

Sustainability policy

2025



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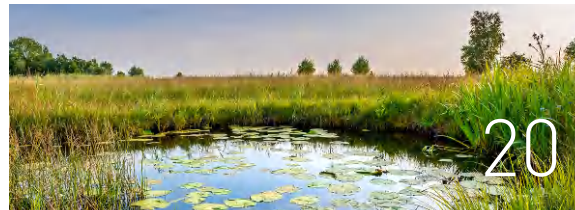
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1.1 INTRODUCTION

Sustainability is in our bank's DNA. NWB Bank's clients and shareholders are all part of the public sector in the Netherlands. As a public sector bank, our values differ from those of purely commercial parties. This is reflected in the bank's strategy and how we have designed our internal organisation: we do not have a separate sustainability department, because sustainability is a benchmark for all our policies. Partly for this reason, we reassessed our mission, core values, desired core qualities and ambitions in 2022.

Our sustainability policy sheds light on the way sustainability is embedded and organised at our bank. It also indicates how we want to distinguish ourselves in the area of sustainability, both internally and externally through our clients, investors, shareholders and other stakeholders.

NWB Bank is what is referred to as a promotional bank. This means we help the government achieve its societal policy objectives by providing promotional loans without a profit motive. Making a positive, sustainable impact on society is as important to us as being a financially sound bank.

Our aim is not to maximise profit, but to generate a solid return that achieves our sustainable objectives. At least 90% of the loans provided by a promotional bank must be directly or indirectly guaranteed by central, regional and/or local authorities.¹⁾

1.2 READER'S GUIDE

This document has been developed in accordance with our strategy. First, we outline our strategy, followed by a discussion of our sustainability policy for each of the strategic themes. We make a clear distinction between the impact the bank has through our internal business operations and the impact we have through our lending and investments. This sustainability policy is accounted for in the annual report.

Our sustainability policy is an integrated framework that outlines the various aspects of sustainability within the bank. This is because we take an integrated approach to sustainability. This policy also incorporates relevant passages from the following policies:

- Supplier Policy
- Anti-bribery & Corruption Policy
- Customer Due Diligence Policy & Procedures
- ESG Risk Management Policy
- NWB Bank Privacy Policy
- Diversity & Inclusion Policy
- Remuneration Policy

The minimum conditions for the policy themes are determined by:

- United Nations treaties and conventions (Universal Declaration of Human Rights, UN Global Compact, Paris Climate Agreement, United Nations Guiding Principles (the UNGPs) on Business and Human Rights);
- Guidelines/statements by key organisations (OECD Guidelines, International Labour Organization (ILO), Declaration on Fundamental Principles and Rights at Work and the CSR policy on government participation);
- Commitments signed by NWB Bank (Financial Sector Climate Commitment, Finance for Biodiversity Pledge, Science Based Targets initiative and Equator Principles);
- EU legislation;
- National legislation.

Our sustainability policy has been drafted in collaboration with employees from various departments and has been approved by our Board.

1.3 DEFINITIONS

In this document, we use the following definitions.

Sustainability

Sustainability means meeting the needs of the present without compromising the ability of future generations to meet their needs. For NWB Bank, this means that sustainability encompasses the social and environmental dimensions of our policies, serving as a framework for social and environmental plans that address external stakeholders. It also includes our engagement with clients, external reporting and strategic decisions on our overall sustainability policy. Sustainability encompasses both corporate social responsibility and ESG considerations.

Corporate social responsibility

We define corporate social responsibility (CSR) as our internal sustainability and social initiatives. This covers the CO₂ emissions resulting from our operations, including energy consumption and transport, among other areas. It also encompasses social causes, diversity and inclusion, and sustainable supplier management.

Environmental, social and governance

Environmental, social and governance (ESG) can be seen as a single term. It allows us to measure corporate social responsibility and sustainability performance. Unlike CSR, ESG encompasses both our internal operations and our financing and investment activities, with a focus on the latter. In general, the focus is more on environmental and social aspects than on governance aspects.

1) Article 10 (1e ii) of the Delegated Act of 10.10.2014 to supplement Regulation (EU) 575/2013

1.4 TRANSPARENCY

Our bank's sustainability policy is part of its broader transparency strategy. Through various reports and policy documents, we provide as much insight as possible into our sustainability approach and its progress:

- In our annual report, we provide comprehensive reporting on our financial and ESG performance and risks.
- Our semi-annual Pillar 3 report provides more detail on our capital requirements and ESG risks.
- In our annual Water Bond and SDG Housing Bond newsletters, we report on the impact achieved through the lending underlying these bonds.
- The ESG Facts & Figures document outlines the social and environmental aspects of our business operations, as well as our EU Taxonomy Report and our reporting on the Equator Principles.
- In the Greenhouse Gas Emissions of NWB Bank's Loan Portfolio report, we outline our climate impact, explain our methodology and detail our sources for calculating the climate impact of our loan portfolio.

- In our SDG Impact Lending Report, we discuss non-climate-related impacts and explain the methodology we use for the various SDGs that are important to us.
- Our ESG transition plan describes our goals and approach to achieving sustainability.

MANAGEMENT APPROACH

- Introduction
- Organisational structure
- Mission, vision and strategy

2

2.1 INTRODUCTION

Good internal governance is essential to achieving our sustainability goals. This is why we have explicitly incorporated sustainability into our organisational structure, making all departments and Managing Board members responsible for relevant sustainability issues. The diagram illustrates how sustainability is integrated into the bank's governance. We then provide a brief outline of the roles of those involved.

2.2 ORGANISATIONAL STRUCTURE

Supervisory Board

The Supervisory Board acts as supervisor, sounding board and employer. In its supervisory capacity, the Board considers the organisation's societal responsibilities and sustainability issues.

Managing Board

The management of NWB Bank is in the hands of the Managing Board. In performing its duties, the Managing Board focuses, among other things, on achieving the bank's objectives and creating long-term value for the bank. It is also responsible for the aspects of corporate social responsibility and sustainability relevant to the business.

Sustainability Advisory Board

NWB Bank has a Sustainability Advisory Board (SAB) that advises the Managing Board on the sustainability strategy, actively supporting, promoting and challenging it, while also monitoring the implementation of the sustainability policy. The SAB also provides a platform for exploring and initiating new strategic projects and sustainability themes. The SAB is responsible for communicating and reporting internally on sustainability-related market developments, as well as to clients and regulators. The SAB consists of

members representing various departments at the bank, including Treasury, Finance & Control, Legal, Corporate Affairs, Public Finance, Specialised Finance, Risk Management, and Change & Information Management. The SAB is chaired by our Chief Commercial Officer.

