

NIBC OFFSHORE ENERGY SUSTAINABILITY POLICY

December 2020

Offshore Energy

NIBC provides a range of financial services to the offshore energy sector and we can divide our activities into two segments:

- Service providers to the offshore renewable energy and oil & gas industries. Activities include the design, installation, operation and maintenance, and decommissioning of offshore floating installations that are used for the production, storage and offloading of crude oil and gas or development and production of wind energy. This segment is our main focus of attention.
- Oil & gas companies (exploration and production companies). We are committed to supporting clients in their transition towards zero greenhouse gas energy, whilst at the same time ensuring that such services are provided in a responsible manner.

We understand the challenge in meeting the expanding energy needs of both mature and emerging markets whilst minimising the impacts to the environment and society. Our view is that the offshore energy sector has the opportunity to play a key role in the transition toward zero greenhouse gas emissions, furthering the economic development of both emerging and industrialised markets.

Encouraging offshore energy companies to engage in this greening transition is crucial to accelerate emissions reductions. Eliminating lock-ins of fossil fuels and unsustainable activities is an important element. Actions taken now can help to prevent the environmental consequences of not meeting global emissions targets, social shocks such as job losses or displacement of large populations, and the economic shock of stranded energy assets.

We recognise that the potentially material Environmental and Social (ESG) impacts of offshore energy developments and services make offshore energy a particularly sensitive sector if the impacts are not managed appropriately.

We are therefore committed to taking ESG criteria into account in every aspect of our decision-making. We will work with clients who meet our sustainability standards and will review our commitment to any client or transaction where such standards are not or no longer met.

This Offshore Energy Policy outlines NIBC's approach and criteria underpinning what we believe to represent the responsible provision of financial services, in line with our NIBC long term commitment to sustainable development as defined in our Sustainability Policy

Sector Specific Risks and Standards

The exploration and development of new oil and gas assets increasingly takes place in more complex operating environments (deep offshore waters, remote locations, and countries with weaker governance) which potentially creates additional and new ESG risks to operators, service providers and financiers. Key ESG concerns include:

- Greenhouse gas emissions;
- Projects or assets located in or near natural habitats and marine protected areas (offshore/sub-sea habitats of significance);
- Projects or assets located in countries with history of weak regulatory frameworks, lack of transparency, corruption and/or human rights violations;
- Accidents, spills, and leakages;
- Impacts on biodiversity and sea mammals.

NIBC recognises that the offshore energy industry has developed approaches to address the ESG impacts resulting from its activities. These constitute industry best practices and NIBC will be guided by the industry standards listed below when assessing a client's approach to managing the ESG impacts resulting from its activities.

- The International Petroleum Industry Environmental Conservation Association;
- Extractive Industries Transparency Initiative (EITI);
- Voluntary Principles on Security and Human Rights;

- Global Gas Flaring and Venting Reduction Voluntary Standard;
- The International Association of Oil and Gas Producers;
- International Convention for the Prevention of Pollution from Ships (MARPOL);
- International Maritime Organisation (IMO);
- Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR);
- JNCC Guidelines.

In addition to the above mentioned industry standards, NIBC will apply the Equator Principles / IFC Performance Standards as the due diligence framework for all Project Financings. Also we will assess the ESG support- and regulatory framework implemented by national authorities in relation to the energy industry.

Finally, as established in our Sustainability Policy, we will not knowingly provide financial services to projects and activities or assets servicing projects and activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources and cultural heritage.

Scope

This policy applies to all new financial services provided by NIBC. 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.

NIBC provides financial services to the offshore energy sector in the following ways:

- Structured Finance
- Asset Finance
- Leveraged Finance
- Reserve based lending
- Corporate Lending
- Mezzanine & Equity
- Advisory services (including advising on debt and equity capital market)

Our clients are involved in the following offshore energy operations:

- Services to the oil and gas sector, including operation, maintenance, and decommissioning of offshore floating installations for production, storage and offloading of gas and crude oil.
- Services to the renewable energy sector, including design, installation, operation, and maintenance of offshore wind farms;
- Production from offshore oil & gas fields.

Note: Land-based oil and gas storage facilities are addressed in NIBC's Infrastructure Policy.

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 offshore energy sector. NIBC will make such decisions on a case by-case basis after assessing the materiality of the risk that NIBC is supporting unsustainable activities.

NIBC also recognizes national legislation and procedures as important regulators for the energy sector of a country. Countries with a mature energy industry have solid regulatory environmental health & safety (EHS) frameworks in place and at the same time support the industry in a constructive way. Legislation and frameworks in such countries are also taken into account when assessing the ESG risks.

