



NIBC ESG MATERIALITY ASSESSMENT

March 3, 2023

2022 MATERIALITY ASSESSMENT

Introduction

Transparency facilitates trust between an organisation and its stakeholders. The materiality assessment process helps NIBC to determine which financial and non-financial aspects are most relevant and material to our stakeholders. Our Annual Report provides an overview of the themes we have identified as most relevant to us as a company and to our stakeholders and these are linked to performance indicators and/or qualitative statements within our reporting.

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 as well as users of our sustainability statements. 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 developments in the world around us. There is a rising expectation that financial and non-financial aspects should 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 promote a Paris-aligned transition to zero emissions, respect human rights, prevent corruption, and ensure good governance in our financings and investments and in our own operations. These expectations have brought sustainability to the center of NIBC's business strategy.

This document gives an overview of NIBC's 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.

What is Material ?

In this materiality assessment, NIBC assesses its impact from two perspectives: 1) "impact materiality": the materiality of our impact on people and planet; and 2) "financial materiality": the materiality from a financial perspective for NIBC and its investors. These perspectives are aligned with the EU definition of "double materiality".

We were informed by other sources such as the *SASB Materiality Framework* maps. We reviewed the SASB maps for commercial banks and mortgage providers since these are appropriate relative to our operational context. We also were informed by ESG materiality maps from Moody's and S&P. Internal representatives responsible for

stakeholder engagements were also consulted to collect ESG topics they have discussed and perspectives from their stakeholders.

External inputs that we received were also well-considered. These included research surveys, NGO reports, and social media mentions. These inputs are particularly helpful to determine the risks and impacts from the perspective of consumers, affected communities, and workers in the value chain. Impacts and materiality can be positive or negative from the perspective of different stakeholder groups. They also vary when considered across short term, medium term or long term time horizons. Therefore we carefully weigh these considerations to determine the most material themes for NIBC.

Assessment Outcome

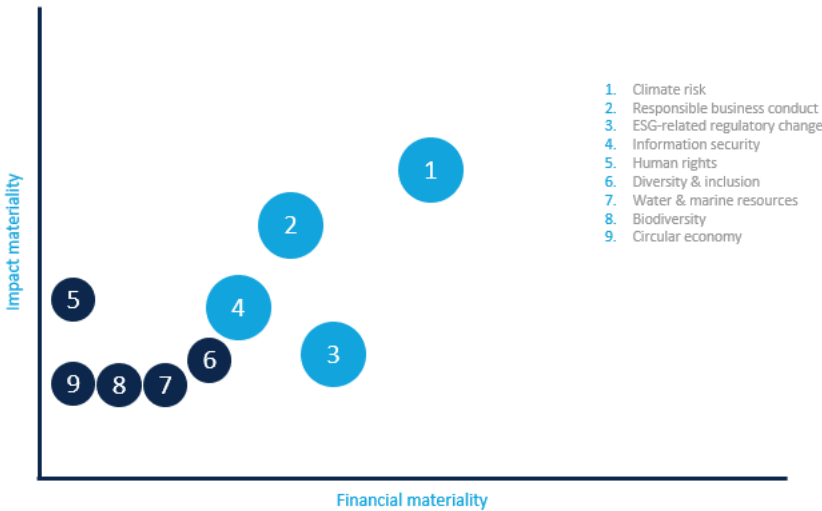
The outcome of our assessment is that four themes are the most material ESG topics for NIBC. These are:

- Climate change
- Responsible business conduct, including integrity, culture and behaviour
- Regulatory change and compliance
- Information and data security

The materiality matrix (below) provides a visual summary by impact materiality and financial materiality for these four themes.

We are not perfect, therefore we use formal and informal stakeholder interactions as an opportunity to ask for more specific feedback in regard to diverse issues across the ESG spectrum. This helps us to identify and act on any unintended blind spots, borrow lessons learned and best practices in these areas from others and also to share our own experiences and progress.

Materiality matrix 2022



The boundaries for our materiality assessment are our business context and the stakeholders within that context.

Our matrix does not reflect all of the aspects which are typical for commercial banks or investment banks. This is in part due to our operating context. For example, NIBC does not offer current accounts, credit cards, debit cards, consumer loans or other

transaction-oriented products or services. Similarly for corporate clients, we do not offer transaction banking, are only involved in a limited number of asset classes, and focus on asset-based financing.

