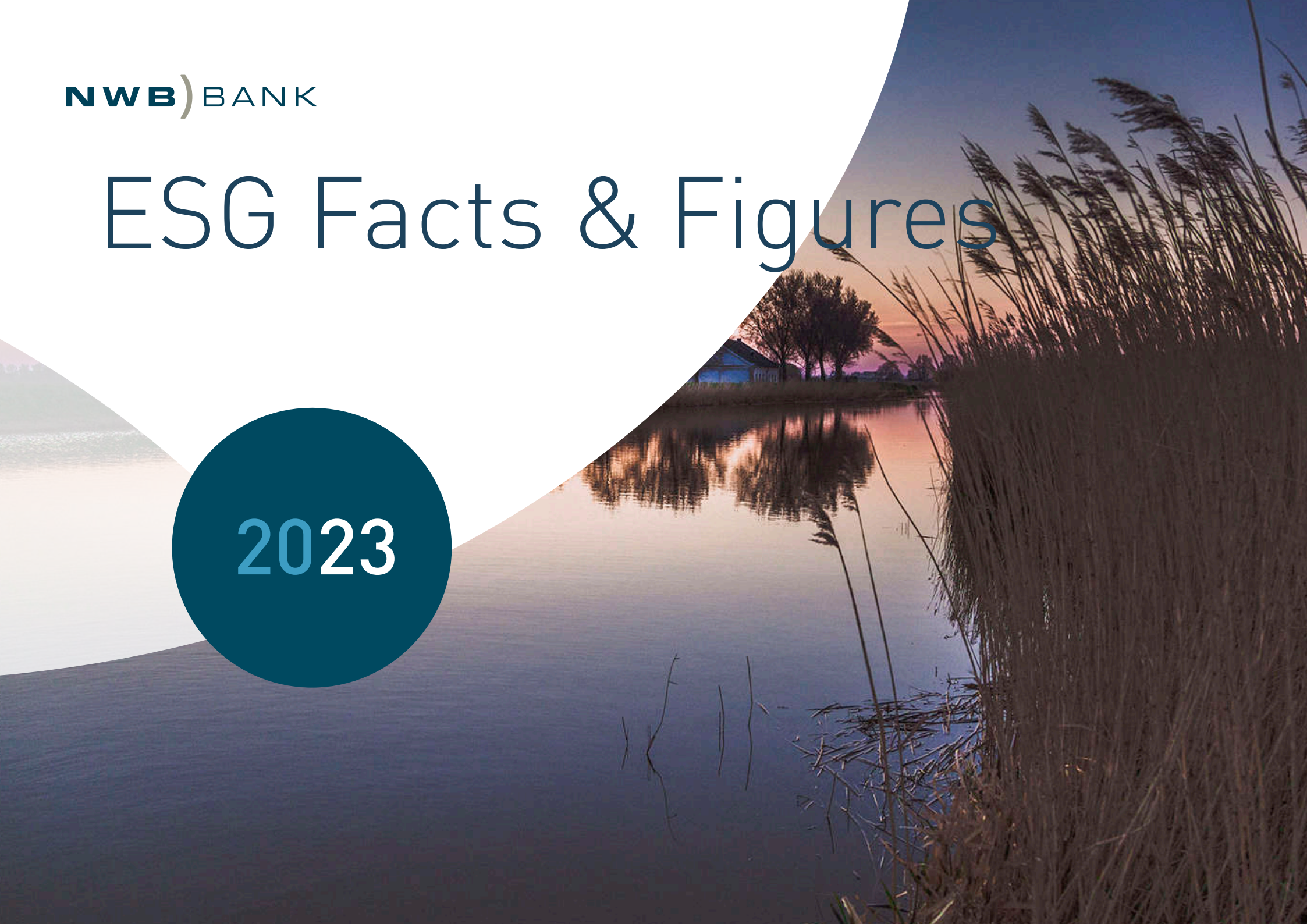


NWB) BANK

ESG Facts & Figures

2023



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INTRODUCTION

This publication is intended to provide additional Environmental, Social and Governance (ESG) disclosures and complements our 2023 Annual Report. In it, we discuss relevant figures and provide additional context. The content of this publication is driven by stakeholder demand and the commitments we have signed.

Our Annual Report, ESG Facts & Figures, Green Bond Newsletters, Climate Action Plan and Pillar III report follow externally developed principles. The ESG Facts & Figures report focuses on the following economic, environmental and social charters, principles or other initiatives:

- UN Global Compact Principles;
- UN Guiding Principles on Business and Human Rights;
- Dutch Corporate Governance Code;
- Equator Principles (project finance);
- Banking Code;
- OECD Guidelines;

This report is based on the ESG topics. It also includes the EU Green Taxonomy Report, and our Equator Principle reporting figures as a final chapter. The environmental and social impact of our business operations are classified as less material based on the materiality analysis in our Annual Report. However, we want to be transparent and account for our own impact as well as the impact of our financing activities. This is the reason why we disclose the social and environmental impact of our operations in this document.

In addition to this ESG Facts & Figures report, we publish the following reports on our sustainability-related performance:

- Annual Report
- Pillar III Report
- Climate Action Plan
- SDG Housing Bond Newsletter
- Water Bond Newsletter
- Greenhouse Gas Emissions Loan Portfolio
- SDG Impact Report

The relevant information is provided in accordance with the following externally developed economic, environmental and social charters, principles or other alternatives:

- Climate statement of the Dutch Banking Association (NVB)
- Charter Diversity
- UN SDGs
- GRI Standards
- Green Bond Principles
- Social Bond Principles
- Finance for Biodiversity Pledge

ESG RATINGS

Our sustainability performance is regularly assessed by various independent Environmental, Social and Governance (ESG) rating agencies. This is expressed in an ESG rating or score. We value these ratings because they are an external reflection of the bank's sustainability vision, which we can use to identify areas for improvement. We aim to report transparently on our sustainability performance. In addition to a specific ESG rating, our relative position compared to a peer group is also important to us.

The table below shows ratings by various rating agencies at year-end 2023.

| ESG Rating Agency | Rating 12/31/2023 | Relative position |
|-------------------|-------------------|-----------------------------|
| ISS-ESG | B | 1st decile (industry group) |
| Sustainalytics | 10.0 | Negligible risk |
| VigeoEIRIS | 57 | Robust |

ENVIRONMENTAL

We have the following environmental goals for our own operations:

| | Result 2023 | Result 2022 | Target 2023 | Target 2024 | Target 2025 |
|---|----------------------------------|---------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Greenhouse gas emissions from business operations p.p. (in tonnes CO ₂ (eq)) | 0.5 | 0.9 | <2 | <2 | <2 |
| Energy label of office building (based on estimate by external expert) | A+ | A+ | A | A | A |
| Composition of car fleet | 100% of car fleet emissions-free | 100% of new cars emissions-free | car fleet completely emissions-free | car fleet completely emissions-free | car fleet completely emissions-free |

We have reduced the emissions from our business operations considerably in recent years, partly by only buying electric cars. Following the reduction in air travel during the COVID-19 pandemic, the carbon footprint of air travel has continued to decrease.

All transport movements (commuting, cycling, car, train and air travel) are assessed for sustainability and environmental impact. Following regulatory changes, we will increase our reporting efforts on the specific modes of transport used by our employees to get to work.

ANALYSIS OF THE ENVIRONMENTAL PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT (THE OTHER PRINCIPLES ARE COVERED WITH THE RELEVANT TOPIC)

| Principle | Category | Risks | Impact | Opportunity | Goals (NWB/ Country Level) | Action |
|--|-------------|---|--------|--|--|---|
| 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 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 |

OFFICE BUILDING

We have a compact office organisation located in an office building at Rooseveltplantsoen 3 in The Hague.

Considering the compact office organisation, our impact results are relatively small. Nevertheless, environmental benefits can be achieved with each individual measure. In each of these cases, the measures will have to be assessed in terms of economic feasibility, technical lifespan, energy savings, etc. The building retains its 2022 A+ label.