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. We assess their commitment, capacity and track-record in managing ESG risks and their approach to managing sustainability risks in their supply chain and actions of their relationships. We do not assess the commitment and capacity of our client's clients directly.

Offshore Services Segment

Project Finance

We will apply the Equator Principles / IFC Performance Standards as the ESG due diligence framework for all project financings. NIBC will only finance projects, or services to projects that are compliant with the Equator Principles and IFC Performance Standards and that are not located in areas prohibited by host country legislation, international conventions and/or agreements.

Additionally, NIBC will only finance projects for which the Sponsor's commitment and capacity to manage the ESG impacts of the project meets or exceeds industry standards.

The Equator Principles also extend to project finance advisory activities, making the client aware of the content, application and benefits of applying the Equator Principles to the anticipated project, and requesting that the client communicates intention to adhere to the requirements of the Principles when subsequently seeking financing.

Asset Finance

NIBC will only finance projects or assets, or services to projects or assets for which our client's commitment and capacity to manage the ESG impacts of the project meets or exceeds industry standards. Finally, NIBC will pay particular attention to:

- Projects or assets located in, or affecting a developing or emerging market country, where the regulatory framework is weak or where corruption is serious;

Projects or assets located in an environmentally or socially sensitive area

- Projects or assets where there is the potential for adverse material environmental, human rights and/or social impacts;
- Projects or assets for which material issues have been identified by NGOs or other external stakeholders.

Corporate Lending and Advisory Services

NIBC will only provide financial services to clients that have both the commitment and capacity to manage the ESG impacts of their activities.

Exploration and Production (E&P) Companies

Reserve Based Lending

NIBC will only provide financial services to clients that have both the commitment and capacity to manage the ESG impacts of their activities.

We will apply the Equator Principles / IFC Performance Standards as the ESG due diligence framework for projects underlying our Reserve Based Lending facilities where applicable. NIBC will only provide Reserve Based Lending Facilities to projects that are compliant with the Equator Principles and IFC Performance Standards and that are not active in areas prohibited by host country legislation and international conventions and/or agreements.

Geographical scope

NIBC's reserve based lending activities focus on clients in high income OECD countries and on clients who have activities offshore high income OECD countries. Reserve Based Lending financing is explicitly linked to the geographical location of the oil & gas assets. High Income OECD countries include United Kingdom, Netherlands and Norway (North Sea and Norwegian Continental Shelf).

As E&P is a global business, clients and prospects could expand business activities outside the geographical scope. NIBC is guided by the sustainability standards in our policies and applies Equator Principles when financing offshore E&P activities in non-high income OECD countries.

NIBC will not finance exploration and production close to World Heritage areas as defined by UNESCO, or locations where potential impacts cannot be adequately controlled.

NIBC will only finance E&P companies and its activities for which our client's commitment and capacity to manage the ESG impacts of the project is in line with industry standards as defined in our policies. Further, Executive Management should be accountable for ESG risk management and underwrite the companies' ESG goals and objectives.

NIBC will in any case assess whether:

- An E&P company is capable of meeting decommissioning liabilities now and in the future;
- The company adheres to national and international regulatory frameworks. Especially the qualifications provided by the regulators in UK, Norway and the Netherlands certify to a large extent the ESG capacity of a company;
- The E&P company has a transparent financial structure, duly pays its taxes and adheres only to lawful payment obligations (EITI principles);
- An E&P company has a regular reporting format in place regarding ESG which satisfies NIBC's policies;
- The relevant international standards, which are ISO 14001 for environmental management systems and OHSAS 18001 for health and safety management systems, are in place.

Contingency and Insurance

To ensure any incidents are appropriately managed, NIBC expects an E&P company to apply best available technologies, have developed adequate contingency plans and to complete an insurance package that sufficiently covers risks and insurance requirements. This insurance package which is normally reviewed by local authorities can include:

- Comprehensive General Liability: provides coverage for claims an oil & gas company is legally obligated to pay as a result of body injury or property damage to third parties;
- Environmental / Pollution Liability: Provides coverage for body injury, property damage and clean-up costs as a result of a pollution incident from a site.

Unconventional Oil and Gas

Shale gas and shale oil by means of hydraulic fracturing is widely accepted in the United States and other countries may consider implementing a regulatory framework on shale gas and shale oil extraction as well. The UK has recently provided guidelines under which companies are allowed to extract hydrocarbons by means of hydraulic fracturing. Shale gas and shale oil are outside of the scope of NIBC's activities.

