in 2019. Our objective is at least one third of our Supervisory Board and Managing Board members to be female. NIBC's Executive Committee meets this objective. NIBC is aware that it falls short of this goal with respect to the Managing Board (nil on a total of three) and the overall senior positions (director level and higher), where the percentage remained the same as last year at 15% (2018: 15%). With regard to the Supervisory Board, the ratio of 29% is close to our objective.

Training and education

To compete effectively in our industry, we must develop ourselves at a faster pace and to a higher standard than many of our (larger) competitors. Competition is tough within the financial services industry as a whole and in the labour market the banking sector is still perceived as less attractive than before the financial crisis. But, as a mid-sized bank we have, in some ways, a more compelling offer for employees than our larger peers; one in which they will have greater responsibilities, influence and impact from the start. The 'Think YES' campaigns have helped to position NIBC in the highly competitive labour market.

	2019	2018	2017
Training (GRI 404-1)			
Training expenses per employee	3,352	3,101	2,318
Change from prior year	+ 8 %	+ 34 %	+ 14%

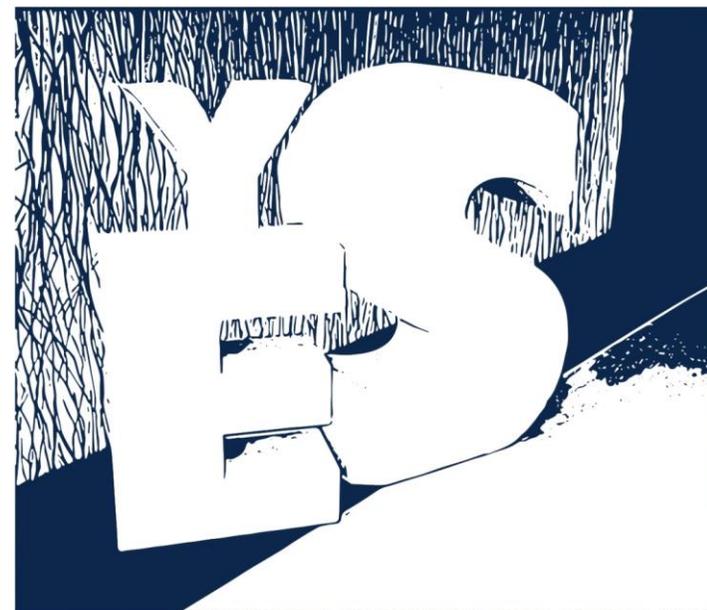
In 2019, we spent over EUR 3,300 per employee on training and educational programmes. This is close to the top quartile when benchmarked with financial services, and close to the top decile compared to general industries. The amount is a further increase from 2018 (EUR 3,101) and includes a personal development budget for all staff, enabling and motivating them to further develop themselves and by this also contribute to their employability. These investments increase the professional capabilities and competences of our people.

NIBC Academy

We have a solid training and learning offering in the NIBC Academy, our virtual centre for continuous training and learning, enabling us to offer development in a more customised and effective way. It ran a total of 25 modular courses in 2019, some of these in our own training facilities. The Academy's approach is to empower employees to take responsibility for their own development, through a range of channels, including on-demand online workshops and classroom courses. Staff can also create their own learning initiatives (both virtually and physically) as a result of which we also offer training courses that are offered by employees who are subject matter experts.

Dare2Develop

Besides developing professional skills we increasingly focus on skills that make our staff more inventive and entrepreneurial. Our Dare2Develop programme is a clear example. This one year invitation-only programme is aimed at our talented young professionals at mid-career level. The programme is developed in close cooperation with the participants and enhances personal effectiveness in influencing, consulting, negotiation and innovation. The connection with NIBC's strategy is made by deep dive business cases and the active involvement of senior management through mentoring and coaching.



Inhouse courses at NIBC

Using our own training facilities, NIBC offered over 25 inhouse courses, either facilitated by internal or external trainers. We see an increased drive and willingness with our own employees who are subject matter experts to teach and share knowledge. Popular topics facilitated by NIBC colleagues are introductions to financial expertise of specific teams, swaps, excel, data management, learning & development, lean foundation and social media training.

Health and safety

	2019	2018	2017
Occupational Health & Safety (GRI 403-1)			
% of employees covered by formal joint management-worker health and safety committee	100%	100%	100%
Number of serious onsite injuries, deaths	0	0	0
Absenteeism (GRI 403-2)			
Sickness rate (average % of workforce)	2.0%	2.1%	2.2%
Frequency	0.62%	0.89%	0.96%

A healthy workforce is of vital importance to our ability to achieve our financial and non-financial objectives. We executed a range of programmes and initiatives in 2019, to enhance our people's well-being and ensure a safe working environment. We continued to promote a good work-life balance and to incorporate new ways to increase flexibility in how we work.

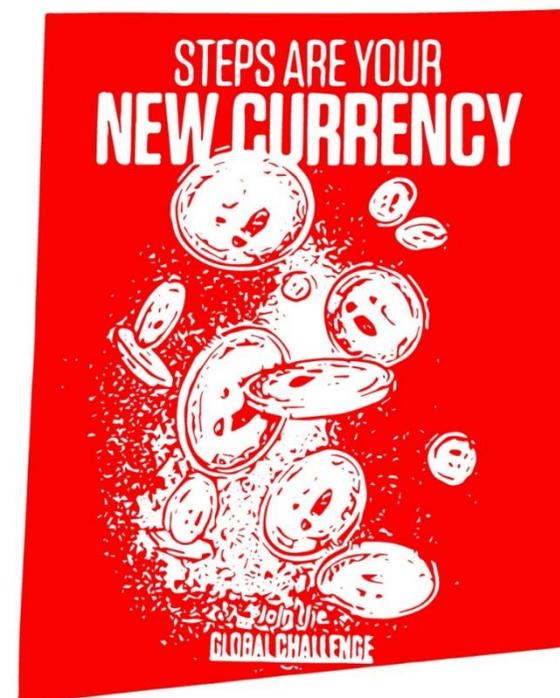
Absenteeism & Vitality

Recognising the importance of a healthy workforce, we are very happy to continue a very low absenteeism rate of 2.0 % in 2019 (2018: 2.1%).

To support and enhance the health and vitality of our people we offered a variety of programmes and initiatives to enable a healthy lifestyle and work attitude. Our NIBC Vitality team offered a lot of triggers that made employees more aware on three vitality pillars: physical health, mental health and nutrition.

We participated with 70 teams in the Virgin Global Challenge focusing on vitality, through awareness, exercise, nutrition and work-life balance. The Challenge combined attention to lifestyle with an internal competition, which created a positive atmosphere within NIBC. In 2019 we announced that we will participate in this Challenge again in early 2020, for which 52 teams of 7 participants subscribed. Apart from this challenge, we participated in a variety of sporting events, such as the 110km Gerrie Knetemann Classic and organised our own bootcamp and grand slam tennis tournament.

Throughout the year we have also created awareness on the impact of food on health, by means of offering new and healthy menus in our restaurant, supplied by a newly contracted caterer. Employees were also invited to a reading on the effects of wholesome food.



Activity Based Working

During 2019 NIBC renewed our focus on Activity Based Working, offering a flexible approach to the way we work in our physical offices, optimally using our digital workplace and recognising the behaviour that supports this way of working. Furthermore, we offered training courses focusing on mindfulness, reducing stress and building on resilience, and alternative ways of using our brainpower.

These attractive initiatives have contributed to NIBC's low absenteeism rate.

Employee Experience

Measuring our employee experience again in 2019, we set out an Employee Experience Survey to gain insights into how our employees rate our culture, our leadership and their work experience by measuring the levels of engagement and commitment in our organisation. The four pillars of this survey are Engagement, Commitment, Employership and Leadership.

Positive and Open Culture

The survey is in line with NIBC's effort to build a positive and open culture in which we recognise employees by celebrating their success and sharing feedback. Each manager leading a team with more than five employee responses received a feedback report. Managers and employees jointly discussed the outcomes of the Employee Experience Survey to develop an action plan.

