



YES

NIBC
Sustainability Report

June 2018

About this report

NIBC is pleased to share this Sustainability Report to give further insights into our progress during 2017 in sustainability and corporate social responsibility (CSR).

This Report is for the year ending 31 December 2017. It aims to provide expanded commentary and metrics related to sustainable business practices at NIBC.

This report replaces and expands upon the Our People and Environment supplements which NIBC had published in prior years on its corporate website.

The Non Financial Key Figures reported in this supplement are also reported in NIBC's annual report.

Where to find more information

Additional information on our financial and non-financial performance is reported in NIBC's Annual Report, GRI Content Index, Pillar III report and other disclosures. Additional information in regard to NIBC's corporate governance and sustainability policies are available on our website.

Reports:

Annual Report: <https://annualreport2017.nibc.com/>;

Pillar III: <https://annualreport2017.nibc.com/>;

GRI Content Index: nibc.com/about-nibc/sustainability/;

UN Global Compact COP: nibc.com/about-nibc/sustainability/;

Equator Principles: nibc.com/about-nibc/sustainability/;

Modern Slavery Statement: nibc.com/about-nibc/sustainability/;

Policies

Corporate Governance Policies: nibc.com/about-nibc/corporate-governance/

Sustainability Policies: nibc.com/about-nibc/sustainability/sustainability-governance/

Feedback Welcome

Your feedback on our disclosures is welcome.

If you have any questions, can't find something, or have feedback that you would like to share, please contact us at csr@nibc.com or use the contact details available on our corporate website www.nibc.com

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.

At NIBC, we work in a professional manner and with integrity. We comply with all relevant legislation, and look to treat people, the environment and the communities in which we operate, with the greatest possible care. We also strive to ensure our services are responsible and sustainable, and that the companies we finance operate in a sustainable manner.

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 Values

Three values best sum up NIBC and what we stand for. They are the basis of what we do, how we choose to do it and the way we measure our success.

Professional



Our in-depth sector knowledge, expert financial solutions and agile execution are the foundations of our success. We do the right things the right way. You can rely on us; we keep a cool head when the going gets tough and give you an objective and honest opinion so that you can achieve your ambitions in a sound and prudent way.

Entrepreneurial



We are a sound, enterprising bank focused on decisive moments in our clients' business and in life. Our clients require a bank that can respond quickly and flexibly to their needs. We constantly think about how to create value for our stakeholders and to improve or transform our business.

Inventive



We provide bespoke solutions and encourage each other to think creatively to meet clients' financial needs. We try to find better ways of doing business to replace old, outdated ones. We dare to take risks within the limitations of our risk framework and appetite.

What we do and where we do it

Retail Banking

NIBC offers residential mortgages, online savings and investment brokerage products. Our mortgage offerings include value added products like buy-to-let and mortgages for self-employed entrepreneurs which help to increase financial inclusion. Our mortgage products are offered through NIBC Direct as well as through third party intermediaries.

Corporate Banking

NIBC offers advice and debt, mezzanine and equity financing solutions to corporate clients in select sectors and sub-sectors in which we have strong expertise and market positions.

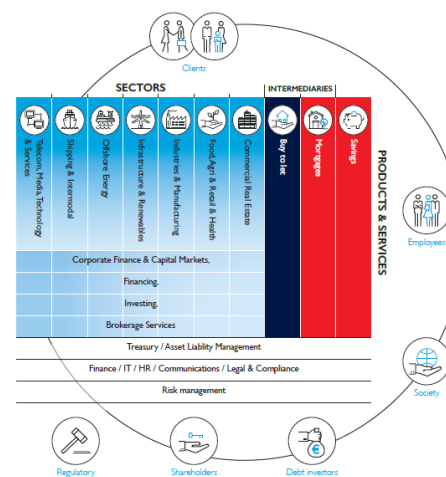
Our focus is on mid-sized, often family-owned companies and entrepreneurs in the Netherlands, Germany and the UK.

Our corporate banking products are:

- Financing services such as Corporate Lending, Structured Finance, Asset & Project Finance, and Leveraged Finance.
- Investing services, such as Mezzanine & Equity Investments, Project Investments, and Infrastructure Fund Management.
- Corporate Finance & Capital Markets such as Mergers & Acquisitions, Equity & Debt Advisory, and Equity & Debt Capital Markets.
- Brokerage Services such as Equities, Fixed Income, Derivatives, and Research.

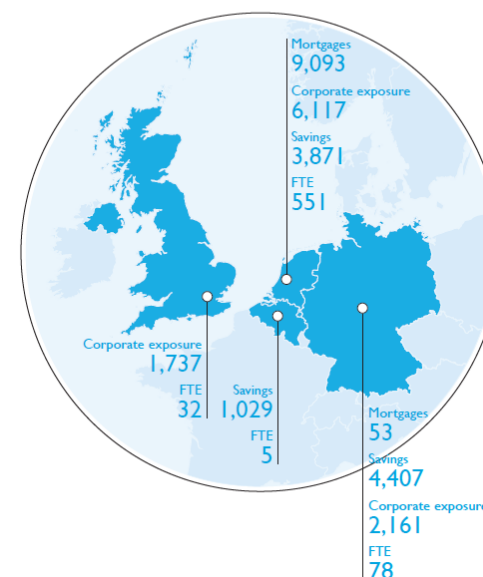
NIBC provides financing to mid-sized companies in several focus sectors. Our corporate clients are active in:

- Commercial Real Estate; (North Western Europe)
- Food, Agri, Retail, Health & Life Sciences (North Western Europe);
- Industries & Manufacturing (North Western Europe);
- Infrastructure & Renewables (North Western Europe);
- Offshore Energy (globally);
- Shipping & Intermodal (globally);
- Telecom, Media, Technology & Services (North Western Europe).



