

NIBC MATERIALITY ASSESSMENT

February 2021

2020 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.

NIBC recognises its responsibilities towards stakeholders, regularly engages with them and considers their interests in its day-to-day decisions and activities. Engaging with stakeholders in a proactive way and on a continuous basis is central to our strategy and purpose of making a difference at decisive moments for our clients.

We define stakeholders as any group or individual affected directly or indirectly by our activities. We have identified our main stakeholders to include clients, institutional investors, shareholders, regulators, employees and civil society organisations. We actively seek these connections to the world around us to ensure we reflect on our business, understand our impact and to continue to innovate .

Our engagement with these groups takes place via different channels that range from ongoing dialogue to direct requests for feedback. To ensure our long-term success, we acknowledge the need to strike a careful balance between the interests of all our stakeholders.

The views of NIBC's stakeholders are continuing to evolve, influenced by the world around us. There is a rising expectation that financial and non-financial aspects need to be in balance. At the same time, our stakeholders expect NIBC first and foremost to be a financially healthy company with strong risk management which protects the integrity of the financial system. They also expect that we strongly consider environmental concerns, human rights risks and good governance in our own operations and in our financings and investments. Sustainability is a core component of our business strategy.

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

Transparency & 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.
- **NACE Supplement:** NIBC discloses our financing activities by NACE sector in accordance with our commitments as a member of the NVB (Dutch Banking Association). In our 2020 NACE Supplement, we are disclosing our first estimates of EU Green Taxonomy aligned exposures and a preliminary Green Asset Ratio.
- **Global Reporting Initiative (GRI):** NIBC has applied the GRI Standards guidelines core option to its 2020 Annual Report. 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 114 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. This UNGC COP also serves as NIBC's Sustainable Development Goal (SDG) report.
- **Modern Slavery Statement:** This statement provides an update in regard to NIBC's efforts to support good corporate practices and end human rights abuses 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.
- **TCFD Report:** NIBC published its first TCFD report in July 2020, providing interested stakeholders further insights into climate-related risks.

NIBC is committed to be fully transparent towards its stakeholders and to focus its resources toward those reports and disclosures which are most relevant to our stakeholders for our business.

Determining Relevant Themes and Aspects

For 2020, our stakeholder consultation was performed across a range of stakeholder groups representing our clients, investors, regulators, civil society and employees. Unlike past years, most meetings with stakeholders were virtual due to the pandemic.

Based on their input, we compiled and ranked each material topic on a scale of 1 to 10 (1 = least important; 10 = most important).

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 importance to our stakeholders; and,
2. Based on the impact and influence of NIBC.