The overall conclusion of this survey is that in general employees find NIBC a good organisation to work for and our employees are proud to work for NIBC.

High participation of 81% (2018: 79%) in the survey provided solid insights, which led to the identification of the organisation's strengths and opportunities. The proportion of committed employees (commitment refers to the connection our employees feel towards our organisation) is 75% (2018: 73%) which is a positive result but also leaves room for improvement.

Success Factors

Our focus on leadership, e.g. through courses, coaching and round-tables on themes regarding management and leadership, has led to a very good score of 80% (2018: 76%), outperforming the Financial Services benchmark of 74%. Another important organisational performance indicator, employership, which gives an indication of whether we enable employees to perform optimally, scored a satisfactory 72% (2018: 72%). The level of engagement in the financial sector (engagement is the degree to which employees get inspiration from their work) is significantly lower than in other sectors. In our view this is one of the most critical success factors going forward. We therefore aim to increase our current score of 35% (2018: 38%). To realise this we will continue to pay attention to working efficiently, communication and perceived workload.

We continue to raise awareness and understanding of health and wellness issues amongst our employees to keep on boosting their vitality and productivity. Furthermore we continue to invest in the development of our employees by offering them feedback, coaching and training, development programmes and e-learning.

Young NIBC

The Young NIBC network is focused on connecting younger NIBC staff to each other and the bank. Young NIBC identifies their needs and facilitates matching events, with a focus on learning about NIBC's organisation and culture and creating a professional network. One of the Young NIBC activities in 2019 was a visit to a client in Cologne, a company in the beverage industry. Over 30 of our young colleagues learned about their way of working and how to apply this at NIBC.

With Sustainability being a leading topic, Young NIBC members continued their work in collaboration with Stichting Vitalis. With Vitalis, Young NIBC executed the outcome of the 2018 CSR challenge by giving children on the Vitalis waiting list a pen pal. Young NIBC also participated in an 'NL Doet' event and created presents for children. NL Doet is an organisation that hosts do-good events to which groups of volunteers can subscribe. Participants feel that it is a fun and accessible way to positively contribute to society.

In December, Young NIBC invited all NIBC colleagues to participate in a Christmas Box Packaging Event at the 'Voedselbank' in Rotterdam. For the second year in row a lot of colleagues participated in this very energetic and positive event that focused on helping those in need.

Apart from this, Young NIBC hosted the 'Young Financials The Hague' network in May. Over 100 youngsters from financial organisations in The Hague visited our office for this thematic event 'Young and Old in the Workplace'.

Environment, Climate & Biodiversity

We operate in a complex world, where population growth, climate change, biodiversity loss and water scarcity are creating significant sustainability challenges and unprecedented pressures on natural and human systems.

There is increasing scientific certainty in respect to influence of mankind on climate change. Global temperatures are rising, drought and wild fires are starting to occur more frequently, rainfall patterns are shifting, and glaciers and snow are melting. The sea level is rising, our oceans are acidifying, while biodiversity is rapidly declining. Climate change, environmental changes, overexploitation and pollution are accelerating the extinction of species needed to keep ecosystems in place. Land conversion and use of nitrogen and phosphate are further accelerating negative impacts. The private sector, public sector and society have a responsibility to act urgently in order to address these impacts and promote positive

Paris Climate Agreement

Humankind is pushing the planet's ecological limits and impacting our natural capital. Commitments by country signatories to the Paris Climate Agreement aim to prevent global warming from rising above 2° and preferably no more than 1.5°.

NIBC recognises our corporate responsibility to respect the environment, protect biodiversity, and take action to mitigate climate change in support of the Paris Climate Agreement and SDG13. New laws in our operating locations of the Netherlands, Germany, the UK and Belgium have set legal reduction targets of 95%-100% reduction by 2050 in regard to greenhouse gas emissions. The urgency and scale of the global impact necessitate a substantial reduction in emissions by 2030. Our objective in our operations and financings is to achieve these targets ahead of the deadlines.

In practice, this means supporting companies and people to transform, particularly in the way that they source and consume. Innovation and energy transformation are two themes which we see across our business.

Natural Capital & Innovation

NIBC is taking responsibility and has continued its support for innovation that contributes to a cleaner environment. As part of our commitment to make a contribution to a more sustainable society for future generations, NIBC supports

clients in our chosen sectors in their transition to better environmental and social business practices. Looking ahead, we will continue to develop our knowledge in the latest environmental developments and support clients as they invest in best available technologies.

Zero Emissions

At the same time, it has to begin with us - in our own operations. NIBC has achieved its objective of 100% renewable electricity in its own operations since 2012. To further reduce greenhouse gas emissions, a geothermal system is in operation and have made substantial renovations in our headquarters in the Hague. These steps have contributed to a 68% reduction in Scope 1 and 2 emissions since 2010, well ahead of the national and EU targets for companies.

One learning has been that actual reductions are not always linear despite our actions and ambitions. Transformations also require recalibration and optimisation in order to avoid unintended consequences. For example our geothermal system has required fine-tuning in order to maximise its efficiency and reduce our reliance on gas for heating and cooling.

We believe that the development of clean, renewable power generation and increasing energy efficiency is essential in the transition towards a sustainable low carbon economy. This is needed to counter the increased threat of climate change and to sustain the economic development of emerging and industrialised markets.

Carbon Pricing

According to the 2017 Report of the High-Level Commission on Carbon Prices, a minimum carbon price of US\$50 would be consistent with achieving the Paris temperature target.

At the same time approximately 85% of global emissions currently are not priced and 75% of the priced emissions are priced below US\$10 per tonne of CO². The pace and scale of greenhouse gas reductions that are needed may need to be complemented by policies which address the failures.

As these market practices develop, all companies must focus on their direct and indirect emissions in order to contribute to positive change.

Environment, Climate & Biodiversity

Climate Risk Management

NIBC has a risk management approach in place with regard to ESG risks, including climate risk. This is supported by clear oversight, a robust sustainability risk management framework and increasing disclosures in support of our commitments, recognised standards, and regulatory requirements.

Climate-related risks related to NIBC's current exposures (portfolio as of 31 December 2019)



This is a snapshot of our view of the time-base likelihood of climate risks, physical and transitional, based on our lending and investment portfolio as of year-end 2019.

As stated in our sustainability policies and elsewhere in this report, NIBC avoids lending or investing in a number of activities. We exclude many of the activities which are viewed to cause increased climate risks to occur, including coal-fired power, extreme fossil fuels (tar sands, fracking and liquefied coal), and activities linked to deforestation. At the same time, we promote activities which improve efficiency and reduce climate-related impacts. By guiding our portfolio in this way, we have made significant progress in reducing climate-related risks over the past five years or

Physical Climate & Environmental Risks

Climate risk and certain other sustainability risks are increasingly becoming financial risks, while in the past these were seen primarily as non-financial and reputational risks. Our current assessment is that physical climate risk is a medium to long term financial risk as related to our corporate and retail clients.

We have not yet seen significant physical risk impacts on corporate clients' own operations and only isolated disruptions in corporate client supply chains. These have been the result of acute risks such as extreme weather events, such as flooding, drought or dangerous storms due to rising global temperatures. Looking ahead, it is likely these types of events will occur more frequently, reach additional regions and more visibly impact the supply chains of our clients. Flooding or drought could also become chronic risks over time. These changes increase the risk of other chronic environmental impacts such as loss of biodiversity and habitat. Our corporate clients are increasingly aware of these risks and are developing climate adaptation strategies to make their supply chains and processes more climate resilient.

While most of the physical climate risks currently seem to be longer term for NIBC's corporate clients, our corporate portfolio is medium term in duration overall. 83% of our corporate portfolio has a facility end date of 2027 or sooner. Many will be repaid or refinanced even sooner. This should allow us to continue to transition our portfolio. It is well understood that regardless we should continue to try to influence positive outcomes in the longer term to the extent that we can.

