

# NIBC INFRASTRUCTURE SUSTAINABILITY POLICY

December 2020

# Infrastructure

Innovation, infrastructure, and sustainable economic growth are often closely linked.

Good infrastructure is central to our quality of life. It contributes to increasing international and intra-regional trade, provides significant employment opportunities in the construction and operation of projects, is a cornerstone of future economic growth, and can ensure resilient, sustainable communities.

NIBC provides a range of financial services to the infrastructure sector in North West Europe. We are committed to continuing to be a dedicated financial services provider to our clients in this sector, whilst at the same time ensuring that such services are provided in a responsible manner.

## Infrastructure and the Sustainable Development Goals

Infrastructure is directly mentioned in the 9th Sustainable Development Goal (SDG) and is widely seen as a necessary condition to achieve a number of other SDGs.

Based on our own financings and investments, NIBC views infrastructure within our communities as potentially contributing towards as 10 or more of the 17 Sustainable Development Goals.

Energy infrastructure provides access to clean energy in urban and rural areas. Logistics infrastructure is necessary to support trade and economic growth. Transportation infrastructure ensures people's job mobility, getting to and from work. Digital infrastructure enables rural communities to create local jobs, access education, and become more resilient. Infrastructure empowers communities to help manage scarce resources.

## Our Concerns

Infrastructure projects can also create significant environmental or human rights (ESG) impacts if not developed and managed responsibly.

Such projects might have an impact on biodiversity and ecosystems. Climate change is also having an influence and is leading to material physical and transition risks, such as water scarcity and loss of biodiversity. The stand-alone and cumulative impacts of infrastructure development can be material.

Additionally, infrastructure projects can be exposed in any country to corruption and poor governance practices, national strategic sensitivities, poor stakeholder engagement and additional climate change concerns.

Key concerns for infrastructure financings include:

- Impact of project on natural resources and ecosystems, including impact on natural, modified or critical habitats and their biodiversity value;
- Greenhouse gas (GHG) emissions and significant air pollutant emissions (SO<sub>x</sub>, NO<sub>x</sub>, PM<sub>10</sub>), or affecting locations where existing air quality is already poor;
- Pollution to air, water, and land resulting from the project or existing historical (land or ground water);
- Responsible sourcing and efficient use of energy and electricity;
- Water usage and extraction for operation, water flow and quality and impact on the water supply and/ or quality for downstream ecosystems;
- Waste, including hazardous and non-hazardous waste materials;
- Operating impacts from increased air, road and rail traffic (noise, air emissions, birdlife);
- Introduction of rights of way earthworks, electromagnetic interferences and visual impacts from power transmission and telecommunication infrastructure; Increased demand or use of water (agriculture, industry and urban development);
- Increased tariffs / service charges for domestic or business users;
- Potentially material impacts on environmental receptors (water, air, soil) and on local communities through the nature of sanitation processes and waste (e.g. sewage processing facilities, hazardous waste);
- Increased risks to neighbouring communities from communicable diseases from poor landfill management, disposal of hazardous materials, air and ground pollution;

- Physical resettlement or economic displacement as a result of an infrastructure project.

In our view, if managed responsibly, the infrastructure sector can contribute to furthering the sustainable policy, economic and political development of emerging and industrialised markets and States. Responsibly developed infrastructure is necessary to ensure the resilience of communities and their future economic growth, structurally reduce global greenhouse gas emissions and increase local biodiversity and ecosystems.

We recognise that the development of any infrastructure project can have potential environmental and human rights (ESG) impacts and that these make infrastructure development a sensitive sector if these impacts are not managed appropriately. ESG sensitivities with regard to biodiversity, climate change and water can create particular reputation and financing challenges.

## Our Policy

NIBC is committed to taking ESG criteria into account in every aspect of our decision-making for financings and investments in the infrastructure sector.

We provide financial services to the infrastructure sector in the following ways:

- Project Finance, advisory and equity investment related to a specific project;
- Corporate Lending where use of funds is for general corporate purposes, equity investments and advisory services.

