NIBC

TCFD REPORT

CLIMATE-RELATED FINANCIAL DISCLOSURE

August 2022

Taskforce on Climate-related Financial Disclosures (TCFD)

NIBC has assessed the risks related to climate change related to our lending and investment portfolios. Climate and the environment are also among the financial and non-financial environmental risks and opportunities which are taken into account as part of NIBC's core business strategy.

2021-2022 Climate Highlights

- NIBC exits Offshore (fossil fuel) Energy (July 2022)
- NIBC joins UN Principles for Responsible Investment UN PRI (April 2022)
- NIBC 2021 Annual Report: NIBC's first EU Taxonomy disclosures (March 2022)
- COP26: NIBC announces strategic realignment, ends new financings of fossil fuel exploration and production (November 2021)
- NIBC EUR 750 mln Senior Green Preferred launched (September 2021)

To support the transition to a net-zero economy, strengthen the climate resilience of the financial sector and future proof our business model, NIBC is taking a precautionary approach and is committed to implement the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)[1]. Climate and environmental risks and opportunities are also summarised in relevant sections of our 2021 Annual Report. Information reported in this disclosure are for NIBC Holding including its material subsidiaries unless otherwise stated.

Despite the challenges faced by the world today, we remain optimistic that together we can achieve the Paris targets if governments, businesses and consumers each do their part and take action today. Many steps have been taken already over the years by NIBC toward meeting our responsibilities under the Paris Climate Agreement.

NIBC's primary climate-related target is Paris-aligned, client-focused and follows the science. We aim to achieve zero greenhouse gas emissions in our lending and investment portfolio and in our operations before 2050. A second goal is to achieve substantial reductions to the extent that this is possible by 2030. Our 2030 target is aligned to the European target and recently revised Dutch ambition for a 55% reduction. We aim to support a just transition, to do our part to keep global warming below 1.5 degrees and together with our clients to take the practical steps necessary in support of these goals. NIBC is a signatory of the Climate Commitment of the Dutch Financial Sector.

Our progress is keeping pace with external developments and is ahead of many financial peers. For example, NIBC has exited fossil fuel exploration and production, a step which brings us much closer to realising our climate target of a 55% reduction by 2030 and net zero by 2050. Based on calculations using current PCAF factors, the sale of our remaining fossil portfolio as part of our Focus and Accelerate strategy will reduce NIBC's financed emissions by about one third, a tangible result for NIBC and our stakeholders.

We recognize that not all of the technologies needed to achieve zero emissions exist as of today. Therefore NIBC's future portfolio emissions reductions are unlikely to be perfectly linear, but will involve step changes for our clients which are also influenced by technological and regulatory developments. We will continue to evolve our approach and work with clients and other business partners to help them achieve their transition to zero.

[1] Taskforce on Climate-related Financial Disclosures, https://www.fsb-tcfd.org/

About NIBC

NIBC’s value creation story is unique. Established in 1945 to help rebuild the Netherlands after the Second World War, NIBC is strongly rooted in its obligations to create societal value and build financial resilience.

Over time NIBC has evolved to become an enterprising bank offering asset-based financing and coinvesting services to entrepreneurial corporate and retail clients in northwestern Europe. By continuing to transform our business and adapt to changing societal needs, we aim to continue our tradition of creating long term value for stakeholders.

NIBC's approximately 700 employees serve over 450,000 retail clients, 450 corporate clients and approximately 3,000 small-medium sized leasing clients, who rely on us to deliver secure and reliable banking services. As a mid-sized financial institution operating from the Netherlands, the United Kingdom, Germany and Belgium, we are differentiated from peers in the markets we serve, the asset classes upon which we focus, the product mix that we offer and our ability to innovate and adapt to changing market circumstances.

The operating environment is dynamic and the risks and opportunities in this environment impact our ability to create value. Social and economic impacts of the COVID-19 pandemic, technology, demographic changes, global warming, a continued low interest rate environment and increased regulation and oversight are influencing NIBC and our stakeholders.

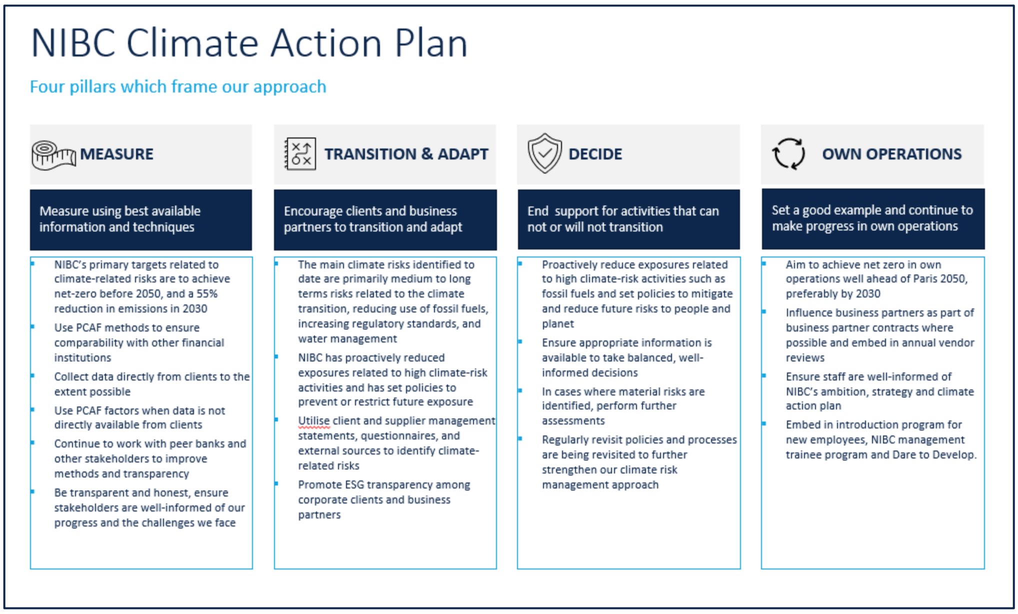
Several drivers are crucial to our value creation model. Our relationships with retail and corporate clients are based on trust. Access to funding through retail savings, debt investors and shareholders enable us to execute our strategy. Our employees bring us the skills and knowledge needed to deliver our strategy. Our risk management systems and processes reduce the risks related to our product offering for NIBC as well as for our clients. Our technology and data capabilities help us to deliver a great client experience, to scale and to run as a modern financial institution without the need for brick and mortar branches. And our relationships with regulators, rating agencies and civil society organisations bring strength to our brand and reputation.

We aim to deliver value to our stakeholders. Our corporate clients receive funding to grow their business. Our mortgage clients receive funding to purchase their home. Our savings clients are enabled to safely save for tomorrow and increase their financial resilience. Our workforce is increasingly diverse, innovative, adaptable and living our corporate values. Our investors receive good returns enabling them to meet their goals. And the communities we serve are more resilient and strong, benefitting from the growth, services and opportunities we’ve helped to empower.

Looking ahead, the sectors and activities which NIBC is pursuing reflect growth opportunities, our ambition to accelerate growth, long-term societal needs, and NIBC's sustainability priorities. For example, NIBC’s retail offerings (mortgage loans & Buy-to-Let) and three corporate focus sectors (Commercial Real Estate, Digital Infrastructure and Shipping) are activities which will be needed today as well as after 2050 and therefore need to transition to net zero aligned to EU and Paris Agreement targets. NIBC's award-winning North Westerly ESG CLO program is bringing investment to private companies and providing opportunities for responsible investors. And our platform activities are well positioned to enable a sustainable transition in the leasing markets they serve.

NIBC Climate Action Plan

NIBC's Climate Action Plan is a part of NIBC's overall ESG Strategy. Our ESG strategy starts with a simple premise: sustainability and climate neutrality are everyone's responsibility and must become our business as usual. They should be among the considerations which are embedded and consistently applied in all business activities of our organisation. They should be balanced across environmental, social and governance factors. They should also be balanced with other considerations, recognising that there are always trade-offs which we need to carefully weigh as part of any decision.



Our Plan is guided by international frameworks such as the Paris Agreement, the Taskforce on Climate Related Financial Disclosures and the UNFCCC Climate Action Pathways[2] which are relevant to asset classes where NIBC is active.

