

ESG Facts & Figures

2021



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INTRODUCTION

This publication is intended to bring together all ESG-related disclosures and complements our annual report, climate action plan and climate footprint (PCAF) reporting. In this publication, we discuss some of the figures we have presented in more detail and provide additional context. We have also included supplementary information. The content of this publication is driven by the preferences of our stakeholders, rating agencies for ESG investors and the commitments we have signed.

Our bank has a Corporate Social Responsibility (CSR) Committee tasked with preparing, monitoring and amending plans and policies directly linked to sustainability. The CSR Committee is also responsible for drawing up the bank's specific sustainability policy, which is published on our website.

We endorse the following externally developed economic, environmental and social charters, principles or other initiatives:

- Climate Statement of the Dutch Banking Association (NVB);
- UN Global Compact Principles;
- UN guiding principles on business and human rights;
- UN SDGs;
- Finance for Biodiversity Pledge;
- Dutch Corporate Governance Code (voluntary application);
- Equator Principles (PPP projects);
- GRI guidelines (GRI is a binding principle for publicly held enterprises);
- Banking Code (binding principle);
- Green Bond Principles;
- Social Bond Principles;
- OESO guidelines;
- Delta Plan for Biodiversity Recovery;
- Responsible business conduct;
- Transparency benchmark.

We have examined which international CSR principles could be applicable and have added value for NWB Bank. As a result, we signed the Equator Principles and the UN Global Compact principles. The implementation of the UN Global Compact principles is incorporated in this report (page 6, 11, 16 and 21). For human rights we use the UN guiding principles (page 17) on business and human rights. These principles are also incorporated in this report.

This report is based on the Environment, Social and Governance topics (ESG). In addition, the taxonomy report is included as the last chapter. Environmental and social impact of business operations are classified as less material based on the materiality analysis in the annual report. For the bank, however, these subjects are material and therefore elaborated in detail in this report.

ESG RATINGS

Our sustainability performance is regularly assessed by various independent Environmental Social 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 that need improvement. We aim to report transparently on our sustainability performance. In addition to the ESG rating, our relative position in the rating compared to a peer group is also important to us.

The table below shows ratings by various rating agencies at year-end 2021.

ESG Rating Agency	Rating 12/31/2021	Relative position
Sustainalytics	9.1-Negligible ESG risk	25th among the 1,005 banks
ISS-ESG	B-	High relative performance
IMUG	BB	4th among the peer group
MSCI	BBB	
Creditreform	3.6	3.6/5
VigeoEIRIS	56	

ENVIRONMENTAL

We have the following environmental goals:

	Result 2021	Result 2020	Target 2021	Target 2022	Target 2023	Target 2024
Greenhouse gas emissions from business operations p.p. (in tonnes CO ₂ (eq))	1.2	1.5	<2.5	<2	<2	<2
Energy label of office building (based on estimate by external expert)	tbd	tbd	tbd	C	A	A
Composition of car fleet	86% of car fleet emissions-free	Only purchased electric cars	60% of car fleet emissions-free	86% of car fleet 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 because we only buy electric cars. In addition, we have flown less in the past two years as a result of the pandemic. Flying remains necessary for NWB Bank in certain circumstances, however.

- All transport movements (commuting, cycling, car, train and air travel) are always weighed in the context of sustainability and environmental impact.
- The car fleet is gradually being replaced by electric cars.

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
<p>Principle 7 Businesses should support a precautionary approach to environmental challenges.</p>	Environment	Physical, transitional and reputational risks	Medium	Focus on energy transition and environmental/social impact	Project finance and bond issuance related to energy transition and environmental/social impact	Set and act on CO _{2e} reduction targets
<p>Principle 8 Undertake initiatives to promote greater environmental responsibility.</p>	Environment	Reputational risk	Medium	Goals, training and implementation of EMS	Sustainable bonds	Brown bag sessions
<p>Principle 9 Encourage the development and diffusion of environmentally friendly technologies.</p>	Environment	No differentiation in lending terms	High	Earmarking lending to projects with environment friendly technologies	New: 'impact lending': cooperation agreement with EIB and others	NWB Bank signed the climate agreement

OFFICE BUILDING

We have a compact office organisation (84 FTEs) located in an office building on Rooseveltplantsoen in The Hague.

Savings measures in a compact organisation such as NWB Bank are relatively small. Nevertheless, environmental gains 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. Possible savings measures include:

- Given the size of the roof, savings measures are limited. Whether the installation of PV panels on the sloping copper roof is permitted should be investigated, since the area has been designated as a 'protected townscape'.
- Installing a heat pump.
- Installing LED lighting throughout the building.
- Applying a CO₂ control to the heat recovery.
- Replacing the gas-fired central heating boilers, whereby it will have to be assessed how the heating will be supplied with fuel.

Several of these measures will be introduced in 2022.