Other possible savings measures include:

- Installing PV panels (under investigation)
- Installing a heat pump
- Reducing short-distance air travel
- Incentivising green commuting and reporting on the impact of commuting

ENERGY CONSUMPTION AND CARBON EMISSIONS

Our energy consumption (electricity) is sustainable. Below is an overview of the emissions (equivalents) for 2023, which totalled approximately 60 tonnes (2022: 98 tonnes). Electricity in 2023 came from renewable sources with no direct carbon emissions. Gas was supplied by the utility company including a carbon offset. For the whole of 2023, emissions from foreign travel and paper consumption were offset by 'SNK-CO2 certificaten aquathermie'. Offsets were also provided for those cars in our fleet that were not yet electric for the full year.

| | Amount | Factor | Unit | CO ₂ emissions (ton kg) |
|---|---------|--------|--------------------------------------|------------------------------------|
| Scope 1 | | | | |
| Total amount of gas (Nm ³) | 16,108 | 1.782 | kg CO ₂ e/nm ³ | 28.7 |
| Total amount of petrol (litres) company cars | 314 | 2.8 | kgCO ₂ e/l | 0.88 |
| Total amount of diesel (litres) company cars | 0 | 3.3 | kgCO ₂ e/l | 0 |
| Scope 2 | | | | |
| Amount of 'green' electricity (solar, water, wind, hydro, wind, geothermal heat, biomass) (kWh) | 306,193 | 0 | kg CO ₂ /kWh | 0 |
| Amount of 'grey' electricity (other, including nuclear power) (kWh) | 0 | 0.463 | kg CO ₂ /kWh | 0 |
| Scope 3 | | | | |
| Total amount of paper (kg) | 625 | 1.2 | kg CO ₂ e/kg | 0.8 |
| Short (zone 1) (amount) air travel (number of flights) | 22 | | Climate neutral group calculator | 22 |
| Medium (zone 2) (amount) air travel (number of flights) | 3 | | Climate neutral group calculator | 6 |
| Long (zone 3) (amount) air travel (number of flights) | 2 | | Climate neutral group calculator | 5 |
| Total air travel | | | | 33 |
| Total CO₂ footprint | | | | 63.3 |

To report the greenhouse gas emissions associated with an organisation's activities, 'activity data' is collected from users, such as the distance travelled and the litres of fuel used.

The monetary value of the carbon footprint can be calculated by using the CO₂e price. This amounts to €74 (price of industrial emissions of one tonne of CO₂e) per tonne by the end of 2023, based on the emissions above(€4,440).

WASTE & USE OF MATERIALS

The waste processor has issued a certificate showing that a certain amount of carbon is offset annually through the Climate Neutral Group. We have a 750-litre container that is changed weekly. However, it is not possible to see how much waste is produced. The information provided by the waste processor does not allow a distinction to be made by type of waste. All waste is processed by the same waste processor, which means that no waste is dumped (not even in exceptional cases). Waste water is discharged into the sewage system. We are in dialogue with suppliers to further improve sustainability arrangements.

We do not produce any hazardous waste as a result of our banking activities.

SUSTAINABLE PRODUCTS AND SERVICES

| Total outstanding at year-end 2023 | | In millions of euros |
|---|---|----------------------|
| Green loans | Green loans are loans to water authorities provided by NWB Bank that comply with NWB Bank's green bond framework. (90% of the total, in accordance with the framework). | 6,042 |
| Sustainable project finance | Sustainable project financing refers to all sustainable energy projects financed in the field of wind and solar. This includes financing to the Climate Fund. | 1,018 |
| Sustainable loans | Sustainable loans are loans to housing associations, provided by NWB Bank that comply with NWB Bank's social bond framework. (80% of the total, in accordance with the framework) | 17,139 |
| Sustainable financing | Sustainable finance refers to products and services that finance sustainable sectors, asset classes or certified companies that have a net positive impact. | 24,199 |

| Total outstanding at year-end 2023 | | In millions of euros |
|---|--|----------------------|
| NWB Bank Green Bonds | Green bonds that are issued and ring-fenced and whose framework complies with the corresponding guiding principles. | 6,018 |
| NWB Bank Social Bonds | Social bonds that are issued and ring-fenced and whose framework complies with the corresponding guiding principles. | 17,165 |
| Sustainable funding | Sustainable funding refers to products and services that have a net positive impact. | 23,183 |

CO₂ EQUIVALENT FOOTPRINT

SCOPE COVERAGE

| Market segment | Sector | Scope 1 | Scope 2 | Scope 3 |
|----------------|--------------------------|---------|---------|---------------|
| Social housing | Housing associations | X | X | ¹⁾ |
| Public sector | Municipalities | X | X | X |
| | Provinces | X | X | X |
| | Water authorities | X | X | X |
| | Joint regulations | X | X | ¹⁾ |
| | Others | | | |
| Healthcare | Healthcare | X | X | X |
| Education | Educational institutions | X | X | ¹⁾ |
| Networks | Drinking water companies | X | X | X |
| Others | Others | | | |

- 1) Scope 3 is not covered as the data to calculate Scope 3 was not available. Specifically in relation to social housing, there is still some discussion about whether Scope 3 should be included. This is not currently a requirement of the PCAF methodology. In general, Scope 3 emissions are considered immaterial when spread over the full life cycle of a social dwelling. Therefore, in addition to the data not being available, we do not take Scope 3 emissions into account for our social housing portfolio.

¹⁾

Science-based targets

We have submitted our science-based targets commitment letter to the Science Based Targets initiative and will be seeking approval of our targets in 2024. Our CO₂e reduction targets are currently set by using the SBT initiative tools and adjusted for sector targets. We have also set engagement targets to encourage our clients to set their own science-based targets. These two approaches ensure that our targets are science-based.

| | Scope 1+2 | Scope 3 | Engagement target |
|--------------------------|--|---|--|
| Housing associations | <ul style="list-style-type: none"> 2018-2035: Science-based Targets Setting Tool V2.0 – 1.5 degree scenario 2035-2050: Linear | N/A | All clients have science-based targets by 2030 |
| Water authorities | <ul style="list-style-type: none"> 2018-2020: Linear 2020-2030: Corrected for sector targets; 80% reduction CH₄ and 50% reduction N₂O 2030-2050: Linear | <ul style="list-style-type: none"> 2018-2050: Linear | |
| Drinking water companies | <ul style="list-style-type: none"> 2020-2050: Linear | <ul style="list-style-type: none"> 2018-2050: Linear | |
| Municipalities | <ul style="list-style-type: none"> 2018-2050: Linear | <ul style="list-style-type: none"> 2018-2050: Linear | |
| Healthcare | <ul style="list-style-type: none"> 2018-2035: Science-based Targets Setting Tool V2.0 – 1.5 degree scenario 2035-2050: Linear | <ul style="list-style-type: none"> 2018-2035: Science-based Targets Setting Tool V2.0 – 1.5 degree scenario 2035-2050: Linear | |

SOCIAL

ANALYSIS OF THE SOCIAL PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT (THE OTHER PRINCIPLES ARE COVERED UNDER THE RELEVANT TOPIC)

| Principle | Category | Risks | Impact | Opportunity | Goals (NWB/ Country Level) | Action |
|---|----------|----------------------|--------|--|---|--|
| 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 6. |
| 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 6. |
| 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 |

SCALE & COMPOSITION OF WORKFORCE

WORKFORCE COMPOSITION BY GENDER

| Year | 2023 | 2022 | 2021 |
|---------------------|------------------|------|------|
| Number of employees | 131 (127.12 FTE) | 99 | 84 |
| Of which male | 78 (75.87 FTE) | 59 | 52 |
| Of which female | 53 (51,25 FTE) | 40 | 32 |

In 2023, 129 employees held office positions and 2 worked in facilities. 10 external contractors (9.44 FTE) were employed in-line. 85% of the employees are on full-time contracts (15% part-time).

COMPOSITION OF THE MANAGEMENT TEAM

| Year | 2023 | 2022 |
|---------------------------|------|------|
| Number on management team | 14 | 13 |
| Of which male | 8 | 9 |
| Of which female | 6 | 4 |
| Number on Managing board | 3 | 4 |
| Of which male | 2 | 3 |
| Of which female | 1 | 1 |

At the end of 2023, the Managing Board consisted of 3 persons of which 1 female and 2 male. The 'CFO' position is currently vacant.

NUMBER OF EMPLOYEES BY TYPE OF CONTRACT

| | 2023 | | 2022 | | 2021 | |
|-------------------------------------|--------------|------------|--------------|-----------|------------|-----------|
| | % | Number | % | Number | % | Number |
| Employees with a permanent contract | 77.1 | 101 | 76.8 | 76 | 86.9 | 73 |
| Employees with a temporary contract | 22.9 | 30 | 23.2 | 23 | 13.1 | 11 |
| Coverage | 100,0 | 131 | 100,0 | 99 | 100 | 84 |

EMPLOYEES ACCORDING TO AGE CATEGORY

| | 2023 | | 2022 | | 2021 | |
|--------------------------|--------|-------|--------|------|--------|------|
| | Number | % | Number | % | Number | % |
| Employees 60 to 70 years | 8 | 6.1% | 6 | 6.1 | 3 | 3.6 |
| Employees 50 to 60 years | 34 | 26.0% | 27 | 27.3 | 27 | 32.1 |
| Employees 40 to 50 years | 36 | 27.5% | 25 | 25.3 | 22 | 26.2 |
| Employees 30 to 40 years | 33 | 25.2% | 25 | 25.3 | 22 | 26.2 |
| Employees 20 to 30 years | 20 | 15.3% | 16 | 16.2 | 10 | 11.9 |

We do not make a distinction based on minority group membership or ethnic background, because of privacy reasons. In 2023, 14 employees left the bank (2022: 8).

