

NIBC GREEN BOND FRAMEWORK

June 2021

About NIBC

Established in 1945 to help rebuild the Netherlands after the Second World War, NIBC is strongly rooted in its obligations towards society. Today our purpose is much the same – making a difference at decisive moments. Our purpose and values define our ambition and help to guide our day-to-day decisions.

We operate a focused mid-market corporate and retail client franchise in North-Western Europe, with a differentiated approach, bringing bespoke financial solutions to clients in chosen sectors where we can add most value. We are client-oriented, present at their decisive moments. We offer a broad and relevant product suite for these entrepreneurial clients in chosen subsectors.

We aim to support our clients in achieving their ambitions and enable them to build a better society for future generations. We take our obligations seriously, and look to build long-lasting client relationships based on products and services that are transparent, trustworthy and sustainable.

Sustainability goes beyond the responsibilities we have towards the next generation. By being a sustainable company in the way we do business and the clients we service, we are also better suited to face future challenges and tap the most promising opportunities in our markets.

Our lending and investment decisions are important means through which we can create value for the communities we are part of. In our investment process, environmental, human rights and governance considerations are factors alongside financial factors. When considering lending to our clients, we assess possible sustainability risks and seek to have an open dialogue with our clients on these topics. Our sustainability policies outline clear expectations for specific sectors in which our corporate clients are active.

NIBC has endorsed a number of global initiatives, charters, and principles and has applied them within our policy approach. These include:

- UN Global Compact (signatory)
- Equator Principles (member institution)
- IFC Performance Standards (by policy)
- UN Guiding Principles on Business and Human Rights (by policy)
- Universal Declaration of Human Rights (by policy)
- OECD Guidelines for Multinational Enterprises (by policy)
- ILO Core Conventions (by policy)
- UN Principles for Responsible Investment - UNPRI (by policy)
- UNEP FI (by policy)
- UN Convention on the Elimination of All Forms of Discrimination against Women (by policy)
- UN Declaration on the Rights of Indigenous Peoples (by policy)
- UNICEF Convention on the Rights of the Child (by policy)
- Wolfsberg Principles (by policy)
- FATF recommendations (by policy)
- Climate Agreement of the Dutch Banks (signatory)
- Partnership for Carbon Accounting Financials PCAF (signatory)

Additional principles and charters applied by NIBC are mentioned within the sustainability, compliance and corporate governance policies published on our corporate website <https://www.nibc.com/about-nibc/sustainability/>.

NIBC and sustainability

Paris Climate Agreement

Humankind is pushing the planet's ecological limits and impacting our natural capital. Commitments by country signatories to the Paris Climate Agreement aim to prevent global warming from rising above 2° and preferably no more than 1.5°.

NIBC recognises its corporate responsibility to respect the environment, protect biodiversity, and takes action to mitigate climate change in support of the Paris Climate Agreement and SDG13. New laws in our operating locations of the Netherlands, Germany, the UK and Belgium have set legal targets of 95%-100% greenhouse gas emissions reduction by 2050. The urgency and scale of the global impact also necessitate a substantial reduction in emissions by 2030. Our objective in our operations and financings is to make a contribution which helps to achieve these targets ahead of the deadlines.

In practice, this means supporting companies and people to transform, particularly in the way that they source and consume. Innovation and energy transformation are two themes which we see across our business.

UN Guiding Principles on Business and Human Rights

NIBC recognises its corporate responsibility to respect human rights. Respecting human rights is fundamental to NIBC's values and is reflected in our commitment to actively support our stakeholders in realizing their human rights obligations.

The UN Guiding Principles on Business and Human Rights (UNGPs) are a set of guidelines for States and companies to prevent, address and remedy human rights harms committed in business operations.

They were proposed by UN Special Representative on business & human rights John Ruggie and endorsed by the UN Human Rights Council in June 2011. In the same resolution, the UN Human Rights Council established the UN Working Group on business & human rights.