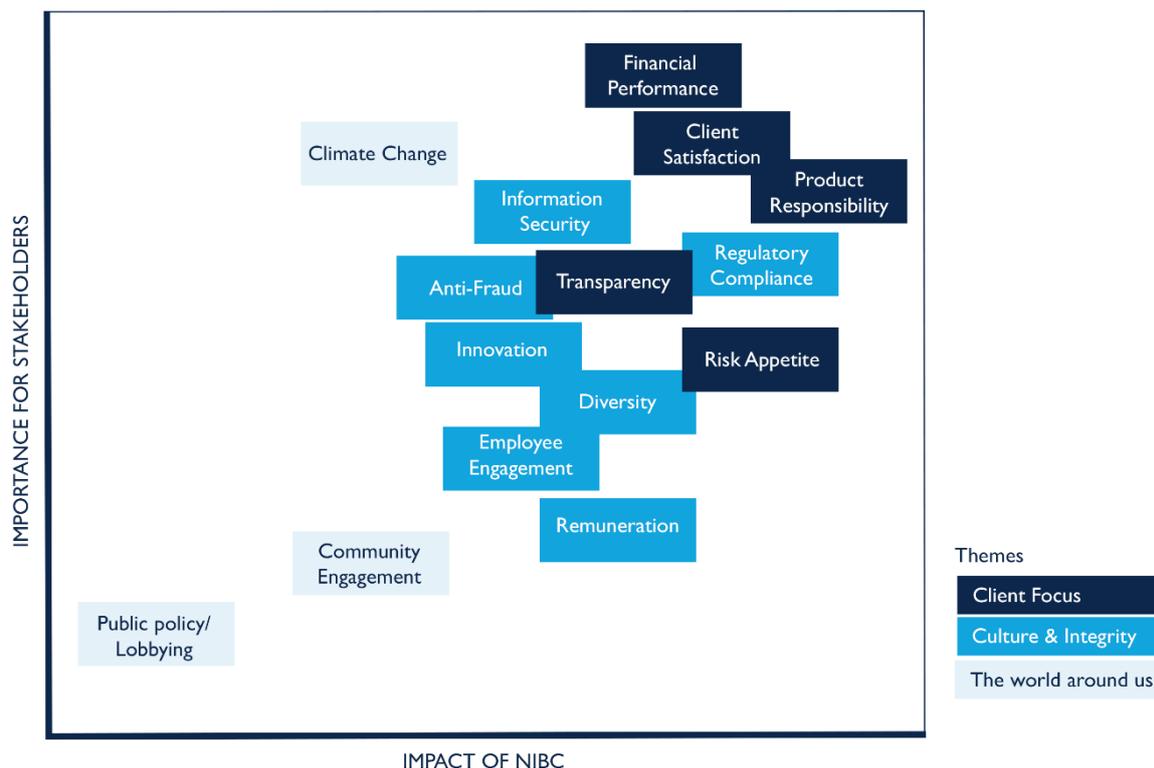
Assessment Outcome

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

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



We use stakeholder discussions as an opportunity to ask for more specific feedback in regard to diverse issues such as climate risk, ethics, human rights, diversity, data privacy and others. Stakeholders were also invited to add material topics of their own. The location of each topic within the graph represents the result of their response.

It is important to understand that this matrix does not reflect all the issues that NIBC gives attention to but rather the issues our stakeholders view as important for us to tackle. For instance, we see human rights as our responsibility and have developed a policy that ensures all necessary measures are in place to guarantee human rights protection but, because of our Northern European focus, this topic does not appear material for our stakeholders.

Material Aspects

The four most material aspects for stakeholders were financial performance, client satisfaction, climate change and product responsibility.

Financial performance was of high importance to our stakeholders. The financial landscape is changing rapidly, influenced by low interest rates, increased regulatory scrutiny, and the emergence of fintechs. Stakeholders have expressed the importance that they place on NIBC focusing on its financial targets, maintaining its cost efficiency, building financial resilience and delivering on its promises.

Client satisfaction was seen by stakeholders as very material, particularly in light of the pandemic. They believe that high client satisfaction is an indicator of the strength of our franchise. The primary measurements of client satisfaction used by NIBC are the Net Promotor Score (NPS) score for corporate banking and the client satisfaction survey results for NIBC Direct. We also closely monitor feedback

received across all communication channels. Our Non Financial Key Figures in our Annual Report include client satisfaction figures.

Climate change continued to be of high importance to our stakeholders during 2020. External stakeholders and NIBC employees alike signaled their concerns about climate change and its impacts. Numerous meetings, forums and roundtables were held to share best practices, discuss progress and to share views on regulatory proposals. They appreciated NIBC's efforts in reducing its fossil fuel exposure and see NIBC as having a role in influencing corporate clients to adapt to the energy transition. Sustainability is increasingly a reason that recruits choose to work at NIBC and employees feel engaged. This is reflected in the results of our Employee Experience Survey reported in our Annual Report. NIBC is committed to achieve net zero emissions aligned to the Paris Agreement target and emission reductions aligned to Dutch national targets. We reported total estimated greenhouse gas emissions in our Annual Report. Additional detailed indicators regarding estimated emissions, energy efficiency and environmental performance are reported in our TCFD Report and in our Sustainability Report.