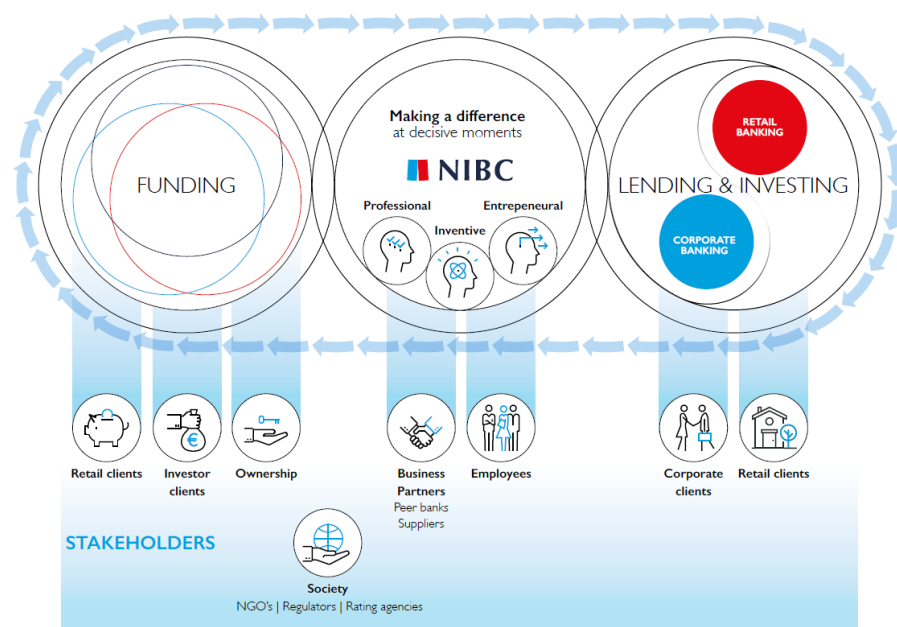
OUR MARKETS

Focus on North Western Europe
in EUR millions



Additional information and figures are available on our corporate website, in our Annual Report, and in our Pillar III disclosure.

NIBC's Value Chain



Funding

NIBC depends on the continued trust and support of its investors and clients to provide it with funding on an ongoing basis. It manages and recycles these funds as part of its value proposition to downstream stakeholders. The equity interests in NIBC are privately owned by an international consortium of financial institutions and investors organised by J.C. Flowers & Co. It also has a balance of funding sources from capital markets through the issue of unsecured bonds, covered bonds, commercial paper and mortgage-backed securities. NIBC raises funding through its corporate and institutional deposits, and via the retail deposits of NIBC Direct.

NIBC

NIBC is a mediator between providers of funds and recipients of funds. We manage volumes, risks and tenures so our corporate and retail clients are able to fulfil their ambitions at decisive moments and in a sustainable way.

To create value we apply a 'Think YES' mentality that is rooted in our corporate values; entrepreneurial, professional and inventive, which guide our everyday actions and decisions. In addition, we operate Treasury and Asset Liability Management to manage our balance sheet, Risk Management so that we take well-judged risks in a controlled environment, and a Corporate Center to support our internal operations.

Lending and Investment

NIBC creates financial and non-financial value for stakeholders. Clients receive funding within a coordinated multiproduct approach that combines expert advice, financing and investment.

We service mainly mid-sized corporate businesses in select sectors with customised products and solutions. In Retail Banking we offer residential mortgages via NIBC Direct. We are also reliable partners to universal banks in syndicated deals or advisors to one of the deal parties. In every case, our goal is to build a sustainable banking franchise that creates positive impacts for society and mitigates or reduces negative impacts wherever possible.

Sustainability Governance

Sustainability is an integral part of our overall business strategy to create financial and non-financial value for our stakeholders.

To guide our business activities and client interactions in this area we apply a number of established principles, policies and procedures. These include the Code of Conduct, Business Principles, Compliance Framework and Sustainability Framework.

Our sustainability governance revolves around a system of checks and balances to ensure stakeholders can be part of decision-making processes. Processes, roles and responsibilities are defined and shared across several levels of the organisation.

Our Executive Committee is ultimately responsible for all Sustainability matters. Committee members discuss and advise on sustainability strategy, targets, planning and budget. The ExCo is also responsible for policies that impact NIBC's culture and ethics, such as the Code of Conduct. Updates to the sustainability framework and underlying policies are reviewed and approved by NIBC's Risk Management Committee.

Day to day responsibility for managing sustainability issues is delegated by the Executive Committee to a Senior Sustainability Officer who reports on these issues to the Chief Risk Officer (CRO). Each person within NIBC is responsible for identifying and mitigating sustainability risks within their own area of responsibility.

The Sustainability Officer acts as a catalyst for sustainability with NIBC, responsible for preparing and implementing sustainability strategies, targets, planning and budgets, and engaging with internal and external stakeholders. Processes and controls are audited by NIBC's internal auditors. Findings are reported to the Risk Policy and Compliance Committee (RPCC) of NIBC's Supervisory Board.

Charters and Principles

NIBC reviews its corporate governance and sustainability policies annually. When revisions are needed, these are approved and republished.

A number of externally-developed economic, environmental and social charters, principles, or other initiatives are endorsed and applied within NIBC's sustainability and corporate governance policies.