Water scarcity is considered a risk, though the financial impact may only be seen in the medium to long term. Across our portfolio we recognise the use of water in greenhouse agriculture and the use of water in manufacturing processes.

There are no indications of material acute or chronic physical climate impacts to date in our Retail Portfolio. A long term physical risk is related to water levels relative to homes in the Netherlands. This may result in damage to wooden pilings used as foundations or may be in the form of floods. If this risk materialises, the impacts will be regional and/or national, likely impacting the portfolios of all mortgage loan providers including NIBC. The Netherlands has had a national action plan in place to help address and mitigate these risks at the national level. The plan is expected to be renewed during 2020.

Environment, Climate & Biodiversity

We are looking at possibilities to analyse our Retail portfolio for potential flood impacts according to different scenarios in order to better understand how our portfolio might be impacted. This data might help to create a foundation for further analysis such as calculating the probability of such risks occurring and the potential impacts. This may also help us to identify possible data gaps which we may need to work with stakeholders to address.

Transitional Climate & Environmental Risks

Transitional climate risks related to our portfolios are increasing in likelihood and may materialize in the medium to long-term. The change to net zero greenhouse gas emission economy will involve significant change effecting all aspects of the economy.

Climate regulation is influenced by the short-termism inherent in political cycles and differences in societal views. This is increasing the risk of large-scale social unrest during the transition and the potential for widespread job losses if comprehensive national plans are not developed. Recent protests by the agriculture and construction sectors on the Malieveld are one manifestation of this.

Carbon emissions taxes will likely be introduced in Europe. These could increase the operating costs of companies, impact their supply chains and potentially change trading patterns if import tariffs are introduced. Most models suggest that inter-regional trade would likely be adversely impacted and that most costs would be passed along to consumers in the form of higher price of goods.

Environmental regulation is being weakened in certain countries, leading to potential variations in standards applied to different parts of a company's supply chain. In the long-term retail clients may be impacted by socially-related climate impacts such as net reduction of income due to increased costs or job loss. This also is an indication that certain transition risks may be non-linear.

Technology risks may be the most prevalent transitional climate risk for NIBC. For example in the shipping sector, improvements once a ship is built are costly, therefore the age of a vessel is a significant factor. NIBC mitigates transition risks in our shipping portfolio by applying a policy restriction based on vessel age. Currently this is set at 12 years of age, though some exceptions are occasionally allowed

for specialty vessels or shipowners who have a demonstrated track record of responsible business conduct. The typical life of a vessel can be as much as 25-30 years, depending on the vessel type. The restriction ensures that NIBC's portfolio is relatively young and technologies used are current.

In our Offshore Energy portfolio, NIBC has already significantly reduced its exposures in Offshore Energy, particularly as related to offshore exploration and production companies. This reduction in exposures reduces transition risks such as the risk of stranded fossil fuel assets in NIBC's portfolio. This also will have the added benefit of reducing related GHG emissions of which indirect emissions (Scope 3) are likely the most significant.

Some offshore energy services clients have begun a shift towards proving services to the renewables sector and/or decommissioning services. If successful, this should help to reduce transitional financial risk of declining income for companies or job losses for workers. At the macro level this trend is quite important since according to some reports there are six services workers for every worker directly in the oil & gas sector in the Netherlands.

In Commercial Real Estate, energy labels of commercial offices are required to be C or higher in the Netherlands by 2023. NIBC has already achieved this for about 75% of the total exposure in our CRE office portfolio, a strong indication of the tangible progress our clients have already made. In our own facilities, NIBC has achieved. We do not currently anticipate any significant issues related to the transition for the remaining 25%. At the same time, we anticipate additional statutory requirements may be introduced in the medium to long term which may require additional steps.

In Retail, the main transition risks are impacts of energy labels on WOZ values and any potential impacts that might effect retail customers incomes. For example job losses or significant social disruptions leading to an economic decline and reduced income. To date, we have not seen signs of these risks materializing within NIBC's portfolio. These risks may become more prevalent if the supply of housing stock in the Netherlands increase to a level where demand is fully met.

Environment, Climate & Biodiversity

Biodiversity Risks

While biodiversity provides the natural capital that is vital to sustain humanity, it is rapidly decreasing in many parts of the world. The pressures on natural resources and ecosystem services of a growing human population and its demand for food, energy and raw materials have grown significantly. The pressures are taking a toll on biodiversity in ways that we are only just beginning to uncover and understand.

Examples of the decline in biodiversity are both nearby and far away. For example, the alarming decline in bee populations has the potential to cause widespread harms in agriculture due to bees' roles in pollination. Recent agricultural studies have shown that declining wild bee populations are already reducing the supply of certain food crops. This development has serious consequences for global food security, the future cost of food, and increasing nutritional deficits in diets.

In our financings and operations, NIBC seeks to mitigate biodiversity risks through due diligence and monitoring. Biodiversity is among the aspects that NIBC assesses in its integrated sustainability assessments of corporate clients and suppliers. We rely in part on corporate clients' ability to manage these risks and impacts in their supply chains and look for evidence of adherence to best practices in the sectors in which we are active. For example we expect companies which procure soy or palm oil to do so responsibly, adhering to appropriate standards such as Roundtable on Responsible Soy (RTRS) and the Roundtable on Sustainable Palm Oil (RSPO).

We also are taking steps to increase available habitat. For each Lot mortgage two trees are planted – one in the Netherlands and one abroad. This is organized through Trees for All, an organization which restores forests in order to strengthen biodiversity and reduce carbon emissions.

NIBC has installed a “bee hotel” in the garden of its office in the Hague to support local biodiversity and raise awareness with employees and guests about declining wild bee populations and biodiversity in the area.

Avoiding Societal Shocks

Environmental risks and human risks are closely interrelated. This strategy also helps to reduce potential human rights risks (unemployment, safety) which may occur if the transition for mid-sized companies is not well-supported. A well-managed transition is crucial in order to avoid unexpected economic shocks, potential severe adverse human rights impacts in the form of job losses, increased inequalities and widespread poverty. If not well-managed, the main impacts would likely be to those who could least afford it.

This means making balanced decisions in terms of our financings, helping companies in GHG-intensive sectors to transform, and supporting the implementation of best available technologies. Six or more workers are employed in support services for every employee in the oil & gas and petrochemical sectors in the Netherlands. If not well-managed this could disproportionately impact services businesses.



Environment, Climate & Biodiversity

Climate & Environmental Metrics and Targets

Core commitments

NIBC recognises our corporate responsibility to respect the environment, protect biodiversity, and take action to mitigate climate change risks and impacts in support of the Paris Climate Agreement and SDG13 Climate Action.

Our long-term objective is to achieve these targets in our operations and financings ahead of the national, EU and global timelines. We are committed to disclosing meaningful climate and environmental metrics related to our operations and financings. Our policies and efforts are informed by IPCC climate scenarios and IEA energy scenarios and annual world energy outlooks.

2019 Non Financial Key Figures

NIBC publishes several Non-Financial Key Figures which are related to climate and environmental risk in our Annual Report each year which focus on the governance and management of these risks.

Non Financial Key Figures	2019	2018	2017
% of new corporate loans screened against sustainability policy	100%	100%	100%
Number of new corporate clients with increased sustainability risk assessment	10	25	23
Fines or sanctions for non-compliance with laws and regulations	0	1	1

Definitions for our non-financial key figures are provided in NIBC's Annual Report. These figures are internally audited.

2019 Emissions Performance Indicators

The GHG Protocol Corporate Standard classifies a company's GHG emissions into three 'scopes'. NIBC has recategorised emissions from 2018 and 2017 to ensure consistency with the GHG protocol going forward in accordance with the GHG Protocol. This change means that some emissions previously reported as Scope 1&2 are now recategorized as Scope 3.

