

REMUNERATION POLICY MANAGING BOARD

The Nederlandse Waterschapsbank N.V. ('NWB Bank') is a bank of and for the public sector with a special focus on water and sustainability. NWB Bank is a national promotional bank. Through its activities, the bank helps public entities achieve their policy goals. Our clients include water authorities, municipalities, housing associations, healthcare institutions and drinking water companies. For several years now, the bank has also been actively involved in financing Public-Private Partnerships, renewable energy projects and government-backed export financing.

The shares of NWB Bank are held by water authorities (81%), the Dutch State (17%) and provinces (2%). The bank finances its activities on the international money and capital markets and is a prominent player in the field of SRI (Socially Responsible Investing) bonds.

NWB Bank has Aaa/AAA ratings from Moody's and Standard & Poor's which enables the bank to lend to the Dutch public sector on the most favourable terms possible. As a significant bank, NWB Bank is supervised directly by the European Central Bank.

Sustainability and corporate social responsibility are closely intertwined with the bank's origin. It is the bank's mission to create long-term social value. This implies that NWB Bank looks beyond having a strong financial position and efficient operations. The bank is committed to building a stable and sustainable financial sector that contributes to a society both good for mankind and environment.

The Remuneration Policy of NWB Bank seeks to reflect the social role NWB Bank plays as a bank of and for the public sector. This is expressed in a moderate Remuneration Policy that is in keeping with the bank's strategy, risk profile and risk appetite. The Remuneration Policy is in line with the remuneration principles of CRD (Capital Requirements Directive, art. 92 to 95) and the EBA Guidelines on sound remuneration policies (art. 74 (3) and 75 (2) CRD). In addition, the bank's policy is aimed at recruiting and retaining qualified and knowledgeable employees. The bank is aware of the fact that it is situated at the crossroads of the financial and public sector; this affects the possibilities and limitations of the Remuneration Policy.

Shareholders' Committee on remuneration policy

The Remuneration Policy for statutory members of NWB Bank's Managing Board will be reviewed every five years. The last evaluation took place in 2015.

In 2019, a Shareholders' Committee was established, consisting of representatives of three of the four other largest shareholders, namely the water authorities and the Ministry of Finance. In addition, the Chair of the Supervisory Board and the Chair of the Remuneration and Appointment Committee joined the Committee as observers.

In 2015 the Remuneration Policy for the Managing Board was drawn up, based on, among others, the Act on the Remuneration Policy of Financial Undertakings (*Wet beloningsbeleid financiële ondernemingen*) and the remuneration framework on which assessment of publicly held participating interests are held (*Nota Deelnemingenbeleid*). It contains the following elements:

- The Dutch State as shareholder is fully authorised to determine the remuneration policy of its publicly held participating interests. The Public and Semi-public Sector Senior Officials (Standard Remuneration) Act (*Wet Normering Topinkomens, WNT*) is not applicable to the remuneration policy of publicly held participating interests. Publicly held participating interests are private institutions and exposed to commercial competition. They are not funded by public means, but by market prices and tariffs.
- Aim to find a remuneration policy with a balance between moderate remuneration commensurate with the public interest (in accordance with WNT) served by the bank and taking into account, as appropriate for a private institution, remuneration paid in line with the relevant market.

- The bank's public character is weighted for 60% and the private character for 40%. The public character is expressed by partly applying the WNT. The private character is applied by using the median of a peer group derived from a benchmark executed in 2015 (median = €455,000).
- By weighing this method, the maximum total (fixed and variable) remuneration of the Chair of the Managing Board was reduced by 5% in 2015. Indexation of the maximum total remuneration takes place annually in accordance with the structural salary adjustment, as stated in the Collective Labour Agreement for the Banking Sector (*CAO Banken*). The maximum total remuneration of the other Managing Board members is 85% of that of the Chair of the Managing Board. This Remuneration Policy is applicable to new Managing Board members appointed after September 2015; for sitting members the Remuneration Policy will apply that was valid when they were appointed.

During the Annual General Meeting held on 16 April 2020, the above Remuneration Policy was reaffirmed for the statutory members of the Managing Board. The details of the newly adopted Remuneration Policy are outlined below.

