



**SUSTAINABILITY  
REPORT  
2022**



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# NSI AT A GLANCE

## PROFILE

NSI is a leading Dutch stock-exchange listed commercial property investor with a focus on offices in Amsterdam and selective other growth locations.

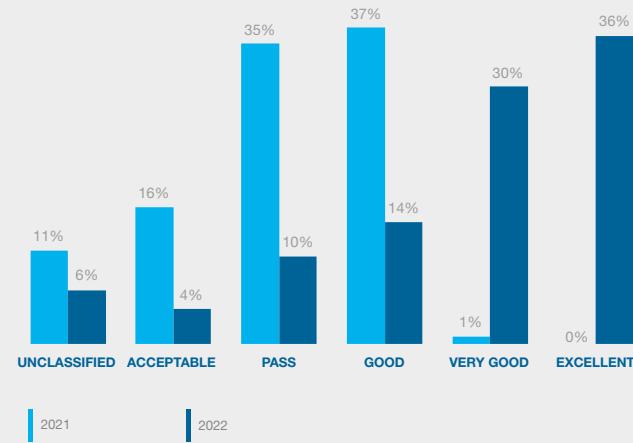
## MISSION

NSI enables its customers to achieve maximum productivity and growth, providing best-in-class, flexible, space solutions and an unparalleled level of services in modern, healthy, sustainable buildings in prime locations.

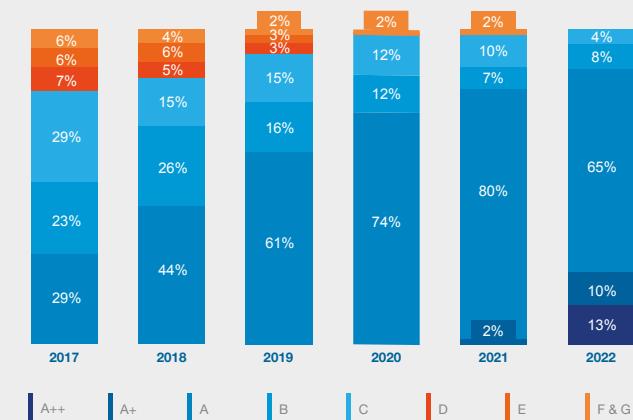
## PORTFOLIO BREAKDOWN (YEAR-END 2022)

City	# Assets	Book Value	% of total portfolio	Gross Initial Yield
Amsterdam	23	€ 730m	57.3%	5.9%
Other G4	14	€ 342m	26.8%	7.2%
Other NL	12	€ 203m	15.9%	7.0%
<b>TOTAL</b>	<b>49</b>	<b>€ 1,275m</b>	<b>100%</b>	<b>6.4%</b>

## BREEAM



## EPC SCORE (BY VALUE)<sup>1</sup>



<sup>1</sup> Based on value, excluding (re)developments during development period

## KEY ESG METRICS (NON-FINANCIAL)

	2022	2021	Change
CRREM building energy intensity (kWh/sqm/year)	131	131 <sup>1</sup>	0.0%
EPC-label (percentage portfolio with label A or better)	88.0%	81.2%	6.8 pp
GRESB score	93	92	1

## HIGHLIGHTS 2022

### (LFL) OCCUPANCY

▼ **0.3%**

### (LFL) ERV GROWTH

▲ **4.6%**

### AVERAGE PORTFOLIO VALUE GROWTH

▼ **5.6%**

### AVERAGE YIELD ON COST DEVELOPMENT PROJECTS

**5.4%**

### NET PROMOTER SCORE (NPS)

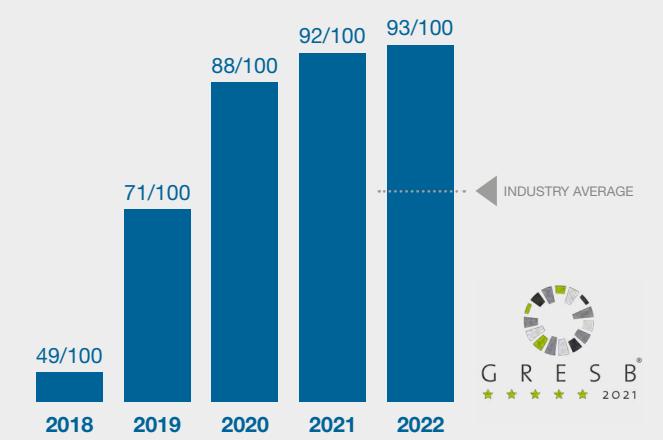
**10.3**

### GRESB SCORE



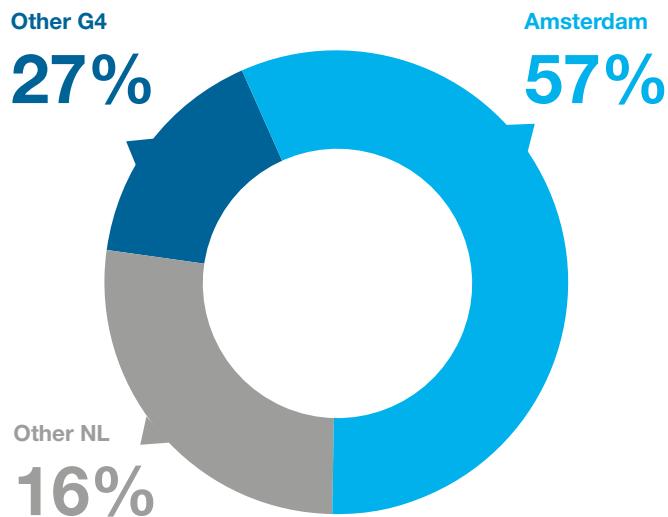
MAXIMUM SCORE IS 5 STARS

## GRESB



# VALUE

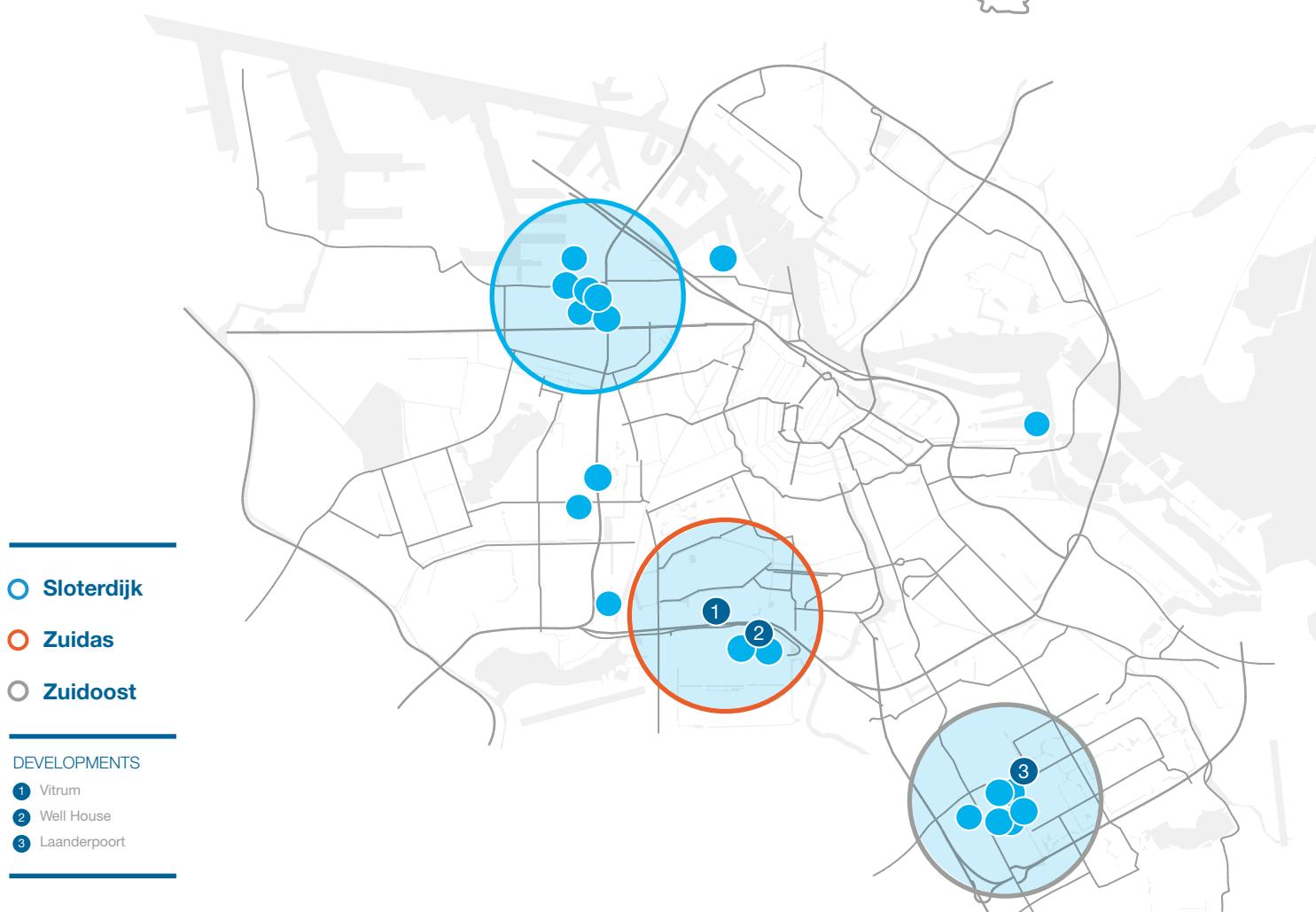
## PORTFOLIO BY SEGMENT



## NETHERLANDS



## AMSTERDAM



# PURPOSE AND LONG TERM VALUE CREATION

**NSI's stated purpose is: "We enable our customers to achieve maximum productivity and growth, providing best-in-class, flexible space solutions and an unparalleled level of services in modern, healthy, sustainable buildings in prime locations".**

This purpose has served as a clear guide to all our decisions and initiatives in recent years, both with respect to real estate and services. We have consistently worked back from the customer's needs to the real estate and services.

The post covid 'return to office' has made very clear what an office should offer: a great place for collaboration, identity and culture, but also a way to attract talent by way of offering modern, healthy, high quality, sustainable space, in vibrant locations, with a good mix of workstations, meeting rooms, collaborative space and focus rooms, complemented by a variety of amenities.



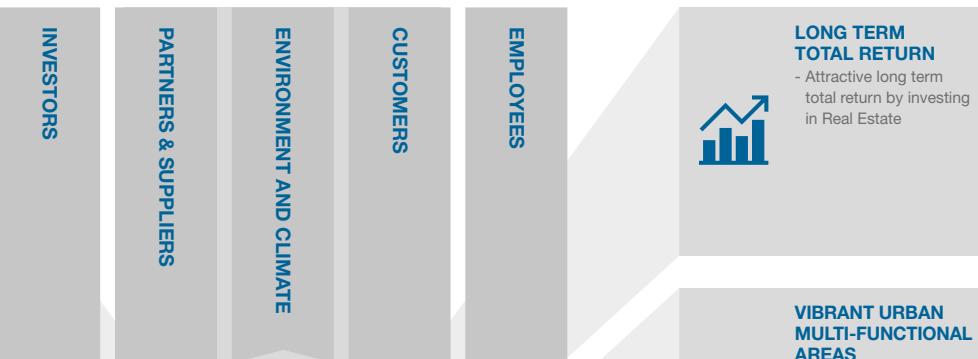
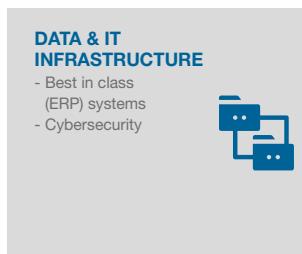
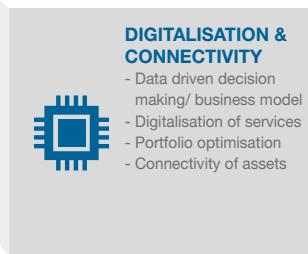
## LONG TERM VALUE CREATION

Our long term value creation model is based on the above purpose. We strive to become the leading Dutch real estate company, by effectively and efficiently utilising the permanent capital entrusted to us to deliver on our strategy to invest in (and where possible create) vibrant multifunctional urban areas where people want to work, live and play, underpinned by sustainability, well-being and services.

We generate long term attractive returns by investing in real estate in those specific locations, as we see an ongoing trend where tenants are upgrading to better locations, with a clear focus on sustainability, health and well-being and a sufficient level of services. As such, providing the right space in the right location, with services to match, is key to success.

We also genuinely believe that the real estate industry has a role to play in reducing the use of the earth's limited resources and leaving a better world for the next generation, as the industry currently is known to make up over 30% of all CO<sub>2</sub> emissions. To recognise our responsibility here, we have positioned the environment and climate as a pre-eminent (albeit silent) stakeholder in our value creation model. As such, sustainability is deeply rooted in all our decision-making and activities.

We constantly strive to improve the quality of our offering. We can only deliver this with an excellent team of ambitious professionals. We aim to be a great place to work, where our employees feel engaged and connected, and can help to set and exceed our joint ambitions.

**INPUT****OUTPUT**

# ESG – THE FUTURE IS HERE

**Sustainability is an integral part of NSI's long term value creation strategy. Our business model is geared towards decarbonising our portfolio by reducing energy usage, owning and developing flexible and adaptive buildings, and creating inspiring, flexible working environments articulated around the health and well-being of our occupants.**

Last year we presented our refreshed sustainability strategy, "The Future is here". We have always acknowledged the ever-changing nature of ESG and the need to respond accordingly. With this in mind, we have further sharpened our strategy this year to present a more precise view of our three pillars and have expanded our third pillar to encompass a broader social component.

We are pleased about our 5-star GRESB rating for a third year running and our first ever EPRA sBPR gold award. We have also mentioned that our ambition goes further than this and it does: this year we have taken a significant step forward in our sustainability journey by creating and costing a roadmap to align our portfolio with the 1.5c Paris Agreement.

We have also performed a thorough analysis of our portfolio to determine its alignment with the EU Taxonomy for sustainable investments which we view as the key guideline for the inevitable alignment of economic and environmental interests.

When we defined 'The Future is here' it was our intention for it to reflect the urgency to act now, our commitment to do what is necessary, and our appreciation for the challenges of today that will shape the industry tomorrow. A year on we are more convinced than ever that a robust, ambitious and comprehensive sustainability strategy will be a key component for our business' long term success.

