



SUPERVISORY BOARD CHARTER

2019

CONTENTS

Introduction	3
Article 1. Duties and working methods	3
Article 2. Conduct and culture	4
Article 3. Composition, appointment and profile	5
Article 4. Chair of the Supervisory Board	5
Article 5. Secretary to the Supervisory Board	6
Article 6. Committees	6
Article 7. Meetings	7
Article 8. Shareholders	8
Article 9. Conflicts of interest and related parties	8
Article 10. External auditor	9
Article 11. Remuneration policy	9
Article 12. Remuneration statutory members of the Executive Committee	10
Article 13. Remuneration of Supervisory Board	11
Article 14. Confidentiality	11

Introduction

- This Charter states the duties, working methods and composition, among other things, of the Supervisory Board of NWB Bank, as well as contains provisions on the Supervisory Board's relations with the Executive Committee and the shareholders, and a passage on conflicts of interest.
- This Charter also implements the applicable provisions laid down in the Capital Requirements Directive, the Dutch Financial Supervision Act, the Dutch Corporate Governance Code of December 2016, the Social Statute, the Dutch Banking Code and the Codes of Conduct of October 2014, EBA Guidelines on internal governance (EBA/GL/2017/11) and the Guidelines Corporate governance principles for banks of the Basel Committee on Banking Supervision (BCBS), among other regulations, acts, codes and statutes.
- 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 role of the Supervisory Board is to supervise the Executive Committee's policies and their general conduct of the affairs of the company and its business operations, and to assist the Executive Committee by providing advice. In discharging its role, the Supervisory Board will act in the interests of NWB bank with focus on long-term value creation, weighing the interests of the bank's stakeholders, such as its customers, investors, shareholders and employees. In so doing, the Supervisory Board will also consider the social responsibility and sustainability aspects relevant to the company.
- 1.2 Together with the Executive Committee, the Supervisory Board is accountable for the company's corporate governance structure. They render account about this structure to the General Meeting in the annual report. Each substantial change to be made to the company's corporate governance structure will be submitted to the General Meeting for discussion as a separate item on the agenda. Both the Chair of the Supervisory Board and the Chair of the Remuneration and Appointment Committee will periodically attend a Works Council Meeting. Similarly, other members of the Supervisory Board will regularly attend a Works Council meeting.
- 1.3 The Supervisory Board will be responsible for the quality of its own performance.
- 1.4 In the annual report, the Supervisory Board will report on its activities carried out during the financial year.
- 1.5 The following information about each member of the Supervisory Board will be included in the report of the Supervisory Board: a) gender; b) age; c) profession; d) principal position; e) nationality; f) additional positions to the extent that they are relevant to the performance of the duties of the Supervisory Board member; g) date of initial appointment; and h) current term of office.
- 1.6 A Supervisory Board member will resign early in the event of his or her inadequate performance, long-term incompatibility of interests and in other instances in which this is deemed necessary by the Supervisory Board.
- 1.7 The Supervisory Board and each of its members will have their own individual responsibility for requesting all the information from the Executive Committee, the external auditor, the internal auditor and the Works Council that the Supervisory Board needs to properly carry out its duties as a supervisory body. If the Supervisory Board considers such necessary, it may obtain information from officers and external advisers of NWB Bank. The bank will provide the necessary means for this purpose. If relevant, the Supervisory Board will request the advice of the appropriate committee

prior to appointment of an external adviser. The Supervisory Board may require certain officers and external advisers to attend its meetings.

