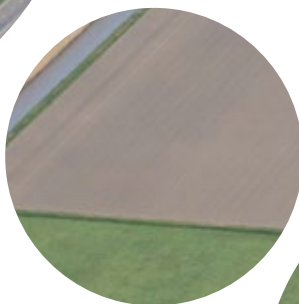
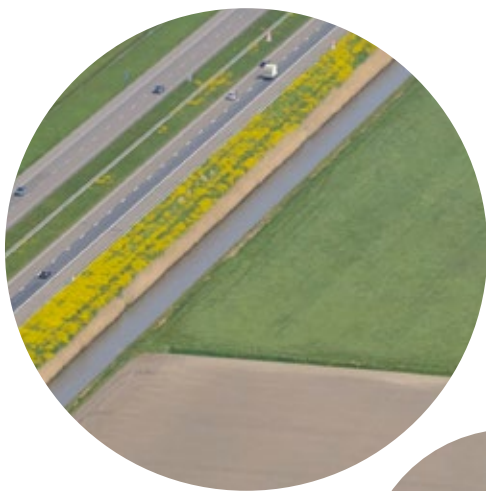


# GRI TABLE 2016



## Introduction

The GRI reporting framework is a generally accepted guideline for reporting on an organisation's economic, environmental and social performance. The framework can be found on the GRI website [www.globalreporting.org/](http://www.globalreporting.org/). NWB Bank reports on its sustainability performance in accordance with the GRI framework. In its 2016 Annual Report, NWB Bank reports on the basis of GRI 4.0 guidelines. EY has issued an assurance report on the CSR section for NWB Bank. An overview of the standard disclosures and specific disclosures (material issues, indicators, management approach) belonging to the 'in accordance' G4 core level is provided below. This table contains a GRI index with references to the 2016 Annual Report.

### G4-1 Strategy and analysis

The mission of NWB Bank forms the starting point for its CSR policy:

NWB Bank's **mission** is to enter into lasting relationships with its clients and shareholders as a customer-focused, robust and sustainable finance partner, and to enable them to fulfil their duties in Dutch society in the best possible manner. Social responsibility, a strong financial position and efficient business operations form the basis for this. By providing finance to its customers on the most favourable terms possible, NWB Bank enables the public sector to keep the cost of fulfilling its duties in Dutch society and of the public facilities in that society as low as possible. NWB Bank is therefore not aiming for maximum profit; rather, it aims to create social added value by offering finance at the lowest possible interest rate and being available for its clients at all times.

### Strategy

Ever since it was incorporated in 1954, NWB Bank has steadfastly maintained its strategy. By efficiently bundling the financing requirements of clients in the public playing field, we aim to keep the finance costs of the public sector as low as possible. We want to respond to the changes in the requirements of the public sector and be available for our clients at all times.

NWB Bank's CSR ambitions are visible in its core duties, operations and social engagement. In the longer term, NWB Bank plans to continue reporting at 'in accordance' G4 core level in respect of the standard disclosures and specific disclosures (material issues, indicators, management approach).

In addition to innovation in the area of water bonds, the Bank's unique qualities are being deployed to establish a further-reaching partnership with the European Investment Bank (EIB) and develop joint actions in supporting long-term investment in the public sector.

### G4-2 Description of important consequences, risks and opportunities

The description of important consequences, risks and opportunities based on the strategy is presented in the form of a SWOT analysis (Strengths, Weaknesses, Opportunities & Threats). This analysis is used to determine the objectives in the CSR policy. The objectives are accounted for in the annual report.

**Strength**

While, given its customer base and field of operations, the Bank's lending is inherently beneficial to society and sustainable, efforts have been made over the past few years to set out in further detail the Bank's aspirations in terms of embedding CSR in its core processes, business operations and commitment to society. The outcome is that NWB Bank has linked its CSR policy to four themes.

The Bank's core values – consciousness, engagement and reliability – have formed the starting point in setting these themes. The themes selected were derived from, and are consistent with, the Bank's overall objectives, so that they can contribute to the achievement of those objectives. As a promotional bank, NWB Bank's interests and values differ from those of strictly commercial parties. This is reflected in its themes:

1. sharing financial expertise with the public sector
2. providing finance in a sustainable and committed way
3. operating in a sustainable and socially relevant way
4. acting with integrity and transparency

These themes were formulated by NWB Bank based on various stakeholders' interests that have been duly weighed. Measurable objectives will be linked to them, on which the Bank will report each year. Those objectives will be discussed and monitored every six months in the CSR Committee. In so doing, NWB Bank seeks to account for its social performance, in addition to accounting for its financial performance.

**Weakness/Strength**

The management approach to CSR and the Bank's choices in the area of sustainability were based on the fact that the Bank is a relatively small office-based organisation. Overall, the organisation has a limited social and environmental impact (weakness), but in its role as a financial services provider in the public sector or per employee it can achieve a greater impact (strength). This approach provides the best match with the Bank's compact organisational structure and is expected to continue to do so in the future.

**Analysis of environment (opportunities and threats)****Opportunities**

CSR may contribute to a low risk profile. NWB Bank makes well-considered choices for certain products, customers and investments, and sets well-considered limits. NWB Bank operates on the basis of its core values: consciousness, engagement and reliability. There are opportunities for the future in terms of devoting greater attention to enhancing the sustainability of the assets on NWB Bank's balance sheet and those of its customers and translating them further to NWB Bank's funding, for instance in the form of a social bond. In addition, governments (International climate agreement, National Energy Agreement and ICSR agreement) and intergovernmental organisations (UN: UNGC and SDGs) have concluded international agreements concerning sustainability (environmental and social), to which NWB Bank can contribute through its core duties.

**Threats (Risks)**

In the area of CSR, the following risks are the most relevant to NWB Bank:

- reputation risk
- supply chain risk
- integrity risk
- knowledge level
- environmental impact and energy wastage

The CSR-related subjects of governance, compliance and integrity are fundamental to NWB Bank's reputation risk. The compliance role was designed to promote and supervise, or arrange for supervision of, compliance with laws and regulations and with internal procedures and rules of conduct that are relevant to the organisation's integrity and associated reputation. NWB Bank has assigned the compliance role, which relates to the Bank's primary process, i.e. providing financing within the Dutch public sector, to its Legal and Compliance Department.

NWB Bank's social risks mainly relate to the integrity and the level of education and knowledge of its staff. These risks are largely controlled by holding external and in-house training sessions, as well as biannual job appraisal and career development interviews, and by sharing knowledge on an ongoing basis. In addition, risks are mitigated by submitting new recruits to pre-employment screening and ensuring that employees who work in commercial or integrity-sensitive positions are listed in the public DSI register.

Being a small office-based organisation, NWB Bank has only a small number of relevant environmental indicators and, accordingly, the impact can be considered to be relatively limited. NWB Bank believes, however, that it should act as a role model for its stakeholders, which is why it attaches importance to reporting on environmental factors. An additional risk is the accuracy of the reports on such environmental indicators as carbon emissions. That risk is mitigated by the assurance EY provides on the text and figures in the CSR report.

The Annual Report explains the impact developments in the banking environment have on NWB Bank's growth and its continuity.

CSR Risk Matrix			
Themes/targets	Risks	Management	Monitoring results
1/2	Reputation risk	Policy and Assurance	Continuously
	Supply chain risk	Transparency and dialogue	Continuously
	Knowledge level	Education and development	Continuously
3	Environmental impact	Compensation, digitisation and reduction	Continuously
	Energy wastage	Reduction	Continuously
4	Integrity risk	Training sessions and provision of information	Continuously
	CSR covenants	Monitoring contribution and obligations	Half-yearly

The extent to which NWB Bank is prepared to accept the abovementioned risks is reflected in the Bank's risk appetite. With regard to the labour, environmental and social risks, this is also included in the CSR policy. The CSR policy is included on the website. The risks referred to above are related to some extent to the themes and targets in the CSR policy. Theme 2 Providing finance in a sustainable and committed way is related to the category Economic and usually involves limited risks, this is where NWB Bank's strategic priority lies. Theme 3 Operating in a sustainable and socially relevant way is connected with the categories Social and Environmental and is associated in the framework of CSR with some more risks that can both directly affect the office-based organisation and indirectly emerge in the core duties at borrowers. Theme 4 Acting with integrity and transparency can be seen as a 'hygienic factor', which is a self-evident requirement in a good relationship with all stakeholders and which is monitored by stakeholders by means of a number CSR covenants, benchmarks and CSR ratings. The results are monitored continually, especially with regard to the targets and future expectations. This can lead to short- and or long-term actions.

## Organisational profile

### G4-3 Name of the organisation

Nederlandse Waterschapsbank N.V. (trade name: NWB Bank).

### G4-4 Products and/or services

NWB Bank is a leading financial services provider for the public sector. The Bank arranges short-term and long-term loans for water authorities, energy transition, housing corporations, municipal and provincial authorities, healthcare and educational institutions and for activities in the field of water and the environment. As the principal bank of the water authorities, NWB Bank provides payment services.

In 2015, NWB Bank began financing PPP projects (infrastructure and accommodation projects within the Dutch public sector). In this way, the Bank makes a contribution in the area of sustainability and corporate social responsibility (for instance in the form of sustainable water projects), together with a government that is looking for opportunities to make the most of investments in a restrictive budgetary environment by means of PPP structures. NWB Bank will take up opportunities to expand the services it provides to institutions performing public tasks. This was further pursued in 2016.

#### G4-5 Location of headquarters

The Hague, Rooseveltplantsoen 3.

#### G4-6 Number and names of countries with either major operations or that are specifically relevant to sustainability issues covered in the report

NWB Bank focuses solely on the Netherlands as regards lending. Lending to the public sector relates mainly to local authorities, housing corporations, healthcare institutions, education, PPS and utilities.

#### G4-7 Nature of ownership and legal structure

Shareholders: Water authorities 81%, State of the Netherlands 17% and provincial authorities 2%.

Legal structure: public limited liability company.

#### G4-8 Markets served (geographical breakdown, sectors served and types of customers/beneficiaries)

NWB Bank focuses its lending operations on the Dutch public sector and is active on the international capital markets for its funding. The Bank's customers, investors and relevant markets are discussed in further detail on pages 24 to 29 inclusive of the Annual Report. The following table below provides an indication of NWB Bank's market shares on the basis of the available data.

#### G4-9 Scale of the reporting organisation

See the headline figures in the Annual Report.

#### G4-10 Employees

The table below shows the total workforce, broken down into men and women.

Year	2014	2015	2016
Total workforce	53 (48.5 FTEs)	54 (49.6 FTEs)	57 (53.2 FTEs)
Number of men	31 (30.7 FTEs)	34 (33.3 FTEs)	34 (33.4 FTEs)
Number of women	22 (17.9 FTEs)	20 (16.3 FTEs)	23 (19.8 FTEs)

Of these employees, 55 persons held office positions and two held facilities positions. NWB Bank does not make substantial use of self-employed persons.

The following table contains the total workforce and the type of contract.

	%	number
<b>a) disclosure of ratio of permanent to temporary contracts</b>		
Percentage of employees with a permanent contract	<b>98.25</b>	56
Percentage of employees with a temporary contract	<b>1.75</b>	1
Coverage	<b>100.00</b>	57

The breakdown of men and women is provided below:

<b>Breakdown of men/women per department</b>			
<b>Department</b>	<b>Men</b>	<b>Women</b>	<b>Total</b>
Back office	4	7	11
Managing Board	2	1	3
Managing Board Secretariat	0	2	2
Finance & control	4	2	6
HRM	0	3	3
IAD	3	1	4
ICT	7	0	7
Legal	0	4	4
Public Finance	4	0	4
Risk management	5	0	5
Security & Facility Management	2	2	4
Treasury	3	1	4
<b>Total</b>	<b>34</b>	<b>23</b>	<b>57</b>

#### **G4-11 Percentage of employees covered by collective bargaining agreements**

Fifty-two employees are covered by the collective labour agreement for the banking industry, whereas five employees, including the Managing Directors, are not. Most of the terms and conditions of employment ensuing from that collective agreement are applied to the latter category.

#### **G4-12 Supply chain**

The options for reporting in the value chain are based on the Material Issues Plot (MIP). Based on the MIP, the issues are selected in terms of materiality and the reporting is adjusted accordingly. NWB Bank's activities are focused on the Dutch public sector, which means the CSR reporting is also largely directed at issues relevant to that sector. Issues which do not feature in the MIP, for instance issues which are not relevant to the public sector, are usually not included in the reporting.

**G4-13 Significant changes regarding size, structure or ownership**

None.

