



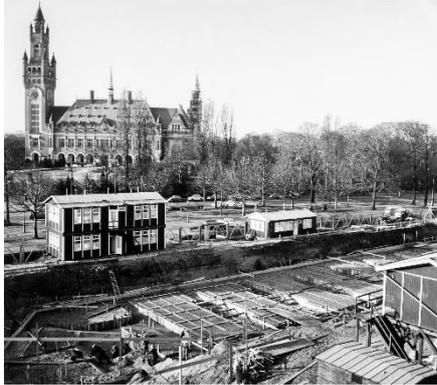
NIBC UN GLOBAL COMPACT COMMUNICATION ON PROGRESS

February 2021

About NIBC

2020 marked 75 years of freedom in the Netherlands, 75 years of the United Nations (UN) and 75 years of NIBC.

Following World War II, on 24 October 1945, the UN was founded with the main objective of promoting peace, security and human rights in the world. Within a few weeks, NIBC was established to support similar objectives for the Netherlands, to instill societal resilience and self-reliance by financing the visionary entrepreneurs who helped rebuild the Netherlands after the war.



This rich history continues to be visible today. Our neighbors the Peace Palace continue to house the principal judicial body of the UN, the International Court of Justice and have been officially designated SDG House by the Ministry of Foreign Affairs of the Netherlands.

At the same time NIBC has evolved to become an enterprising bank offering financing, advisory and co-investing to entrepreneurial corporate and retail clients in north western Europe. Peace, security and human rights are integral to the Sustainable Development Goals (SDGs). Sustainability and the SDGs are embedded in NIBC's business strategy. And in our new shareholder Blackstone, we have found a strong partner to support our strategy as we look ahead and continue to seek growth.



During 2020 and despite the Covid-19 pandemic, NIBC celebrated our 75th anniversary and our heritage. To mark this special occasion, we have launched a special website which focuses on 75 years of making a difference <https://www.nibc75.com/>

In this UN Global Compact Commitment on Progress, we therefore warmly wish the United Nations a very happy anniversary and continued success in addressing human rights, the environment, peace, justice and security.

During each of these 75 years we have continue to be inspired by your example and with this COP we signal our firm commitment to continue to do our part.



UNGC Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights

NIBC is committed to supporting and respecting human rights in all of NIBC’s business practices.

In our 2020 Annual Report, we reported on the human rights aspects of our business, including our risk governance, our business strategy, potential salient adverse human rights risks in our business value chain and how we work to mitigate these risks.

A section on human rights aligned to the UNGP Reporting Framework can be found in our Sustainability Report. We also publish a Modern Slavery Statement on our corporate website in accordance with UK regulations.

Our Human Rights policy is guided by the UN Guiding Principles on Business and Human Rights (UNGPs), the UN Declaration on Human Rights, and core ILO Conventions among other leading international standards.

During 2020, NIBC Bank reviewed and revised our sustainability policies, including our human rights policy. One expectation is that companies should cooperate with the lawful activities of human rights defenders. Threats, intimidation and violence towards human rights defenders have been increasing in recent years. These threats are unacceptable and should be deterred.



Our policy updates are informed by our regular and ongoing consultation with stakeholders. Policy updates are approved by NIBC Bank’s Risk Management Committee (RMC), chaired by our Chief Risk Officer who is a member of our Managing Board.

Although subsidiaries within the NIBC platform operate independently, they follow the governance, compliance, sustainability approach of NIBC. They have adapted this to the scale and complexity of their businesses, product offering, geographic footprint and their operations and supply chain.

Proportionality, reasonableness and common sense as described in international standards are applied given that Lendex and FinQuest are fintech startups and Beequip is a scale-up. Furthermore each

subsidiary has full access to peers within NIBC to advise on policy, compliance or any specific issues as their business grows and develops.

In our 2020 Sustainability Report, we will publish a Human Rights section which addresses the main requirements of the UNGP Reporting Framework (UNGP RF), as has been our practice since 2018. Our hope is that this gives stakeholders transparency and sets a practical example of a UNGP RF report for other mid-sized businesses and helps to make UNGP RF reporting more approachable for more companies. We are committed to continue to share our lessons learned and to learn from others as we move forward.



NIBC's participation in the International Responsible Business Conduct (IRBC) agreement for the Dutch banking sector ended with the expiration of the agreement in 2020. The agreement was an initiative which aimed to address salient human rights issues and promote better practices. However, our work has not ended. NIBC and peer banks are working to form a new initiative during 2021 and continue collaborative efforts with stakeholders in this area.