ENERGY CONSUMPTION AND CARBON EMISSIONS

Our energy consumption (gas and electricity) is sustainable. Below is an overview of the emissions (equivalents) for 2021, which totalled approximately 110 tonnes (2020: 118 tonnes). Electricity in 2021 came from renewable sources with no direct carbon emissions. The gas was supplied by the utility company including a carbon offset. For the whole of 2021, emissions for foreign travel and paper consumption were offset. Compensation was also provided for those cars in our fleet that are not electric yet.

Paper consumption at office	Amount	Factor	Unit	CO₂ emissions
Total amount of paper (kg)	1150	0.9	kg CO ₂ /ton kg	1
Total paper				1
Explanation of data collection method (measurement, calculated, estimated) and assumptions used	Based on invoices from supplier			
Gas at office	Amount	Factor	Unit	CO₂ emissions
Total amount of gas (Nm ³)	28.9	2.73	kg CO ₂ /nm ³	79
Total gas				79
Explanation of data collection method (measurement, calculated, estimated) and assumptions used	Based on gas bill			
Electricity	Amount	Factor	Unit	CO₂ emissions
Amount of 'green' electricity (solar, water, wind, hydro, wind, geothermal heat, biomass) (kWh)	267,474	0	kg CO ₂ /kWh	0
Amount of 'grey' electricity (other, including nuclear power) (kWh)	0	0.463	kg CO ₂ /kWh	0
Total electricity				0
Explanation of method for data collection (measurement, calculated, estimated)	Based on gas bill			
Company cars	Amount	Factor	Unit	CO₂ emissions
Total amount of petrol (litres)	7,407	2.8	kg CO ₂ e/l	21
Total amount of diesel (litres)	1,408	3.2	kg CO ₂ e/l	5
Total amount of LPG (litres)	0	1.86	kg CO ₂ e/l	0
Total company cars				26
Explanation of method for data collection (measurement, calculated, estimated)	The petrol and diesel costs are based on the invoiced transactions. The average diesel and petrol prices (www.statline.cbs.nl)			
Air travel	Amount	Factor	Unit	CO₂ emissions
Short (zone 1) (amount)	4	0.95	kg CO ₂ e/kmkg	4
Medium (zone 2) (amount)	0		CO ₂ e/km	
Long (zone 3) (amount)	0		kg CO ₂ e/km	
Total air travel				4
Explanation of method for data collection (measurement, calculated, estimated)	Air travel data based on an overview of invoiced transactions. This air travel data was subsequently compensated for at the Trees for All.			
Total CO₂ footprint				110

To report the greenhouse gas emissions associated with an organisation's activities, 'activity data' is collected from users, such as the distance travelled, the litres of fuel used or the tonnes of waste disposed of. The Defra factors provide the values to be used for conversion to carbon emissions (equivalents). Defra provides step-by-step guidance on how to use the factors and allows users to calculate the volume and nature of the greenhouse gases used for their reporting.

The monetary value of the carbon footprint can be calculated by using the CO₂e price. This amounts to €30 (price of industrial emissions of a tonne of CO₂e) per tonne by the end of 2021, based on the above emissions.

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 which is exchanged weekly. However, no insight into the quantity of waste can be given. The waste processor's information 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 disposed of via the sewage system. We are in dialogue with suppliers to further improve sustainability arrangements.

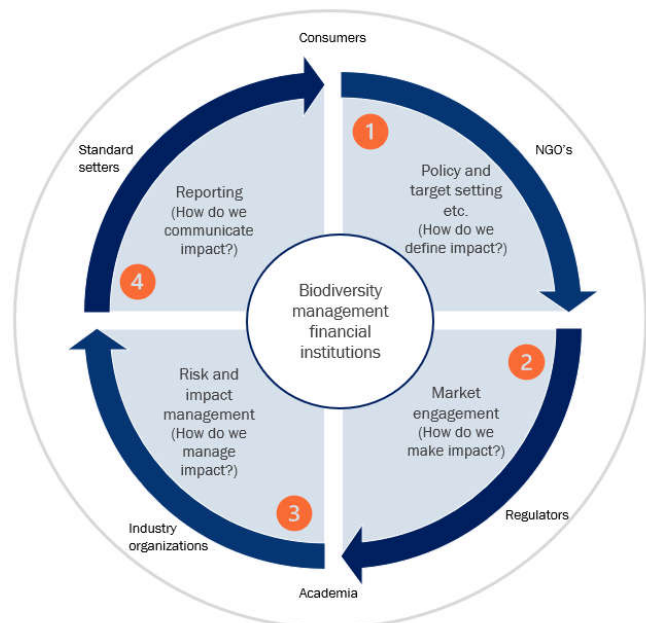
Given its banking activities, NWB Bank does not produce any hazardous waste.

BIODIVERSITY

The Sustainable Finance Platform's Biodiversity Working Group has developed a road map to help financial institutions combat biodiversity loss. The road map offers guidance to institutions unfamiliar with the issue, as well as institutions that have already taken the first steps. We are the founder and sponsor of this financial sector-wide working group led by the bank's chair Lidwin van Velden.