By sharing this Climate Action Plan, NIBC is fulfilling one of its commitments under the Climate Agreement of the Dutch Financial Sector[3]. We are also committed to updating our plan and sharing our actions and progress within our future disclosures.

Ambition

Our climate ambition is to reach net zero emissions in our financings and operations before 2050 (Paris - aligned, 1.5° scenario) and a 55% reduction by 2030 (EU and NL-aligned). These commitments are endorsed by NIBC's Executive Committee (ExCo) and our progress is reported in NIBC's Annual Report and other disclosures. Additional intermediate targets will be set over the coming months which will allow us to steer and potentially help us to enhance our disclosures in regard to our progress.

Capacity

Unlike many larger peer financial institutions, ESG is not a separate business unit or pillar within NIBC. Instead it is integrated in the day-to-day processes and decision making within each NIBC business unit. This means that effectively our entire organisation is working towards our climate action plan and targets as part of their day to day business. Implementation of our Plan is led by a working group coordinated by NIBC's Sustainability Team. Progress and resource requirements are discussed periodically with NIBC's ExCo, Supervisory Board and/or related senior management committees. The risks are managed within NIBC's three line of defense risk

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[2] UNFCC Climate Action Pathways, https://unfccc.int/climate-action/marrakech-partnership/reporting-and-tracking/climate_action_pathways

[3] NVB, 50 financial institutions sign up for climate goals https://www.nvb.nl/english/50-financial-institutions-sign-up-for-climate-goals/

management structure. NIBC has a well-developed Sustainability Framework, Sustainability Policy and Environment and Climate policy which are supported by sector-specific policies to guide our approach.

Although awareness within NIBC in regard to ESG is arguably at an all-time high, climate and sustainability are among the topics introduced to every new staff member as part of introduction sessions led by NIBC's CEO. This helps us to further build our capacity and to ensure we live up to our policy promises. Free training and education on ESG topics is offered and available to all staff members on the bank's intranet. Sessions involving external speakers are held regularly, often as part of NIBC's Innovation Lab, to inspire change and inform on latest developments and best practices.

Scope

Our corporate banking, retail banking and mezzanine equity investments are considered to be in scope. Our own operational footprint is also considered to be in scope. Out of scope and immaterial from a climate perspective are NIBC's liquidity management activities, since they primarily involves other financial institutions and cash at central banks. Leasing activities also are not yet included in our measurements.

Methods

NIBC uses Partnership for Carbon Accounting Financials (PCAF) methodologies for calculating estimated financed emissions. To the extent practical we aim to increasingly source information directly from clients. In cases where this is not possible, we plan to utilise the factors and methods of PCAF.

When deviations from these methods are necessary, this is disclosed in our reporting. We also provide disclosures under EU Taxonomy and SFDR. One benefit is that each of these methods is evolving and should result in consistently improving disclosures over time. A challenge is that comparability to prior figures may not always be ideal.

Targets

- Net zero emissions before 2050 related to our financings and operations (Paris aligned, 1.5° scenario)
- 55% reduction in emissions by 2030
- End financing of fossil fuel exploration & production (achieved 2022)

We expect to set additional intermediate targets in the coming years.

Actions

Our actions to achieve climate neutrality are increasingly publicly visible. NIBC focuses on asset-based finance in several core asset classes. These include retail mortgages, commercial real estate, infrastructure, shipping and financial platform activities. Each of these sectors have their own pathway towards zero emissions. NIBC is guided by the UNFCCC climate action pathways for each of these sectors, recognising that each has a different timeline and will use different decarbonisation technologies.

NIBC has ended its financing of fossil fuel exploration and production[4]. According to civil society stakeholders, this is the most meaningful step that a financial institution can take to reduce climate impacts. This followed the updates NIBC published during COP26 to its Sustainability Policy[5] and its Environment and Climate Policy[6] to exclude new financings of fossil fuel exploration and production. NIBC had already been reducing fossil exposures for several years to reduce risks related to cyclical exposures and climate impacts.

NIBC is enabling and promoting climate action. For example, we finance renovations that raise the energy performance of commercial and retail properties. We work with ship owners to reduce fuel consumption per

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[4] NIBC announcement of the sale of its remaining Offshore Energy portfolio (July 2022): https://www.nibc.com/about-nibc/newsroom/newsroom/nibc-sells-its-offshore-energy-portfolio-which-further-enhances-nibcs-esg-profile/

[5] NIBC Sustainability Policy, p3: https://www.nibc.com/media/3036/nibc-sustainability-policy.pdf

[6] NIBC Environment and Climate Policy, p4: https://www.nibc.com/media/3036/nibc-sustainability-policy.pdf

km per tonne of cargo carried and to prepare for the capital investments that will be needed in new fuel and propulsion technologies. And we promote energy-efficient digital infrastructure and efforts within this asset class to increase the sourcing of renewables. In some cases, KPIs have been embedded in "sustainability-linked" loans for corporate clients, requiring certain levels of performance tied to interest rate incentives.

We are taking steps to further increase transparency and quality. NIBC published Taxonomy tables, estimated emissions, emissions intensity ratios and resource consumption figures in our 2021 Annual Reports. Methods were discussed with our external auditors, peer banks and other stakeholders as we work together towards greater comparability of disclosures. The Allocation Report and Impact report for our inaugural EUR 750 mln senior green preferred issuance will be published in the coming weeks. The Allocation Report has been externally audited. The Impact Report has been prepared independently by a third party.

In our supplier contracts, we have embedded our expectation that suppliers and vendors take actions to reduce emissions aligned with Paris targets, respect human rights aligned with the UN Guiding Principles on Business and Human Rights, and ensure appropriate management structures are in place aligned with the OECD Guidelines[7].

We continue to work to set the right example in our own operations. We have made significant progress over the last ten years to reduce our footprint. Consumption of office paper has been reduced by 98% since 2012, saving on related emissions and procurement costs. LED lighting and energy-efficient equipment are the standard in all NIBC locations. The most material remaining operational emissions are caused by heating & cooling of our office premises and business travel. We purchase WWF Gold-Standard carbon offsets[8] from NGOs each year to offset any residual operational (Scope 1 and 2) emissions to be operationally carbon neutral.

Monitoring

We publish performance indicators each year in our Annual Report. Our Sustainability Report, TCFD Report and other ESG-related disclosures provide additional indicators and underlying details and are usually published during the mid-year period.

Client performance is monitored utilising both public and private sources. Increasingly "sustainability-linked" financing structures are used for corporate transactions which link margin incentives to sustainability performance. Where KPIs have been embedded in financing structures, clients are required to provide periodic performance updates. Legislation such as the NFRD and CSRD (upcoming) may help in some cases, though most NIBC corporate clients are below the current and upcoming thresholds which require public corporate disclosure.

Other frameworks and standards also adding to this transparency ecosystem, such as IMO requirements for shipping in terms of use of low sulphur fuels, energy efficiency indexing and reporting of fuel usage[9] and weight and distance of cargo carried. Scrubbers (preferably closed-loop) are utilised in certain cases to reduce emissions. Ballast water treatment systems, bilge water filtering and regular hull cleaning add to the environmental management systems of ships and help to manage marine-based invasive species, important to prevent unintended biodiversity impacts.

NIBC has also been developing internal dashboards to facilitate the management and monitoring of climate, biodiversity and environmental performance within each asset class that we finance. Updates in regard to ESG, climate and regulatory developments are provided to our Executive Committee, Supervisory Board and/or other senior management committees.

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[7] NIBC Supplier Code of Conduct, https://www.nibc.com/media/2894/nibc-supplier-code-of-conduct.pdf

[8] WWF Gold Standard, https://wwf.panda.org/wwf_news/?126681/Go-with-Gold-for-quality-carbon-offsetting

[9] IMO Data Collection System, https://www.imo.org/en/OurWork/Environment/Pages/Data-Collection-System.aspx

TCFD Index Summary

For interested readers, we have prepared a TCFD Index which summarises NIBC's approach across the TCFD recommended disclosures. This Index also provides references to find additional information in regard to each recommended element.