## MATERIALITY MATRIX

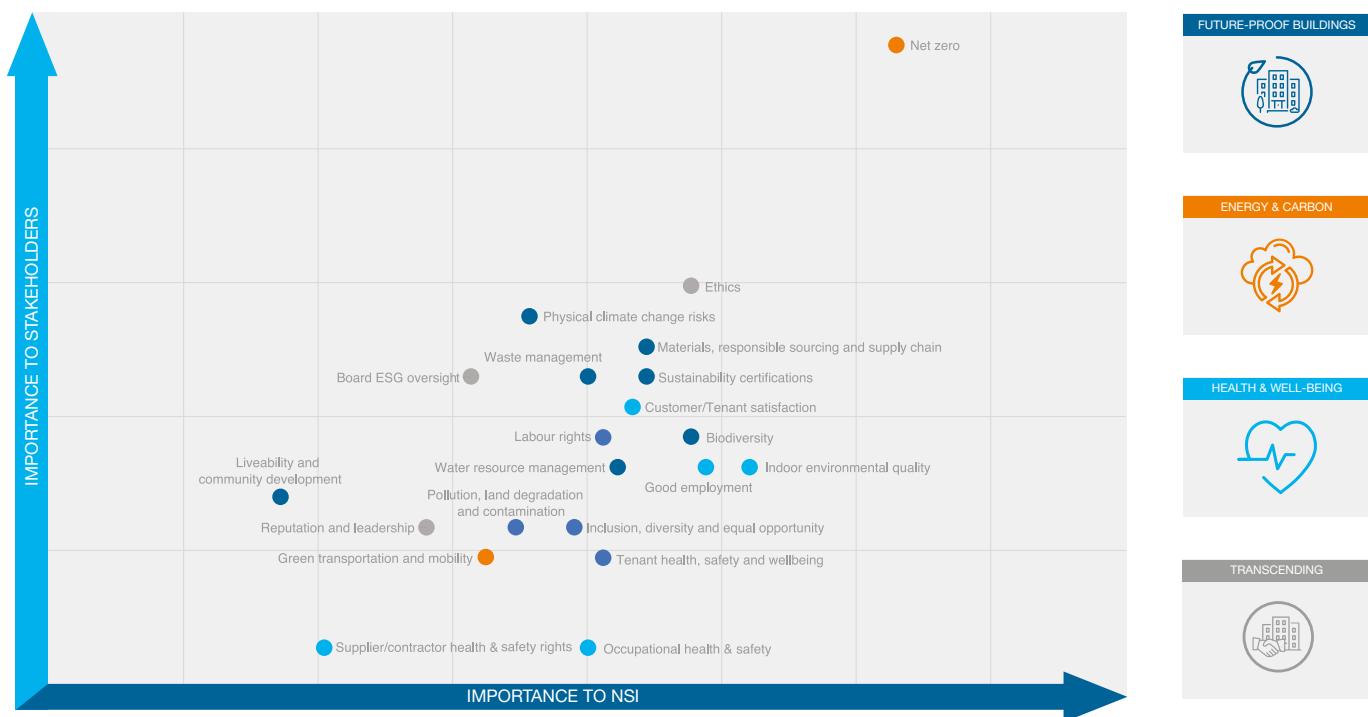
The success of our sustainability strategy and efforts depends on ongoing dialogue and engagement with internal and external stakeholders, through which NSI continuously validates and examines the relevance of the ESG topics on which NSI focuses. The basis for our strategy was an initial extensive assessment performed in 2018, which was recalibrated in 2020. To align with this timeframe, NSI has updated the materiality assessment again in 2022.

The 2022 update of the materiality matrix included a revision of the topics assessed. As the field of climate change is ever-evolving, some topics might have become more urgent or significant to NSI as others. NSI has therefore updated the list of ESG topics in the 2022 revision, to better reflect the topics that are relevant, now and in the future. NSI has performed a CSRD gap analysis and will continue with the implementation of CSRD in 2023, which is expected to become applicable to NSI in 2025.



In the 2022 update, a survey was held amongst investors (external stakeholders, vertical axis) and NSI's management and employees (internal stakeholders, horizontal axis). The resulting materiality matrix indicates the ranking of importance of the ESG topics, comparing the external and internal focus. The top-right corner of the materiality matrix indicates the ESG topics that are most material to both stakeholder groups, and will receive the additional focus from NSI. The assessed topics are categorised following NSI's existing ESG strategy and corresponding themes: Future-proof investments, Energy & Carbon, Health

& Wellbeing, and transcending topics (which focus on issues related to governance). A notable result of the assessment is the high importance of the topic Net Zero Carbon according to both internal and external stakeholders. This underlines the urgency and importance of reducing our carbon footprint and to support the transition to a net zero carbon economy. The materiality matrix also shows a focus on the reduction of the carbon footprint – topics such as material use, our impact on natural systems, as well as climate change related risks, are considered material to both stakeholder groups.



## OUR AMBITION

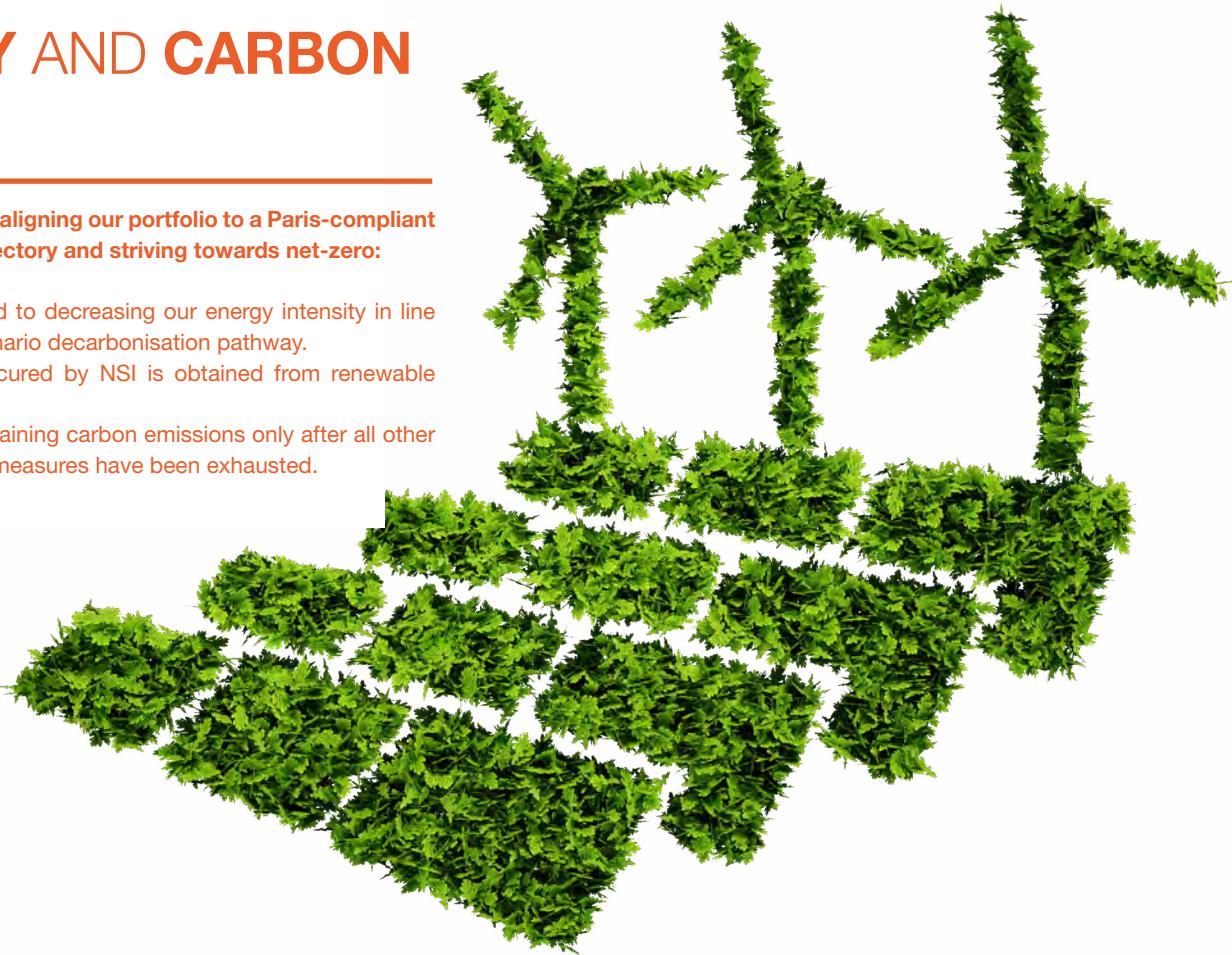
In line with our revisited strategy, we have also sharpened our existing pillars 'Energy and carbon' and 'Future-proof buildings', while we have expanded and renamed our third pillar, 'Social engagement', to encompass a broader social component. This has allowed us to articulate our commitments more concretely:

ENERGY AND CARBON	FUTURE-PROOF BUILDINGS	SOCIAL ENGAGEMENT
We are committed to aligning our portfolio to a Paris-compliant decarbonisation trajectory and striving towards net-zero:	We aim to own buildings that are resilient, adaptive and aligned with the EU Taxonomy, now or in time.	We strive to be a long-term positive influence on our clients, employees and communities.
OUR COMMITMENT	OUR COMMITMENT	OUR COMMITMENT
<ol style="list-style-type: none"> <li>1 We are committed to decreasing our energy intensity in line with the 1.5c scenario decarbonisation pathway.</li> <li>2 100% of procured energy from renewable sources.</li> <li>3 Offset where not economically viable to reduce emissions through energy efficiency gains / renewable energy procurement.</li> </ol>	<ol style="list-style-type: none"> <li>1 Own assets that are aligned with the EU Taxonomy, now or in time.</li> <li>2 Minimum BREEAM rating for assets is "Very Good".</li> <li>3 Focus on Climate resilience: physical risk assessment with a mitigation plan for every asset.</li> <li>4 Incorporate a Biodiversity strategy.</li> </ol>	<ol style="list-style-type: none"> <li>1 Make health and wellbeing a priority: <ul style="list-style-type: none"> <li>– for our customers:</li> <li>– for our employees</li> </ul> </li> <li>2 Strive to have a diverse and inclusive workforce.</li> <li>3 Give back to our communities and respect our surroundings.</li> </ol>

# ENERGY AND CARBON

We are committed to aligning our portfolio to a Paris-compliant decarbonisation trajectory and striving towards net-zero:

- ① We are committed to decreasing our energy intensity in line with the 1.5c scenario decarbonisation pathway.
- ② All electricity procured by NSI is obtained from renewable sources.
- ③ We will offset remaining carbon emissions only after all other financially viable measures have been exhausted.



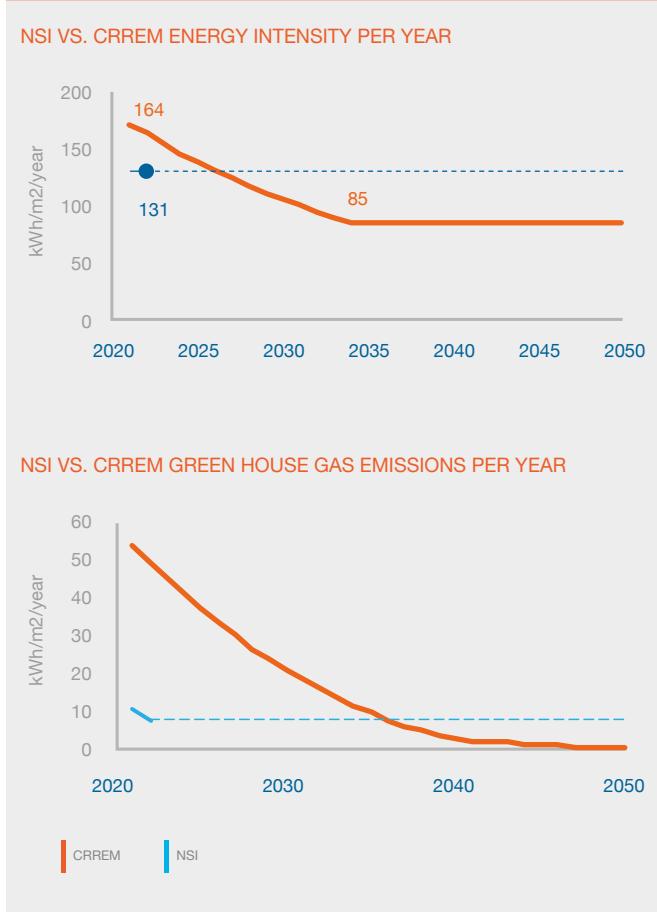
## 1 OUR COMMITMENT TO DECARBONISATION:

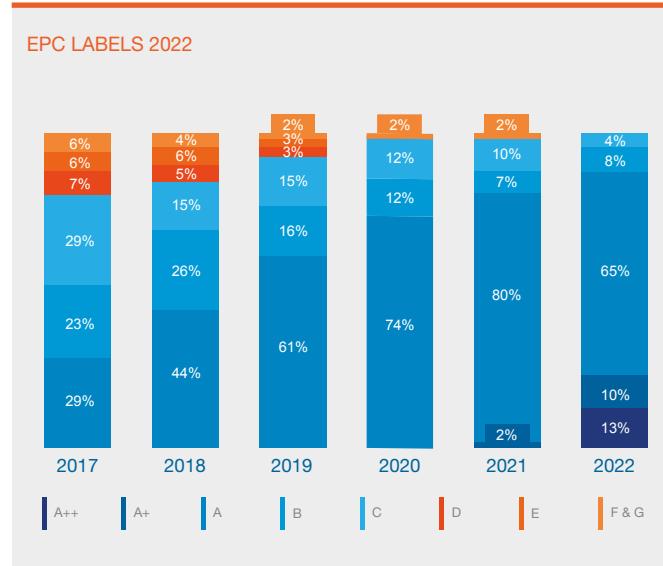
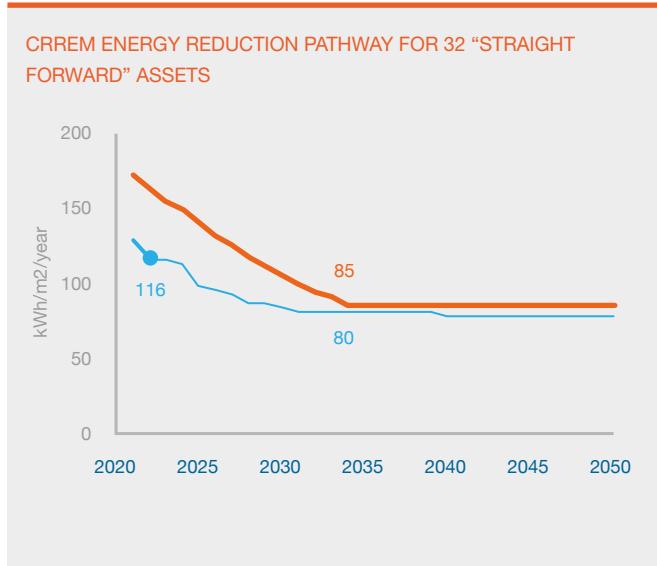
### WALKING THE TALK

NSI is using the Carbon Risk Real Estate Monitor's (CRREM) decarbonisation pathways as a point of reference to set energy reduction targets for our portfolio. CRREM is the leading global initiative for operational decarbonisation of real estate assets in order to avoid stranding risk, address transition risk and comply with climate-science and Paris-aligned decarbonisation targets. CRREM establishes country and asset-specific energy and GHG reduction pathways.

According to CRREM, for Dutch offices to be compliant with the 1.5c Paris scenario, buildings must achieve 85 kWh/m<sup>2</sup>/year by 2034, as per the pathway below. At year-end 2022 the total (tenant + building-related) average energy consumption of our portfolio was 131 kWh/m<sup>2</sup>/year. While this is well above the 85 kWh/m<sup>2</sup>/year Dutch office CRREM year target, NSI is far below the Dutch office CRREM target for 2022, of 164 kWh/m<sup>2</sup>/year. Based on this starting point, if we were to take no further action, NSI's overall intensity would no longer comply with the CRREM pathway by 2026.

In 2023 we will start executing our Paris-alignment investment plan. The total investment for the first 32 assets (ca. 70% of assets by value) is ca. € 58m over the next 10 years. On completion these assets should see their energy intensity reduce significantly, from 116 kWh/m<sup>2</sup>/year to 80 kWh/m<sup>2</sup>/year, well below the CRREM target. See the 'NSI roadmap to align with the Paris Agreement' section for more details and substantiation.





## SCOPE AND METHODOLOGY

- Note that the above trajectory does not take into account the effect of weather. Energy intensity at any given point in time is highly dependent on the weather (cold winters, hot summers). Whilst weather effects will even out over longer periods of time, to measure progress in any given year we will have to adjust the actual energy intensity for degree days to properly measure our short term progress in reducing the energy intensity of the portfolio. We have not yet corrected for this so far.
- Because the majority of NSI's emissions (scope 1, 2, 3) stem from energy usage, we are steering on the energy intensity curves as our main reference and have calculated the resulting GHG emissions using the market-based conversion factors.
- Our focus is on the actual energy intensity of our buildings: both building-related and tenant-driven energy consumption. As the target of 85 kWh/m<sup>2</sup>/year includes both building-related energy consumption and tenant-driven energy consumption, reaching the target will have to be joint exercise between tenant and landlord.
- The square meters used in our calculations are an approximation. CRREM uses Gross Floor area minus internal garage and outer facade. NSI used to report according to EPRA best practices, i.e Gross Floor Area. Based on the available floor plans we have estimated the difference between the two measures to be approximately 6%. We have made an adjustment to the 2021 figures to reflect this.
- As we approach higher efficiency levels, the incremental impact of improvements that are sometimes too uneconomic is why we focus on a portfolio average rather than each asset in isolation: in some cases, getting close to the target is not only sufficient but desirable from a cost, energy efficiency and total life cycle assessment of the building.

