

NIBC FOOD, AGRIBUSINESS, FOOD RETAIL AND FOOD SERVICES SUSTAINABILITY POLICY

December 2020

Food, Agribusiness, Food Retail & Food Services

NIBC provides a range of financial services, including financing and advice, to the food, agribusiness, food retail and food services industries. We are committed to be a long term financial services provider to clients in this sector, whilst at the same time ensuring that such services are provided in a responsible manner.

We understand that the food, agribusiness, food retail and food retail services industry is under increasing pressure. Growing populations in developing countries are creating a rising demand for food, At the same time the amount of arable land in these developing countries is decreasing due to climate change, scarcity of water, soil erosion and the growing competition between urban development and nature conservation.

We appreciate the challenge of the food, agribusiness and food retail services industry to increase efficiency and productivity to meet the growing demand for food whilst achieving this in a way that is respectful of the environment and the society.

Our view is that, the industry has a key role to play in maintaining food safety and security through the supply of products that are affordable, that use natural resources in a sustainable manner and that promote human rights and a healthy working environment for those working in the various supply chains.

Additionally, we believe that sustainable agriculture and food supply chains will continue to outperform conventional agriculture due to resource and cost efficiencies. Further, regulation on climate change and increasing market demand for organic, fair trade and sustainable products are factors that contribute to increasing the long term performance of sustainable agriculture practices.

We also recognise that the potentially material Environmental and Social (ESG) impacts of this industry make it a particularly sensitive sector if these 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 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 Policy is applied in addition to those standards mentioned in the general NIBC Sustainability Policy, Human Rights Policy Supplement and Environment Policy Supplement.

Sustainability Risks

The food and agribusiness sector relies on a finite set of resources being used ever more intensively in order to respond to the needs of a fast growing, urbanising and industrializing global population. The sector is therefore exposed to and responsible for potentially material ESG issues.

Key ESG concerns for this sector include but are not limited to:

- Deforestation and conversion of wild habitat, with implications such as loss of biodiversity and ecosystem services, soil erosion, land degradation, natural stock depletion;
- Water scarcity, negative impacts in water scarce regions, and competing with the basic water needs of local communities;
- Pollution of land, surface and groundwater due to the use of pesticides, fertilizers and fuels, lubricants and other chemicals and to Liquid and solid waste –such as farm slurry, manure, chemical waste, by-products, other wastewater ;
- Violation of the rights of indigenous people and local communities;
- Impact on endangered or threatened species (e.g. fish) through over exploitation;
- Introduction of invasive species, in both agri- and aqua -culture;
- Genetically modified organisms (GMOs);
- Physical and transition climate risks such as lack of water, severe weather or flooding;
- Single use plastics and the impacts of plastic pollution related to food packaging;
- Air emissions (pollutants such as carbon oxides CO_x, nitrogen oxides NO_x, methane, sulfur oxides SO_x, volatile organic compounds VOC, other particulate matter, other greenhouse gases - GHG, dust);
- Occupational health and safety issue in connection with use of machines, vehicles, equipment, exposure to dust and harmful substances;
- Local communities and limitations on their access to available resources – land, water, fuel wood – which may potentially leading to poverty, social disruption, disputes over land tenure

- and land use (land grabbing), migration, involuntary resettlement, and/or lower local food security;
- Human rights abuses, including forced and child labour, unsafe working conditions, non-fair living wages, excessive working hours, forced relocation, discrimination of employees, denial of freedom of expression and freedom of association, violence, and other abuses, use of immigrant and migrant labour with minimal or no benefits and protection under labour regulation;
- Potential increased risks related to agricultural activity faced by women and children;
- Food safety and risks to human health resulting from diseases (Mad Cow Disease' or the Avian Flu), the use of GMOs, pesticides, hormones or antibiotics. Other human health issues related to obesity, malnutrition, anaemia, and diabetes;
- Animal welfare, including extremely restricted housing, intensive livestock farming, and prudent use of antimicrobial medicines;
- Fair and equitable prices to guarantee appropriate remuneration, ensure the continuity of small farming businesses and rural communities and the fair treatment of small holder suppliers in comparison with larger plantations;
- Supply chain and uncertain chain of custody: product traceability and labelling to counter illegally produced products, or with poor labour standards and practices;
- Transparency in the value chain to demonstrate equitable distribution of costs and benefits;
- Abusive bargaining power of retailers which might impose unfair conditions to their suppliers (e.g. fruits and vegetable growers);
- Advertisement to minors and protection from the marketing of products that can harm their health (alcohol, fatty and sugary food);
- Food speculation and speculation on food prices by commodity traders resulting in inflation of food prices.
- Growing competition and tension between use of resources for food, feed (for animals) or bio fuels.

