

Materiality Assessment

Introduction

NIBC believes transparency facilitates trust between an organisation and its stakeholders. The materiality assessment process helps us understand which financial and non-financial aspects our stakeholders find most relevant and material. Our annual report provides an overview of the themes and indicators we have identified as most relevant to us as a company and to our stakeholders.

We define stakeholders as groups or individuals who are affected by or can affect the achievement of our objectives. We engage with our stakeholders to understand their expectations and interests. Additional details about our stakeholder engagement in 2017 can be found [here](#).

This document gives an overview of the materiality assessment process and the outcomes. It describes how we (i) identified our sustainability context and relevant topics and (ii) determined the most material themes and aspects.

Additional Annual Disclosures

In addition to our Annual Report, we publish a number of additional disclosures:

Pillar 3: NIBC's capital adequacy and risk management report contains information that enables an assessment of the risk profile and capital adequacy of NIBC Holding N.V.

Global Reporting Initiative (GRI): NIBC has applied the GRI Standards guidelines core option to its 2017 annual report. This new standard was adopted by NIBC in its 2016 GRI content index. This report provides transparent and comparable information and links to where important environmental, human rights, and governance topics are mentioned in our annual report and other disclosures.

Equator Principles: NIBC is one of 92 financial institutions in 37 countries which have adopted the Equator Principles (EP). As such we provide an annual update to EP as well as a more detailed overview on our corporate website.

UN Global Compact: NIBC is a signatory of the UN Global Compact. Each year we provide an updated commitment on progress (COP) reaffirming our commitment to the ten principles and a description of our progress.

Modern Slavery Statement. This statement provides an update in regard to NIBC's efforts to fight human rights abuses and support good corporate practices in supply chains.

Sustainability Report This report provides a comprehensive overview of NIBC's progress in regard to sustainability and further detailed figures on sustainability aspects.

NIBC is committed to be fully transparent towards its stakeholders and to focus its reporting resources toward disclosures which are most relevant.

Determining Relevant Themes and Aspects

Our materiality assessment in 2017 continued the in-depth analysis which we performed in prior years. We reviewed a number of internal and external sources, including stakeholder requests and interests, transparency guidelines, governmental and regulatory criteria, studies and benchmarks. We reviewed the approach of peer banks and considered our own strategic priorities.

In 2017, our stakeholder consultation was performed across seven stakeholder groups representing our clients, investors, regulators, civil society and employees. Stakeholder representatives were asked to rank each material topic on a scale of 1 to 10 (1 = least important; 10 = most important).

We used this opportunity to ask for more specific feedback in regard to areas such as climate risk, diversity, data security and modern slavery. They were also invited to add material topics of their own.

What is Material ?

NIBC adhered to the updated definition of material impact clarified in the GRI Standards: the effect NIBC has on the economy, the environment, human rights and/or society, which in turn can indicate its contribution (positive or negative) to sustainable development. NIBC did this from two perspectives:

- 1) Based on the significance of the impact on the economy, environment or society; and,
- 2) Based on the influence of these topics on the assessments and decisions of stakeholders.

Who are NIBC's Stakeholders ?

NIBC consults with a broad range of stakeholders on a continuous basis. This helps to deepen our understanding of their evolving expectations and concerns and allows us to communicate with them on how we are responding to their priorities and concerns. Stakeholder engagement takes place in different forms, from regular and ongoing dialogues to direct feedback requests and specific consultation sessions.

Throughout 2017, there have been regular interactions with a broad range of stakeholders. Examples of these engagements included:

- *Customers* – client meetings, feedback received via our call center, online inquiries, client due diligence and social media.
- *Employees* – meetings with NIBC's employee council, team meetings, and internal social media platforms;
- *Rating Agencies & Debt Investors* – briefings and meetings, interim reports, and credit updates;
- *Civil Society Organizations* – meetings and phone calls, working groups, surveys, written correspondence related to key issues; employee volunteering and support for projects;
- *Regulators and Authorities* – reviews, industry forums, and meetings;
- *Suppliers* – supplier reviews, risk assessments, and ongoing meetings with individual suppliers;
- *Press & Media* – press releases, press briefings, and interviews.