- Scope 1 (GRI 305-1) covers direct emissions related to energy consumption for owned and leased offices;
- Scope 2 (GRI 305-2) covers indirect emissions related to purchased electricity for owned and leased offices;
- Scope 3 (GRI 305-3) covers upstream and downstream emissions including office paper consumption, employee travel (car, air, public transport) for our operations, as well as emissions related to NIBC's financings and investments. An emissions estimate for waste is included in this figure for 2019. We have also including estimated emissions related to our financings and investments in these figures for the first time in 2019.

2019 NIBC Emissions: Summary by Scope

	2019	2018	2017	Unit
Scope 1: direct emissions - energy	170	416	283	tCO ₂ e
Scope 2: indirect emissions- purchased electricity	0	0	0	tCO ₂ e
Scope 3: other indirect emissions	1,296,023	377	741	tCO ₂ e
<i>Paper, business travel, waste, other</i>	1,023	377	741	tCO ₂ e
<i>Financings & investments*</i>	1,295,000	n/r	n/r	tCO ₂ e
Total Emissions	1,296,193	793	1024	tCO₂e

* 2018 and 2017 totals exclude NIBC's financed emissions

Environment, Climate & Biodiversity

Emissions Intensity (GRI 305-4)

	2019	2018	2017	Unit
NIBC balance sheet	22,375	21,550	22,148	EUR mln
Intensity: Balance sheet	57.93	n/a	n/a	tCO ₂ e per mln NIBC balance sheet
Intensity: FTE	1,823	n/a	n/a	tCO ₂ e per FTE

As is true with most companies, the emissions reported by NIBC are estimates and involve many sources. Our Scope 3 emissions and emissions related to paper consumption and public transportation are calculated by Climate Neutral Group. Air travel and car travel emissions figures are provided directly by our travel services and lease partners.

We have published our Scope 1 & 2 emissions since 2010 in our Sustainability Report and in prior Environmental Report supplements and throughout this document mention base year figures to give meaningful context regarding our progress. Scope 1&2 emissions reported by NIBC also include energy and electricity used by commercial and civil society organisations which are tenants within our facility in the Hague.

Although the majority of waste produced at NIBC offices is recycled, we have included an estimate for emissions related to waste in our 2019 Scope 3 emissions. We have also increased the amount of estimated travel in kilometers by public transport. Both of these changes have been made in accordance with the precautionary principle under the GHG protocol. NIBC also purchases carbon offsets for these.

NIBC is also disclosing emissions estimates related to our financed portfolios under Scope 3. Estimates of financed emissions present challenges for financial institutions and all companies to report, since they rely on reporting by others. For these we use Partnership for Carbon Accounting Financials (PCAF) methodologies which are also used by other financial institutions, adapted where needed to our exposures. We are publishing Scope 3 emissions estimates for our financings for the first time, which results in a large difference from what was reported in 2018 and prior years.

Methodologies and practices in regard to the reporting of emissions are evolving, particularly as related to accounting of emissions in the portfolios of financial institutions. Therefore NIBC may and likely will recalculate figures in the future as new data is reported and collected, existing methodologies are improved or new methodologies are adopted. We will restate these only if creates more than a 10% change in total figures that we have previously reported in accordance with our goals of completeness, transparency and comparability.

We do not recalculate emissions for organic growth or decline. This means not recalculating previous year totals as businesses are acquired or divested, changes in product mix, or other similar changes. These are simply counted as an increase or a decrease in our overall profile over time.

Carbon Neutral in own operations

A target of NIBC is to be carbon neutral in our own operations. NIBC has achieved this objective each year since 2012. We work to reduce our own emissions and purchase certified gold standard offsets from Climate Neutral Group to fully offset all operational emissions reported in this statement. We “round up” emissions when purchasing offsets to ensure that we also offset any operational emissions which we are not yet capturing or accounting for.

The offsets which are purchased also include offsets for emissions related to heat and electricity for commercial and civil society tenants (NIBC NGO Boulevard) of NIBC’s facility in the Hague to help each organization in its goal towards net zero emissions well ahead of national and international goals.

Past offsets have supported the building, renovating and maintenance of boreholes in Africa, providing clean drinking water to communities, reducing the need to boil water to kill bacteria and viruses. The project also reduces local deforestation and promotes gender equality and social development of women.

Environment, Climate & Biodiversity

Estimated Financed Emissions

The overview below provides estimated emissions for 84% of NIBC's balance sheet total as reported in the 2019 Annual Report of NIBC Holding NV. As of 2019, we have included these emissions estimates in our Scope 3 emissions reporting.

These figures include NIBC's retail mortgage portfolio and the majority of NIBC's corporate client loans and investments.

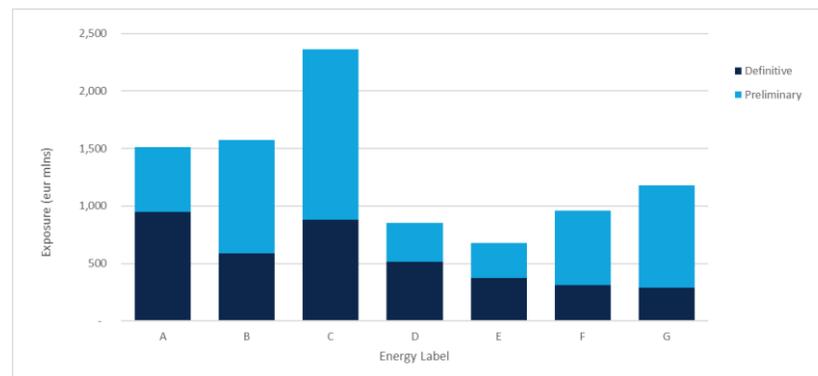
Estimated Emissions related to NIBC financings and investments	2019	2018	2017	2010	unit
Retail real estate portfolio	239	n/a	n/a	n/a	tCO ₂ e
Commercial real estate emissions	n/a	n/a	n/a	n/a	tCO ₂ e
Corporate client emissions	830	891	957	1,289	tCO ₂ e
Total	1,295	891	957	1,289	tCO₂e
% of NIBC total exposures included in emissions estimate	84%	40%	42%	51%	

Exposures to governments and central banks are not currently included in these estimates. Commercial real estate is not currently included in these estimates figures as we continue our work to build estimates for this portfolio. In the meanwhile we have provided a view into the energy labels of offices which are in our commercial portfolio. Emissions related to financial leases are currently excluded.

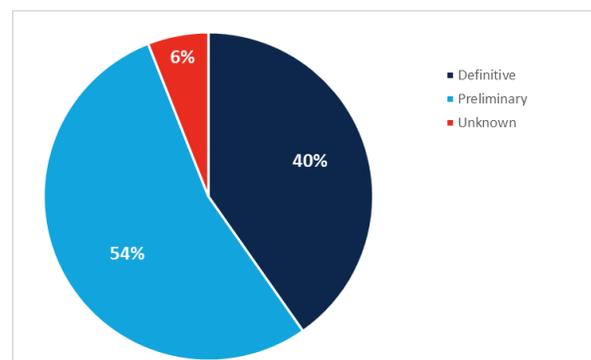
Historical data in regard to energy labels and energy performance of retail or commercial real estate in NIBC's portfolio is not available. Therefore we can not provide emissions estimates related to these portfolios at this time for prior years.

Energy Efficiency in NIBC's Real Estate portfolio

Retail Real Estate exposure by energy label, year end 2019



As of year end 2019, 56% of NIBC's retail mortgage portfolio (including Buy-to Let) had an energy label of A, B or C. 38% of the portfolio had an energy label D, E, F or G, and 6% remained unknown. Retail real estate including mortgages and buy to let mortgages comprise EUR 9.8 bln of NIBC's total client exposures.