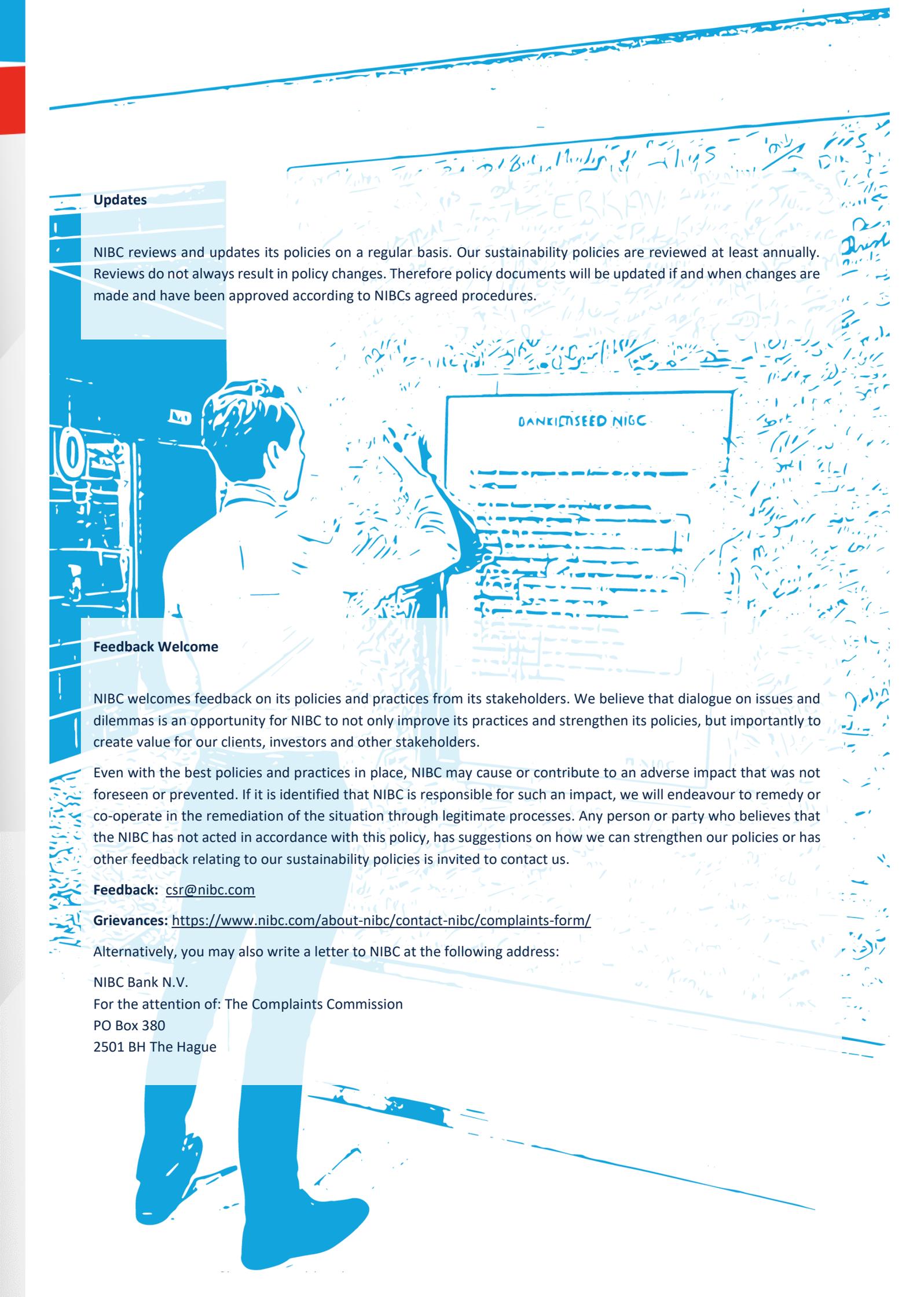
NIBC will not finance activities related to extracting hydrocarbons from tar sands and coal bed methane and crude extraction from coal beds

Application

Our assessment of ESG risks is based on the understanding of the human rights, social and environmental impacts associated with client's activity base and its capacity and commitment to manage such ESG impacts. We will look at client's track record to ensure that the client operates in line with their own sustainability policies. Further, we take in to account geographical scope of client's activities and assess the local regulatory framework and general commitment of governments to the offshore energy industry.

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.

The type of assessment of ESG risks will depend on the type of products or financial services that NIBC offers and the resulting exposure to ESG risks.



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

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