- 1.8 The supervision of the Executive Committee by the Supervisory Board will include:
- a. the achievement of the company's objectives;
 - b. corporate strategy (including adjusting material changes to it) and the risks inherent in the business activities and relevant to the long-term value creation;
 - c. the design and operation of the internal risk management and control systems;
 - d. the financial stability and impact of systemic risks on the company's risk profile;
 - e. the financial reporting process;
 - f. compliance with laws and regulations;
 - g. assess recommendations and comments of the supervisory authorities and of the internal and external auditors (audit reports);
 - h. ascertaining whether the members of the Executive Committee are able to continue to satisfy the requirements in the area of expertise as set by the European Central Bank (ECB) and the Dutch Central Bank (*De Nederlandsche Bank, DNB*);
 - i. shareholder relations; and
 - j. the social responsibility aspects relevant to the company.
- 1.9 In its supervisory role, the Supervisory Board will devote special attention to the bank's risk management, with account also being taken of reputation risks and non-financial risks. Furthermore, the Supervisory Board will supervise the risk policies pursued by the Executive Committee, discussing the bank's risk profile to that end, as well as assessing, at the strategic level, as to whether capital allocation and liquidity requirement in general are in line with the approved risk appetite and whether the operating activities in general are in keeping with the bank's risk appetite. All discussions on risk management and risk policies will be prepared by the Risk Committee.
- 1.10 The Supervisory Board will be responsible for succession plans of any member of the Supervisory Board and the members of the Executive Committee and will actively engage the acting members of the Supervisory Board and the members of the Executive Committee respectively.
- 1.11 Supervisory Board members must be willing and 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.
- 1.12 The Supervisory Board will arrange for a diversity policy for the composition of the Executive Committee and Supervisory Board. Such diversity policy includes targets for diversity and the relevant diversity aspects for the bank such as nationality, age, gender, education and experience.

Article 2. Conduct and culture

- 2.1 Like the Executive Committee members, each Supervisory Board member serves as an example to all of the bank's employees. All Supervisory Board members are fully aware of this in their day-to-day actions. The Supervisory Board will annually assess how the members of the Executive Committee fulfil this role.
- 2.2 With due observance of its duties and powers, the Supervisory Board will oversee the development, communication and enforcement of standards within the bank with respect to integrity, ethics, transparency & accountability and leadership. All members should be able to exercise objective judgement.
- 2.3 The Supervisory Board will ensure that the Executive Committee promotes responsible conduct and a healthy culture aimed at long-term value creation, both in the bank's senior management and

throughout the organisation. In this respect, the Supervisory Board will keep the interests of the bank's clients and other stakeholders in mind.

- 2.4 The Supervisory Board will see to it that the Executive Committee will ensure that the bank's employees are and will be familiar with any and all rules, values and standards applicable to the bank (including the code of conduct and whistleblowing procedure), and will continue to devote attention to those rules, values and standards.
- 2.5 Each member of the Supervisory Board will take the banker's oath or make the promise (including a declaration regarding disciplinary rules), all this within the relevant terms applicable by law. Also the Insider Regulation has been implemented, and will be supervised by an external party.

Article 3. Composition, appointment and profile

- 3.1 The composition of the Supervisory Board and the appointment of its members will take place in accordance with Articles 17 and 18 of NWB Bank's Articles of Association.
- 3.2 Supervisory Board members will be appointed by the General Meeting in accordance with Article 18, paragraph 1, of the Articles of Association. In respect of two members of the Supervisory Board, each shareholder of NWB Bank also being a water authority within the meaning of the Dutch Water Authorities Act (Waterschapswet) may recommend a person to the Supervisory Board to be nominated as a member of the Supervisory Board.
- 3.3 With due observance of Article 17, paragraph 4, of the Articles of Association, the Supervisory Board, in consultation with the members of the Executive Committee, has drawn up its profile. Any changes to the profile will be made in consultation between the Supervisory Board and the members of the Executive Committee. The profile has been posted on the company's website.
- 3.4 A Supervisory Board member will be appointed by the General Meeting for a 4-year term and must retire on the day of the first General Meeting held after the end of the four-year period following his or her last appointment, at the latest. He or she may be reappointed no more than once for a period of no more than four years, unless special circumstances justify a second reappointment.
- 3.5 The Supervisory Board will draw up a rotation schedule. This schedule has been posted on the company's website.
- 3.6 A nomination for appointment or reappointment to the Supervisory Board will be assessed against the profile, with due observance of Article 17, paragraphs 4 and 5, of the Articles of Association.
- 3.7 The Supervisory Board's composition must be such that the Supervisory Board is able to properly carry out its duties.
- 3.8 If a Supervisory Board member wishes to hold relevant additional positions, he or she will inform the Chair of the Supervisory Board of this, so that the Supervisory Board can assess whether any potential conflict of interest exists with his or her position as a Supervisory Board member of NWB Bank. Supervisory Board members will ensure that all their other relevant positions are known to the Supervisory Board at all times.