These include:

- Dutch Banking Codes
- Dutch Corporate Governance Code
- Equator Principles (member institution)
- UN Global Compact (signatory)
- UN Guiding Principles for Business and Human Rights (by policy)
- IFC Performance Standards (by policy)
- Dutch IMVO/SER banking sector agreement (signatory)
- Universal Declaration of Human Rights (by policy)
- OECD Guidelines for Multinational Enterprises (by policy)
- ILO Core Conventions (by policy)
- 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)

Additional principles and charters applied by NIBC are mentioned in our sector and issue-specific policies.

Managing Sustainability Risks

As part of our client risk-assessment process, the sustainability standards we expect our clients to meet are clearly set out in our *Sustainability Policy*. These are based on international conventions, codes of conduct and are regularly updated based on stakeholder feedback.

We also operate a *Sustainability Framework*, which describes the processes and tools we use and designates those responsible for these processes at NIBC. We use a sustainability toolkit to assess environmental (incl climate and biodiversity), human rights and governance issues related to corporate clients and transactions.

We also apply sector-specific policies where our involvement may be restricted or prohibited entirely, as is the case with the weapons industry. Sector policies are also in place for those sectors where we are active. These policies outline the risks we have identified and our approach to those sectors.

2017 Policy Updates

During 2017, all of NIBC's sustainability policies were reviewed and updated. While the vast majority of these were minor updates, changes to our Sustainability Framework were more substantial. The Framework was updated to make clear how it applies to all business lines within NIBC. Furthermore our monitoring process for corporate clients and transactions was further clarified.

External stakeholders, including NGOs, were proactively consulted and offered their input as part of this process.

Sustainability Screening

As part of due diligence processes at NIBC, all corporate clients and transactions are screened for environmental (incl biodiversity & climate risks), human rights & social risks and governance risks using a sustainability toolkit.

The toolkit integrates NIBC's sustainability policies and applies the latest international conventions and standards appropriate for mid-sized corporates in our geographies and sectors. The screening process is described in detail in our *Sustainability Framework*.

NIBC's policy framework consists of corporate governance, compliance, and sustainability policies which provide clear policy guidelines within the bank.

Corporate Governance Policies

- NIBC Code of Conduct
- NIBC Bankers Oath
- Anti-corruption, bribery and money-laundering Policy
- Whistleblowing Policy
- Tax Control Framework

Sustainability Policies

- Sustainability Policy
- Human Rights Policy Supplement
- Environment Policy Supplement
- Commercial Real Estate Policy
- Financial Institutions Policy
- Food, Agri, Retail & Health Policy
- Indirect Investment Policy
- Industrials Manufacturing Policy
- Infrastructure Policy
- Offshore Energy Policy
- Renewables Policy
- Retail Services
- Shipping & Intermodal Policy
- Weapons and Defense Policy

Additional corporate governance and compliance policies are available on NIBC's website or internally on our corporate intranet.

Lobbying and political contributions

NIBC made no direct political contributions during 2017. Beyond our participation in trade associations like the Nederlandse Vereniging van Banken (Dutch Banking Association). NIBC does not employ or engage professional lobbyists or make direct political contributions.

How we review new products and services

When NIBC decides to enter a new activity or sector, an NPAP (New Product Approval Process) is conducted to establish the parameters under which we will engage. Significant changes to existing products undergo an SCAP (Significant Change Approval Process) approval process. In both cases, the change is also reviewed from a sustainability perspective to analyze and mitigate potential negative risks to people and the environment.

In our due diligence and monitoring, corporate transactions are assigned a sustainability rating (low, medium, high, maximum) across possible human rights, environment, and governance risk factors. This assessment is performed based on public information sources, bad press checks as well as information provided by the company themselves.

What we don't finance or support

In 2017, no new transactions were approved with a high or maximum sustainability rating. As is mentioned in the key figures in our *2017 Annual Report*, increased risks (level: medium) were identified for 23 possible clients or transactions. Our sustainability risk assessment process is further described in our *Sustainability Framework*.

Though certain activities are excluded by policy in NIBC's sustainability policies stakeholders occasionally inquire about certain corporate sectors and activities, even if not within NIBC's focus sectors. For additional transparency to these stakeholders, during 2017 NIBC did not provide financial services which supported:

<u>Topic</u>	<u>NIBC does not finance or support:</u>
Animal Welfare	<ul style="list-style-type: none"> • animal testing for cosmetic purposes, • genetic modification of animals, • use of wild animals for entertainment, • trade or manufacture of fur products, • use of endangered species or wild animals;
Deforestation and land biodiversity	<ul style="list-style-type: none"> • agricultural or other projects with a large impact on forests (deforestation), peatlands or high conservation areas;
Fishing and marine biodiversity	<ul style="list-style-type: none"> • drift net or dynamite fishing, • shark finning,

Extreme Fossil fuels	<ul style="list-style-type: none"> • other harmful fishing techniques; • arctic / antarctic or unconventional oil & gas projects, • fracking; • oil & tar sands, • shale oil & gas, • fossil fuels extracted from liquefied coal, • other extreme hydrocarbon extractions;
Mining	<ul style="list-style-type: none"> • coal or lignite mining, • mountaintop removal mining, • uranium mining, • mining or trade in conflict minerals,
Nuclear	<ul style="list-style-type: none"> • nuclear power generation, • nuclear weapons, • nuclear waste decommissioning, transport or disposal;
Power Generation	<ul style="list-style-type: none"> • coal-or lignite-fired power generation, • nuclear power generation, • large-scale water projects (such as dams or large-scale hydroelectric);
Weapons	<ul style="list-style-type: none"> • manufacturing, supply, or development of weapons and weapons systems, incl highly controversial weapons, • cluster munitions, nuclear weapons or other highly controversial weapons.