Financial institutions must put the loss of biodiversity on their agenda, in addition to climate change. In the meantime, a large number of Dutch financial institutions (including NWB Bank) have made a commitment through the Finance for Biodiversity Pledge to chart their impact on biodiversity by 2024, setting targets for this impact, and then reporting on them.

Last year, we commissioned a pilot to map the biodiversity footprint of one of its clients. We will further map our impact in 2022.



SUSTAINABLE PRODUCTS AND SERVICES

2021		In millions of euros
Sustainable financing	Sustainable finance refers to products and services that finance sustainable sectors, asset classes or certified companies that have a net positive impact.	8,152
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).	1,170
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.	203
Sustainable loans (The Netherlands)	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)	6,154
Sustainable mortgages	Mortgages financed by NWB Bank through the Green pass-through NHG RMBS.	625

2021		In millions of euros
Sustainable funding	Sustainable funding refers to products and services that have a net positive impact.	3,550
NWB Bank Green Bonds	Green bonds that are issued and ring-fenced and whose framework complies with the corresponding guiding principles.	550
NWB Bank Social Bonds	Social bonds that are issued and ring-fenced and whose framework complies with the corresponding guiding principles.	3,000

SOCIAL

ANALYSIS OF THE SOCIAL 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
<p>Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p>	Labour	-	Low	Be more transparent about country performance	Current: NWB Bank adheres to the 'CAO Banken'	-
<p>Principle 4 The elimination of all forms of forced and compulsory labour.</p>	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.
<p>Principle 5 The effective abolition of child labour.</p>	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.
<p>Principle 6 The elimination of discrimination in respect of employment and occupation.</p>	Labour	Lack of transparency	Medium	Transparent about company and/or country standards	Current: As required by law and the collective bargaining agreements in place and NWB Bank's own ambitions, NWB Bank approaches its employees respectfully and with due care, without in any way discriminating.	diversity day

SCALE & COMPOSITION OF WORKFORCE

The table below shows the number of employees, broken down into men and women:

Jaar	2021	2020	2019
Number of employees	84 (81.0 FTE)	75 (71.7 FTE)	66
Of which male	52 (51.24 FTE)	46 (45.2 FTE)	43
Of which female	32 (29.95 FTE)	29 (26.5 FTE)	23

In 2021, 82 employees held office positions and 2 worked in facilities. We make limited use of self-employed persons.

Composition of the management team:

Year	2021	2020
Number on management team	13	10
Of which male	9	7
Of which female	4	3
Number on Executive Board	4	4
Of which male	3	3
Of which female	1	1

The following table shows the number of employees and the type of contract:

	2021		2020		2019	
	%	Number	%	Number	%	Number
Employees with a permanent contract	86.9	73	81.3	61	92.4	61
Employees with a temporary contract	13.1	11	18.7	14	7.6	5
Coverage	100	84	100	75	100	66

Employees according to age category:

	2021		2020		2019	
	Number	%	Number	%	Number	%
Employees 60 to 70 years	3	3.6	2	2.7	3	4.5
Employees 50 to 60 years	27	32.1	23	30.7	21	31.9
Employees 40 to 50 years	22	26.2	22	29.3	22	33.3
Employees 30 to 40 years	22	26.2	17	22.7	13	19.7
Employees 20 to 30 years	10	11.9	11	14.7	7	10.6

We do not make a distinction based on minority group membership or ethnic background.

EMPLOYEE WELFARE

Our bank aims to provide a healthy and safe working environment at the office and at home. We want to be a modern employer that offers employees, with the exception of those involved in operational transaction processes, the opportunity to work anywhere and anytime. We have a hybrid working arrangement that enables optimal work performance through the combination of working at the office and from home. In addition, we also focus on optimising the organisation of the working week in terms of activities and consultation structures. The fact that many of our employees had to work from home last year was a challenge. With the introduction of the hybrid working arrangement, we devoted attention to our employees' physical and mental health. We have made a budget available for equipping workplaces in employees' homes with health and safety-certified furniture, and employees can request a workplace survey by an occupational health expert. In addition, employees can use the schemes for (special) leave for their personal situation, such as the statutory regulations for parental leave and care leave. Additional agreements have been made in the CLA for the banking industry. Employees can also purchase additional leave, and there is a special scheme for unpaid leave.

in %	2021	2020	2019
Total absenteeism	4.7	1.9	1.8

Our goal is to keep absenteeism due to illness below 2%. There were no physical accidents/injuries in the workplace last year. Absenteeism in 2021 was higher due to a number of long-term illnesses caused by the COVID-19 pandemic.

Health & Safety management system

Our bank receives support from an occupational health and safety service for sick leave. A preventive consultation with the company doctor at the employee's request is also possible. This gives us access to an occupational health and safety expert. Health & Safety regulations have also been drawn up, such as the regulation on undesirable behaviour, and employees can use the fitness room in the office. Another part of the health & safety policy is the in-house emergency response team.