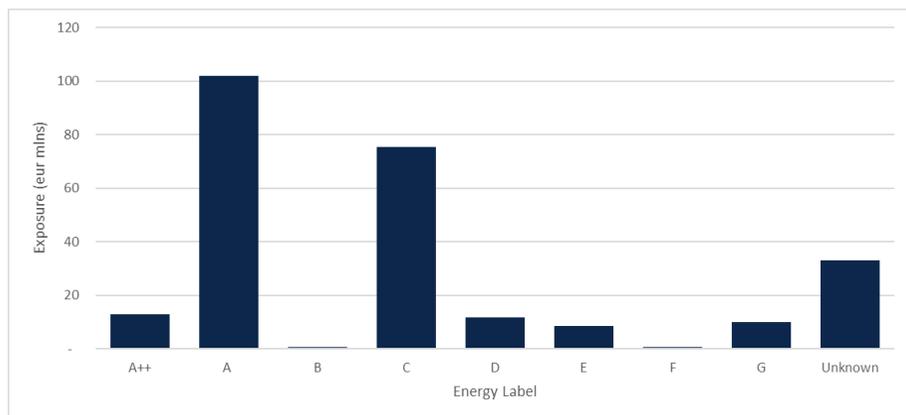
According to the RVO energy label database, the majority of energy labels in our retail mortgage portfolio are preliminary, 40% are definitive while 54% are preliminary.

Environment, Climate & Biodiversity

WoON 2018 has researched the average gas and electricity per household per energy label in the Netherlands, the results of this analysis have been published in 'Cijfers over wonen en bouwen 2019'. The average gas consumption in total results in 1382 m³/year. The average electricity consumption is equal to 2922 kWh/year (no data per energy label was available for this analysis). These numbers on average consumption can be multiplied by the emission factors provided by the CO₂ database www.co2emissiefactoren.nl.

The emission factor for electricity from an unknown origin results in 0.405 kg CO₂/kWh (TTW), for natural gas this factor results in 1.785 kg CO₂/m³. By bringing together the average gas and electricity consumption with the emission factors, we have calculated per label the emissions per household per energy label.

Commercial Real Estate, Commercial Office exposure by energy label, year end 2019



As of year end 2019, more than 75% of NIBC's Commercial Real Estate office portfolio is energy label C or better. Several recent transactions have supported development of near 'energy neutral' buildings (Bijna Energie Neutral Gebouw, 'BENG'), pushing further innovation in energy efficiency. This approach also contributes to national and European objectives to increase resource efficiency of real estate in line with commitments under the Paris Climate Agreement.

We aim to show further progress on our emissions reporting related to commercial real estate exposures in future reports.

Estimated GHG emissions related to NIBC Corporate Loans and Investment Loans excludes Commercial Real Estate

NACE Sector Category	Total Exposure	Total GHG emissions In tCO ₂ e	tCO ₂	tCH ₄	tN ₂ O
A. Agriculture & Food	144,005,705	123,751	41,015	2,242	86
B. Mining & Minerals	757,083,004	60,799	45,666	597	0
C. Industry	1,113,987,483	47,311	45,094	16	5
D. Utilities	194,969,308	117,899	117,366	8	1
E. Water distribution	81,210,426	45,849	44,054	24	4
F. Construction	693,263,566	18,206	17,365	1	0
G. Retail	471,378,136	3,752	3,620	0	0
H. Transport	1,186,141,735	207,662	204,613	6	7
I. Leisure	68,077,712	2,381	2,145	0	0
J. Information & communication	589,604,982	1,020	1,012	-	0
M. Consultancy & technical activities	49,791,679	250	248	0	0
N. Administrative services	645,357,913	14,409	14,300	1	0
O. Public Infrastructure	163,846,510	116,624	101,525	521	7
P. Education	330,967,884	39,671	39,422	6	0
Q. Healthcare	396,458,377	30,170	28,725	6	2
R. Recreation	24,318,835	871	866	0	0
Total	6,910,463,258	830,625	707,037	3,426	112

To generate these estimates, NIBC has used Dutch national sectoral emissions and financial balances figures to calculate an emissions factor which we use to estimate the emissions related to each financing. Most of NIBC's corporate clients are mid-sized, family-owned private companies operating in the Netherlands or nearby countries in Northwest Europe. Therefore we are applying PCAF methodologies and adapting these for our financings and investments.

The factors include all nationally reported greenhouse gases. We have chosen to show CO₂, CH₄ and N₂O individually to provide additional clarity for stakeholders.

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These are brought together in the total greenhouse gas (in CO2 equivalent) total which is shown. NIBC uses these factors with the exposure figures as reported in our 2019 Annual Report to calculate financed emissions.

The latest emissions factors which have been published are for 2016. Therefore we have used these 2016 factors to provide preliminary figures for 2017, 2018 and 2019. Figures for each of these years will be updated as newer or more accurate emissions data becomes available.

It is likely that the national figures do not capture Scope 3 upstream and downstream emissions for most companies, so this likely means that the Scope 3 component of emissions is likely underreported. Similarly, national figures likely do not capture emissions related to international activities of companies. This is relevant for NIBC's financings in offshore energy, transportation, and technology.

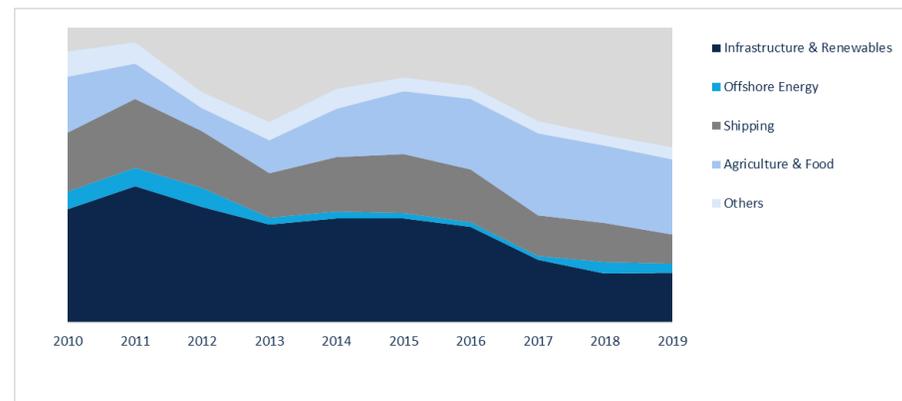
Although PCAF allows adjustments for "avoided emissions", NIBC has chosen not to apply avoided emissions adjustments for solar power, wind power, or other green activities. Similarly we do not apply avoided emissions in the calculations of emissions for our own operations and facilities. The science shows that these activities take many years to reach net zero lifecycle emissions due to the emissions generated by materials, construction, and maintenance. Since most NIBC corporate loans are medium-term in nature, not applying avoided emissions seems the most appropriate approach and in line with the precautionary principle.

Looking ahead, as we receive more specific emissions data directly from companies. If national or European ESG databases are developed and provide more accurate emissions data, we will adjust our methodology and our reported figures accordingly.

Corporate Portfolio development, 2010-2019

We have also developed a high level mapping of emissions to national emissions data to understand the emissions composition of our non-real estate corporate portfolio and our progress on financed emissions, and the composition of our corporate portfolio over time.

Total Estimated Financed Emissions by corporate sector (ex Real Estate), 2010-2019



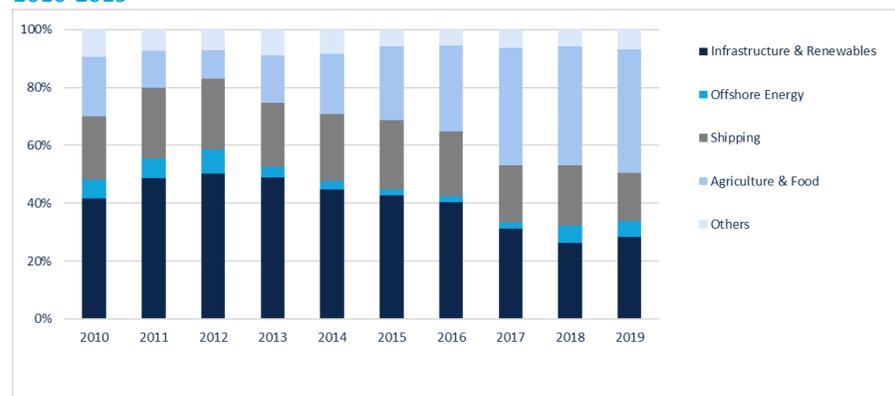
This view uses Dutch national estimates to create factors which have been applied across NIBC's corporate portfolio. These factors have been applied at a sectoral grouping level, not at a per asset level to create this historical profile.