## GOING BEYOND EPC LABELS

Formally the only sustainability regulatory requirement in the Netherlands for the renting out of commercial space is to have an EPC label of at least C as of 1 Jan 2023. At NSI we are already well ahead of that target (88% at label A, only 4% at C, no assets below C) and we consider a more ambitious goal to be necessary both from the perspective of climate urgency as well as from a client demand and regulatory point of view. Indeed, EPC does not sufficiently represent a Paris-aligned solution as it focuses on theoretical versus actual usage. Given the urgency in adopting a science-based solution to climate mitigation plus increased energy costs, we see more benefits in choosing a more complete approach.

## ② 100% OF PROCURED ELECTRICITY SHOULD COME FROM RENEWABLE SOURCES

All electricity procured by NSI is 100% green, procured from renewable sources (European wind). The total average share of renewable energy used is 57.7% (European wind grid energy + solar panel generation of electricity + geothermal energy).

## ③ OFFSET REMAINING CARBON

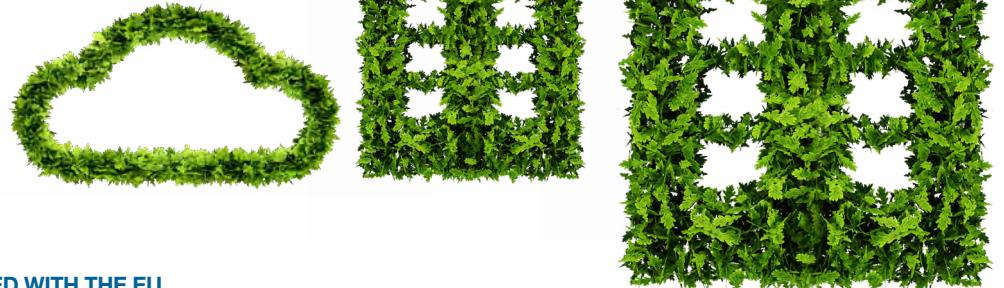
We will offset remaining carbon emissions only after all other financially viable measures have been exhausted.

We aim to reduce our carbon footprint through an increase in energy efficiency and the procurement, where possible, of energy from renewable sources. Offsets are therefore only a measure of last resort, after all other solutions have been exhausted. Currently, natural gas procurement is fully compensated using Gold Standards CO<sub>2</sub>.

# FUTURE-PROOF BUILDINGS

We aim to own buildings that are resilient, adaptative and aligned with the EU Taxonomy

- 1 Own assets that are aligned with the EU Taxonomy, now or in time
- 2 Minimum BREEAM rating for assets is "Very Good"
- 3 Focus on Climate resilience: physical risk assessment with a mitigation plan for every asset
- 4 Incorporate Biodiversity strategy



## ① OWN ASSETS THAT ARE ALIGNED WITH THE EU TAXONOMY OF SUSTAINABLE ACTIVITIES, NOW OR IN TIME

We aim to own assets that are aligned, now or in time, with the EU taxonomy, the classification system that translates the EU's climate and environmental objectives into criteria for specific economic activities for investment purposes. In order to determine alignment to the EU Taxonomy, the economic activity of the company must first be eligible. If the activity is not defined in the screening criteria, it is not eligible under the EU Taxonomy and therefore, it cannot be considered as environmentally sustainable. Second, once the economic activity has been deemed eligible, it must be determined that it makes a substantial contribution to at least one of the EU's climate and environmental objectives, while at the same time not significantly harming (DNSH – do no significant harm) any of the other objectives and meeting minimum social safeguards.

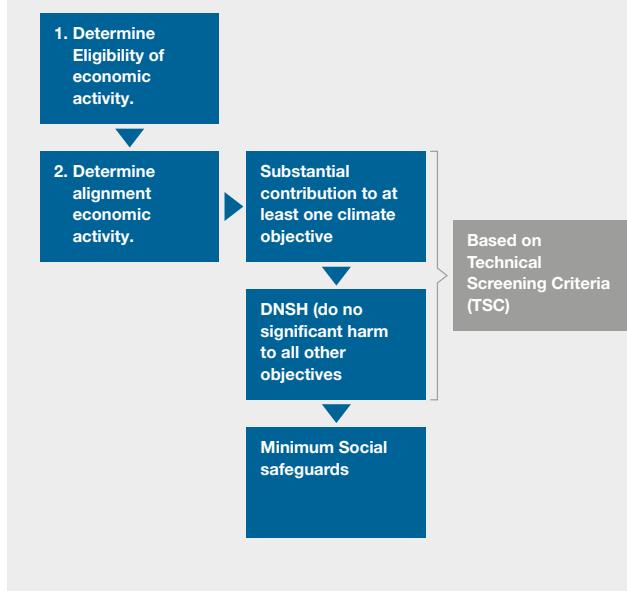
The taxonomy defines 6 environmental objectives.

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystem

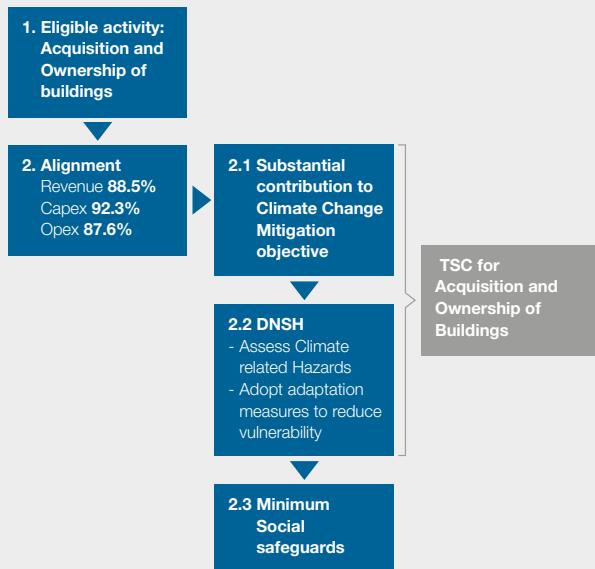
### NSI'S TAXONOMY ALIGNMENT

- An analysis was performed on NSI's portfolio based on the Taxonomy-recognised activity of "Acquisition and Ownership of buildings". The objective to which this activity contributes is "Climate change mitigation" defined as "contributing to the stabilisation of greenhouse gas emissions by avoiding or reducing them or by enhancing greenhouse gas removals". To prove this, the activity must comply with specific Technical Screening Criteria (TSC)- a set of conditions specific to this activity.
- The TSC for substantial contribution for the economic activity "Acquisition and ownership of buildings", largely depend on the type of buildings in scope (residential vs non-residential), the date on which the building was built (different conditions for buildings built before or after 31 December 2020) and on the energy performance.
- In order to ensure that the activity does no significantly harm to the other objectives, it should be verified that adaptation solutions are put in place to tackle the climate risk hazards which have been assessed as "material".
- The analysis was performed on each individual asset based on the TSC for the Acquisition and ownership of buildings as defined by the EU taxonomy. Through a climate risk hazard and mitigation plan the DNSH condition was assessed.

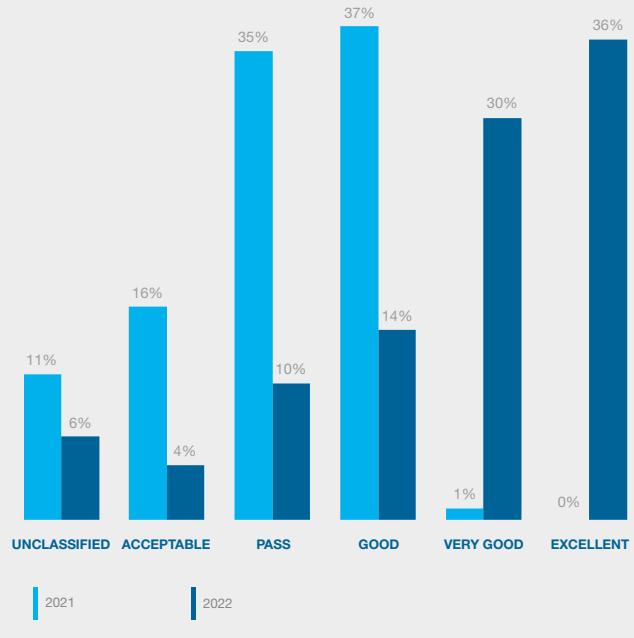
### DETERMINING ELIGIBILITY AND ALIGNMENT EU TAXONOMY



## ANALYSIS OF NSI'S TAXONOMY-RECOGNISED ACTIVITY “ACQUISITION AND OWNERSHIP OF BUILDINGS”



## BREEAM LABEL AS % OF BOOK VALUE



- In this analysis, all our assets were assessed against the activity “acquisition and ownership of buildings”. As a result, investment properties under construction and renovations are not aligned with the EU taxonomy based on this activity. We will explore in 2023 alignment against other EU taxonomy-eligible relevant activities for these buildings.
- Based on the technical assessment (points 2.1 and 2.2 of the chart above) our alignment would be as follows:

Revenue	88.5%
Capex	92.3%
Opex	87.6%

The minimum safeguards analysis (2.3) on company level is still outstanding and will be performed in 2023 to assess alignment with the applicable EU Taxonomy scope.

The extensive EPRA taxonomy eligibility and alignment table against revenue, capex and opex can be found on pages 145-147.

### 2 MINIMUM BREEAM RATING FOR ASSETS IS “VERY GOOD”

We view sustainability not only as a responsibility but ultimately as a driver of value creation. BREEAM seeks to improve the operational performance of buildings through sustainable improvements. The BREEAM assessment method involves nine areas: management, health, energy, transport, water, materials, waste, land use, ecology and pollution. 96% of the assets in NSI's portfolio now have a BREEAM certificate vs 89% in 2021.

In 2022 NSI's made significant strides in its ambition to obtain at least “very good” label for its standing assets: a majority of our assets (66%) now have either a Very Good or Excellent Label.

### 3 FOCUS ON CLIMATE RESILIENCE:

#### PHYSICAL RISK ASSESSMENT WITH A MITIGATION PLAN FOR EVERY ASSET

Assessing and mitigating climate change and the associated risks are an integral part of our approach towards a future-proof portfolio. A further analysis was not only required in view of complying with the EU taxonomy (DNSH assessment), it also increasingly weighs on investment and portfolio decisions. NSI performed an assessment of the net risks of climate change related heat stress and flooding of its portfolio, also taking individual asset characteristics into consideration. The assessment included which measures can be taken to mitigate these risks.

This assessment identified that from its 49 assets 9 assets are potentially exposed to a higher risk of heat stress and 12 assets to a higher risk of flooding. Measures to mitigate these risks have been integrated in the asset plans, and will be executed in the coming years. More details on climate risk analyses can be found on page 47.

### 4 INCORPORATE BIODIVERSITY STRATEGY:

In line with sustainability best practices, NSI aims to establish a comprehensive biodiversity strategy in 2023 to accompany our sustainability efforts.

# SOCIAL ENGAGEMENT

We strive to be a long-term positive influence on our customers, employees and communities.

- 1 Make health and wellbeing a priority: for our customers and for our employees
- 2 Strive to have a diverse and inclusive workforce
- 3 Give back to our communities and respect our surroundings



A non-exhaustive list of initiatives we support include:

## 1 MAKE HEALTH AND WELLBEING A PRIORITY

### FOR OUR CUSTOMERS

NSI actively engages with customers through a yearly customer satisfaction survey. In 2022 NSI achieved a Net Promoter Score (NPS) of + 10.3 from its tenants, down from + 20.3 a year ago. HNK's NPS was 19.9 vs 23.7 in 2021. The NPS measures customer experience and predicts business growth. The NPS is calculated using the answer to a key question, using a 0-10 scale e.g. How likely is it that you would recommend NSI to a friend or colleague?<sup>1</sup> NSI's score of + 10.3 is a positive score which means that there are more promoters than detractors. With sustainability also being a key concern for our clients, we have rolled out a communications program to better engage with our customers on this topic. Initiatives, air quality and improvements are shared through narrow casting screens, the Office App and newsletter.

### FOR OUR EMPLOYEES

NSI actively engages with employees through a employee satisfaction survey. NSI currently performs an employee engagement survey every two years. The result is an eNPS (employee Net Promotor Score), which measures staff engagement and involves asking employees "How likely would you be to recommend (score 0-10) us as an employer?". NSI's most recent eNPS score was 29.3 (2021), which qualifies as a high score. Furthermore we performed a Leesman Workplace Survey in 2022. Read more on page 52 (Great Place to Work) about our employee engagement activities.

## 2 STRIVE TO HAVE A DIVERSE AND INCLUSIVE WORKFORCE

NSI is committed to fostering a fair and inclusive working environment. Our culture is based on the principles of mutual respect and non-discrimination irrespective of nationality, age, disability, gender, religion or sexual orientation. At NSI we currently have 48% male and 52% female workforce. In 2023 NSI will establish a diversity and inclusion policy.

## 3 GIVING BACK TO OUR COMMUNITIES

Creating a positive socio-economic impact in local communities in and around our assets is important to us. We aim to play an active role in our communities by building lasting relationships with local stakeholders and by supporting organizations with a social purpose.

<sup>1</sup> Respondents are grouped as follows: Promoters (score 9-10) are loyal enthusiasts who will keep buying and refer others, fueling growth; Passives (score 7-8) are satisfied but unenthusiastic customers who are vulnerable to competitive offerings; Detractors (score 0-6) are unhappy customers who can damage your brand and impede growth through negative word-of-mouth.

### URBAN LAND INSTITUTE PROGRAM

The mission of the Urban Land Institute is to 'Shape the future of the built environment for transformative impact in communities worldwide'. One of its programs, UrbanPlan, is supported by NSI. This is an educational program aimed at students between 15 and 18 years old, with the goal of increasing young people's understanding of urban development.

### PHILIPS INNOVATION AWARDS | SPONSORSHIP TO STIMULATE INNOVATION AMONG STUDENTS

It is important to NSI to promote innovation and contribute to Dutch society. That is why HNK has been a Gold Partner of the Philips Innovation Award since 2017. The Philips Innovation Award is an entrepreneurship prize awarded to students with an innovative start-up concept.

### DONATION TO BREAST CARE FOUNDATION

The Breast Care Foundation raises funds to support patients who have breast cancer or other breast disorders. The foundation focuses on enabling full recovery, including paramedical and additional (after) care, and on promoting awareness and information, prevention, science and paramedical care in a broad sense. NSI has chosen to support this foundation following the loss of a dear colleague due to this devastating disease.

### DONATION TO RONALD MCDONALD KINDERFONDS

NSI made a donation to the Ronald McDonald Children's Fund. One of the Ronald Mc Donald locations, where hospitalised children and their families can be close to each other, is in Amsterdam Southeast.

### GREEN BUSINESS CLUB ZUIDAS

NSI participates in the Green Business Club Zuidas. This network organization creates impact by initiating sustainable projects in the Amsterdam Zuidas area and aspires to make the Zuidas the most sustainable, livable and workable area in the Netherlands. The network aims to realize this by collaborating in partnerships and sharing best practices and knowledge.

### UPTOWN SLOTERDIJK

NSI participates with nine other parties in UPTown Sloterdijk to help promote the transformation of this area into an attractive urban district. All participants (APG, BPD, CBRE, EDGE, the municipality of Amsterdam, Heijmans, Synchroon and TMG) are actively linked to the area and have an interest in the development of the neighbourhood.

### ONDERNEMERSFONDS UTRECHT

NSI made a donation to Ondernemersfonds Utrecht (Entrepreneurs Fund Utrecht). This fund connects local entrepreneurs, various sectors and organizations with the aim of promoting the quality of business in Utrecht.