EMPLOYEE WELFARE

Our bank is committed to providing a healthy and safe working environment, both in the office and at home. We want to be a modern employer that allows employees, except those involved in operational transaction processes, to work anywhere, anytime. We therefore have a hybrid working arrangement that enables optimal work performance through a combination of working at the office and from home. We also focus on optimising the organisation of the working week in terms of activities and consultation structures. As we continue to implement hybrid working arrangements, we are committed to the physical and mental health of our employees. We have set aside a budget to equip employees' home workplaces with health and safety-certified furniture, and employees can request a workplace assessment by an occupational health professional. In addition, employees can make use of (special) leave schemes for their personal situation, such as the statutory parental and carer's leave schemes. Additional arrangements have been made in the collective labour agreement (CLA) for the Dutch banking industry. Employees can also purchase additional leave, and there is a special scheme for unpaid leave.

HEALTH & SAFETY MANAGEMENT

| | Result 2023 | Result 2022 | Target 2023 | Target 2024 |
|----------------------------|------------------------|----------------|---|---|
| Absenteeism | 7.00% | 5.80% | <4% | <4% |
| Spent training budget p.p. | € 3,996 | € 3,453 | 3-year rolling/ moving average | 3-year rolling/ moving average |
| Completed internships | 3 | 3 | >2 | >2 |

Short-term absenteeism is well on target at 0,7%. At 6.3%, medium to long-term absenteeism is above target. Our goal is to keep absenteeism due to illness below 4%. Absenteeism in 2023 was higher due to a number of long-term illnesses, which is in line with the national trend in absenteeism as shown by the CBS statistics. No accidents/injuries happened at work last year.

Health and safety management system

We are committed to promoting the mental and physical health of our employees by providing a safe environment and encouraging healthy behaviour. Health and safety at our bank is addressed in several programmes, such as those for undesirable behaviour and absenteeism, but also in various activities. Our bank provides weekly free fruit for employees, and to keep fit, employees can use the bank's gym and bicycle scheme. There is also a company emergency service in the office.

The bank's occupational health and safety policy brings together all the measures in place to ensure a healthy and safe workplace. We are supported in health and safety matters by an external health and safety service. This enables the bank to provide good advice on absenteeism and reintegration support. The Gatekeeper Act is followed in this respect. All employees can use the company doctor's preventive and anonymous consultation hours to ask questions about their health and performance. Employees are offered the opportunity to have a periodic medical examination carried out on a voluntary basis. This health check is linked to personal health advice that employees can use in their personal situation. The health check can be carried out in 2024.

Attention is also paid to mental well-being, and managers have regular discussions with their employees. We have introduced brain-friendly working in the bank, paying particular attention to moments of concentration and recovery. When it comes to development or personal situations, we offer the opportunity to follow a development and/or coaching pathway, and have provided in-company training on brain-friendly work and resilience in coping with change. In addition, a prevention officer was appointed in 2023 to work continuously on creating a healthy working environment within the bank that promotes well-being and reduces stress. Through these activities, the bank is proactively contributing to the health of its employees.

DIVERSITY AND INCLUSION

The bank is an inclusive organisation that embraces the diversity of its employees and strives for a balanced mix of employees who complement each other. We promote an inclusive company culture in which everyone feels welcome and can be themselves. Respect for one another is the foundation of a healthy working environment. Discrimination and other undesirable behaviour do not fit in with this. For example, we have a 'Regulation on undesirable behaviour' that aims to give employees who are personally the victims of undesirable behaviour in any form, the opportunity to submit a complaint or approach the bank's confidential adviser. This function was externalised and updated in 2023.

In 2023, there were no reports of discrimination within the organisation. As the organisation continues to grow, attention to culture and onboarding remains important. To ensure that new employees get off to a good start, they attend three onboarding days at NWB Bank.

Extensive attention is also paid to the 'three lines of defence' model, risk awareness and compliance. This gives new employees an unambiguous and general insight into the bank. After approximately three months, recent joiners and the board have an informal '100-days lunch' to share first experiences and feedback. On a yearly basis, the bank's

'vision quadrant' guides a reflection on the bank's core values and qualities at the 'NWB Together Days'. In this way, all employees involved recognise and contribute to our culture. We also pay attention to diversity and inclusion when recruiting new employees and are open to everyone regardless of gender, age, religion, cultural background, occupational disability and sexual orientation. We aim to create a working environment that maximises everyone's talents, with an explicit focus on sustainable employability. We are committed to providing equal opportunities for all.

We emphasise the inclusiveness of our organisation when recruiting new employees and in our vacancy ads, and candidates who do not meet all the requirements are still encouraged to apply. To provide cultural insight and awareness during employment, an annual diversity day is held with a bank-wide presentation on the aspects of inclusive working. An employee satisfaction survey (MTO) is also planned, so we can monitor the working experience at our bank. We endorse the 2023 SER charter 'Diversity', which sets out specific challenges and targets to drive the bank's diversity and inclusion policy. In doing so, we express our commitment to the importance of a diverse and inclusive organisation, underlined by achieving a minimum 30% representation of women in management positions in 2023. Our ambitions for promoting an inclusive company culture will feature in an action plan set for 2024.

INTERNSHIPS

Last year, we filled three internship positions for students in ICT and Public Finance. We thus met our internal target of at least two internships per year.

SPONSORING

As a socially committed organisation we try to support social, cultural and environmental projects that have a clear positive impact on society. We do this by providing sponsorships in the form of money and/or time and by encouraging employees to volunteer. Employees are involved in a variety of social projects, such as NL Doet, World Cleanup and Banks in the Classroom, where the bank's employees and Managing Board members act as guest teachers in primary schools. When it comes to a financial contribution from the bank, in principle only projects and/or activities associated with water qualify. Our annual sponsorship budget is €125,000.

EQUAL REMUNERATION

Our remuneration policy is designed to reflect the social role we play as a bank of and for the public sector. It is a moderate and clear remuneration policy that corresponds with our strategy, risk profile and risk appetite. We adhere to the collective labour agreement for the banking industry and comply with national and international laws and regulations. The policy applies in full to all employees, regardless of position, gender and level. We give equal remuneration to employees working in comparable positions. Our remuneration policy thus helps to attract and retain qualified and expert staff, enabling us to achieve our bank's long-term objectives aimed at long-term value creation.

In 2022, we conducted a study on possible gender pay gaps. The results show that the bank pays men and women equally. Attention to equal pay remains important and therefore has our structural attention. We will re-evaluate our gender pay gap analysis every two years.

TRAINING AND DEVELOPMENT

We attach great importance to training and development. Department managers monitor employee development at an individual level, giving due consideration to our bank's objectives and making no distinction in terms of gender. Employees are also responsible for their own employability.

| | 2023 | 2022 | 2021 |
|---|---------|---------|---------|
| Average training costs | € 3,996 | € 3,453 | € 3,647 |
| Number of training hours | 6,822 | 4,455 | 3,780 |
| Average number of training hours per employee | 52 | 45 | 51 |

Personal development and training

We encourage our employees to develop their knowledge and skills. Departmental managers and employees monitor their development together, taking into account the necessary core competencies associated with the bank and the respective position. The revised performance management cycle for 2024 (kick-off, minimum of two catch-up sessions, and year-end sessions) puts the employee at the centre and increases the focus on development and recurring conversations with management on targets, development and vitality. We ask employees to think about their own development and provide input on their own performance. We also offer scope for internal promotion and always make vacancies available to internal employees.

We use HR tools such as strategic personnel planning (SPP) and the '9 grid'. These tools provide insight into the long-term needs and development potential of employees. This helps us to manage and develop talent within the organisation.

With a training budget of €300,000, we provide ample opportunity for training and development. In 2023, an average of €3,996 was spent per employee on training (including in-company training), exceeding the budget with total spend of €463.487 (154%). In addition, €235.960 was spent on the Management Development programme for managers. 'Learning on the job' is an important part of learning and development at our bank. In addition to this individual development, last year we also organised in-company training courses on brain-friendly working, integrity and the bank's internal data system.