Global emissions will need to reach net zero by 2050 to stay on track for 1.5C, according to the International Panel on Climate Change (IPCC). Based on the view above, NIBC's financed emissions related to corporate banking (ex real estate) have decreased by about 35% since 2010.

One factor is that the sectoral mix within our portfolio has continuously changed, reflecting the flexibility embedded in NIBC's business strategy. A second factor is the steady improvement of emissions performance across the sectors that NIBC is active. At the same time, we remain cautious, since these figures are based on NL national sectoral averages and likely do not fully include Scope 3 emissions. A third factor is strategy and the strategic decisions effecting portfolio composition taken throughout this timeframe. We have much work to do, since subsequent reductions in emissions may be more difficult to achieve.

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Estimated Financed Emissions composition by corporate sector (ex Real Estate), 2010-2019



These views are based on data for exposures at default (EAD) by NIBC sector as reported in NIBC's Pillar III reports since 2010. The calculated emissions using this sector mapping produce a modestly different result than mapping each exposure individually.

These graphs are most useful as a directional view, not an absolute one. Although the trend of decreasing emissions is clear, one conclusion is that the national figures that we are using likely do not capture or at least fully capture Scope 3 emissions. Globally, downstream Scope 3 emissions related to fossil fuel production are the largest source of greenhouse gas emissions.

Although offshore fossil fuel energy exposures within NIBC's balance sheet have decreased significantly over the past few years, it is reasonable to expect that if Scope 3 were included, this would be a much higher percentage of the total emissions within the historical view into our portfolio. At the same time, if Scope 3 was fully captured and given our decrease in exposure to the offshore energy sector, it is also logical that the decrease of total portfolio emissions over time may be larger than we have estimated so far.

Scenario analysis

One challenge that we face is that science based target (SBT) methodologies which have been developed for investment portfolios are tailored for publicly listed companies and multinationals. This makes the direct utilization of SBT methods and comparison to SBT pathways difficult for unlisted companies and private debt. Nearly all of NIBC's corporate clients are unlisted, private companies.

Like all financial institutions, our financed emissions are significantly higher than the emissions linked to our own operations. NIBC's current progress and pathway for financed emissions is aligned with the 1.5 degree scenario pathway of the IPCC and the goal of net zero by 2050. If NIBC continues to make progress at the same pace as we have since 2010, a linear projection from the 2010 base year can be made which shows a 60% reduction in our financed emissions may be achieved as of 2030, an 80% reduction as of 2040, and net zero emissions may be achieved in 2047-48.

While this is positive, we remain very cautious about any long-term forward projections, since the realisation of any projections will depend on data quality, data availability, changes to public policy, energy technology advancements, supply and demand in addition to the actions NIBC itself takes. We also recognise the need to mitigate and avoid unintended social impacts during the transition.

In their World Energy Outlook 2019, the IEA estimates that demand for fossil fuels will peak and flatten in the 2030's. The IEA anticipates an annual rise in global energy demand of 1.3% per year to 2040. They also anticipate meaningful CO2 emission reductions only from 2030. If correct, this will create challenges for all companies including financial institutions and NIBC. We are well aware that globally, emissions are continuing to rise. This only increases the urgency and the opportunity for NIBC to act on this challenge.

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It begins with us, in our own operations

A theme within NIBC is that it begins with us and how we act in our own operations. We learn quite a lot about the challenges involved in improving operational efficiency and reducing climate risk and environmental risks as we undertake initiatives in our own operations. The lessons that we learn help to inform our approach in regard to our financings and investments.

In 2019, additional renovations were performed at NIBC's headquarters in the Hague. These improvements are part of an Environmental Management System by NIBC's Facilities Services team. The continuous improvement programme within our EMS has significantly cut the use of gas for heating and cooling. These efforts benefit both the environment (reduced emissions) and NIBC's shareholders (reduced costs).

NIBC locations, energy label and electricity source

Location	Energy Label	Electricity Source	Size m ²	Status
The Hague	A	Wind	24,513	Owned
Amsterdam	A / BREAAAM	Wind	1,200	Leased
Frankfurt	Leed Platinum	Renewable Mix	2,362	Leased
London	D	Renewable Mix	493	Leased
Brussels	n/a	Renewable Mix	270	Leased
Beequip	C	Wind	400	Leased
Lendex	B	Wind	400	Leased
Total		100% renewables	29,638	

Most office facilities used by NIBC have energy efficiency labels or ratings assigned that we can monitor. During 2019, our team in London moved into an efficiently-designed office space in the heart of the City, reducing the amount of space that we occupy in that location by about 50%. In the Hague, new energy efficient glass was installed in the "winter garden" section of the building. The improvement to an average energy label A for our building complex in the Hague is significant, since this has been improved from an average energy label of D in 2012. From time to time,

second party energy audits are performed on NIBC-owned facilities to optimize this installation and ensure it is running as efficiently as possible.

According to external sources, up to 40% of all carbon emissions are related to the "built" environment in the Netherlands. This includes energy to heat, cool or operate equipment from homes, offices, schools, industrial buildings and hospitals. This also means that some of the quickest gains can be made by companies in their own direct operations by sourcing responsibly and through continuous improvement programmes and/or environmental management systems.

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Electricity

	2019	2018	2017	Unit
Fossil Fuel Electricity	0	0	0	kWh
Renewable Electricity	3,523,194	3,380,124	3,072,872	kWh
% Renewable Electricity	100%	100%	100%	kWh
Intensity: Office size (GRI 305-4)	118.8	115.6	101.62	kWh per m ²
Intensity: FTE (GRI 305-4)	4,955	4,893	4,460	kWh per FTE

Renewable electricity is used in all NIBC offices. Our locations in the Netherlands use 100% wind power. In other locations a mix of renewable electricity sources are used. In our emissions calculations, we assume zero greenhouse gas emissions for renewables.

NIBC has continuously invested in efficiency improvements of facilities across all locations to LED lighting, energy star-rated office equipment, and taken other actions to improve energy efficiency in our operations. New electric car charging points were

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installed in NIBC's guest parking and garage, facilitated by Colectric.

At our facility in the Hague about 54% of the space is leased to other occupants including the civil society organisations operating in the NIBC NGO Boulevard, the Zone and commercial tenants. This means that these other organisations are also benefitting from NIBC's responsible sourcing and investments in energy efficiency.

Heating and Cooling

To further reduce greenhouse gas emissions related to heating and cooling, a geothermal system is in operation and substantial renovations continue to be made at our headquarters in the Hague. The geothermal system makes use of groundwater beneath our building for heating in the winter and cooling in the summer. This has helped to substantially reduce our use of gas to heat and cool the complex.

This also is to the benefit of the other tenants of the complex including the NGOs which operate from NIBC's NGO Boulevard. For clarity tenants are not included in the FTE, and intensity calculations, even though they are substantial users of the space within our complex in the Hague.

	2019	2018	2017	Unit
Gas	59,679	100,700	232,404	m ³
Calculated CO2 for heating/cooling	163	275	416	tCO ₂ e
Intensity: Office size (GRI 305-4)	2.0	3.4	7.8	m ³ per sqm
Intensity: FTE (GRI 305-4)	83.9	144.9	337.3	m ³ per FTE

Our facility in the Hague is more than 80% of the total office space occupied by NIBC. For heating/cooling, we have used actual figures for the Hague and have conservatively calculated estimates for leased locations based on energy label and following the precautionary principle.