Further,

- No new financings were made for companies or projects in marine protected areas or other areas of high biodiversity importance;
- No new financings were made for companies or projects in areas where water-scarcity was pre-existing and operations would compete with the needs of communities;
- No new financings were provided for projects or companies active in conflict zones, occupied territories, or locations where we determined that the impacts on people or the environment might be unmanageable;
- In cases where CO² was compensated by companies or projects, it was compensated according to the Gold Standard.

Sustainable Solutions



NIBC is adapting to the changing environment for its clients and society. NIBC therefore has changed the name of one of its sectors, 'Oil & Gas Services', into 'Offshore Energy'. Its mission is to facilitate the energy transition towards clean, sustainable energy, while simultaneously safeguarding the supply of energy via the traditional energy sources to cater for growth in energy demand. A significant number of our clients are providing services for the offshore wind industry and/or the offshore fossil fuel decommissioning segment.



On 30 May, at the leading maritime NOR-Shipping event in Oslo, NIBC, ABN AMRO, and ING presented the Responsible Ship Recycling Standards (RSRS) for ship financing and call upon other financial institutions to unite in endorsing these. In doing so the banks hope to raise awareness of the importance of improving responsible business practices



In January, NIBC announced that it had successfully arranged Europe's very first climate bond certified 20-year green loan. The green loan was for German client MEP Werke and Dutch investor Delta Lloyd Asset Management. This innovative transaction meets the Climate Bonds Standards v2.0 and is certified by the Climate Bonds Initiative. MEP Werke is one of Germany's leading decentralised energy providers and specialises in leasing solar power systems which provide affordable renewable energy to German residential homeowners.



NIBC has entered into a guarantee agreement with the European Investment Bank (EIB) that will enable NIBC to provide up to EUR 500 million of loans to innovative mid-sized enterprises in the Dutch and German markets. The Guarantee improves access to finance for companies with up to 3,000 employees and enables NIBC to offer larger amounts of senior debt financing. The operation is supported by 'InnovFin – EU Finance for Innovators' and has the financial backing of the European Union under Horizon 2020 Financial Instruments.



In December NIBC, as Joint Global Coordinator, successfully completed the IPO of pharmaceutical company Advicenne on Euronext Paris. Advicenne raised EUR 28 million, which will enable the commercial launch of its lead drug candidate, ADV7103 in Europe for the treatment of distal Renal Tubular Acidosis, a pediatric kidney disease, as well as the phase III clinical development in the United States.



RED Company (REDC) is a Rotterdam based real estate developer. In 2017, REDC was awarded the contract by ASICS to develop and construct its new European head office in Hoofddorp. ASICS is the world famous sport and footwear corporation. The new office building has a state-of-the-art design, is 100% sustainable and flexible in its use. NIBC provided a EUR 40 million construction financing. NIBC was further involved in structuring the transaction and in raising the equity.

NIBC shares details of loans and investments in cases where clients have given their permission for us to do so. For more examples of our financings, visit our website or follow @NIBC_Bank on Twitter and LinkedIn.

Human Rights

NIBC believes that respect for human rights is a basic responsibility; towards our own employees, but also towards those people who are affected indirectly by our actions. NIBC endorses human rights as formulated in the *Universal Declaration of Human Rights* ('Ruggie framework') and *UN Guiding Principles for Business and Human Rights*.

Governance of respect for human rights

Respecting people and their human rights is embedded in NIBC's *Code of Conduct* which underpins NIBC's corporate values. NIBC's *Human Rights policy supplement* was developed within the context of our business, the markets we serve, and the people who may be impacted by our financings. The policy is reviewed updated regularly and any changes are informed by regular stakeholder dialogue.

Human rights due diligence is integrated into our sustainability due diligence and monitoring processes for financings and investments to identify and manage potential human rights risks. The governance within NIBC for human rights risks and other sustainability risks and the processes we use to manage them are described in this Report and in more detail in our *Sustainability Framework*.

In our due diligence and monitoring, NIBC focuses its attention on the most severe risks to people and prioritises its resources accordingly. Salient human rights issues and the human rights at risk of the most severe adverse impact through NIBC's activities and business relationships. Salience in regard to human rights means that we focus on the risks to people who may be adversely impacted and their rights.

Reporting on human rights issues

The main salient human rights risks for NIBC are labour conditions and worker safety in corporate client supply chains. NIBC mitigates these through stakeholder engagement, client and transaction due diligence and by raising awareness.

A growing risk is security of client data. To mitigate this we do not leave client information unattended and we have policies such as a clear desk policy, information security policies, and additional security controls. NIBC reports on human rights risks in its *Annual Report*.

We communicated in our *2017 Annual Report* that during the reporting period no severe human rights incidents related to NIBC's financings, own operations, and supply chain were reported. This may be due in part to the size and scope of our operations and financings. At the same time we do not claim to be perfect and recognise the need to continue to deepen and strengthen our due diligence, monitoring and understanding in regard to human rights risks.

Managing human rights risks

The potential salient risks that we have identified are at lower levels in the supply chain of clients, i.e. a supplier to our clients' suppliers. According to our policies NIBC expects clients and suppliers to have appropriate management systems in place to manage potential human rights and environmental risks. Our sector policies mention further requirements in terms of international conventions our business partners are expected to follow and any certifications that should be obtained as evidence of a responsible supply chain.

Transparency at this level of supply chains is a challenge for mid-sized businesses and is an area where NIBC and the businesses we support are working to gain greater insights. For this reason NIBC also engages regularly with NGOs, unions and other civil society stakeholders to deepen our understanding of their concerns and explore possible solutions. Stakeholder engagement is also reported in our *Materiality Assessment*.