Article 4. Chair of the Supervisory Board

- 4.1 The Chair of the Supervisory Board will be responsible for the proper performance of the Supervisory Board and its committees, and will be the principal contact for the Executive Committee and shareholders on behalf of the Supervisory Board regarding the performance of members of the Executive Committee and Supervisory Board members. As the Chair, he or she will ensure that the General Meeting proceeds orderly and efficiently.
- 4.2 The Chair of the Supervisory Board should encourage and promote open and critical discussion and ensure that dissenting views can be expressed and discussed within the decision-making process.
- 4.3 The Chair of the Supervisory Board will ensure that:

- a. Supervisory Board members follow an introduction programme and a continuing training programme serving to keep members' expertise up to speed and to broaden it, where necessary, with such learning at any rate pertaining to relevant developments at the bank and in the financial sector, to corporate governance in general and that of the financial sector in particular, to the duty of care in respect of - and the interests of - customers, integrity, IT-infrastructure, risk management, financial reporting and auditing, compliance, and in the field of corporate social responsibility. The assessment of the effectiveness of the continuing training programme forms part of the annual assessment of the Supervisory Board's own performance;
 - b. the members of the Supervisory Board and its committees receive all information required for the proper performance of their duties on time;
 - c. there is sufficient time available for the deliberations and decision-making of the Supervisory Board;
 - d. the performance of the members of the Executive Committee and the members of the Supervisory Board is assessed at least annually;
 - e. the Supervisory Board elects a Deputy Chair;
 - f. there is effective contact with the Executive Committee; and
 - g. the Supervisory Board receives signals of any material abuse and will immediately report any suspicion of irregularities to the Supervisory Board.
- 4.4 The Chair of the Supervisory Board will be in regular contact with the Chair of the Executive Committee.
- 4.5 The Deputy Chair of the Supervisory Board will deputise for the Chair if the occasion so arises. He or she will also be the point of contact for individual Supervisory Board and Executive Committee members regarding the Chair's performance.

Article 5. Secretary to the Supervisory Board

- 5.1 The Supervisory Board will receive assistance from its Secretary. The Secretary to the Supervisory Board will ensure that the proper procedures are observed and that the Supervisory Board acts in compliance with statutory provisions and the Articles of Association. The Secretary will provide assistance to the Chair of the Supervisory Board in the actual organisation of the Supervisory Board (information, agendas, assessment, training programme, etc.).
- 5.2 The Secretary will, either on the recommendation of the Supervisory Board or otherwise, be appointed and dismissed by the Management Board after the approval of the Supervisory Board has been obtained.

Article 6. Committees

- 6.1 The Supervisory Board will form an Audit Committee, Risk Committee and a Remuneration and Appointment Committee. The task of the Committees will be to prepare the input for the decision-making of the Supervisory Board, facilitating the development and implementation of a sound internal governance framework. The Committees will act in accordance with their respective charters. The activities of the Committees will not affect the responsibilities of the Supervisory Board.
- 6.2 The reports of the deliberations, findings and proposals of the Committees will be submitted to the plenary Supervisory Board.
- 6.3 In the annual report, the Supervisory Board will report on the composition of the Committees, the number of Committee meetings and the main topics discussed.

