

EQUATOR PRINCIPLES IMPLEMENTATION REPORTING

In October 2020, NWB Bank has officially adopted the Equator Principles (EP). As part of this commitment, we have implemented the Equator Principles in our policies, procedures and standards for project financing and we will not finance projects and loans (in scope and subject to the Equator Principles) where the client will not, or is unable to, comply with these principles.

Our reporting in the context of the Equator Principles will be in 2 phases:

- Implementation reporting;
- Transaction data & project names.

In our first report, NWB Bank reports on the implementation for the period from October 2020 to December 2021. Thereafter NWB Bank will report each calendar year its transactions that were subject to the Equator Principles and reached Financial Close during the relevant reporting period, starting with the year 2022 .

This Implementation Reporting has been approved by our Corporate Social Responsibility (CSR) Committee and our Chief Commercial Officer (CCO).

Implementation of the Equator Principles

Details of internal preparation and staff training

Environmental, social and governance issues are regularly discussed with stakeholders and NWB Bank staff. An Equator Principles course and other sustainability courses are included in our development offerings for employees. Through newsletters, sustainability presentations and/ or specific training, relevant updates on the Equator Principles are communicated to the Specialised Finance team within the bank.

Internally, a committee has been established to implement the Equator Principles. In this committee, there are representatives from the front office, risk management, finance & control and legal & corporate affairs. This group also monitors the developments around the EP and submits the reports.

The mandate of the Equator Principles Reviewers and Respective Roles

In line with NWB Bank's Customer Due Diligence (CDD) process and Credit Risk Management (CRM) Policy Framework, all new and existing clients and transactions are subject to a credit analysis and CDD assessment, which is executed in the first line by the Specialised Finance department. NWB Bank has a dedicated Sustainability Officer who supports the Specialised Finance and Risk Management staff in managing and mitigating potential risks. Both the Specialised Finance as well as the Risk Management department have dedicated staff members that are specifically responsible for sustainability. Final decision making regarding Specialised Finance lies with NWB Bank's Credit Committee (including Managing Board), where social, climate related and environmental risks, as well as compliance with the EP, are part of the credit proposal (by Specialised Finance dept), independent risk assessment (by Credit Risk Management dept) and decision making. The legal department monitors the loan documentation for EP compliance. The sustainability officer provides support in case of any sustainability issues, including environmental and social risks. The finance & control department is responsible for the yearly EP reporting.

The incorporation of the Equator Principles in credit and risk management policies

When financing public-private partnerships (PPP projects), renewable energy projects and other financings in scope and subject to the Equator Principles, the Equator Principles are applied to gauge potential social and environmental risks in our regular transaction review and approval process. As part of the due diligence for each project finance transaction in scope and subject to the Equator Principles, we require a third party advisor (independent technical advisor) who is engaged on behalf of us and potential other lenders to prepare a technical report. Such report includes a specific review of the Equator Principles and having a satisfactory report is a requirement before financial close of the transaction.

Following from our relevant policies, all project financing transactions should adhere to international conventions and guidelines to respect human rights and the environment. Our sustainability policy sheds light on the way sustainability is embedded and organized at NWB Bank. It also directs how the bank wants to distinguish itself in the area of sustainability, both internally and externally through its clients. Our Credit Risk Management policy includes adherence to the Equator Principles management framework for projects or project related corporate loans in scope. In our origination of new project finance transactions as well as in our monitoring of existing transactions we take into account social, climate related and environmental risks. These risks are also assessed and embedded in our internal scorecard models that calculate a credit risk score for each client.