First line

Within our bank, the first line of defence – comprising the Public Finance, Specialised Finance and Treasury departments – is responsible for managing our ESG opportunities and risks through analysis, product development and customer engagement. The Finance & Control department measures our ESG impact and, together with Corporate Affairs, reports on it. Corporate Affairs also oversees the bank-wide strategy process, in which sustainability plays a key role.

Second line

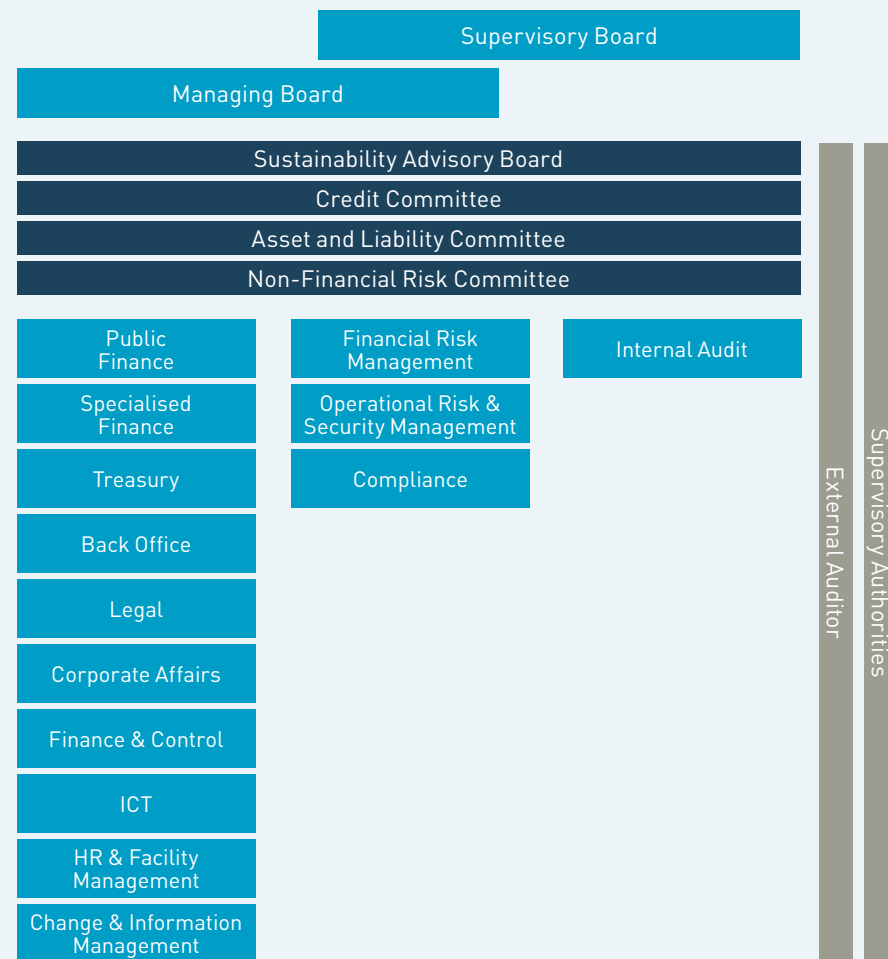
The second line of defence consists of the Financial Risk Management, Operational Risk Management and Compliance departments. It is responsible for monitoring ESG risks, setting related frameworks and policies, and ensuring compliance with laws and regulations.

Third line

The third line is Internal Audit. This department provides an independent review of our internal processes, including those relating to sustainability.

External parties

Ultimately, external parties assess our sustainability performance. For example, the external auditor reviews the sustainability information in the annual report, and supervisory authorities review our ESG risks, among other areas.



2.3 MISSION, VISION AND STRATEGY

At the heart of our mission, vision and strategy is the social and sustainable investment agenda of the Dutch public sector.

Mission and vision

Our mission is to invest with our stakeholders in a water-aware and sustainable society. Water awareness and sustainability are in our bank's DNA. We aim to contribute to long-term environmental and social goals and maximise the effective use of our financial resources.

We offer our clients appropriate financing on the most favourable terms possible. This is how we keep the public sector's financing costs low and the sustainability of the Netherlands affordable. Since our founding in 1954, we have focused on meeting the combined financing needs of our clients in an efficient and responsible manner. We are cost-conscious and risk-aware, and we utilise our AAA/Aaa ratings to raise funds for the public sector in an affordable and sustainable manner.

Water awareness and sustainability are also in the DNA of our founding members, the water authorities. Climate adaptation, climate mitigation and improving biodiversity are among their core tasks, and the water authorities play an important role in the energy transition. They

are still one of our largest client groups. The housing associations, which also play an important part in enhancing sustainability, are another large client

group. Approximately 30% of the Dutch housing stock comprises social housing, and in the coming years, housing associations are expected to invest heavily in

NWB BANK'S STRATEGY



new, climate-neutral construction, enhancing the energy efficiency of existing social housing and maintaining low social rents. Together with the housing associations, water authorities, drinking water companies and other clients, we are working towards a society in which current and future generations can live well and sustainably.

Strategy

Our bank's strategy can be divided into five themes: three pillars, a foundation and a keystone. The pillars of the strategy are 'Bank of and for the public water sector', 'Key player in financing the Dutch public sector' and 'Financing partner for enhancing sustainability in the Netherlands'. These all relate to the bank's lending activities, as it is through our clients that we have the greatest impact. The foundation of the strategy is the 'sustainable, efficient and socially engaged organisation' that the bank strives to be at all levels. Like our clients, we want to lead by example in sustainable business practices. The final piece of the strategy is 'Responsible returns and societal impact'.

SUSTAINABLE WATER BANK

- Link with our strategy
- Policy themes
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3.1 LINK WITH OUR STRATEGY

Our greatest impact is made through our lending and investment activities. We help our clients create as much societal value as possible by providing appropriate and cost-effective financing that aligns fully with our sustainability policy.