Our Annual Report describes our value creation model and those aspects which contribute to value creation. This disclosure also has a section on non-financial performance and the ESG risks, impacts and opportunities we have encountered. These disclosures are supported by robust risk management, compliance and sustainability frameworks operating within our three line of defense risk model.

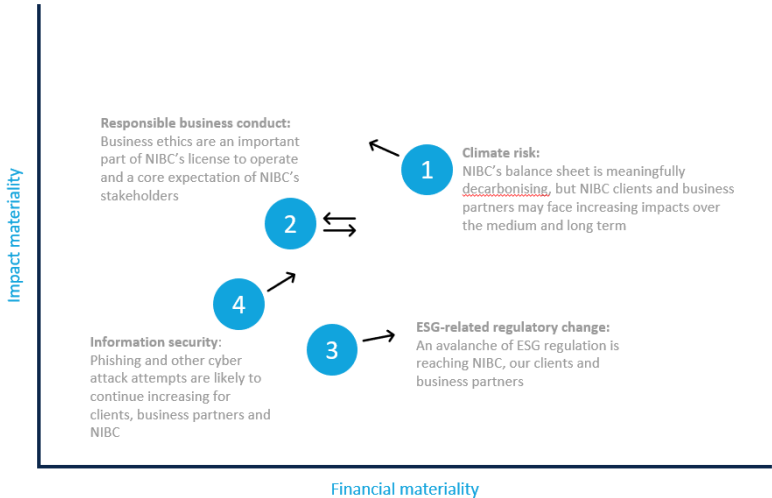
Material themes

For 2022, NIBC has reworked our materiality assessment to better reflect our double materiality approach, building on our work to align with the upcoming EU CSRD.

Certain material drivers are reflected across these themes. For example climate resilience and a just transition are drivers across several themes. Employee satisfaction is a driver across all material themes. Employees are increasingly engaged on and motivated to take tangible action on sustainability.

Actions taken by NIBC alongside dialogue with stakeholders during 2022 are reflected in our view on how financial materiality or impact materiality may develop in the short to medium term.

NIBC outlook in regard to 2022 material themes



Climate change, including climate impacts and climate resilience

Climate change is a material theme in terms of impact materiality and financial materiality for NIBC and its stakeholders. Climate, environment and ESG aspects are carefully considered as part of NIBC's business strategy and in our risk management processes. Climate change and its impacts may potentially impact all of NIBC's stakeholders as well as being a potential driver of financial risk for NIBC. Our stakeholders will likely be impacted by a changing climate in different ways across short, medium, and long-term timeframes. NIBC could be impacted as climate impacts affect our clients or our operations. Our current analysis suggests the most likely areas are as credit risk or as a reputational risk in the longer term if we don't continue to make progress helping our clients reduce emissions and adapt.

Financial and impact materiality are likely reduced by the concrete actions we've taken across recent years to reduce financed emissions and climate risk, our increasingly granular portfolios, and a continued focus on climate transitions within each core asset class where we are active. Building resilience across the financial and impact perspectives will require efforts together with all of our stakeholder groups.

Responsible business conduct

Integrity, corporate culture, and business ethics are important considerations for NIBC's license to operate. It's important to our stakeholders that we live up to the words of our policies, act in line with evolving public expectations and use common sense. NIBC's responsible business conduct approach is led by our Compliance department.

NIBC could be impacted in terms of primarily credit risk and reputational risk, and to a lesser degree liquidity risk across the short medium and long term if we don't continue to meet these evolving expectations. The financial risks are likely mitigated by NIBC's conservative approach in our ESG frameworks, policies and disclosures. Our governance, three line of defense risk management structure and internal control system aim to ensure that our actions match our promises and responsibilities.

Regulatory change

An avalanche of new ESG-related regulations are impacting NIBC, corporate and retail clients, business partners and other stakeholders. Disclosure requirements and supervisory expectations across the European Union are and the cost of compliance are continuing to rise. The ECB has published and continued to increase its supervisory expectations for banks. These have been cascaded to NIBC via our supervisor, the Dutch Central Bank. Although most of NIBC's corporate clients are technically SMEs and microenterprises, they face the challenge of rising disclosure requirements and the need for greater transparency across a range of ESG-related topics.

NIBC mitigates these risks by taking early steps to prepare for such changes. An example is the ESG chapter of our 2022 Annual Report which has already adopted the structure of the upcoming CSRD and its draft ESRS. NIBC's new ESG scoring project is built around the requirements of the EU Taxonomy. Despite our position as a smaller financial institution, we also try to maintain a proactive dialogue with our stakeholders and lead by example. We also are active in ESG-related working groups at the Dutch Banking Association (NVB) and European Banking Federation (EBF).