NIBC offers an online complaints mechanism on its website and is available to any stakeholder or third party. Internal whistleblowing procedures are available to employees on NIBC's intranet. These mechanisms are included in guidance provided to employees for NIBC's *Code of Conduct* and mentioned in our *Annual Report*.

NIBC's *whistleblowing policy* was updated in 2017. All staff were retrained on the updated policy during Q2 and Q3. By policy, requests for advice or concern are treated confidentially by designated trust persons. This mechanism also can be used manually and anonymously. Some retail customers choose to communicate with us through our Retail Call Center. Complaints to the center, current status and resolutions are monitored by senior management.

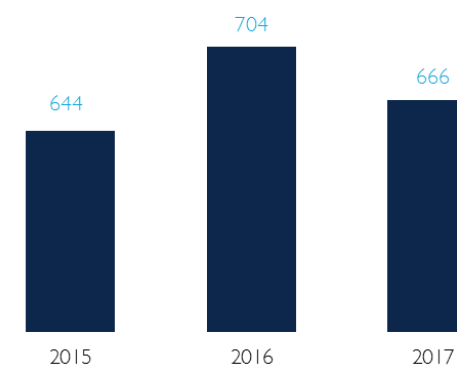
Human Capital

	2017	2016	2015
Number of employees			
Total number of employees (FTE)	666	704	644
Change from prior year (%)	- 5%	+ 9%	+ 1%
Employees by location			
Amsterdam	10%	13%	-
Brussels	1%	1%	1%
Frankfurt	12%	12%	16%
London	5%	5%	6%
The Hague	72%	69%	77%
Employees by type of contract			
Permanent/indefinite contract	91%	95%	94%
Temporary contract	9%	5%	6%
Full-time/part-time			
Full-time	80%	79%	78%
Part-time	20%	21%	22%
Employee turnover			
Joiners	14.5%	24.3%	15.2%
Leavers	19.8%	14.9%	15.2%

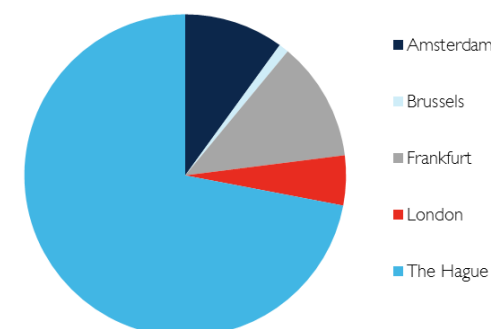
*data for NIBC Bank

The NIBC3, our corporate values – professional, entrepreneurial and inventive - are the cornerstone for NIBC's organisation and culture. The values best sum up NIBC and the way we act. They not only define us in terms of our products and services, but are also the basis for our performance management framework, our development and training activities and our approach to recruitment and selection. These values are also reflected in our ongoing 'Think YES' campaign.

Number of Employees



Employees by Location



NIBC Introduction Program

The NIBC Introduction Program was organised on a regular basis in 2017 to enhance the onboarding of new employees. Besides presentations on the strategy of the bank and on various parts of organisation, special attention was paid to the importance of our corporate values, the NIBC3. All new staff have taken the Bankers' Oath.

Promoting diversity

We believe that diversity is critical to our ability to succeed and achieve sustainable success. As such we are committed to creating a stimulating work environment for people from all backgrounds and an environment that is open to different ways of thinking.

	2017	2016	2015
Employees by gender			
Female	31%	27%	30%
Male	69%	73%	70%
Gender in management			
Women in top management	13%	9%	10%
Men in top management	87%	91%	90%
Employees by age			
≤29 year	18%	15%	18%
30≤39	26%	28%	30%
40≤49	32%	33%	32%
50≤59	19%	19%	16%
≥60	4%	5%	4%
Compliance			
Incidents of discrimination	0	0	0

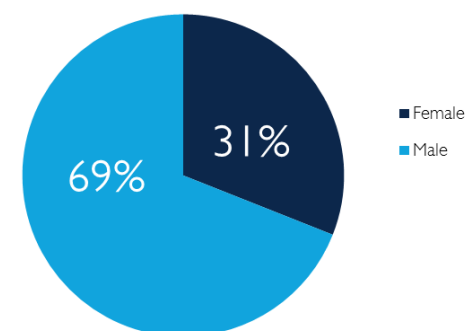
*data for NIBC Bank

In 2017, we continued to pay close attention to all elements of our diversity goals, e.g. increasing inclusiveness, balancing age distribution, improving gender diversity and retaining and valuing differences in background.

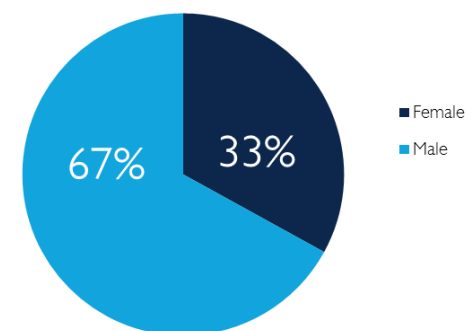
Diversity across age segments showed balance in 2017. 18% of our employees were under 30 years of age and 23% of employees were 50 or older.

The gender diversity for our organisation increased to 31% female staff (2016: 27%). Senior management reported an increase in gender diversity to 13% (2016: 9%). Although it may be too early to draw firm conclusions, we think these developments are due in part to our structural attention and efforts concerning gender diversity.

Employees by Gender



NIBC Executive Committee



Gender Diversity in Senior Management

In December 2016, NIBC announced the formation of a new Executive Committee. This included the promotion of two women to executive commercial roles for Corporate Banking.