This links to the three pillars of our strategy:

- **Bank of and for the public water sector**
- **Key player in financing the Dutch public sector**
- **Financing partner for enhancing sustainability in the Netherlands**

3.2 POLICY THEMES

3.2.1 CLIMATE MITIGATION

In July 2019, NWB Bank, along with the vast majority of the Dutch financial sector, committed to the government's climate goals. Banks, insurers, pension funds, and asset managers are now required to report on the climate impact of their lending and investments, starting in 2020. Action plans to reduce greenhouse gas emissions had to be in place by 2022, and NWB Bank was the first bank to publish a climate action plan. Climate impact refers to the bank's contribution to global warming as measured in CO₂ equivalent (CO₂e) emissions. The aim of climate mitigation is to reduce emissions. We focus most of our attention on reducing CO₂e emissions across our loan portfolio. However, we also look at emissions from internal operations and other financial activities.

Our impact

To measure the climate impact of our loan portfolio, we use the Partnership for Carbon Accounting Financials (PCAF) methodology. The harmonised PCAF methodology provides a framework that increases transparency and awareness around greenhouse gas emissions and reporting. NWB Bank officially joined this partnership in January 2019. Detailed information on the climate impact of the loan portfolio can be found in the PCAF report on our website, as well as in the annual report.

Targets and actions

We published our climate action plan in 2022. In 2024, we updated and expanded it to create our ESG transition plan. We consider the ESG transition plan as a policy document that provides direction to our socially responsible lending. We report on progress in our annual report. The ESG transition plan has been approved by the Managing Board. The policy sets CO₂e reduction targets for each of the bank's five most relevant client types: water authorities, housing associations, municipalities, healthcare institutions and drinking water companies. These targets align with the Paris Agreement and the sector's own targets. In addition, the bank is setting sector-specific commitment targets to ensure that all clients have science-based CO₂e reduction targets in place by 2030.

Collaboration and knowledge sharing

We work closely with other parties on climate mitigation, partnering with umbrella organisations to help meet sector targets and improve data availability. We cooperate with other banks in the Dutch Banking Association on climate issues, as well as with other PCAF banks, to improve the measurement methodology for greenhouse gas reporting, enabling organisations' carbon footprints to be compared.

3.2.2 BIODIVERSITY

In 2020, we signed up to the Finance for Biodiversity Pledge. This commits our bank to documenting our impact on biodiversity by 2024. It also includes a promise to share knowledge about biodiversity, set targets to reduce the negative impact of our activities and report progress publicly. Biodiversity refers to the variety of living organisms, including terrestrial and marine species, as well as other aquatic ecosystems and the ecological complexes of which they are a part. It includes diversity within species, between species and among ecosystems. We have set out our related objectives and actions in our ESG transition plan.

Our impact

The biggest contributors to biodiversity loss worldwide are land-use change, overexploitation of natural resources, climate change, pollution and invasive species. The sectors that we fund are affected by or exert influence on these factors. Water authorities, for instance, are significantly impacted by invasive species such as Japanese knotweed and American crayfish, and are actively working to combat them, which is having a positive effect on biodiversity. We have a separate climate mitigation policy for the sectors we finance, which aims to reduce biodiversity loss. Negative impacts may occur when financing drinking water companies, as in some cases, they extract water near conservation areas.

Targets and actions

Like our actions on climate mitigation, our actions relating to biodiversity are described in our ESG transition plan. This essentially means that we have set biodiversity targets for our five most relevant sectors – water authorities, housing associations, municipalities, healthcare institutions and drinking water companies – in line with the international Kunming-Montreal Global Biodiversity Framework, European and Dutch legislation, and the sectors' own targets. Additionally, we are formulating engagement targets for each sector to ensure that all our relevant customers have nature targets in place by 2030.

Collaboration and knowledge sharing

We work with financial institutions across various platforms to highlight biodiversity issues. For example, NWB Bank chairs the Biodiversity Working Group of the Platform for Sustainable Finance, where the bank works with other market participants to share knowledge and promote biodiversity in the financial sector through publications. We also participate in working groups such as the NVB Nature Working Group and the PBAF Working Group on Positive Impact Measurement. Another active collaboration is the Erasmus Platform for Sustainable Value Creation on biodiversity.

3.2.3 CLIMATE ADAPTATION

The Netherlands is facing four climate change trends: it is getting warmer, drier and wetter, and sea levels are rising. Climate adaptation includes activities that help prepare for the consequences of climate change, such as retaining water during dry periods and draining it during wet periods. Financing climate adaptation is part of NWB Bank's core business, as we have traditionally provided financing to water authorities. They provide flood protection, pump out excess water and try to store water for dry periods. Climate adaptation also affects the bank's other client groups, which are increasingly facing climate adaptation challenges, such as responding to drought. This can also lead to foundation problems for houses of housing associations. Climate adaptation goes hand in hand with healthier biodiversity. After all, green spaces are better able to absorb large amounts of water during heavy rainfall, retaining water for drier periods.

3.2.4 HUMAN RIGHTS

We recognise that human rights are universal values and, as a business, we have a responsibility to respect them. 'Human rights' are defined as the rights inherent to all human beings and are deemed to constitute the basis for all rights set out in legislation and guidelines. Human rights apply to everyone, everywhere and at all times.

We conduct lending activities solely in the Netherlands, and our clientele consists mainly of local and regional authorities (water authorities, municipalities

and provinces) and institutions guaranteed by local and regional authorities, such as housing associations and healthcare institutions. The negative impact of our and our clients' activities on human rights is therefore limited, but this does not imply that we do not recognise our responsibility in this area. That is why we incorporate social risks, including human rights, into our lending process.

Our lending activities to housing associations also have a positive impact on human rights. These activities enable us to provide social housing, thereby contributing to the right to adequate housing. Negative impact can occur in the value chain, for example through mining of scarce resources that are needed for wind and solar parks. We apply an Equator Principles assessment to our project financing to mitigate these risks.

3.2.5 RESPONSIBLE AND SOCIAL RETURN

We prioritise social and responsible returns over profit maximisation. That is why we finance social housing at the lowest possible cost – to increase social impact, minimise the burden on citizens and keep sustainability affordable.

NWB Bank may decide not to offer a product or service even if there is demand for it. As part of the approval process, the risks associated with a product, including ESG risks, are considered for both the client and the bank. If this results in undesirable risks, we will not offer the product.

Another example of how we do not aim to maximise profit is the financing of clients with limited financing needs. Given the compact nature of the organisation, it can be difficult to serve them efficiently. The time required to analyse the sector and the client is often disproportionate to the size of the loan. Take, for example, financing requests from sports clubs. If we were to translate all the costs of a credit analysis into a loan premium, it would result in much higher premiums. However, because of our social role, we also support these clients.

