

NIBC SUSTAINABLE FINANCE FRAMEWORK

March 2020

About NIBC

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

We operate a focused mid-market corporate and retail client franchise in north-western Europe, with a differentiated approach, bringing bespoke financial solutions to clients in chosen sectors where we can add most value. We are client-oriented, present at their decisive moments. We offer a broad and relevant product suite for these entrepreneurial clients in chosen subsectors.

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

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

Our lending and investment decisions are important means through which we can create value for the communities we are part of. In our investment process, environmental, human rights and governance considerations are factors alongside financial factors. When considering lending to our clients, we assess possible sustainability risks and seek to have an open dialogue with our clients on these topics. Our sustainability policies outline clear expectations for specific sectors in which our corporate clients are active.

NIBC has endorsed a number of global initiatives, charters, and principles and has applied them within our policy approach. These include:

- UN Global Compact (signatory)
- Equator Principles (member institution)
- IFC Performance Standards (by policy)
- UN Guiding Principles on Business and Human Rights (by policy)
- Universal Declaration of Human Rights (by policy)
- OECD Guidelines for Multinational Enterprises (by policy)
- ILO Core Conventions (by policy)
- UN Principles for Responsible Investment - UNPRI (by policy)
- UNEP FI (by policy)
- UN Convention on the Elimination of All Forms of Discrimination against Women (by policy)
- UN Declaration on the Rights of Indigenous Peoples (by policy)
- UNICEF Convention on the Rights of the Child (by policy)
- Wolfsberg Principles (by policy)
- FATF recommendations (by policy)
- Climate Agreement of the Dutch Banks (signatory)
- Partnership for Carbon Accounting Financials PCAF (signatory)

Additional principles and charters applied by NIBC are mentioned within the sustainability, compliance and corporate governance policies published on our corporate website.

NIBC Sustainable Loans

UN Guiding Principles on Business and Human Rights

NIBC recognises our corporate responsibility to respect human rights. Respecting human rights is fundamental to NIBC's values and is reflected in our commitment to actively support our stakeholders in realizing their human rights obligations.

The UN Guiding Principles on Business and Human Rights (UNGPs) are a set of guidelines for States and companies to prevent, address and remedy human rights harms committed in business operations.

They were proposed by UN Special Representative on business & human rights John Ruggie, and endorsed by the UN Human Rights Council in June 2011. In the same resolution, the UN Human Rights Council established the UN Working Group on business & human rights.

NIBC recognises our corporate responsibility to respect human rights. Respecting human rights is fundamental to NIBC's values and is reflected in our commitment to actively support our stakeholders in realizing their human rights obligations. Recently enacted regulations in the Netherlands, UK, France, Spain, Australia, and other countries aim to prescribe in law the responsibilities of companies to uphold the Principles.

Paris Climate Agreement

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

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

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

Guiding Principles

By establishing this Framework, NIBC aims to support the mobilization of debt capital to sustainable and socially beneficial purposes. This Sustainable Finance Framework is based on the Social Bond Principles published in June 2018 by the International Capital Markets Association (ICMA). This Sustainable Loan Framework is also based on the Green Loan Principles published in December 2018 by the Loan Markets Association (LMA).

This Framework defines the loan instruments eligible to be funded by the proceeds of sustainable loans issued by NIBC and its subsidiaries. This Framework explains the process used to identify, monitor and report on eligible loans and how the management of Sustainable Loans is organized. The documentation for a Sustainable Loan issued by NIBC will provide a reference to this Framework under the use of

proceeds section. The terms and conditions described in the underlying documentation for each Sustainable Loan specifies the actual terms of the instruments.

Sustainable finance and the sustainable financing market are evolving quickly. NIBC may further update or expand this document as appropriate.

NIBC Framework for Sustainable Finance

The ICMA Social Bond Principles (SBP), ICMA Green Bond Principles (GBP) and LMA Green Loan Principles (GLP) are sets of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the sustainable loan market by clarifying the approach for issuing a sustainable loan instrument. NIBC's Sustainable Loan Framework is guided by these sets of Principles, which provide guidelines in the following four key areas:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

Sustainable Financings are any type of debt instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible Sustainable Projects. NIBC defines Sustainable Financings as contributing to one or more SBP categories and one or more GBP / GLP categories.