Effective and accessible grievance mechanisms are an important component of corporates' responsibility to respect human rights. During 2020 NIBC Holding reviewed its complaints procedure and in early 2021 has published the revised procedure on its website. Our core criteria for this mechanism includes legitimacy, accessibility, predictability, equitability and transparency. NIBC is fully committed to cooperate in legitimate external grievances and remedy processes, to the extent reasonable and practical. The updated procedure is aligned to the UNGPs and OECD Guidelines for Multinationals.



Although it was certainly not the first pandemic nor the first global health crisis, Covid-19 has demonstrated the importance of good health as a human right and how not delivering on SDG3 can quickly develop into a financial risk to national and global economies. NIBC supported its corporate and retail clients throughout 2020. We offered bespoke solutions to clients in need including payment holidays depending on each client's specific needs.

[UNGC Principle 2. Make sure that they are not complicit in human rights abuses.](#)

NIBC recognizes our responsibility to help ensure fair business practices in our overall value chain and direct and indirect supply chain.

NIBC Bank performs human rights due diligence and monitoring for corporate transactions and suppliers. We offer a complaints and grievance process which is publicly available in the event that incidents occur. These processes are described in our Annual Report and in our Sustainability Report.

During 2020, we engaged and raised awareness in regard to potential adverse human rights risks with diverse stakeholders such as clients, peer financial institutions, civil society organisations, unions, national authorities, and investors. We regularly engage with civil society organisations and ask for feedback on our own human rights due diligence, assessment processes and tools which we are developing to enhance our human rights due diligence. This regular engagement helps us to continue to refine our approach.



An area that is currently difficult to comprehensively assess in terms of human rights is lower levels of corporate supply chains, for instance beyond the tier one level. This is particularly challenging for mid-sized and smaller corporates since they simply do not have the same

resources as larger multinationals nor the same influence over their suppliers. We are continuing to work together with stakeholders to overcome these challenges.



NIBC is utilising new tools developed in our Innovation Lab to further improve upon existing practices and enhance our human rights due diligence. For example the tooling helps NIBC to evidence human rights policies and adherence to international human rights standards. These findings are used to facilitate discussions on human rights with clients and suppliers. NIBC's standard vendor contracts include commitments which aim to ensure that they are not complicit in human rights abuses.

UNGC Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;



NIBC is committed to respecting labor rights in all of its activities and to support our stakeholders in realizing their labor rights obligations. The right to collective bargaining is recognised and supported by NIBC within our Human Rights policy. We are guided in our approach by the core ILO conventions and other international and national guidelines. Sound labor relations and constructive social dialogue are simply good common sense.



In our own operations, our employees are represented in negotiations with management by our Works Council (NIBC's employee representative body) as described in our Annual Report. Our own Works Council met with NIBC's Executive Committee during 2020 in regard to NIBC's change in ownership, impacts of the pandemic on health and well-being of employees, and other aspects. These aspects are reported on in NIBC's Annual Report and Sustainability Report. NIBC's pandemic crisis team organised numerous events and initiatives to keep employees engaged and to encourage extra interactions.

UNGC Principle 4. The elimination of all forms of forced and compulsory labor;

Authorities have found instances of modern slavery in the Netherlands, UK and Germany in recent years. This means that the risk of forced and compulsory labor exists within the main markets where NIBC and its corporate clients are operating. The risk of modern slavery is prevalent in global supply chains. Therefore NIBC has adopted a strong policy approach to mitigate and preferably fully eliminate all forms of forced and compulsory labor in our activities.



In our policies, we recognise our responsibility to support and respect human rights under the UN Guiding Principles for Business and Human Rights and OECD Guidelines for Multinationals. This includes the responsibility to avoid and eliminate all forms of forced and compulsory labor.



NIBC's risk management processes include due diligence which aims to ensure forced and compulsory labor and child labor are not present in our value chain.

We have a regular dialogue on labor issues with clients, unions and civil society organisations and authorities to discuss progress. These discussions help to ensure we are alert to any new areas of concern, including the specific risks that women, children, migrant workers or other groups may face. We also share knowledge with clients, peers, authorities and other stakeholder groups.

We remain alert to the risk of forced and compulsory labor. Allegations of forced labor in the supply chains of numerous global technology companies were publicly reported during the year. NIBC acted to end a potential corporate transaction due to concerns regarding compulsory labor which were uncovered

during our due diligence. NIBC publishes a Modern Slavery Statement in line with requirements of the 2015 UK Modern Slavery Act, section 54.

UNGC Principle 5: The effective abolition of child labor



NIBC aims to ensure child labor is effectively abolished. We recognise that women, children, migrant workers and other groups face different risks from different sources. Child labor may also be an outcome of other conditions or other human rights violations.