Our Policy

The vast majority of the activities we finance in the food, agribusiness, food retail or food services occur in high income OECD countries. We rely on the regulatory frameworks in place to govern the ESG issues resulting from the local operations of our clients.

NIBC recognises that the food, agribusiness and food retail services sector has developed approaches to assess and address the ESG impacts resulting from its activities and that of their suppliers, such as ESG risk management and reporting systems, certifications and/ or standards. To assess the client's approach to manage its direct ESG impacts and its supply chain, NIBC will be guided by the conventions and protocols mentioned in NIBC's Sustainability Policy as well as those listed in Appendix 1.

NIBC provides financial services to the food, agribusiness and food retail services sector in the following ways:

- Lending for general corporate purposes
- Advisory services
- Equity investments

Our clients and are essentially involved in the processing of agricultural products, not primary production or (cattle) farming. NIBC supports clients in the following subsectors:

- Bakery, bread and pastry
- Tomatoes, potatoes, vegetable and fruits
- Food retail and services
- Proteins (meat, poultry, insects)
- Breweries, wine and spirits
- Seeds and refinement
- Beverages

For the subsectors in which NIBC is active Appendix 1 also provides an overview of additional industry specific initiatives and best practices to operate in a sustainable manner. NIBC believes that adoption or

adherence to any of these standards would be an indication that a company is committed to manage the ESG impacts resulting from its activities and that of its supply chain.

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 food, agribusiness and food retail 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 human rights, governance 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 period

Appendix 1: Industry Specific Initiatives and Best Practices

Industry specific initiatives and best practices which are applied in addition to those mentioned in NIBC's Sustainability policy, Human Rights supplement, and Environment supplement.

Conventions & Guidelines

Food and Agriculture Organization of the United Nations (FAO)

The Food and Agriculture Organization of the United Nations leads international efforts to defeat hunger. FAO acts as a neutral forum where all nations meet to negotiate agreements and debate policy. FAO is also a source of knowledge and information and supports developing countries and countries in transition modernize and improve agriculture, forestry and fisheries practices and ensure good nutrition for all.

<http://www.fao.org/>

Global Good Agricultural Practice (GAP)

GLOBALG.A.P is a private sector body that sets voluntary standards for the certification of production processes of agricultural (including aquaculture) products around the globe.

<http://www.globalgap.org>

Sustainable Agriculture Initiative Platform (SAI)

SAI Platform is an organisation created by the food industry to communicate and to actively support the development of sustainable agriculture involving stakeholders of the food chain.

<http://www.saiplatform.org/>

Sustainable Food Laboratory (SFL) and the Responsible Commodities Initiatives

The Sustainable Food Lab is a consortium of business, non profit and public organizations working together to accelerate the shift toward sustainability. SFL facilitates market-based solutions to the key issues—including climate, soil, poverty, and water—that are necessary for a healthy and sustainable food system to feed a growing world.

<http://www.sustainablefood.org/about-us>

<http://www.sustainablefood.org/commodities>

Animal Welfare

The Five Freedom Principles

Five principles for animal welfare developed by the UK advisory body Farm Animal Welfare Council (FAWC):

1. Freedom from Hunger and Thirst - by ready access to fresh water and a diet to maintain full health and vigour.
2. Freedom from Discomfort - by providing an appropriate environment including shelter and a comfortable resting area.
3. Freedom from Pain, Injury or Disease - by prevention or rapid diagnosis and treatment.
4. Freedom to Express Normal Behaviour - by providing sufficient space, proper facilities and company of the animal's own kind.
5. Freedom from Fear and Distress - by ensuring conditions and treatment which avoid mental suffering.