NWB Bank statutory Managing Board members' Remuneration Policy (applicable to new statutory Managing Board members appointed after 16 April 2020)	
	<i>Total maximum remuneration</i>
	The maximum total remuneration of the Chair of the Managing Board amounts to €283,022 gross per year, consisting of: <ol style="list-style-type: none"> 1. a gross fixed salary of maximum €254,745, and 2. an 11.1% fixed supplement on top of the fixed remuneration. This supplement is not pensionable.
	The maximum total remuneration of the other Managing Board members is 85% of that of the Chair of the Managing Board.
	Deviations are permitted should labour market conditions put the continuity of the bank's high-quality management at risk. The Supervisory Board will ensure that this step will only be taken if absolutely necessary, and only after consent has been obtained from the Ministry of Finance and the representative of the shareholder water authorities.
	The fixed remuneration will be indexed annually with the indexation referred to in the Collective Labour Agreement for the Dutch Banking Industry (<i>CAO Banken</i>).
	<i>Variable remuneration</i>
	Under the Remuneration Policy, until 1 January 2019 the variable remuneration for the statutory members of the Managing Board amounted to a 15% maximum of the fixed remuneration. This variable remuneration consisted of a 33% deferred portion. The deferred portion is paid out in the fourth year after the year to which it relates, provided the previously agreed long-term targets have also been achieved. The last assessment of the long-term objectives from 2018 and whether the deferred portion will be made payable (in full or in part) will therefore take place in 2022.
	<i>Term of the contract and notice periods</i>
	A contract of employment with a Managing Director is in line with the period of appointment.
	A contract of employment with a Managing Director may be terminated in writing by both the Managing Director and NWB Bank with due observance of a period of notice of at least three months and, for NWB Bank, of at least six months. Termination always takes place at the end of a calendar month.
	The basic principle is that employment continues during the period of notice. If employment does not continue during the period of notice, then the remuneration obtained during this period is deducted from the severance pay.
	<i>Severance pay</i>
	Any remuneration upon resignation of a Managing Director does not exceed one year's gross

	fixed salary. There will be no severance payout upon termination of a period of appointment, if the employment contract is for a fixed term.
	The determination of any severance package for a Managing Director upon termination of employment is performed by the Supervisory Board, after receiving advice from the Remuneration and Appointment Committee. In all cases, the remuneration must take account of the employment history of the Managing Director and any risks taken in the position; furthermore, there must not be any 'reward for failure'.
	The severance pay also includes the transition allowance to which the Managing Director is entitled by virtue of the Work and Security Act (<i>Wet Werk en Zekerheid</i>). The Managing Director is thus not entitled to a separate transition allowance in addition to the severance pay.
	Pension
	The pensionable age is linked to the statutory retirement age. If the pensionable age is increased further (for legal/tax purposes), the Managing Director is not compensated for this.
	The pension plan is in accordance with the Collective Labour Agreement for the Dutch Banking Industry (<i>CAO Banken</i>) and in line with the plan for other employees, on the basis of a defined contribution scheme.
	Other emoluments
	<ul style="list-style-type: none"> • The members of the Managing Board are granted a taxed annual expense allowance of €2,800 each. • Every Managing Director participates in the car scheme.
	<p>The following insurance is taken out for members of the Managing Board:</p> <ul style="list-style-type: none"> • 24/7 accident insurance; • occupational disability insurance; • managing directors' liability insurance; • Surviving Dependants Act (ANW) shortfall insurance. <p>No personal contribution is payable for the above-mentioned insurance.</p>
	The other emoluments for a Managing Director are in line with what is made available to the other employees. What applies to the employees does not automatically apply to a Managing Director; this is at the discretion of the Chair of the Remuneration and Appointment Committee.
	Miscellaneous
	Remuneration components not included in the Remuneration Policy can only be granted to a Managing Director if explicit permission has been obtained from the General Meeting of Shareholders, except in the case of indexation in accordance with the Collective Labour Agreement for the Dutch Banking Industry (<i>CAO Banken</i>).
	In (re)formulating the Remuneration Policy for the statutory members of the Managing Board, the Supervisory Board takes note of the view of the individual members of the Managing Board regarding the amount and structure of their remuneration. Members of the Managing Board are being asked to pay attention to, among others, the strategy objectives with regard to long-term value creation and the pay ratio within the bank.
	None of the employees earn more than the Chair of the Managing Board.
	The Remuneration Policy for the statutory Managing Board is reviewed every five years by the Annual General Meeting of Shareholders.

The Hague, April 2020

NWB Bank prepared this policy document in the Dutch language. The English translation was made for information purposes only. In the event of inconsistencies or differences between the English translation and the original Dutch version of the Remuneration Policy Managing Board, the latter will prevail.