In 2022, we will complete the update of the occupational health and safety policy, combining all measures for a healthy and safe workplace. This will include absenteeism due to illness and the bank will provide support for absentee management and reintegration together with the Occupational Health and Safety Service. We comply with the Dutch 'Poortwachter' Act for the reintegration of employees absent on sick leave, all employees have access to a preventive consultation hour with the company doctor. In 2021, there were no reports of discrimination at our organisation.

	Result 2021	Result 2020	Target 2022	Target 2023	Target 2024
Absenteeism	4.70%	1.90%	<2%	<2%	<2%
Spent training budget p.p.	€ 3,647	€ 4,105	3-year rolling/ moving average	3-year rolling/ moving average	3-year rolling/ moving average
Completed internships	3	4	>2	>2	>2

DIVERSITY & INCLUSION

Treating each other with respect is the foundation of a healthy working environment. Discrimination has no place here. We have a 'policy on undesirable behaviour', the aim of which is to give employees who are personally affected in any way by undesirable behaviour the opportunity to lodge a complaint.

Our bank has grown rapidly in the past year and, partly in view, once again, of the extraordinary circumstances resulting from COVID-19, we are paying special attention to the onboarding of new employees and to our corporate culture in general. We will organise corporate culture sessions in 2022 to discuss what we mean by the desired culture, how we can strengthen it and make it more visible. The diversity and inclusion policy was updated last year.

We are an inclusive organisation that embraces a diverse workforce and aims to have a balanced representation of employees who complement each other. We focus on this when recruiting new employees and are open to everyone, regardless of gender, age, religion, cultural background, disability and sexual orientation. We aim for a working environment in which everyone's talents are put to optimal use, with an explicit focus on sustainable employment.

Last year, we devoted attention to Diversity Day and organised a session on cultural differences to inspire our employees with cultural insights and awareness. We are also planning to hold an employee satisfaction survey, so we can keep our finger on the pulse when it comes to how people perceive their work at our bank.

INTERSHIPS

Last year, we filled three internship positions for students in ICT, Finance & control and Risk management. We thus met our internal target (of two internships per year).

SPONSORING

We are involved in the activities of our clients and Dutch society. That is why the bank supports social, cultural and environmental projects that clearly have a positive impact on society. We do this by providing sponsorships in the form of money and/or time and by encouraging employees to work as volunteers. Employees are involved in a variety of social projects including NL Doet, World Cleanup and Banks in the Classroom, where the bank's employees and Executive Committee members act as guest teachers in primary schools. Projects and/or activities associated with water also qualify for a financial contribution from the bank. Our annual sponsorship budget is €125,000. In addition, this year we again participated in the citizen science project 'Catch the Water Samples'.

EQUAL REMUNERATION

Our remuneration policy is intended 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 bank's 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 fully applies to all employees, regardless of position, gender and level. We aim to 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.

TRAINING & 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 also have their own responsibility where their employability is concerned.

	2021	2020	2019
Average training costs	€ 3,647	€ 4,105	€ 3,286
Number of training hours	3780	3825	2706
Average number of training hours per employee	45	51	41

Personal development & training

We encourage our employees to continue 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 position. The performance management cycle, i.e. the assessment, target-setting and evaluation interview between employee and manager, is one of the ways in which this is done. We ask employees to think actively about their own development and to provide input on their own performance. We also offer scope for internal promotion and always make vacancies available to internal employees. Indeed, in 2021, 4% of employees moved on to another position and/or department.

We also use HR instruments such as strategic personnel planning (SPP) and the '9 grid'. These instruments provide insight into the long-term needs and development potential of employees. This contributes to the targeted guidance and support of talent within the organisation.

Thanks to a generous training budget of €300,000, we offer ample opportunity for training and development. In 2021, an average of €3,647 was spent per employee on training (including in-company training), which means that 95% of the training budget was spent. In addition, 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 home office ergonomics, Customer Due Diligence, integrity and the Terrorist Financing Prevention Act (Wwft).

Employee feedback

To receive employee feedback, we conduct employee satisfaction and work experience surveys. In 2021, work experience surveys were conducted during the COVID-19 pandemic, and the results were used to introduce further improvements. At the end of 2021, we started an extensive study into Psychosocial Workload (PSW) in the framework of the Risk Assessment & Evaluation. The results are expected in early 2022. Based on the results of the study, we will draw up an action plan and define actions to improve matters.

HUMAN RIGHTS & SUPPLY CHAIN MANAGEMENT

There were no cases of misconduct in 2021.