# THE NSI ROADMAP TO ALIGN WITH THE PARIS AGREEMENT

## TAKING THE "E" IN ESG TO A NEW STANDARD

At NSI we have been a long standing advocate of sustainability, both at the corporate and at the asset level. We use GRESB at the corporate level to track our progress and success, whilst at the asset level we focus on EPC, BREEAM and more recently on CRREM.

We fully appreciate that the sustainability question is a complex one. There is no single metric or solution to square the circle. GRESB, EPC, BREEAM, CRREM and EU Taxonomy alignment all have a role to play in achieving our sustainability goals.

## FROM EPC LABELS TO CRREM ALIGNMENT

The key downside of the EPC labelling system is that it is based on the theoretical energy usage of a building, not on the actual energy usage, and that it ignores the energy consumption by tenants. EPC labels are, however, relevant as a key input for both BREEAM and the EU taxonomy alignment assessment.

Our ambition is to reduce the actual energy intensity of all our buildings, in line with the aims of the Paris agreement as set in 2016. This goes beyond the formal regulatory requirement of EPC label C, which is in place in The Netherlands since January 2023 and with which we fully comply, because 1) we believe it is the right thing to do, 2) tenants will increasingly demand it, and 3) the regulatory requirements are likely to become more stringent in the period ahead.

Given the shortcomings of EPC, we have chosen to use the CRREM (carbon risk real estate monitor) methodology as a tool to track our progress in reducing the energy intensity over time, as CRREM measures the actual energy intensity of buildings, including both the building-related and tenant-driven energy consumption.

CRREM has calculated that for Dutch offices to be aligned with the Paris agreement, the energy intensity should be reduced to below 85 kWh/m<sup>2</sup>/year by 2034. This is more or less in line with the target for other European office markets. At year-end 2022 the energy intensity of our portfolio was 131 kWh/m<sup>2</sup>/year (113 kWh/m<sup>2</sup>/year excluding the Leiden life science assets).

As the objective is to reduce the total energy intensity of our portfolio, both building-related and tenant-driven, meeting the CRREM target will end up being a joint exercise between tenant and landlord. Lease contracts will increasingly have to include language to allow and facilitate for this. Having said that, we recognise the effort will predominantly lie with the owner, as a typical office tenant nowadays only uses 20-25 kWh/m<sup>2</sup>/year.

During 2022 we established a detailed plan to bring the energy intensity of the portfolio to below 85 kWh/m<sup>2</sup>/year by 2034. An investment plan has been created for each asset, including time line, to reach this target. Plans at the asset level include a mixture of replacing window frames/glazing, extra insulation,

further upgrades to technical installations, improved sealing, solar panels, etc.

## STARTING WITH THE FIRST 32 ASSETS FROM 2023 ONWARDS

In our analysis we exclude the near term development program as Paris-alignment is already part of the project scope and cost. We have also decided to exclude the life science labs in Leiden for now, as these buildings have a much higher energy intensity due to the specialised nature of lab activities, which we cannot influence as a landlord. We have also identified a number of assets which we view as complex and where further analysis is required in the period ahead.

This leaves 32 assets, making up 71% of the portfolio by value, where we are fully comfortable with the analysis and viability of the plans. We will start with these plans from this year onwards.

We will look to fit the timing of our sustainability initiatives with our regular maintenance cycle as much as possible. Over time we will track the actual results versus our model assumptions and adjust the plans where necessary. The prospect of new, cheaper, technical innovations to help reach targets will also see us adjust plans as appropriate.

Portfolio split	# Assets	% of book value	CRREM area (sqm)	Current intensity (kWh/ sqm/year)
Straight forward	32	71%	268,123	116
Complex	7	14%	79,705	118
Leiden	5	8%	30,053	367
Development	3	6%	30,511	29
<b>TOTAL<sup>1</sup></b>	<b>47</b>		<b>408,391</b>	<b>129</b>

<sup>1</sup> Excluding assets sold in 2023: HNK Ede and HNK Den Bosch

For the above 32 assets we expect a significant reduction in energy intensity on completion of our investment plans, from 116 kWh/m<sup>2</sup>/year to 80 kWh/m<sup>2</sup>/year, below the CRREM target.

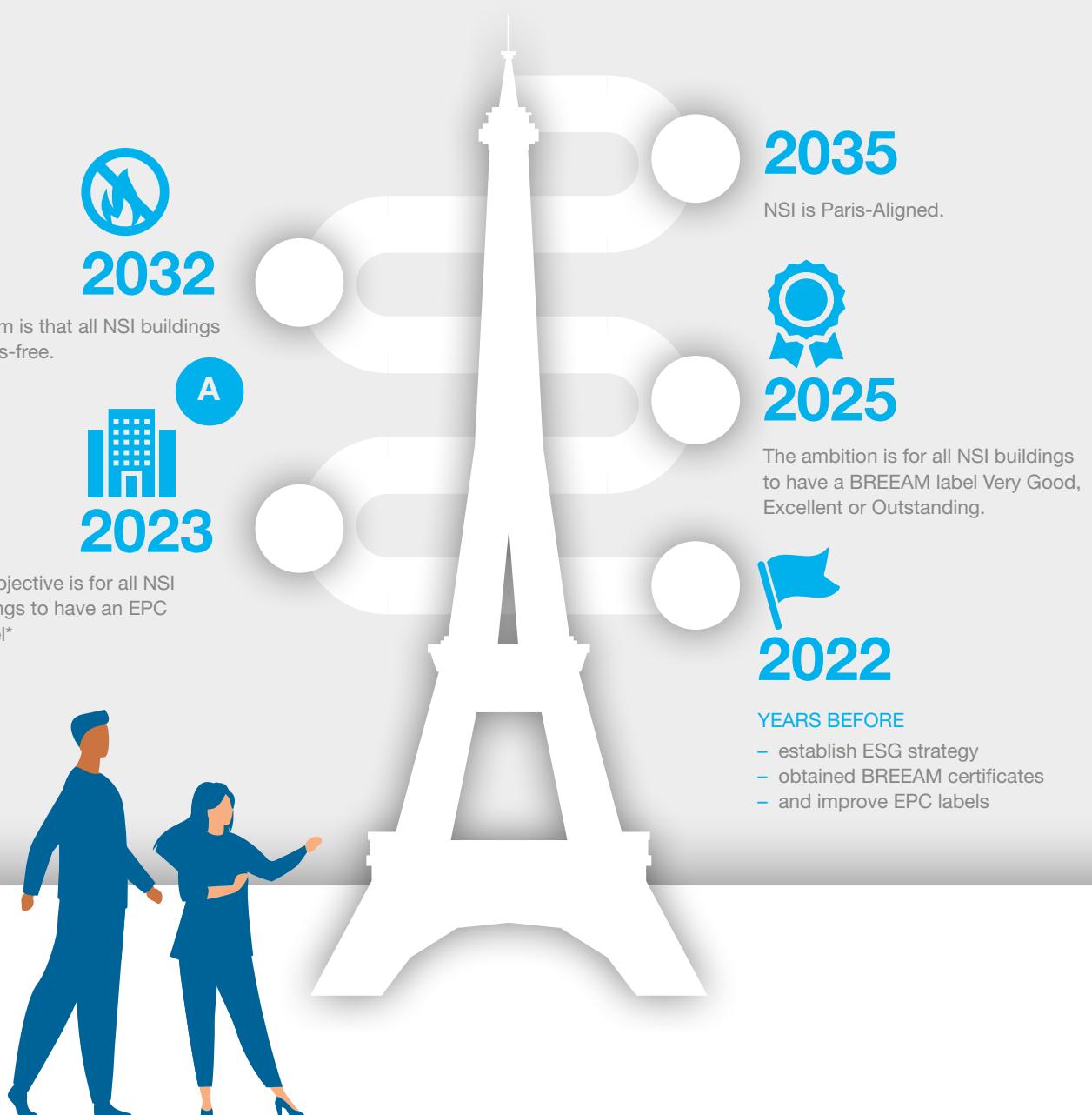
This will reduce the energy consumption by 9.8 MWh/year (37 kWh/m<sup>2</sup>/year on 268k sqm), which based on an electricity price of ca. € 0.2/kWh represents an economic value of € 2.0m.

## THE ECONOMICS OF SUSTAINABILITY ARE FAVOURABLE

The estimated investment capex for the 32 assets is € 58m, over a ca. 10 year period. This equates to just over one year of rent for these assets, or ca. 7% of the current asset value.

# Assets	32
Incremental capex (€m)	58
CRREM area ('000 sqm)	268
Current intensity (kWh / sqm / year)	116
Expected 2034 intensity (kWh / sqm/year)	80

## ROADMAP TO PARIS ALIGNMENT



\* Excluding (re)developments

On an investment of € 58m the € 2.0m in actual energy savings represent a return of 'only' 3.5%. This benefit/return largely falls to the tenants, as lower service charges, although undoubtedly some of this will eventually flow back to us, as owner.

Recent research by some leading real estate agents increasingly points to evidence that tenant demand is shifting to the most sustainable buildings, which achieve a ca. 6% rent premium as a result.

Taking into account this possible 6% rent premium, for the 32 assets in our analysis, this would equate to a ca. € 3.2m increase

in annual rent roll. This in turn would represent a value of ca. € 50m, based on the current 6.5% gross yield for the portfolio and this would more or less cover the cost of the entire investment plan. Overall, we expect the economic benefit to be greater still, as we believe energy-efficient, highly sustainable, assets will not only see higher rents, but structurally benefit from lower vacancy and lower yield as well.

This analysis is the first step in a new journey for NSI. We are excited about the journey ahead and expect to learn along the way. We are certain it is a necessary and eventually rewarding journey, for the planet, the business and all our stakeholders.

# CLIMATE RISKS

**Both physical- and transition risk analyses provide additional insight into the overall risk profile of NSI's portfolio.**

We are using *Carbon Risk Real Estate Monitor (CRREM)* for assessing and addressing transitional risk. More details about our plans to decrease our energy intensity in line with the 1.5c scenario decarbonisation pathway can be find on page 21.

A detailed climate risk assessment was undertaken in recent years, focusing on the most apparent climate-related physical risks in the Netherlands (pluvial flooding, flooding, drought and heat) as well as taking socio-economic consequences and transitional risks (related to the transition to a low-carbon economy) into account.



## CLIMATE RISKS ANALYSIS

### DROUGHT

Drought is measured according to the potential lack of rainfall over a longer period. As our climate changes, the Netherlands is expected to experience longer periods of warmer weather and a lack of precipitation.

While increased droughts can greatly affect the Dutch ecosystem and the agricultural sector, buildings can also be severely affected through land subsidence and rotting of wooden pile foundations as groundwater levels decrease.

### HEAT

Heat stress is commonly defined as a physiological condition provoked by extreme heat, causing humans and animals to be unable to shed their heat and thereby overheating. There are several methods to approximate heat stress using geographic modelling. One such method is describing heat using the number of tropical days ( $\geq 30^{\circ}\text{C}$ ) experienced per year. By 2050, the Netherlands is likely to experience temperatures higher than  $35^{\circ}\text{C}$  at least once or twice a year. Since people spend on average 90% of their time indoors, managing the impact of these heatwaves on the indoor environment and a building's ability to retain a productive working climate and temperature will be crucial.

The analysis was enriched in 2022 with more granular data about the buildings. The results of the risk analysis indicate that 7 assets have potentially a high risk and 2 assets score very high (out of a total of 49 assets).

### PLUVIAL FLOODING (HEAVY RAINFALL)

It is expected that the amount of rainfall and the intensity of rainfall events in the Netherlands will increase significantly in the coming 30 years. Increase in heavy rainfall increases the risk of pluvial flooding. Pluvial flooding causes risks because of inflow of water to buildings as well as potential problems with accessibility of buildings.

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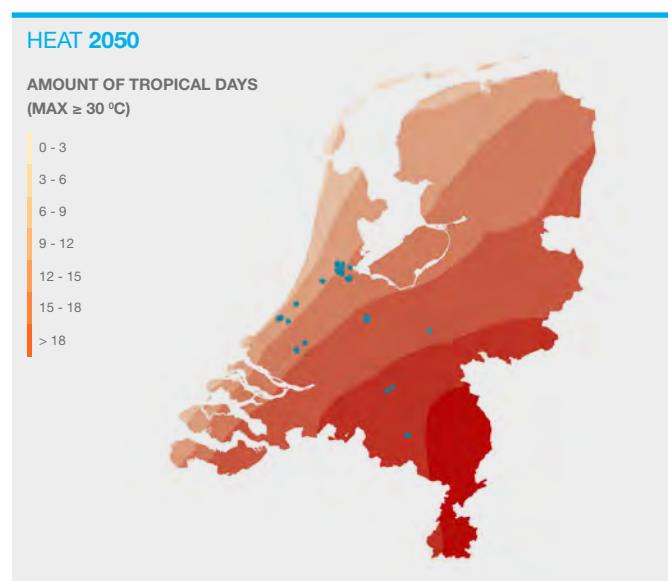
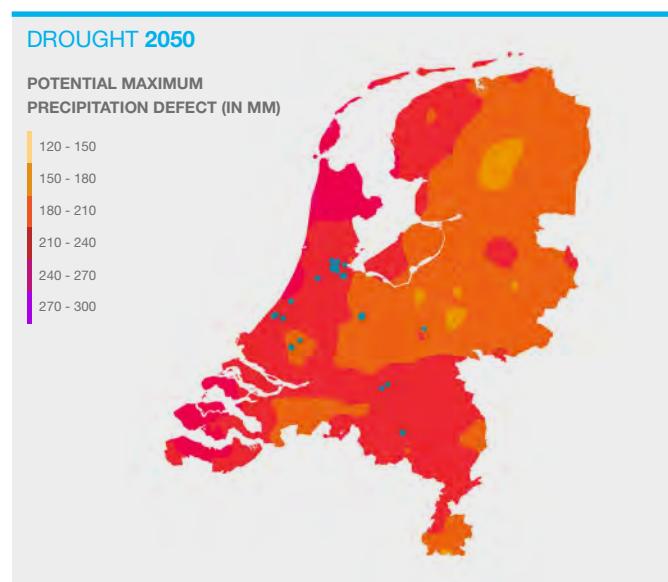
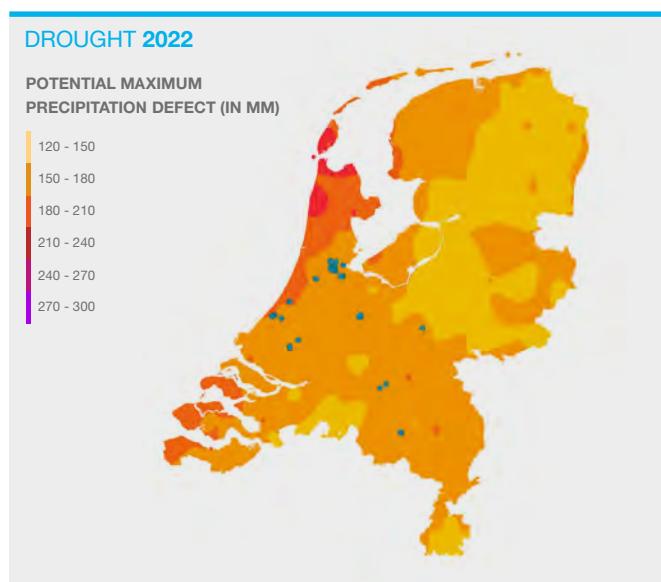
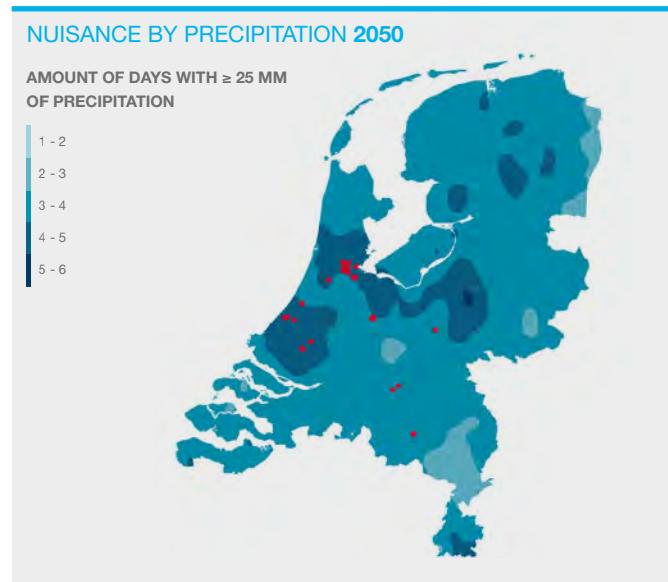
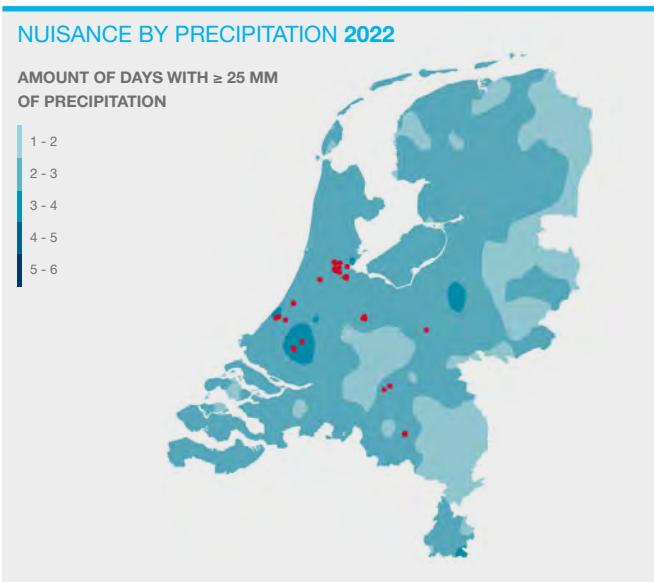
The results of the risk analysis performed in 2022 indicate that 12 assets have potentially a high risk (out of a total of 49 assets). There were no assets that scored 'very high'.