Various types of debt instruments including loans, revolving credit facilities and mezzanine debt are eligible. Sustainable Loans voluntarily align with the core components of these Principles. Sustainable Loans are not interchangeable with loans that are not reasonably aligned with the core components of these Principles.

This framework may, from time to time, be updated and, will be applied to any sustainable loan issued by NIBC. This Framework may also be used to govern other sustainable financing for which the use of proceeds is intended for a portfolio of sustainable loans ("Eligible Sustainable Loan Portfolio"), defined, selected, monitored and reported on, in accordance with this Framework.

Use of proceeds

Use of the loan proceeds for Sustainable Projects (including other related and supporting expenditures, including R&D), which must be clearly described in the finance documents and, if applicable, any marketing materials. All designated Sustainable Projects should provide clear societal benefits as well as clear environmental benefits, which will be assessed, and where feasible, quantified, measured and reported by the borrower.

Where funds are to be used, in whole or part, for refinancing, the borrowers will provide an estimate of the share of financing versus refinancing. Where appropriate, they should also clarify which investments or project portfolios may be refinanced, and, to the extent relevant, the expected look-back period for refinanced Sustainable Projects.

A Sustainable Loan may take the form of one or more tranches of a loan facility. In such cases, the sustainable tranche(s) must be clearly designated, with proceeds of the sustainable tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.

In its Sustainable Loans, NIBC also expects companies to demonstrate their commitment to core international human rights and environmental standards. A statement or policy indicating their organizational commitment to one or more human rights guidelines such as the UN Guiding Principles on Business and Human Rights, Universal Declaration of Human Rights, and/or ILO Core Conventions. Furthermore an environmental commitment to the Paris Climate Agreement and/or other relevant environmental standards. These should be available on the company’s website, in internal policy documents provided to NIBC in a covenant in the financial documentation, and/or in a side letter attached to the financial documentation.









Exclusions

For clarity, NIBC will not issue Sustainable Loans in cases where the main purpose of the loan is fossil energy extraction or production, coal lignite or nuclear power generation, conflict minerals, weapons, gambling, vaping and/or tobacco.


Sustainable Loan Categories and Portfolio

NIBC intends to allocate the net proceeds of the Sustainable Loans issued under this framework to the following categories. The use of proceeds categories can be summarised as follows:





Social

Social Categories	Definition	Eligible Financings ¹ (including but not limited to)	Sustainable Development Goals
Access to Essential Services	The financing or refinancing of services which are essential to empowered, socially diverse communities or activities which enable access to these services.	<ul style="list-style-type: none"> Healthcare infrastructure & services: target population general public Education services and vocational training: target population general public Digital infrastructure and services: target populations rural communities and/or underserved urban communities Financial services for underserved segments: target population family owned businesses, SMEs and microbusinesses, self-employed and starters 	    
Affordable Housing	The financing or refinancing of real estate projects which provide housing to underserved segments in our communities.	<p>Commercial projects including mixed use projects which focus 50% or more on the following segments:</p> <ul style="list-style-type: none"> Housing: target population students Housing: target population starters Housing: target population elderly Housing: target population social/ low income <p>Retail mortgages for each of the above segments</p>	  

¹ Target populations used in social categories are further defined in the Appendix to this Framework