3.3 IMPLEMENTATION IN THE CORE PROCESSES

3.3.1 CLIENT ONBOARDING AND SCREENING

Regardless of the risk profile, we apply our Customer Due Diligence (CDD) policy to new clients and, periodically, to existing clients. The purpose of this is, among other things, to combat money laundering, terrorist financing and the evasion of sanctions. As part of the CDD process, and in line with the International Responsible Business Agreement and the OECD Guidelines for Multinational Enterprises, we assess the actual and potential negative human rights impacts of clients' activities and value chains, with a view to mitigating or, ideally, preventing abuses. Additionally, we screen clients' activities against the exclusion criteria outlined in Section 3.2.2.

The CDD policy focuses on clients (and their value chains) to whom we extend credit, parties from whom the bank purchases interest-bearing securities for the liquidity portfolio and financial counterparties with whom the bank enters into derivatives transactions. NWB Bank always implements its CDD policy before entering into a transaction with a new client. Information is collected, and a risk assessment is made based on this information. Once this is approved, the counterparty is validated and the transaction can proceed. For existing clients, we conduct periodic CDD reviews. All new client groups go through a Product Approval and Review

Process. If material ESG risks are identified during this process, we will not proceed with the transaction. Our responsible employees receive regular training on customer due diligence.

3.3.2 SUSTAINABLE FINANCING

NWB Bank provides financing to parties in the Dutch public and semi-public sectors, including water authorities, municipalities, housing associations, healthcare institutions, drinking water companies, and regional grid operators. For several years now, we have also been financing public-private partnerships, export credit and renewable energy.

Credit assessment process

We assess ESG performance, risks and opportunities as part of the credit review process for new lending and the annual review of existing lending. Credit, risk and sustainability analysts determine the relevant sustainability variables for the credit assessment and the material ESG issues for each sector on an annual basis. These enable us to assess both a client's ESG risks and the positive contributions they can make towards the transition to a more sustainable society.

The credit score and sustainability assessment include a potential client's:

- impact on climate, environment and biodiversity;
- responsible use of energy and materials;
- physical and transition risks;

- social impact; and
- responsible governance practices.

When assessing the financing of projects, such as public-private partnerships and renewable energy, the bank applies the guidelines outlined in the Equator Principles, in addition to the above, to ensure that potential social and environmental risks are taken into consideration in its assessment. The bank undertakes this additional analysis because, unlike balance sheet financing, it is possible in this case to directly assess the activities for which the financing is being used, and because it has been identified in advance that the ESG risks related to these projects are relatively higher.

We also finance export credit backed by the Dutch State. The Export Credit Agency (Atradius DSB in the Netherlands) conducts a sustainability analysis for export credit financing based on the OECD guidelines and the ILO international labour standards. We receive the findings and incorporate them into our own assessment. For both balance sheet and project financing, ESG and sustainability issues are part of the credit assessment of the client or project. These aspects can therefore influence the financing assessment and the financing limit.

Continuously in dialogue with customers

We engage in ongoing discussions on sustainability with clients and other stakeholders. This is carried out through

(substantive) contributions to events, consultations with umbrella organisations, and by providing insights and data to clients. Most of these discussions take place with clients to whom we have the largest financial exposure or who stand out on particular issues. Discussions may cover sustainability policy, strategy and performance, as well as the most significant ESG risks and challenges. Sustainable lending is also discussed, and the insights gained from these client discussions are used in credit reviews and sector analysis.

Finally, NWB Bank is developing new lending standards for specific client groups, which will enable us to request sustainability information from these clients. Loan documentation for project finance operations includes social and environmental clauses as required by the Equator Principles.

Exclusion criteria

Our financing activities are laid down in the articles of association. Parties that do not fall within this statutory framework are not eligible for financing. These criteria effectively set out our exclusion policy. These criteria also apply to our liquidity portfolio, serving to clarify the framework.

We apply these criteria in advance to new loans and review the following exclusion list every two years:

- The production, trade, storage or commercial transport of significant quantities of hazardous

chemicals or fossil fuels. Hazardous chemicals include radioactive materials, pesticides/herbicides and ozone-depleting substances.

- Manufacturing or other activities that are carried out in violation of human rights.
- Activities that endanger the continued existence or operation of public sector clients. This may be caused by activities that lead to water scarcity, activities that jeopardise physical or digital access to public institutions or activities that result in unacceptable physical climate risks.
- Activities that demonstrably result in the destruction of areas and species of high conservation value, such as the activities of biomass power plants that use non-sustainable biomass.
- Activities in the mining industry, excluding geothermal energy.
- Gambling, casinos and similar enterprises.
- The production of or trade in controversial weapons, alcoholic beverages, fur, pornography or tobacco.
- Unsustainable farming practices.

Sustainability-linked loans

To further promote sustainability among clients and implement its policies, we offer clients the opportunity to take out sustainability-linked loans. With these loans, they can receive interest rebates for good sustainability performance, according to pre-agreed targets set out in the additional loan conditions.

3.3.3 SUSTAINABLE FUNDING

To provide long-term loans, the issuance of ESG bonds is an indispensable part of NWB Bank's business operations. Besides traditional investment considerations, such as investment safety and risk-adjusted returns, investors largely purchase these bonds due to their interest in supporting climate-friendly and socially responsible projects that align with their investment mandate. By issuing these specific bonds, we continue to attract new investors and broaden the market reach of ESG bonds. It underlines our role as a sound and sustainable financial partner to the Dutch public sector.

As we issue bearer bonds, it is often not known exactly who owns them. At the time of issue, we have access to the order book, and the initial investors are screened against sustainability criteria. Preference is given to more sustainable investors where possible. However, the bonds are tradable without the bank's intervention. It is therefore possible that our bonds end up in the hands of companies that are not sustainable. NWB Bank has set a target of sourcing at least 33% of our funding needs through ESG bonds each year.

Water bonds

We have been issuing Water Bonds (Green Bonds) since 2014. The proceeds from those bonds are being used to finance projects by the water authorities that contribute to climate change mitigation, climate adaptation and biodiversity. We publish a Green Bond Newsletter every

year so investors can see how their money is being spent. This detailed report uses performance indicators to demonstrate how the water authorities are helping to enhance sustainability.