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 CSR Committee of NWB Bank on the basis of relevant covenants (including 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?	The policy for human rights is published on the website of NWB Bank.
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 organized within the company, and why?	The Public Finance department has day-to-day contact with clients and applies the CDD policy of NWB Bank. In our CDD policy, there is an increased importance of including ESG aspects (such as social risks). The CSR Committee takes responsibility through policy and procedures (Equator Principles and CSR policy).
	A2.2 What kinds of human rights issues are discussed by senior management and by the company. And why?	Potential human rights issues are discussed at management and Executive Committee level.
	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, the exposures of NWB Bank 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 third countries. 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	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.
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 approach.
	C2.2 During the reporting period, which stakeholders has the company engaged with regarding each salient issue, and why?	Not applicable (no salient issues identified).
	C2.3 During the reporting period, how have the views of stakeholders influenced the company's understanding of each salient and/or its approach to addressing it?	Not applicable (no salient issues identified).

	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?	Not applicable (no salient issues identified).
	C3.2 During the reporting period, did any severe impacts occur that were related to a salient issue and, if so, what were they?	Not applicable (no salient issues identified).
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	Stakeholders engagements and CDD is 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 Executive Committee, CSR Committee, Sustainability Officer, Legal team).
	C4.3 During the reporting period, what actions has the company taken to prevent or mitigate potential impacts related to each salient issue?	Not applicable (no salient issues identified).
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?	Not applicable (no salient issues identified).
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?	Information about the bank's complaint procedure is published on our website at which also an email address can be found to submit any complaint to.
	C6.2 How does the company know if people feel able and empowered to raise complaints or concerns?	Clients and stakeholders are encouraged to open up about any potential concerns in client meetings and/ or stakeholders engagement meetings.
	C6.3 How does the company process complaints and assess the effectiveness of outcomes?	Complaints are discussed at Executive Committee level with involvement of the bank's Compliance Officer.
	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?	No complaints were received in 2021.
	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?	Not applicable

Indigenous peoples & 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 & DATA PROTECTION

Privacy & 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 2021, 76 employees were covered by the CLA for the banking industry. Eight employees, including four Executive Committee members, were not covered by the CLA for the banking industry. Most of the terms and conditions of employment ensuing from the CLA for the banking industry are applied to the latter category.

Flexible working

Our workplace automation project has enabled more employees to work from home in 2021. Currently, almost all employees have received a laptop. From a security perspective, employees involved in the core processes cannot work from a different location. This applies to employees in the Back Office, Treasury and Public Finance departments.

Employees can use short- or long-term parental leave as determined by the government. Supplemental agreements in the CLA for the banking industry also apply.

We do our utmost to facilitate a flexible work situation in which care and studies can be combined with performing one's duties, regardless of the type of position.

GOVERNANCE

BRIBERY & CORRUPTION

We organise bank-wide training courses, such as the bank-wide training on market abuse in 2021. We also organised in-house training courses, such as the Customer Due Diligence (CDD) and the Workshop TM (transaction monitoring) Alert Handling from Compliance. These training courses are intended for the entire staff (including Executive Committee). The anti-corruption policy is discussed in the management team and Executive Committee.

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 Whistleblower Procedure.

ANALYSIS OF THE ANTI-CORRUPTION 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 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

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.

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.

The Supervisory Board oversees our tax policy. We endorse 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 about a 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 give tax advice.

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 mechanism. We wish to leave no doubt in our clients and investors' minds that they can be completely confident about using our services, and secure in the knowledge that their funds are safe.

Following on from the Banking Code, the members of the Executive Committee have signed the declaration of moral and ethical conduct. The principles of this declaration apply to all employees and have been further elaborated in a Code of Conduct, which is part of the employment contract. In addition, the Code of Conduct has been posted on our intranet and on the bank's website. All employees (including the members of the Managing and Supervisory Boards) and all external staff who work in the banking sector for more than three months have taken the banker's oath. Lastly, all the bank's recruits are subject to Pre-Employment Screening, regardless of their position. In addition, all employees in commercial roles and management team members must be listed in one of the registers of the Dutch Securities Institute.

The compliance function is aimed at promoting and (ensuring) compliance with laws and regulations, and with internal procedures and rules of conduct that are relevant to the integrity and corresponding reputation of the organisation. In 2021, the compliance function was placed organisationally under the CRO and is therefore part of the broader risk & compliance team. This will allow the synergies between the different disciplines in managing the bank's risks to be exploited even more explicitly within these second-tier functions. Furthermore, the compliance function reports directly to the Executive Committee 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. We aim for a portfolio with an average ESG score of 70 (based on the system of ESG rating agency Sustainalytics) or higher.

As at 31 December 2021, the liquidity portfolio contains the following sustainable bonds:

in millions of euros	
Notional of thematic (ESG) bonds in portfolio	219
Hurdle minimum investment amount ESG achieved	Yes
- of which sustainable bonds	0
- of which social bonds	167
- of which green bonds	52

As a promotional bank, we also indirectly contribute to the financing and affordability of private residential mortgages. We do this by investing in Green pass-through NHG RMBS (Residential Mortgage-Backed Securities based on mortgages with a National Mortgage Guarantee). Last year, we successfully closed a first investment in an RMBS, which had been launched in 2020. In the meantime, a second one has been launched, and a total of €625 million has been invested in 2021. The underlying mortgages have longer maturities and thus contribute to the need that exists in the market. In addition, there is a favourable rate for that part of the mortgage that is used to make the home more sustainable.