Recommended TCFD Disclosure[10]	NIBC's approach in brief
Governance	
a) Describe the board's oversight of climate-related risks and opportunities.	NIBC operates a two tier board structure consisting of our Executive Committee (NIBC's statutory and non-statutory Managing Board) and our Supervisory Board. NIBC's ExCo oversees climate-related risks and opportunities as well as ESG-related risks and opportunities. Climate matters are discussed regularly with NIBC's Supervisory Board, which advises NIBC's ExCo. NIBC Supervisory Board's Risk Policy & Compliance Committee (RPCC) monitors and periodically discusses sustainability matters.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	NIBC's ExCo discuss and advise on climate strategy, targets, planning and budget. NIBC's Risk Management Committee (RMC) chaired by our Chief Risk Officer, is responsible for approving NIBC's Sustainability Framework and its underlying policies, including NIBC's Environment and Climate Policy. NIBC's Asset & Liability Committee, chaired by our Chief Financial Officer, approved the first issuance under our Green Bond Framework. NIBC's Transaction and Investment committees approve corporate deals, including climate-related aspects, plans and margin incentives.
	For additional details regarding a+b, please refer to the *Governance section* of this TCFD Report.
Strategy	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	The primary climate-related risks identified by NIBC are climate risk as a driver of credit risks and operational risks and largely in the medium to long-term. The climate-related credit risks are seen to be related to our clients' ability to repay loans given fluctuations in energy prices, food prices and other macroeconomic changes. Also given NIBC's focus on asset-based finance, collateral values may be impacted in the medium to long term. Climate related operational risks include reputational risk, litigation risk and business continuity risk. Reputational risk and litigation risk have likely lessened in the short, medium and long term in part due to changes implemented as part of NIBC's *Focus and Accelerate* strategy[11]. Climate risk as a driver of liquidity risk and market risk are not currently assessed to be material, but this may change over time as more data becomes available and our insights grow. Climate-related opportunities are likely in terms of corporate and retail product development. Sustainable mortgages provided to retail customers by Lot Hypotheken[12] and NIBC Direct[13] are two examples. Sustainability-linked lending in each of the corporate asset-classes is also increasing and may even become the norm. NIBC's award-winning North Westerly ESG CLO program[14] shows that NIBC is identifying and successfully growing business opportunities related to ESG. There are also opportunities for NIBC in terms of funding. NIBC's first issuance under a new Green Bond Framework[15] was well received and helped to broaden NIBC's debt investor base[16].
b) Describe the impact of climate-related risks	Climate risks and opportunities are among the many drivers of financial and non-financial risk which are considered as part of NIBC's business strategy and financial planning.

[10] Taskforce for Climate related Financial Disclosures (TCFD) recommendations, https://www.fsb-tcfd.org/recommendations/

[11] NIBC to focus on asset based financing, November 2021: https://www.nibc.com/about-nibc/newsroom/newsroom/nibc-to-accelerate-growth-by-focusing-on-asset-backed-financing/

[12] Lot Hypotheken sustainable mortgages: https://www.lothypotheken.nl/

[13] NIBC Direct sustainable mortgages: https://www.nibcdirect.nl/hypotheken/verduurzamen/

[14] North Westerly VII ESG CLO awarded Global Capital Securitisation ESG Deal of the Year, April 2022: https://www.nibc.com/about-nibc/newsroom/newsroom/esg-deal-of-the-year-for-clo-north-westerly-vii/

[15] NIBC Green Bond Framework, https://www.nibc.com/media/2942/nibc-green-bond-framework-june-2021.pdf

[16] NIBC enters green bond market, September 2021: https://www.nibc.com/about-nibc/newsroom/newsroom/nibc-enters-green-bond-market/

and opportunities on the organization's business, strategy, and financial planning.	For example, in November 2021, NIBC announced its updated *Focus and Accelerate* business strategy. As part of this strategic update, NIBC updated its Sustainability Policy to exclude the financing of new fossil fuel exploration and production companies and projects[17], an activity that NIBC had been involved for a number of years. In July 2022 NIBC announced the sale of its remaining Offshore Energy portfolio[18]. Exiting this activity arguably reduces credit risk and operational risks related to climate. For example, it eliminates the risk of stranded assets related to oil & gas. It also presents an opportunity for NIBC to redeploy our balance sheet to accelerate growth in core asset classes in which we can help clients on their pathway to net zero.
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Currently we assess that the potential impact of a 2°C or lower scenario on NIBC is limited and that recent actions taken as part of NIBC's *Focus and Accelerate* strategy may further reduce the sensitivity of our loan portfolio to transitional climate risks in a 2 degree or lower scenario. We also expect rising sea levels and other physical climate risks such as land subsidence and inland flooding to be countered by extra investments by the Dutch government in water defense measures. Physical climate risks are among the subjects analysed in NIBC's business continuity management tests. NIBC's has outsourced its IT infrastructure which also allowed our workforce to operate remotely throughout the Covid-19. We also recognise climate-related impacts are accelerating. The financial impact of climate-risk when combined with the Covid-19 pandemic, supply chain disruptions, a war in Ukraine and rising inflation creates complexities which are difficult to fully analyze and attribute. We continue to be vigilant, to share our learnings and to grow our understanding of the possible impacts.
	For additional details regarding a+b+c, please refer to the *Strategy section* of this TCFD Report.
Risk Management	
a) Describe the organization's processes for identifying and assessing climate-related risks.	Climate-related risks are identified and assessed as part of NIBC's integrated risk management framework. Within our risk management framework, a dedicated Sustainability Framework has been established to help NIBC identify, assess and mitigate potential ESG risks including climate-related risks.
b) Describe the organization's processes for managing climate-related risks.	Management of climate-related risks follows NIBC's three line of defense risk management structure as described in our comprehensive Risk Management Framework. The processes for managing and assessing climate-related and other ESG risks are described in our Sustainability Framework[19]. NIBC also maintains a Sustainability Policy and an Environment and Climate Policy. For corporate transactions, these involve due diligence, assessment and monitoring by the 1st line of defense, review and monitoring by the second line of defense. The purpose of due diligence and the assessment are to ensure that any material or salient risks are identified, discussed and mitigation measures taken. These processes also help to ensure that all pertinent information is presented to NIBC's approval bodies to reach well-informed decisions. Climate-related risks are managed at a portfolio level for retail exposures following the same three line of defense model. NIBC's Retail Risk Team monitors and reviews portfolio development including climate-related aspects. New products and significant changes to existing products are analysed for climate-related and ESG risks and potential impacts.
c) Describe how processes for identifying, assessing, and managing climate-	NIBC operates a 'three lines of defense' 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.

[17] NIBC Sustainability Policy, p3: https://www.nibc.com/media/3036/nibc-sustainability-policy.pdf

[18] NIBC announcement of sale of remaining Offshore Energy portfolio: https://www.nibc.com/about-nibc/newsroom/newsroom/nibc-sells-its-offshore-energy-portfolio-which-further-enhances-nibcs-esg-profile/
Watson Farley & Williams announcement: https://www.wfw.com/press/wfw-advises-nibc-on-sale-of-its-originally-e1-5bn-offshore-energy-portfolio/