The main change visible in these figures is related to the optimization of our geothermal system in the Hague which was performed following an energy audit. By rebalancing the system, we've managed to improve our energy efficiency performance. Other actions to improve efficiency in our facilities such as improved insulation and glass replacement have also been part of recent renovations.

These actions allowed NIBC to reduce its dependency on gas for heating and cooling. At the same time the severity of weather and extreme periods of summer heat and winter freezing play a key role in the amount of heating and cooling required in our operations.

Figures from the Hague include (external) commercial and civil society tenants of NIBC's facility. This means that these other organisations have also benefited from NIBC's geothermal system and efficiency gains.

Water

Actual water usage is currently only reported for our main office in the Hague. Estimates are used for other NIBC locations.

	2019	2018	2017	Unit
Water usage	6,925	3,018	7,560	m ³
Water source	Municipal mains	Municipal mains	Municipal mains	
Intensity: office size (GRI 305-4)	0.23	0.10	0.25	m ³ per m ²
Intensity FTE (GRI 305-4)	9.7	4.3	11.0	m ³ per FTE

In all locations, NIBC's offices are supplied from connections to municipal mains, the main local water supply. Figures from the Hague include (external) commercial and civil society tenants of NIBC's facility. The increase in usage may be due to an increase facility occupancy by tenants, increased catering as well as renovation work that was undertaken at NIBC's headquarters in the Hague. NIBC does not withdraw from groundwater or surface water in its own operations. No known discharges of pollutants to water were made in NIBC's operations.

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Paper Consumption

NIBC continued in 2019 to strive for a paperless office. Over the past few years we have significantly reduced the use of paper within our offices. Throughout the year employees received a regular update on the amount of paper used for printing and copying and were encouraged to further reduce the amount of paper.

	2019	2018	2017	Unit
Standard office paper	0	0	0	kg
Responsibly sourced office paper	5,103	7,319	7,798	kg
% from responsible sources	100%	100%	100%	
Paper Intensity (GRI 305-4)	8.1	10.5	11.3	kg per FTE

In 2012, NIBC's paper usage totaled 25,855 kg of standard office paper, 0kg of recycled office paper. Our 2019 totals represent an 80% reduction since 2012. Since 2015, paper that is used within NIBC offices is responsibly sourced, either recycled or Forest Stewardship Council (FSC) certified in order to minimize harmful environmental impacts and the potential harmful impacts of deforestation in our supply chain.

Reduction in the consumption of paper has also influenced a reduction in office paper waste for NIBC, therefore helping to control the financial cost of buying paper and the financial cost of recycling paper.

WWF has reported that there are measureable benefits to the local environment and local communities due to FSC. These include reduced air pollution, reduced soil erosion, and fewer respiratory diseases among workers and nearby residents.

Waste

Paper and cardboard waste are the largest waste stream within NIBC's operations. Efforts are made to separate paper, plastic and glass in order to recycle these materials.

Internal awareness campaigns have been organized in order to increase employee awareness of the need to separate waste. This has created a healthy dialogue, where employees have contribute ideas and input to further reduce waste and improve waste collection.

	2019	2018	2017	Unit
Paper & cardboard	52,681	84,592	66,703	kg
Plastics	5,558	4,417	3,878	kg
Glass	963	868	770	kg
Other waste	48,977	60,709	54,138	kg
Total	108,178	150,586	125,489	kg
Waste intensity (GRI 305-4)	152.1	216.7	182.1	kg per FTE

** 2017 reported for the Hague location only. Estimates for other locations included in totals for 2018 and 2019.*

NIBC is able to gather the actual waste data for its facility in the Hague, but not for most of its leased locations. Therefore we have made estimates for leased locations.

Figures from the Hague include (external) commercial and civil society tenants of NIBC's facility. In the Hague, additional food-related waste streams exist due to the catering facilities which do not exist in our other locations.

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Business Travel

Emissions figures for car and air travel are provided by our travel partners. For both car travel and air travel, total travel increased compared to 2018. No deduction was made for private use of leased cars.

	2019	2018	2017	Unit
Car	499	340	366	tCO ₂ e
Air	358	213	298	tCO ₂ e
Public Transport (train / tram / bus)	59	13	13	tCO ₂ e
Bicycle / Walk	0	0	0	tCO ₂ e
Total	972	784	1024	tCO ₂ e
Travel intensity (GRI 305-4)	1.3	0.7	0.9	tCO ₂ e per FTE

NIBC calculates estimates for public transport. Although public transportation providers such as NS in the Netherlands source green electricity and focus on circular business operations, we have increased our emissions estimates for public transport in 2019 to follow a precautionary approach. If we can replace estimates for public transport in the future with actual data, we will do so.

An internal survey within NIBC has revealed that about 25% of NIBC employees travel to work by bicycle. We have assumed no emissions related to this form of business travel.



UN PRB Disclosure Index

Principles for Responsible Banking

The Principles for Responsible Banking (UN PRB) are an international framework that embeds sustainability at the strategic, portfolio and transactional levels and across all business areas. Although NIBC is not a signatory of PRB, we offer this UN PRB disclosure for interested stakeholders.

Principle	Self Assessment	Disclosure References
Principle 1: Alignment NIBC will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.		
1.1 Business Model Description	NIBC is a retail and commercial bank headquartered in the Hague serving retail and mid-sized corporate customers in selected sectors across Northwest Europe. We are present in four countries – the Netherlands, Germany, the UK and Belgium. Our business model is differentiated from peers by the fact that we do not operate a brick and mortar branch network, nor do we offer retail or corporate current accounts.	2019 NIBC Holding Annual Report, p6-7 NIBC Sustainability Report, p4-5 NIBC GRI Content Index, p2-3
1.2 Business Strategy Alignment	Sustainability is a core part of our business strategy. Responsible business frameworks such as the UN Global Compact, SDGs, and Paris Climate Agreement are embedded in our sustainability policies, guide our decisioning processes and are described in our management reporting.	2019 NIBC Holding Annual Report, p46,86 NIBC Sustainability Report, p4 <u>Website:</u> NIBC Sustainability Framework NIBC Sustainability Policies

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Principle	Self Assessment	Disclosure References
<p>Principle 2: Impact and Target Setting NIBC will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</p>		
2.1 Impact Analysis	NIBC summarises its material environmental impacts and salient human rights impacts in its Annual Report. This includes physical and transition climate risks and potential developments. Further details are disclosed in our Sustainability Report.	2019 NIBC Holding Annual Report, p90 NIBC Sustainability Report NIBC Modern Slavery Statement NIBC TCFD Report
2.2 Target Setting	Quantitative targets are set where possible and practical for our most material aspects. Otherwise qualitative descriptions are provided which demonstrate our commitment and any progress.	2019 NIBC Holding Annual Report NIBC Sustainability Report NIBC TCFD Report
2.3 Plan or Target Implementation & Monitoring	Current targets are monitored on a regular basis. Additional efforts to develop new monitoring tools and potentially implement additional targets are also described.	2019 NIBC Holding Annual Report NIBC Sustainability Report NIBC TCFD Report
2.4 Progress on Implementing Targets	NIBC monitors its progress on the implementation of targets on a regular basis. Efforts are well-described in our disclosures.	2019 NIBC Holding Annual Report NIBC Sustainability Report NIBC TCFD Report