**G4-14 Details of the application of the precautionary principle by the reporting organization**

The precautionary principle means that, prior to marketing a product or starting up an activity, the potential risks for people and the public environment are assessed. This principle is frequently applied in the form of preliminary investigations. The various options are weighed up, for instance when new customers are accepted, lending is provided or products are developed. In so doing, the Bank applies the precautionary principle, which is reflected in processes such as the product approval process.

**G4-15 Externally developed economic, environmental and social charters, principles or other initiatives endorsed by the Bank**

- GRI guidelines (GRI is a binding principle for publicly held enterprises)
- UN Sustainable Development Goals (indirectly through NWB Fund) (voluntary initiative)
- (Revised) Banking Code (binding principle)
- Dutch Corporate Governance Code (voluntary application)
- Equator principles
- Green bond principles
- UN Global compact principles (see Appendix 2)
- Dutch Banking Association (NVB) climate statement (see Appendix 3)
- ICSR agreement (see appendix 4)
- UN SDGs (embedding in policy is still being developed by NWB Bank)

Furthermore, NWB Bank again participated in the Transparency Benchmark of the Dutch Ministry of Economic Affairs, Agriculture and Innovation in 2016. The Bank ranked 35th in a group of 483 participants (2015: 31st).

NWB Bank has examined which international CSR principles could be applicable for NWB Bank. As a consequence, the equator principles have been applied since then in PPS financing. The Bank has also signed the UN Global Compact principles. Comparison of reporting by publicly-owned enterprises:



	State interest	Shareholder	Sector	Assets (€ million)	Equity (€ million)	profit (€ million)	Dividend received by State	RoE	Pay-out ratio	GRI
<b>Operational participating interests of Ministry of Finance</b>										
BNG Bank	50.0%	Finance	Financial services	149,511	3,739	226	29	6.2%	25%	G4
COVRA	100.0%	Finance	Radioactive waste management	227	4	-2	0	-32.1%	0%	Core
FMO	51.0%	Finance	Financial services	8,421	2,511	174	3	7.5%	4%	G4
Gasunie	100.0%	Finance	Energy	10,362	5,717	553	332	9.9%	60%	G4
HbR	29.2%	Finance	Infrastructure	3,967	2,440	212	27	8.9%	43%	Core
Holland Casino	100.0%	Finance	Games of chance	226	95	67	27	89.4%	41%	4 core
KLM	5.9%	Finance	Transport	8,725	396	54	1	26.7%	5%	Un-known
De Munt	100.0%	Finance	Metalworking							
NIO	100.0%	Finance	Financial services	145	1	0	0	0.0%	0%	n/a
NS	100.0%	Finance	Transport	6,286	3,309	118	41	3.6%	35%	G4
NWB Bank	17.2%	Finance	Financial services	91,314	1,399	95	0	7.0%	0%	Core
Schiphol	69.8%	Finance	Infrastructure	6,405	3,716	374	131	10.4%	50%	G4
Staatsloterij	100.0%	Finance	Games of chance	244	82	84	75	0.0%	90%	n/a
TenneT	100.0%	Finance	Energy	15,424	3,803	681	196	19.3%	35%	G4 Core
Thales	1.0%	Finance	Defence	499	175	12	0	8.5%	0%	n/a
UCN	100.0%	Finance	Energy	811	811	150	117	19.6%	78%	G4

Source: annual report 2015 on publicly held enterprises by Ministry of Finance

#### G4-16 Associations (such as sector associations) of which the Bank is a member and/or other special-interest organizations in which NWB Bank participates

- Dutch Banking Association (Nederlandse Vereniging van Banken, NVB)
- DSI (Dutch Securities Institute)
- EAPB (European Association of Public Banks)
- ISDA (International Swap Dealers Association)
- ICMA (International Capital Markets Association)
- ICLC (International Centre for Local Credit)
- SUERF (The European Money and Finance Forum)
- NWP (Netherlands Water Partnership)
- IPFA (International Project Finance Association)
- Dutch Foundation for the Maintenance of Nieuwspoort (Stichting Instandhouding Nieuwspoort)

Several times during the year, consultative meetings are held with the statutory supervisory authorities – the Dutch Central Bank (DNB) and the European Central Bank (ECB) – on such subjects as risk management, compliance and integrity. NWB Bank aspires to lend more structure to the dialogue with its stakeholders. The Bank also participates in various regular meetings with ministries, the Dutch Banking Association and the European Association of Public Banks.

In addition, any responses to social trends affecting NWB Bank and its stakeholders may be included in the Bank's CSR policy. The responses to last year's Annual Report, primarily from the General Meeting of Shareholders, will be considered in preparing this year's report.

## Material issues and scope

### G4-17 Scope/demarcation

NWB Bank has no subsidiaries; the data in the annual report concern all the divisions of NWB Bank. For a summary of the financial data, reference is made to page 4 of the Annual Report. The annual report covers the period from 1 January 2016 up to and including 31 December 2016. NWB Bank's base currency is the euro and it therefore reports in euros. Its core activities are lending in the Dutch semi-public sector and funding in the national and international capital markets. The reporting in the annual report and the GRI table, as well as in the publications on the website, is aligned with the scope of those activities.

NWB Bank has no subsidiaries. At the end of 2006, NWB Bank, in close collaboration with its shareholders and in consultation with the Dutch Association of Regional Water Authorities, set up Stichting NWB Fonds (NWB Fund Foundation). NWB Fund (<http://www.nwbfonds.nl>) is an independent foundation to which the Bank makes donations (see also supply chain responsibility).

NWB Bank has opted not to report, in principle, on activities in the value chain that are outside its own organisation, as no reliable information is available for this. The environmental impact of water authorities on the basis of the energy agreement will be an exception to this.

The materiality assessment forms the basis for the demarcation of the report and the CSR section specifically. NWB Bank reports in its CSR section and this GRI table mainly on the material topics, for which purpose the decisions in terms of the depth and demarcation of this section have been discussed in the CSR Committee and in the Managing Board meetings. In its lending operations, NWB Bank focuses primarily on the Dutch public sector, and therefore topics and social themes outside that sector automatically receive less attention and/or may be less material (demarcation).

## G4-18 Process for defining report content (relevance, prioritisation of topics, identification of stakeholders expected to use the report)

### Report content

NWB Bank's core values have formed the starting point for setting the Bank's CSR themes. The themes selected were derived from, and are consistent with, the Bank's overall objectives. NWB Bank has identified the following CSR themes:

1. sharing financial expertise with the public sector
2. providing finance in a sustainable and committed way
3. operating in a sustainable and socially relevant way
4. acting with integrity and transparency

The themes are the result of a dialogue with the stakeholders. In so doing, NWB Bank seeks to account for its social performance, in addition to accounting for its financial performance. Specific issues are addressed in the Material Issues Plot, which is updated annually.

### Target group

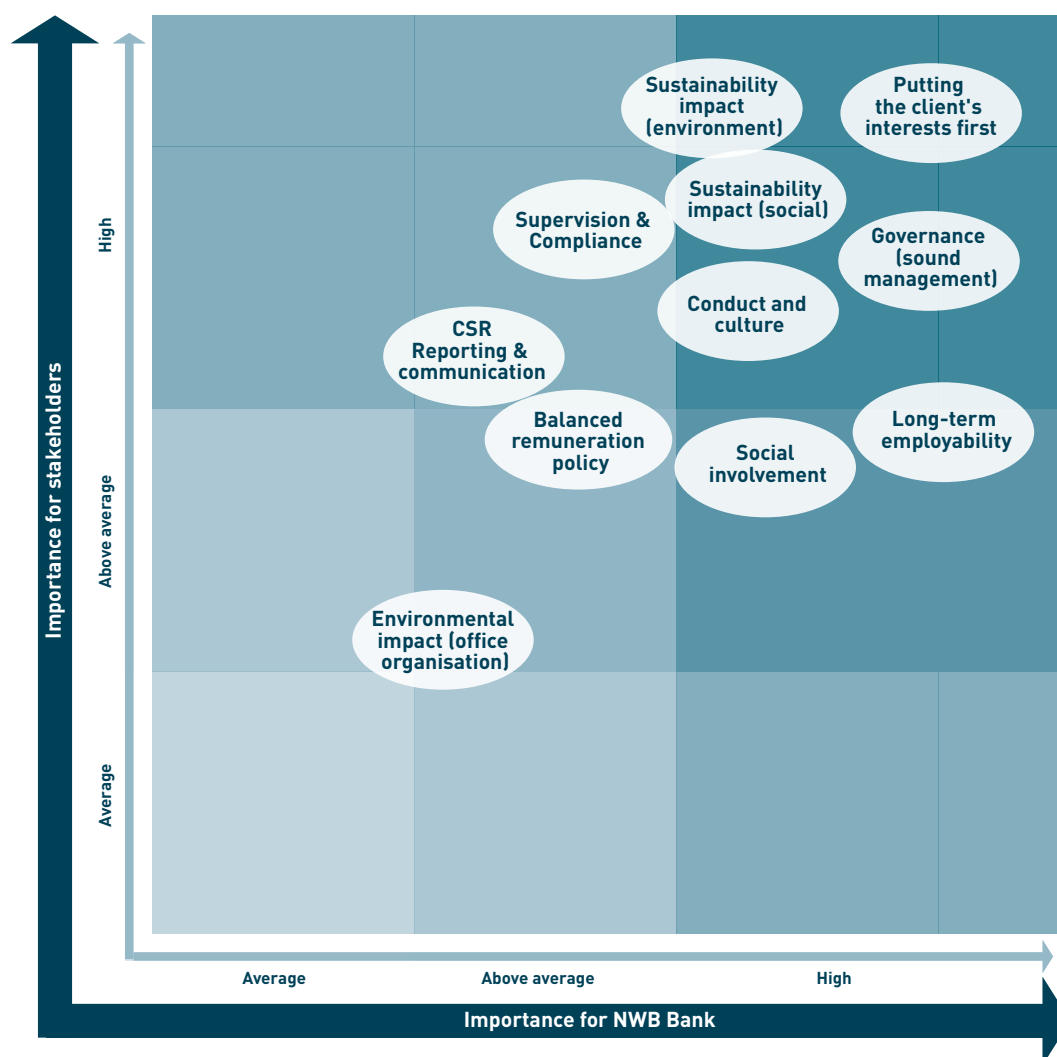
The target group for the report consists of our stakeholders: customers, investors, employees, shareholders, supervisory authorities and the government.

### Assessment

The information for the report was provided by several organizational divisions. Report content was assessed internally by the Internal Audit Department (IAD). EY provided external assurance with respect to the CSR section.

## G4-19 – G4-21 Material Issues Plot

NWB Bank engages in dialogue with its stakeholders on a regular basis. Within a CSR context, in any case it qualifies its shareholders, customers, investors, employees, the supervisory authorities and the government as its stakeholders. As in previous years, a materiality assessment was made in 2016 of the CSR issues that are of relevance to the Bank. Those issues were charted based on discussions held with stakeholders and, where possible, on the policies they pursue with respect to both generally social and sector-specific issues. This resulted in the Material Issues Plot (MIP) shown here, which was extensively debated with the CSR Committee members. Clients' interests and sustainability impact, governance, and supervision/compliance, in particular, are highly relevant issues affecting both the stakeholders and NWB Bank. Their relevance is apparent from such aspects as supervisory policies, discussions with shareholders, the focus on credit ratings in the financial markets and the Bank's own policies.



The MIP is based on a stakeholder perspective. Discussions were held with stakeholders, an online survey was conducted and peer comparison benchmarks were used to establish the issues that stakeholders consider important. Based on the impact issues have on stakeholders and using their feedback, the relevance each issue has to them was estimated. In doing so, the interests of the various stakeholders were taken into account, since not all stakeholders necessarily have the same interests. Their relevance to NWB Bank was discussed and established by the CSR Committee, in which the Managing Board is also represented. A number of issues were considered less material during the discussion. Therefore, these issues have not been included in the average/above average scope of the above plot. The CSR Committee designated mainly the topics putting client interests first and sustainability impact as material. Governance, conduct and culture, supervision and compliance were the issues that have been qualified as material by the Managing Board in particular. As small organisation, NWB Bank's environmental impact is limited, and the stakeholders are aware of this.