[19] NIBC Sustainability Framework, https://www.nibc.com/media/1440/nibc-sustainability-framework.pdf

related risks are integrated into the organization's overall risk management.	The three lines of defense 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 manages material and salient risks to protect NIBC and its stakeholders. The three lines of defense model is embedded in NIBC's Risk Management Framework. NIBC also maintains a Risk Appetite Framework which establishes risk tolerances for each category of risk. Risk tolerance may be quantitative or qualitative, depending on the type of risk, our assessment, the timeframe, the possible impact and data available. NIBC maintains a heatmap of physical and transitional climate risks across three time horizons. This approach is specific to NIBC, our operating model, the asset classes that we finance, the locations of our clients, and the risks specific to these dimensions. NIBC is currently working to meet ECB and supervisory expectations in regard to climate-related risk. To meet these expectations, we are involved in regular discussions with our financial peers in regard to best practices and other learnings regarding climate-related risks as drivers of financial risk. One such fora is the Dutch Banking Association's ESG Risk working group, which NIBC currently chairs.
	For additional details regarding a+b+c, please refer to the *Risk Management section* of this TCFD Report.
Metrics & Targets	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	NIBC's main business activities are related to asset-based lending and platform finance. Therefore our main metric used to measure and manage (potential) climate-related risks is estimated financed carbon emissions. We use other metrics such as energy labels of our retail and commercial real estate portfolios to supplement financed carbon emission estimates. Our recent EU Taxonomy tables provide additional metrics which provide further insights into these business activities. Additional metrics are used to measure resource and usage such as water, energy, waste management and business travel. The raw amounts are relatively less material, but are important to show that we also walk the talk. The climate is everyone's responsibility, so we must also pay attention to the details and make progress in our own operations. To assess the opportunities, we ae developing further metrics. For example, NIBC has contracted a third party to calculate the impact of the green bond for investors.
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	NIBC has been monitoring and working to reduce our scope 1, 2 and 3 greenhouse gas emissions resulting from our operations. Although we are proud of the good progress we have made to date toward both our long term and intermediate emissions targets, there is more work to do. Our 2021 totals are as follows: Scope 1: 170 tonnes; Scope 2: 0 tonnes; Scope 3 including financed emissions: 4,536,725 tonnes The full details and explanation are provided in the *Metrics and Targets section* of this report. For clarity in regard to our actions and next steps, we have disclosed our Climate Action Plan as part of this TCFD report. As with most finance and professional services organisations, the main risks are related to our financings and the emissions of our clients. The risks related to our own operations are minimal. Climate risk mitigation efforts are most material relative to our financings, but try to lead by example in our own operations, providing as much transparency as is useful and practical.
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	NIBC has set high level targets to manage its climate-related risks. Our overall target is net zero emissions before 2050. We have also set an interim target of a 55% reduction by 2030. These targets apply to our financings (lending and investment portfolios) and to our own operations. We intend to set further interim targets in the near future, balancing climate-related risks with other ESG aspects aligned with our ambition for a just transition.

	For our financings, we measure using industry standard methodologies such as PCAF. For our 2021 reporting, we utilised the latest factors available via PCAF as of February 2022 and applied these to our retail and corporate lending portfolios. NIBC has been measuring emissions related to its own operations since 2010 and has made significant progress in reducing emissions and managing the resources we use. For example, our headquarters in the Hague is now an average energy label A across the building complex. We have sourced 100% renewable energy across all locations since 2017. Our use of paper has been reduced by 98% by comparison to 2012. Today the biggest sources of emissions in our operations are use of gas for heating/cooling and business travel. Since 2015, we have purchased WWF Gold Standard offsets from NGOs to compensate for our operational emissions to ensure that operationally we are carbon neutral.
	For additional details regarding a+b+c, please refer to the *Metrics & Targets section* of this TCFD Report.

Governance

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

NIBC operates a two-tier board structure. Our Managing Board and Executive Committee (ExCo) are ultimately responsibility for all sustainability matters. The ExCo is also responsible for policies that impact NIBC's culture and ethics, such as the Code of Conduct. Although ESG aspects are a standing quarterly topic on our ExCo agenda, in practice discussions with ExCo and individually with its members are more frequent. Sustainability matters are also presented and discussed on a quarterly basis with NIBC's Supervisory Board and/or its sub-committees. During 2021, professional education sessions focused on ESG topics were held with NIBC's ExCo and Supervisory Board. These training sessions were led by external parties and focused on areas such as ESG-related regulatory developments.

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

Role	Responsibility
Supervisory Board	Sustainability matters are discussed on a quarterly basis with NIBC's 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 & Executive Committee (ExCo)	NIBC's Managing Board is ultimate responsible for all sustainability matters. ExCo members discuss and advise on sustainability strategy, targets, planning and budget. The ExCo is responsible for policies that impact NIBC's culture and ethics, such as the Code of Conduct and approves certain public reports, such as NIBC's Modern Slavery Statement.
Risk Management Committee (RMC)	New sustainabilty policies and material changes 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, approves new products (NPARP) and approves significant changes to existing products (SCARP).
Transaction Committee (TC), Investment Committee (IC), & Engagement Committee (EC)	Sustainability and climate 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 committees weigh the financial and sustainability risks associated with a client or a transaction and how these risks are mitigated or managed in order to reach well-informed decisions. 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.
Asset & Liability Committee (ALCO)	NIBC's ALCO and its Green Bond Working Group (GB WG) are responsible for any Green Bond Issuances. The GBWG is responsible for identifying eligible assets according to the criteria of NIBC's Green Bond Framework and monitoring their eligibility.

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 provides advices on transaction proposals, new products, and significant changes to existing products. The Officer chairs the GBWG which monitors the eligibility of green assets according to the criteria set in NIBC's Green Bond Framework. 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.

Responsibility for NIBC's sustainability agenda is delegated to the Sustainability Officer but is primarily managed by and embedded in each business unit. Processes, roles and responsibilities are defined to manage sustainability and take a precautionary approach.

The NIBC Sustainability agenda is led by a dedicated full-time senior sustainability officer who is responsible for catalysing sustainability and corporate social responsibility within the organisation. The officer is responsible for the set-up and implementation of the sustainability strategy, including targets, planning and budget. He is up to date on all sustainability developments and is responsible for engaging with our external stakeholders. The officer meets regularly with each business unit to discuss progress and evaluate activities. Sustainability matters are monitored and reported periodically to the ExCo and NIBC's Supervisory Board.

NIBC's Three Lines of Defense Model

Our sustainability governance revolves around a system of checks and balances to ensure that ESG-related risks and stakeholder views are well-considered within our decision-making processes. NIBC operates a 'three lines of defense' 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 Team** is responsible for setting policies, challenging, 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

Policies

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

Our policies include among others:

Sustainability Policies

- Sustainability Framework
- Sustainability Policy
- Environment and Climate Policy
- Human Rights Policy
- 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 Defence Policy
- Supplier Code of Conduct

Financial Frameworks

- Green Bond Framework (launched June 2021)
- Sustainable Finance Framework (launched March 2020)

Corporate Governance & Compliance Policies

- NIBC Code of Conduct
- NIBC Bankers Oath
- NIBC Diversity Policy
- Remuneration Policies
- Anti-Bribery and Corruption Policy
- Fraud Prevention Policy
- Prevention of Tax Evasion Policy
- Client Due Diligence Policy
- Whistleblowing Policy
- Sanctions Policy
- Conflicts of Interest Policy
- Gifts and Entertainment Policy

Risk & Operational Risk Management Policies

- Risk Management Framework
- Retail Risk Management Framework
- NIBC Business Continuity Management Policy
- Operational Risk Management Policy
- New Product Approval and Review Policy
- Significant Change Approval and Review Policy
- Corporate Information Security Policy
- Data Protection Policy

NIBC's ESG policy approach is also well-aligned to the EC Platform for Sustainable Finance's July 2022 call for feedback on their draft recommendations[20] in regard to minimum social safeguards. These are expected to be used as a practical approach to meet the do no significant harm criteria under the EU Taxonomy.

Charters and Principles

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:

- UN Global Compact (signatory)
- UN Principles for Responsible Investment - UNPRI (signatory)
- OECD Guidelines for Multinational Enterprises (by policy)
- UN Guiding Principles on Business and Human Rights (by policy)
- Universal Declaration of Human Rights (by policy)

[20] Platform for Sustainable Finance call for feedback on minimum safeguards, https://ec.europa.eu/info/publications/220711-sustainable-finance-platform-report-minimum-safeguards_en

- ILO Core Conventions (by policy)
- UNEP FI (by policy)
- PCAF- Partnership for Carbon Accounting Financials (member institution)
- EEM-NL - Energy Efficient Mortgages Netherlands (member institution)
- Equator Principles (member institution)
- IFC Performance Standards (by policy)
- Wolfsberg Principles (by policy)
- FATF recommendations (by policy)

Additional principles and charters applied by NIBC are mentioned in our sector and issue-specific sustainability policies.[21]

Climate & Environment-related Activity Exclusions

There are certain activities which NIBC will not finance or invest in. This may be because NIBC has strong sustainability concerns about such activities or because the ESG risk is too great relative to our risk appetite. Our main climate, biodiversity and other environmental exclusions are as follows:

Climate and Greenhouse Gas Emissions

- Any new financings to fossil fuel exploration, production or power generation companies and projects;
- Extreme fossil fuel exploration and production, such as fracking, arctic/antarctic, tar sands or fossil fuels extracted from liquefied coal;
- Coal and lignite mining and/or power generation.