Information security and data privacy

Cybercrime and loss of data more generally is a risk for NIBC and all of our stakeholders. In this digital age, hacking, phishing and other methods are used to target NIBC, peer financial institutions, our retail and corporate clients, and other stakeholders. The rise in working from home has further increased the need of having sound systems, procedures and other defenses at NIBC, our IT vendors, and sub-suppliers throughout our value chain.

Our assessment suggests that such risks will be prevalent and continue to evolve across short, medium and long term timeframes. Information security, data protection, and cybersecurity are essential to NIBC's business continuity management. To ensure NIBC's cybersecurity measures are holding firm against these threats and meeting all necessary requirements. NIBC has a Corporate Information Security Offer (CISO) and strong

information security team to oversee our approach. Data privacy is overseen by NIBC’s Data Privacy Officer (DPO) and her data privacy team. We continue to be proactive and continuously improve our defences including continuous assessments of possible threats and regular testing.

Performance

NIBC reports on our material topics in the form of both qualitative and quantitative performance indicators (KPIs). Qualitative KPIs are described rather than numeric and usually in the form of a characteristic or outcome of a process or business decision. Quantitative KPIs are numeric and either positioned in a table or included within the report narrative.

For interested readers, we have also indexed content in the NIBC Holding Annual Report related to the four most material themes below.

Theme	Quantitative and Qualitative KPIs, location in NIBC’s 2022 Annual Report
Climate Change	<p>Quantitative KPIs</p> <ul style="list-style-type: none"> • % of new corporate loans screened against sustainability policy • Gross Scope 1, 2 & 3 Emissions • Emissions Intensity • Resource Consumption • Amount of retail residential mortgage portfolio with EPC label A or higher • Retail mortgage & Commercial Real Estate exposures by energy label • % of shipping portfolio clients with environmental commitments in NIBC financing agreement <p>Qualitative KPIs and descriptions</p> <ul style="list-style-type: none"> • Net zero commitment • Exit from offshore fossil energy exploration and production • Climate action plan • Carbon Neutral own operations • Review of strategic business partners, suppliers & vendors
Responsible business conduct	<p>Quantitative KPIs:</p> <ul style="list-style-type: none"> • Fines or sanctions for non-compliance with laws & regulations • % of new corporate loans screened against sustainability policy • # of complaints 2022 • # of confirmed incidents of bribery and corruption • Political contributions <p>Qualitative KPIs and descriptions</p> <ul style="list-style-type: none"> • In Control Report • New product approval process (NPARP) • Significant product change approval process (SCARP) • Compliance and responsible business conduct • Management of relationships with suppliers • Prevention and detection of corruption or bribery • Payment practices • Political influence • Tax • Remuneration
Regulatory Change	<p>Quantitative KPIs</p> <ul style="list-style-type: none"> • Fines or sanctions for non-compliance with laws & regulations • % of new corporate loans screened against sustainability policy • EU Taxonomy Mandatory & Voluntary tables <p>Qualitative KPIs and descriptions</p> <ul style="list-style-type: none"> • Corporate Sustainability Reporting Directive (CSRD)

	<ul style="list-style-type: none"> • EU Taxonomy • Sustainable Finance Disclosure Regulation (SFDR) • Tax • In Control Report • CRR/CRD • BRRD 2 • Default & forbearance • Remuneration • IFRS 13
Information Security	<p>Quantitative KPIs</p> <ul style="list-style-type: none"> • # of Information security incidents • # of data breaches • Mandatory Information security training • Mandatory data privacy training <p>Qualitative KPIs and descriptions</p> <ul style="list-style-type: none"> • ISO 27001 standards • Phishing simulation exercises • Awareness exercises

Although these were the four most prominent ESG themes, other sustainability aspects are not unimportant. In the ESG chapter of our Annual Report, NIBC has chosen to proactively provide further information from an impact materiality and financial materiality in regard to themes such as marine and water resources, biodiversity, circular economy, our workforce (including diversity and inclusion), workers in our value chain, affected communities, consumers and community engagement.

NIBC publishes several topical indexes which intersect with the themes mentioned in this materiality analysis. An index for the EU Non Financial Reporting Directive (NFRD) is published within our Annual Reports and may be replaced in future years by an EU Corporate Sustainability Reporting Directive (CSRD) index. A SASB index is also directly embedded in our Annual Report.