SDG Housing bonds

Since 2017, we have also been financing the activities of housing associations with ESG bonds, initially with Affordable Housing Bonds. The proceeds of these bonds are specifically used to finance social housing. In 2019, we modified and extended the framework for Affordable Housing Bonds into the SDG Housing Bond Framework. This change was intended to reflect the housing associations' efforts to enhance sustainability. Since then, this ESG bond has been linked to several of the United Nations' Sustainable Development Goals (SDGs). We publish an annual Social Bond Newsletter, allowing investors to see how their money is being spent. This detailed report also explains how these bonds contribute to achieving the SDGs.

In turn, some investors use research agencies to evaluate the sustainability of bond issuers, including NWB Bank. The bank's sustainability policy and transparency are taken into account in this research. This keeps us on our toes, enabling sustainable investors to have an impact on our funding.

3.3.4 RESPONSIBLE PORTFOLIO MANAGEMENT

When purchasing interest-bearing securities, we apply the same quality requirements as for lending to the Dutch public sector and limit ourselves to the following:

- bonds issued by (or backed by) the State of the Netherlands (including local or regional authorities) or the European authorities;
- bonds issued by Dutch promotional banks, i.e. BNG Bank or FMO;
- bonds issued by European supranational institutions and multilateral development banks;
- Dutch 'covered bonds' collateralised by residential mortgages; and
- Dutch RMBS securitisations collateralised by residential mortgages that are government-backed under the National Mortgage Guarantee (NHG).

All parties that do not fall within the above statutory framework are ineligible for inclusion in our liquidity portfolio. In effect, this is the basis for the exclusion criteria, which are further clarified below. We also have specific sustainability requirements for our liquidity portfolio. Our policy in this regard includes the following components:

1. We aim to maintain a portfolio of EUR 150 million in ESG bonds at all times.
2. A minimum sustainability score is required for each security in our liquidity portfolio. This is an ESG score of 50 (Prime) based on the ISS ESG methodology.

If a score is not available, we look at a possible Sustainalytics rating, depending on the score a security may have.

3. If an issuer's ESG score is not available, we will contact the issuer and request that they make their internal ESG score publicly available. If a bond issuer does not have an ESG score, we encourage them to obtain one. This is to improve overall sustainability accountability.
4. We exclude certain governments, financial institutions and activities on the basis of the criteria that are described below.

Exclusion criteria for sovereign governments

Using public indices that rank countries on a range of ESG-related issues, NWB Bank excludes a number of countries based on a lack of fundamental political freedoms and civil rights (Freedom in the World Index), corruption (Corruption Perceptions Index) and score on the SDGs (SDG Index):

- A score on democratic freedoms below 70. We use the most up-to-date Freedom in the World data from Freedom House for our analyses.
- A Corruption Perception Index score below 65. We use the most recent Corruption Perception Index from Transparency International for our analyses.
- A Sustainable Development Index score below 70. We use the United Nations' most recent Sustainable Development Report for this score.

Exclusion criteria for financial institutions

- Participating interests of at least 50% held by banks or strategic investments in companies that generate at least 5% of their annual revenues from one or more of the products or activities covered by the exclusion criteria as formulated under 3.2.2.
- Financial institutions in which we invest that are involved in a scandal related to one or more of the above-mentioned exclusion criteria.

3.3.5 ESG RISK MANAGEMENT

ESG risks are those that have a negative financial impact on NWB Bank, either through the current or future effects of ESG factors on our counterparties or assets, or where we have a negative impact on ESG factors through our own activities. This includes the concept of double materiality, as we may be affected by ESG risks through our counterparties or assets (outside-in perspective) but may also influence ESG factors through these counterparties or assets (inside-out perspective). ESG risks manifest themselves in traditional financial and non-financial risks, including credit, interest, operational and strategic risks. NWB Bank explicitly integrates these ESG risks into our organisational governance, strategy and risk management cycle.

The Chief Risk Officer (CRO) is responsible for ESG risk management, which is coordinated from the second line within the Financial Risk Management department. However, this does not change the fact that it is a task

that involves the entire Managing Board and organisation. Various risk management procedures and processes are designed to identify, monitor, address and manage ESG risks. These are set out in policy documents and the ESG risk management framework. These documents are closely aligned with the most recent prudential and non-prudential regulations in the fields of sustainability and risk management.

The annual ESG risk identification and materiality assessment identifies our material ESG risks, which may arise from climate change and environmental degradation, as well as social and governance issues. We use stress tests and scenario analyses to assess the potential impact of these risks on our bank and our clients in the short term (under 3 years), medium term (3-10 years) and long term (>10 years). The results of this assessment are incorporated into our annual strategic processes, including the ICAAP, ILAAP and the bank's strategy cycle. We then monitor these risks using key risk indicators in the Risk Appetite Statement, as well as through credit risk monitoring, customer assessments and sector analyses. Further information can be found in sections 3.2.1 and 3.2.2. NWB Bank strives for transparency in sustainability matters, reporting on ESG risk management in our annual report, Pillar III reports and ESG transition plan.

In addition to managing ESG risks, the second line is also responsible for ensuring compliance with sustainability-related laws and regulations. For instance, the Compliance department coordinates the Systematic Integrity Risk Analysis. This analysis enables us to identify integrity risks (including those related to ESG) and assess their manageability. Where necessary, action is taken and monitored by the bank's Non-Financial Risk Committee. Management and the Managing Board are closely involved in this intensive process. The Managing Board and Supervisory Board receive a report to help them focus on managing integrity risks, including ESG risks.

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4

4.1 LINK WITH OUR STRATEGY

We are a sustainable, efficient and socially committed organisation, and these values are the foundation of our strategy. The key focus of this chapter is our internal operations. We are keen to set a good example in terms of sustainability.

4.2 POLICY THEMES

4.2.1 ENVIRONMENT

Our internal business practices focus on protecting the environment, including measuring and managing the environmental impact of our activities to reduce the organisation's carbon footprint. For example, we purchase energy from renewable sources and sustainability certificates to compensate for our gas consumption.

4.2.2 SOCIALLY RESPONSIBLE ORGANISATION

Our employees are socially committed. They are encouraged, both during and outside working hours, to take part in activities and projects that contribute to society. Examples include the 'Bank voor de klas' project, in which employees and members of the Managing Board act as guest teachers in primary schools. Employees also participate in various volunteer initiatives, such as NLdoet.

4.2.3 PRIVACY AND DATA SECURITY

It is our policy to collect as little sensitive data as possible. By complying with the General Data Protection Regulation, we ensure that we collect and process data fairly and transparently, only for the intended purposes, and that we inform the individuals and organisations concerned in the event of any privacy violations. Our data

security and privacy policy applies to all our business activities, and the privacy statement applies to all parties with whom we work. Part of this policy is outlined in the privacy statement on our website.