Environmental

- Mountaintop removal mining or uranium mining;
- Nuclear power generation;
- Production, use or trade in unbounded asbestos fibers and asbestos-containing products excluding asbestos cement sheeting where asbestos content is less than 20 per cent;
- Production, use or trade in products containing
  - Unbounded asbestos fibers
  - PCBs (polychlorinated biphenyls);
  - Pesticides, herbicides, pharmaceuticals and other hazardous substances subject to international phase-outs or bans;
  - Chlorofluorocarbons (CFCs), halons and other chemical or ozone depleting substances not in line with international treaties, such as the Montreal Protocol or Stockholm Convention;
- Trans boundary trade in and disposal of hazardous wastes, chemicals or pesticides not in line with the Basel Convention, or the Rotterdam Convention.

Biodiversity and Animal Welfare

- Trade in wildlife or wildlife products regulated under Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- Overfishing and harmful fishing techniques such as using dynamite, shark finning and drift net fishing in the marine environment using nets in excess of 2.5 km. in length;
- Animal testing other than for medical purposes;
- Production, distribution, sale and trade of fur products;
- Use of endangered species or wild animals for entertainment.

Activity exclusions are embedded in NIBC's sustainability policies. Activity exclusions or other material changes to our sustainability policies are approved by NIBC's Risk Management Committee.

[21] NIBC Sustainability Policies: https://www.nibc.com/about-nibc/sustainability/sustainability-governance/

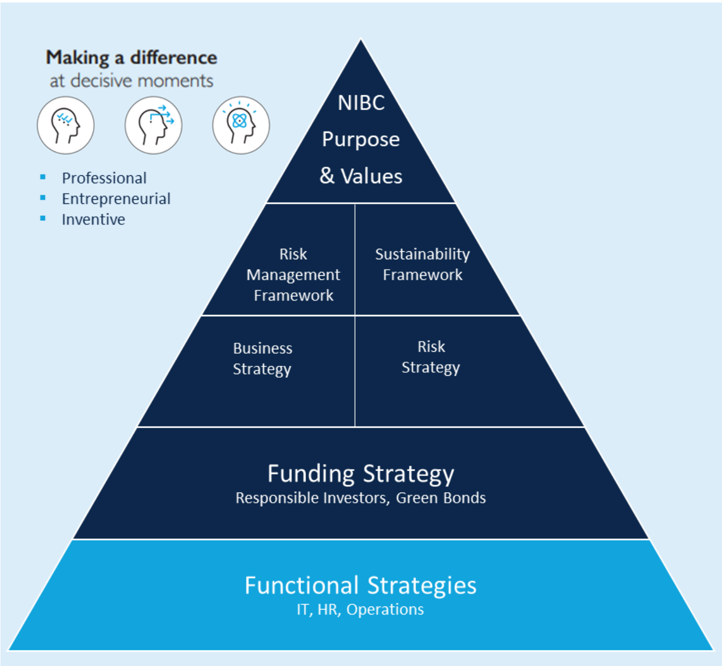
Strategy

Sustainability is an integral part of our overall corporate strategy to create financial and non-financial value for our stakeholders. NIBC's business activities, our value chain and our operational footprint as described earlier in this report and in our Annual Report provide the context for NIBC's sustainability strategy.

Overall our sustainability strategy is to identify sustainable opportunities which create financial and non-financial value for our stakeholders, to support our corporate and retail customers to become more sustainable, and to help the communities that we serve to become more resilient. This is embodied in our purpose, supporting clients at decisive moments.

For example, NIBC offers sustainable mortgages to retail customers who want to decarbonize and improve the energy efficiency of their homes. NIBC supports corporate clients to decarbonize and improve the energy efficiency of the assets that we finance – buildings, ships, infrastructure. We also encourage corporate clients and our other business partners to take steps in their own operations and value chain to decarbonize aligned to the Paris Climate Agreement, UN Guiding Principles on Business and Human Rights and other leading international standards.

Our strategy is underpinned by our corporate values and purpose and framed by the UN Global Compact[22] and UN Sustainable Development Goals[23]. These frameworks are pillars which frame our approach in regard to responsible business conduct, transparency and ESG best practices. Where possible we aim to quantify both the positive and negative impacts of activities. In numerous initiatives and fora we raise our voice to follow the science, to embrace the facts and take a precautionary approach.



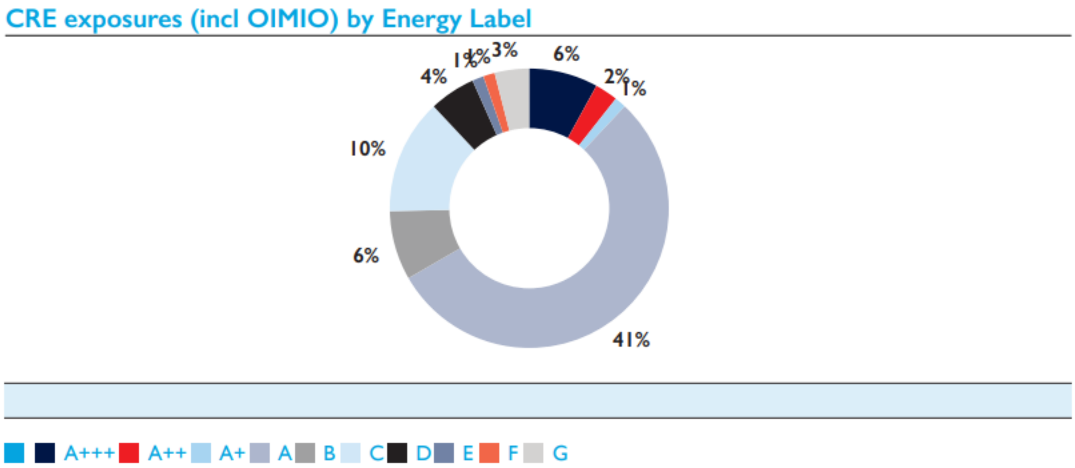
Within this, our climate and environmental strategy is to understand and mitigate financial risks and impacts related to climate change, biodiversity and other environmental aspects. While managing these climate and environmental risks, we are also taking steps to pursue sustainable business opportunities and to build climate and environmental resilience in the communities we serve. By doing so, we aim to create long-term value for our clients and stakeholders.

[22] UN Global Compact, https://www.unglobalcompact.org/what-is-gc/participants/12853-NIBC

[23] UN Sustainable Development Goals, https://sdgs.un.org/goals

Our climate adaptation strategy is to mitigate potential climate, biodiversity and other environmental risks through client and transaction due diligence, stakeholder engagement, awareness initiatives and by supporting companies and consumers in their transitions toward a sustainable future.

For example, NIBC's Commercial Real Estate team is supporting entrepreneurial companies which develop near 'energy neutral' buildings (Bijna Energie Neutral Gebouw [24], 'BENG'), pushing further innovation in energy efficiency. We also support sustainable transformations of existing building stock. 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.



Several Sustainable Development Goals (SDGs) have been selected which frame our business strategy. This is based both on internal reflections as well as on discussions with clients and other stakeholders. These SDGs include Clean Energy (SDG7), Economic Growth (SDG8), Industry & Innovation (SDG9), Sustainable Communities (SDG11), and Responsible Consumption and Production (SDG12). Each of these SDGs have clear environmental targets. By focusing on these SDGs, NIBC also contributes towards several other goals including Climate Action (SDG13) among others.

Sustainability, climate, the SDGs and NIBC's Code of Conduct are introduced to all new staff members as part of employee introduction sessions. The sessions are led by NIBC's CEO and highlight the importance of ESG to NIBC and its stakeholders for risk management and identifying potential future opportunities.

