NIBC RENEWABLES SUSTAINABILITY POLICY

December 2020

NIBC

Renewables

NIBC provides a range of financial services to the renewable energy sector in North West Europe.

We are committed to continuing to be a long term financial services provider to our clients in this sector, whilst at the same time ensuring that such services are provided in a responsible manner.

We believe that the development of renewable power generation can play an important role in the movement towards a sustainable low carbon economy, which is key both to countering the increased threat of climate change and to sustaining the economic development of emerging and industrialised markets.

NIBC supports the renewable energy targets of the national governments in the countries where we are active. Our efforts contribute to UN Sustainable Development Goals (SDGs) for Affordable and Clean Energy, (SDG 7) and Climate Action (SDG13) among others.

As part of our commitment to make a contribution to a more sustainable society for future generations, we will continue to actively support this sector.

However, we recognise that the development of renewable energy and its supply chain may have environmental and human rights (ESG) impacts. We are therefore committed to taking ESG criteria into account in every aspect of our decision-making. We will work 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.

This Renewable Energy Policy should be read in addition to the general NIBC Sustainability Policy.

Sector-specific risks

Although renewable energy is considered to be a cleaner form of energy generation, wind, solar, hydro, geothermal and biomass power generation may have potentially significant environmental impacts.

Key concerns associated with wind and solar power generation include:

- Impacts on legally protected areas or critical natural habitats, biodiversity or ecosystems (birds, fishes, and other wildlife);
- Physical resettlement or economic displacement as a result of new infrastructure;
- Noise;
- Electromagnetic interferences;
- Significant land use;
- Human rights and environmental risks in supply chains;
- Visual impacts.

Key concerns associated with hydroelectric power generation include:

- Impacts on legally protected areas or critical natural habitats, biodiversity or ecosystems (fishes and other wildlife);
- Physical resettlement or economic displacement as a result of new infrastructure;
- Impact on the water supply and/or quality of downstream biodiversity, ecosystems or communities;
- Impact on the water flow or quality in more than one country (i.e. projects that affect international waterways).

Key concerns associated with geothermal power generation include:

- GHG and air emissions (carbon dioxide, hydrogen sulfide, methane and ammonia);
- Use of toxic chemicals such as mercury, arsenic, boron, antimony, and salt;
- Adversely effects on land stability, triggering earthquakes as part of hydraulic fracturing.

Key concerns associated with biomass power generation include:

- Significant GHG and air emissions (SOx, NOx, CO2, particulate matter) and the question of the conversion technology used (co-firing schemes - direct combustion systems - gasification systems);
- Food vs. fuel debate, using food or feed commodities as biomass sources;

- Impacts on legally protected areas or critical natural habitats biodiversity or ecosystems due to the use of Genetically Modified Organisms, introduction of alien species, use of chemicals and pesticides;
- Soil erosion or contamination.

Industry Standards

NIBC applies the Equator Principles as the due diligence framework for all project financing and this covers the majority of the financial services we provide to the renewable energy sector.

Given that the majority of the activities we finance occur in high income OECD countries, we will rely on the regulatory frameworks in place in those countries to govern ESG issues.

Additionally, NIBC recognises that there are industry-led approaches to manage the ESG impacts in this sector. The below listed standards and approaches constitute industry best practices and NIBC will be guided by these when assessing a client's approach to managing the ESG impacts resulting from its activities.

- United Nations Environment Programme (UNEP);
- Environmental Impact Assessment, describing the environment, assessing the environmental impacts of the project, development of measures to avoid negative impacts as well as the alternatives that have been considered.

These standards provide the ESG framework used by NIBC when considering its involvement in transactions in the renewable energy sector.

Scope

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 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 renewable energy sector in the following ways:

- Lending for general corporate purposes
- Advisory services
- Investment funds
- Project Finance

NIBC supports the following activities in the renewable energy sector:

- Wind (onshore and offshore)
- Solar
- Geothermal
- Biomass / Biogas

NIBC does not provide support to nuclear energy activities, hydro dams, or large hydro-electric power stations.

A direct application of this policy to indirect investment portfolios such as CDO, CLO and CMBS is not feasible and specific procedures are in place to ensure that NIBC does not support unsustainable activities through its indirect investments.

NIBC Policy Approach

Central to the assessment of ESG risks is the understanding of the ESG impacts associated with a client's activities (and its commitment and capacity to manage such ESG impacts). 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.

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.

NIBC distinguishes between the following different types of engagements:

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

Lending for general corporate purposes, general corporate equity investments 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 in line with the standards as defined in our policies.

Project Finance, advisory and equity investment related to a specific project

We will apply the Equator Principles / IFC Performance Standards as the ESG due diligence framework for all project financing and equity investments related to a specific projects.

NIBC will only finance or invest in projects that are compliant with the Equator Principles.

Given that the majority of the activities we finance occur in high income OECD countries, we will rely on the regulatory frameworks in place in those countries to govern ESG issues.

Additionally, NIBC will only finance projects for which the sponsor’s commitment and capacity to manage the ESG impacts of the project is in line with industry standards.

Finally, NIBC will pay particular attention to:

- Projects or assets located in an environmentally or socially sensitive area (protected area), indigenous communities, areas with human rights concerns (FPIC);
- Projects or assets where there are adverse or material and/or human rights impacts associated with the transaction;
- Projects or assets for which material external stakeholder or NGO issues have been identified.

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.

NIBC encourages companies to include clauses on compliance with human rights, 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.

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 renewables 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.

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