Within our other ESG-related disclosures we publish a GRI Content Index, a UN Global Compact Index, a TCFD Index, and a UN Principles for Responsible Banking Index.

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 2022, there have been regular interactions with a broad range of stakeholders. Examples of these engagements included:

Stakeholder Group	Type of dialogue/channel	Main ESG aspects discussed
Retail & Corporate Customers	Surveys Deal origination Client meetings Call center	Sustainability-linked solutions Rising interest rates Client satisfaction Climate transition plans Emissions reductions KYC & AML

Investors	Annual General Meeting Capital Markets Days Investor Updates	Financial performance Business strategy Climate impact Financed emissions Sustainability performance Economic outlook
Suppliers & Vendors	RFPs Supplier reviews Meetings	Information security ESG due diligence Policies and standards Transparency ESG in supply chains
Authorities	Meetings Consultations Sectoral for a Reports	ECB climate expectations Information security EU Taxonomy Climate risk Climate resilience KYC & AML
Civil society organisations	Individual Meetings Multistakeholder dialogues Annual General Meeting Informal discussions	Climate risk Human rights Diversity & Inclusion Climate action plans Food security Due diligence Weapons
Employees	Team & individual meetings Works Council meetings Events	Diversity Climate change Just transition Energy efficiency ESG Scoring and measurements Ethics & Integrity Data Security
Peer Banks	NVB meetings, working groups and expert pools Multistakeholder dialogues	Climate risk Climate action plans Just transition Gender risks Migrant workers Information security ESG best practices & lessons learned

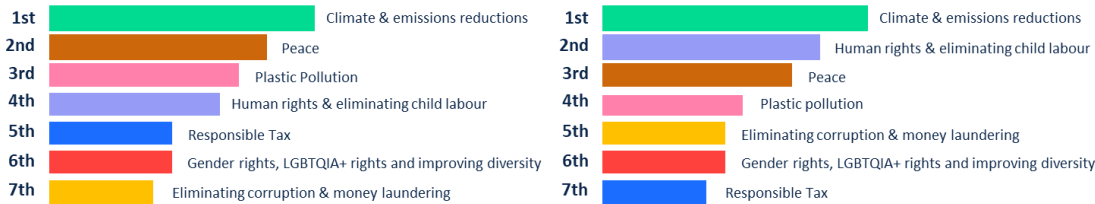
Dialogue with authorities included the many regulatory developments and oversight expectations. For example, as it has for several years, NIBC provided a detailed climate risk analysis as part of its reporting toward the Dutch Central Bank (DNB). NIBC was represented at numerous climate risk dialogues 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 2022. These took the form of face-to-face discussions, panel discussions, telephone conversations and emails. Climate change, human rights and due diligence were at the forefront of discussions with civil society organisations. The impacts of rising inflation and energy prices on people, their debt burden and strengthening systemic support were discussed with several stakeholder groups. We hope to get back to face-to-face meetings later in 2022 and beyond as informal dialogue often adds needed clarity in the case of complex human rights and environmental topics.

There was similar dialogue with other stakeholder groups, including NIBC employees and youth. Surveys conducted during these sessions showed that employee personal ESG priorities and those of youth are converging.

NIBC BANK POLL (SEPTEMBER 2022)

NIBC / ERASMUS-RSM STUDENT POLL (MARCH 2022)



While at first, it may break perceptions that conservative bankers and idealistic students could never possibly share the same views on ESG, it shouldn't be. In 1987 the UN's Brundtland Commission¹ defined sustainability as "... meeting the needs of the present without compromising the ability of future generations to meet their own needs". It is therefore inevitable that these views converge as the real world impacts become more tangible and visible.

Saliency and Human Rights

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 a high level summary of this materiality assessment. We have made every effort to include relevant information on these material themes in our public disclosures.

The themes 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.

¹ United Nations, <https://www.un.org/en/academic-impact/sustainability>

Where to find additional ESG-related information

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

- **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 publishes an annual TCFD report to provide interested stakeholders with further insights into climate-related risks.
- **Modern Slavery Statement:** This statement provides an update in regard to NIBC's efforts to support good human rights practices and to end harmful human rights practices in global value chains.
- **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.
- **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.

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.

To guide readers of our disclosures to the content that might be most relevant, NIBC publishes several indexes based on the leading international ESG reporting frameworks. These include a EU NFRD index, GRI Content Index, SASB Index, TCFD index, UNGC index, and UN PRB index.