### SOCIO-ECONOMIC RISKS

The physical hazards that result from climate change, can and will continue to have a significant effect on the quality of human life. In addition to the physical hazards which could potentially affect the resilience and accessibility of assets, there are related socio-economic issues that need to be taken into consideration which could have an impact on an asset's value.

NSI can mitigate and adapt to these impacts through ensuring their assets are well connected and surrounded by green (space) and blue infrastructure (water elements). These measures can not only enhance the workability and usability of their assets but can also help reduce their vulnerability to the physical impacts of climate change. These measures should be taken in cooperation with local governments whenever possible.

## PHYSICAL CLIMATE RISKS IN MORE DETAIL



# PROGRESSING ON OUR WAY TO PARIS ALIGNMENT

It NSI's ambition to reduce the actual energy intensity of all our buildings, in line with the aims of the Paris Agreement. In 2022, NSI established a detailed plan (see page 21 for more details), including an investment plan for each asset, including time line, to reach this target.

In two of its assets, HNK The Hague and Q-Port in Amsterdam, NSI has made big steps in 2022.



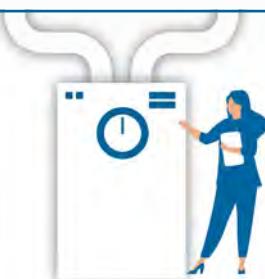
## REDUCING 22% ENERGY INTENSITY AT HNK THE HAGUE

In HNK The Hague, cooling units have been replaced by heat pumps. Heating can now be done (partially) electrical, using green electricity, leading to significant reduction of gas usage (72%) and GHG emissions.



7

Placement additional EV charging stations



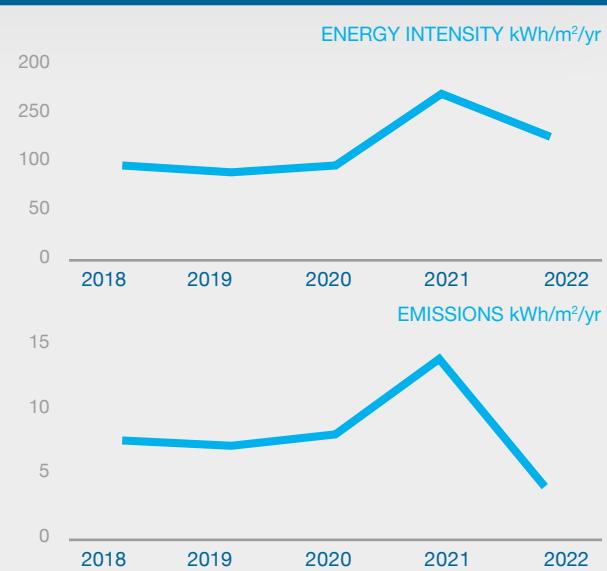
10

Installation of heatpumps as replacement of cooling units (end of life cycle)

**CA. €820K  
CAPEX**

**72%** reduction in gas use and increasing electricity use by only 18%

→ Significant reduction in GHG emissions



# THE SUSTAINABLE OFFICE



## ENERGY EFFICIENCY

- 1 Solar panels
- 2 Roof and facade insulation
- 3 Automatic blinds
- 4 Sensor controlled LED-lighting
- 5 Insulating and solar control glass
- 6 Energy-efficient equipment
- 7 Charging for electric cars and e-bikes
- 8 Procurement European wind
- 9 Energy-saving installations / ATES or air heat pump
- 10 Gas free
- 11 Ground floor insulation

## WATER EFFICIENCY

- 1 Water-saving sanitary
- 2 Reuse of rainwater
- 3 Water buffertank

## WASTE MANAGEMENT

- 1 Sustainable sourcing and materials
- 2 Informing tenants
- 3 Recycling waste
- 4 Separate waste collection
- 5 Reduce, reuse, recycle
- 6 Monitoring waste

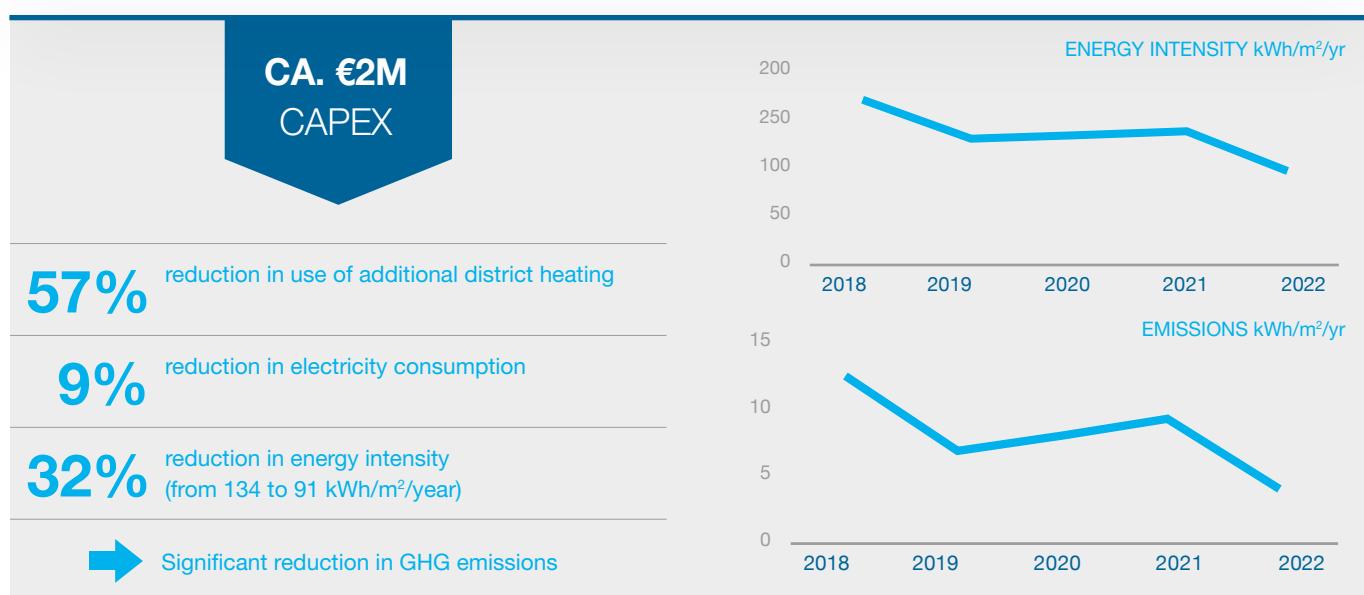
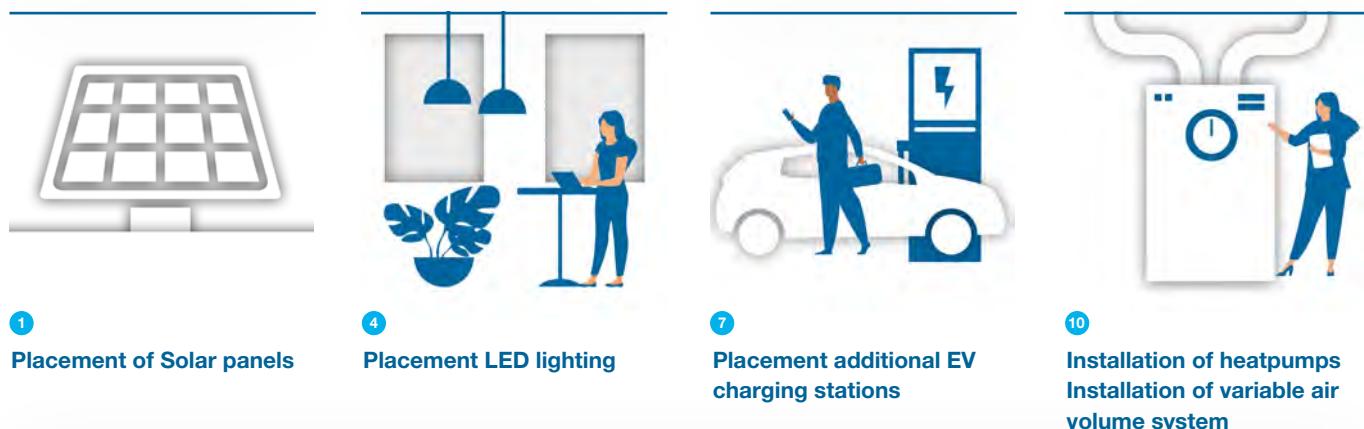
## HEALTH AND WELLBEING

- 1 Active work stations
- 2 Greening
- 3 Measuring quality of indoor climate
- 4 Green roofs
- 5 Adaptable lighting and climate systems
- 6 Healthy food & beverage
- 7 AEDs
- 8 Optimising daylight
- 9 Centrally located staircase
- 10 Access to public transport
- 11 Bicycle facilities



## REDUCING 32% ENERGY INTENSITY AT Q-PORT AMSTERDAM

Also in Q-port NSI invested in the installations, including the installation of a heat pump and solar panels. Much sustainability gain is achieved through the installation of a variable air volume system. This allows to cool or heat based on what is required given the office occupancy and the outside temperature.



# A GREAT PLACE TO WORK



**NSI aspires to be a great place to work. We want our people to enjoy the best work environment, excellent training, fulfilling and diverse career opportunities, and all the support they need to develop to their full potential.**

## NSI CULTURE AND MINDSET

NSI has an open and inclusive culture in which diversity is considered to be an added value. NSI aims to be a transparent, disciplined, responsible organisation that thinks in terms of opportunities. Furthermore, we like to keep it simple. We have clearly defined our core values, as can be found on page 53.

NSI incorporates these core values into its organisation and processes by hiring the best talent and by holding itself to the highest standards in an atmosphere of dedicated hard work, team spirit and fun.

NSI encourages its employees to give feedback and urges the whole organisation to actively contribute to our ambition of becoming the leading Dutch real estate company.

Safeguarding our corporate culture has management's ongoing attention and is consistently a significant point of attention in

internal meetings. Our ability to live up to these core values is included in our assessment and appraisal methodology and discussed in regular and year-end reviews. Moreover, our core values are integrated in job descriptions and NSI has an onboarding programme in place to familiarise new hires with the company's cultural values.

## HEALTHY WORKPLACE

The health and well-being of our employees and tenants is also an element of an important pillar of NSI's sustainability strategy. NSI's efforts and ambitions in this respect are reported in more detail in the ESG chapter 'The future is here' (on page 14).

The sickness rate at NSI was stable at 3.5% in 2022 (2021: 3.5%). Sadly one of our colleagues passed away in 2022.

NSI's culture and mindset, in which employees are used to having a great deal of flexibility with regard to how they perform their tasks and taking on responsibilities, is proving to be supportive in the health and well-being of our employees.

NSI's culture and its commitment to providing a healthy and inspiring working environment to its employees are reflected in



## OUR VALUES

We believe that a clear set of values creates a common feeling of identity. Our values set out the common behaviours that support our purpose and define our culture:

### WE ARE TRANSPARENT

We recognise that mutual trust can only really exist in an environment of openness, clear communication and consistent actions. Our success as a long-term investor hinges on us gaining and maintaining the trust of all stakeholders and we constantly focus on this.

### WE ARE DISCIPLINED

Our internal and external procedures are befitting of a small and flexible organisation. The procedures provide clarity on how we act and operate. We only make promises we can keep.



## ORGANISATION STRUCTURE

NSI has a lean and mean organisation in place, aligned with its focused strategy.

The organisation is headed by a board consisting of the CEO and CFO and is supported by a management team. The disciplines represented in the management team are Asset Management, Investment Management, Development, Customer Excellence and Finance & Control.

NSI is characterised by decentralised responsibilities, allowing the organisation to operate efficiently and empowering individuals to develop in their role, supported by a robust IT infrastructure and effective management information systems.

The number of employees (headcount) increased to 65 (NSI 48, HNK 17) at 31 December 2022 (2021: 60). In 2022, the organisation has been strengthened in particular in the areas of Development and Business Analytics. For the company's legal structure please refer to 'The principles for consolidation' on page 89:

### WE TAKE RESPONSIBILITY

Our intrinsic motivation at NSI is to always do the right thing. We recognise and fully embrace the high level of responsibility that rests upon our shoulders as a publicly-listed company. As employees we are fully aware of the need to support our customers, colleagues and other stakeholders and we treat them with the utmost respect. We acknowledge and correct any mistakes we make and we learn from them.

### WE THINK IN TERMS OF OPPORTUNITIES

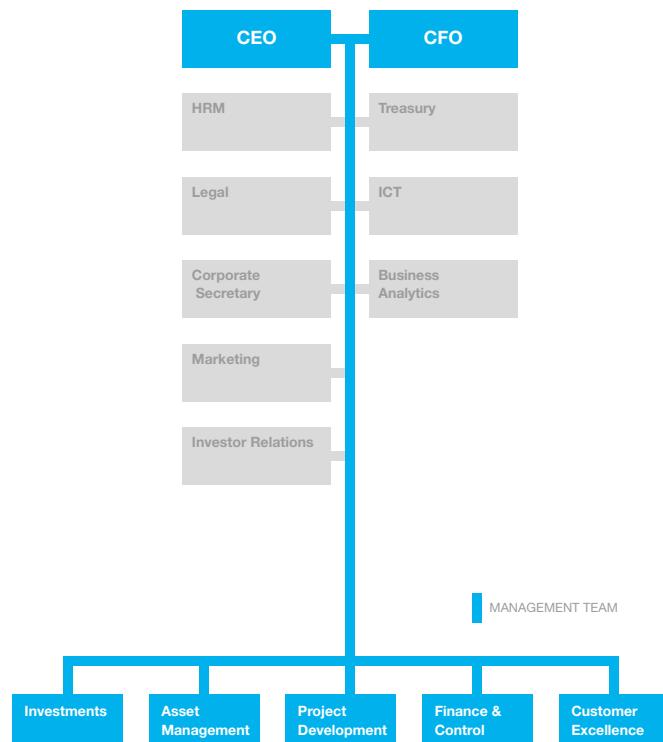
We have a positive mindset and are always seeking solutions and new opportunities. This makes us versatile and enables us to add value for our customers, whilst we continue to develop ourselves. We will always address the risks associated with an opportunity to come up with well-considered solutions.