Social Categories	Definition	Eligible Financings ¹ (including but not limited to)	Sustainable Development Goals
Employment Generation	The financing or refinancing of activities which directly generate employment opportunities and/or indirectly generate employment and strengthen local communities.	<ul style="list-style-type: none"> Financing or refinancing of activities which directly or indirectly support employment opportunities and strengthen local communities <ul style="list-style-type: none"> Family owned businesses SMEs and microbusinesses Entrepreneurs Real estate projects which regenerate or revitalize city and town centers: target population general public Real estate projects which transform or regenerate underutilized buildings: target population general public 	  
Cultural Heritage	Financings or refinancings which protect, safeguard and ensure continued use of buildings of cultural significance, such as registered monuments and/or buildings in areas of recognised historical significance such as UNESCO world heritage sites.	<ul style="list-style-type: none"> Retail mortgages and buy-to-let financings of registered monuments, world heritage sites, or other equivalent properties of cultural or natural heritage: target population general public Commercial transformation or renovation of registered monuments; world heritage sites, or other equivalent properties of cultural or natural heritage (i.e. commercial real estate): target population general public 	
Socioeconomic Advancement and Empowerment	The financing or refinancing of companies, projects or individuals leading to socioeconomic advancement and empowerment and increased community diversity.	<ul style="list-style-type: none"> Financings or refinancings supporting female-led businesses (UBO and/or 30% or more of board is female) Financings or refinancings of minority-led businesses (UBO and/or 30% or more of board is a minority) 	   

Green

Green Categories	Definition	Eligible Financings (including but not limited to)	Sustainable Development Goals
Renewable Energy	The financing or refinancing of renewable energy and the activities, technologies and services which enable renewable energy.	<ul style="list-style-type: none"> Wind energy Solar Energy Geothermal energy² Clean hydrogen (non-fossil sourced) Enabling activities, technologies and services 	   

² Maximum of 100 gm CO2/kWh

Green Categories	Definition	Eligible Financings (including but not limited to)	Sustainable Development Goals
Energy Efficiency	The financing or refinancing of energy efficient infrastructure and the activities, technologies and services which enable energy efficient infrastructure.	<ul style="list-style-type: none"> • District heating, reusing residual heat • Green data centers³ • Energy infrastructure including storage, balancing and other infrastructure supporting low carbon power⁴ • Enabling activities, technologies and services 	  
Green Buildings	The financing or refinancing of green commercial or retail real estate and the related activities, technologies and services which enable green real estate.	<ul style="list-style-type: none"> • Commercial Real Estate <ul style="list-style-type: none"> ○ EPC Label A ○ Refurbishments resulting in energy efficiency increase of 30% or more ○ LEED gold, BREAAAM very good, or higher including equivalent ○ Any refurbishments or transformations of monuments resulting in a documented improvement in energy efficiency • Retail Real Estate <ul style="list-style-type: none"> ○ EPC label A ○ Refurbishments improving energy efficiency 30% or more ○ Removal of gas infrastructure or related ○ Refurbishments or transformations of monuments resulting in a documented improvement in energy efficiency • Portfolios comprised of 75% or more of the above assets • Enabling activities, technologies and services 	  
Clean Transport	The financing or refinancing of zero GHG emission transportation and the related activities, technologies and services which enable clean transportation.	<ul style="list-style-type: none"> • Land-and/or water based clean transportation (electric, hydrogen or equivalent) • Infrastructure supporting clean transportation • Enabling activities, technologies and services 	 
Pollution Prevention and Control	The financing or refinancing of companies, projects or activities which significantly and measurably reduce and control pollution and the related activities, technologies and services which enable pollution prevention and control.	<ul style="list-style-type: none"> • Greenhouse gas control, mitigation or reduction⁵ • Waste management and recycling (excludes landfills, burning of waste and equivalent) • Zero or near zero-waste, circular activities • Fossil fuel dismantling and related services and equipment • Enabling activities, technologies and services⁶ 	   

³ Data center are defined by NIBC as PUE below 1.3 and energy sourced from renewables.

⁴ Excludes fossil fuel powered projects.

⁵ European Integrated Pollution Prevention and Control <https://ec.europa.eu/jrc/en/network-bureau/european-integrated-pollution-prevention-and-control-bureau>

⁶ Excludes technologies related to fossil fuel-based energy production or which contribute to fossil fuel lock-ins.

Process for project evaluation and selection

Projects financed and/or refinanced using this Sustainable Loan Framework are evaluated and selected based on compliance with the Eligibility Criteria. When identifying eligible projects and their non-financial impacts NIBC may rely on external consultants and their data sources.