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Principle	Self Assessment	Disclosure References
Principle 3: Clients and customers NIBC will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.		
3.1 Policies and practices to ensure sustainable and responsible relationships with clients and customers	Our day-to-day business decisions and interactions with clients are guided by established principles and policies set out in our Code of Conduct, Business Principles, Corporate Values, Compliance Framework and Sustainability Framework. These documents are available on our website. For many years, we have steadily developed our sustainability agenda in close consultation with our stakeholders.	2019 NIBC Holding Annual Report, p59, 78 NIBC Sustainability Report, p14-15 NIBC Code of Conduct NIBC Sustainability Policies
3.2 How sustainable practices are encouraged with clients and customers to enable economic activities that create shared prosperity	During 2019, NIBC developed several sustainable products. A new mortgage label focused on sustainability, Lot Hypotheken was launched in 2020. NIBC brought the first CLO which is fully compliant with best ESG practices to the market in November 2019. In addition, we developed a new Sustainable Finance Framework to create the foundation for additional sustainable product offerings.	2019 NIBC Holding Annual Report, p50, 84, 86 NIBC Sustainability Report, p90-94 Website NIBC Sustainable Finance Framework
Principle 4: Stakeholders NIBC will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.		
4.1 Stakeholder engagements and partnerships	Engaging with stakeholders in a proactive way and on a continuous basis is central to our strategy and ambition to achieve sustainable growth. We define stakeholders as any group or individual affected directly or indirectly by our activities. We have identified our main stakeholders to include clients, institutional investors, shareholders, regulators, employees and civil society organisations.	2019 NIBC Holding Annual Report, p90-94 NIBC Sustainability Report, p7-8

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Principle	Self Assessment	Disclosure References
Principle 5: Governance and Culture NIBC will implement our commitment to these Principles through effective governance and a culture of responsible banking.		
5.1 Governance Structure	<p>Our Code of Conduct, corporate governance and sustainability governance provide a strong foundation for effective governance. Our mantra is “to do as we say we will”. This means being accountable, getting the basics right and adhering to best practices in corporate governance, compliance and ESG. In turn this approach forces us to carefully consider our corporate commitments and to avoid overstating our achievements.</p>	<p>2019 NIBC Holding Annual Report, p87-88 NIBC Sustainability Report, p13-14 NIBC TCFD Report, p1-3 NIBC Code of Conduct NIBC Sustainability Policies</p>
5.2 Initiatives and Measures	<p>During 2019 we reviewed all of our sustainability policies, updating where necessary to reflect improvements, best practices and relevant societal developments. All new employees of NIBC Bank are informed of our approach to sustainability as part of introduction sessions. These sessions include reflections on current topics in the world around us such as climate risks, modern slavery, money laundering, whistleblowing and ethical business conduct. Subsidiaries of NIBC have adopted our compliance policies and sustainability policies to their businesses and applied these in their operations and client interactions.</p>	<p>2019 NIBC Holding Annual Report, p88 NIBC Sustainability Report, p15 NIBC TCFD Report, p7-20</p>
5.3 Governance structure for implementation of the principles	<p>NIBC’s sustainability governance and corporate governance structure are well aligned to the implementation of the Frameworks which guide us.</p>	<p>2019 NIBC Holding Annual Report, p87-88 NIBC Sustainability Report, p13-14 NIBC TCFD Report, p1-3</p>

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Principle	Self Assessment	Disclosure References
<p>Principle 6: Transparency and Accountability NIBC will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.</p>		
<p>6.1 Progress on implementing the Principles for Responsible Banking</p>	<p>This is the first disclosure index for UN PRB that NIBC has published.</p> <p>At the same time, most of the elements required for PRB have already been in place for a number of years at NIBC and disclosed in our Annual Reports, Sustainability Reports and other disclosures.</p>	<p>2019 NIBC Holding Annual Report NIBC Sustainability Report NIBC TCFD Report</p>

Cautionary Statement

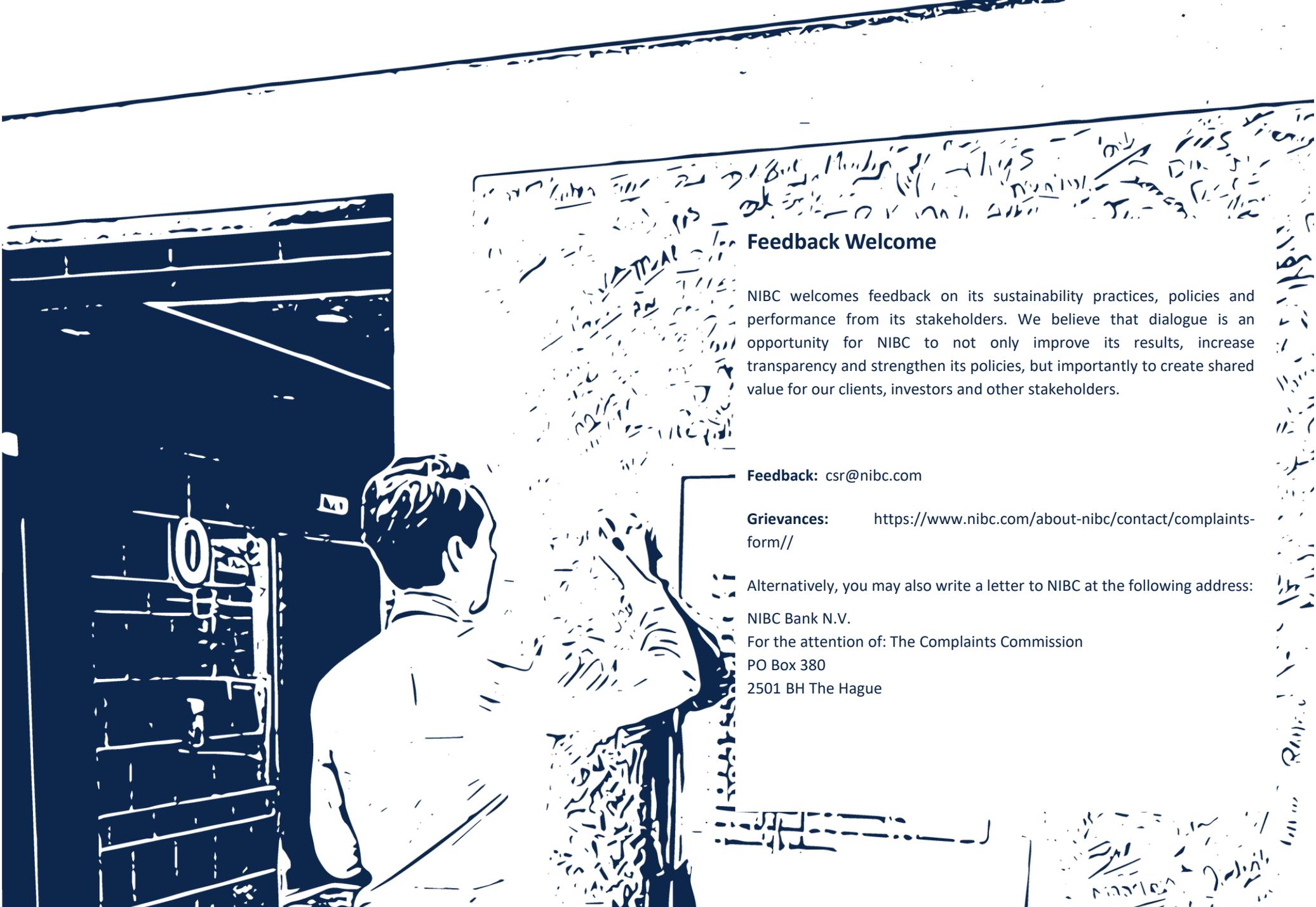
The figures presented in this report are unaudited unless otherwise stated.

Some are estimates and apply new methods and principles which are at an early stage and still being developed.

Certain statements in this report are not historical facts and are 'forward-looking' statements that relate to, among other things, NIBC's business, risks, plans, objectives, goals, strategies, future events, future performance, plans or intentions, as well as assumptions thereof. These statements are based on NIBC's current view with respect to future events and performance. By their very nature, forward-looking statements involve uncertainties and are subject to certain risks. NIBC's view may change. The risks and uncertainties as addressed in this report, the occurrence of which could cause NIBC's actual results and/or performance to differ from those predicted in such forward looking statements and from past results.

The forward-looking statements speak only as of the date hereof. NIBC does not undertake any obligation to update or revise forward-looking statements contained in this report, whether as a result of new information, future events or otherwise. Neither do NIBC nor any of its directors, officers, employees do make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.





Feedback Welcome

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

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