### WE LIKE TO KEEP IT SIMPLE

Complexity often confuses, creates uncertainty, a fuzzy demarcation of responsibilities and generally results in slowdowns and delays which in turn lead to inefficiency and high costs. We take decisions after thorough and substantiated deliberation, making sure our choice of structure, process and responsibilities are as clear and concise as possible for us and our stakeholders.

### WE ARE HERE TO STAY

Our focus at NSI is on sustainability and the long term, both when it comes to the relationship with our customer, the perspective of the building, the location and the ever changing needs of users, and, but also with regard to the structure of our organisation and the interests of our shareholders. We are fully aware of short-term interests but will always favour the long term.



NSI's head office; offering a modern, healthy, flexible interior that perfectly matches the experience we want to offer to our tenants, including our employees.

A Leesman survey was conducted in 2022 to measure how supportive and effective the working environment in the new head office is experienced by all employees. The results were extremely good; the score was around 30% higher (Lmi of 83.2) compared to the average benchmark (64.4).

## EMPLOYEE ENGAGEMENT

Employee surveys are a strong tool used to track the actual and perceived well-being of employees, which is being conducted every two years. The latest survey ran in 2021 showed that employees generally feel engaged and connected, which was confirmed by a very high eNPS score (29.3). These surveys will be conducted again in 2023.

To keep employees informed and engaged, the Management Board regularly hosts sessions to inform the staff on the company's performance and to highlight specific topics and projects. These sessions are being held after each quarter to elaborate on the quarterly results, and every mid-quarter to discuss other subjects. In 2022, specific attention was paid to the macro-economical and political environment and what this meant to NSI.

With a view to team building and knowledge sharing, NSI invited all employees for an inspirational trip to Stockholm in 2022. The program consisted of several presentations and property tours of leading property companies and property developers in Stockholm, combined with an informal program.

A 'family and friends' day was organised to present the new NSI head office. Pianist Aleksandr Zavyalov from Ukraine performed a concert during this day. After fleeing his country he is giving concerts to raise money for humanitarian aid in Ukraine. The foundation "Get together for Ukraine" is sponsored by NSI.

## TRAINING AND DEVELOPMENT

Each individual employee is expected to make, supported by HR and their manager, a personal development plan, to guide training needs and career perspectives.

NSI provides ample training and development opportunities for all our employees. Employees are encouraged to take externally recognised courses by granting annual individual training budgets.

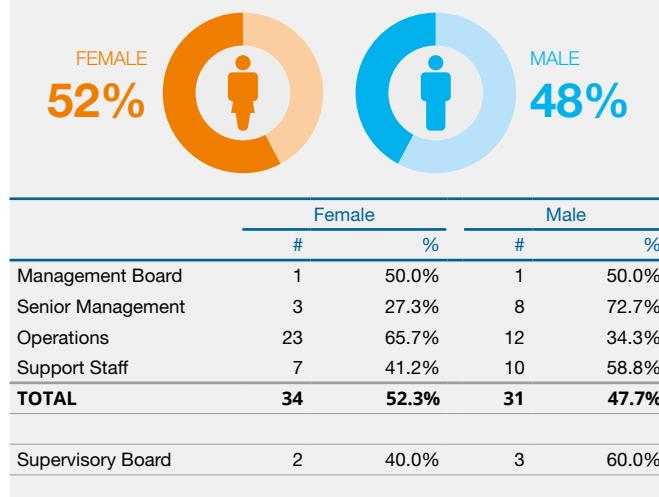
In 2022 NSI started to offer all employees the possibility to strengthen their, mainly soft skills, by means of an online training platform. In total employees spent 73 hours on this platform in 2022. This will be continued in 2023, and employees are being encouraged to further exploit the training opportunities and to increase the hours of training.

Throughout 2022 several awareness sessions related to sustainability were organised for all employees to attend. Topics included Timber Construction and Biobased Materials. One of the awareness trainings dealt with Cyber Security.

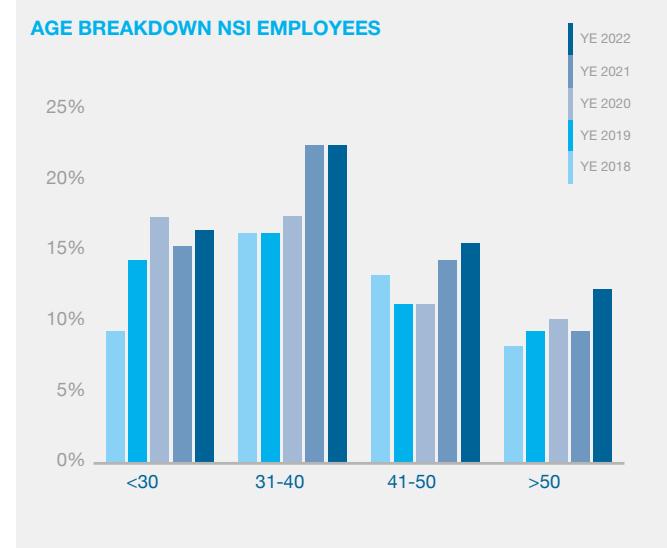
The training program that was specifically developed for the HNK team was implemented in 2022. The team was trained in how to embody the four defined and desired HNK experiences: I feel welcome, I feel connected, I feel truly supported, I feel energized.

The entire team of NSI, including the Supervisory Board, was invited for a Profile Dynamics® analysis. Profile Dynamics® provides insight into the values and drives of individuals in teams and organizations. Value systems largely determine people's thinking and behavior. The analysis is a tool to assess if the profile match the type of work of an individual or (the composition of) a team, and can serve as starting point for coaching. NSI will use it to further develop teams into even more effective teams. The Profile Dynamics® tool will also be used as a reference point in future appointments.

### GENDER BREAKDOWN NSI AT 31 DECEMBER 2022



### AGE BREAKDOWN NSI EMPLOYEES





# NSI TEAM



# CORPORATE GOVERNANCE

## INTRODUCTION

In this section NSI sets out a broad outline of the company's corporate governance and publishes detailed information about the matters specified in Article 10 section 1 a- k of the EU Takeover Directive.

## CORPORATE GOVERNANCE CODE

As a public limited liability company in the Netherlands, NSI is subject to the Dutch Corporate Governance Code. The current (actualised) Code was published on December 20<sup>th</sup>, 2022.

A detailed overview of the manner in which NSI complies with the provisions of the Dutch Corporate Governance Code and an explanation why or where NSI derogates from best practice provisions is published on the company website. NSI complies with all best practice provisions of the Dutch Corporate Governance Code, apart from best practice provision 1.3.1.

The following section gives a broad outline of the company's corporate governance following the principles stated in the Dutch Corporate Governance Code.

## OUTLINE OF NSI'S CORPORATE GOVERNANCE

NSI N.V. is a Dutch public limited liability company listed on Euronext Amsterdam and has its registered seat in Amsterdam, the Netherlands. NSI has a two-tier structure, with a Management Board and a non-executive Supervisory Board. The company's highest authority is the General Meeting of Shareholders which is held at least once a year.

### 1. LONG-TERM VALUE CREATION

#### 1.1 LONG-TERM VALUE CREATION

The management board is responsible for the continuity of the company and its affiliated enterprise and for sustainable long-term value creation by the company and its affiliated enterprise. The management board takes into account the impact the actions of the company and its affiliated enterprise have on people and the environment and to that end weighs the stakeholder interests that are relevant in this context. The supervisory board monitors the management board in this regard.

In the management report, the management board gives a more detailed explanation of its view on sustainable long-term value creation and the strategy for its realisation, as well as describing which contributions were made to sustainable long-term value creation in the past financial year.

#### 1.2 RISK MANAGEMENT

The company has adequate internal risk management and control systems in place which are described in more detail in the chapter Risk management and control. The Management Board is responsible for complying with relevant laws and regulations, for identifying and managing the risks associated with the company's strategy and activities and for financing the company.

The Management Board reports to the Supervisory Board and the General meeting of Shareholders.

#### 1.3 INTERNAL AUDIT FUNCTION

The task of the internal audit function is to assess the design and the operation of the internal risk management and control systems. The management board is responsible for the internal audit function. The supervisory board oversees the internal audit function and maintains regular contact with the persons fulfilling this function.

As is the case with many small, listed companies in the Netherlands, NSI has no separate department for the internal auditor function as specified in best practice provision 1.3.1. The Supervisory Board assesses annually whether adequate alternative measures have been taken, partly on the basis of a recommendation issued by the audit committee and considers whether it is necessary to establish an internal audit department and includes the conclusions, along with any resulting recommendations and alternative measures, in the report of the Supervisory Board. In practice NSI has a comprehensive Internal Audit program and yearly executes several Internal Audits that are conducted by BDO accountants and reported to and discussed with the Audit committee.

#### 1.4 RISK MANAGEMENT ACCOUNTABILITY

The management board discusses the effectiveness of the design and operation of the internal risk management and control systems with the Audit committee and renders account of this to the supervisory board.

#### 1.5 ROLE OF THE SUPERVISORY BOARD

The primary duty of the Supervisory Board is to supervise the management exercised by the Management Board and the general developments at the company and its affiliated enterprise, as well as to advise the Management Board. In the performance of its duties, the Supervisory Board focuses on the interests of the company and its affiliated enterprise and on the effectiveness of the company's internal risk management and control systems and the integrity and quality of the financial reporting.

#### 1.6 APPOINTMENT AND ASSESSMENT OF THE FUNCTIONING OF THE INDEPENDENT EXTERNAL AUDITOR

The independent external auditor is appointed by the General Meeting of Shareholders and attends the meeting of the Supervisory Board at which the financial statements are discussed and adopted in the presence of the Management Board. NSI publishes audited annual figures and reviewed semi-annual figures. NSI publishes a trading update for the first and third quarters, neither of which is reviewed or audited by the independent external auditor. PricewaterhouseCoopers Accountants N.V. was appointed as NSI's independent external auditor in 2016.

#### 1.7 PERFORMANCE OF THE INDEPENDENT EXTERNAL AUDITOR'S WORK

The audit committee and the independent external auditor discuss the audit plan and the findings of the independent external auditor based on the work the independent external auditor has undertaken. The management board and the supervisory board maintain regular contact with the independent external auditor.

### 2. EFFECTIVE MANAGEMENT AND SUPERVISION

#### 2.0 DIVERSITY

The diversity policy for the composition of the management board aims at a balanced gender breakdown. With a management board

that was 50% female and 50% male in the past financial year this policy is fully implemented.

The diversity policy for the composition of the Supervisory Board aims at a supervisory board that is at least 33,3% female and 33,3% male. With a supervisory board that was 40% female and 60% male in the past financial year this policy is fully implemented. The diversity policy for the composition of the Supervisory Board is included in the profile of the Supervisory Board which specifies the size, diversity and independence of the board and the desired expertise and background of the Supervisory Board members and which competencies should be represented in the Board. The profile is published on the company's website. The Supervisory Board strives to achieve a situation in which the experience and expertise of its members are appropriate in relation to the strategy and business activities of NSI, and cover specific areas of expertise, like financial management, sustainability and IT. The experience and expertise of the individual Supervisory Board members is detailed on page 81 and 82 of this annual report.

## 2.1 MANAGEMENT BOARD COMPOSITION, SIZE AND DIVISION OF DUTIES

The Management Board consists of two directors: a CEO and a CFO.

Directors are appointed by the General Meeting.

The procedure for appointment and reappointment is specified in section (h) below.

The division of duties within the Management Board as well as the Board's operating procedures are set out in the Articles of Association and the Management Board regulations which are made available on the company's website. The functioning of the Management Board as a collective and the functioning of individual members is evaluated yearly.

## 2.2 SUPERVISORY BOARD COMPOSITION AND SIZE

In accordance with the company's Articles of Association, the Supervisory Board consists of at least three members. Members are appointed by the General Meeting of Shareholders. The Supervisory Board currently comprises five members. The procedure for appointment and reappointment is specified in section (h) below.

The Supervisory Board is composed in such a way that its members can operate independently and critically with regard to each other, the Management Board and any interest group. All Supervisory Board members are currently independent within the meaning of best practice provision 2.1.8 of the Dutch Corporate Governance Code. A supervisory director is considered to be independent if the dependence criteria stated in the Code do not apply. One of the members of the Supervisory Board is a shareholder in ICAMAP Investments SARL, which is holding over 10% of NSI shares as per 31 December 2022. This company has invested in NSI with a view to a long-term commitment and the respective Supervisory Board member actively ensures that no transactions in NSI shares take place during the closed periods and during periods when the member of the Supervisory Board has inside information at its disposal which has not yet been made public by the company.

## 2.3 SUPERVISORY BOARD ORGANISATION AND DIVISION OF DUTIES

The division of duties within the Supervisory Board as well as its operating procedures are laid down in the company's Articles of Association and the Supervisory Board regulations, both of which are made available on the company's website. The Supervisory Board has appointed an Audit Committee, a Remuneration Committee, a Selection and Appointment Committee, and a Real Estate Committee from within its ranks. The regulations of these committees can also be accessed via the website.

## 2.4 DECISION-MAKING AND FUNCTIONING

In its monitoring, the Supervisory Board focuses on the strategy for realizing sustainable long-term value creation which has been established for this purpose, as well as on the targets derived from this strategy. The Supervisory Board also monitors the process of acquiring, divesting, and investing in real estate, the financial reporting process, and compliance with laws and regulations.

The Supervisory Board monitors the internal control structure and procedures and the assessment of the risks faced by the company and its subsidiaries. During 2022 the systems and procedures functioned in accordance with their intended purpose and there were no issues that raised doubt as to whether the internal control structure and procedures functioned adequately.

The Supervisory Board reports to the General meeting of Shareholders.

The functioning of the Supervisory Board as a collective and the functioning of individual members is evaluated yearly.

## 2.5 CULTURE

NSI has a mature, open culture that encourages employees to speak up. The culture is aimed at sustainable long-term value creation for the company and its affiliated enterprise.

The NSI Code of Conduct outlines the core values, the main integrity risks NSI may encounter in its business and the way it wishes to deal with these risks. The Code of conduct is published on the company's website.

## 2.6 COMPLIANCE

The Code of Conduct contains a procedure for reporting actual or suspicion of misconduct or irregularities. The management board monitors the effectiveness and compliance with the Code and reports about this in every meeting with the Audit Committee.

## 2.7 PREVENTING CONFLICTS OF INTEREST

In accordance with its regulations, the Supervisory Board is responsible for decision-making in dealing with existing or potential conflicts of interest between Management Board members, Supervisory Board members and the independent external auditor, on the one hand, and the company, on the other. Under the provisions of the Dutch Financial Supervision Act (Wet op het financieel toezicht or Wft) and EU-IFRS, the item 'related parties' in the annual financial statements specifies transactions between the company and related parties, including members of the Management Board

and the Supervisory Board, as well as transactions involving one or more related parties. The item also states to what extent such transactions were entered into at market conditions. No such transactions between the company and related parties took place in the 2022 financial year.

### 3. REMUNERATION

#### 3.1 REMUNERATION POLICY – MANAGEMENT BOARD

The General Meeting determines the remuneration policy for the Management Board, in accordance with the relevant statutory provisions. The Supervisory Board makes a proposal to that end. The remuneration policy focusses on sustainable long-term value creation for the company and its affiliated enterprise and takes into account the internal pay ratios within the enterprise. The 'Remuneration Policy for Members of the Management Board of NSI' is published on the website.

#### 3.2 DETERMINATION OF MANAGEMENT BOARD REMUNERATION

The Supervisory Board establishes the remuneration and other terms of service for members of the Management Board in accordance with the remuneration policy for the Management Board.