NIBC recognises its corporate responsibility to respect human rights. Respecting human rights is fundamental to NIBC's values and is reflected in our commitment to actively support our stakeholders in realizing their human rights obligations. Recently enacted regulations in the Netherlands, UK, France, Spain, Australia, and other countries aim to prescribe in law the responsibilities of companies to uphold the Principles.

NIBC Green Bond Framework

Guiding Principles

By establishing this Framework, NIBC aims to support the mobilization of debt capital to sustainable and socially beneficial purposes. This Green Bond Framework is based on the Green Bond Principles published in June 2018 by the International Capital Markets Association (ICMA). Additionally, the Framework also

aligns, to the extent possible, eligibility criteria as set by the Draft Delegated Act of the EU Taxonomy (November 2020).

The ICMA Green Bond Principles (GBP) is a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market by clarifying the approach for issuing a green bond instrument. NIBC’s Green Bond Framework is guided by this set of Principles (latest version 2018), which provide guidelines in the following four key areas:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

Green financings are any type of debt instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing Green Eligible Assets. NIBC defines green financings as contributing to one or more SDG categories and selection criteria as defined below.

Sustainable finance and the green financing market are evolving quickly. NIBC may further update or expand this document as appropriate. This includes, but not limited to, the publication of the final version on the EU Taxonomy. Any future changes for to the Framework will only be applicable to new issuances and after approval of the NIBC Green Bond Working Group.

Use of proceeds

NIBC will allocate an amount equivalent to the net proceeds of the green bonds issued under this framework to finance or refinance Green Eligible Assets. The Green Eligible Assets are assets falling into the categories Renewable Energy and Green Buildings and satisfy the following eligibility criteria:

Green Categories	Definition	Eligibility criteria	UN Sustainable Development Goals
Renewable Energy	The financing or refinancing of renewable energy in the EU and UK	<ul style="list-style-type: none"> • Wind energy • Solar Energy 	   
Green Buildings	The financing or refinancing of energy efficient commercial or residential real estate in the Netherlands	<ul style="list-style-type: none"> • Buildings with the construction year 2021 or later: Energy performance is at least 10% lower than NZEB¹ requirements • Buildings constructed prior to 2021: The better of <ol style="list-style-type: none"> 1. EPC Label A or higher registered after 1/1/2013 or the construction date after 1/1/2013 (residential real estate only), or 2. Top 15% low-carbon residential or commercial buildings in the Netherlands 	   

¹ Nearly Zero-Energy Building requirements in the Netherlands implementing Directive 2010/31/EU of the European Parliament and of the Council.

Process for project evaluation and selection

Projects financed and/or refinanced using this Green Bond Framework are evaluated and selected based on compliance with the Eligibility Criteria. When identifying eligible projects and their non-financial impacts NIBC may rely on external consultants and their data sources.

NIBC's Green Bond Working Group, consisting of representatives of NIBC's Sustainability Department, NIBC's Corporate Client Offering, NIBC's Retail Client Offering and NIBC's Treasury, will manage any future updates to the Framework, including expansions to the list of Eligible Categories, and oversee its implementation. Changes to the Framework will be subject to the approval of NIBC's Asset & Liability Committee (ALCO).

NIBC's Green Bond Working Group is also responsible for approving asset selection, guided by this Framework. The GBWG monitors that all Green Eligible Assets comply with national and international environmental and social standards, the EU Taxonomy and its technical screening criteria (TSC) and do no significant harm criteria (DNSH), and local laws and regulations. It is part of NIBC's transaction due diligence and approval process to ensure, that all its loans comply with internal compliance and sustainability (environment and human rights) policies including those financed with the proceeds of Green Bonds. These eligibility criteria and minimum requirements as well as sustainability related matters are continuously developed and renewed in its external and internal policy frameworks.

NIBC's sustainability policies can be found on our corporate website: <https://www.nibc.com/about-nibc/sustainability/sustainability-governance/> NIBC's sustainability policies can be found on our corporate website: <https://www.nibc.com/about-nibc/sustainability/sustainability-governance/>

Eligibility under this framework is guided by environmental do no harm and social safeguards as described in NIBC's extensive Sustainability Framework and NIBC's sustainability policies. This means that human rights due diligence, environmental due diligence and monitoring are performed to avoid unintended and/or unwanted harms.