The wide range of discussion topics included financial issues as well as non-financial dilemmas and concerns. We held one-on-one meetings with individual stakeholders, received and responded to customer queries, participated in stakeholder events, conducted employee surveys, discussed evolving societal issues with civil society organisations, held briefings with debt investors and rating agencies, and formal and informal discussions with employees. Our stakeholder engagements and a clear overview of NIBC's value chain are further elaborated on our corporate website.

What have we discussed ?

Dialogue with civil society organizations was frequent throughout 2017. Regular discussions with civil society were important, particularly in light of the Sustainable Development Goals (SDGs), the Paradise Papers, the IMVO agreement for the Dutch banking sector, and the Berlin COP23 climate conference. Examples included Maatschappelijke Alliantie, Missing Chapter, Pax, Voedselbank Haagenland, Shipbreaking Platform, Human Rights at Sea, Stichting Vitalis, Amnesty, Bellona, Transparency International, Child & Youth Finance, Friends of the Earth (Milieudefensie), and Studeren en Werken op Maat, among others. Subjects discussed included climate change, financial education, transparency, worker rights, FPIC, circular economy, sustainability in supply chains, third party grievance and remedy mechanisms, protecting biodiversity, increasing financial inclusion, protecting vulnerable people, improving mobility and diversity, and promoting peace.

During 2017, NIBC continued its active participation in the IMVO agreement for the Dutch banking sector. Parties to the agreement include national authorities, civil society organisations, unions, and peer banks. NIBC participated in working groups focused on knowledge sharing and enabling effective grievance and remedy mechanisms. Results from these working groups are expected to be published during 2018.

We also analysed available documentation to learn which topics stakeholders consider to be material. Furthermore we organize bi-annual internal stakeholder sessions in which employees who frequently interact with stakeholders participate.

During these sessions the variety of themes and topics that our stakeholders find material are shared, aimed at creating further awareness and understanding.

What were the results of discussions ?

The result of these stakeholder engagements was new customer financings and investments, new product developments, reflections on NIBC's corporate culture, and numerous ongoing initiatives to further improve and deliver future financial and non-financial value for our stakeholders.

For example, shipping clients of NIBC committed to securing inventories of hazardous materials for vessels and to responsibly dismantle ships at end of life. NIBC discussed these aspects with its clients for every new financing in the sector it undertook in 2017. Though NIBC is not active in financing vessels near their end of life, we hope that by influencing practices and achieving commitments at an earlier stage that we raise awareness, ensure worker safety and human rights at sea and end potential environmental and human rights risks which may occur in ship dismantling.

Dialogues with stakeholders on sustainability issues informed NIBC's policy approach, strengthen our client and transaction due diligence, strengthen governance processes, and to generally raise awareness about emerging human rights and environmental issues and risks. During 2017, NIBC fully revised our Code of Conduct for staff. Numerous compliance policies were updated and strengthened including our Whistleblower policy. We also reviewed and updated our sustainability framework and our sustainability policies.

Dialogues with civil society organisations in NIBC's NGO Boulevard have catalysed ideas for further cooperation on societal issues in 2018 in areas such as circular economy, mobility, the sustainable development goals and financial education. We mutually recognised potential win-wins: opportunities to create more impact than NIBC or these NGOs would be able to make by acting alone.