NIBC's Senior Sustainability Officer will manage any future updates to the Framework, including expansions to the list of Eligible Categories, and oversee its implementation. Changes to the Framework will be subject to the approval of NIBC's Risk Management Committee (RMC).

NIBC's existing decisioning committees to approve corporate asset selection, guided by this Framework. These are our transaction committee (credits), investment committee (mezzanine & equity), and asset & liability committee (corporate bonds). Our Senior Sustainability Officer also has role in determining eligibility. These committees and decisioning processes are described in NIBC's Annual Report and NIBC's Sustainability Report.

NIBC ensures that all eligible loans comply with national and international environmental and social standards and local laws and regulations on a best effort basis. It is part of NIBC's transaction due diligence and approval process to ensure, that all its loans comply with internal compliance and sustainability (environment and human rights) policies including those financed with the proceeds of Sustainable Loans. These eligibility criteria and minimum requirements and sustainability related matters are continuously developed and renewed in its external and internal policy frameworks.

NIBC's sustainability policies can be found on our corporate website: <https://www.nibc.com/about-nibc/sustainability/sustainability-governance/>

Management of proceeds

The proceeds of a sustainable loan should be credited to a dedicated account or otherwise tracked by the borrower in an appropriate manner, so as to maintain transparency and promote the integrity of the product.

Where a sustainable loan takes the form of one or more tranches of a loan facility, each sustainable tranche(s) must be clearly designated, with proceeds of the sustainable tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner. Borrowers are also encouraged to establish an internal governance process through which they can track the allocation of funds towards Sustainable Projects.

Do no harm principle

Eligibility under this framework is guided by environmental do no harm and social safeguards as described in NIBC's extensive Sustainability Framework and sustainability policies. This means that human rights and environmental due diligence and monitoring are performed to avoid unintended and/or unwanted consequences.

Reporting

NIBC intends to make and keep readily available a report which will be published annually.

NIBC intends to show the allocation and impact of Sustainable loans at least at the category level and on an aggregated basis for all of NIBC's Sustainable loans. This may be combined with reporting for Sustainable Bonds or other types of Sustainable Financings.

Since transparency towards stakeholders is of high value in communicating the impact of projects, NIBC intends to clearly communicate to investors the sustainable objectives related to each financing under this framework. The report will use at minimum qualitative performance indicators and where possible quantitative measurements. NIBC will ask client permission to publish these details. In cases where this permission is not granted, results will be anonymized in order to respect privacy. To the extent possible and practical, this are also aligned to the Sustainable Development Goals (SDGs) and UN Global Compact (UNGC).

Possible indicators might include:

- energy capacity;
- # of jobs supported
- electricity generation;
- greenhouse gas emissions reduced/avoided;
- and or others

For sustainable bonds, NIBC will report the allocation at minimum on an annual basis until fully allocated. This will include, total amounts, unallocated amounts, and potentially portion of financings vs refinancings as well as other aspects to provide transparency to investors and other stakeholders.

The report will be made available via the NIBC corporate website:

<https://www.nibc.com/about-nibc/sustainability/>

External review

Second party opinion

This NIBC Sustainable Loan Framework has been reviewed by an external party which has issued a Second Party Opinion (SPO). The Second Party Opinion as well as the Sustainable Finance Framework are available to the interested stakeholders on NIBC's corporate website at:

<https://www.nibc.com/about-nibc/sustainability/>

Verification

NIBC may request review, verification, certification or a rating from a qualified external third party reviewer. An external review may be partial, covering only certain aspects of a borrower's sustainable loan or associated sustainable loan framework or full, assessing alignment with all four core components of the SBP and GBP.

It will be made available to all institutions participating in the sustainable loan on request. When appropriate, and taking into account confidentiality and competitive considerations, borrowers also may make publicly available the external review, or an appropriate summary, via their website or otherwise.