Article 7. Meetings

- 7.1 The Supervisory Board will meet with the Executive Committee at least six times a year, according to a meeting schedule set before the start of the financial year. Additional meetings may be held as described in Article 19 of the Articles of Association.
- 7.2 The Chair of the Supervisory Board sets the meeting agendas and ensures that strategic issues are discussed with priority. He or she should ensure that decisions of the management body are taken on a sound and well-informed basis and that documents and information are received in enough time before the meeting.
- 7.3 The Charter, agenda and minutes will be drawn up in English. The meeting will be held in Dutch.
- 7.4 Agendas and adopted minutes of the Audit Committee, Risk Committee and Supervisory Board meetings will be distributed to the ECB/DNB on a regular basis.
- 7.5 At least once a year, the meetings will in any event address the following topics:
- the annual figures, the annual report and the audit report;
 - the half-year financial report and the half year audit report;
 - the first and third quarter financial reports;
 - the policy memorandum;
 - the achievement of the company's objectives;
 - corporate strategy and the risks inherent in the business activities and relevant to the long-term value creation;
 - risk appetite; interim material changes to risk appetite are also submitted to the Supervisory Board for its approval;
 - compliance with laws and regulations;
 - the budget for the coming year;
 - the design and operation of the internal risk management and control systems, risk management, as well as significant changes thereto;
 - the Product Approval and Review Process;
 - conduct and culture;
 - the remuneration policy;
 - shareholder relations;
 - the social responsibility aspects relevant to the company.
- 7.6 The Supervisory Board will hold at least one meeting a year, not attended by the Executive Committee, to discuss its own performance, the performance of the individual committees of the Supervisory Board and that of the individual members of the Supervisory Board, and the conclusions to be drawn from this. It will also discuss its required profile, and the composition, occasional rotation of members and chairs of the committees taking into account their specific experience, knowledge, skills, expertise and independence. The assessment of the effectiveness of the continuing training as referred to in Article 4.2, subparagraph a., will form part of the Supervisory Board's annual evaluation. The Supervisory Board will also hold at least one meeting a year, not attended by the Executive Committee, to discuss both the performance of the members of the Executive Committee as a body of the company and that of the individual members of the Executive Committee, and the conclusions to be drawn from this. The minutes of the Supervisory Board will state how the Supervisory Board and the members of the Executive Committee, the individual committees of the Supervisory Board and the individual members of the Supervisory Board were evaluated.
- 7.7 In addition to the annual evaluation referred to in Article 7.5, the performance of the Supervisory Board will be evaluated once every three years, with assistance being provided by independent parties. The involvement of each member of the Supervisory Board, the culture within the

Supervisory Board and the relationship between the Supervisory Board and the Executive Committee will form part of that evaluation.

- 7.8 At least once a year, the Supervisory Board will discuss the corporate strategy and the principal risks inherent in the business activities and relevant to the long-term value creation, and the outcome of the assessment by the Executive Committee of the design and operation of the internal risk management and control systems, as well as any significant changes thereto. The fact that such meeting was held will be stated in the minutes of the Supervisory Board.

Article 8. Shareholders

- 8.1 The General Meeting will be chaired by the Chair of the Supervisory Board. The Chair will be responsible for the proper conduct of business at such meetings so as to facilitate effective discussion during those meetings.
- 8.2 The Supervisory Board will ensure that, within the framework of the statutory rules, shareholders are properly provided with information. There may be no contact between individual members of the Supervisory Board and shareholders regarding NWB Bank's conduct of affairs, except with the approval of the Chair of the Supervisory Board in consultation with the Chair of the Executive Committee.
- 8.3 The agenda of the General Meeting will be posted on the bank's website. The minutes of the General Meeting will be made available to all shareholders within three months after the close of the meeting, at the latest, after which shareholders will have the opportunity to respond to the minutes during the subsequent three months.