To ensure the security of data exchange with third parties, we have a processor agreement in place. This includes a requirement that third parties take the highest level of data security measures and appropriate technical and organisational measures to ensure a good level of data security commensurate with the risks. We are developing training to further disseminate our privacy and data security policies to employees. We have a separate privacy and data security policy, which can be found on our website under 'privacy statement'.

4.2.4 EMPLOYEE WELFARE

Our employees are crucial in achieving our mission. A broad HR policy should safeguard employee well-being, covering the topics outlined below.

Diversity and inclusion

NWB Bank is an inclusive organisation. We value the diversity of our employees and strive for a balanced workforce in which employees complement each other. For more information, please refer to the Diversity and Inclusion Policy on our website. As part of this policy, we undertake activities to promote a diverse, open and inclusive culture. To promote cultural insight and awareness in the workplace, we observe Diversity

Day annually with a presentation or training session for employees on diversity and inclusion. Under the Collective Labour Agreement for Banks, employees can request to exchange a recognised public holiday for a personal or religious holiday. We are open to all when recruiting new employees and strive to offer equal opportunities to everyone. That is why we follow a transparent recruitment and selection process. In our job advertisements and outreach, we highlight our commitment to being an inclusive organisation and actively encourage people to apply even if they do not meet every listed requirement. We also offer a buddy programme in which new employees are paired with a colleague from another department, someone who can explain how things work at the bank and serve as a go-to person for questions.

By signing the SER Diversity Charter in 2023, we strengthened our diversity and inclusion policy. We identified concrete goals and actions to reinforce our commitment to inclusion. This commitment is confirmed by achieving a minimum 30% female-to-male ratio in management positions.

Recruitment and selection

NWB Bank welcomes applications from all sections of society, regardless of gender, age, religious beliefs, cultural background, disability or sexual orientation. We aim to have our workforce reflect society as closely as possible, offering everyone the same opportunities.

In our recruitment processes and job advertisements, we emphasise our inclusive organisation and encourage individuals who do not meet all the requirements to apply. Where candidates are equally suitable, preference will be given to those who will help to increase the diversity of our workforce. Our Working at NWB Bank website explains how our recruitment and selection process works. This demonstrates that all applicants are treated equally and have the same opportunities for advancement. We use various channels to recruit suitable candidates, such as LinkedIn, Indeed and our Working at NWB Bank website, as well as recruitment agencies where necessary. We also have a corporate recruiter who proactively approaches candidates.

Flexible working

We offer our employees the flexibility to work independently, regardless of time and place, through a hybrid working arrangement, which contributes to a positive work experience. However, employees involved in operational transaction processes must work from the office for security reasons. The bank provides the necessary resources and budget to enable employees to set up a home office that complies with health and safety regulations.

Our employees can make use of arrangements for (special) leave, such as the statutory parental and carer's leave arrangements. Further arrangements are laid out in the Collective Labour Agreement for Banks,

including a supplement to paid parental leave and additional maternity leave, as well as in our personnel policy. Employees can (re)purchase additional leave, and arrangements are in place for employees to take unpaid leave.

Freedom of association and employee participation

Freedom of association is guaranteed in the Dutch constitution. As a result, employees are free to join trade unions. The trade unions are involved in the Collective Labour Agreement for Banks and represent the interests of employees in areas such as pay, pensions, workplace diversity and personal development. The official consultative body between management and employees is the Works Council. Management holds formal consultations with the Works Council on average four times a year.

Employee satisfaction

We conduct surveys to obtain feedback from our employees on their satisfaction and work experience. These surveys focus on employees' perceptions of their work and the bank. Employees are guided through a questionnaire that covers various topics, including satisfaction, commitment, influence, work pressure and safety. The results are discussed internally, after which an action plan is drawn up to improve specific areas.

Personal development and training

We encourage all our employees to develop their knowledge and skills, enabling them to make effective contributions to our strategic goals. Managers and employees regularly discuss objectives, taking into account both the bank's core competencies and those specific to the role. The revised performance management cycle, introduced in 2024, places the employee at the centre of the process. It includes a kick-off meeting, at least two follow-up sessions and a year-end evaluation, all designed to promote ongoing feedback from colleagues.

We use HR tools such as strategic personnel planning and talent management ('9 grid') to identify the organisation's long-term needs and employees' development potential. These tools help us manage and develop talent within the organisation, as well as mitigate any personnel-related risks. Managers encourage employees to develop their knowledge and skills by regularly attending training courses. The bank allocates a generous training budget each year. Additionally, we provide internal advancement opportunities and make open vacancies available to our internal employees. The bank has established a leadership programme for managers and team leaders, which is accessible to both full-time and part-time managers, as well as those on temporary contracts. Managers also continue to develop through bespoke training courses.

Employees play an active role in their own development. Alongside this, bank-wide training courses are available to full-time, part-time and temporary employees on topics such as working with display screens, workplace ergonomics and brain-friendly working. Specific training courses are also available for certain target groups in areas such as customer due diligence, integrity and the Money Laundering and Terrorist Financing (Prevention) Act (Wwft). We identify knowledge gaps in sustainability and develop our own training materials where necessary. One example is the biodiversity course, which provides employees with a basic understanding of this subject.

As the organisation grows, it is important to focus on culture and induction. To help new employees, both full-time and part-time, settle in, they attend three half-day induction sessions. These sessions extensively cover the three lines model, risk awareness and compliance. This gives new employees a clear, general understanding of the bank. After approximately three months, management and colleagues who started in the same period attend an informal 100-day lunch, during which they share their initial experiences and feedback with management. The annual Samen NWB days are organised around the theme of culture. These days are all about connecting.

Equal remuneration

Our remuneration policy reflects our social role as a bank serving the public sector. This includes a moderate

and transparent remuneration policy that aligns with the bank's strategy, risk profile and risk appetite. We adhere to the collective labour agreement for the banking sector, complying with national and international legislation and regulations. We do not offer any unpaid remuneration to employees. This policy applies to all employees, regardless of their position, gender or level. We pay equal remuneration to employees in comparable positions. We do not pay variable remuneration to employees or management. Attention to equal pay for employees in comparable positions remains important. By 2025, we will have established a job classification system that will contribute to transparent and equal remuneration. This policy will help us attract and retain qualified and skilled personnel, enabling us to achieve our bank's long-term objectives of creating long-term value.