<http://www.fawc.org.uk/freedoms.htm>

European Conventions

European Convention for the Protection of Animals kept for Farming Purposes and the European Convention for the Protection of Animals during International Transport:

http://ec.europa.eu/food/animal/index_en.htm

Sustainable Agriculture Certification Programs and Guidelines

General

- Rainforest Alliance Sustainable Agriculture Standard (SAN): <https://rainforest-alliance.org>
- Fairtrade Standards (FLO): <https://www.fairtrade.net>
- European Initiative for Sustainable Development in Agriculture(EISA): <https://www.sustainable-agriculture.org>
- Dutch Sustainable Trade Initiative (IDH): <https://www.dutchsustainabletrade.com/>
- EKO standards (EKO): <https://www.eko-keurmerk.nl/>
- FoodDrinkEurope: <https://www.fooddrinkeurope.eu>
- Federatie Nederlandse Levensmiddelen Industrie: <https://www.fnli.nl>

Crop / Product Specific

- Relevant IFC EHS guidelines: <https://www.ifc.org/ifcext/sustainability.nsf/Content/EHSGuidelines>
- Stewardship Index for Specialty Crops: <https://www.stewardshipindex.org>

Soy, Palmoil

- Basel Criteria for Responsible Soy Production: <https://www.fao.org/>
- Roundtable on Responsible Soy Association(RTRS) <https://www.responsiblesoy.org>
- Roundtable on Sustainable Palm Oil (RSPO) and the Principles and Criteria for Responsible Palm Oil Production: <https://www.rspo.org>

Coffee, Tea, Cocoa, Sugar

- Common Code for the Coffee Community (4C): <https://www.4c-coffeeassociation.org>
- Tropical Commodities Coalition for sustainable Tea, Coffee and Cocoa (TCC): <https://www.teacoffeecocoa.org>
- UTZ Certified: <https://www.utzcertified.org>
- International Cocoa Initiative (ICI): <https://www.cocoainitiative.org>
- Round Table on a Sustainable World Cocoa Economy: <https://www.roundtablecocoa.org>
- World Cocoa Foundation (WCF): <https://www.worldcocoafoundation.org>
- Ethical Tea Partnership (ETP): <https://www.ethicalteapartnership.org>
- Sustainable Tree Crops Programme: <https://www.treecrops.org>
- Better Sugarcane initiative (BSI) Standards: <https://www.bonsucro.com/>

Fishery

- Marine Stewardship Council (MSC): <https://www.msc.org>
- Aquaculture Stewardship Council (ASC): <https://www.asc-aqua.org>
- FAO Code of Conduct for Responsible Fisheries and the FAO Guidelines for the ecolabeling of Fish: <https://www.fao.org/fishery/ccrf/en>
- International Principles for Responsible Shrimp Farming: <https://www.fao.org>
- Global Aquaculture Alliance: <https://www.gaalliance.org>

Dairy

- European Dairy Association (EDA): <https://www.eda.euromilk.org>
- Global Dairy Platform (GDP): <https://www.globaldairyplatform.com>
- International Dairy Federation (IDF): <https://www.fil-idf.org>