Furthermore, we provide opportunities for internal advancement and open positions for internal employees. In 2023, 8% of employees moved on to another position and/or department. Finally, in collaboration with an external party, we offer a traineeship for recent graduates, in which the trainee can experience the activities of several departments over the course of a year.

Employee feedback

To obtain feedback from employees, we conduct employee satisfaction and work experience surveys. These surveys focus on employees' job performance and work experience. Employees are guided through a questionnaire based on various topics such as satisfaction, involvement, influence, work pressure and safety. The results of the survey are discussed internally and an action plan is drawn up to further improve specific areas.

At the end of 2021, we conducted an extensive study on Psychosocial Workload (PSA) in the context of the Risk Inventory & Evaluation. Based on the results, an action plan was drawn up and measures put in place to improve matters.

HUMAN RIGHTS AND SUPPLY CHAIN MANAGEMENT

There were no cases of misconduct in 2023. Policy commitments are always approved by the Managing Board.

ANALYSIS OF THE HUMAN RIGHTS PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT (THE OTHER PRINCIPLES ARE COVERED WITH THE RELEVANT TOPIC)

| 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 |

PART A, PART B AND PART C OF THE UN GUIDING PRINCIPLES REPORTING FRAMEWORK

UN Guiding Principles Reporting Framework

The NWB Bank approach

Part A

Governance of respect for human rights

A1: policy commitment

What does the company say publicly about its commitment to respect human rights?

A1.1 How has the public commitment been developed?

The public commitment is developed by the Sustainability Advisory Board (SAB) of NWB Bank on the basis of relevant covenants (including the UN GP Reporting Framework).

A1.2 Whose human rights does the public commitment address?

It addresses the potential human rights issues related to NWB Bank and its clients.

A1.3 How is the public commitment disseminated?

Our policy commitment on human rights is part of our sustainability policy that has been published on our website.

A2: embedding respect for human rights

How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?

A2.1 How is day-to-day responsibility for human rights performance organised within the company, and why?

The lending departments have day-to-day contact with clients and apply the CDD policy of NWB Bank. In our CDD policy, there is an increased importance of including ESG aspects (such as social risks). The SAB takes responsibility through policy and procedures (Equator Principles and sustainability policy).

A2.2 What kinds of human rights issues are discussed by senior management and by the company. And why?

In 2023, the results of our social and governance risk assessment were discussed.

A2.3 How are employees and contract workers made aware of the ways in which respect for human rights should inform their decisions and actions?

At the start of their employment, employees are made aware of the policy and procedures in place.

A2.4 How does the company make clear in its business relationships the importance it places on respect for human rights?

NWB Bank stresses the importance and relevance of human rights through stakeholder engagement and via its website.

A2.5 What lessons has the company learned during the reporting period about achieving respect for human rights, and what has changed as a result?

With the increasing attention on the 'S' in ESG and the inclusion of social risks into supervisory guidelines and proposed legislation, NWB Bank is increasingly focusing on the social risks that we are connected to in our banking activities.

UN Guiding Principles Reporting Framework

The NWB Bank approach

Part B

Defining the focus of reporting

B1 Statement of salient issues: State the salient human rights issues associated with the company's activities and business relationships during the reporting period.

As a Dutch public sector bank, our exposures are geographically located in the Netherlands. Therefore, our list of salient issues might differ from the list of issues identified by commercial banks that finance projects in other countries. In terms of human rights violations, we have not identified severe salient issues during the reporting period. With the increased attention on the 'S' in ESG, we are developing our approach to human rights due diligence in line with existing standards and possible future legislation.

B2 Determination of salient issues: Describe how the salient human rights issues were determined, including any input from stakeholders.

So far, the bank has not encountered any risk issues in relation with the bank's activities and business relationships nor has any input been received from stakeholders.

B3 Choice of focal geographies: If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made.

NWB Bank only operates in the Netherlands.

B4 Additional severe impacts: Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed.

Not applicable.

Part C

Management of salient human rights issues

C1: Does the company have any specific policies that address its salient human rights issues and, if so, what are they?

C1.1 How does the company make clear the relevance and significance of such policies to those who need to implement them?

The bank shares and discusses its human rights policy and procedures and their relevance with relevant employees. The policy is also published on the website.

C2: What is the company's approach to engagement with stakeholders in relation to each salient human rights issues?

C2.1 How does the company identify which stakeholders to engage with in relation to each salient issue, and when and how to do so?

We are currently developing our approach to human rights due diligence, suitable for our specific (Dutch public sector) portfolio. Stakeholder engagement will be taken aboard in developing such an approach.

C2.2 During the reporting period, which stakeholders has the company engaged with regarding each salient issue, and why?

We are currently developing our approach to human rights due diligence, suitable for our specific (Dutch public sector) portfolio.

C2.3 During the reporting period, how have the views of stakeholders influenced the company's understanding of each salient issue and/or its approach to addressing it?

We are currently developing our approach to human rights due diligence, suitable for our specific (Dutch public sector) portfolio.

| | UN Guiding Principles Reporting Framework | The NWB Bank approach |
|---|--|--|
| C3: How does the company identify any changes in the nature of each salient human rights issue over time? | C3.1 During the reporting period, were there any notable trends or patterns in impacts related to a salient issue and, if so, what were they? C3.2 During the reporting period, did any severe impacts occur that were related to a salient issue and, if so, what were they? | We are currently developing our approach to human rights due diligence, suitable for our specific (Dutch public sector) portfolio. We are currently developing our approach to human rights due diligence, suitable for our specific (Dutch public sector) portfolio. |
| C4: How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions? | C4.1 How are those parts of the company whose decisions and actions can affect the management of salient issues involved in finding and implementing solutions? C4.3 During the reporting period, what actions has the company taken to prevent or mitigate potential impacts related to each salient issue? | Stakeholder engagement, social risk, governance risk and CDD are mainly on a case-by-case approach with regard to human rights. If salient issues were to be identified, all relevant departments would be involved (front office, the Managing Board, SAB, sustainability officer, legal team). We are currently developing our approach to human rights due diligence, suitable for our specific (Dutch public sector) portfolio. |
| C5: How does the company know if its efforts to address each salient human rights issue are effective in practice? | C5.1 What specific examples from the reporting period illustrate whether each salient issue is being managed effectively? | We are currently developing our approach to human rights due diligence, suitable for our specific (Dutch public sector) portfolio. |
| C6: How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue? | C6.1 Through what means can the company receive complaints or concerns related to each salient issue? C6.2 How does the company know if people feel able and empowered to raise complaints or concerns? C6.3 How does the company process complaints and assess the effectiveness of outcomes? C6.4 During the reporting period, what were the trends and patterns in complaints or concerns and their outcomes regarding each salient issue, and what lessons had the company learned? C6.5 During the reporting period, did the company provide or enable remedy for any actual impacts related to a salient issue and, if so, what are typical or significant examples? | Information about the bank's complaint procedure is published on our website, where there is also an email address that can be used for submitting complaints. Clients and stakeholders are encouraged to open up about any potential concerns in client meetings and/ or stakeholders engagement meetings. Complaints are discussed at Managing Board level with involvement of the bank's compliance officer. No complaints were received in 2023. Not applicable. |

Indigenous peoples and local activities

All of our clients are Dutch and operate in the Netherlands. They comply with Dutch laws and regulations, and partly as a result of this, the local activities we finance comply with Dutch laws and regulations.

PRIVACY AND DATA PROTECTION

Privacy and data protection involves the risk of damaging the privacy, confidentiality, integrity and/or availability of information as a result of inadequate internal (IT) security and/or cyberattacks. Our bank's information security policy has been drawn up in accordance with the internationally recognised code for information security ISO-27002 (NEN).

COLLECTIVE LABOUR AGREEMENT

At year-end 2023, 123 employees were covered by the collective labour agreement (CLA) for the banking industry. Seven employees, including three members of the Managing Board, were not covered by the CLA for the banking industry. Most of the terms and conditions of employment resulting from the CLA for the banking industry apply to the latter category.

Flexible working

Our workplace automation project has enabled more employees to work from home. Currently, all employees have been issued with a laptop. For security reasons, employees involved in core processes cannot work from another location. This applies to most of the employees in the Back Office, Treasury and Public Finance departments.

Employees can take short-term or long-term parental leave in accordance with government regulations. Additional agreements in the CLA for the banking industry also apply.

We make every effort to provide a flexible working environment in which care and study can be combined with work, regardless of the type of job.

SOCIAL AND GOVERNANCE RISKS

As the focus of regulators and stakeholders moves beyond the climate agenda, there is increasing attention on companies' performance on human rights and good governance. According to the United Nations Guiding Principles (UNGPs) and OECD Guidelines, financial institutions are required to contribute to the advancement of human rights and good governance through appropriate due diligence.