Management of proceeds

The Green Bond proceeds will be managed by NIBC on a portfolio basis. The proceeds of a green finance instrument will be credited to a dedicated account or otherwise tracked by NIBC in an appropriate manner, so as to maintain transparency and promote the integrity of the instrument. As long as Green Bonds are outstanding, it is intended to exclusively allocate an amount equivalent to net proceeds of these instruments to a portfolio of Green Eligible Assets which meet the eligibility criteria and other criteria as described in the Framework.

The NIBC Green Bond Working Group will monitor the portfolio of Eligible Assets on at least an annual basis. If an Eligible Asset is divested or does no longer meet the eligibility criteria as outlined in this document, NIBC will remove this asset from the portfolio and will strive to replace it with another Eligible Asset as soon as reasonably practicable. NIBC aims to ensure that the total value of issued green finance instruments does not exceed the value of its portfolio of Eligible Assets.

Pending the allocation of the net proceeds of issued green finance instruments to the portfolio of Eligible Assets, or in case insufficient Eligible Assets are available, NIBC commits to manage the unallocated proceeds in line with its Treasury criteria.

The allocation of the net proceeds of issued green finance instruments to the portfolio of Eligible Assets will be reviewed and approved by NIBC's Green Bond Working Group on at least an annual basis, until full allocation of the net proceeds of issued green finance instruments.

Reporting

NIBC commits to publish on its website allocation and impact reports on an annual basis until full allocation starting no later than a year from the issuance. NIBC will report the allocation and impact on an aggregate basis at category level.

The allocation report will show:

- The total amount of Green Bonds Outstanding
- The total amount of the Green Bond proceeds allocated
- An overview of Green Bond Eligible Assets per category
- An overview of geographical distribution of allocated assets
- The balance of unallocated proceeds (if any)
- The share of new financing² and refinancing

The impact report will provide:

- For Renewable Energy:
 - Total capacity and renewable energy generation (estimated) in MWh
 - Estimated avoided emissions in kt CO₂e
- For Green buildings:
 - Estimated annual reduced/avoided emissions in t CO₂e

The reports will, to the extent possible, provide an overview of key assumptions and methodologies used to evaluate the environmental impact. The reports will be made available via the NIBC corporate website: <https://www.nibc.com/about-nibc/sustainability/>

External review

Second party opinion

This NIBC Green Bond Framework has been reviewed by Sustainalytics who has issued a Second Party Opinion. The Second Party Opinion as well as the Green Bond Framework is made available to NIBC investors on <https://www.nibc.com/about-nibc/sustainability/>

² New financing are loans provided in the year of issuance or later.