Pay gap analysis

In 2022, NWB Bank conducted an analysis to determine whether a gender pay gap existed between male and female employees. The results showed that men and women are paid equally. Ensuring equal pay for employees in comparable roles remains a priority and continues to receive structural attention. In 2025, we will introduce a job classification system to support transparent and equitable remuneration. This will enable us to calculate a weighted pay gap, ensuring equal pay for equal work, going forward. Should a pay gap be identified, the bank will take action to close it.

4.3 IMPLEMENTATION IN THE ORGANISATION

4.3.1 MAKING THE ORGANISATION MORE SUSTAINABLE

In line with our strategy and climate action plan, NWB Bank aims to make the office building future-proof and sustainable. Having insulated the building exterior, we are able to keep heating consumption to a minimum. This is saving energy. Measures such as façade insulation, triple glazing, insulated window frames, convectors instead of radiators, a decentralised and CO₂-controlled ventilation system and LED lighting have resulted in a sustainable building with an energy label of A. We have had a zero-emission fleet since 2023, and we encourage our employees to minimise their use of cars and planes and instead opt for public transport.

4.3.2 ENCOURAGING SUSTAINABLE EMPLOYEE BEHAVIOUR

Each year, employees set their own targets in consultation with their department head during a target-setting meeting. These targets are based on the bank's strategy, vision and departmental objectives. Members of the Sustainability Advisory Board are also evaluated on their progress toward sustainability targets. To encourage employees to engage with the bank's sustainability objectives, regular brown bag sessions are

held, during which internal and external experts provide information on environmental issues.

4.3.3 SPONSORING SUSTAINABLE AND SOCIAL INITIATIVES

One of the ways we demonstrate our social commitment is through sponsorship. Projects and/or activities related to water are eligible for a financial contribution from NWB Bank. Certain educational projects and initiatives in the bank's immediate vicinity may also be eligible to receive a sponsorship contribution. In addition, employees who can demonstrate regular involvement in a sustainable (volunteer) project can ask the bank to contribute money and/or time to the project. Under the Collective Labour Agreement for Banks, employees are entitled to an additional day of social leave if they wish to contribute to social causes, for example through voluntary work. This encourages our employees to get involved in volunteer work. We do not provide donations to political parties or for political lobbying.

4.3.4 BUSINESS ETHICS

NWB Bank believes that adhering to anti-bribery and anti-corruption regulations is crucial for maintaining ethical business practices. The organisation and its employees may be at risk of being involved in activities such as abusing entrusted power for personal gain, or offering or accepting payments or other incentives to influence officials. NWB Bank's Anti-Bribery and Corruption Policy sets out principles and standards for managing bribery

and corruption risk based on risk factors and actors, and encourages staff to report any suspicions of bribery or other forms of corruption within or around the bank. The policy also outlines the responsibilities of the board and management, details training and awareness procedures and describes the reporting process. NWB Bank's comprehensive policy on compliance with business ethics can be found [here](#).

Zero-tolerance policy

We have a zero-tolerance policy towards bribery and corruption, regardless of the identity or function of those involved. Management expects all of our employees to act in accordance with the standards of ethical conduct and integrity at all times. This means measures have been taken to prevent, discourage and detect bribery and corruption. Engaging in conduct or activities that contravene our core values or other relevant laws and regulations is in breach of our code of conduct. We do not offer anyone, for any purpose, an improper commission or anything that may be perceived as such.

Conflicts of interest

A conflict of interest is a situation in which one or more persons or entities have competing interests, and serving one interest may be detrimental to the other interest. This definition includes both potential and actual conflicts of interest. To ensure their timely identification, NWB Bank has a Conflict of Interest Policy. Once identified, conflicts

of interest are prevented or, if this is no longer possible, mitigated and managed.

NWB Bank has a Supplier Policy with rules for the selection and evaluation of suppliers and outsourcing partners. This promotes integrity and objectivity in procurement. As part of their assessment at the onboarding stage, suppliers must answer questions about possible conflicts of interest and the implementation of appropriate standards of conduct. To mitigate the risk of conflicting business and personal interests, we have included conflicts of interest in our code of conduct. Within our payment systems, we have implemented internal risk management and control measures to prevent unauthorised payments.

Banker's oath

Since 1 April 2015, all employees and external consultants who work at NWB Bank for more than three months have taken the banker's oath. By taking and signing the banker's oath, (external) employees become subject to the rules of conduct and disciplinary law.

The rules of conduct consist of the following elements:

- integrity and diligence;
- careful consideration of interests;
- putting the client's interests first;
- compliance with laws, regulations and codes of conduct;
- the secrecy of confidential information;

- openness and honesty about one's own behaviour and knowing one's responsibility to society; and
- contributing to society's trust in the bank.

Whistle-blower scheme

To enable employees to report suspected irregularities of a general, operational or financial nature within the bank without jeopardising their legal position, NWB Bank has a Whistle-blower Scheme. Employees may choose whether to report to their immediate supervisor or to another supervisor within the bank who is of equal or higher rank than the employee. Employees may also report to the Compliance Officer, the Confidential Advisor or management.

We are legally obliged to take measures to ensure sound and controlled operations and to prevent involvement in financial crime, including money laundering and tax evasion. We also seek to understand the risks of tax evasion in business relationships, as its harmful effects can damage our reputation and confidence in the Dutch financial sector. NWB Bank does not participate in tax evasion in any way. To raise awareness of integrity, we organise meetings with external speakers, activities and training, including dilemma training.

Integrity in the workplace

NWB Bank has a responsibility to take risk mitigation measures for the reliability and integrity of its employees. Through employment screening, we assess integrity,

reliability and potential susceptibility to fraudulent acts. All employees, regardless of their position, undergo pre-employment screening and are required to present a Certificate of Good Conduct (*Verklaring Omtrent Gedrag*, VOG) upon commencing their employment. During their employment, employees in integrity-sensitive positions are screened on a wider range of elements. Integrity-sensitive positions are those in which employees have access to transaction systems and can modify financial and/or payment data, execute and/or approve transactions and payments, update IT applications, and/or modify authorisation profiles. During the pre-employment screening process, credit and compliance checks are conducted based on publicly available information. These checks are repeated every five years during the employment period.

All employees are required to complete an integrity statement annually during their employment and renew their Certificate of Good Conduct every five years. All new employees are required to sign several statements and codes of conduct before joining the company, including the NWB Bank Code of Conduct, a confidentiality statement, the Information Security Protocol and the private transactions policy. Compliance with and monitoring of the private transactions policy have been outsourced. The other rules of conduct are monitored by first- and second-line management.

