

---

## CORPORATE GOVERNANCE

Corporate governance is about the good management of (listed) companies and their supervision. It governs the relationship between administrators, supervisors and shareholders. For NWB Bank, this means sound and transparent corporate governance, focused on long-term value creation and taking into account the interests of all our stakeholders, especially as we have a special societal responsibility as a financial institution of and for the public sector. The Supervisory Board and the Managing Board are jointly responsible for good corporate governance and compliance within the bank. This responsibility is partly laid down in legislation, such as the Financial Supervision Act (Wft), and partly based on self-regulation. In this paragraph, we describe the most important regulations and explain how we apply them.

### GUIDELINES

We apply the following guidelines for corporate governance.

#### Dutch Corporate Governance Code

The Dutch Corporate Governance Code (hereafter: the Code) contains principles and best practice provisions that govern the relationships between the Managing Board, the Supervisory Board and the (General Meeting of) shareholders. The Code applies to Dutch companies whose shares are listed on the stock exchange. Our bank's shares are not listed, which is why we are not required by law to apply the Code. However, we have chosen to apply the code nevertheless, taking account

of a specific feature, namely that shares in our bank may only be held by the State of the Netherlands, water authorities and other legal entities governed by public law. The application of the Code is also in line with the Policy Document on State-Owned Enterprises (Nota Deelnemingenbeleid Rijksoverheid).

The updated Dutch Corporate Governance Code (the Code) was published on 20 December 2022. This version came into force on 1 January 2023, which means that in this report we report for the first time on compliance with the updated Code. The main changes to the Code are an emphasis on 'sustainable' long-term value creation and ESG, expanded reporting on diversity

and inclusion, an increased focus on behaviour and culture in the evaluation of the Managing Board and the Supervisory Board, and clarification of reporting lines and the evaluation of internal audit. We reviewed the changes and found that in many respects we were already operating in the spirit of the new Code. Nevertheless, we updated the charters of the Supervisory Board, including its committees, and of the Executive Committee at the beginning of 2023 to bring them into line with the new Code. These charters include agreements on composition, allocation of responsibilities and working methods. They also include provisions on conflicts of interest and relations with the Managing Board/Executive Committee and shareholders.

NWB Bank deviates from the Code on the following points:

- Due to our bank's two-tier board and the fact that our shares are not certified, we omit the principles and best practice provisions for the one-tier board and the certification of shares.
- The best practice provisions on disclosure and information to the General Meeting of Shareholders are not fully formalised as we do not have listed shares. As a result, we have not adopted a policy on bilateral contacts with shareholders as part of these provisions.
- As our bank has only registered shares, all shareholders are known. We keep a register with

the names and addresses of our shareholders, the date of acquisition of the shares and the amount paid for each share. We maintain direct contact with our shareholders throughout the year.

- In the absence of variable remuneration, we have not performed scenario analyses for the remuneration policy.

### Future-oriented banking

Since its publication in 2014, we adhere to the Future-Oriented Banking package, a set of self-regulation rules from the Dutch Banking Association (NVB). The package consists of three sections: the Social Charter, the Dutch Banking Code and the Code of Conduct. The Social Charter describes the role banks should fulfil in society and the shared values of the banking sector. The Dutch Banking Code safeguards good governance by all Dutch banks and sets out principles for the controlled and ethical conduct of business, effective risk management as well as for the structure of the Managing Board and Supervisory Board. The Code of Conduct provides rules for employees on practising their profession in a prudent and ethical manner. The principles of the package are integrated into our bank's mission, core values and codes of conduct.

In 2014, the Banking Code was supplemented in two ways: by provisions on safeguarding societal interests (Banking Code, page 4) and on the creation of remuneration policies (Banking Code, page 13). We are already putting the first of these into practice: the requirement that stakeholder interests are identified and carefully weighed when formulating strategy, objectives and policies. We have not yet been able to put the second into practice, as a new remuneration policy will not be adopted until 2025.