In 2022, we conducted a social and governance impact assessment which focused on the four most important sectors in the bank's client portfolio, namely housing associations, water authorities, municipalities and health care, and identified the most salient social and governance risks for these sectors. Salience is defined as both the severity of a risk and the likelihood of it occurring, assessing risks from a human perspective. This assessment was performed independently from the regular Environmental, Social and Governance Identification and Risk Materiality Assessment (ESG RMA), as we were still trying to get a better perspective on the workings of social and governance risks at the time.

In 2023, however, we integrated social and governance risks as factors that were identified and assessed in the ESG RMA. The social and governance risks, like the climate and environmental risks, were assessed in terms of impact and likelihood leading to an overall materiality analysis in the short- (<3 years), medium-long (3- <10 years) and long-term horizons. Material social and governance factors and their transmission channels - the ways in which ESG risks can impact the bank's traditional financial risks- were plotted to all of the client sectors in our portfolio and also assessed in terms of their wider impact on the bank and the society. No governance risks were found to be material. In the short term, housing shortage has been assessed a material risk, and on the longer term, access to health care and staff shortage are social factors that materialize too.

Like other material ESG risks, the material social and governance risks are integrated throughout the bank's risk management processes and procedures. For example, social metrics are included in scorecards, which are used to assess credit risk at loan origination and review of clients. We also explicitly aim to manage ESG risks through engagement and collaboration with clients and sector organizations. For a wider elaboration on the bank's ESG risk management processes, we refer to our Annual Report.

GOVERNANCE

BRIBERY AND CORRUPTION

We organise a range of training courses across the bank, including a comprehensive bank-wide course on integrity. We also provide specialised in-house training sessions, such as the Customer Due Diligence (CDD) training and a Workshop TM on managing transaction monitoring alerts. These training courses are aimed at the entire staff (including the Managing Board). The anti-corruption policy has been discussed by departmental managers and the Managing Board.

No incidents of corruption relating to NWB Bank have been reported or identified. We have taken various preventive measures to combat corruption, the most important of which are as follows: Pre-Employment Screening and In-Employment Screening, the Insider Regulation, the Code of Conduct and the Whistle-blower Procedure.

Social results of benchmarks

The **World Justice Project (WJP) Rule of Law Index®** provides original, impartial information on how the public experiences the rule of law in everyday life in 139 countries around the globe. The Netherlands is one of those countries and features in the top 10.

ANALYSIS OF THE ANTI-CORRUPTION PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT (THE OTHER PRINCIPLES ARE COVERED IN THE RELEVANT TOPIC)

| Principle | Category | Risks | Impact | Opportunity | Goals (NWB/ Country Level) | Action |
|--|-----------------|---|--------|----------------------------|--|---|
| 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 |

TAXES

Our bank's mission and vision are the foundation of our tax strategy. The tax strategy ensures compliance with local and international tax laws/regulations in accordance with relevant (inter)national standards. Our strategy takes into account long-term considerations, risk management and careful consideration of the interests of all stakeholders, while at all times respecting our values.

We recognise the importance of an open and constructive public debate, especially on tax ethics. In such a discussion, it is important that existing rules and principles of (inter)national taxation are taken as a starting point. We believe that a productive discussion on socially responsible tax policy is best conducted on the basis of principles such as transparent communication, respect for the intentions of the law and consistent application of our own tax policy.

We have a low tax risk appetite with respect to our own tax position and never provide tax advice or facilitate tax evasion by our clients. Tax is reported in the Annual Report.

ETHICS

We attach great value to our reputation as a solid and respectable bank for the public sector. For this reason, compliance and integrity play an important role in our bank's control mechanisms. We want to leave our clients and investors in no doubt that they can use our services with complete confidence, knowing that their funds are safe.

In addition to the Banking Code, the members of the Managing Board have signed the Declaration of Moral and Ethical Conduct. The principles of this statement apply to all employees and have been further elaborated in a Code of Conduct, which forms part of the employment contract. The Code of Conduct is also published on our intranet and website. All employees (including the members of the Managing Board and Supervisory Board) and all external staff who have been with the bank for more than three months have taken the banker's oath. Finally, all new recruits to the bank are subject to

pre-employment screening. In addition, all employees in commercial positions and members of the management team must be listed in one of the registers of the Dutch Securities Institute.

The purpose of the Compliance function is to promote and (ensure) compliance with laws and regulations, as well as with internal procedures and rules of conduct that are relevant to the integrity and corresponding reputation of the organisation. The Compliance function is organisationally placed under the CRO and is therefore part of the broader Risk and Compliance team. This allows the synergies between the different disciplines in managing the bank's risks to be explicitly exploited within these second-tier functions. Furthermore, the Compliance function reports directly to the Managing Board and has an escalation line to the Supervisory Board. The Risk Committee receives reports regularly. The duties of the Compliance function are laid down in the Compliance Charter, which is updated annually.

INVESTING RESPONSIBLY

We have determined the sustainability score of our bank's liquidity portfolio on the basis of public ESG scores/ratings.

As of 31 December 2023, the liquidity portfolio contains the following sustainable bonds:

in millions of euros

| | |
|---|-----|
| Notional of thematic (ESG) bonds in portfolio | 223 |
| Hurdle minimum investment amount ESG achieved | Yes |

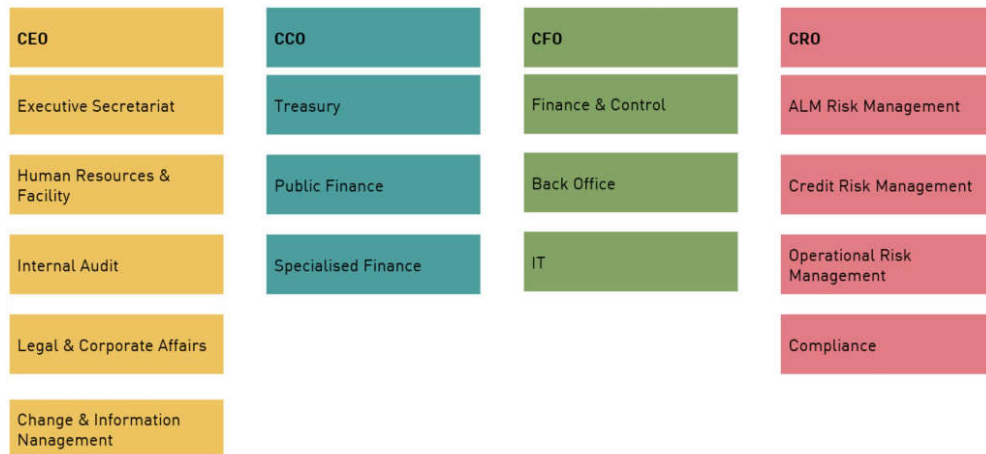
As a promotional bank, we also contribute indirectly to financing private residential mortgages and ensuring they remain affordable. We do this by investing in 'pass-through NHG RMBS bonds'. These are residential mortgage-backed securities based on mortgages with a National Mortgage Guarantee provided by a Dutch bank. In 2023, we invested a total of €409 million in NHG RMBS bonds (2022: €950 million). The

mortgages underlying in these investments have longer maturities, in line with market needs. There is a favourable rate for the portion of the mortgage used to make a home more sustainable. At year-end, our portfolio of pass-through NHG RMBS amounted to €2,638 million (2022: €2,230 million). In the coming years, we aim to continue contributing in this way to the affordability and sustainability of owner-occupied homes, especially for first-time buyers and those with lower incomes.

GOVERNANCE STRUCTURE

We are a public limited liability company. We have a Managing Board and a Supervisory Board, the latter having all the powers granted by law to a company’s supervisory board. More information on the Managing Board and the Supervisory Board is included in the Annual Report. The following chart provides an overview of the bank’s organisational structure (organisation chart). Further details of the business model can also be found in the Annual Report.

ORGANISATIONAL STRUCTURE



Chair of the highest governance body/independence

Conflicts of interest may arise when members of the Managing Board hold ancillary positions or carry out private transactions. An overview of important relevant ancillary

positions and supervisory directorships held by members of the Managing Board must be submitted to the Supervisory Board for approval. The relevant member of the Managing Board or Supervisory Board will not take part in discussions on any matter or transaction in which the company has a conflict of interest with that member. All transactions, including those involving conflicting interests of members of the Managing Board, will be conducted on terms customary in the sector. In cases in which NWB Bank has a conflict of interest with the Managing Board, the bank will be represented by one of the members of the Supervisory Board designated for that purpose by the Supervisory Board.

Independence of members of a one-tier board structure

Not applicable as NWB Bank does not have a one-tier board.