Importantly, we have used the SDGs and UN Global Compact principles to guide business opportunities within our corporate and retail businesses. NIBC's sustainable mortgage label, Lot Hypotheken[25], was launched in 2020. Lot is designed with sustainability at its core, bringing affordability and incentivizing energy efficiency improvements which are evidenced by energy audits and certified installers. By incentivizing these improvements, NIBC hopes to contribute to reductions in greenhouse gases related to heat and electricity use in apartments and homes.

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.

[24] RVO, Bijna Energie Neutraal Gebouw, https://www.rvo.nl/onderwerpen/wetten-en-regels-gebouwen/beng/indicatoren

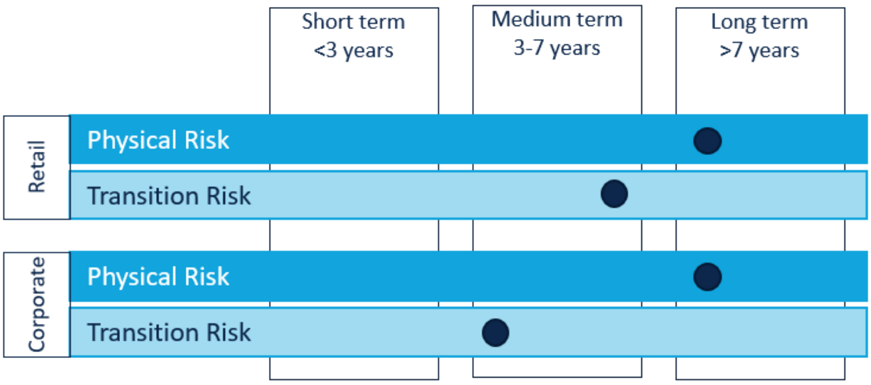
[25] Lot Hypotheken, https://www.lothypotheken.nl/

During 2021, NIBC launched a new Green Bond Framework[26] to support corporate and retail clients in their sustainability ambitions and create new opportunities. The Framework focuses on on-balance sheet assets across three categories: retail residential real estate, commercial residential & office real estate and renewable energy. Each category is aligned to the technical screening criteria (TSC) and do no significant harm criteria (DNSH) of the EU Green Taxonomy, the targets of the SDGs, and the ten principles of the UN Global Compact (UNGC). As our asset base develops over time, the framework allows us to expand to other green asset categories.

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. We focus on the climate risks we face and that our clients face in the asset classes where we are active.

Climate-related risks related to NIBC's current exposures (portfolio as of 31 December 2021)



The image above provides a snapshot of our current assessment of the time-base likelihood of climate risks, based on our lending and investment portfolio as of year-end 2021.

As stated in our sustainability policies and Sustainability Report, NIBC avoids lending or investing in a number of activities. We exclude many of the activities which are viewed to cause climate risks to occur, including coal-fired power, extreme fossil fuels (tar sands, fracking and liquefied coal), and activities linked to deforestation. During 2021 we updates our sustainability policies were updated to also exclude new financings of fossil fuel exploration and production. And in July 2022, NIBC announced the sale of its remaining Offshore Energy portfolio.

NIBC has developed a climate risk heatmap which is specific to the asset classes we finance, the clients we serve and the locations of these assets and their supply chains. To develop our view, we have considered inputs and insights from external sources including scientific research, financial research, peer banks, banking supervisors including central banks. When they materialise, climate and environmental risks are most likely to manifest themselves as financial risks in the areas of credit risk and operational risk. Market risk or liquidity risk may become material over time, but we do not view this as material as of today.

Most public research to date has been done on large-cap listed multinationals and listed companies. No significant publicly-available studies have been done on unlisted and mid-sized companies, nor are independent ESG ratings and research widely available for this segment. This is guiding our approach and

[26] NIBC Green Bond Framework, https://www.nibc.com/media/2942/nibc-green-bond-framework-june-2021.pdf

where we are putting our efforts in regard to quantifying climate risk, biodiversity risk and other sustainability-related risk themes for mid-sized corporates.

To date very few of NIBC's corporate clients have published an NFRD disclosure or equivalent which explicitly mention climate risk. This is not surprising since most are unlisted mid-sized corporates which have limited sustainability reporting or are otherwise not obliged to make an NFRD disclosure. In cases where sustainability reporting is available, the disclosures meet regulatory requirements but are limited in terms of ESG risk insights. We expect these reporting practices will evolve in the coming years with the introduction of the EU CSRD and other reporting requirements.

NIBC itself has been an early adopter and first published a TCFD climate risk report in July 2020. This provided a first public view of our estimated financed emissions and was intended to provide transparency to stakeholders ahead of EU NFRD disclosure requirements. Since then we have continued to build on this work and provided disclosures in our Annual Report and in an annual TCFD Report.

NIBC has developed experimental tools in our Innovation Lab to help develop quantitative metrics. We use these tools to analyse the public reports, websites and policies of corporate clients, listed small cap corporates in north west Europe, and NIBC's vendors and suppliers. We also analyse midcaps and large caps active in our sectors of interest. We search for mentions of physical and transition climate risks, biodiversity risks, and other environmental risks to enhance our understanding in each sector activity. We look for public policy commitments and other evidence of actions taken by corporates to align with Paris targets. We also look for mentions of climate, biodiversity and environmental risks related to corporate supply chains.

Physical Climate and 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. For NIBC, we currently assess physical climate risk to be a medium to long term financial risk as related to our corporate and retail clients.

There are no indications of material acute or chronic physical climate impacts to date in our Retail Portfolio. A long term physical risk which may arise is related to water levels relative to homes in the Netherlands. Land subsidence, damage to wooden pilings used as foundations or even floods are each examples of impacts which can occur from changing water levels. One example is the flooding events which occurred in the Limburg region of the Netherlands & Belgium and in parts of Germany during July 2021.

The Netherlands has a national action plan in place[27] to help address and mitigate these risks at the national level. The plan was renewed during 2021 to cover the period 2022 to 2027. The plan and the water management ecosystem which are in place around it proved effective relative to the event. The people and businesses impacted had access to the resources they needed to recover. This also meant that the impacts of the event on the Dutch financial system was limited. For NIBC itself, the event was not material.

We have made some progress to develop tools to analyse certain portfolios for potential water impacts. A premise is that land subsidence may represent a growing physical risk in the medium term to real estate and certain types of infrastructure. Land subsidence typically occurs in low-lying delta areas with dense populations and high levels of groundwater withdrawal[28]. The Netherlands has been identified as one of the geographies with increased risk. This water stress may be caused by drought or may be human-induced, for instance by extraction of water for agriculture. NIBC is analysing these risks. It is too early to say that we have quantified these risks, but we are taking steps to collect data and making progress toward risk quantification.

We have not yet seen significant physical risk impacts on corporate clients' operations and only isolated disruptions in corporate client supply chains. We have also not seen physical risk impacts which have affected

[27] The Netherlands National Water Plan 2022-2027, https://www.helpdeskwater.nl/onderwerpen/wetgeving-beleid/nationaal/nationaal-water-programma-2022-2027/

[28] Mapping the global threat of land subsidence https://science.sciencemag.org/cgi/doi/10.1126/science.abb8549

our retail mortgage clients. Acute risks such as extreme weather events, flooding, heatwaves, drought or dangerous storms due to rising global temperatures will occur more frequently, reach additional regions and more visibly impact the supply chains of our clients. Flooding, drought, heat stress or water stress could also become chronic risks over time. These changes increase the risk of other chronic environmental impacts such as loss of biodiversity and habitat. At the same time 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.