Stakeholder	Material topic	Themes and CSR policy
<b>Clients</b>	Putting the client's interests first Social involvement	Sharing financial expertise with the public sector Sustainable and engaged financing
<b>Shareholders</b>	Balanced remuneration policy Social involvement Governance (sound management)	Ethical and transparent activities Sustainable and engaged financing Ethical and transparent activities
<b>Investors</b>	Sustainability impact (Environment and Social) CSR Reporting/Communication Governance (sound management)	Sustainable and engaged financing Ethical and transparent activities Ethical and transparent activities
<b>Employees</b>	Long-term employability Conduct and culture Social involvement	Ethical and transparent activities Ethical and transparent activities Sustainable and engaged financing
<b>Supervisory authorities</b>	Conduct and culture Supervision and Compliance	Ethical and transparent activities Ethical and transparent activities
<b>Government</b>	Environmental impact (office organisation)	Sustainable and social operations

Below is a brief clarification of each issue from the stakeholders' perspective.

## Clarification of the material issues

### Putting clients' interests first

NWB Bank responds to the need for support and (serving as) a sparring partner in the field of finance among its borrowers. For example, the Bank sends out a Financial Markets Overview to its customers each week, enabling them to closely monitor market developments and rates. Upon request, NWB Bank also gives presentations to customers on a wide range of subjects. These enable employees, management boards and supervisory bodies of these clients to augment their knowledge of treasury-related issues and recent developments. The Treasury Scan provides customers with further insight into their loan portfolio, by means of comparison with the sector average and by quantifying financial risks. Finally, the Public Finance Department organises a number of customer events each year. These educational events aim to enhance customers' financial knowledge and help improve their financial processes.

By means of these initiatives, NWB Bank shares its information and insights with the public sector. In addition to their CSR relevance, this also ties in with the Bank's duty of care and its policy aimed at putting customers' interests first in its services and operating transparently. They cater for a great need, given the turbulent times many of our customers are going through. This testifies to the fact that the involvement NWB Bank demonstrates as promotional bank greatly exceeds that shown by commercial banks under similar circumstances.

In 2016, the Bank again helped customers to optimise their loan portfolios. This often involved seeking better alignment of between asset and liability items in the balance sheet in order to reduce interest rate risk.

As a bank of and for the Dutch (local and regional) authorities, NWB Bank aims to provide a 'counter service' to regular borrowers within the public sector. Regular borrowers (including the guarantee sector) find it important that NWB Bank can always issue a price immediately, regardless of the extent, structure and term of the capital requirement. As such, the Bank's policy is geared to being able to do so.

### **Sustainability impact - environmental**

NWB Bank has successfully issued three green bonds (water bonds): a five-year EUR 500,000,000 in 2014, a ten-year EUR 1,000,000,000 in 2015, and a ten-year USD 1,000,000,000 in 2016. In addition, a tap issue was carried out in 2016 for a previous issue of USD 250,000,000. The issuing of these water bonds emphasises the role of NWB Bank as a robust and sustainable finance partner for the Dutch public sector.

With the issuing of these water bonds, NWB Bank continues to attract new investors and broaden the market span for green bonds.

NWB Bank is also active in the area of funding PPP projects. This involves funding long-term accommodation and infrastructure projects. Examples include government buildings, motorways and water infrastructure, which have been put out to contract by a national, regional or local Dutch government authority. In this context, the Dutch government authority acts as the client and transfers the responsibility for the construction and maintenance of such a project during a specific lifespan to a private contractor consisting of a consortium of private parties. Through this alternative form of finance, NWB Bank wants to provide further support to its customer groups. One of the aspects considered in the assessment of these projects is sustainability (environmental and social risks), in the form of the Equator Principles.

The Netherlands Investment Agency for EFSI (NIA) and NWB Bank signed a letter of intent in 2016. Both NIA and NWB Bank seek to promote the achievement of social and government objectives by strengthening society's investment and financing capacity. In this body, NWB Bank shares its (banking) financial knowledge and expertise, as well as any additional financing options via NWB Bank's balance sheet.

### **Sustainability impact – social**

NWB Bank ensures that housing corporations have access in 2016 to the capital market at the best possible financing costs. In this way, the Bank helps create affordable rented accommodation for the social sector. The government facilitates this by acting as a backup for loans to housing corporations guaranteed by the Guarantee Fund for Social Housing (WSW). The WSW guarantee is embedded in a security structure. This structure must ensure that sufficient financial resources are available to solve potential financial problems at one or several WSW participants without jeopardising the guarantee system itself.

The Social Bond and Sustainability Bond Appendix (SSBA) builds on the successful Green Bond Principles (GBP) launched in 2014 and endorsed by NWB Bank. The initiative is intended to provide issuers and socially engaged investors with voluntary guidelines for the development and issuing of 'social bonds'. This will provide NWB Bank with options to fund loans for social housing by issuing such a bond. A bond of this type is expected to be issued in 2017.

It is becoming increasingly important to measure the impact of loans on the environment or in the social sphere. This can be done in respect of the green bonds, but a calculation can also be made for lending for social housing purposes to establish the benefit to the housing corporation of a WSW-guaranteed loan.

The European Investment Bank (EIB) and NWB Bank have agreed in a cooperation agreement that the two financial institutions will exchange knowledge and experience in order to provide better support for public projects in the Netherlands. The EIB provides funds to NWB Bank, which will invest them in projects such as social housing, environment, the knowledge economy and the water sector, developed by local authorities.

#### **Governance (ethical governance)**

The Dutch Banking Association issued a Banking Code (including disciplinary law). This means that employees will be personally responsible for compliance with the rules of conduct and may be called to account for non-compliance, based on the banker's oath. Moreover, the Dutch Central Bank (DNB) expects the boards of financial institutions to operate with expertise, integrity and effectiveness. Among other things, they must promote a culture in which sufficient attention is devoted to risks (in terms of knowing, understanding and controlling them), the customers' interests are put first, and harmful and illegal activities are not tolerated.

Banks, trade unions, NGOs and the government have signed the ICSR agreement. The agreement focuses on reducing the risks of human rights violations in international value chains. This can concern aspects such as working conditions, freedom to belong to a trade union, child labour, and land rights. The agreement has been signed by NWB Bank. Banks will themselves provide greater transparency on how they comply with their responsibilities concerning human rights, on their investment portfolios, on the screening of their clients and on their dialogue with clients if the latter unexpectedly nonetheless become involved in violations of human rights.

#### **Conduct and culture (integrity)**

Society and the supervisory authorities require greater integrity in the conduct of financial institutions. Soft controls include the management measures aimed at encouraging employees and management to behave with integrity in the form of shared standards and values. Within the culture, it is important that employees challenge one another so as to bring about countervailing power.

De Nederlandsche bank (DNB) carried out a systematic integrity analysis (SIRA) in connection with ethical conduct. As of 2016, significant changes were implemented in privacy legislation, especially the Personal Data Protection Act (Wbp). The main aspects of this legislation are: authority of the supervisor to impose penalties, double reporting obligation for data leaks and binding instructions.

The organisation's success depends in part on a healthy and balanced culture, in which the Bank's core values and social objectives are firmly established. Besides an effectively formulated mission, the conduct of its people is at least equally important. The family culture that is a characteristic feature of the Bank has many good aspects that support ethical business operations. In 2016, all employees followed a training course to designate the positive elements of a family culture, to identify the risks and to influence these ways that reduce them.

### Supervision and Compliance

Numerous new regulations have been proposed and introduced since the start of the banking crisis. These new rules increase financial stability and contribute to confidence in the sector. The European Commission (EC) presented a package of legislative measures on 23 November 2016. The package provides for the following measures:

- i) Adjustment of the Minimum Requirement for own funds and Eligible Liabilities (MREL), introduction of the Total Loss Absorbing Capacity (TLAC), and introduction of a moratorium instrument;
- ii) Revision of the European capital requirements framework and implementation of several Basel Committee standards, such as the leverage ratio;
- iii) Joint approach to the creditor hierarchy of banks. The measures will be introduced by amending existing European legislation.

The principal changes relate to amendments in the Bank Recovery and Resolution Directive (BRRD), the Single Resolution Mechanism Regulation (SRMR), the Capital Requirements Directive (CRD-IV) and the Capital Requirements Regulation (CRR). These proposals are in line with the broader context of completing the banking union.

The NVB sees a risk that services may be compromised by a concurrence of European and national rules. The NVB is therefore aiming to seek solutions together with its stakeholders that increase stability but can simultaneously stimulate the economy. This is a major joint challenge.

NWB Bank is subject to supervision by the ECB since November 2014. With the Single Supervisory Mechanism, a new banking supervision system was introduced, comprising the ECB and the competent national authorities of the participating EU countries. The Single Supervisory Mechanism's (SSM) main objectives are to guarantee the security and solidity of the European banking system and to increase financial integration and stability in Europe. The supervisors' focus on recovery of financial resilience and stability has led to an increased number of themed audits and reporting obligations.



### **Long-term employability**

Well-qualified and broadly employable employees are the joint responsibility of employers and employees. Continually changing knowledge and skillsets are called for in a rapidly changing economy. Employees must be flexible and remain up-to-date, not only in the interest of the continuity of the organisation, but also to achieve the ambitions for the future and last but not least for their personal development. Accordingly, long-term employability is a priority in the collective labour agreement for banks.

The HRM policy is aimed at attracting competent personnel for NWB Bank and at retaining them and promoting their development in a way that benefits both the organisation and the employee. The HRM policy thereby aims to facilitate the objectives of the organisation. Long-term employability is one of the spearheads of HRM policy.

NWB Bank stimulates long-term employability and a pleasant working climate by deploying a range of different instruments. Examples include intensive and personal support for our employees in their present and future performance and personal development, an ample budget for training to maintain their professional performance level and achieve future ambitions, and the flexibility that individual employees have to find the right balance between their work and private life. This was confirmed in the employee engagement survey (MBO) that was carried out in the autumn of 2016 (and is periodically repeated), in which an exceptionally high score was achieved in the Work Ability Index, work satisfaction and satisfaction with immediate supervisors. A health check was also carried out in the autumn of 2016, focusing on the physical and mental health of the Bank's employees. The percentage of participants was 74%.

### **CSR Reporting and Communication**

In 2010, NWB participated in the Transparency Benchmark of the Ministry of Economic Affairs, Agriculture and Innovation for the first time. In 2016, this remained an important benchmark for publicly held enterprises and the financial sector. The Bank has formulated the objective of achieving a position in the top 50 (top 10% of participants) of the Transparency Benchmark. In 2016, NWB was ranked 35th. In addition, it applies the GRI reporting criteria, seeking to adhere to international sector practices in terms of transparent CSR reporting.

In 2015, NWB Bank examined which international CSR principles might apply to NWB Bank. This resulted in the Equator Principles being applied in PPP financing. In addition, the bank signed the UN Global Compact Principles (appendix 2).

CSR Reporting is prepared for a range of different purposes. On the one hand, these include informing the stakeholders. On the other, the rating agencies also use the CSR reporting to obtain an understanding of the sustainability of NWB Bank. Therefore, it is important to provide a balanced and comprehensive view of the organisations and the value creation model.

### Social engagement

Water authorities are regularly involved in projects in developing countries, with financial backing from NWB Fonds. NWB Bank set up this fund in 2006 for that purpose and has donated a total of €20.5 million to the fund to date (see annual report for more information).

Lending more substance to the Bank's role in society (e.g. by partnering with people with a physical or mental disability) is important to NWB Bank. Participating in CSR projects such as 'NL Doet', and 'Money week / The Classroom Bank' (Week van het geld / Bank voor de klas), is in line with the Bank's core values. We also achieve this by providing sponsorship in the form of money and/or time, and by encouraging employees to work as volunteers.

Within the context of its role as a financier, NWB Bank aims to encourage its borrowers in a wider sense, tying in with developments seen in the public sector. In previous years, NWB Bank has presented the CSR Award to customers who invested in sustainable and innovative projects. Since 2015, the CSR award has been combined with the water innovation award. By collaborating with the Dutch Association of Regional Water Authorities' Water Innovation Award, NWB Bank intends to extend further the stimulating part it plays in the area of sustainability and corporate social responsibility.

Together with the other Dutch banks, NWB Bank acknowledges the risks of climate change. The banks are jointly taking further steps. That is the background to the climate statement, comprising ten points, which the Dutch banks presented to the Dutch government authorities and non-governmental organisations working on issues relating to climate change. Climate change is one of the most important issues of our time.

### Balanced remuneration policy

The Financial Undertakings Restrained Remuneration Policy Act (Wbfo) became effective as of 7 February 2015. The government introduced a broad package of measures with the Wbfo that requires financial undertakings to pursue a restrained remuneration policy and that restricts excessive variable remuneration.