Precautionary principle

The precautionary principle means that the potential risks to people and the environment should be assessed before a product or activity is marketed. This principle is often applied in the form of preliminary studies. For example, when accepting new clients, providing loans or developing new products, the various options are weighed up. In doing so, the bank applies the precautionary principle, which is reflected in processes such as the product approval and review process (PARP).

Transfer pricing and the precautionary principle: clients may ask NWB Bank to provide indicative rates through the lending departments. This enables clients to base their investment decisions on sound knowledge regarding the rates applicable at the time.

There were no acquisitions and/or disposals in 2023.

POLITICAL CONTRIBUTION AND LOBBYING

We operate in a regulated environment: We have a tradition of good relations with political and societal stakeholders. We do this at the local and regional levels and at

the national and EU levels. We want to use our expertise to contribute to informed policymaking in the interests of our clients and our bank. We invest in relationships with ministries on a wide range of issues.

We do not and will not donate to political parties.

EU GREEN TAXONOMY REPORT

QUANTITATIVE REPORTING OF KPIS FOR CREDIT INSTITUTIONS

Until the Non-Financial Reporting Directive (NFRD) is amended such that it is mandatory for our bank, we will report voluntarily under the EU Taxonomy Regulation. For the time being, the voluntary reporting under the Taxonomy Regulation is in line with our strategy to maintain a leading position in the area of sustainability. The voluntarily reported information distinguishes between 'mandatory' disclosures in the first table and 'voluntary' disclosures in the second table.

| Taxonomy indicator | Results 2023 |
|---|--------------|
| % of assets that are eligible for the taxonomy | 10.3 |
| % of assets that are not eligible for the taxonomy | 89.7 |
| % of total assets are exposures to central governments, central banks and supranational institutions | 30.7 |
| % of total assets are derivatives | 5.7 |
| % of total assets are organisations that are not required to meet the reporting obligations of the NFRD | 53.3 |

The percentage of assets that qualifies for the taxonomy includes collateral posted in relation to derivatives transactions.

The majority of our exposures are included in the category 'exposure to central governments, central banks and supranational institutions'. We have aligned this with the supervisory reports. However, the supervisory reports used the term general government. This includes municipalities, provinces and government-guaranteed funding. Our financing to water authorities is included under local government financing, as we consider this to be specialised financing to local governments. For municipalities and provinces we do not know the exact purpose of the financing as it is used for their general purposes.

QUANTITATIVE REPORTING OF KPIS OF CREDIT INSTITUTIONS - MANDATORY DISCLOSURES

| | a | b | c | d | | | e | f | g | h | i | j | | | |
|---|-------------------------------|-------|-----|--|-----------------------|-------------------|------|---|---|--------------------------|-------------------|---|--|--|--|
| | | | | Climate Change Mitigation (CCM) | | | | | | | | | Climate Change Adaptation (CCA) | | |
| | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | | | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | |
| Million EUR | Total (gross) carrying amount | | | Of which environmentally sustainable (Taxonomy-aligned) | | | | | | | | | | | |
| | | | | Of which Use of Proceeds | Of which transitional | Of which enabling | | | | Of which Use of Proceeds | Of which enabling | | | | |
| | | | | | | | 2023 | | | | | | | | |
| GAR - Covered assets in both numerator and denominator | | | | | | | | | | | | | | | |
| 1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | 7,627 | 5,433 | 932 | 0 | 0 | 277 | | 0 | 0 | 0 | | - | | | |
| 2 Financial undertakings | 6,120 | 3,926 | 826 | 0 | 0 | 277 | | 0 | 0 | 0 | | - | | | |
| 3 Credit institutions | 3,099 | 1,411 | 550 | 0 | 0 | 0 | | 0 | 0 | 0 | | - | | | |
| 4 Loans and advances | 2,517 | 1,411 | 550 | 0.3 | 0.2 | 0 | | 0 | 0 | 0 | | - | | | |
| 5 Debt securities, including UoP | 582 | | | | | | | | | | | | | | |
| 6 Equity instruments | | | | | | | | | | | | | | | |
| 7 Other financial corporations | 3,021 | 2,516 | 277 | - | - | 277 | | - | - | - | | - | | | |
| 8 of which investment firms | | | | | | | | | | | | | | | |
| 9 Loans and advances | 301 | | | | | | | | | | | | | | |
| 10 Debt securities, including UoP | 2,721 | 2,516 | 277 | - | - | 277 | | - | - | - | | - | | | |
| 11 Equity instruments | | | | | | | | | | | | | | | |
| 12 of which management companies | | | | | | | | | | | | | | | |
| 13 Loans and advances | | | | | | | | | | | | | | | |
| 14 Debt securities, including UoP | | | | | | | | | | | | | | | |
| 15 Equity instruments | | | | | | | | | | | | | | | |
| 16 of which insurance undertakings | | | | | | | | | | | | | | | |
| 17 Loans and advances | | | | | | | | | | | | | | | |
| 18 Debt securities, including UoP | | | | | | | | | | | | | | | |
| 19 Equity instruments | | | | | | | | | | | | | | | |

| | a | b | c | d | e | f | g | h | i | j |
|---|---------------|-------|-----|---|---|---|---|---|---|---|
| 20 Non-financial undertakings | 1,507 | 1,507 | 106 | - | - | - | - | - | - | - |
| 21 Loans and advances | 1,507 | 1,507 | 106 | - | - | - | - | - | - | - |
| 22 Debt securities, including UoP | | | | | | | | | | |
| 23 Equity instruments | | | | | | | | | | |
| 24 Households | | | | | | | | | | |
| 25 of which loans collateralised by residential immovable property | | | | | | | | | | |
| 26 of which building renovation loans | | | | | | | | | | |
| 27 of which motor vehicle loans | | | | | | | | | | |
| 28 Local governments financing | | | | | | | | | | |
| 29 Housing financing | | | | | | | | | | |
| 30 Other local government financing | | | | | | | | | | |
| 31 Collateral obtained by taking possession: residential and commercial immovable properties | | | | | | | | | | |
| 32 Assets excluded from the numerator for GAR calculation (covered in the denominator) | 44,971 | | | | | | | | | |
| 33 Financial and Non-financial undertakings | 40,521 | | | | | | | | | |
| 34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | 39,465 | | | | | | | | | |
| 35 Loans and advances | 39,465 | | | | | | | | | |
| 36 of which loans collateralised by commercial immovable property | | | | | | | | | | |
| 37 of which building renovation loans | | | | | | | | | | |
| 38 Debt securities | | | | | | | | | | |
| 39 Equity instruments | | | | | | | | | | |
| 40 Non-EU country counterparties not subject to NFRD disclosure obligations | 1,056 | | | | | | | | | |
| 41 Loans and advances | 1,056 | | | | | | | | | |
| 42 Debt securities | | | | | | | | | | |
| 43 Equity instruments | | | | | | | | | | |
| 44 Derivatives | 4,363 | | | | | | | | | |
| 45 On demand interbank loans | | | | | | | | | | |
| 46 Cash and cash-related assets | | | | | | | | | | |

| | a | b | c | d | e | f | g | h | i | j |
|---|---------------|-------|-----|---|---|-----|---|---|---|---|
| 47 Other categories of assets (e.g. Goodwill, commodities etc.) | 87 | | | | | | | | | |
| 48 Total GAR assets | 52,598 | 5,433 | 932 | 0 | 0 | 277 | 0 | 0 | 0 | - |
| 49 Assets not covered for GAR calculation | 23,314 | - | - | - | - | - | - | - | - | - |
| 50 Central governments and Supranational issuers | 15,838 | | | | | | | | | |
| 51 Central banks exposure | 7,476 | | | | | | | | | |
| 52 Trading book | | | | | | | | | | |
| 53 Total assets | 75,913 | 5,433 | 932 | 0 | 0 | 277 | 0 | 0 | 0 | - |
| Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations | | | | | | | | | | |
| 54 Financial guarantees | | | | | | | | | | |
| 55 Assets under management | | | | | | | | | | |