Article 9. Conflicts of interest and related parties

- 9.1 Any form or appearance of a conflict of interest between NWB Bank and Supervisory Board members will be avoided. The Supervisory Board will decide on how to deal with conflicts of interest between NWB Bank and members of the Executive Committee, members of the Supervisory Board or the external auditor.
- 9.2 A Supervisory Board member will immediately report any direct or indirect personal conflict of interest or a potential direct or indirect personal conflict of interest that is of material significance to NWB Bank and/or to him or her, to the Chair of the Supervisory Board and will provide all relevant information, including concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or affinity up to the second degree. If the Chair of the Supervisory Board has a conflict of interest or a potential conflict of interest that is of material significance to NWB Bank and/or to him or her, he or she will immediately report this to the Deputy Chair of the Supervisory Board and will provide all relevant information, including concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or affinity up to the second degree. The Supervisory Board member concerned will not take part in the assessment by the Supervisory Board of whether a conflict of interest exists. A conflict of interest will in any event exist if NWB Bank intends to enter into a transaction with a legal entity: (i) in which a Supervisory Board member personally holds a material financial interest; (ii) which has a Management Board member who has a family-law relationship with a Supervisory Board member of the company; or (iii) with which a Supervisory Board member of NWB Bank holds a management or supervisory position.
- 9.3 Supervisory Board members will refrain from:
- a. competing with NWB Bank;

- b. demanding or accepting any - material - donations for themselves, their spouses, registered partners or other life companions, foster children or relatives by blood or affinity up to the second degree;
 - c. providing third parties with any unjustified benefits payable by the bank; and
 - d. using any of the bank's business opportunities for themselves, their spouses, registered partners or other life companions, foster children or relatives by blood or affinity up to the second degree.
- 9.4 A Supervisory Board member will not take part in the discussion and/or decision-making on a subject or transaction in relation to which he or she has a conflict of interest. If this obstructs the Supervisory Board's decision-making process, the decision will be rendered by the General Meeting.
- 9.5 All transactions in which there are conflicts of interest between NWB Bank and Supervisory Board members or the external auditor, as well as transactions between NWB Bank and natural persons or legal entities holding at least ten percent of the shares in NWB Bank that are of material significance to NWB Bank and/or these natural persons or legal entities, will require the approval of the Supervisory Board and will be agreed on terms that are customary in the sector concerned. Such transactions will be disclosed in the annual report, together with an explanation of the conflict of interest as described in best practice provisions 2.7.3 and 2.7.4 of the Dutch Corporate Governance Code has or have been complied with.
- 9.6 Any investments in securities by Members of the Supervisory Board are subject to the terms of the Insider Regulation of NWB Bank.
- 9.7 The Supervisory Board will yearly disclose its relevant other positions and any transactions with related parties as described in the International Accounting Standard (IAS) 24 related party disclosures. All transactions will be reviewed to assess risk and are subject to appropriate restrictions in order to avoid that corporate or business resources of the bank are not misappropriated or misapplied.

Article 10. External auditor

- 10.1 The Supervisory Board will, at the advice of the Audit Committee, recommend upon the appointment of the external auditor to the General Meeting of Shareholders. To the extent that the General Meeting of Shareholders does not appoint the external auditor, the Supervisory Board will appoint the external auditor.
- 10.2 The external auditor will in any case attend those of the Supervisory Board's meetings at which the report of the external auditor regarding the audit of the financial statements is discussed and at which a decision is rendered on the approval of the financial statements. The external auditor will receive the financial information underlying the adoption of the half-year figures and other interim financial reports, and will be given the opportunity to respond to all such information.

Article 11. Remuneration policy

- 11.1 NWB Bank will pursue a careful, restrained and long-term remuneration policy that is in line with the bank's strategy, risk appetite, objectives and values, and which takes the bank's long-term interests, the relevant international context, the internal pay ratio and required social backing into account. The remuneration policy will be in keeping with and contribute to the bank's robust and effective risk management. The Supervisory Board will consider these principles in performing its duties with respect to the remuneration policy.
- 11.2 The remuneration policy will be commensurate with the size and organisation of NWB Bank, and with the nature, scope and complexity of its activities.