NWB Bank has always pursued a diligent, restrained and sustainable remuneration policy that is simple and transparent. The remuneration policy focuses primarily on the long term and is aligned with the Bank's risk policy. It is characterised by its balanced nature, both internally and externally, and takes account of the expectations of the various stakeholders and the level of support within society. It also takes account of the relevant international context and is in line with national and international regulations.

NWB Bank has assessed its remuneration policy in terms of the Wbfo and found that it is acting in line with this legislation.

**Environmental impact (office-based organisation)**

The government uses its own procurement criteria, seeking to influence social and environmental aspects. As the Bank believes it is important to lead by example, it wishes to join these efforts; however, this topic is not material for the small office-based organisation of NWB Bank. NWB Bank wishes to further limit its environmental impact and has formulated the following objectives to this end:

- the sustainable purchasing of energy (gas and electricity) and paper
- carbon offsetting for business trips and company cars
- structural application of procurement criteria (Pianoo) for government authorities when purchasing other facilities products and services
- digitising operations

**G4-22 Restatement of information provided in previous reports**

Not applicable.

**G4-23 Change in scope**

The introduction of the themes has seen reporting become more extensive and more detailed, notably where the Bank's core duties are concerned. The performance indicators belonging to the CSR report remain unchanged.

## Stakeholder dialogue

**G4-24 List of stakeholder groups engaged**

The stakeholders identified by NWB Bank as part of its CSR efforts are shareholders, customers, investors, employees, the government and supervisory authorities.

**G4-25 Selection of stakeholders**

NWB Bank contacts its stakeholders on a regular basis. As part of its CSR efforts, it qualifies shareholders, customers, investors, employees, the government and supervisory authorities as its stakeholders. Contact is periodic, but is sometimes prompted by specific events (see also the section on CSR in the Annual Report). The stakeholders are set out in the CSR policy. The CSR policy is updated annually, as part of which the Managing Board assesses whether the stakeholders are still relevant.

**G4-26 Dialogue with stakeholders**

NWB Bank contacts its stakeholders on a regular basis. Within a CSR context, it qualifies as its stakeholders those individuals and organisations with whom or which it collaborates or that have an interest in the specific role in society it fulfils as a promotional bank. As a minimum, the Bank considers its shareholders, customers, investors, employees, the supervisory authorities and the government as such.

As in previous years, a materiality assessment was made in 2016 of the CSR issues that are of relevance to the Bank, also assessing how our stakeholders experience them. Those issues were charted based on discussions held with these stakeholders and, where possible, on the policies they pursue with respect to both generally social and sector-specific issues. This resulted in the Material Issues Plot (MIP) shown on page 8, which was extensively debated with the CSR Committee members. Governance, supervision, compliance/integrity and transparency, in particular, are highly relevant issues affecting both the stakeholders and NWB Bank. Their relevance is apparent from such aspects as supervisory policies, discussions with shareholders, the focus on credit ratings in the financial markets and the Bank's own policies. This analysis served as input for the Annual Report and this GRI Table.

Throughout the year, the Managing Board visits customers and investors to explain half-year and annual figures and other trends, as well as convening a General Meeting of Shareholders once a year. During that Meeting, the Managing Board renders account of the objectives, corporate strategy, policies and financial results. Several times during the year, consultative meetings are held with the supervisory authority DNB on such subjects as risk management, compliance and integrity.

The response to last year's Annual Report was considered in preparing this year's report. The Bank's CSR policy was also a discussion item at the General Meeting of Shareholders. The Bank's shareholders are also its customers.

Employees are represented by the Works Council as of 1 January 2016.

#### **G4-27 Results and use of the information**

Information and suggestions from stakeholders are used to complete and perfect the CSR policy.

Being a publicly held enterprise, NWB Bank also participated in the Transparency Benchmark. The ensuing information and outcome were considered in fleshing out the Bank's CSR policy. In addition, the Bank's CSR policy as set forth in the Annual Report was discussed at the General Meeting of Shareholders in 2016 and with the members of the Supervisory Board.

As in previous years, in 2016 NWB Bank again issued a 'green bond', the water bond. With this water bond issue, NWB Bank has attracted new investors and enlarged the market for green bonds.

The principal current issues and NWB Bank's response to these issues are discussed primarily in the context of the Material Issues Plot.

## Report profile

### **G4-28 Report period**

1 January 2016 to 31 December 2016 inclusive.

### **G4-29 Date of most recent report**

The report's publication date is 20 April 2017.

### **G4-30 Reporting cycle**

Annual.

### **G4-31 Contact point for report**

[mvol@nwbbank.com](mailto:mvol@nwbbank.com)

### **G4-32 GRI Content index**

In its CSR policy reports, the Bank applies the Global Reporting Initiative (GRI) guidelines [[GRI: www.globalreporting.org](http://www.globalreporting.org)]. The report in the 2016 Annual Report is based on the GRI G4 guidelines. According to NWB Bank, the GRI reporting level is core.

EY has provided external assurance on the Corporate Social Responsibility section. This Content Index includes references to the relevant pages in the 2016 Annual Report for the GRI Disclosures and GRI Performance Indicators.

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G4-3	Name of the organisation	181
G4-4	Products and/or services	25-29
G4-5	Location of headquarters	32
G4-6	Number and names of countries with either major operations or that are specifically relevant to sustainability issues covered in the report	25-29
G4-7	Nature of ownership and legal structure	181
G4-8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	25-29
G4-9	Scale of the reporting organisation	6-7
G4-10	Employees	80
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G4-13	Significant changes regarding size, structure or ownership	N/A
G4-14	Details of the application of the principle of precaution by the reporting organisation	75
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives endorsed by the Bank	GRI
G4-16	Associations (such as sector associations) of which the Bank is a member and/or other special-interest organisations in which NWB Bank participates	GRI
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## GRI Performance Indicators

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### G4-33 External assurance

EY has provided external assurance on the Corporate Social Responsibility section. EY provides reasonable assurance as to whether the information in the CSR section is presented in all material respects in accordance with the G4 reporting criteria of the Global Reporting Initiative and supplementary internal guidelines. EY is NWB Bank's regular auditor and is appointed by the General Meeting of Shareholders. EY's reports are also provided to the Supervisory Board.

### G4-34 Governance

NWB Bank is a public limited liability company. The company has a Managing Board and a Supervisory Board, the latter having all the powers granted by law to a company's supervisory board. More information on the Managing Board and on the Supervisory Board is included in the Annual Report and on the website. The overview below provides an insight into the Bank's organisational structure (organisation chart). For more information on the business model, reference is also made to the corporate movie (<https://www.nwbbank.com/home#corporate-movie>).





## Governance structure

### Governance structure

The Managing Board bears responsibility for CSR and discusses the associated policy and strategy with the Supervisory Board and other parties. Assistance is provided by the various departments and by a CSR Committee. In addition, a CSR Coordinator has been appointed within the organisation.

### Chair of highest governance body / independence

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

### Independence of members of unitary board structure

Not applicable.

### Mechanisms for shareholders and personnel

Shareholders are convened by the Managing Board or the Supervisory Board by written notice stating the topics to be addressed. Shareholders representing at least 1% of the issued capital may submit topics to be placed on the agenda in writing.

The General Meeting of Shareholders will adopt the financial statements and discharge the members of the Managing Board for their management and the members of the Supervisory Board for their supervision.

A delegation of employees who have been elected to the Works Council is involved in the Bank's business operations.

### Remuneration of senior management

See the 2016 Remuneration Report on page 99 of the Annual Report.

#### Remuneration policy

The remuneration policy for NWB Bank's Managing Board is aimed at recruiting and retaining highly qualified and skilled directors. NWB Bank generally pursues a policy of moderation with respect to directors' remuneration, in accordance with generally accepted standards. For details of the policy, please refer to the website, which provides information about compliance with the Dutch Regulation on Restrained Remuneration Policies under the Wft 2014 (Regeling beheerst beloningsbeleid Wft 2014).

#### Fixed remuneration

The fixed remuneration is subject to indexation in conformity with structural income adjustments, as laid down in the collective labour agreement for the banking industry.

#### Variable remuneration

Variable remuneration of the members of the Managing Board equals no more than 15% of their fixed remuneration. Variable remuneration is based on the relevant member's performance, that of the business units he or she is responsible for and that of the Bank as a whole. This performance has been quantified as predetermined and assessable performance criteria. The variable remuneration of the Managing Board members comprises a short-term component (10%) and a long-term component (5%). The amounts of both are determined on the basis of pre-set short-term targets for the relevant year. The long-term component is deferred, with payment being conditional upon the achievement of the pre-set long-term targets. The long-term elements are:

- standard & Poor's and Moody's ratings for the Bank must equal the sovereign rating for the State of the Netherlands
- strategy

Following each four-year period, achievement of these long-term targets is assessed and payment of the annual deferred variable component of a maximum of 5% is decided upon.

The short-term component of the variable remuneration is determined on the basis of the following elements:

- profit (in line with the targets set out in the annual budget)
- risk management (in line with internal and external sets of standards)
- strategy/policy implementation (in line with the targets set out in the annual policy paper)
- personal areas for attention

Specific targets have been agreed for CSR in the Policy Memorandum.

### **Monitoring conflicts of interest**

The Code of Conduct sets out the principles which NWB Bank employees should apply in their daily activities. Preventing conflicts of interest is an important aspect of the Code. Non-compliance with the Code may result in measures under employment law. The Code of Conduct has been posted on the Bank's website.

Where Managing Directors hold other positions or carry out transactions, conflicts of interest may arise. The Supervisory Board has been informed of all other positions held by Managing Directors. As in previous years, no transactions took place during the year under review that involved a conflict of interest.

### **Qualifications and expertise of the Managing Board**

The Bank is managed by a Managing Board which, in accordance with the Dutch Financial Supervision Act, should be comprised of at least two members. Managing Directors are appointed by the General Meeting of Shareholders for a term of four years on nominations by the Supervisory Board. In 2016, the Managing Board consisted of three members, one of whom has been appointed Chairman.

#### **M. Snel (1970)**

Joined NWB Bank in 2016, Chairman of the Managing Board since September 2016.

Portfolio: strategy, communications, HRM, legal affairs and compliance, Internal Audit Department.

#### **L.M.T. van Velden (1964)**

Joined NWB Bank in October 2008, a member of the Managing Board since January 2010.

Portfolio: finance, risk management, back office, ICT, security management, tax.

#### **F.J. van der Vliet RBA (1967)**

Joined NWB Bank in January 2012 as a member of the Managing Board.

Portfolio: lending, funding, asset and liability management, facility management.

In performing their duties, the three Managing Board members take the economic, social and environmental indicators into account. Given the Bank's size, it is difficult to make direct allocations.

### **G4-54 Median for Chair of Managing Board/other employees**

Based on principles in the Annual Report, the ratio between the remuneration of the Chair of the Managing Board and the median of the other employees of NWB Bank for 2016 is 4.22.

#### G4-56 Ethics and integrity

NWB Bank attaches great value to its reputation as a solid and respectable bank for the public sector. For this reason, compliance and integrity play an important role in the Bank's control mechanism. The Bank wishes to ensure that its customers and investors can be completely confident in using its services and secure in the knowledge that their funds are safe.

Following on from the Banking Code, the members of the Managing Board have signed the declaration of moral and ethical conduct. The principles of this declaration apply to all the employees and have been further elaborated in a Code of Conduct. The Code of Conduct forms part of the employment contract. In addition, the Code of Conduct has been posted both on the Intranet and on the Bank's website. In addition, all employees (including the members of the Managing and Supervisory Boards) and all external staff who perform work for the banking operations for more than three months took the banker's oath.

NWB Bank has assigned some of the compliance-based duties to the Legal & Compliance Department and, where supervision of compliance with the Insider Regulation is concerned, to an external supervisory authority. The external supervisory authority reports to the Managing Board and the Supervisory Board, while the internal Compliance Officer reports directly to the Managing Board. These reporting lines confirm the value that the Bank attaches to internal supervision and to the work of both Compliance Officers. The supervision-based rules and rules of conduct are an important element of the compliance role.

#### G4-Management approach

##### CSR Committee

A CSR Committee operates at NWB Bank, comprising members of several of the Bank's departments, Managing Directors and the CSR Coordinator. The CSR Committee is accountable to the Managing Board. Its aim is to:

- design the policy/strategy
- monitor social and environmental risks
- structure input from stakeholders and specific target groups
- discuss topical CSR themes in relation to the Bank's CSR policy
- monitor CSR policy action items
- formulate targets and objectives
- debate challenges (obstacles) the Bank faces
- report on CSR

The subject is periodically addressed during Supervisory Board meetings. On those occasions, the Supervisory Board discusses a number of material aspects with regard to the current strategy and the future. In addition, the exclusion criteria for lending are discussed with the Supervisory Board.