QUANTITATIVE REPORTING OF KPIS OF CREDIT INSTITUTIONS - VOLUNTARY DISCLOSURES

| Million EUR | a | b | c | d | | | e | f | g | h | i | j | | | |
|--|---------------|-------|-----|--|-----------------------|-------------------|------|-------|---|-------------------|---|---|--|--|--|
| | | | | Climate Change Mitigation (CCM) | | | | | | | | | Climate Change Adaptation (CCA) | | |
| | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | | | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | |
| | | | | Of which environmentally sustainable (Taxonomy-aligned) | | | | | Of which environmentally sustainable (Taxonomy-aligned) | | | | | | |
| | | | | Of which Use of Proceeds | Of which transitional | Of which enabling | | | Of which Use of Proceeds | Of which enabling | | | | | |
| | | | | | | | 2023 | | | | | | | | |
| GAR - Covered assets in both numerator and denominator | | | | | | | | | | | | | | | |
| Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation | 15,446 | 5,433 | 932 | 0 | 0 | 277 | | 4,547 | 0 | 0 | | - | | | |
| 1 Financial undertakings | 6,120 | 3,926 | 826 | 0 | 0 | 277 | | 0 | 0 | 0 | | - | | | |
| 3 Credit institutions | 3,099 | 1,411 | 550 | 0 | 0 | 0 | | 0 | 0 | 0 | | - | | | |
| 4 Loans and advances | 2,517 | 1,411 | 550 | 0.3 | 0.2 | 0 | | 0 | 0 | 0 | | - | | | |
| 5 Debt securities, including UoP | 582 | | | | | | | | | | | | | | |
| 6 Equity instruments | | | | | | | | | | | | | | | |
| 7 Other financial corporations | 3,021 | 2,516 | 277 | - | - | 277 | | - | - | - | | - | | | |
| 8 of which investment firms | | | | | | | | | | | | | | | |
| 9 Loans and advances | 301 | | | | | | | | | | | | | | |
| 10 Debt securities, including UoP | 2,721 | 2,516 | 277 | - | - | 277 | | - | - | - | | - | | | |
| 11 Equity instruments | | | | | | | | | | | | | | | |
| 12 of which management companies | | | | | | | | | | | | | | | |
| 13 Loans and advances | | | | | | | | | | | | | | | |
| 14 Debt securities, including UoP | | | | | | | | | | | | | | | |
| 15 Equity instruments | | | | | | | | | | | | | | | |
| 16 of which insurance undertakings | | | | | | | | | | | | | | | |
| 17 Loans and advances | | | | | | | | | | | | | | | |
| 18 Debt securities, including UoP | | | | | | | | | | | | | | | |
| 19 Equity instruments | | | | | | | | | | | | | | | |

| | a | b | c | d | e | f | g | h | i | j |
|---|---------------|--------|-----|-----|---|---|-------|---|---|---|
| 20 Non-financial undertakings | 1,507 | 1,507 | 106 | - | - | - | - | - | - | - |
| 21 Loans and advances | 1,507 | 1,507 | 106 | - | - | - | - | - | - | - |
| 22 Debt securities, including UoP | | | | | | | | | | |
| 23 Equity instruments | | | | | | | | | | |
| 24 Households | | | | | | | | | | |
| 25 of which loans collateralised by residential immovable property | | | | | | | | | | |
| 26 of which building renovation loans | | | | | | | | | | |
| 27 of which motor vehicle loans | | | | | | | | | | |
| 28 Local governments financing | 7,819 | - | - | - | - | - | 4,547 | - | - | - |
| 29 Housing financing | | | | | | | | | | |
| 30 Other local government financing | 7,819 | - | - | - | - | - | 4,547 | - | - | - |
| 31 Collateral obtained by taking possession: residential and commercial immovable properties | | | | | | | | | | |
| 32 Assets excluded from the numerator for GAR calculation (covered in the denominator) | 44,973 | 29,675 | 913 | 913 | - | - | - | - | - | - |
| 33 Financial and Non-financial undertakings | 40,523 | 29,675 | 913 | 913 | - | - | - | - | - | - |
| 34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | 39,468 | 29,675 | 913 | 913 | - | - | - | - | - | - |
| 35 Loans and advances | 39,468 | 29,675 | 913 | 913 | - | - | - | - | - | - |
| 36 of which loans collateralised by commercial immovable property | | | | | | | | | | |
| 37 of which building renovation loans | | | | | | | | | | |
| 38 Debt securities | | | | | | | | | | |
| 39 Equity instruments | | | | | | | | | | |
| 40 Non-EU country counterparties not subject to NFRD disclosure obligations | 1,056 | | | | | | | | | |
| 41 Loans and advances | 1,056 | | | | | | | | | |
| 42 Debt securities | | | | | | | | | | |
| 43 Equity instruments | | | | | | | | | | |
| 44 Derivatives | 4,363 | - | - | - | - | - | - | - | - | - |
| 45 On demand interbank loans | | | | | | | | | | |
| 46 Cash and cash-related assets | | | | | | | | | | |

| | a | b | c | d | e | f | g | h | i | j |
|--|---------------|--------|-------|-----|---|-----|-------|---|---|---|
| 47 Other categories of assets (e.g. Goodwill, commodities etc.) | 87 | - | - | - | - | - | - | - | - | - |
| 48 Total GAR assets | 60,419 | 35,109 | 1,950 | 913 | 0 | 277 | 4,547 | 0 | 0 | - |
| 49 Assets not covered for GAR calculation | 15,493 | - | - | - | - | - | - | - | - | - |
| 50 Central governments and Supranational issuers | 8,017 | | | | | | | | | |
| 51 Central banks exposure | 7,476 | | | | | | | | | |
| 52 Trading book | | | | | | | | | | |
| 53 Total assets | 75,913 | 35,109 | 1,950 | 913 | 0 | 277 | 4,547 | 0 | 0 | - |

Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations

54 **Financial guarantees**

55 **Assets under management**

QUALITATIVE REPORTING LINKED TO QUANTITATIVE KPIS¹⁾

Until the Non-Financial Reporting Directive (NFRD) is amended, we will report voluntarily under the Taxonomy Regulation²⁾. For the time being, the voluntary reporting under the Taxonomy Regulation is in line with our strategy to maintain a leading position in the area of sustainability.

Below, we provide the qualitative information required by the Taxonomy Regulation in support of the quantitative information provided on the preceding pages.

Contextual information to support the quantitative indicators, such as the scope of assets and activities covered by the KPIs, information on data sources and constraints

In the first two years (2022 and 2023), the Taxonomy Regulation required only limited reporting. Although this reporting can be provided in a free format, the European Commission is recommending the use of the template for KPIs of credit institutions that becomes mandatory in 2024. We follow this advice and report the information using the template. The European Commission has also indicated that estimates in the form

of voluntary disclosures may be used for the reporting, provided that the voluntary reporting is not part of the mandatory disclosure. We make use of this option by including the template twice in the ESG Facts & Figures, using estimates in the second template.

The need to report voluntary information stems from our special position as a public sector bank (promotional bank) and our distinctive portfolio. More than 90% of our loan portfolio consists of loans to local or regional authorities (or entities guaranteed by them). These clients are not required to report under the NFRD, which means that we will not be able to include most of these exposures in the Green Asset Ratio (GAR) KPIs in the future - even though public sector clients undertake many activities that are 'green' according to the Taxonomy Regulation. Consider, for example, loans to housing associations. These clients are not required to report under the NFRD either, even though they are working hard to make their properties more sustainable. We note that, as a promotional bank, we finance many 'green' activities but that these exposures do not qualify as such under the mandatory reporting section of the Taxonomy Regulation. The voluntary reporting section is therefore a welcome and valuable addition.

1) See Annex XI to Delegated Regulation (eu) 2021/2178 L_2021443NL.01000901.xml (europa.eu) (NL) / EUR-Lex - 32021R2178 - EN - EUR-Lex (europa.eu).

2) Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 EUR-Lex - 32020R0852 - EN - EUR-Lex (europa.eu).

We have linked our 'unknown use of proceeds' financing to local governments to the central government category in the template. No other option is offered in the template.

Below is the contextual information for the **mandatory reporting** template:

Credit institutions (row 3)

A number of credit institutions have already reported under the Taxonomy Regulation. Based on these reports, we reported their eligibility and, if available, alignment under the Taxonomy Regulation of EU Banks.

Other financial corporations (row 7)

Here we include all RMBSs as eligible, as residential mortgages are 100% eligible under the Taxonomy Regulation. In terms of alignment, we disclose 11% of the value of the RMBSs as 'enabling environmental sustainability' due to the favourable loan terms available for sustainable renovations, thus enabling such activities.

Few 'non-financial corporations that are subject to NFRD reporting' (row 20)

As a promotional bank, our portfolio consists almost entirely of loans to (local) governments and other public sector entities. Very few of our counterparties are subject to NFRD reporting. The successor to the NFRD – the CSRD – is unlikely to bring much change. The CSRD will cover all 'large' private undertakings but not public legal entities such as water authorities and municipalities. Moreover, housing associations will not be subject to the CSRD.