At year-end, our portfolio amounted to approximately €1,329 million (2020: €950 million). In the coming years, we want to continue to contribute in this way to the affordability of owner-occupied homes for starters and lower-income households, among others.

GOVERNANCE STRUCTURE

We are a public limited liability company. We have an Executive Committee and a Supervisory Board, the latter having all the powers granted by law to a company's supervisory board. More information on the Executive Committee and the Supervisory Board is included in the annual report. The overview below provides an insight into the bank's organisational structure (organisation chart). Further details of the business model may also be found in the annual report.

CEO Lidwin van Velden	CCO Frenk van der Vliet	CFO Melchior de Bruijne	CRO Ard van Eijl
19	19	33	13
executive secretariat	treasury	finance & control	ALM risk management
2	5	9	4
hr & facility management	public finance	back office	credit risk management
5	13	11	4
internal audit		ICT	operational risk & security management
4		10	2
legal & corporate affairs		business change management	compliance
7		1	2
		project management	
		1	

Governance structure

Chair of the highest governance body/independence

When Executive Committee members hold ancillary positions or carry out transactions, conflicts of interest may arise. An overview of important relevant ancillary positions and supervisory directorships held by members of the Executive Committee must be submitted to the Supervisory Board for approval. The relevant Executive Committee or Supervisory Board member will not partake in discussions about a subject or transaction in respect of which the company has a conflict of interest with that member. All transactions, including those involving conflicting interests of Executive Committee members, will be conducted on terms customary in the sector. In cases in which NWB Bank has a conflict of interest with the Executive Committee or one of its members, the bank will be represented by one of the Supervisory Board members designated for that purpose by the Supervisory Board.

Independence of members of one-tier board structure

Not applicable.

Precautionary principle

The precautionary principle means assessing the potential risks for people and the environment before marketing a product or starting an activity. This principle is frequently applied in the form of preliminary investigations. The various options are weighed up, for instance when accepting new clients, providing loans or developing new products. 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 public finance department. This enables clients to base their investment decisions on sound knowledge regarding the rates applicable at the time.

As was the case in 2020, there were no acquisitions and/or disposals in 2021.

POLITICAL CONTRIBUTION & LOBBYING

We operate in a regulated environment: We traditionally maintain good relations with political and social 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 political decision-making in the interests of our clients and our bank. We invest in relationships with politicians and government officials on a wide range of issues.

NWB Bank does not and will not donate to political parties.

TAXONOMY

QUANTITATIVE REPORTING OF KPIS FOR CREDIT INSTITUTIONS

Until the Non-Financial Reporting Directive (NFRD) is amended, we will report voluntarily under the Taxonomy Regulation. For the time being, the voluntary reporting under the Taxonomy Regulation is in line with our strategy of being a 'sustainable water bank' and maintaining 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 2021
% of assets that qualifies for the taxonomy	10
% of assets that not qualifies for the taxonomy	90
% of total assets are exposures to central governments, central banks and supranational institutions	83
% of total assets are derivatives	4
% of total assets are organisations that are not required to meet the reporting obligations of the NFRD	3

The % of funding that qualifies for the taxonomy includes collateral deposited from derivatives transactions. This concerns the majority (€7.4 billion).

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. In the supervisory reports, however, the term general government is used. This also includes municipalities, provinces and funding under government guarantee.

QUANTITATIVE REPORTING OF KPIS OF CREDIT INSTITUTIONS - MANDATORY DISCLOSURES

		a	b
		2021	
in millions of euros		Total gross carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)
1	GAR - Covered assets in both numerator and denominator	9,716	1,160
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	9,716	1,160
3	Financial corporations	9,716	1,160
4	Credit institutions	7,076	
5	Loans and advances	6,408	1,160
6	Debt securities, including UoP	668	
7	Equity instruments		
8	Other financial corporations	2,639	
9	of which investment firms		
10	Loans and advances	1,332	
11	Debt securities, including UoP	1,307	
12	Equity instruments		
13	of which management companies		
14	Loans and advances		
15	Debt securities, including UoP		
16	Equity instruments		
17	of which insurance undertakings		
18	Loans and advances		
19	Debt securities, including UoP		
20	Equity instruments		
21	Non-financial undertakings		
22	NFCs subject to NFRD disclosure obligations		
23	Loans and advances		
24	Debt securities, including UoP		
25	Equity instruments		
26	Households		
27	of which loans collateralised by residential immovable property		
28	of which building renovation loans		
29	of which motor vehicle loans		