As of year end 2017, 33% of NIBC's Executive Committee are female, meeting a longstanding objective of NIBC of increasing gender diversity at the top of our organisation.

In 2016, we launched a Diversity Committee which is tasked with researching our current behaviours and recommending ways to achieve a more inclusive environment at NIBC. We took steps to increase diversity across the company through our recruitment processes. And diversity in general and the male-female balance specifically, are also explicitly taken into account in our talent programmes and performance management. To address gender imbalances specifically, we have introduced engagements aimed at helping to retain and further develop talented female employees.

Gender Pay Equity

	2017	2016	2015
Entry level Wage Fairness (GRI 202-1)			
Female	1.80	n/r	n/r
Male	2.03	n/r	n/r
Overall	1.91	n/r	n/r
Gender Pay Ratio by level (GRI 405-2)			
Professional Support	0.92	n/r	n/r
Analyst	0.99	n/r	n/r
Associate	1.04	n/r	n/r
Vice President	1.19	n/r	n/r
Associate Director	1.10	n/r	n/r
Director	1.10	n/r	n/r
Managing Director	0.77	n/r	n/r

Increasing diversity among senior managers was a key focus area in 2017. Our objective is at least one third of our Supervisory Board and Managing Board members to be female. NIBC's new Executive Committee, which became effective on 1 January 2017, meets this objective. NIBC is aware that it falls short of this goal with respect to the Supervisory Board and Managing Board (one woman on a total of eight and nil on a total of three, respectively) and the overall senior positions (director level and higher), although here the percentage increased to 12% (from 9% in 2016).

NIBC will continue to address this topic as high-priority. In the case of a vacancy in the Managing Board or the Supervisory Board, the regular policy is applied in which we ask the executive search to shortlist at least 50% female candidates.

Banking on trust

At NIBC we are mindful of our responsibility towards helping build and maintain trust in the financial services industry. We believe trust is the foundation on which our sector must be based, and we have consistently looked to make it the basis of our own company's culture. To support this aim, we have continued to run our Banking on Trust programme and made concerted efforts through our focus on sustainable culture and behaviours.

During the year, we continued the Compliance & Integrity awareness programme that is based on our revised Code of Conduct, and reflects the most up-to-date standards in our industry. This dedicated programme has continued to raise employees' awareness about our Compliance &

Integrity policy framework for dealing with integrity-related matters, e.g. through a mandatory Code of Conduct/Compliance e-learning. Compliance & Integrity training is also obligatory for all new employees when they join NIBC.

Training and Education

To compete effectively in our industry, we must develop ourselves at a faster pace and to a higher standard than many of our (larger) peers. Competition is tough within the financial services industry as a whole and in the labour market the banking sector is still perceived as less attractive than before 2008. But, as a mid-sized bank, we have a, in some ways, more compelling offer for employees than our larger peers; one in which they will have greater responsibilities, influence and impact from the start. Our 'Think YES' campaigns have helped positioning NIBC in the highly competitive labour market.

	2017	2016	2015
Training expenses per employee (EUR)	2,355	2,070	2,540
Change from prior year (%)	+ 14%	- 19%	+ 44%

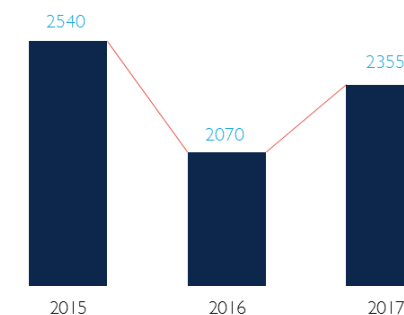
In 2017, we spent over EUR 2,300 per employee on training and educational programmes. This is close to the top quartile when benchmarked against other financial services peers, and close to the top decile compared to general industries. These investments increase the professional capabilities and competences of our people.

NIBC Academy

We have a solid training and learning offering in the NIBC Academy, our virtual centre for continuous training and learning, enabling us to offer development in a more customised and effective way. It ran a total of 25 modular courses in 2017. The Academy's approach is to empower employees to take responsibility for their own development, through a range of channels, including on-demand online workshops and classroom courses. Staff can also create their own learning initiatives.

Besides developing professional skills we increasingly focus on skills that make our staff more inventive and entrepreneurial. Our newest program, Dare2Develop, is a clear example. This invitation-only program is geared to our talented young professionals at associate and vice-president level. The program is developed in close cooperation with the participants and enhances personal effectiveness in influencing, consulting, negotiation and innovation. The connection with NIBC's strategy is made by deep dive cases and the active involvement of senior management through mentoring and coaching.

Training Expenses



Health and safety

	2017	2016	2015
Occupational health and safety			
% of employees covered by formal joint management-worker health and safety committee	100%	100%	100%
Number of serious onsite injuries, deaths	0	0	0
Absenteeism			
Sickness rate (average % of workforce) *	2.2%	2.4%	2.1%
Frequency	0.96%	0.97%	1.05%

*data for The Netherlands offices only

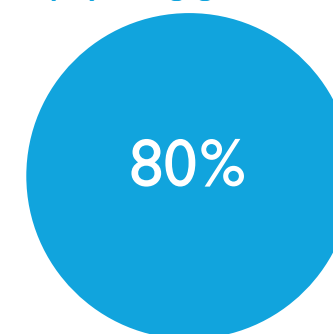
Employee Engagement

In 2016, our annual Employee Engagement Survey (EES), which is conducted anonymously by a third party, showed that the overall sustainable engagement is high with a score of 80%. This is slightly below the Global Financial Services and also 4 points lower than 2015 transitional results, and reflects input provided by parts of the Bank that are undergoing major organisational changes. NIBC plans to conduct its next EES in Q3 2018.