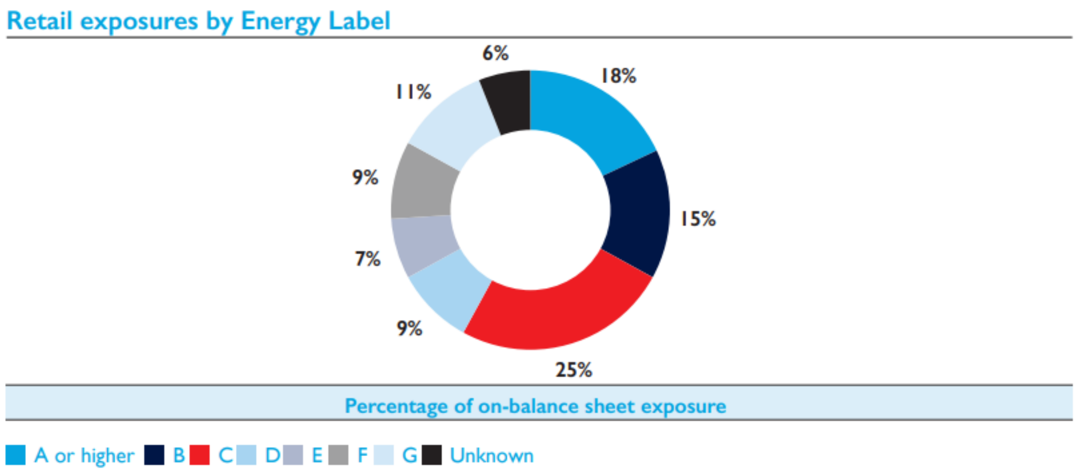
While most of the physical climate risks currently seem to be longer term for NIBC's corporate clients, our corporate portfolio is medium term in duration overall. Most of our corporate portfolio has a facility end date of 2028 or sooner. Many of these will be repaid or refinanced even sooner. This provides flexibility and will allow NIBC to adjust the portfolio and our risk appetite ahead of any significant financial implications. We also continue to try to influence positive outcomes in the longer term to the extent that we can.

Water stress is a growing risk, though the financial impact may only be seen in the medium to long term. According to recent reports, up to 7 million people in the Meuse river basin[29] may be impacted by water scarcity in future years. Water is needed by our retail customers in their homes for drinking and cleaning. Data centers often use water for cooling, therefore water usage efficiency (WUE) is an increasingly important metric within this asset class.

Transitional Climate Risks

Transitional climate risks related to our portfolios are increasing in likelihood and may materialize in the medium to long-term.

Transitional climate risk related to regulation continues to increase. During 2021 the amount of regulatory change related to climate aspects was high. Recent regulatory developments often lack consideration in regard to proportionality for non-listed companies and non-multinationals. Compliance with these regulatory requirements can be a resource, expertise and data challenge for mid-sized and smaller companies.



We continue to make significant progress in regard to the enabling the greening of Dutch residential and commercial real estate. As of year end 2021, more than 60% of our total real estate portfolio (retail and CRE combined) is estimated to have an energy label of EPC C or higher. Unknown labels are also a part of the normal course of business. In these cases, they are usually either new to the portfolio (labels have not entered our collateral systems), haven't received a label yet, or are ineligible for an energy label.

[29] Drought Governance in Transition: a Case Study of the Meuse River Basin in the Netherlands, Brockhoff, Biesbroek, & van der Bolt, May 2022: https://link.springer.com/article/10.1007/s11269-022-03164-7

For NIBC retail clients, the main transitional climate risks are related to energy cost, source and efficiency. NIBC is able to gather and report energy label data for its retail portfolio, but transition risks remain a challenge to quantify. But there are data challenges beyond this in part due to GDPR. Although increased energy and food costs are impacting disposable income, housing demand remains high for residential real estate across all energy labels. At the same time concerns are rising in regard to housing prices, affordability, and increasing energy poverty.

Energy labels are an indirect and imprecise way of measuring the financially-related climate transition risks related to mortgage loans. Actual energy use, energy source, cost and other factors would be more useful to assess the potential impact across different time horizons on traditional financial risk measures such as loan to income ratios (LTI), value at risk (VAR), probability of default (PD) or loss given default (LGD). In future years we hope that actual energy data will become public data, available to banks and less restricted by GDPR.

Transitional climate risks are highly interconnected with other sustainability and financial risk categories. For example, retail clients employed in fossil fuel-related activities may face social impacts such as job loss. Reports suggest that for every worker employed in the fossil fuel sector in the Rotterdam harbor area, as many as six additional jobs are involved in support services, logistics and distribution across the Netherlands. If the transition is well-organised at the national level, these risks can be minimized.

Environmental risks and human risks are often intertwined. Our approach should help to reduce potential human rights risks (unemployment, safety) which may occur if the transition for mid-sized energy service companies is not well-supported. The main risk to NIBC is where the transition measures are implemented without consideration for societal impacts, therefore resulting in disruptions. For example if carbon pricing is introduced without social considerations, it could impact those who can typically least afford the steps to increase energy efficiency, such as starters, lower income households, fixed income households or the elderly.

According to the IEA in its World Energy Investment 2022 report[30], ".... if countries get on track for a 1.5°C cap on global warming, then the case for committing capital to new fossil fuel projects becomes very weak." This aligns with previous views stated in their May 2021 Roadmap to Net Zero Emissions by 2050 which indicated threat there was no need for new oil & gas fields or coal mines. This scenario depends on a significant clean energy push, led by renewable power, widespread implementation of energy efficiency measures and the transition to zero emission vehicles.

In July 2022 NIBC announced that it agreed to sell our remaining energy portfolio. By responsibly ending NIBC's financing to the fossil energy sector, this eliminates the transition risks that are likely to occur as the sector adjusts to rapidly changing and decarbonised energy demand. This decreases the likelihood of stranded assets as a credit or valuation risks which may materialise in the longer term. It also allows NIBC to focus on the core assets classes which we have made the strategic choice to pursue.

Climate transition related litigation risk has likely been reduced by the preemptive actions which NIBC has already taken in relation to our portfolio exposures mentioned above. NIBC's long-standing policy approach to avoid "extreme fossil fuels" such as tar sands, coal and lignite, or shale and our efforts to provide transparent reporting also are seen as mitigants. Litigation impacts to the financial sector have been highest in relation to involvement in financings of extreme fossil fuel exploration and production, greenwashing and duty of care. Any legal actions will most likely target the largest multinational producers, a segment where NIBC has not been active, the largest financiers, and those whose marketing is greater than their actions. Legal cases tracked by *climatecase.com* brought against non-US corporates doubled in the last year[31].

Technology risks are the most prevalent transitional climate risk in the transportation sector and NIBC's shipping portfolio. Improvements once a ship is built are costly, therefore the age of a vessel is a significant factor. NIBC currently applies a policy restriction based on a vessels age, set at 14 years of age or younger. The

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30 IEA World Energy Investment 2022, p28: https://www.iea.org/reports/world-energy-investment-2022/overview-and-key-findings

31 Figure based on website checks July 2022 & July 2021. http://climatecasechart.com/non-us-climate-change-litigation/

typical life of a vessel can be as much as 25-30 years, depending on the vessel type. This restriction one that we revisited in 2021 and continue to closely monitor, since the zero-emission technologies needed for offshore shipping will likely only become commercially available in future years.

Metrics & Targets

Operational Emissions

	2021 Emissions	Unit
Scope 1 (direct emissions, energy)	176	tonnes CO^2e
Scope 2 (indirect emissions, purchased electricity)	0	tonnes CO^2e
Scope 3 (other indirect emissions)	2,361	tonnes CO^2e
Total operational emissions	2,537	tonnes CO^2e

Operational emissions were calculated using a CO2 calculator from *co2emissiefactoren.nl*. These figures are updated to include Scope 3 data which was not available at the time of publication of our Annual Report. For transparency to our stakeholders, operational emissions shown are before application of WWF Gold Standard offsets later purchased from NGOs. The annual purchase of carbon offsets by NIBC is voluntary and helps to ensure that we are net carbon neutral in our own operations.