The CSR committee meets every month. The members concerned have been given the opportunity to spend some of their time working for the CSR Committee in addition to performing the duties inherent to their respective positions.

The CSR Committee's budget comprises, at a minimum, the Water Innovation Award (2016: €25,000), sponsoring, any environmental measures, assurance costs and allocated hours of employees.

Major CSR performance objectives (POs) and minimum preconditions (MPs) have been defined for the next three to five years, broken down by theme. The performance objectives are measurable and can be influenced, and are therefore a challenge for the Bank. The minimum preconditions are based on, for instance, applicable laws and regulations, governance codes and internal codes and rules of conduct.

### Reporting process

Each individual member of the CSR Committee bears operational responsibility for his or her share in reporting. The reporting process has been integrated into the internal control structure, which also involves monitoring of social and environmental risks. Risk management (including CSR aspects) forms an integral part of NWB Bank's processes.

The internal audit department monitors reporting quality, testing all the Bank's key processes at least once every two years and the CSR Report once every year. With respect to the carbon matrix, for example, both an internal audit and an external assurance review are performed for the methods used to measure (consumption), estimate (measure in the event of uncertainty) and calculate (Defra conversion factors). The involvement of the risk management department and the internal audit department safeguards the quality of the CSR data. In addition, it is verified whether processes other departments use in providing information are in accordance with the formalised internal control structure. In this context, it is established whether the input from stakeholders and specific target groups is included in the report.

No changes were implemented in 2016 in the definitions and measurement methods for the reported data compared with prior reporting periods.

In the Annual Report, NWB Bank has included an explicit disclosure concerning any changes in the policy and the targets regarding social aspects of running a business compared with prior the reporting period. The targets have remained the same in terms of their content (interest calculator has been discontinued, a target per employee has been included for CO<sub>2</sub>). The Bank now reports more extensively on the impact of the organisation, which was one of the elements that was highlighted in the materiality assessment (MIP).

The Managing Board bears final responsibility for CSR.

Shareholders may respond to the CSR Report during the General Meeting of Shareholders. Minutes are drawn up of those meetings and, to the extent possible, recommendations made by shareholders are followed up. In addition, customers are asked for input during customer meetings, which input is discussed periodically in a consultative body.

Other observations regarding stakeholders:

- NWB Bank invites its stakeholders to submit suggestions they may have with respect to the Bank's CSR policy and reports, which can be sent to its email address [imvo@nwbbank.com](mailto:imvo@nwbbank.com).

## Overall approach

The strategy (and the strategic priorities) of NWB Bank, and the resulting annual plans and policy amendments, are discussed at Managing Board meetings and subsequently within the management team. Implementation of the annual plans is monitored internally by the Managing Board based on periodic reports, which are also placed on the management team and departmental meeting agendas. Plans, policy changes and results directly related to CSR are also discussed by the CSR Committee, which gives rise to CSR targets that are discussed in the CSR Committee every six months. The CSR objectives are included in the objectives of the various departments and staff members involved. The extent to which NWB Bank is prepared to accept the abovementioned risks is reflected, with regard to the economic risks, in the Bank's risk appetite. With regard to the labour, environmental and social risks, this is also included in the formulation of CSR policy. The short-term and long-term actions arising from the CSR policy and associated targets are primarily discussed in the CSR Committee and are included in the half-yearly monitoring of the CSR targets. This approach provides the best match with NWB Bank's compact organisational structure and is expected to continue to do so in the future.

## Performance indicators

### Labour indicators

#### G4-LA1 Total number and rates of new employee hires and employee turnover by age group, gender and region

	2015		2016	
	number of employees	%	number of employees	%
Employees aged 61 to 70 jaar	1	1.9	0	0
Employees aged 51 to 60 jaar	13	24.1	13	22.8
Employees aged 41 to 50 jaar	24	44.4	25	43.9
Employees aged 31 to 40 jaar	12	22.2	13	22.8
Employees aged 21 to 30 jaar	4	7.4	6	10.5

In 2016 the management team comprised 12 persons, three of whom were women. In 2016 the Managing Board comprised three persons, one of whom was a woman.

**G4-LA6 Injuries, occupational diseases, lost days and absenteeism**

NWB Bank discussed the absenteeism figures at the management team meeting.

<b>Total sickness absence</b> 2015 - 1.28% <b>2016</b> - 1.81%	<b>Short-term absence of up to 7 days</b> 2015 - 1.10% <b>2016</b> - 1.10%
<b>Medium-term absence of up to 42 days</b> 2015 - 0.18% <b>2016</b> - 0.47%	<b>Long-term absence of up to 365 days</b> 2015 - 0% <b>2016</b> - 0.24%

**G4-LA9 Average hours of training per year per employee by employee category**

NWB Bank attaches great importance to having a training budget. Department managers monitor employee development at an individual level, giving due consideration to the Bank's objectives. Employees also have their own responsibility where their employability is concerned.

In 2016, an average amount of €3,666 per employee was spent on training (including in-company training sessions). It is estimated that a total of 3,228 hours was devoted to training. This is an average of 56 hours per employee.



NWB Bank organised a number of in-company training sessions last year on the subjects of risk management, English language, emergency response training, as well as ICT courses.

**G4-LA11 Percentage of employees receiving regular performance and career development reviews**

All employees of the Bank take part in the annual cycle of goal-setting, assessment and review interviews.

**G4-LA12 Breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity**

No distinction is made on the basis of minority group membership or ethnic origin. A breakdown of employees per employee category according to gender and age group is included under G4-LA1.

**G4-LA14 Percentage of new suppliers that were screened using labour practices criteria**

Suppliers are assessed against the sustainable procurement criteria set by PIANOo, the Dutch Public Procurement Expertise Centre. These relate to aspects such as cleaning, paper/printing, building management and maintenance, catering, security, office supplies and hardware (IT).

Documents setting out the criteria for these product groups are available on the website [www.PIANOo.nl](http://www.PIANOo.nl). The Bank applies these criteria in its procurement policy, for instance by submitting the relevant criteria to a supplier and asking it to adhere to them in issuing its offer. Labour-related aspects are an important part of the PIANOo criteria.

**Management approach**

Further details are provided in the CSR section of NWB Bank's Annual Report.

If suppliers breach codes and agreements, a meeting is held with the supplier concerned. This can result in a penalty being imposed or an alternative supplier being sought.

## Environmental indicators

**G4-EN1 Materials used by weight or volume**

With its reporting, NWB Bank seeks to provide an insight into the undertaking's results in relation to the environmental aspects of corporate responsibility in terms of emissions, in particular as regards greenhouse gases and ozone-depleting gases.

For NWB Bank's office-based organisation, paper is the material most used in day-to-day operations. We used an estimated 1,443 kg of paper in 2016 (2015: 1,365 kg). Carbon emissions (4.4 tonnes) from paper use have been offset. In 2017, we will again aim to reduce paper use per employee by further digitising our documents.

In 2016, the total carbon emission from the Bank's company cars amounted to 93 tonnes (2015: 87 tonnes), an increase of more than 6%.

Gas consumption was 55 tonnes in 2016 (2015: 58 tonnes). Gas is supplied by the gas supplier including carbon offset.

In 2016, carbon emissions associated with overseas air travel amounted to 81 tonnes (2015: 67 tonnes).

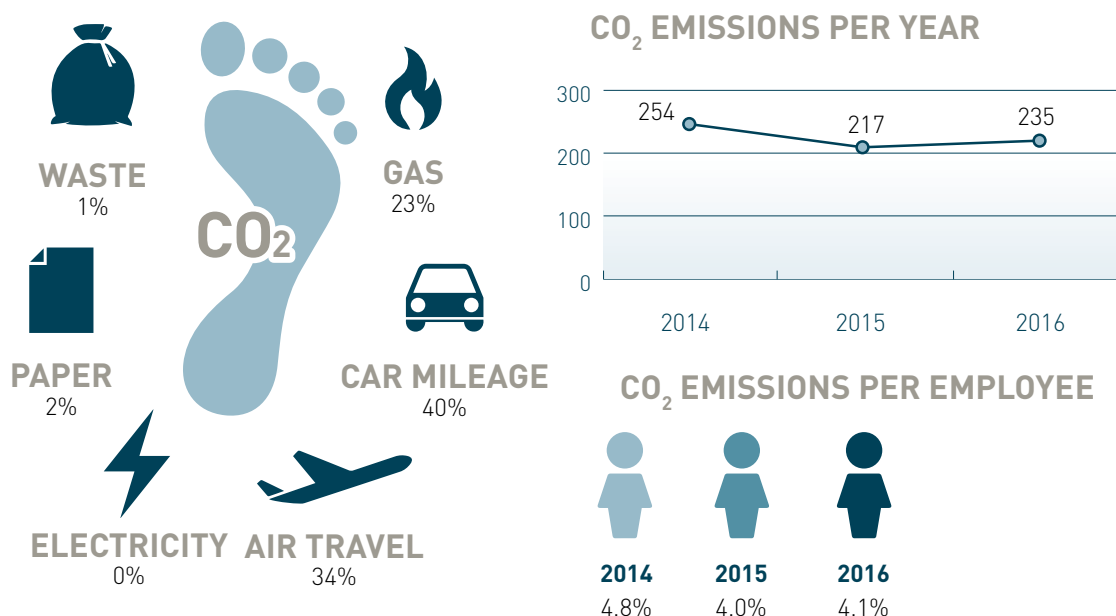
**G4-EN3 Direct energy consumption by primary energy source**

NWB Bank's ambition to use green energy (gas and electricity) was already achieved on 1 January 2010 (see EN16).



#### G4-EN16 Total direct and indirect greenhouse gas emissions by weight

A start was made with monitoring NWB Bank's carbon footprint in 2010. The chart below shows carbon emissions totalling approximately 235 tonnes for 2016 (2015: 217 tonnes). In 2016, electricity was from renewable sources without direct carbon emissions. Gas was supplied by the utility company including carbon offset. Carbon emissions caused by trips abroad were offset for the whole of 2016, as were those caused by company cars. The calculation of the carbon footprint is included in Appendix 1.



#### G4-EN 19 Initiatives to reduce greenhouse gas emissions and reductions achieved

NWB Bank aspires to operate in a carbon-neutral manner as regards accommodation and air travel, by offsetting CO<sub>2</sub> where needed. As regards the company cars, it seeks to achieve a positive effect by encouraging employees to drive energy-efficient cars (energy labels). For 2016, carbon emissions caused by company cars were offset.

#### G4-EN 23 Total weight of waste by type and disposal method

As early as 2009, new arrangements were made with the Bank's waste processor, which issued a certificate showing that a certain amount of CO<sub>2</sub> is offset annually through the Climate Neutral Group. On the basis of the waste processor's information, no distinction can be made by type of waste. All waste is processed by the waste processor, which means that no waste is dumped, not even in exceptional cases. Wastewater is disposed of via the sewage system. NWB Bank is negotiating with suppliers in order to further improve sustainability arrangements.

### G4-EN 31 Total environmental protection expenditures and investments by type

In 2016, no further investments were made.

#### Management approach in respect of Environment indicators:

1. Mobility: The maximum permitted CO<sub>2</sub> emissions per company car are 165 grams per kilometre. The travel policy recommends travel by public transport. Train travel is preferred over air travel in Europe. Arrangements have been made about this with the Bank's business travel agency.
2. Sustainability aspects are considered when purchasing consumer items. The procurement criteria of the Ministry of Infrastructure and the Environment form the basis for doing so. If it turns out that suppliers are breaching these criteria, this will be discussed and, if necessary, the relationship will be terminated.
3. New arrangements have been made with the Bank's suppliers of gas, electricity and business travel. At the end of 2009, a different gas supplier (Greenchoice) was chosen. It supplies gas in a carbon-neutral manner by means of carbon offsetting. There are also the arrangements regarding foreign travel and carbon emissions associated with overseas air travel are offset. An agreement has been made with the waste processor that emissions will be offset. As from 1 January 2012 electricity has been supplied by Greenchoice. The contract with Greenchoice has been checked against the conditions for sustainable procurement of the Ministry of Infrastructure and the Environment.
4. The environmental management system is shown in appendix 6. On the ministry's request, NWB Bank has reviewed how the organisation's CO<sub>2</sub> emissions can be reduced further.