Local government financing (row 28)

This row is intended for 'known use of proceeds' financing to local governments. For this year, we have chosen to classify our exposures to water authorities as 'unknown use of proceeds' financing. As such, these exposures are reflected in the 'central governments and supranational issuers' category, while awaiting further guidance on where to reflect 'unknown use of proceeds' financing to local governments. Our 'known use of proceeds' lending to water authorities could be included in this row in the future.

Since social housing is not provided by municipalities but by housing associations (private entities guaranteed by the government), we are unable to reflect these exposures in the local government financing row.

SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations (row 34)

For NWB Bank, this includes a number of client groups, a broad range from renewable energy projects to museums. Being neither included under government financing, nor subject to NFRD disclosure obligations, this section also includes housing associations and healthcare institutions.

Non-EU country counterparties not subject to NFRD disclosure obligations (row 40)

Several of our financial counterparties are non-EU-based and therefore not subject to the NFRD. These involve credit institutions settled in countries such as Great Britain, the United States, Canada, or Japan, and do not currently report under the EU taxonomy.

The following is the contextual information for the **voluntary reporting template**:

Credit institutions (row 3)

A number of credit institutions have already reported under the Taxonomy Regulation. Based on these reports, we reported their eligibility and, if available, alignment under the Taxonomy Regulation of EU Banks.

Other financial undertakings (row 7)

Here we include all RMBSs as eligible, as residential mortgages are 100% eligible under the Taxonomy Regulation. In terms of alignment, based on an internal assessment, we disclose 11% of the value of the RMBSs as 'enabling environmental sustainability' due to the favourable loan terms available for sustainable renovations, enabling such activities.

More 'non-financial corporations that are subject to NFRD reporting' (row 20)

A selection of counterparties (drinking water companies, regional grid operators, an energy company and a semi-public service provider) are considered fully eligible. As no information is currently available on their alignment, none is reported.

More 'other local government financing' (row 30)

Here we include our 'known use of proceeds' lending to water authorities, based on estimations of their taxonomy aligned economic activities. Our bank's Green Bond Framework shows that 80% of the financing to water authorities is used by these water authorities on 'green' activities. Of the 80%, some is spent on planning, roads, waterways and other items. Based on an analysis of NWB Bank's Green Bond Framework, we concluded that 72.7% of the 80% is aligned under the Taxonomy Regulation.

Other local government exposures do not qualify as 'known use of proceeds' lending, and consequently should be excluded from the numerator and denominator for GAR calculations. Until it is clear where to reflect these 'unknown use of proceeds' exposures to local governments, we have chosen to include these under 'Assets not covered for GAR calculation – central governments and supranational issuers'.

SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations (row 34)

For NWB Bank, this includes a number of client groups. We have assumed that wind farms and solar parks are eligible under the Taxonomy Regulation and report them as aligned on the basis of 'Use of Proceeds'. We include lending to all housing associations, arguing that the financing of social housing in the Netherlands (with a guarantee from the Social Housing Guarantee Fund) is not handled by municipalities (row 30) but by private parties. Our bank's SDG Housing Bond Framework shows that 80% of the financing to housing associations is used for social housing. This percentage is used for the eligibility under the Taxonomy Regulation.

Non-EU country counterparties not subject to NFRD disclosure obligations (row 40)

Several of our financial counterparties are non-EU-based and therefore not subject to the NFRD. These involve credit institutions settled in countries such as Great Britain, the United States, Canada, or Japan, and do not currently report under the EU taxonomy.

Explanation of the nature and objectives of taxonomy-aligned economic activities and the evolution of taxonomy-aligned economic activities over time, from the second year of implementation, distinguishing between business-related and methodological and data-related elements

This requirement refers to information on 'economic activities aligned with the taxonomy'. In the first two years, credit institutions are only required to report on 'taxonomy-aligned economic activities'.

Description of compliance with Regulation (EU) 2020/852 in the financial undertaking's business strategy, product design processes and client and counterparty relationships

The provision of information by clients is extremely important for the correct compliance with and implementation of the Taxonomy Regulation. This information will enable us to analyse how many economic activities we are financing that qualify for and are in line with the Taxonomy Regulation. To be able to disclose this information, we will engage in dialogue with our clients. This information will also be contractually secured in the loan agreements.

Although we are the largest issuer of ESG bonds in the Netherlands, the Taxonomy Regulation – in its current form – still seems to be of little use for the issuance of ESG bonds. As a promotional bank, we finance many 'green' activities that are in line with the Taxonomy Regulation. However, these loans do not qualify as such because they are provided as balance sheet financing to parties that are not subject to NFRD reporting

requirements, usually local governments. We consider our balance sheet lending to water authorities as 'specialised lending' and taxonomy aligned, since water authorities have specific legal mandates. However, for other public sector lending exposures, we expect that it will be challenging to issue an EU taxonomy-aligned green bond, since this is balance sheet lending to parties that are not subject to NFRD reporting requirements. We support bringing all balance sheet financing to local governments within the scope of the Taxonomy Regulation. This would enable us to continue to properly exercise our role as a promotional bank and channel funds to 'green' public sector activities.

Additional information to support the strategies of the financial undertaking and the share of financing of economic activities aligned to the taxonomy as a proportion of its total activities

We are a bank of and for the public sector (promotional bank). As a logical consequence of the government's climate ambitions, the entire Dutch public sector is rapidly becoming more sustainable. Financing that the public sector has traditionally obtained from our bank in the form of balance sheet financing will increasingly be used for 'taxonomy-eligible economic activities'. As mentioned above, our application of the Taxonomy Regulation is challenging. Not all of our balance sheet financing to non-NFRD obliged entities (such as local governments) can be considered 'eligible' under the Taxonomy Regulation. We are in favour of bringing balance sheet financing to local authorities within the scope of the Taxonomy Regulation. This would enable us to continue to properly exercise our role as a promotional bank and channel funds to 'green' public sector activities. We would need our public sector clients to qualify as NFRD reporting entities.

2] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU) 2020/852 - EN - EUR-Lex (europa.eu).

1] See Annex XI to Delegated Regulation (eu) 2021/2178 L_2021443NL.01000901.xml (europa.eu) (NL) / EUR-Lex - 32021R2178 - EN - EUR-Lex (europa.eu).

EQUATOR PRINCIPLES

EQUATOR PRINCIPLES IMPLEMENTATION REPORTING

In October 2020, we 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 within the scope of the Equator Principles if the client will not, or is unable to, comply with these principles.

Two distinct phases defined our reporting in the context of the Equator Principles:

- Implementation reporting;
- Transaction data and project names.

In our first report, we reported on the implementation for the period from October 2020 to December 2021. Our second report (as per December 31, 2022) detailed the transaction data and project names.

This Implementation Reporting has been approved by our Sustainability Advisory Board and our Managing Board.

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 staff development programme. Relevant updates on the Equator Principles are communicated to the bank's Specialised Finance department through newsletters, sustainability presentations and/or specific training.

Internally, a working group has been established to implement the Equator Principles. This group includes representatives from the front office, risk management departments, Finance & Control and Legal & Corporate Affairs. This group also monitors the developments around the EP and submits the reports.

The mandate and role of the Equator Principles reviewers

In line with our 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 carried out in the first line by the lending departments. We have a dedicated sustainability officer who supports the lending departments and risk management staff in managing and mitigating potential risks. Both the lending and the risk management departments have dedicated staff members with specific responsibility for sustainability. The final decision on project finance lies with our Credit Committee (including two members of the Managing Board), where social, climate-related and environmental risks, as well as compliance with the EP, are part of the credit proposal (by the lending departments), the independent risk assessment (by the Credit Risk Management department) and decision-making.

The Legal department monitors the loan documentation for EP compliance. The sustainability officer provides support on sustainability issues, including environmental and social risks. The Finance & Control department is responsible for the annual EP reports.

Incorporating the Equator Principles into credit and risk management policies

When financing public-private partnerships (PPPs), renewable energy projects and other similar project financing, the Equator Principles are applied to gauge potential social and environmental risks as part of our regular transaction review and approval process. As part of the due diligence for each project finance transaction, we require an independent technical advisor engaged on behalf of the lenders to prepare an independent technical report. This report includes a specific review of the Equator Principles, and a satisfactory report is required prior to financial close of the transaction.

Our policy requires all project finance transactions to comply with international conventions and guidelines on human rights and the environment. Our sustainability policy outlines how sustainability is embedded and organised at NWB Bank. It also outlines how the bank intends to differentiate itself in the area of sustainability, both internally and externally through our clients. Our Credit Risk Management policy includes adherence to the Equator Principles management framework for projects or project-related corporate loans in scope. Social, climate and environmental risks are considered in the origination of new project finance transactions and in the monitoring of existing transactions. These risks are also assessed and embedded in our internal scorecard models, which calculate a credit risk score for each client.