### Other guidelines

In addition to the Dutch Corporate Governance Code and the Future-Oriented Banking package, we apply the following guidelines:

- EBA<sup>1)</sup> Guidelines on internal governance;
- EBA Guidelines on sound remuneration policies pursuant to Directive 2013/36/EU;
- ESMA<sup>2)</sup> and EBA Guidelines for assessing the suitability of members of the management body and key function holders;
- ECB Guide to fit and proper assessments;
- BIS<sup>3)</sup> Guidelines Corporate governance principles for banks.

## STRUCTURE

Our corporate governance structure is as follows.

### Supervisory Board

Our Supervisory Board independently oversees the bank's strategy and its implementation, with a strong focus on long-term value creation. Its composition is balanced, expert and diverse, and its independence is guaranteed.

### Profile

We have a general profile for the composition and appointment of our Supervisory Board members. This was last updated as part of the review of our corporate governance with laws and regulations at the end of 2021. In addition, we draw up an individual profile for each vacancy on the Supervisory Board that fits within the general profile. Supervisory Board members should have an eye for (international) social, economic, political and other developments relevant to NWB Bank. They must also be able to assess these developments.

1) European Banking Authority

2) European Securities and Markets Authority

3) Bank for International Settlements

## Composition

At the end of 2023, the Supervisory Board consisted of seven members, three men and four women, i.e. 43% men and 57% women. Each member of the Supervisory Board has a specific expertise and background required to fulfil his or her role on the Supervisory Board. This is in line with our own diversity and inclusion policy. Our Supervisory Board aims to be at least 30% male and 30% female, with a diversity of skills, backgrounds and experience.

The distribution of expertise on the Supervisory Board is currently as follows. Supervisory Board members Joanne Kellermann (chair), Caroline Oosterloo and Manfred Schepers have extensive financial expertise, a banking background, knowledge of international money and capital markets, experience in prudential supervision and knowledge of risk management. André ten Damme has broad expertise in financial services, financial management and IT management. He is also an experienced supervisor with a broad interest in the financial sector. Toon van der Klugt has broad management experience, extensive knowledge of public policy and a network within the public administration. Frida van den Maagdenberg and Annette Ottolini both have general administrative experience in the semi-public sector and extensive knowledge of ICT. Frida brings additional financial knowledge and Annette has additional experience in a commercial environment. The two vacancies that arose in 2023 have been filled in

such a way that the composition and distribution of the Supervisory Board members' committee memberships comply with the requirements set out in the Articles of Association. An overview of the areas of expertise can be found in the [Report of the Supervisory Board](#).

The composition of the Supervisory Board is such that its members are able to act independently and critically towards each other and the Managing Board. The requirements for independence are therefore standard in the general profile for the composition of the Supervisory Board and the appointment of its members.

As part of the annual review of the bank's corporate governance in relation to laws, regulations and guidelines, the charters of the Managing Board, the Supervisory Board, the Audit Committee, the Risk Committee and the Remuneration and Appointment Committee were amended in respect of minor points in early 2023. These adjustments included refinements related to the adherence to the latest Corporate Governance Code in December 2022.

## Managing Board/Executive Committee

The management of our bank is in the hands of the Managing Board/Executive Committee. We use the term Executive Committee when the Managing Board is being expanded with one or more non-statutory members. The Annual General Meeting appoints the statutory members of the Managing Board for a period of four years on the recommendation of the Supervisory Board. In principle, the Managing Board consists of four members. For most of last year, however, it consisted of three members, namely Lidwin van Velden (CEO), Ard van Eijl (CRO) and Frenk van der Vliet (CCO). Following the resignation of Melchior de Bruijne as CFO and statutory member on 20 April, there was a vacancy on the Managing Board. In this context, the Managing Board was supported on an interim basis by Constant Korthout (1 March 2023 to 1 December 2023; from 20 April to 1 October as non-statutory member when in effect there was an Executive Committee) and John Reichardt (from 20 November 2023).