Additionally, NWB Bank periodically reviews its policy documents in terms of ethics to ensure their ongoing effectiveness. This enables the bank to adapt its policies in response to new developments and insights, thus continuously improving its commitment to ethics and ESG.

4.3.5 RESPONSIBLE SUPPLIER MANAGEMENT

We aim to promote the protection of the environment and human rights through our suppliers wherever possible and to achieve a broader social impact. To this end, we engage in dialogue with our suppliers about their actions and sustainability ambitions. We use a scorecard to evaluate suppliers' ESG maturity and assign them a score. We apply minimum ESG standards to suppliers, for example in terms of human rights compliance, socially responsible business practices and integrity. We determine the most appropriate way to request data, manage risks and expectations, and identify when we may need to terminate our relationship with a supplier.

4.3.6 FAIR AND INCLUSIVE BUSINESS PRACTICES

Buddy programme

NWB Bank has a buddy programme to give new employees a good start in the organisation and with their colleagues. A new employee is paired with a colleague from a different department who helps to explain how

the bank works and to whom the new employee can turn with questions.

4.3.7 EMPLOYEE WELL-BEING

Physical and mental health

The bank promotes the mental and physical health of its employees by providing a safe environment and encouraging healthy behaviour. Health and safety are supported through various policies, including the policy on undesirable behaviour and the sick leave policy, as well as through a range of practical initiatives. For example, the bank offers its employees free fruit every week and a free vegetarian lunch on Mondays and Wednesdays. Employees can use the fitness room and the bank's bicycle scheme to maintain their physical fitness. There is also a company emergency response team at the office. Workstations comply with health and safety standards and are ergonomically designed.

Employees are periodically offered a voluntary medical examination. This health check is linked to personal health advice that employees can apply to their own situation.

To promote well-being and teamwork, managers regularly talk to their employees. In cases involving development or personal circumstances, the bank offers access to development and/or coaching programmes. Vitality is encouraged across the organisation through initiatives such as vitality weeks and internal training

on brain-friendly working. All employees can consult the company doctor anonymously during preventive consultation hours. A dedicated prevention officer continuously works to create a healthy work environment that supports well-being and reduces stress. Through these activities, the bank proactively contributes to its employees' health.

Confidential counsellor

Employees who need to talk or who are confronted with any form of undesirable behaviour can turn to the external confidential counsellor. The bank has a zero-tolerance policy towards all such behaviour, including bullying, discrimination, sexual harassment, aggression and violence, as set out in its Undesirable Behaviour Policy. If employees observe any misconduct within the organisation, they can report this to the external counsellor. Formal complaints related to undesirable behaviour can also be submitted to our external complaints committee. We also have a whistleblowing policy that enables employees to report alleged misconduct without jeopardising their legal position.

Long-term illness

The bank is supported by an external occupational health service for issues related to occupational health and safety. This ensures the bank provides effective absence management and reintegration support. The process complies with the Dutch Gatekeeper Improvement Act (*Wet Poortwachter*). The occupational health service

supervises the employee on sick leave and prepares a problem analysis. The manager and the employee then jointly draw up a reintegration plan. This plan is periodically evaluated by both parties and adjusted if necessary. If the assessment shows that there is no possibility of reintegration, a second process is initiated to explore the possibility of returning to work outside the bank. We are committed to providing employees with the best possible support in every situation.

UN GLOBAL COMPACT REPORT

5

ANALYSIS OF THE PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

Principle	Category	Risks	Impact	Opportunity	Goals (NWB/Country Level)	Action
Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights	Human rights	Reputational risk to the bank, risk to affected stakeholders and risk of non-compliance with future legislation on human rights due diligence	Low	Be more transparent about relevant human rights aspects	Compliance with future (EU or Dutch) legislation on human rights due diligence	NWB Bank adheres to existing international guidelines on human rights and is monitoring the development of legislation on human rights due diligence closely
Principle 2 Make sure that they are not complicit in human rights abuses	Human rights	Risk to affected stakeholders and risk of non-compliance with future legislation on human rights due diligence	Low	Be more transparent about relevant human rights aspects	Compliance with future (EU or Dutch) legislation on human rights due diligence	NWB Bank adheres to existing international guidelines on human rights and is monitoring the development of legislation on human rights due diligence closely
Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Labour	Reputational	Low	Be more transparent about country performance	Current: NWB Bank adheres to the 'CLA Banks'	-
Principle 4 The elimination of all forms of forced and compulsory labour	Labour	-	Low	Be more transparent about country performance	Country level	Refer to the WJP Rule of Law Index, The Netherlands ranking (http://worldjusticeproject.org) > Global Rank 8.
Principle 5 The effective abolition of child labour	Labour	-	Low	Be more transparent about country performance	Country level	Refer to the WJP Rule of Law Index, The Netherlands ranking (http://worldjusticeproject.org) > Global Rank 8.
Principle 6 The elimination of discrimination in respect of employment and occupation	Labour	Lack of transparency	Medium	Transparent about company and/or country standards	Current: In accordance with the law, applicable collective bargaining agreements and NWB Bank's own ambitions, NWB Bank treats its employees respectfully and with due care, without discriminating in any way.	diversity day, bi-annual pay-gap analysis
Principle 7 Businesses should support a precautionary approach to environmental challenges	Environment	Physical, transitional and reputational risks	Medium	Focus on energy transition and environmental/social impact	Climate Action Plan	Set and act on CO ₂ (eq) reduction and other environmental targets

Principle	Category	Risks	Impact	Opportunity	Goals (NWB/Country Level)	Action
Principle 8 Undertake initiatives to promote greater environmental responsibility	Environment	Reputational risk	Medium	Goals and training	Individual staff goals	Lunchtime educational sessions for employees on environmental and social issues
Principle 9 Encourage the development and diffusion of environmentally friendly technologies	Environment	Reputational risk	High	Earmarking loans to projects using environmentally friendly technologies	Impact lending (sustainability-linked loans)	NWB Bank signs the climate agreement and contributes to the Water Innovation Fund
Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery	Anti-corruption	No training or dated policy, non-compliance with anti-corruption guidelines and legislation	Low	Training and policy update	Current: biannual anti-corruption/integrity training	<ul style="list-style-type: none"> • Biannual training • Customer Due Diligence policy has been updated