These aspects are addressed in our business risk management practices, human rights due diligence and assessment processes, employee training, and engagement with diverse stakeholders. We are guided in our practices by conventions such as the UNICEF Convention on the Rights of the Child and UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) which are mentioned in our policies.

Through our charitable contributions and activities and initiatives such as the NIBC NGO Boulevard, we



aim to further boost children’s rights, education and develop opportunities for future generations. Despite the pandemic, NIBC employees continued their charitable initiative with Stichting Vitalis and provided holiday gifts to children in need. The event was redesigned to meet local pandemic guidelines and protect the children and our employees.

UNGC Principle 6: The elimination of discrimination in respect of employment and occupation.

Human capital is integral to NIBC’s ability to attract and retain a workforce that will help us to grow, innovate and responsibly deliver financial services to our clients.



NIBC supports equality and is devoted to creating a stimulating work environment for people from all backgrounds. We have zero-tolerance for discrimination (by gender, age, religion, ethnic origin, or nationality) in respect of employment and occupation.



NIBC recognises the sustainability benefits of having a highly diverse workforce, and therefore continue to take steps to increase diversity across the company, during recruitment and promote processes by considering candidates irrespective of gender, age, religion, ethnic origin, or nationality.

Improved diversity is an opportunity for NIBC and its corporate clients. During 2020, NIBC discussed diversity with certain corporate clients with a goal of influencing increased senior management opportunities for women.



NIBC publishes figures in regard to the diversity of its workforce in our Annual Report. We report additional details in our Sustainability Report. NIBC took additional steps during 2020 and its committed to stimulate change during 2021.

We have taken steps for a number of years to achieve gender pay equality. While have we reported on this aspect in our Sustainability Report for a number of years already, we have started to report this in our 2020 Annual Report for the first time. People at NIBC are paid equally, equal pay for equal work, regardless of gender at all levels of NIBC Bank.

Diversity is also reflected in the variety of nationalities represented in our workforce. Although NIBC is present in only 4 countries, 36 nationalities are represented among NIBC Bank’s workforce. NIBC’s

Diversity Committee meets regularly with members of our Executive Committee to discuss our progress on improving diversity and to identify and propose additional steps to take.



NIBC offers several communications channels to ensure they have the ability to raise their concerns if and when needed. For example, Trusted Representatives are available to support and guide employees and confidentially discuss situations. Other possibilities are mentioned in our Code of Conduct guidance, whistleblowing procedures, and during introductions for new employees. We also participate in external grievance processes when asked.

UNGC Principle 7. Businesses should support a precautionary approach to environmental challenges

NIBC applies the precautionary principle through its risk management and compliance approach in regard to potential environmental and human rights risks. Our sustainability framework and related policies govern our approach toward environmental and human rights concerns.

Environmental aspects are considered in our policies, client and supplier assessments and risk management process. This helps to ensure well informed decision-making and that our financings do not harm society or the environment.



For example, in our environmental policy we mention that we aim to avoid investments in or near marine conservation zones or which may adversely impact other high conservation value areas.



Climate risk, loss of biodiversity, extreme weather, increased water scarcity and other potential environmental risks are likely to create challenges for NIBC's corporate and retail customers. NIBC is working with our customers to support their climate adaptation strategies, increase energy efficiency, and mitigate any material environmental risks.



Environmental challenges are also opportunities. NIBC aims to help increase resilience to climate change where we can and support climate adaptation strategies of our commercial and retail clients. For example we have developed innovative mortgages which include energy efficiency assessments and upgrades. Our efforts help to make the solutions approachable and affordable. By supporting these improvements, we also are contributing indirectly to improved resilience to climate hazards such as economic growth and ecosystem degradation.



UNGC Principle 8: Undertake initiatives to promote greater environmental responsibility

NIBC employees receive training on responsible business conduct, environmental & social risks, external developments and NIBC's sustainability framework.

NIBC published a Taskforce for Climate-related Financial Disclosures (TCFD) report for the first time during 2020, disclosing our first estimates of financed emissions and providing our stakeholders our current assessment in regard to financed and operational climate risks. Our Annual Reports have shown a consistent and rapid decrease in financed exposures related to fossil fuel exploration and production.

Although we continue to make progress in reducing our operational emissions, NIBC does purchase gold-standard carbon offsets for those emissions in our operations that we have been unable to fully eliminate.

These actions show NIBC supports a 1.5° pathway and international commitments under the Paris COP21 climate agreement.