#### 3.3 REMUNERATION – SUPERVISORY BOARD

The Supervisory Board members receive a remuneration in accordance with the 'Remuneration Policy for Members of the Supervisory Board of NSI' which is published on the company's website. The General Meeting determines the remuneration policy for the Supervisory Board, in accordance with the relevant statutory provisions.

#### 3.4 ACCOUNTABILITY FOR IMPLEMENTATION OF REMUNERATION POLICY

In the remuneration report, the Supervisory Board renders account of the implementation of the remuneration policy. The report is posted on the company's website.

### 4. THE GENERAL MEETING

At least one General Meeting is held every year within six months of the end of the company's financial year. General Meetings of Shareholders are convened by the Management Board or the Supervisory Board. A legal term of at least 42 days applies between the convocation date of a General Meeting of Shareholders and the actual date of the meeting. The agenda of the general meeting shall list which items are up for discussion and which items are to be voted on. Listed items that are mentioned in best practice provision 4.1.3 of the Governance Code shall be dealt with as separate agenda items. The topics mentioned in article 23 section 3 of the Articles of Association are discussed when applicable.

Extraordinary General Meetings are held as often as the Management Board or the Supervisory Board deems necessary. Extraordinary General Meetings will also be held if the Management Board or the Supervisory Board is requested to that effect in writing by one or more holders of shares individually or jointly representing one-tenth or more of the issued capital, specifying in detail the subjects to be discussed.

The 2022 Annual General Meeting of Shareholders took place on 15 April. The agenda's specifying the topics addressed by this meeting, the explanatory notes and the minutes of this meeting are published on the company's website.

### INFORMATION SPECIFIED IN ARTICLE 10 SECTION 1 A - K OF THE EU TAKEOVER DIRECTIVE

EU Directive 2004/25/EC of 21 April 2004 (Takeover Directive) requires that companies the securities of which are admitted to trading on a regulated market publish detailed information in their annual report about the matters listed in paragraph 1 of Article 10 of the Directive. The following section contains this information about NSI.

#### a Capital structure, classes of shares, rights and obligations attached to shares

The authorised capital of the company is € 99,568,556.64 and is divided into 27,056,673 ordinary shares, each with a nominal value of € 3.68). At 31 December 2022, 20,054,241 shares were issued and fully paid up. The capital does not include securities which are not admitted to trading on a regulated market in a Member State.

#### Classes of shares

There are no different classes of shares. All shares have equal entitlement to the company's profit and reserves. Shareholders have the right to cast one vote for each ordinary share held;

#### Rights attached to shares

The rights vested in the shares are laid down in the Company's Articles of Association, which may be inspected on NSI's website.

All shareholders shall be authorised – either in person or through a person with a written proxy – to attend the General Meeting, speak at the meeting and vote at the meeting.

Shareholders who individually or jointly represent at least three percent (3%) of the company's issued share capital may request that items be added to the agenda of the General Meeting of Shareholders. Such a request is granted if it is received in writing at least 60 days before the meeting, stating the reasons for said request.

#### Obligations attached to shares

Unless the provisions of article 2:80 of the Dutch Civil Code apply, the nominal amount shall be paid on a share when subscribing for that share, as well as the difference between the nominal amount and a higher amount if the share is subscribed for that higher amount.

Payments on shares must be made in cash unless an alternative contribution has been agreed upon. Payments in another currency than in which the nominal value of the shares is denominated can only be made upon approval by the company.

#### b Restrictions on the transfer of shares

NSI has not placed any restrictions on the transfer of its shares.

#### c Significant shareholdings

Notifications pursuant to the Dutch Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions Act were

received from holders of ordinary shares representing more than 3% of the company's capital. According to the most recent notifications, these interests were as follows:

	31 December 2022	31 December 2021
ICAMAP Investments SARL	10.0%	10.0%
BlackRock, Inc.	5.8%	5.8%
Ameriprise Financial	5.0%	< 3.0%
APG Asset Management N.V.	-	3.2%
Clearance Capital Ltd.	3.1%	3.1%

#### d Securities with special control rights

No securities with special control rights have been issued

#### e The system of control of employee share schemes

There is no employee share scheme granting rights to employees to acquire shares in the company or any of its subsidiaries.

#### f Restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities;

Shareholders may cast their votes in person or by proxy. All resolutions of the General Meeting of Shareholders are passed with an absolute majority of the votes cast, unless a larger majority is required by law or under the Articles of Association.

Deadlines for attending and exercising voting rights in General Meetings of Shareholders

Shareholders – and those deriving their right to attend or to attend and vote from shares for other reasons – shall notify the Management Board of their intention to attend no later than the date stated in the notice convening the meeting and in the manner stated in that notice in order to be allowed to attend the General Meeting and (to the extent that they have a vote) to be allowed to participate in voting.

The notice convening the meeting shall state the date by which the Management Board must have received the notification and the manner in which this notification must be given; this date may not be earlier than on the seventh day before the day of the General Meeting.

NSI does not cooperate with the issuance of depositary receipts for its shares.

#### g Shareholder agreements resulting in transfer or voting restrictions

The company is not aware of any agreements between shareholders that may result in restrictions on the transfer of shares or restrictions on the exercise of voting rights within the meaning of Directive 2001/34/EC.

#### h the rules governing the appointment and replacement of board members and the amendment of the articles of association;

Appointment and replacement of management board members

The company is managed by a Management Board consisting of two members.

The General Meeting shall appoint and dismiss the members of the Management Board. Each member of the Management Board will be appointed for a term of not more than four (4) years, and shall be eligible for re-election.

The General Meeting may suspend or dismiss a member of the Management Board at any time, providing the resolution to that effect is passed with a majority of at least two thirds of the votes cast that also represents more than half of the issued capital.

The Supervisory Board shall be authorised to suspend any member of the Management Board at any time.

#### Appointment and replacement of supervisory board members

The members of the Supervisory Board shall be appointed by the General Meeting. A supervisory board member is appointed for a period of four years and may then be reappointed once for another four-year period. The supervisory board member may then be reappointed again for a period of two years, which appointment may be extended by at most two years.

At the General Meeting only candidates whose names are stated on the agenda of the meeting can be voted on for appointment as member of the Supervisory Board.

Each member of the Supervisory Board can at all times be suspended or removed from office by the General Meeting. A resolution to suspend or remove a member of the Supervisory Board requires a majority of two thirds of the votes cast, representing more than one half of the issued capital of the company.

#### Amendment of the articles of association

If a proposal to amend the Articles of Association is put to the General Meeting, that proposal shall always be stated in the notice convening the General Meeting.

The shareholders shall be given the opportunity to obtain a copy of the proposal, from the day when the proposal is filed at the company's offices until the day of the General Meeting. These copies shall be provided free of charge.

A resolution to amend the Articles of Association may only be passed by a simple majority of the votes cast at a General Meeting.

#### i The powers of board members, and in particular the power to issue or buy back shares

The Management Board is tasked with managing the company, in accordance with the law and the articles of association which may require the management board to obtain prior approval of the general meeting or of the Supervisory Board before making a

# ESG – GOVERNANCE

The oversight of ESG matters is crucial. ESG is overseen principally by the Management Board.

The strategy and targets for energy consumption and carbon emissions are set and monitored by the Management Board. The responsibility for overseeing day-to-day management is delegated to the management team. NSI has formed a dedicated ESG committee who meets twice a month to address targets, implementation and reporting of our ESG objectives. We have created an ESG coordinator role which is entrusted to the Investor Relations officer. Both members of the Management Board are part of this committee as well as key personnel from different disciplines in (technical) asset management, finance and reporting.

For 2022 the focus of the ESG committee was:

- Sharpen ESG strategy and pillars, monitor progress and improve where necessary
- Establish roadmap to a Paris aligned portfolio on an asset and portfolio level
- Define the non-financial KPI's
- ESG accounting manual
- ESG data collection and warehousing
- EU taxonomy analysis and implementation
- Organising internal awareness and knowledge sessions

## ALIGNMENT OF PERFORMANCE TARGETS



Personal and corporate sustainability targets are embedded into the annual performance goals of each employee at NSI. The Management Board also have annual performance ESG goals.

NSI also encourages employees to contribute and share knowledge through specific knowledge sharing events. This is done predominately through the Sustainability Committee who take ESG responsibility for each of NSI's commitments.

## DISCLOSURE AND REPORTING

Progress on sustainability is disclosed to all stakeholders in the Annual Report and online in our sustainability report. NSI's non-financial performance is reported and communicated considering the following standards and benchmarking tools:

- GHG Protocol Corporate Standard
- GRI Standards
- EPRA
- GRESB methodology
- CRREM
- EU Taxonomy methodology

NSI aims to continuously improve its internal ESG governance. For this purpose NSI started the ISO14001 certification process. This standard will help NSI implement a holistic environmental management system and improve its general sustainability performance.

## ESG ASSURANCE

NSI's independent auditor PricewaterhouseCoopers Accountants N.V. has provided limited assurance on a selection of reported sustainability and non-financial KPIs for financial year 2022. In scope are 18 KPI's in the field of Energy, Water, Waste, Greenhouse Gas Emissions, Certification and Social (full list outlined in the glossary on page 152-153) and the green financing agreement. This limited assurance is an intermediate step in the transition to an integrated annual report, in which the full sustainability information will be in scope in line with the Corporate Sustainability Reporting Directive (CSRD), which will come into effect for NSI on 1 January 2025. NSI has performed a CSRD gap analysis and will continue with the implementation of CSRD in 2023, which is expected to become applicable to NSI in 2025.

## OTHER NON-FINANCIAL DISCLOSURE

### DIVERSITY AND INCLUSION

NSI is committed to fostering a fair and inclusive working environment. NSI aims to foster a culture where people are respected and appreciated, and perceive equality and fairness of opportunities in their workplace. NSI recognises the benefits of diversity and inclusion, and is fully committed to providing equal opportunities and treatment when it comes to recruitment and selection, training and development, performance reviews and promotion. Our culture is based on the principles of mutual respect and non-discrimination irrespective of nationality, age, disability, gender, religion or sexual orientation.

NSI aims for a balanced gender distribution and is committed to provide equal pay for equal work. The current gender pay gap ratio is largely driven by the structure of our workforce, including the higher representation of men in senior management roles and a higher representation of women in operations (HNK hosts), varieties in tenure, job level and specific expertise. NSI aims to improve the gender balance at all levels of the organisation, and the related gender pay ratio, and explicitly takes this into account when filling vacancies.

	Female		Male		Gender pay ratio*
	#	%	#	%	
Management Board	1	50.0%	1	50.0%	1.23
Senior Management	3	27.3%	8	72.7%	1.36
Operations	23	65.7%	12	34.3%	2.07
Support Staff	7	41.2%	10	58.8%	1.00
<b>TOTAL</b>	<b>34</b>	<b>52.3%</b>	<b>31</b>	<b>47.7%</b>	<b>1.74</b>
Supervisory Board	2	40.0%	3	60.0%	

\* male average pay / female average pay

#### COGNITIVE DIVERSITY

NSI welcomes diverse talents and is keen on including multiple perspectives, thereby leveraging inclusion on a cognitive level. NSI strongly believes that collaboration between people with different thinking styles, habits and perspectives brings about better results. In 2022, NSI measured how different perspectives, competences and value systems are represented in the organization by using the 'Profile Dynamics' methodology. This provided insight into whether the profile and composition of a team reflect the desired balance in terms of cognitive diversity and inclusion. The Profile Dynamics® tool will also be used as a reference point in future appointments.

#### HUMAN RIGHTS

NSI supports the principles laid down in the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. We believe that human rights, as defined by the United Nations in its Universal Declaration of Human Rights, are a common standard that all employers should uphold, and we encourage our employees as well as our contractors and suppliers to respect these rights by committing to our Code of Conduct and business integrity principles as part of our general terms and conditions.

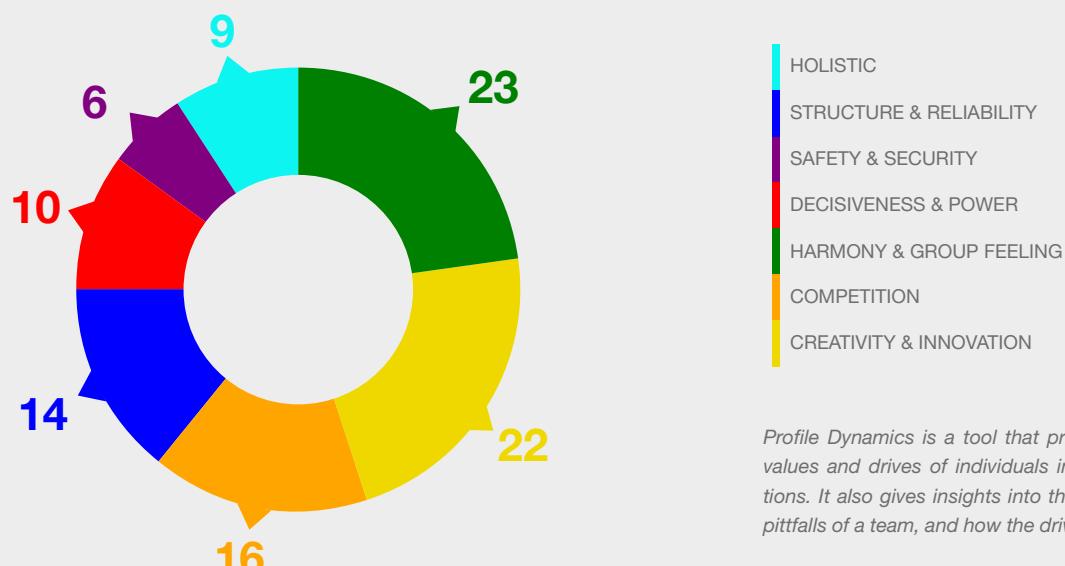
No issues involving human rights were reported in 2022.

#### ANTI-CORRUPTION

NSI and its employees must act with integrity, honesty and in compliance with the laws, as stipulated in the company's Code of Conduct. The Code of Conduct also defines how employees should act when presented with gifts and provides guidance on how to prevent conflicts of interest. The code of conduct also provides a protocol on how to act in case of undesirable behaviour.

The Code of Conduct is available on the company website. The code of conduct is signed annually by NSI employees. In 2022 NSI contracted an external counselor as part of its whistle-blower procedure, allowing employees to report suspected irregularities of various kinds within NSI without jeopardising their position. There were no issues reported in 2022.