Alternatively, given that the loan market is traditionally a relationship-driven market and therefore NIBC and other lenders are likely to have a broad working knowledge of the borrower and its activities, self-

certification by a borrower, which has demonstrated or developed the internal expertise to confirm alignment of the sustainable loan with the key features of the SBP and GBP, may be deemed by NIBC to be sufficient.

Nonetheless, NIBC expects borrowers to thoroughly document such expertise, including the related internal processes and expertise of their staff. This documentation should be provided to NIBC and communicated to other institutions participating in the loan on request.

When appropriate, and taking into account confidentiality and competitive considerations, borrowers should make publicly available, via their website or otherwise, the parameters on which they assess Sustainable Projects, and the internal expertise they have to assess such parameters.

Appendix

Additional clarifications in regard to NIBC's intended application of this Framework.

Social Categories

Healthcare: NIBC recognises that universal access to healthcare, health services, and medicines supports ensures healthy lives and promotes wellbeing for all at all ages.

Education & vocational services: For this category NIBC is promoting universal access to education. This category aims to support services which are deemed to be affordable and have low or no barriers to access. We recognise that equal access to education of all target populations contributes to societal resiliency, providing the knowledge and skills which allow people to be or become self-reliant, adaptable to changing circumstances, and to avoid poverty.

Target Populations

Family owned businesses: NIBC applies the common European definition of a family business . Family businesses make up more than 60% of all companies in Europe. NIBC does not intend to include multinational companies in our application of this segment.

SMEs: Small and medium-sized enterprises. NIBC applies the official EU definition for this category. The EU recognizes that the most important sources of employment in the EU are small and medium-sized enterprises and that "... access to finance is one of the most pressing issues" . Microbusinesses are those with fewer than ten employees.

Entrepreneurs and self-employed: NIBC will follow common sense for this category. Eurostat defines self-employed people as "those ... who work in their own business, professional practice or farm for the purpose of earning a profit and who employ no other persons". A self-employed person may also be defined as an independent worker who is subordinate to and dependent upon an employer.

Entrepreneurs start new companies, open new markets and nurture new skills. Our application of this category is aligned to EU objectives to make it easier for them to grow their businesses .

Starters: In relation to Essential Services, NIBC defines this as age 30 and younger. In relation to Affordable housing, we define this as first-time home buyers.

Elderly: NIBC uses the common European definition of age 60 or older in line with the EU Ageing Policy . NIBC aims to increase social inclusion of the elderly through this category and to help address the issue of increasing social exclusion.

Social / low income: NIBC uses local definitions and thresholds for social housing. This label is usually tied to an income threshold and benefits people who are unable to independently buy or rent a home. For example people who do not earn enough money to pay normal market rates to rent or buy a home.

For clarity, NIBC does not intend to include large multinational companies in any of the above categories.

Green Categories

Renewable energy: For geothermal energy, we envision types which do not cause release of greenhouse gases. This may include but is not limited to use of sand and groundwater for heating or cooling. Examples of enabling activities include but are not limited to components of wind turbines, service providers of wind turbines, and inspection or advisory services.

Energy Efficiency: Examples of enabling activities include but are not limited to services connecting residual heat, services sharing excess heat of green data centers, and inspection or advisory services.

Green buildings: Examples of enabling activities include but are not limited to insulation producers and installers, double glass producers and installers, and inspection or advisory services.

Clean Transport: Examples of enabling activities include but are not limited to robotic ship cleaners, hydrogen infrastructure for long-distance transport, information services which help monitor and optimize fuel use of ships (or trucks or cars, and inspection or advisory services.

Pollution Prevention and Control: Examples of enabling activities include but are not limited to technologies which remove CO₂ and other GHGs from the air, technologies which separate pollutants from water, and inspection and advisory services.

Sustainable Agriculture: Examples of enabling activities include but are not limited to technologies which reduce impacts on water supplies, significantly reduce or eliminate the need for chemical pesticides, and inspection and advisory services.



Feedback Welcome

NIBC welcomes feedback on its reports, policies and practices from its stakeholders. We believe that dialogue on issues and dilemmas is an opportunity for NIBC to not only improve our disclosures and strengthen our 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

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