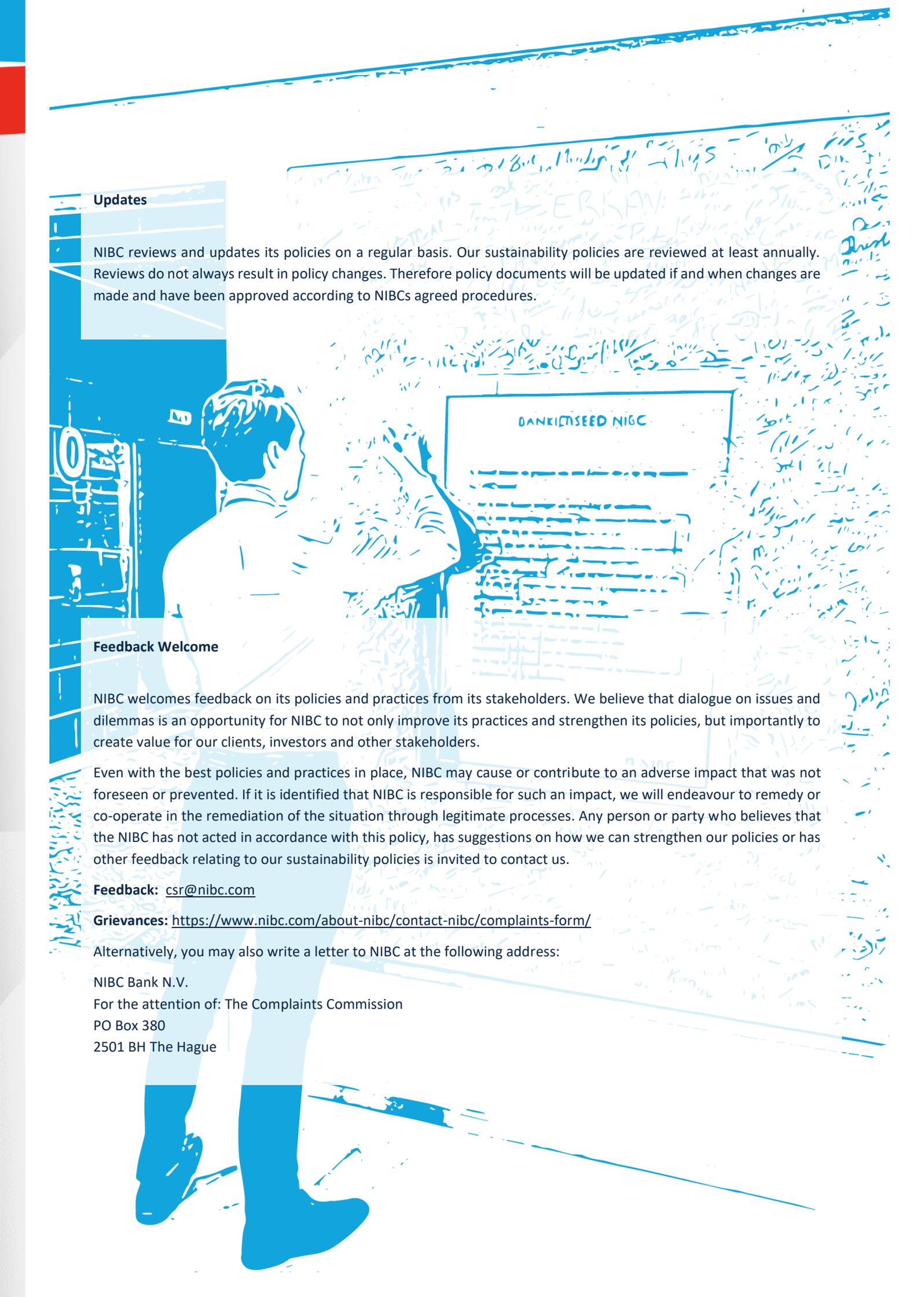
Organic

- EU Organic Scheme (EU 834/2007): <https://ec.europa.eu/agriculture/organic>
- International Federation of Organic Agriculture Movements (IFOAM): <https://www.ifoam.org>

Food Safety, Pesticides and Genetically Modified Organisms (GMO's)

- BRC Global Standards: <https://www.brcglobalstandards.com>
- International Food Standard (IFS): <https://www.ifs-certification.com>

- ISO 22000 Food Safety Management: <https://iso.org>
- QS System: <https://www.fami-qs.org>
- Safe Quality Food (SQF 2000 Code): <https://www.sqfi.com>
- Cartagena Protocol to the Convention on Biological Diversity around the use of GMO: <https://www.cbd.int/>
- International Code of Conduct on the Distribution and Use of Pesticides: <https://www.fao.org/DOCREP/005/Y4544E/Y4544E00.HTM>
- World Health Organisation: : <https://www.who.int>, including International Code of Marketing of Breast-Milk Substitutes



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