The Managing Board/Executive Committee operates in accordance with the Executive Committee Charter, which contains rules on the division of responsibilities, working methods and decision-making, rules on conduct and culture, interaction with and information for the Supervisory Board, remuneration policy and conflicts of interest. As with the Supervisory Board, the composition of the Managing Board/Executive Committee should be in line with the Bank's Diversity and Inclusion Policy. We aim

---

for a balanced and mixed composition, including diversity of gender, knowledge and experience. For the Managing Board/Executive Committee and senior management, we aim for a composition of at least 30% men and at least 30% women. With the current temporary composition of the statutory Managing Board, which consists of three people due to a vacancy, this target is met. The Managing Board and the Supervisory Board aim to maintain this with the appointment of a new CFO. An individual profile is drawn up for each vacancy on the Managing Board, setting out the knowledge and skills required. Each member of the Managing Board must have knowledge of the financial sector in general and the banking sector in particular, the Bank's role in society and the interests of all stakeholders.

### Works Council

Our bank has a six-member Works Council. It operates in accordance with the Works Council regulations, which contain rules on its composition, term of office, election and procedures. The council meets monthly to discuss staff interests and exchange information with the HR department. In addition to these meetings, there were five consultations between the WC and the chair of the Managing Board during the year, two of which were attended by a delegation from the Supervisory Board (in accordance with Section 24(2) of the Works Councils Act).

### Internal auditor

The internal auditor function within our bank is performed by the Internal Audit Department (IAD). This department conducts a risk-based audit programme that provides assurance, recommendations and insight. The IAD systematically, independently and objectively assesses the effectiveness of governance, risk management and risk control and makes recommendations for improvement. At the request of the Managing Board/Executive Committee, the head of IAD may participate as a non-voting member in steering committees for projects of strategic importance to the bank. The mandate of the IAD is set out in the Internal Audit Charter approved by the Supervisory Board. The head of IAD reports the results of his investigations to the Managing Board/Executive Committee and the Audit Committee, and attends meetings of the Audit Committee and the Risk Committee. They discuss the progress of the audit programme and its results on a quarterly basis. In addition, the head of IAD may attend the Asset & Liability Committee, the Credit Committee and the Non-Financial Risk Committee as an observer.

In 2023, the IAD had several meetings with the external auditor and separately with the regulators of the European Central Bank and De Nederlandsche Bank. During these meetings, they exchanged views on risk analysis, findings and the audit plan. The IAD operates in accordance with the rules of professional conduct of the Royal Netherlands Institute of Chartered Accountants

and the International Professional Practices Framework of the Institute of Internal Auditors. Internally, we have developed these rules further in a quality management system.

### Gathering information

The Supervisory Board has the option of obtaining information from external experts if the performance of its duties so requires. This was not used in the year under review. In addition, the SB consults internal experts and obtains information internally by attending discussions between the Managing Board and the Works Council.

### External auditor

Like the internal auditor, the external auditor (EY) attended all meetings of the Audit Committee and the Risk Committee in 2023. The external auditor also attended the March meeting of the Supervisory Board at which the annual accounts were discussed. The Audit Committee held two separate meetings with the external auditor in 2023. As in 2022, EY audited the bank's financial statements in 2023.

## CONTROLLED AND ETHICAL CONDUCT OF BUSINESS

We ensure controlled and sound business operations in the following ways.

### Long-term value creation

Sustainable long-term value creation is embedded in the strategy of 'the sustainable water bank'. More information on this strategy and its implementation in 2023 can be found in the [Strategy and value creation](#) section.

### Risk policy

The policy on the management of financial and non-financial risks and its application in 2023 can be found in the [Risk management](#) section.

### Conduct and culture

The organisation has grown rapidly over the past year. As a result, in 2023 we were committed to spreading, strengthening and experiencing our culture of openness, connection and collaboration. The 'vision quadrant' is the foundation on which we build when it comes to topics such as leadership, diversity and inclusion, development and safety. In this way, we enable our employees to work together to achieve NWB Bank's mission: to invest together in a water-conscious and sustainable society.

A management development programme was launched for managers in 2023. In addition, the Managing Board and employees enjoyed participating in the successful second edition of the 'NWB Bank Together Days'. These two days focused on dialogue and experience with the vision quadrant. The vision quadrant makes it clear who we are as NWB Bank, what we stand for and where we want to go. We have also focused a great deal on internal communication, and this, together with the organisation of a series of town hall meetings, has helped to ensure that all employees are aware of the bank's goals and results.