## Social indicators

### G4-S01 Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting

In addition to the activities of NWB Fund, project sponsorship (in the fields of water, the arts and books) and long-term dialogue with NWB Bank's stakeholders play an important role. Over the past few years, the Bank has donated €20.5 million to NWB Fund. Project sponsoring involves smaller amounts (for further information, see the CSR report).

### G4-S04 Percentage of employees trained in anti-corruption policies and procedures

All employees attended an integrity training programme in 2015 in connection with the banker's oath. The Bank makes no donations to political parties.

#### G4-S05 Confirmed incidents of corruption and actions taken

No incidents of corruption have been reported to the organisation. NWB Bank has taken various preventive actions to combat corruption, the most important ones being pre-employment screening, the Insider Regulation, the Code of Conduct and the Whistleblower Procedure.

#### Social results benchmarks:

The World Justice Project (WJP) Rule of Law Index® provides original, impartial information on how the rule of law is experienced in everyday life in 102 countries around the globe. The Netherlands is one of those countries and features in the top 10.

The Worldwide Governance Indicators (WGI) reports aggregate and individual governance indicators for 215 economies over the period 1996–2014, for six dimensions of governance. The Netherlands ranks in the highest category for each of these dimensions <http://info.worldbank.org/governance/wgi/index.aspx#home/>.

#### Management approach in respect of the social indicators:

1. The performance indicators relate to aspects such as organising employee integrity training and increasing the Bank's input in debates in the public and financial sectors about policy that is relevant to NWB Bank. The Bank attaches great value to the integrity of its employees. It considers this an important social trend in the financial sector, which it puts into practice through such measures as pre-employment screening and DSI registration for employees who work in commercial or integrity-sensitive positions.
2. In addition, NWB Fund and the prevention of corruption are important topics in this connection. NWB Fund is an important element supporting the Bank's social policy.
3. In the year under review, NWB Bank again engaged the services of organisations dedicated to special groups in society. For instance, customer files were digitised by an employee of AutiTalent, which provides work for people with autism. In addition, the Bank offered traineeships to pupils in higher professional and senior secondary vocational education.
4. In 2016, based on its views on CSR, NWB Bank participated in a project, for example, which contributed to educating pupils in primary and secondary education about finance. NWB Bank being a small organisation, participation in the project required extra efforts from the employees involved. It was gratifying to see their active approach and enthusiasm. The Bank participated in these projects because it attaches great importance to sharing knowledge. It considers this an important social trend in the financial sector.

## Economic/Financial indicators

### **G4-EC1 Direct economic value generated and distributed including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments**

See the financial statements in the Annual Report.

### **G4-EC3 Coverage of the organisation's defined benefit plan obligations**

All the Bank's pension obligations towards its employees are administered by AEGON. The Bank does not administer these pensions itself. The choice of pension administrator is reconsidered on a regular basis.

### **G4-DMA Procedures for assessing and screening environmental and social risks**

Lending to public-sector institutions and funding its own operations on the international capital market are NWB Bank's principal duties. As part of integrating sustainability aspects in loan reviews, the Bank identified the extent to which the top ten housing corporations among its customers report on sustainability aspects. Certain CSR aspects are assessed (PPS: equator principles, CSR policy on criteria for exclusion), as they may affect a customer's risk profile.

### **G4-DMA Interactions with clients/investees/business partners regarding environmental and social risks and opportunities**

NWB Bank extended its dialogue with borrowers in 2016. One of the topics addressed in the discussions with its customers is sustainability. Furthermore, institutional investors are interested in the sustainability aspect of NWB Bank's own funding. They engage research agencies specialising in sustainability that use questionnaires and assessments concerning the Bank's CSR policy and its transparency. For example, the Bank's sustainability profile was charted by Sustainalytics, IMUG, OEKOM and CICERO. These research agencies' findings are published on the website.

### **G4-FS6 Percentage of the portfolio (lending and funding) for business lines by specific region, size and by sector**

See the financial statements in the Annual Report.

### **G4-FS7 Monetary value of products and services designed to deliver a specific social benefit**

NWB Bank ensures that housing corporations have access to the capital market at the best possible financing costs. In this way, the Bank helps create affordable rented accommodation for the social sector. The government facilitates this by acting as a backup for WSW-guaranteed loans to housing corporations. The WSW guarantee is embedded in a security structure. This structure must ensure that sufficient financial resources are available to solve potential financial problems at one or several WSW participants without jeopardising the guarantee system itself.

#### **G4-FS8 Monetary value of products and services designed to deliver a specific environmental benefit**

In 2016, NWB Bank again issued a highly successful benchmark green bond (known as 'Waterobligatie', or water bond) with a principal amount of €1.25 billion. The issuing of this water bond underpins the role of NWB Bank as a robust and sustainable finance partner for the funding of the water authorities' climate adaptation and mitigation projects.

#### **G4-DMA Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures**

The IAD annually draws up an audit plan, under which all of the Bank's operating processes must be audited at least once every two years on the basis of a risk analysis. Reports are issued to the managing board and to the audit committee and risk committee.

#### **G4-FS10 Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues**

NWB Bank uses various channels to communicate with its customers. These issues are addressed during client meetings, in connection with subjects such as the Water Innovation Award.

The Bank also hosts annual events, tailored to its customer segments, at which the workings of the financial markets and related current developments are explained and specific topics are addressed. These educational events aim to enhance customers' financial knowledge and help improve their financial processes.

#### **G4- FS11 Percentage of new loans subject to positive and negative environmental or social screening**

A number of sustainability criteria was formulated as part of the 'Operating in a sustainable and socially relevant way' theme. Those sustainability criteria on whose basis products, services and business processes are ruled out for investment/funding by NWB Bank are included in the CSR policy. The application of those criteria is monitored by carrying out random checks of specific loans with a purpose which may impact these criteria and by analysing annual reports.

#### **G4-DMA Policy for honest design and sales of financial products and services**

This policy is part of the 'product approval process'; this process was updated in early 2016.

NWB Bank is not aiming for maximum profit; rather, it aims to create social added value by providing financing at the lowest possible interest rate and being available for its clients at all times. In setting the interest rates for new loans, the Bank applies a credit spread on top of the interest rate prevailing in the market at that time. This spread is expressed in basis points and added to the market interest rate. The market interest rate is based on the swap interest rate for the relevant maturity and can be readily verified by various means using the internet. The interest terms are discussed clearly with the client in advance, so that these can be reliably compared by the client with other proposals, and on the same basis. Apart from the interest rate on the loan, the Bank does not charge any commission or other fees.

Every week, the Bank sends an overview of indicative market interest rates and credit spreads for a range of maturities to its clients, so that they can closely follow the developments in this field. Clients can contact the Bank at any time for information on indicative rates and can perform dry runs, if required. For non-regular loans, such as maturity extensions, the Bank provides the client with an overview including a breakdown of the components making up the rate.

**Management approach in respect of the Economic/Financial indicators:**

1. NWB Bank's new products are subject to an approval process before being marketed. Attention is explicitly devoted to the Bank's duty of care and risk control in this procedure for the assessment of new products.
2. NWB Bank principally lends to governments and government-backed institutions, with these loans usually serving a sustainable and social goal. Moreover, the governments are, in turn, bound by sustainable procurement criteria of the Ministry of Infrastructure and the Environment.
3. NWB Bank strives to acquire a significant market share in the financing of social housing/municipal authorities/water authorities/healthcare institutions.
4. In the event of specific loan applications, the sustainability of customers is considered as part of the loan review.

**G4-DMA Initiatives to enhance financial literacy among customers**

Each week, NWB Bank sends out an overview to customers detailing relevant financial developments. A newsletter is sent to clients on a daily basis and customer events are organised on a regular basis.

## Product Responsibility

**G4-PR3 Types of information on products and services required by the applicable procedures and regulations, and percentage of products and services subject to those informative requirements**

Depending on the type of product, different information requirements will apply. For each product, the legal and compliance department will advise on the information requirements. Examples:

- bonds are issued under a Debt Issuance Programme that has been approved by the Netherlands Authority for the Financial Markets (AFM)
- WSW and Wfz templates are used for loan agreements with housing corporations and healthcare institutions, respectively

The product approval process plays an important role in product responsibility, in which all of the Bank's relevant departments are involved. The legal and compliance department checks whether the information provided with products and services satisfies the statutory information requirements. If desired and/or necessary, products are provided with product descriptions, which also address the related risks.

#### **G4-PR 8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data**

Customers of NWB Bank may report complaints as follows, in accordance with Clause 34 (Complaints and Disputes) of the Bank's General Terms and Conditions:

1. if a customer is dissatisfied with the Bank's services, it should first contact the Bank.
2. disputes arising between the customer and the Bank are exclusively submitted to the competent Dutch court, except if mandatory law provides otherwise or if:
  - a) the customer elects to submit a dispute to the competent disputes and complaints committee.
  - b) the Bank elects to submit a dispute to the foreign court having competence for the customer's case.

In 2016, no complaints were received from customers regarding breaches of customer privacy and losses of customer data. No other complaints were received either.

#### **G4-PR 9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services**

No fines were imposed on and/or legal proceedings instituted against NWB Bank for non-compliance with rules concerning the provision and use of products and services in 2016.

## Human Rights

#### **G4-HR 1 Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns or which have undergone human rights screening**

NWB Bank offers its lending services solely in the Dutch public sector. The Netherlands has legislation and constitutional provisions on human rights, which is why the agreements NWB Bank enters into do not contain specific paragraphs on human rights.

In analysing customers and transactions, NWB Bank is bound by the Dutch Financial Supervision Act and the Dutch Anti-Money Laundering and Terrorist Financing (Prevention) Act (Wet ter voorkoming van witwassen en financieren van terrorisme, Wwft).

#### **G4-HR3 Total number of incidents of discrimination and corrective action taken**

Discrimination is a type of unwanted behaviour, as laid down in NWB Bank's regulation on unwanted behaviour in the workplace. No incidents of discrimination were reported in 2016.

## Appendix 1 Calculation of carbon footprint

To report the emission of greenhouse gases connected with an organisation's activities, 'activity data', such as the distance travelled, litres of fuel used or tonnes of waste and the carbon emitted are gathered from users. The Defra factors provide the values that should be used for conversion into carbon emissions. Defra provides step-by-step instructions on how to use the factors and enables users to calculate the volume and nature of greenhouse gases they use for their reports.

The monetary value of the Carbon footprint can be calculated by using the CO<sub>2</sub> which, at a price of €7 per tonne, comes to €1,645. Based on the Climate Neutral Group's calculation CO<sub>2</sub> emission setoff.



## Overview of NWB Bank's Carbon Footprint

Paper, office	Unit	Amount	Factor	Unit	CO <sub>2</sub> -emissions
Total amount of paper	kg	1,443	3.08	kg CO <sub>2</sub> /ton kg	4
Data collection method details (measurement, calculated, estimated) and assumptions applied	Based on supplier's invoices				
Natural gas, office	Unit	Amount	Factor	Unit	CO <sub>2</sub> -emissions
Total amount of natural gas	Nm <sup>3</sup>	30,843	1.78	kg CO <sub>2</sub> /nm <sup>3</sup>	55
Data collection method details (measurement, calculated, estimated) and assumptions applied	Based on Greenchoice gas bill				
Electricity	Unit	Amount	Factor	Unit	CO <sub>2</sub> -emissions
Amount of 'green' electricity (sun, wind, hydro, geothermal heat, biomass)	kWh		0	kg CO <sub>2</sub> /kWh	0
Amount of 'grey' electricity (other, including nuclear energy)	kWh	0	0.463	kg CO <sub>2</sub> /kWh	0
<b>Total</b>					<b>0</b>
Data collection method details (measurement, calculated, estimated)	Based on the Greenchoice invoice				
Company cars	Unit	Amount	Factor	Unit	CO <sub>2</sub> -emissions
Total amount of petrol	Litre	19,752	2.78	kg CO <sub>2</sub> e/l	54.9
Total amount of diesel	Litre	12,088	3.135	kg CO <sub>2</sub> e/l	37.9
Total Amount of LPG	Litre	0	1.86	kg CO <sub>2</sub> e/l	0
<b>Total based on litres</b>					<b>0</b>
<b>Total for cars</b>					<b>93</b>
Data collection method details (measurement, calculated, estimated)	> EUR 29,036 in petrol costs based on the records; > In 2016, the average price of petrol was EUR 1.47 (www.statline.cbs.nl); => This brings the number of litres consumed to 19,752. > EUR 13,659 in diesel costs based on the records; > In 2016, the average price of diesel was EUR 1.13 (www.statline.cbs.nl); => This brings the number of litres consumed to 12,088.				
Air travel	Unit	Amount	Factor	Unit	CO <sub>2</sub> -emissions
Short (<450km)	Number	62	-	kg CO <sub>2</sub> e/km	-
Medium (450-1600km)	Number	7	-	kg CO <sub>2</sub> e/km	-
Long (+1600km)	Number	2	-	kg CO <sub>2</sub> e/km	-
<b>Total</b>					<b>83</b>
Data collection method details (measurement, calculated, estimated)	Flight data based on list of settled Airplus transactions. These flight data are then offset via the Climate Neutral Group (per zone).				
<b>Total CO<sub>2</sub>-footprint</b>					<b>235</b>