We manage our direct impact on the environment through an environmental sustainability programme. This includes measures such as reducing our carbon footprint, reducing our water footprint, reducing waste, using responsibly sourced paper, and further increasing energy efficiency. Our approach has resulted in a significant decrease in Scope 1 & 2 emissions (related to our direct operations) since 2010. At the same time, we recognise that there is much more progress that we need to be make, both to ensure our full footprint is addressed and get to net zero emissions.



An example related to our financings is that NIBC has taken steps with peer banks and clients to develop the Responsible Ship Recycling Standards (RSRS) Initiative which aims to improve sustainability practices in the shipping value chain. Since 2014, all of NIBC's new financings of ships have adhered to RSRS. This should result in long term contributions to SDG12 and SDG14, since pollution into local waters should be at least significantly reduced and preferably fully eliminated. It also should lead to a safe working environment, professional training, and improved conditions for workers in shipyards and dismantling facilities.

UNGC Principle 9: Encourage the development and diffusion of environmentally friendly technologies



The development and diffusion of environmentally-friendly technologies is supported by NIBC in our financings and investments as well as in our own operations. We recognise the importance of our role in helping to facilitate and finance the transition to a resource efficient, net-zero carbon economy. Our aim is to help our clients to adapt, to reduce susceptibility to negative effects of climate change and to increase the resilience of communities that we serve.

For its financings and investments, NIBC has environmental due diligence processes in place. These are described in our sustainability Report and our TCFD report.



NIBC provides financing in the form of loans and investments to support renewable energy. We promote energy efficiency in commercial real estate in new buildings and in renovations and transformations of existing buildings. We also provide consumer mortgages which include the possibility of renovations to increase energy efficiency.



We support clients in other sectors through our financings to improve their environmental footprint, protect biodiversity and transition toward a circular economy and more sustainable ways of doing business.

In our own operations, we continue to make investments in our offices to improve energy efficiency and minimize any negative environmental impacts. LED lighting, energy-star certified equipment, and improved insulation are among the improvements made at our headquarters in The Hague and in other locations.

UNGC Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery



NIBC continues to work against corruption in all its forms. We do not accept nor tolerate any instance of bribery, corruption or fraud.

NIBC supports the UNGC Call to Action regarding Anti-Corruption and was represented in recent years in the UNGC Anti-Corruption Working Group.

We are guided in the way we do business and interact with our clients by our Code of Conduct, Anti-Fraud, Bribery & Corruption policy (published internally), Business Principles, Risk Control Framework and Sustainability policies. Issues such as extortion and bribery are seen as an operational risk and monitored within our risk control framework.

In its own operations, NIBC has established robust oversight and governance processes. Checks are performed to ensure each NIBC unit is in control of their risks, including governance risks. These are reviewed and discussed on a regular basis with NIBC's Managing Board and the Risk Policy & Compliance Committee (RPCC) of NIBC's Supervisory Board. These processes and controls are also reported and discussed with supervisory authorities such as the Dutch Central Bank (DNB).



During 2020, all NIBC staff received training regarding anti-corruption, anti-bribery, and anti-money laundering. Compliance & integrity training is obligatory for all new employees when they join NIBC. We also updated our complaints procedure to adopt the latest best practices and strengthen our alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Where to discover more about NIBC's approach

In addition to this Communication on Progress, NIBC publishes many additional disclosures on topics relevant to our commitment to the principles of the UN Global Compact. Among others, these include:

Disclosures

- [2020 NIBC Annual Report](#)
- [NIBC GRI Content Index](#)
- [NIBC Sustainability Report](#)
- [NIBC Modern Slavery Statement](#)
- [NIBC TCFD Report](#)
- [Purpose and Values](#)
- [Corporate Governance](#)
- [Sustainability](#)
- [Bankers Oath](#)

Policies

- [NIBC Sustainability Policy](#)
- [NIBC Human Rights Policy Supplement](#)
- [NIBC Environment Policy Supplement](#)
- [Complaints/Grievance Process](#)

By incorporating the Global Compact principles into our strategy, policies and procedures, and establishing a culture of integrity, NIBC aspires to not only uphold our basic responsibilities to people and planet, but also set the stage for the long-term success of our stakeholders and our communities.

The UN Global Compact's Ten Principles are derived from: the [Universal Declaration of Human Rights](#), the [International Labour Organization's Declaration on Fundamental Principles and Rights at Work](#), the [Rio Declaration on Environment and Development](#), and the [United Nations Convention Against Corruption](#).

To learn more about NIBC and how we and our stakeholders are working to promote the 10 principles of the UN Global Compact, visit www.nibc.com



UN GLOBAL COMPACT

COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

We welcome your feedback on this Communication on Progress, on our policies and practices, or any other suggestions. Contact us at [csr \(@\) nibc.com](mailto:csr(@)nibc.com).