		a	b
		2021	
in millions of euros		Total gross carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)
30	Local governments financing		
31	Collateral obtained by taking possession: residential and commercial immovable properties		
32	Other local government financing		
33	Other assets excluded from the numerator for GAR calculation (covered in the denominator)	6,622	
34	Non-financial undertakings	2,662	
35	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations		
36	Loans and advances	2,662	
37	of which loans collateralised by commercial immovable property		
38	of which building renovation loans		
39	Debt securities		
40	Equity instruments		
41	Non-EU country counterparties not subject to NFRD disclosure obligations		
42	Loans and advances		
43	Debt securities		
44	Equity instruments		
45	Derivatives	3,926	
46	On demand inter-bank loans		
47	Cash and cash-related assets		
48	Other assets (e.g. goodwill, commodities, etc.)	34	
49	Total GAR assets	16,338	1,160
50	Other assets not covered for GAR calculation	79,681	
51	Sovereigns	69,053	
52	Central banks exposure	10,628	
53	Trading book		
54	Total assets	96,019	1,160
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations			
55	Financial guarantees	3	
56	Assets under management		
57	Of which debt securities		
58	Of which equity instruments		

QUANTITATIVE REPORTING OF KPIS OF CREDIT INSTITUTIONS - VOLUNTARY DISCLOSURES

		a	b
		2021	
in millions of euros		Total gross carrying amount	Of which towards taxonomy-relevant sectors (Taxonomy-eligible)
1	GAR - Covered assets in both numerator and denominator	75,084	45,844
2	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	75,084	45,844
3	Financial corporations	9,716	1,160
4	Credit institutions	7,076	
5	Loans and advances	6,408	1,160
6	Debt securities, including UoP	668	
7	Equity instruments		
8	Other financial corporations	2,639	1,307
9	of which investment firms		
10	Loans and advances	1,332	
11	Debt securities, including UoP	1,307	1,307
12	Equity instruments		
13	of which management companies		
14	Loans and advances		
15	Debt securities, including UoP		
16	Equity instruments		
17	of which insurance undertakings		
18	Loans and advances		
19	Debt securities, including UoP		
20	Equity instruments		
21	Non-financial undertakings	46,700	37,360
22	NFCs subject to NFRD disclosure obligations	46,700	37,360
23	Loans and advances	46,700	37,360
24	Debt securities, including UoP		
25	Equity instruments		
26	Households		
27	of which loans collateralised by residential immovable property		
28	of which building renovation loans		
29	of which motor vehicle loans		

		a	b
		2021	
in millions of euros		Total gross carrying amount	Of which towards taxonomy-relevant sectors (Taxonomy-eligible)
30	Local governments financing	18,668	5,283
31	Collateral obtained by taking possession: residential and commercial immovable properties		
32	Other local government financing	18,668	5,283
33	Other assets excluded from the numerator for GAR calculation (covered in the denominator)	6,622	734
34	Non-financial undertakings	2,662	734
35	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations		
36	Loans and advances	2,662	734
37	of which loans collateralised by commercial immovable property		
38	of which building renovation loans		
39	Debt securities		
40	Equity instruments		
41	Non-EU country counterparties not subject to NFRD disclosure obligations		
42	Loans and advances		
43	Debt securities		
44	Equity instruments		
45	Derivatives	3,926	
46	On demand inter-bank loans		
47	Cash and cash-related assets		
48	Other assets (e.g. goodwill, commodities, etc.)	34	
49	Total GAR assets	81,706	45,844
50	Other assets not covered for GAR calculation	14,313	
51	Sovereigns	3,685	
52	Central banks exposure	10,628	
53	Trading book		
54	Total assets	96,019	45,844
Off-balance sheet exposures - undertakings subject to NFRD disclosure obligations			
55	Financial guarantees	3	3
56	Assets under management		
57	Of which debt securities		
58	Of which equity instruments		

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 of being a 'sustainable water bank' and maintaining 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 mentioned in 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 requires only limited reporting. Although this reporting can be provided in 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 by using the template to report the information. The European Commission has also indicated that estimates in the form of voluntary disclosures may be used for the limited reporting, provided that the voluntary reporting is not part of the mandatory disclosures. We make use of this possibility by including the template twice in the ESG Facts, using estimates in the second template.

The need to report voluntary information stems from our bank's special position as a public sector bank (promotional bank) and its distinctive portfolio. More than 90% of its portfolio consists of public sector clients (or institutions guaranteed by local authorities) that are financed through the balance sheet. 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 numerator of the KPIs for the green asset ratio (GAR) in the future - even though public sector clients undertake many activities that are 'green' according to the Taxonomy Regulation. Consider, for example, the water authorities' huge investment agenda. As a result of rising sea levels, extreme rainfall and prolonged drought, they need to invest in climate adaptation and climate mitigation measures, for which they seek financing from our bank. The same applies to loans to housing associations. These clients, too, are not required to report under the NFRD, 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 compulsory reporting section of the Taxonomy Regulation. The voluntary reporting section is therefore a welcome and valuable addition.