### Banking oath and rules of conduct

All our employees take the banking oath upon commencement of employment. External advisers working for the bank for more than three months also take the banking oath. Taking and signing the banking oath subjects them to the disciplinary rules of the banking sector. The banking oath is integrated into the bank's rules of conduct. This Code of Conduct was updated in 2023 in a joint effort by HR and Compliance. Among other things, the bank's vision quadrant was incorporated into the document. The new Code of Conduct was approved by the Works Council at the beginning of 2024 and then given final approval by the Managing Board. The new Code of Conduct has since been communicated to all colleagues within the bank.

### Compliance and integrity

In line with the Three Lines of Defence-model, where each line has a specific role and responsibilities, the bank has placed the compliance function in the second line. The Compliance department's responsibilities are set out in the Compliance Charter, which we update annually. The compliance function focuses on promoting and enforcing compliance with laws, regulations, internal procedures and codes of conduct that are relevant to the integrity and reputation of the organisation. Compliance acts independently and is not involved in the execution of front-line activities. Organisationally, the Compliance department reports to the chief risk officer and has a direct reporting line to the Managing Board/Executive Committee and an escalation line to the Supervisory Board. Compliance reports regularly to the Risk Committee.

A thorough Systematic Integrity Risk Analysis (SIRA) process was carried out again in 2023. The results of the analysis provide a clear and detailed insight into the integrity risks to which the organisation may be exposed. This enables the Managing Board/Executive Committee and the Supervisory Board to focus on the management of integrity risks within the bank. Managers and their relevant team members have been and continue to be closely involved in the implementation of the SIRA.

A further strengthening of 'control monitoring & testing' activities was implemented in 2023. This involves the periodic monitoring and testing of key control measures for compliance risks, such as Customer Due Diligence (CDD). These short monitoring and testing cycles show how effectively controls are being applied and where improvements can be made. The results are also used in the SIRA to assess the extent to which identified integrity risks are controlled.

Compliance updated the Customer Due Diligence (CDD) policy in 2023. It also updated the whistle-blower policy in response to the Whistle-blower Protection Act, which came into force in 2023. Compliance also monitored the bank's insider regulations.

As in previous years, Compliance provided internal training in 2023 on various topics, including CDD and transaction monitoring. During Integrity Week, an integrity show was organised to which all the bank's colleagues were invited. Colleagues from Public Finance, Specialised Finance and Treasury, as well as the Managing Board, also participated in an e-learning session on market abuse. A training course called 'Getting to grips with regulations' was organised for colleagues from various departments who have to deal with laws and regulations in their day-to-day work, and Compliance organised onboarding sessions for new colleagues at the bank with Operational Risk Management. Of course, sufficient attention was

also paid to the training of the Compliance team members themselves.

### **Disclosure of conflicts of interest**

The members of the Supervisory Board and the Managing Board have disclosed all their relevant outside activities to the bank. These are disclosed elsewhere in this report. In Supervisory Board discussions where there is a potential conflict of interest in relation to a Supervisory Board member's principal and/or secondary position, the Supervisory Board member concerned does not take part in the discussion or decision. Since the end of 2021, the reporting of potential conflicts of interest has been a standard agenda item at Supervisory Board and committee meetings. There were no reports of (potential) conflicts of interest in 2023.

### **Diversity and inclusion**

As an employer, NWB Bank strives for a balanced composition of employees who complement each other because of the importance of 'diversity of thought' and avoiding tunnel vision. To underline this, we signed the SER Diversity at Work charter in 2023. In this way, we also communicate externally our commitment and the importance of a diverse and inclusive workplace.

The targets described above for the Managing Board/ Executive Committee and the Supervisory Board (at least 30% women and 30% men) also apply to the bank's senior management. In this group, we achieved the

target in 2023, with 69% men and 31% women. We achieve this balance by giving preference to candidates who contribute to diversity and inclusion when filling vacancies of equal merit. For more information on our activities to promote a diverse, open and inclusive culture, please see the ESG Facts & Figures appendix [link].

### **Remuneration policy**

The remuneration policy and its application in 2023 can be found in the [Remuneration report](#).