## Appendix 2: Analysis of the ten Principles of the United Nations Global Compact

The Ten Principles of the United Nations Global Compact	Category	Risks
<b>Principle 1</b> Businesses should support and respect the protection of internationally proclaimed human rights.	Human rights	non-compliant to covenant
<b>Principle 2</b> Make sure that they are not complicit in human rights abuses.	Human rights	non-compliant to covenant
<b>Principle 3</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Labour	-
<b>Principle 4</b> The elimination of all forms of forced and compulsory labour.	Labour	-
<b>Principle 5</b> The effective abolition of child labour.	Labour	-
<b>Principle 6</b> The elimination of discrimination in respect of employment and occupation.	Labour	lack of transparency
<b>Principle 7</b> Businesses should support a precautionary approach to environmental challenges.	Environment	non-compliant to governmental procurement rules
<b>Principle 8</b> Undertake initiatives to promote greater environmental responsibility.	Environment	-
<b>Principle 9</b> Encourage the development and diffusion of environmentally friendly technologies.	Environment	no differentiation in lending terms
<b>Principle 10</b> Businesses should work against corruption in all its forms, including extortion and bribery.	Anti-corruption	no training or dated policy

Impact	Opportunity	Goals (NWB/Country Level)	Action
Low	be more transparant about relevant human rights aspects	Future: NWB Bank will comply with the IMVO conveyant	In 2016 NWB has signed the IMVO covenant for Dutch Banks.
Low	be more transparant about relevant human rights aspects	Future: NWB Bank will comply with the IMVO conveyant	In 2016 NWB has signed the IMVO covenant for Dutch Banks.
Low	be more transparant about country performance	Current: NWB Bank adheres to the 'cao banken'	-
Low	be more transparant about country performance	Country level	Refer to the WJP Rule of Law Index, The Netherlands ranking.
Low	be more transparant about country performance	Country level	Refer to the WJP Rule of Law Index, The Netherlands ranking.
Medium	transparant about company and/or country standards	Current: As required by law and the collective bargaining agreements in place, NWB Bank approaches its employees respectfully and with due care, without in any way discriminating.	-
Medium	fully-compliant to governmental procurment rules	Current: Sustainable procurement fully achieved in 2017	Engagement
Medium	goals, training and implementation of EMS	-	Assess the possibility of implementing an EMS and perform a energy audit.
High	earmarking lending to pojects with environment friendly technologies	New: 'impact lending': cooperation agreement with EIB and others	Consider special terms (discount rate) for projects with environmental friendly technologies (impact lending).
Low	trianing and policy update	Current: biannual anti-corruption/integrity training	- biannual training - customer due diligence policy has been updated.

## Appendix 3: NVB Climate Statement

NVB	Statements of Dutch banks	NWB Comments
1	Dutch banks are transparent about the impact of our operations on climate change and we are working on the continuous improvement of energy efficiency.	NWB provides details of its Carbon footprint.
2	Dutch banks take sustainability, climate impact and environmental damage into consideration in our financing and investment decisions.	NWB Bank applies the exclusion criteria as formulated in the CSR policy.
3	Dutch banks work towards transparency regarding the positive and negative impact of our loans and investments on climate change.	The green bonds show how loans to water authorities contribute to positive effects as regards climate change.
4	Dutch banks encourage our customers to reduce CO <sub>2</sub> emissions wherever possible and provide products and services to assist them in this endeavour.	NWB Bank issues green bonds for loans to water authorities and its sustainable activities.
5	Dutch banks strive to accelerate the sustainability of the Dutch housing stock, offices and other property.	NWB Bank monitors the top ten housing corporations as regards policy and sustainability performance.
6	Dutch banks enter into dialogue and collaboration with society on climate adaptation and mitigation and its financing.	For NWB Bank, this is primarily relevant to Green Bonds.
7	Dutch banks play an active role in the development of national and international policies and criteria for climate and energy-related investments, such as Green Bonds.	NWB Bank follows and/or is involved in the Green Bond Principles and current trends such as, for example, the social bond.
8	Dutch banks encourage the Dutch government to implement binding, effective European climate objectives, including in its capacity as future holder of the EU Presidency.	NWB Bank follows the steps taken by the Dutch government.
9	Dutch banks encourage the Dutch government to view climate change as a top priority during its EU Presidency and work towards creating an effective CO <sub>2</sub> price.	NWB Bank follows the steps taken by the Dutch government.
10	Dutch banks encourage the Dutch government to provide incentives for companies and institutions and enable them to publish their CO <sub>2</sub> emissions so that banks can better include the climate impact in their financing and investment decisions.	NWB Bank follows the steps taken by the Dutch government.

## Appendix 4: ICSR agreement

In October of 2016, the government, NWB Bank, 12 other Dutch banks, the Dutch Banking Association (NVB) and a number of stakeholders signed the ICSR agreement for the banking sector.

The aim of the agreement is to reduce the risks of human rights violations in international value chains. The agreement is an excellent example of how the banking sector is further developing a dialogue with its stakeholders. NWB Bank welcomes this opportunity to increase the impact of the banking sector and will comply with this agreement.

NWB Bank has identified the action points arising from this agreement. The stakeholders were informed of the signing of this agreement by means of a press release. Moreover, the human rights aspect was also taken into account in the update of NWB Bank's CDD policy. Also, the Bank reports in appendix 3 on the UN Global Compact principles 1 & 2 on human rights. For NWB Bank, which focuses primarily on lending in the Dutch public sector, human rights are, as a rule, not directly relevant in its lending, or only in an indirect manner.

## Appendix 5: CSR Glossary

**CSR (for NWB Bank):** combining our objectives as a promotional bank with a proactive approach in order to make a positive impact in social, environmental and economic terms.

**Carbon footprint:** to gain an insight into carbon emissions (for NWB Bank) they are calculated in the form of a carbon footprint. Charting carbon emissions reveals their chief originators. Greenhouse gases such as CO<sub>2</sub> have a negative impact on the climate and offsetting can limit that impact.

**Equator Principles:** a risk management framework for project financing, adopted by financial institutions, which is used to determine, assess and manage social and environmental risks in projects.

**Global Compact:** a United Nations initiative of relevance to undertakings wishing to operate and report in a socially responsible manner. It comprises ten principles in the areas of human rights, labour, environment and anti-corruption.

**Green Bond:** NWB Bank has issued 'water bonds', the proceeds of which are used to finance the water authorities' 'green' activities. NWB Bank uses the Green Bond Principles, which may also be used for other customer groups.

**Green Bond Principles (GBP):** the GBP are guidelines which provide transparency and openness for green bonds. In addition, they foster the integrity of the rapidly growing market for green bonds.

**Global Reporting Initiative (GRI):** an international independent organisation that helps organisations to communicate the impact of business on critical sustainability issues such as

climate change, human rights, corruption, etc.

**G4 Guidelines:** GRI reporting guidelines which organisations use when reporting on their material issues and accompanying environmental, social and economic effects.

**GRI Index:** a GRI navigation tool and document with supplementary detailed information for, and inextricably linked with, the CSR report.

**ICSR agreement:** an agreement on addressing and preventing human rights violations in connection with the corporate financing and project financing of banks and their business partners.

**Supply chain responsibility:** CSR goes beyond the contours of an organisation, affecting the entire value chain in which an organisation operates, such as its suppliers, financial backers, investors, customers and other consumers forming part of the value chain.

**Management approach:** provides readers of the CSR report with information on the strategy and management of an organisation, and context in respect of the reported performance objectives, minimum preconditions and trends in CSR performances.

**Minimum Requirement (MR):** are the preconditions related to CSR which NWB Bank seeks to meet and which are derived, among other things, from laws and regulations, governance codes and internal codes of conduct and rules.

**NL Doet:** with the Dutch national volunteer day 'Nldoet', the Oranje Fonds shows how important active citizens are to society with the voluntary

work they carry out. In addition, Nldoet helps to convey a positive image of voluntary work and shows much fun it can be.

**NWB Fonds:** a fund set up and financed by NWB Bank (with original assets of €20.5 m) to enable the water authorities to meet the strong growth in demand for their expertise and commitment in finding a solution to global water issues in developing countries.

**Material Issues Plot (MIP):** an overview of the material issues which are assessed on the one hand in terms of their importance to the organisation (NWB Bank) and, on the other, their importance to its stakeholders.

**Performance objectives (PO):** CSR targets which are measurable and can be influenced (and are therefore a challenge for the Bank).

**Pianoo:** an organisational unit of the Ministry of Economic Affairs whose task is to make procurement and tendering more professional in all government authorities. It provides government institutions with detailed information per product group on socially responsible procurement, such as environmental criteria documents and information on social conditions and social return.

**Sustainable Development Goals (SDGs):** a set of goals launched in 2015, formulated by the United Nations and intended as a new guiding conceptual framework for sustainable development. NWB Bank and the other Dutch banks seek to play an active part in increasing the sustainability of the economy and the SDGs will be a key frame of reference in doing so.

**Stakeholder dialogue:** in the context of CSR, the Bank regards all persons and organisations with which it collaborates or which attach importance to the social role it performs as a public-sector bank as stakeholders. In any event, the Bank regards its shareholders, customers, investors, employees, supervisory authorities and the government as stakeholders.

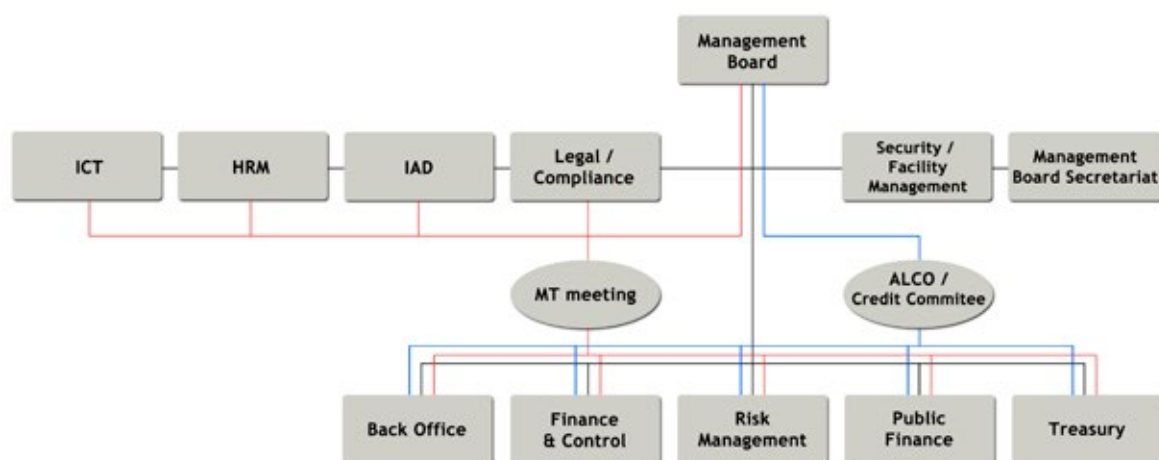
**Transparency benchmark:** an annual review of the content and quality of corporate responsibility reporting by Dutch undertakings (including all publicly held enterprises) carried out every year on behalf of the Ministry of Economic Affairs.



## Appendix 6: Energy audit

### Introduction

Ever since it was incorporated in 1954, NWB Bank has focused its strategy on catering efficiently to the combined finance needs of customers in the public arena. The Bank's strategy is geared to achieving reasonable profits that are adequate to safeguard the Bank's continuity and that enable the Bank's future growth. The Bank's shares are held exclusively by Dutch public authorities. Its position as a Bank whose shares are owned by Dutch public authorities and the restriction of its lending operations to the public sector, both enshrined in its Articles of Association, safeguard NWB Bank's robust profile. Sustainability and relevance to society are key spearheads in that strategy. The organisation chart of NWB Bank is as follows.