Product responsibility and duty of care continued to be very important particularly because of the pandemic. Stakeholders viewed this as an area of strength for NIBC. Our retail clients expressed appreciation for our online platform and clear terms and conditions. Investors liked NIBC's transparency, and thinking ahead to strengthen ESG standards and effort to open the CLO market for increased responsible investment. We recognise that the boundary for product responsibility is broad. For example, our retail savings clients expect a safe online environment. All customers expect clear, understandable, and fair terms and conditions. Retail and corporate clients expect privacy and protection of their information. NIBC reports the percentage of corporate loans screened for ESG and significant fines and sanctions as Non Financial Key Figures in our Annual Report.

The boundary for product responsibility is broad. It is closely connected with our Code of Conduct and duty of care towards clients. For example, our retail savings clients expect a safe online environment. All customers expect clear, understandable, and fair term and conditions. Retail and corporate clients expect privacy and protection of their information.

Information security and data privacy remained important to stakeholders particularly given the remote working requirements of the pandemic. Our stakeholders have high awareness of data protection regulations such as GDPR. Statements on NIBC's website provide clarity to our customers. Within the Risk Management chapter of our Annual Report, we report on our efforts to manage these risks and the results.

Stakeholders also mentioned the importance of diversity in all of its many facets. They appreciated NIBC's efforts to take action on diversity and improve gender pay equality. Having a diversity committee to oversee progress within the company, and diversity in senior management and in our Supervisory Board is seen as tangible and meaningful. During 2020, our Non Financial Key Figures in our Annual Report show that gender diversity at NIBC modestly improved, continuing the progress made over the past few years. Additional indicators are disclosed in our Sustainability Report.

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 2020, there have been regular interactions with a broad range of stakeholders. Examples of these engagements included:

Stakeholder Group	Type of dialogue/channel	Main aspects discussed
Customers	Surveys Deal origination Client meetings Call center	Financial solutions Climate change Client satisfaction KYC & AML
Shareholders	Annual General Meeting Capital Markets Days Shareholder Updates	Financial performance Business strategy Sustainability performance Economic outlook
Suppliers & Vendors	RFPs Supplier reviews Meetings	ESG due diligence Data security Supply chains
Authorities	Meetings Consultations Sectoral for a Reports	EU Green Taxonomy Product responsibility Climate risk KYC & AML
Civil society organisations	Individual Meetings Multistakeholder dialogues Annual General Meeting Informal discussions	Climate change Human rights Due diligence Covid-19 pandemic
Employees	Team & individual meetings Works Council meetings Events	Covid-19 pandemic Diversity Corporate culture
Peer Banks	NVB meetings, working groups and expert pools Multistakeholder dialogues	Human rights Climate change/climate risk Data privacy & Information security ESG best practices & lessons learned

Dialogue with authorities included the many regulatory developments and oversight expectations. For example, as it has for several years, NIBC provided a detailed climate risk analysis as part of its reporting toward the Dutch Central Bank (DNB). NIBC was represented at numerous climate risk dialogues with regulators and other supervising authorities. Feedback from authorities has helped to inform public disclosures such as NIBC’s TCFD Report, while feedback from NIBC has contributed to best practices shared by authorities.

Dialogue with civil society organizations was frequent throughout 2020 despite the pandemic. Climate change, human rights and due diligence were at the forefront of discussions with organisations such as PAX, Amnesty, and Oxfam. The dramatic impacts of the Covid-19 pandemic on people, their debt burden

and strengthening systemic support were discussed with Schuldhulpmaatje Den Haag. We hope to get back to face-to-face meetings later in 2021 and beyond as informal dialogue often adds needed clarity in the case of complex human rights and environmental topics.

Examples of Stakeholder Dialogue

North Westerly VI CLO

With institutional investors, we discussed financial, environmental and social objectives and shared value creation. The North Westerly VI CLO utilised strong transparent approach to ESG and our approach on applying sustainability in the development of the CLO was guided by input from both investors and civil society organisations. During its launch in November, North Westerly VI was widely praised for pushing the envelope in regard to sustainability and opening the CLO asset class for responsible investment.

