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2019

REMUNERATION & APPOINTMENT
COMMITTEE CHARTER

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Introduction

- This Charter states the tasks, meetings, composition and working methods of the Remuneration & Appointment Committee (RAC).
- To the extent required, this Charter also implements the Dutch Corporate Governance Code of December 2016, the Dutch Banking Code of October 2014, the Dutch Restrained Remuneration Policy (Financial Supervision Act) Regulation of 2017 (*Regeling beheerst beloningsbeleid Wft 2017*), the Capital Requirements Directive, the EBA Guidelines on sound remuneration policies, and the Financial Undertakings (Remuneration Policy) Act (*Wet beloningsbeleid financiële ondernemingen*), EBA Guidelines on internal governance (EBA/GL/2017/11), Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders and the Guidelines Corporate governance principles for banks van het Basel Committee on Banking Supervision (BCBS), among other codes and regulations.
- The RAC has been formed in accordance with Article 6.1 of the Supervisory Board Charter.
- The task of the RAC is to prepare the input for the decision-making of the Supervisory Board, facilitating the development and implementation of a sound internal governance framework.
- This Charter has been discussed and adopted by the Supervisory Board.
- This Charter has been posted on NWB Bank's website.

Article 1. Duties and working methods

1.1 The RAC will in any event have the following duties regarding remuneration:

- a. Submitting a proposal to the Supervisory Board for the remuneration policy to be pursued.
- b. Submitting a proposal for the remuneration of the individual statutory members of the Executive Committee for adoption by the Supervisory Board, which will in any event address: a) the remuneration structure; and b) the amount of the fixed remuneration, the variable remuneration components to be granted, pension rights, redundancy schemes, the internal pay ratio and other forms of compensation, as well as the performance criteria and their application. In the proposal, the RAC weighs the opinion of the statutory members of the Executive Committee on the structure and level of their remuneration.
- c. Evaluating the remuneration policy, taking into account the Restrained Remuneration Policy (Financial Supervision Act) Regulation of 2017, articles 92-95 CRD and the EBA Guidelines on sound remuneration policies.
- d. Directly supervising the remuneration of senior management, including the bank's executive control functions (risk management, the IAD, HR and compliance).
- e. Preparing a remuneration report for the annual report as referred to in best practice provision 3.4.1 of the Dutch Corporate Governance Code. This report will contain an account of the manner in which the remuneration policy has been implemented in the past financial year, as well as a summary of the remuneration policy planned for the next financial year and subsequent years by the Supervisory Board. The report will also contain an explanation as to how the remuneration policy chosen contributes to the achievement of the long-term value creation of NWB Bank in accordance with its risk profile. The report is included in the annual report which will be posted on NWB Bank's website.
- f. In the event that the RAC engages the services of a remuneration consultant to carry out its duties, it will ascertain that the consultant in question does not provide advisory services to the Executive Committee of the bank.

- 1.2 The selection and appointment activities of the RAC will in any event focus on:
 - a. Drawing up selection criteria and appointment procedures for members of the Supervisory Board and statutory members of the Executive Committee.
 - b. Installing a Selection Committee whenever a vacancy arises in the Supervisory Board or in the Executive Committee. The Selection Committee will be composed of rotating members of the Supervisory Board, to be decided upon for each vacancy that arises.
 - c. Regularly assessing the size and composition of the Supervisory Board and of the statutory members of the Executive Committee, and submitting proposals for a profile of the Supervisory Board and for profiles of new members of the Supervisory Board.
 - d. Regularly assessing the performance of the individual members of the Supervisory Board and the individual statutory members of the Executive Committee, and reporting on these assessments to the Supervisory Board.
 - e. Submitting proposals for appointments and reappointments of members of the Supervisory Board and statutory members of the Executive Committee; and
 - f. Supervising the policy of the Executive Committee regarding selection criteria and appointment procedures for senior management.
- 1.3 The RAC will regularly assess its own performance, also addressing the composition and knowledge of the Committee, among other matters. The RAC will notify the Supervisory Board of the outcome of the self-assessment.

Article 2. Meetings

- 3.1 The RAC will meet at least three times a year and additionally as it deems necessary. When applicable, relevant functions (e.g. HRM) are invited to attend a RAC meeting.
- 3.2 Barring exceptional circumstances, including, for example, the remuneration of the statutory members of the Executive Committee, the Chair of the Executive Committee will be invited to attend the meetings of the RAC.
- 3.3 Minutes will be drawn up of the matters discussed. These minutes will be a topic of discussion at the plenary meetings of the Supervisory Board.
- 3.5 The Chairman of the RAC will - together with the Chairman of the Supervisory Board - periodically attend a Works Council Meeting. Similarly, other Supervisory Directors can regularly attend a Works Council meeting.

Article 3. Composition

- 4.1 The RAC will have at least three members and may not be composed of the same group of members as the other committees, meaning that at least one member should deviate from the composition of the other committees.
- 4.2 Members of the RAC should have collectively appropriate knowledge, expertise and professional experience concerning remuneration policies and practices, risk management and control activities, namely with regard to the mechanism for aligning the remuneration structure to institutions' risk and capital profiles.
- 4.3 The Chair of the Supervisory Board will in any event have a seat on the RAC.
- 4.4 The RAC may not be chaired by the Chair of the Supervisory Board or by a (former) member of the Executive Committee of the bank.
- 4.5 RAC members must be willing and be able to make sufficient time available to carry out their duties and must demonstrate commitment and involvement. At the same time, they must be able to adopt a

critical and independent attitude and should engage in open and critical discussions, during which dissenting views are discussed in a constructive manner.

- 4.6 The RAC shall have sufficient independent members within the meaning of the EBA guidelines on the assessment of the suitability of members of the management body and key function holders.