NWB Bank has its office at Rooseveltplantsoen 3 in The Hague. NWB Bank has around 57 employees. NWB Bank has one location. For a small office-based organisation such as NWB Bank, it is a challenge to have an impact in terms of the environment as well. NWB Bank believes, however, that it should act as a role model for its stakeholders, which is why it attaches importance to acting with environmental awareness.

The contact person for this is Bart Kuipers (manager security and facilities):

Telephone number: +31 (0)70-4166266

E-mail address: [bart.kuipers@nwbbank.com](mailto:bart.kuipers@nwbbank.com)



## Overview

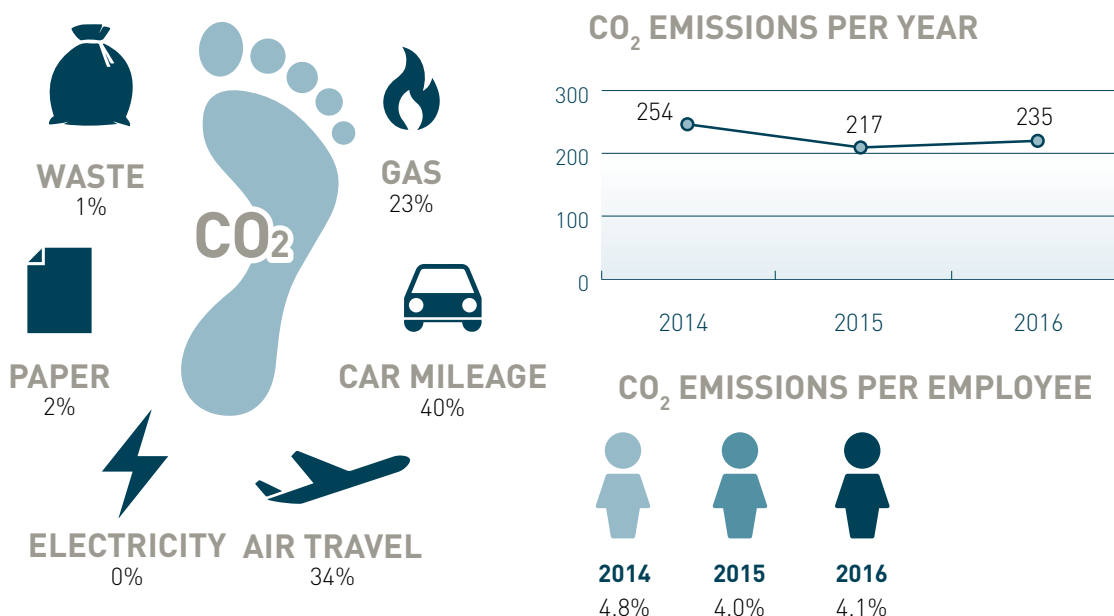
The table below provides an overview of all energy streams existing within NWB Bank, the size and distribution by function of those energy streams and all conversions to other energy carriers, which are based on current, measured and traceable data concerning energy consumption and electricity tax profiles.

Natural gas, office	Unit	Amount	Factor	Unit	CO <sub>2</sub> -emissions
Total amount of natural gas	Nm <sup>3</sup>	32,261	1.78	kg CO <sub>2</sub> /nm <sup>3</sup>	58
Data collection method details	Based on Greenchoice gas bill				
Electricity	Unit	Amount	Factor	Unit	CO <sub>2</sub> -emissions
Amount of 'green' electricity	kWh	228,158	0	kg CO <sub>2</sub> /kWh	0
Amount of 'grey' electricity	kWh	0	0.463	kg CO <sub>2</sub> /kWh	0
Data collection method details	Based on the invoice of Eneco				
Company cars	Unit	Amount	Factor	Unit	CO <sub>2</sub> -emissions
Total amount of petrol	Litre	19,518	2.78	kg CO <sub>2</sub> /l	54,260
Total amount of diesel	Litre	10,266	3.135	kg CO <sub>2</sub> /l	32,183
Total Amount of LPG	Litre	0	1.86	kg CO <sub>2</sub> /l	0
<b>Total for cars</b>					<b>87</b>
Data collection method details	> EUR 30,409 in petrol costs based on the records; > In 2015, the average price of petrol was EUR 1.558 (www.statline.cbs.nl); => This brings the number of litres consumed to 19,518. > EUR 12,628 in diesel costs based on the records; > In 2015, the average price of diesel was EUR 1.23 (www.statline.cbs.nl); => This brings the number of litres consumed to 10,266.				
Air travel	Unit	Amount	Factor	Unit	CO <sub>2</sub> -emissions
Short (<450km)	Number	45	-	kg CO <sub>2</sub> /km	-
Medium (450-1600km)	Number	6	-	kg CO <sub>2</sub> /km	-
Long (+1600km)	Number	3	-	kg CO <sub>2</sub> /km	-
<b>Total</b>					<b>67</b>
Data collection method	Flight data based on list of settled Airplus transactions. These flight data are then offset via the Climate Neutral Group (per zone).				
<b>Total CO<sub>2</sub> footprint</b>					<b>212</b>

#### Details of energy consumption:

- in 2015, the total carbon emission from the mileage of the Bank's company cars amounted to 87 tonnes (2014: 93 tonnes), a decrease of more than 6%
- gas consumption was 32,269 m<sup>3</sup> in 2015 (2014: 28,360 m<sup>3</sup>). Gas is supplied by the gas supplier including a carbon offset
- electricity is green and therefore does not produce CO<sub>2</sub> emissions
- in 2015, carbon emissions associated with overseas air travel amounted to 67 tonnes (2014: 111 tonnes), a drop of nearly 40%

NWB Bank's gross carbon footprint, of which the office building and travel are major components, was also established for 2015. The infographic provides an overview of the origin of the principal categories of CO<sub>2</sub> emissions for 2015, the total of which is estimated at 217 tonnes, a decrease of more than 15% (2014: 254 tonnes).



NWB Bank offsets all carbon emissions, 155 tonnes through the Climate Neutral Group, an organisation striving towards a 100% climate neutral world, and the rest through Greenchoice (gas). Offsetting carbon emissions through the Climate Neutral Group reduces the Bank's negative impact on the climate to zero in all relevant categories, i.e. for all relevant greenhouse gases converted into carbon equivalents. Offsetting takes place by investing in the Climate Neutral Group's sustainable energy projects, which ensure a reduction of carbon emissions elsewhere. The project selection criteria included the impact of the projects on the local population and the region in terms of factors such as employment, transfer of knowledge, improvements in healthcare, economic growth, and local environmental improvements.

### Internal and external factors

NWB Bank aspires to operate in a carbon-neutral manner as regards accommodation and air travel, by offsetting CO<sub>2</sub> where needed. At the same time, the Bank aims to progressively reduce energy consumption. The principal internal and external factors that positively and negatively affect energy consumption by NWB Bank are:

#### Company cars

As regards the company cars, the Bank seeks to achieve a positive effect by encouraging employees to drive energy-efficient cars (CO<sub>2</sub> emissions have been capped). The fleet comprises 15 cars. Travel using public transport is offered within the travel policy. With its bicycle scheme the Bank gives employees an incentive to commute by bicycle. In 2015, 33% of employees (2014: 30%) used that scheme. In the future, the Bank aims to further reduce the maximum CO<sub>2</sub> emissions per car.

#### Air travel

Arrangements regarding foreign travel have also been adjusted and carbon emissions associated with overseas air travel are offset. The Bank encourages travel by train but this is not always the most efficient way to travel. Air travel is limited as much as possible but mainly arises in connection with visits to investors. Investors consider it important to meet employees of the bank in person. These investors come from all over the world (Australia, Asia, the Americas etc.). These visits are made in line with demand and requirements.

#### Gas consumption

Electricity and gas are supplied by Greenchoice. The contract with Greenchoice has been checked against the Pianoo conditions for sustainable procurement of the Ministry of Infrastructure and the Environment. Given the small office-based organisation with a single building it is a challenge to reduce energy consumption related to accommodation. During the most recent renovation in 2012, as many energy-saving measures as possible were installed. At present, further energy-saving measures are being assessed on the basis of a cost/benefit analysis. NWB Bank uses the following systems for its energy supply (year of manufacture and function):

- 2 x Remeha high-output central heating boiler, manufactured in 2003
- air treatment system with heat recovery, brand HCTN, Type NA2004/T40, manufactured in 2010
- diesel-fired emergency generator by SDMO, type Nexys, manufactured in 2009

The temperature in the entire building is automatically set to a minimum of 20 degrees (Celsius). Employees can adjust the temperature up or down by three degrees. The building's central heating system is supported by the intake of fresh air from outside, which is heated with the return water of the central heating system.

The (warm) return air from the building is used to feed air circulation in the underground car park, thus also keeping the temperature there at around 15 degrees.

### Electricity

Cooling ceilings that are connected to the electricity network are used for cooling the office spaces. For lighting, fluorescent lighting that automatically switches off after 30 minutes' absence is used. The lights in the corridors are on from 7:30 a.m. to 7:00 p.m. Furthermore, the computers and other office equipment also use electricity. In this respect, measures such as an energy-saving mode for PCs have been taken. Finally, the server room is fitted with both cooling systems and a ventilation system.

### Potential energy savings

A quantified overview of the potential for energy savings for NWB Bank for the coming four years:

	2015	2016	2017	2018
<b>Natural gas</b>	32,261 Nm <sup>3</sup>	30,000 – 35,000 Nm <sup>3</sup>	30,000 – 35,000 Nm <sup>3</sup>	30,000 – 35,000 Nm <sup>3</sup>
<b>Electricity</b>	228,158 kWh	220,000 – 240,000 kWh	220,000 – 240,000 kWh	220,000 – 240,000 kWh
<b>Company cars</b>	29,784 litres	30,000 litres	30,000 litres	30,000 litres
<b>Air travel</b>	54 trips	50 -60	50 – 60	50 - 60

Converted back to the number of employees and taking account of the expected increase in the number of employees in the years ahead, consumption per employee is as follows:

	2015	2016	2017	2018
<b>Natural gas</b>	556 Nm <sup>3</sup>	526 - 614 Nm <sup>3</sup>	508 - 593 Nm <sup>3</sup>	492 - 574 Nm <sup>3</sup>
<b>Electricity</b>	4,225 kWh	4,074 - 4,444 kWh	3,860 - 4,210 kWh	3,606 - 3,934 kWh
<b>Company cars</b>	552 litres	526 litres	508 litres	492 litres
<b>Air travel</b>	1	0.88 - 1.05	0.85 - 1.02	0.82 - 0.98

### Cost-effective energy saving measures:

#### Natural gas

The results of a climate sustainability review were presented in Q4 2016.

This showed that savings of around 40% of the current (32,000 m<sup>3</sup>, 2015) gas consumption may be possible.

A summary of proposed modifications is set out below:

- Replace central heating boilers
- Modify expand BMS CV
- Install additional balancing valves
- Hydronic balancing
- Calculate and calibrate lockshield
- Expand Priva BMS cooling ceilings
- Install sun guards
- Modify HVAC scheme CO<sub>2</sub>
- Planning of control strategy and setting
- Modify Priva CV 1
- Modify Priva CV 2
- Modify Priva CV 3
- Modify Priva CV 4
- Modify Priva CV 5
- Ease operation of thermostat stick
- Reset dew point control
- Modify control strategy for cooling ceilings
- Modify control strategy for aftercoolers
- Modify exhaust ventilation controls
- Modify WKM volume streams
- Optimise WKM free-cooling

The accuracy and feasibility of the proposed modifications and their effects on energy consumption from the sustainability review are currently being reviewed. With regard to the implementation of measures, the timing of proposed investments must also be considered. The central heating boilers are an example of this. These can be replaced by a more energy-efficient system of boilers but the present boilers have not yet reached the end of their useful technical and economic life. Therefore, this investment will be opportune at some point in the next few years.

#### **Fuel consumption of car fleet**

The sustainability of the car fleet was further increased in recent years by further limiting the maximum energy label. A car was only permitted to have the 'A' energy label. However, the energy label is based on measuring consumption in combination with the emissions of a car, 'in its class'. Therefore, it was possible to purchase an 'A' energy label car whose fuel consumption was high, but low in its class.

The company car policy was modified in 2016 and a maximum for emissions in grams of CO<sub>2</sub> per kilometre is applied. The policy on the maximum emissions is evaluated annually, i.e. maximum emissions are scaled back further for the cars that are purchased in that year. Further increases in the sustainability of the car fleet have been initiated but their effect will only be reflected in data in the longer term.

For cars purchased in 2016, a maximum of 160 grams per kilometre applied with regards to emissions.