Equator Principles

NIBC is one of 114 financial institutions in 37 countries worldwide which have officially adopted the Equator Principles (EPs). The EPs are a risk management framework for determining, assessing and managing environmental and human rights risks in project finance transactions. The development and ratification process for Equator Principles 4 (EP4) attracted high interest from civil society stakeholders, trade unions, national authorities and peer banks. Based on these engagements, NIBC advocated within the EPA to strengthen standards and more closely align with the UN Guiding Principles on Business and Human Rights, OECD Guidelines for MNEs, and the targets of the Paris Climate Agreement.

Human Rights

Although the International Responsible Business Conduct (IRBC) agreement for the Dutch banking sector ended during 2020, NIBC continued its work with stakeholders in the area of human rights. . We engaged on human rights with business partners, clients, civil society organisations and employees.

Attention was given to increasing transparency of corporate human rights commitments and practices with a view towards influencing long-term positive improvements. For example, several mid-sized corporate clients added their commitment to respect human rights to their public websites as a result of our discussions. In our own operations these engagements informed NIBC to refine its complaints mechanism as well as sustainability requirements in its standard vendor contracts. NIBC also added an archive on its website for previous Modern Slavery Statements and sustainability-related reports.

Climate Accord

NIBC is a signatory of the Climate Accord together with other Dutch financial institutions. NIBC discussed carbon emissions targets, potential climate risks, and best practices in reporting with regulators, civil society organisations, peer banks and clients. We were also an active member of the Partnership for Carbon Accounting Financials (PCAF) to further engage on emerging carbon accounting standards in the financial sector with our financial peers. PCAF methodologies are being used in NIBC's estimated emissions disclosures.

Responsible Shipping

NIBC continued to take a proactive role in addressing environmental and human rights issues in shipping value chains. Based on discussions with stakeholders, we can conclude that the efforts of NIBC and the

nine other banks involved in Responsible Ship Recycling Standards (RSRS) are having a positive influence on the shipping value chain. NIBC has helped to draft the next version of RSRS which is expected to be announced in Q2 2021.

Since 2014, 100% of NIBC's new financings in shipping have included RSRS, achieving our target. It is a significant achievement that more than 90% of NIBC's shipping portfolio at year-end 2020 includes RSRS commitments.

Boundaries

The boundaries for each material aspect are described in the statements above. The material aspects and figures reported have been identified as 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 new corporate loans screened against sustainability policy
- Number of new corporate clients with increased sustainability risk assessment

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.

Our impact on environment and on people results from our own operations as well as from our clients' business activities. NIBC's relationship with its clients is largely defined by the products and services that we offer. These have direct and indirect impacts, positive and negative. Given the increasingly global nature of supply chains, we are also mindful that the boundary of our impact is situation-specific and can extend beyond the operating locations of NIBC, its clients and its suppliers.

Saliency

NIBC supports the UN Guiding Principles on Business and Human Rights (UNGPs) and the responsibility of businesses to also consider salient aspects relative to their business and operations and provide disclosures on these aspects. NIBC reports these in our Annual Report, our Sustainability Report and in other statements and disclosures.

The main salient human rights risks for NIBC are labour conditions and worker safety in corporate client supply chains. NIBC manages these risks through stakeholder engagement, client and transaction due diligence and by raising awareness with corporate clients. Full transparency into supply chains is an ongoing challenge for mid-market corporate businesses, since their capacity and influence are less than for large corporates and multinationals. NIBC therefore applies proportionality in accordance with the UNGPs and is guided by the balanced views of stakeholders in its own approach.

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 the most material ones relative to our financings or our business. As we still wish to show our stakeholders that these topics

are indeed addressed, these are either reported in the Annual Report, in NIBC's GRI Standards Content Index, in our Sustainability Report and/or in other statements, disclosures and policies.