	2016	2015	2014
Overall engagement score	80%	84%	85%
Response rate	71%	75%	80%

An area of attention for NIBC in the years ahead is the personal development of those who have been part the organisation for between four and six years. We have found this set to be comparatively less engaged than others, and are currently finalising the development of a new programme that specifically focuses on these talented employees, which has been launched early 2017.

Employee Engagement



2015: 84%

2014: 85%

Healthy Workforce

A healthy workforce is a key element in achieving the Company's objective. We executed a range of programmes and initiatives in 2017, to enhance our people's well-being.

We offered our employees a preventive health check, in which 175 colleagues participated. 62 colleagues made use of the free flu vaccinations that was offered to our staff.

We continued to promote a good work-life balance and to incorporate new ways to increase flexibility in how we work. In 2017, we successfully executed the recommendations of the 2016 Risk Assessment and Evaluation of our working conditions. This assessment, conducted by a certified third party, concluded that NIBC is generally well in control regarding safety, health and well-being.

Environment, Climate & Biodiversity

We operate in a complex world, where population growth, climate change, biodiversity loss and water scarcity are creating significant sustainability challenges and unprecedented pressures on natural and human systems.

There is increasing scientific certainty in respect to influence of mankind on climate change. Global temperatures are rising, drought and wild fires are starting to occur more frequently, rainfall patterns are shifting, glaciers and snow are melting, and the sea level is rising. Climate change, environmental changes, overexploitation and pollution are accelerating the extinction of species needed to keep ecosystems in place. Humankind is pushing the planet's ecological limits and impacting our natural capital.

NIBC recognises our corporate responsibility to respect the environment, protect biodiversity, and take action to mitigate climate change.

NIBC is acting on this responsibility and has continued its support for innovation that contributes to a cleaner environment. As part of our commitment to make a contribution to a more sustainable society for future generations, NIBC supported clients in our chosen sectors in their transition to better environmental and social business practices. Looking ahead, we will continue to develop our knowledge in the latest environmental developments within our chosen business segments and sectors.

We believe that the development of clean, renewable power generation and increasing energy efficiency is essential in the movement towards a sustainable low carbon economy. This is needed to counter the increased threat of climate change and to sustain the economic development of emerging and industrialised markets. NIBC finances renewable energy and other innovations supporting the energy transition. In our own operations, we use 100% renewable electricity in each of our locations.

Environmental Management

For our own operational footprint, NIBC collect actual data where it is available to us. We calculate reasonable estimates to the extent that we can where actual data is not yet available. Staff are made aware of their impact through regular awareness programs. This approach has enabled NIBC to make regular and significant progress in regard to our environmental footprint over the years.

Environmental Due Diligence

Environmental risks related to our financings and investments are also managed. As part of our integrated sustainability due diligence process, we assess the commitment, capacity and track-record of our clients in the field of environmental and social standards, including biodiversity and environment standards. This includes an assessment of their approach to manage sustainability risks in their supply chain.

NIBC encourages its stakeholders to include clauses on compliance with environmental, social and economic 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.

Our processes and procedures are further elaborated within NIBC's *Sustainability Policy Framework*. By considering environmental aspects in our due diligence processes, having a good dialogue with clients on these aspects, and supporting better environmental practices, we not only support the Paris Climate Agreement but also innovation and sustainable business growth in our communities. Environmental risks and this related due diligence inform our credit and investment decision processes.

Own Operations

Emissions

tonnes CO²equivalent

	2017	2016	2015
Scope 1	704	1023	845
Scope 2	298	709	484
Scope 3 **	22	59	129
Total	1024	1790	1459
Net emissions *	0	0	0
Intensity per FTE	1.49	2.57	2.26

* Net total after certified gold standard carbon offsets purchased by NIBC from Climate Neutral Group.

** excludes emissions related to NIBC's financings and investments.

Energy Intensity

Energy use	2017	2016	Unit
Fossil fuel electricity	0	0	kWh
Renewable electricity	3,072,872	3,287,791	kWh
% Renewable electricity	100%	100%	
Calculated CO ² for electricity	0	0	tonnes
Electricity Intensity	4,459.90	4,670.16	kWh per FTE
Gas	232,404	190,803	m ³
Calculated CO ² for heating/cooling	416	283	tonnes

Environmental Management System

NIBC's maintains a rigorous environmental management system for each of its locations. Our aim is to optimize our operational efficiency while minimising negative impacts on the environment and our natural resources.

NIBC's emissions and environmental figures are indicative. We use best estimates in cases where actual data is not available. While gaps in reporting remain, we continue to make progress each year. By measuring, monitoring and improving, we are able to more effectively manage our facilities and our consumption.

We aspire to include emissions related to the assets that we finance as part of our Scope 3 emissions in future years. NIBC supports science-based targets (SBTs) and will consider adopting these when the methodology becomes available.

Carbon Neutral in own operations

NIBC is carbon neutral in its own operations. We work to reduce our own emissions and purchase certified gold standard offsets for any remaining emissions from Climate Neutral Group. The offsets supported a wind energy project in Turkey.

An energy audit was performed for our office in the Hague during Q4 2017. The results will be used to inform future renovations.

100% Renewable Power

Renewable electricity is used in all NIBC offices. Our locations in the Netherlands use 100% wind power. In other locations a mix of wind, solar, or hydroelectricity are used.