Estimated Financed Emissions

Asset Class	2021 Emissions	Unit	Exposure 31-12-2021	Unit
Owner-occupied & Buy to Let Mortgages	584,291	tonnes CO^2e	11,665	mlns
Commercial Real Estate (incl Oimio)	391,308	tonnes CO^2e	1,379	mlns
Shipping	1,271,940	tonnes CO^2e	914	mlns
Infrastructure	69,716	tonnes CO^2e	1,190	mlns
Offshore Energy	1,508,900	tonnes CO^2e	297	mlns
Other asset classes	708,207	tonnes CO^2e	971	mlns
Subtotal	4,534,363	tonnes CO^2e	16,416	mlns
Other – not attributed	-	tonnes CO^2e	6,306	mlns
Total financed emissions	4,534,363	tonnes CO^2e	22,722	mlns

Emissions Intensity

Intensity/mln total balance sheet assets	200	tonnes CO^2e/mln	
Intensity/mln attributed portfolio	276	tonnes CO^2e/mln	

2021 estimated financed emissions are calculated for 16.4 bln of NIBC's on-balance sheet total 22.7 bln euros. The primary source were latest available NACE-based factors from PCAF, accessed by NIBC February 2022.

Emissions figures presented above exclude lease receivables and other assets for which it is more difficult to attribute emissions and NIBC's share of emissions. Therefore in total our financed emission estimates represent 82% of NIBC's relevant on-balance sheet lending and equity investment activities. No off-balance sheet assets are included in the totals presented.

In prior years NIBC had used data from CBS, the Dutch statistical bureau, to calculate the financed emissions . As indicated in our prior TCFD and Sustainability reports these most likely excluded scope 3 emissions and therefore aren't directly comparable to these 2021 figures.

Most of the assets financed for NIBC's corporate clients are related to mid-sized and smaller corporates which are not required to disclose under NFRD and likely will not be in scope for CSRD. Therefore as we move forward, we expect to be able to source more data from clients in regard to the assets we finance to further improve data quality. But we will need to continue to rely on PCAF and/or other 3rd party sources in cases where this is not possible. We continue to work with peer banks and a variety of stakeholders to strengthen data sourcing, improve quality and comparability of emission and other ESG-related figures.

Total Operational and Financed Emissions

	2021 Emissions	Unit
Scope 1 (direct emissions, energy)	176	tonnes CO^2e
Scope 2 (indirect emissions, purchased electricity)	0	tonnes CO^2e
Scope 3 (indirect operational + financed emissions)	4,536,725	tonnes CO^2e
Total operational and financed emissions	4,536,901	tonnes CO^2e

We recognise that global emissions are continuing to rise, despite reports from many multinationals of substantial emissions reductions. Therefore we are cautious and estimate our overall data quality as 3 on the PCAF data quality scale. This is primarily because we believe that it is likely that scope 3 corporate emissions are well under-reported and do not yet include full upstream and downstream value chain emissions. We also do not label these using the term “absolute emissions” for the same reason.

NIBC office locations, energy label and electricity source (as of 31 December 2021)

Location	Energy Label	Electricity Source	Size (sqm)	Status
The Hague	A	Wind	24,513	Owned
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
yesqar	E	Renewable Mix	200	Leased
Lendex	B	Wind	400	Leased
Total		100% renewables	28,808	

Most office facilities used by NIBC have energy efficiency labels or ratings assigned that we can monitor. NIBC’s office in the Hague occupied by NIBC Bank is easily the most material space occupied by any subsidiary of NIBC Holding.

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 some 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.

NIBC has embraced this approach and focused on steadily and substantially improving the efficiency of our own facilities, well ahead of national and EU climate targets.

Electricity

	2021	2020	2019	Unit
Fossil Fuel Electricity	0	0	0	kWh
Renewable Electricity	2,717,346	2,813,065	3,523,194	kWh
% Renewable Electricity	100%	100%	100%	kWh

Baseline: 3,072,872 kWh (2017)

Intensity				
kWh per sqm	94.34	97.67	118.8	
kWh per FTE	3,687	3,875	4,955	

Our 2021 electricity consumption total is about 3% lower than 2020 and 12% lower than the total of 3,072,872 kWh reported for 2017.

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 and have made conservative assumptions on usage in leased locations. Leased locations are about 15% of our total office space.

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 installed in NIBC's guest parking and garage, facilitated by Colectric. Figures from the Hague include (external) commercial and civil society tenants of NIBC's facility.

At our facility in the Hague about half of the space is leased by 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

	2021	2020	2019	Unit
Gas	93,169	66,613	59,679	m3
Calculated CO2 for heating/cooling	176	197	163	tCO_2e

Baseline: 156,567 m3 (2017)

Intensity

m3 per sqm	3.2	2.3	2.0	
m3 per FTE	126.42	91.75	83.9	

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.

Our facility in the Hague is more than 85% 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. CO2 has been calculated using a calculator provided by Carbon Neutral Group. Overall gas for heating and cooling is a 60% reduction from our 2017 baseline figure of 156,567 m3.

From time to time, NIBC optimises the groundwater system at its offices in the Hague. Typically this also involves a second party independent energy audit to help us prioritise where and when to make further improvements. 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 supplement earlier steps such as our green roof and shading.

These actions allowed NIBC to reduce its dependency on gas for heating and cooling despite the increase in extreme temperatures. 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 usage

	2021	2020	2019	Unit
Water usage3	1,740	1,158	6,925	m3
Water source	Municipal mains	Municipal mains	Municipal mains	

Baseline: 6,925 m3 (2019)

Water Intensity

Intensity: m3 per sqm	0.06	0.04	0.23	
Intensity: m3 per FTE	2.4	1.6	9.7	

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

During 2021, water usage increased by comparison to 2020. We believe the increase is related to higher usage of NIBC facilities as employees and tenants increased their working days in the office.

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 decrease in usage is likely due to decreased occupancy due to the pandemic.

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 during 2021.

Office Paper Usage

	2021	2020	2019	Unit
Standard office paper	0	0	0	kg
Responsibly sourced office paper	552	1,238	5,103	kg
% from responsible sources	100%	100%	100%	

Baseline: 25,855kg standard office paper (2012)

Paper Intensity

kg per FTE	0.7	1.7	8.1	

NIBC continues to strive for a paperless office. Over the past few years we have significantly reduced the use of paper within our offices. In most years employees receive a regular update on the amount of paper used for printing and copying and were encouraged to further reduce the amount of paper.

In 2021 total paper usage totaled 552 kg, a decrease of 55% from 2020. This change is due both to employee awareness and the pandemic. Our 2021 total also represents a 98% reduction since we first began to measure. When we began to measure this aspect in 2012 NIBC's paper usage totaled 25,855 kg of standard office paper, 0kg of recycled office paper.

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 [32]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

	2021	2020	2019	Unit
Paper & cardboard	23,068	22,214	52,681	kg
Plastics	1,128	912	5,558	kg
Glass	140	350	963	kg
Other waste	14,313	19,320	48,977	kg
Total	38,649	42,796	108,178	kg

Waste Intensity

kg per FTE	52.44	58.95	152.1	

Total waste for 2021 represented a 10% reduction from 2020, despite the increasing number of employees who chose to return to the office. The reduction is likely a result of internal initiatives which aim to increase awareness and reduce waste.

[32] WWF – What is FSC certification and is it working https://www.worldwildlife.org/stories/what-is-fsc-certification-and-is-it-working

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 conservative 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.

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.

Business Travel

	2021	2020	2019	Unit
Car	132	94	499	tCO_2e
Air	110	47	358	tCO_2e
Public Transport (train / tram /bus)	21	34	59	tCO_2e
Bicycle / Walk	0	0	0	tCO_2e
Total	262	175	972	tCO_2e

Travel Intensity

kg tCO2e per FTE	0.4	0.2	1.3	

Emissions figures for car and air travel are provided by our travel partners. For both car travel and air travel, total travel increased, reflecting the return to offices for both NIBC and its business partners. No deduction was made for private use of leased cars.

NIBC calculates estimates for public transport. Public transportation providers such as NS in the Netherlands and Deutsche Bahn in Germany increasingly source green electricity and focus on circular business operations.

An internal survey 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.

Cautionary statement

The figures presented in this report are unaudited. Most are estimates and apply 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 our TCFD, climate and ESG reporting from our stakeholders. We intend to further improve and strengthen our climate and environmental disclosures in future years.

We believe that dialogue on the risks, issues and dilemmas that we face is an opportunity for NIBC to not only improve its practices and strengthen its disclosures, but importantly to create value for our clients, investors and other stakeholders.

Please submit any feedback, ideas and suggestions to csr@nibc.com