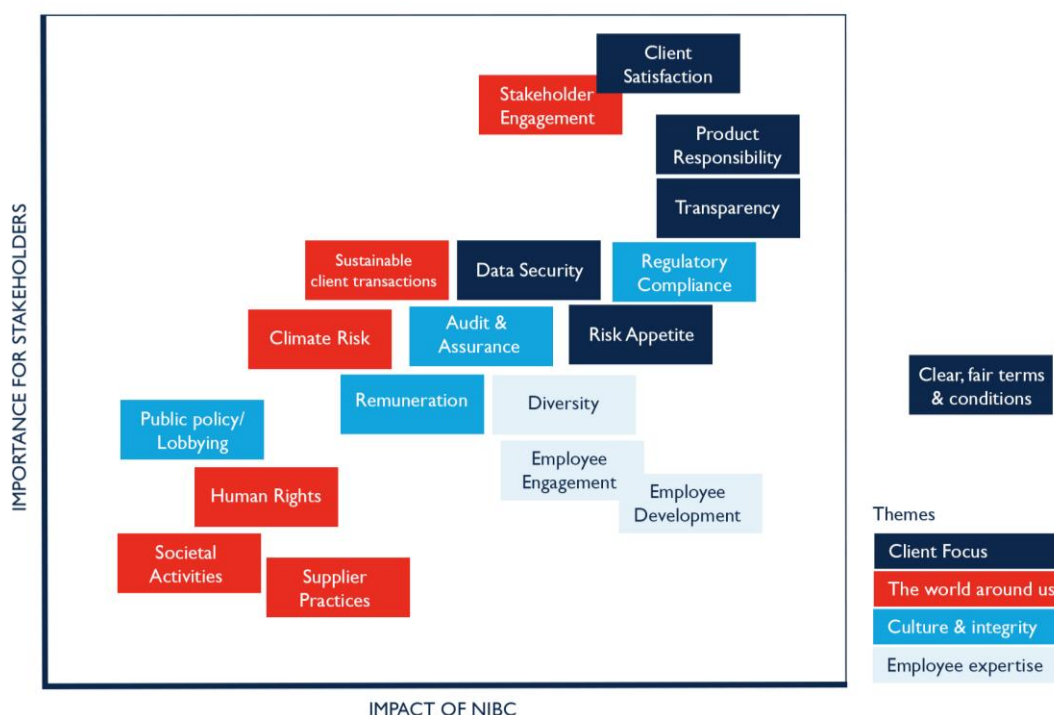
Assessment Outcomes

Internal advisors responsible for stakeholder groups summarized and helped to compile our annual reflection on aspects which stakeholders find most material and to reflect on our own impact.

We have grouped the topics that stakeholders deemed material into the following themes:

1. Client focus
2. Culture & integrity
3. The world around us
4. Employee expertise and engagement

The materiality matrix (below) provides a visual summary of aspects by importance to stakeholders and the impact that NIBC has on each aspect.



Material Aspects

The three most important aspects for stakeholders were client satisfaction, product responsibility and stakeholder engagement. Client satisfaction was seen by stakeholders as the most material aspect. They believe that high client satisfaction is an indicator of the strength of our franchise.

Product responsibility and stakeholder engagement are also very important and areas of strength for NIBC. Our online platform and clear terms and conditions in retail banking were appreciated by clients. Stakeholders appreciated the agility and sector expertise in NIBC's corporate offering.

Data security and privacy significantly increased in importance to stakeholders, likely due to increased public awareness of cyber incidents during the year. Retail and corporate clients mentioned that they need to have confidence that their information is protected. At the same time regulatory requirements (PSD2) are requiring increased external access to bank systems.

Regulatory compliance continued to rise in importance. This is due in part to MIFID II as well as increased non-financial regulatory reporting requirements. New EU and Dutch non-financial reporting directives took effect during 2017 and are required for the 2017 reporting period.

Sustainable client transactions and investments continued to be material in the eyes of stakeholders. NIBC has embraced sustainability in its financings and investments, particularly focusing on clients in the subsectors renewable energy, infrastructure (I&R), real estate (CRE), agriculture (FAR&H), and shipping (S&I). During our consultations, stakeholders told us they appreciated our efforts in this respect.

Diversity aspects continued in their importance to stakeholders, reflecting increasing public awareness. As of 1 January NIBC formed a new Executive Committee (Exco) to lead the bank. Media and civil society organisations saw this as an example of progress among leading dutch corporates as 33% of NIBC's ExCo are women. During 2017, gender diversity improved at many levels within the bank, though we have more work to do to meet our aspirations.

Boundaries

We recognise that our impact on environment and society results from our own operations as well as from our clients' business activities. We differentiate between direct and indirect impact.

All material aspects and figures reported are directly relevant to our stakeholders and NIBC. Certain environmental and social themes may also have an impact in relation to our clients and investors. The non-financial key figures that evaluate these impacts for our clients are:

- Percentage of clients screened against sustainability policy framework
- Number of project finance transactions in line with Equator Principles

Our statements on management approach in our GRI Standards content index disclosure provide further information about how NIBC manages its direct and indirect impact on the environment, society and people.

Other Relevant Aspects

Our annual report contains information on themes and indicators that are most material to our stakeholders and to NIBC.

The topics that are not labelled material are not considered unimportant; these are considered basic conditions or 'hygiene factors' that stakeholders expect us to have in place but are not most material. As we still wish to show our stakeholders that these topics are indeed addressed, these are either reported in the annual report, or in NIBC's GRI Standards content index report with links to further information about these topics.