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

Credit institutions (row 5)

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

Few 'non-financial undertakings that are subject to NFRD reporting' (rows 22 + 23)

As a promotional bank, our portfolio consists almost entirely of lending to (local) governments and other public sector parties. The number of clients that are subject to NFRD reporting (listed undertakings, banks and insurers) is negligible. This is an important difference with commercial banks.

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)

The successor to the NFRD – the CSRD – will probably not generate much change. The CSRD will cover all 'large' private undertakings but not public legal entities such as water authorities and municipalities. Moreover, not all housing associations will qualify as 'large' undertakings.

No 'local government financing' (row 30)

This row is intended only for lending to municipalities which subsequently finance public housing. In the Netherlands, however, public housing is not provided by municipalities but by housing associations. Although our bank meets about 33% of the total financing need for public housing, we cannot include these exposures under the strict regime of the Taxonomy Regulation.

No 'other local government financing' (row 32)

This row is only intended for lending to local governments that are accommodated in a project financing/SPV structure. As our bank often provides balance sheet financing to local governments, we cannot include these exposures under the strict regime of the Taxonomy Regulation. This is problematic, especially since the Taxonomy Regulation does consider balance sheet financing to NFRD customers permissible.

SMEs and non-financial undertakings not required to report under the NFRD (rows 35 + 36)

This row is intended for lending to clients who are not required to report under the NFRD or who do not fall into one of the previously mentioned categories.

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

Credit institutions (row 5)

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

Other financial undertakings (row 11)

Here we include all RMBSs as eligible, arguing that retail mortgages are 100% eligible under the Taxonomy Regulation.

More 'non-financial undertakings that are subject to NFRD reporting' (rows 22 + 23)

Here we include lending to all housing associations, arguing that the financing of public 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. Arguing that retail mortgages are also 100% eligible under the Taxonomy Regulation.

More 'other local government financing' (rows 30 + 32)

Here we include lending to municipalities, water authorities, etc. – but not housing associations because we include them in the categories above. Subsequently, we have to use estimates: what % of their spending is 'green'? 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%, part goes to 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% qualify for eligibility under the Taxonomy Regulation. For the other local governments, the percentage of 'green' activities has not been determined yet.

SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations (row 36)

For NWB Bank this includes a number of client groups. We have assumed that the wind farms and solar parks are eligible under the taxonomy regulation. The other non-financial undertakings are not regarded as eligible. This includes the drinking water companies.

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 finance that qualify for and are in line with the Taxonomy Regulation. To be able to disclose this information, we will enter into a dialogue with clients. This information will also be contractually secured in the loan agreements.

Although we are the largest issuer of sustainable bonds in the Netherlands, the Taxonomy Regulation – in its current form – still seems to be of little use for the issuance of sustainable 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. Our current business model is not designed for project-based financing of local governments whereby a separate 'SPV' entity must be established. Local governments are not equipped for this either. We are in favour of bringing balance sheet financing to local governments within the scope of the Taxonomy Regulation. This would enable us to continue to properly exercise its 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 public sector is rapidly becoming more sustainable. Financing traditionally obtained by the public sector from our bank in the form of balance sheet financing will increasingly be used for 'economic activities qualifying for the taxonomy'. As mentioned above, our application of the Taxonomy Regulation is problematic. Balance sheet financing to non-NFRD obliged entities (such as local governments) cannot be considered 'green' under the Taxonomy Regulation. For these exposures to fall within the scope of the Taxonomy Regulation, we would need to serve these clients through project financing. However, NWB Bank and its public sector clients are not equipped for this. 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.

EQUATOR PRINCIPLES

Equator Principles Implementation Reporting

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

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

- Implementation reporting;
- Transaction data & project names.

In our first report, NWB Bank reports on the implementation for the period from October 2020 to December 2021. In our next report (as of December 31, 2022), the transaction data & project names will be reported.

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

Implementation of the Equator Principles

Details of internal preparation and staff training

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

Internally, a committee has been established to implement the Equator Principles. In this committee,

there are representatives from the front office, risk management, finance & control and legal & corporate affairs. This group also monitors the developments around the EP and submits the reports.

The mandate of the Equator Principles Reviewers and Respective Roles

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

The legal department monitors the loan documentation for EP compliance. The sustainability officer provides support in case of any sustainability issues, including environmental and social risks. The finance & control department is responsible for the yearly EP reports.

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

When financing public-private partnerships (PPP), renewable energy projects and other financings in scope, the Equator Principles are applied to gauge potential social and environmental risks in our regular transaction review and approval process. As part of the

due diligence for each project finance transaction, we require an independent third party advisor (independent technical advisor) who is engaged on behalf of the lenders to prepare an independent technical report. Such report includes a specific review of the Equator Principles and having a satisfactory report is a requirement before financial close of the transaction.

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