Verification

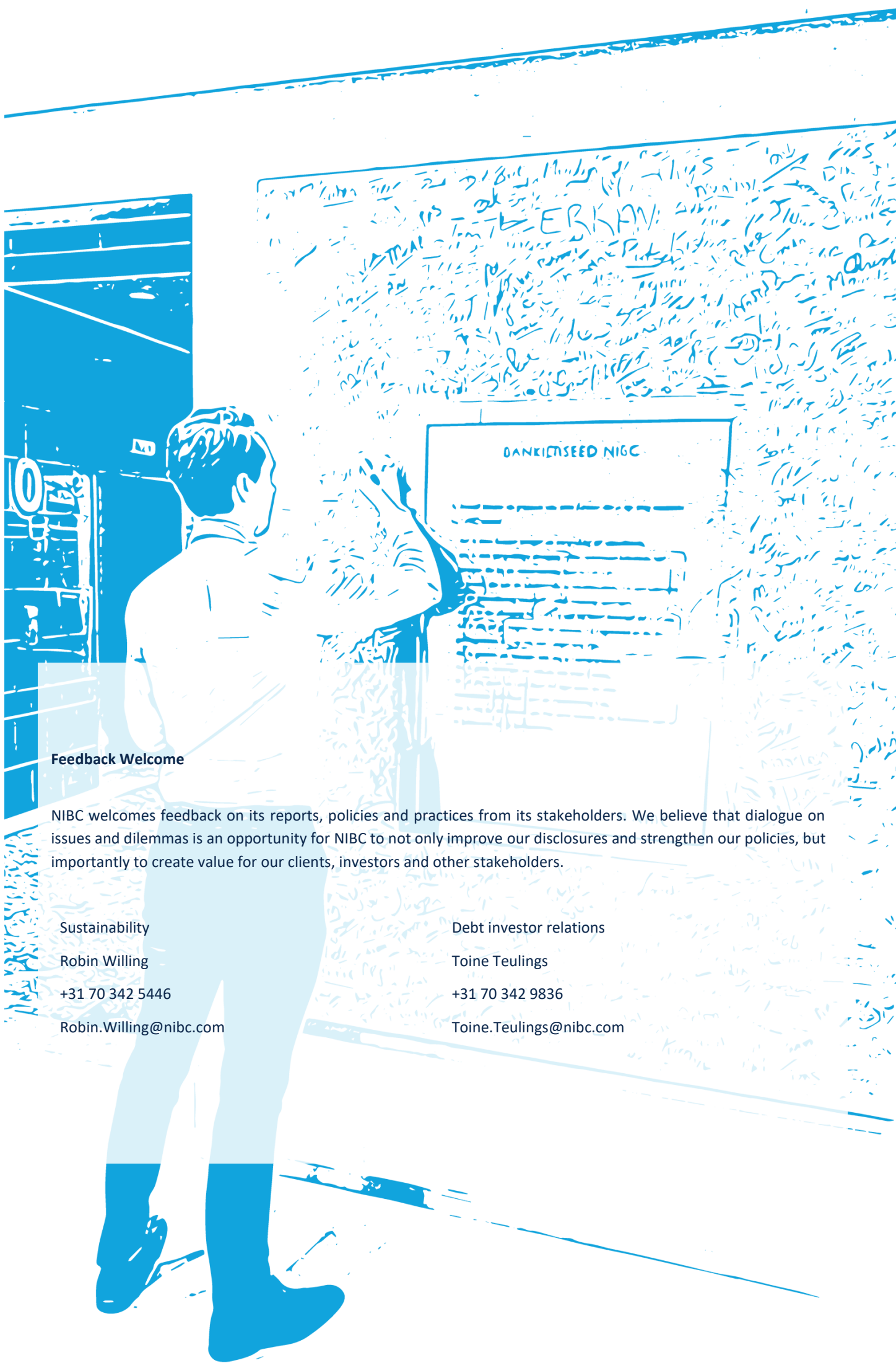
NIBC intends to appoint one or more external verifiers that are asked to provide a pre-issuance verification and a post-issuance verification. The pre-issuance verification verifies alignment of the Green Bonds with one or more of the appropriate standards in the green bonds market (such as the Green Bond Principles, the EU Green Bond Standard or other similar standards, as applicable and as selected by the Issuer).

The post-issuance verification verifies the relevant Allocation Report when net proceeds from an issuance of Green Bonds have been allocated in full towards Eligible Green Assets.

These reports will be made available to investors via the website:

<https://www.nibc.com/about-nibc/sustainability/>

NIBC will appoint an independent verifier to provide a post-issuance review addressing the allocation of an amount equivalent to the net proceeds of issued green bonds on an annual basis until full allocation, or in case of significant changes in the allocation of proceeds..



Feedback Welcome

NIBC welcomes feedback on its reports, policies and practices from its stakeholders. We believe that dialogue on issues and dilemmas is an opportunity for NIBC to not only improve our disclosures and strengthen our policies, but importantly to create value for our clients, investors and other stakeholders.

Sustainability

Robin Willing

+31 70 342 5446

Robin.Willing@nibc.com

Debt investor relations

Toine Teulings

+31 70 342 9836

Toine.Teulings@nibc.com