NIBC Offices and Energy

<u>Location</u>	<u>Energy label</u>	<u>Electricity Source</u>	<u>Status</u>
Den Haag	B on average (mix of A-D)	Wind	Owned
Amsterdam	A / BREAAAM Very Good	Wind	Leased
Rotterdam (Beequip)	n/a	Wind	Leased
Frankfurt	Leed Platinum	Mix (wind, solar, or hydro)	Leased
London	C (72)	Mix (wind, solar, or hydro)	Leased
Brussels	n/a	Mix (wind, solar, or hydro)	Leased

Water *

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>Unit</u>
Water usage in m3	7,560	7,234	n/r	m3
Water Source	municipal mains	municipal mains	municipal mains	
Water Intensity	14.48	14.85	n/r	m3 per FTE

Paper Consumption

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>Unit</u>
Standard office paper	-	1,600		kg
Recycled paper **	7,798	8,670	11,310	kg
Total Paper	7,798	10,270	11,310	kg
% from responsible sources	100%	84%	100%	
Calculated CO2	8.58	8.2	13.5	tonnes
Paper Usage Intensity	11.32	14.59	17.56	kg per FTE

Waste Management ***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>Unit</u>
Waste	125,489	114,021	n/r	kg
Waste Intensity	248.99	234.13	n/r	kg per FTE

* 2017 figures reported for the Hague and London.

** responsibly sourced - recycled or FSC certified

*** figures reported for our main location in the Hague.

NIBC Offices

In 2017, the NIBC Markets team moved to a new location in Amsterdam Zuidas business district. The new location is certified BREAAAM/Very Good and a change from G to A in energy label.

Water

Water usage is currently only reported for our main office in the Hague. In 2017, water use increased slightly, likely due to increased occupancy by other tenants. In addition to NIBC, commercial tenants and six civil society organisations are also based at the facility.

Paperless Office

In 2017, NIBC reduce its use of paper by 24%. We've made regular progress on paper use over the past five years, decreasing consumption by over 70%. At the same time, we continue to receive a significant amount of paper in our daily operations. Our Dutch offices recycled 66703 kg of paper in 2017.

Waste

In 2016, NIBC reported its waste figures for the first time. Over the past few years, NIBC has increased its efforts to responsibly manage its waste and recycle whenever possible. Paper, plastics, glass and metals are recycled.

Air Travel

Actual air travel CO² figures per flight for 2017 were received instead of calculating our own estimates, resulting in a significant reduction in CO² related to air travel. We have added a additional factor of 50% of the amount which was reported to account for any other unreported travel.

Community Engagement

NIBC wants to be a good corporate citizen by contributing to the well-being of the societies in which we operate. We encourage our employees to volunteer their time and expertise to community projects, and support their initiatives by matching the money they raise for good causes. In addition, NIBC runs its own social projects, some of which are focused on helping to educate youngsters about prudent money management. In this paragraph you will find information about our social projects and community activities.

Financial education and inclusion

NIBC employees were active in a wide range of initiatives in our communities during 2017. In April 15 NIBC employees led by our Chief Financial Officer (CFO) Herman Dijkhuizen again conducted financial education classes during the Week van het Geld (Global Money Week), an initiative whereby bankers provide fun lessons about money to primary school children. Approximately 700 primary school children participated in this Bank voor de Klas program with NIBC staff.

Bank for a Bank

Young NIBC organised an 'NIBC Challenge' together with the Voedselbank Haaglanden (Foodbank Haaglanden). Over 25 enthusiastic colleagues together with volunteers from the Voedselbank worked to find solutions for optimising cash flows at Voedselbank Haaglanden. This 'Bank for a Bank' initiative resulted in five concrete ideas, varying from 'online supermarket customers donating money to the Voedselbank' to 'collecting leftover festival coins at the end of events'. Young NIBC plans to organise a comparable community event every year.

Other initiatives

NIBC supported the national "BetaalMe" initiative in the Netherlands to ensure small business vendors are paid for services in a timely manner and help strengthen their cash flows. NIBC Markets held an employee fundraising drive to benefit Kika, the children's cancer charity. In December, employees in The Hague supported Stichting Vitalis in what has become an annual holiday tradition at the bank. Vitalis is a professional non-profit organisation that supports vulnerable children so they can avoid intensive professional youth counseling programmes. NIBC employees provided personalised holiday gifts for more than 100 children in an event that involved fun activities, cupcake decorating and refreshments. Employees in London participated in the nationwide "Jeans for Genes" initiative. They also led a bankwide initiative to raise funds to support victims of the Grenfell Tower fire.

Civil Society Dialogue

Dialogue with civil society organizations was frequent throughout 2017. Regular discussions were important particularly in light of the UN Sustainable Development Goals (SDGs), the Paradise Papers, the IMVO agreement for the Dutch banking sector, and the Berlin COP23 climate conference.

NIBC NGO Boulevard

In 2015, we launched the NIBC NGO Boulevard, an initiative to allow our offices and facilities to be used in support of good causes. In 2017, the NGO Boulevard grew to six Dutch civil society organisations: Maatschappelijke Alliantie, Missing Chapter, SDG Charter, Stichting Vitalis, Schuldhulpmaatje and Buddy Network. One focus area for all of these organisations has been to contribute to Dutch efforts towards the SDGs through their activities and initiatives.

NIBC aims to help these civil society organisations to be effective and increase their impact. At the same time, since we share the same facilities, these organisations help to increase NIBC bankers' awareness of societal challenges and inspire us. Engagement with these civil society organisations has led to several joint workshops on societal challenges. Further joint initiatives focused on topics such as financial education, circular economy, and mobility are planned for 2018.



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/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

Den Haag, 2 februari 2015