- 11.3 The Supervisory Board will evaluate the remuneration policy adopted in respect of the members of the Executive Committee. The Supervisory Board will supervise the implementation of a restrained remuneration policy within the bank. The Remuneration and Appointment Committee will directly supervise the remuneration of senior management, including the bank's executive control functions (risk management, the IAD, HR and compliance). The members of the Executive Committee will ensure that the Supervisory Board and the Remuneration and Appointment Committee will be provided with information on the remuneration policy.
- 11.4 The Supervisory Board will approve the remuneration policy and will evaluate it regularly. The Supervisory Board will ensure that the remuneration policy is assessed centrally, independently and in-house at least once a year, so as to assess the implementation of the remuneration policy for compliance with the policy and the procedures for remuneration that the Supervisory Board adopted. Such annual assessment will result in a remuneration report, which forms part of the bank's annual report. The annual report will be posted on NWB Bank's website. The policy will be evaluated every other year in tandem with the Remuneration and Appointment Committee.

Article 12. Remuneration of the statutory members of the Executive Committee

- 12.1 At the proposal of the Supervisory Board the General Meeting will adopt the remuneration policy for the statutory members of the Executive Committee.
- 12.2 The remuneration structure, including any dismissal compensation, must be simple and easy to understand. It must promote the interests of NWB Bank in the medium and long terms, not incite statutory members of the Executive Committee to act in their own interests or take risks that are not in line with the strategy adopted and not "reward" failing statutory members of the Executive Committee upon their dismissal. The Supervisory Board will be responsible for this.
- 12.3 The statutory members of the Executive Committee will receive a remuneration from NWB Bank for their activities. The amount and structure will be such that qualified and skilled statutory members of the Executive Committee can be recruited and retained.
- 12.4 In determining the amount and structure of the remuneration, profit/loss trends and non-financial indicators relevant to the long-term value creation of NWB Bank, among other things, will be considered.
- 12.5 The Supervisory Board will determine the remuneration of the individual statutory members of the Executive Committee on the proposal of the Remuneration and Appointment Committee, which proposal must be in line with the remuneration policy adopted by the General Meeting, having taken due account of the Remuneration Policy for State-Owned Participations (*Beloningsbeleid Staatsdeelnemingen*) weighing the relevant national and international context and weighing the opinion of the individual statutory members of the Executive Committee on the structure and level of their remuneration. The remuneration will consist of a fixed and a variable portion. The variable remuneration of a statutory member of the Executive Committee will be determined in accordance with national and international rules and regulations.
- 12.6 Whether or not any variable remuneration is granted to statutory members of the Executive Committee will be at the discretion of the Supervisory Board.
- 12.7 The Supervisory Board will draw up the remuneration report on NWB Bank's remuneration policy as prepared by the Remuneration and Appointment Committee. The remuneration report will form part of the bank's annual report.

Article 13. Remuneration of Supervisory Board

- 13.1 In accordance with Article 18, paragraph 6, of the Articles of Association, the General Meeting will determine the remuneration of the Supervisory Board, without reference to the profit for the year as disclosed in the company's adopted statement of income. Any such compensation must be appropriate in relation to the amount of time spent on the activities carried out.
- 13.2 No shares and/or options to subscribe for shares in NWB Bank will be granted to members of the Supervisory Board by way of remuneration. NWB Bank will not grant the members of the Supervisory Board any loans or guarantees.
- 13.3 The remuneration report and the notes to the financial statements will disclose full and detailed information on the amount and structure of the remuneration of the individual members of the Supervisory Board.

Article 14. Confidentiality

- 14.1 Supervisory Board members will be required to observe confidentiality with respect to all information and documentation to which they are privy as Supervisory Board members of NWB Bank. This duty of confidentiality will continue to apply after they have retired from the bank's Supervisory Board.