Our clients are active in diverse areas of the infrastructure sector, such as:

- Digital infrastructure (data centres, optical fibre networks);
- Renewable energy;
- Telecommunications;
- Oil-, gas, hydrogen- and chemical storage;
- Recycling and waste management.

Most of the activities we finance occur in high income OECD countries. We rely on the regulatory frameworks in place in those countries to govern ESG issues.

## Equator Principles

NIBC will only finance or invest in projects that are compliant with the Equator Principles and applies the Equator Principles / IFC Performance Standards as the ESG due diligence framework for all advisory activities, project financing and equity investments related to a specific project

Furthermore, NIBC only provides financial services to clients that have both the commitment and capacity to manage the ESG impacts of their activities in line with the standards as defined in our policies.

## Exclusions

NIBC does not finance or invest in coal or lignite-fired power generation projects or mining projects. This also excludes mountain-top mining.

We prefer use of sustainable technologies to mitigate environmental impacts and recycling/reuse of mined materials and see this as an indication of a client's commitment to mitigate emissions, pollution, waste and other potential impacts.

## Conventions and Standards

NIBC will be guided by the following standards and guidelines when assessing a client's approach to managing the ESG impacts resulting from its activities.

- OECD Due Diligence Guidelines for Responsible Corporate Lending and Securities Underwriting;
- Equator Principles
- IFC Performance Standards
- UNEP Sustainable Buildings and Construction Initiative;

- Carbon Disclosure Project;
- GHG Protocol facilitated by the World Business Council on Sustainable Development;
- Roundtable on Sustainable Biomaterials (RSB)
- The World Resources Institute;
- The World Coal Institute;
- Environmental Impact Assessments.

NIBC supports the disclosure of infrastructure footprint data, such as carbon emissions, energy efficiency, and water use. We encourage reuse of existing materials and applying circular economy concepts to avoid unnecessary waste.

We expect land rights and natural resources of projects to be acquired with free, prior, and informed consent (FPIC) of their users.

This policy applies to our clients and all new services provided to them by NIBC. This policy is applied in addition to the NIBC Sustainability policy and human rights and environmental policy supplements.

NIBC works with clients who meet or aim to meet our sustainability standards and will review our commitment to any client or transaction where such standards are not or no longer met.

NIBC shall exercise discretion in deciding whether to apply this policy to the provision of financial services to a company that has only marginal involvement in the infrastructure sector. NIBC will make such decisions on a case-by-case basis after assessing the materiality of any risk that NIBC is supporting unsustainable activities.

NIBC encourages companies to include clauses on compliance with social, economic and environmental criteria in their contracts with subcontractors and suppliers. These should be evidenced by the companies concerned where practicable via certifications, site visits, and/or audits to help ensure responsible practice throughout their supply chains.

We acknowledge that legacy issues may arise from continuing engagements entered before the implementation of this policy. Although the policy is not intended to be applied to financing agreements and investments retrospectively, NIBC endeavours to address potentially material legacy issues relevant to a particular engagement whenever a specific issue arises. In addition, clients are assessed against these policies as part of the periodic review process or as they become due for renewal.



## Updates

NIBC reviews and updates its policies on a regular basis. Our sustainability policies are reviewed at least annually. Reviews do not always result in policy changes. Therefore policy documents will be updated if and when changes are made and have been approved according to NIBCs agreed procedures.

## Feedback Welcome

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

Even with the best policies and practices in place, NIBC may cause or contribute to an adverse impact that was not foreseen or prevented. If it is identified that NIBC is responsible for such an impact, we will endeavour to remedy or co-operate in the remediation of the situation through legitimate processes. Any person or party who believes that the NIBC has not acted in accordance with this policy, has suggestions on how we can strengthen our policies or has other feedback relating to our sustainability policies is invited to contact us.

**Feedback:** [csr@nibc.com](mailto:csr@nibc.com)

**Grievances:** <https://www.nibc.com/about-nibc/contact-nibc/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