PROFILE DYNAMIC CHART NSI TEAM



*Profile Dynamics is a tool that provides insight into the values and drives of individuals in teams and organisations. It also gives insights into the the strength and the pitfalls of a team, and how the drives fit the team's tasks.*



## ESG (NON-FINANCIAL) PERFORMANCE MEASURES 2022

Impact area	INREV Code	GRI Standard	Units of measure	Indicator		Notes	Absolute performance (Abs)		Like-for-like performance (LfL)			
							2022	2021	2022	2021	% change	
Energy	Fuels-Abs, Fuels-LfL	GRI Standard 302-1	annual kWh	Fuels	Total landlord-obtained fuels	B	7,260,436	12,351,361	6,772,802	9,500,231	-28.7%	
					Proportion of landlord-obtained fuels from renewable resources		-	-	-	-	-	
					Total tenant-obtained fuels	C	2,882,537	4,833,199	2,405,546	3,108,944	-22.6%	
					Proportion of tenant-obtained fuels from renewable resources		-	-	-	-	-	
					Total landlord- and tenant-obtained fuels	✓	10,142,973	17,184,560	9,178,348	12,609,175	-27.2%	
					Proportion of landlord- and tenant obtained fuels from renewable resources		-	-	-	-	-	
					No. of applicable properties	Fuels disclosure coverage	✓	26 out of 27	36 out of 37	22 out of 22	22 out of 22	
					Covered applicable sqm		✓	98.7%	98.8%	100.0%	100.0%	0.0%
					%	Proportion of fuels estimated	✓	0%	0%	0%	0%	-
	DH&C-Abs, DH&C-LfL	GRI Standard 302-1/302-2	annual kWh	District heating and cooling	Total landlord-obtained district heating and cooling	C	9,310,975	11,267,407	8,631,489	10,242,121	-15.7%	
					Proportion of landlord-obtained heating and cooling from renewable resources		-	-	-	-	-	
					Total tenant-obtained heating and cooling	C	4,130,300	3,701,974	3,697,244	3,701,974	-0.1%	
					Proportion of tenant-obtained heating and cooling from renewable resources		-	-	-	-	-	
					Total landlord- and tenant-obtained heating and cooling	C	13,441,275	14,969,381	12,328,733	13,944,095	-11.6%	
					Proportion of landlord- and tenant-obtained heating and cooling from renewable resources		-	-	-	-	-	
					No. of applicable properties	District heating and cooling disclosure coverage	✓	22 out of 23	23 out of 27	20 out of 20	20 out of 20	-
					Covered applicable sqm		✓	95.2%	86.9%	100.0%	100.0%	0.0%
					%	Proportion of district heating and cooling estimated	✓	0%	0%	0%	0%	-
Elec-Abs, Elec-LfL	GRI Standard 302-1/302-2	annual kWh	Electricity		Total landlord-obtained electricity	B+C	18,200,793	19,165,121	16,615,291	15,493,680	7.2%	
					Proportion of on-site landlord-obtained electricity from renewable resources		3%	3%	4%	3%	6.4%	
					Proportion of off-site landlord-obtained electricity from renewable resources		96%	96%	96%	97%	-0.5%	

✓ Limited assurance has been given on the 2022 absolute performance figures in our annual report 2022. Please see our annual report for the limited assurance report [link](#)



Impact area	INREV Code	GRI Standard	Units of measure	Indicator		Notes	Absolute performance (Abs)		Like-for-like performance (LfL)		
							2022	2021	2022	2021	% change
Energy	Elec-Abs, Elec-LfL	GRI Standard 302-1/302-2	annual kWh	Electricity	Total tenant-obtained electricity	C+D	14,130,181	12,527,823	11,900,235	11,246,794	5.8%
					Proportion of on-site tenant-obtained electricity from renewable resources		0%	0%	0%	0%	-
					Proportion of off-site tenant-obtained electricity from renewable resources		100%	89%	100%	88%	13.1%
					Total landlord- and tenant-obtained electricity consumption	✓	32,330,973	31,692,943	28,515,525	26,740,474	6.6%
					Proportion of on-site landlord- and tenant-obtained electricity from renewable resources		2%	2%	2%	2%	16.3%
					Proportion of off-site landlord- and tenant-electricity from renewable resources		98%	93%	98%	93%	4.9%
				No. of applicable properties	Electricity disclosure coverage	✓	51 out of 51	63 out of 65	42 out of 42	42 out of 42	-
					Covered applicable sqm	✓	100.0%	95.2%	100.0%	100.0%	0.0%
				%	Proportion of electricity estimated	✓	0%	0%	0%	0%	-
					No. of applicable properties		13 out of 14	11 out of 15	13 out of 13	10 out of 10	-
				No. of solar panels	On-site solar panels coverage		2,678	2,326	2,678	2,256	-
	Energy-Int (all assets)	GRI Standard 302-3	annual kWh / sqm	Energy Intensity	(sum of) annual kWh energy consumption	✓	55,915,222	63,846,884	50,022,607	53,293,744	-6.1%
					(sum of) floor area (m2) - Energy	A ✓	427,197	493,758	374,527	374,527	0.0%
					Building energy intensity	✓	131	129	134	142	-6.1%
					Proportion energy from renewables resources		57.7%	47.2%	56.9%	47.6%	19.4%
Green-house gas emissions	GHG-Dir-Abs	GRI Standard 305-1	annual kg CO2e	Direct	Scope 1		1,549,377	2,382,578	1,445,316	1,832,595	-21.1%
	GHG-Indir-Abs	GRI Standard 305-2 and 305-3	annual kg CO2e	Indirect	Scope 2		925,748	1,123,065	860,110	923,839	-6.9%
					Scope 3		1,014,120	2,014,635	870,497	1,682,026	-48.2%
	GHG-Int (all assets)	GRI Standard 305-4	kg CO2e / sqm / year	GHG emissions intensity	(sum of) annual GHG emissions	✓	3,489,246	5,520,277	3,175,923	4,438,460	-28.4%
					(sum of) floor area (m2) - GHG	A ✓	427,197	493,758	374,527	374,527	0.0%
					Building carbon intensity	✓	8	11	8	12	-28.4%
					No. of applicable properties	✓	51 out of 51	64 out of 65	43 out of 43	43 out of 43	-
					Covered applicable sqm	✓	98.9%	94.3%	100.0%	100.0%	0.0%
					%	✓	0%	0%	0%	0%	-

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Impact area	INREV Code	GRI Standard	Units of measure	Indicator		Notes	Absolute performance (Abs)		Like-for-like performance (LfL)				
							2022	2021	2022	2021	% change		
Water	Water-Abs, Water-LfL	GRI Standard 303-1	annual cubic metres (m3)	Water	Total landlord-obtained water consumption	B	49,723	52,418	44,630	33,924	31.6%		
					Total tenant-obtained water consumption	C	34,221	29,337	31,265	27,393	14.1%		
					Total water consumption	✓	83,944	81,755	75,895	61,318	23.8%		
	Water-Int (all assets)	GRI standard CRE2	annual m3 / sqm	Water Intensity	(sum of) floor area (m2) - Water	A	420,300	486,272	372,804	372,804	0.0%		
					Building water intensity	✓	0.20	0.17	0.20	0.16	23.8%		
			No. of applicable properties		Water disclosure coverage	✓	50 out of 51	59 out of 65	42 out of 42	42 out of 42	-		
			Covered applicable sqm			✓	97.4%	93.6%	100.0%	100.0%	0.0%		
			%		Proportion of water estimated	✓	-	-	-	-	-		
			annual tonnes	Waste type	Hazardous waste		-	-	-	-	-		
					Non-Hazardous waste		938	891	-	-	-		
					Total waste created	✓	938	891	-	-	-		
	Waste	GRI Standard 306-3 / 306-4 / 306-5		proportion by disposal route (%)	Disposal routes	Landfill (with or without energy recovery)		-	-	-	-		
						Incineration (with or without energy recovery)		-	-	-	-		
						Diverted (total)	94%	93%	-	-	-		
						Diverted - Reuse		-	-	-	-		
						Diverted - Waste to energy	66%	64%	-	-	-		
						Diverted - Recycling	28%	30%	-	-	-		
						Other / Unknown	6%	7%	-	-	-		
				No. of applicable properties		Waste disclosure coverage	✓	29 out of 51	34 out of 65	-	-		
				Covered applicable sqm			✓	79.7%	75.6%	-	-		
				%		Proportion of waste estimated	✓	-	-	-	-		
Certification	Cert-Tot		EU EPC	Covered applicable properties	Certified	✓	49 out of 49	52 out of 52	43 out of 43	43 out of 43			
					Certified		100.0%	100.0%	100%	100%			

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Impact area	INREV Code	GRI Standard	Units of measure	Indicator	Notes	Absolute performance (Abs)		Like-for-like performance (LfL)		
						2022	2021	2022	2021	% change
Certification	Cert-Tot	GRI Standard 306-3 / 306-4 / 306-5	EU EPC	Level of certification	A++++	✓	-	-	-	-
					A+++	✓	-	-	-	-
					A++	✓	13%	-	16%	16%
					A+	✓	10%	-	9%	9%
					A	✓	65%	81%	65%	65%
					B	✓	8%	7%	7%	7%
					C	✓	4%	10%	3%	3%
					D	✓	-	0.0%	-	-
					E	✓	-	-	-	-
					F	✓	-	-	-	-
					G	✓	-	2%	-	-
				Green Building Certification	Certified by at least one Green Building Certification	✓	46 out of 49	45 out of 52	42 out of 43	41 out of 43
					Certified by at least one Green Building Certification sqm	✓	94%	89%	99%	98%
					BREEAM In Use - Level of certification	Outstanding	✓	0%	0%	0%
					Excellent	✓	36%	-	41%	41%
					Very Good	✓	30%	1%	34%	34%
					Good	✓	14%	37%	13%	13%
					Pass	✓	10%	35%	9%	8%
				GRESB Score	Acceptable	✓	4%	16%	2%	2%
					GRESB Score	✓	93 out of 100	92 out of 100		

⚠ Limited assurance has been given on the 2022 absolute performance figures in our annual report 2022. Please see our annual report for the limited assurance report [link](#).

## EU TAXONOMY

	Note	2022 eligibility	2022 alignment*
Revenue	✓	100.0%	88.5%
Capex	✓	100.0%	92.3%
Opex	✓	100.0%	87.6%

## SOCIAL PERFORMANCE MEASURES

		Note	2022	2021
Diversity - Emp	Employee gender diversity	Female	✓	52% 45% Percentage of employees
		Male	✓	48% 55%
Diversity-Pay	Gender pay ratio	Management Board	1.23	1.28 Ratio
		Senior Management	1.36	1.37
		Operations	2.07	2.09
		Support Staff	1.00	1.20
		Total	✓ 1.74	1.63
Emp-Training	Employee training and development	✓	83	70
Emp-Dev	Employee performance appraisals	✓	100%	100%
Emp- Turnover	New hires and turnover	New hires	✓ 20	15 New hires headcount
			30.8%	25.0% New hires percentage
		Leavers	✓ -15	-10 Leavers headcount
			-23.1%	-16.7% Leavers percentage
H&S-Emp	Employee health and safety	Absentee rate	✓ 3.5%	3.5%
		Injury rate	✓ 0.0%	0.0%
		Work related fatalities	✓ 0	0
H&S-Asset	Asset health and safety assessments	✓	33 out of 49	33 out of 52
H&S-Comp	Asset health and safety compliance	Number of incidents	✓ 2	0
Comty-Eng	Community engagement, impact assessment and development programs		10 out of 49	11 out of 52 HNK office app in all HNK's

⚠ Limited assurance has been given on the 2022 absolute performance figures in our annual report 2022. Please see our annual report for the limited assurance report [link](#)

## GOVERNANCE PERFORMANCE MEASURES

		2022	2021
Gov-Board	Composition of the highest governance body	Page 64-68	Page 74-78 See composition and total number
Gov-Selec	Process for nominating and selecting the highest governance body	Page 64-68	Page 74-78 Narrative on process
Gov-Col	Process for managing conflicts of interest	Page 64-68	Page 74-78 Narrative on process

\* based on technical criteria 2.1 and 2.2. The minimum safeguards analysis (2.3) will be performed in 2023.

# MEASUREMENT METHODOLOGY AND ASSUMPTIONS

## ESG (NON-FINANCIAL) PERFORMANCE MEASURES

NSI reports environmental, social and governance performance in accordance with the EPRA Sustainability Best Practice Recommendations (sBPR). This reporting is split into several sections consisting of the overarching EPRA recommendations, the environmental performance indicators, the social performance indicators and the governance performance indicators.

### REPORTING PERIOD AND ORGANISATIONAL BOUNDARIES

The reporting period for this report is the same as for the annual financial report. NSI includes its ESG performance in its annual report since 2017, and publishes a separate sustainability report since 2020. The analysis includes data of the portfolio as per 31 December 2022. Assets that were acquired or disposed during 2022 were excluded from the Like-for-like performance analysis.

### MEASUREMENT SCOPE AND COVERAGE

In 2022, 100% of the total portfolio value belonged to the measurement scope, which corresponds to 51 properties, including the NSI head office. The consumption data were collected using our invoice data, invoice data obtained from tenants, combined with smart meters and data obtained from tenants. In the event of incomplete or missing data, the data was extrapolated in accordance with EPRA guidelines or the asset was excluded.

With regard to the measurement of electricity, the following apply:

- The energy generated by the solar panels has not been deducted from the total electricity consumption
- The consumption of the electric charging stations is excluded in the total electricity consumption.
- The electricity consumption of the tenant is based on renewable energy. The calculation of the 'building energy intensity' is based on all buildings for which data is available for at least 9 months. In case of missing data, the data is extrapolated to a whole year. On page 137 to 140 you can find the EPRA tables with the various performances, including the share of buildings in scope for each of the performance indicators and the extent of data coverage/extrapolation.

### ESTIMATION AND EXTRAPOLATION OF CONSUMPTION DATA

At the time of publication of this report, not all data are available for the measurement year 2022 yet. If data for at least ten months is available, it has been extrapolated in accordance with EPRA guidelines. If the data of one of the meters in a building is missing, the square meters of the building will be adjusted pro-rata for

the purpose of determining the energy-, CO<sub>2</sub>- and water intensity and calculating the data coverage. The 2021 consumption figures were adjusted compared to the previously reported and audited figures as a result of the final invoices and measurements. In accordance with the EPRA guidelines, a like for like analysis was carried out for several environmental indicators. The analysis enables NSI to observe evolutions in consumption, irrespective of the fact that new assets are added to the scope of measurement.

### EXPLANATORY NOTES TO SUSTAINABILITY PERFORMANCE MEASURES

The like for like (LfL) calculation reflects consumption of the portfolio that has been consistently in operation during the most recent two full reporting years, in line with the EPRA sBPR definition. As a result, neither the purchased assets nor the assets sold in the reporting period are included in this calculation.

This means that:

- 7 assets are excluded from Like-for-Like Performance as these assets were not fully operational during the reporting period of 2022.
- 4 assets are excluded from Like-for-Like Performance as these assets were purchased during the reporting period of 2021.

Furthermore, the Notes in the table refer to the following:

- A** Square meters based on CRREM methodology (Gross floor area minus internal parking garage minus outer façade).
- B** Normalization (as a consequence of Acquisitions and Dispositions during the year):
  - When a property is in the portfolio for less than 9 months (< 274 days), the property will be excluded.
  - When a property is in the portfolio for 9 months or longer (=> 274 days), the property will be included. For these properties, the consumption for the remaining part of the year should be estimated/extrapolated and explained in the report.
- C** Reported consumption changes compared with last year due to additional data availability. This results in a higher data coverage.
- D** Data of last year was not accurate due to a double counting. This is corrected.

# TAXONOMY ELIGIBILITY AND ALIGNMENT

## AGAINST TURNOVER, CAPEX AND OPEX

**TABLE 1**

Table - Proportion of Turnover from products or services associated with economic activities that qualify as environmentally sustainable  
- disclosure covering year N

Economic activity	Codes	Absolute [Turnover]	Substantial contribution criteria						Do not significant harm criteria																		
			Proportion of [Turnover] - %	Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Y/N	Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Y/N	Circular Economy	Y/N	Biodiversity and Ecosystem	Y/N	Minimum safeguards	%	Taxonomy Aligned proportion of [Turnover] year N - %	%	Taxonomy Aligned proportion of [Turnover] year N-1 - %	%	Category Enabling activity - %	%	Category Transitional activity - %	
<b>A. Taxonomy Eligible activities (A1 + A2): %</b>																											
<b>A.1 Environmentally sustainable activities (Taxonomy aligned)</b>																											
Activity 1 - Acquisition and ownership of buildings (7.7)	L68		100.0%	88.7%	0.0%	0.0%	0.0%	0.0%	0.0%	NA	Y	Y	Y	Y	Y	PM	88.7%	NA	NA	NA	NA						
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>																											
<b>A.2 Environmentally sustainable activities (not Taxonomy aligned)</b>																											
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>																											
<b>Total (A.1 + A.2)</b>			100.0%	88.7%	0.0%	0.0%	0.0%	0.0%	0.0%																		
<b>B. Non-Eligible activities: %</b>																											
<b>Turnover of non-Eligible activities</b>			0.0%																								
<b>Total (A + B)</b>			0.0%																								

**TABLE 2**

Table - Proportion of CapEx from products or services associated with economic activities that qualify as environmentally sustainable - disclosure covering year N

Economic activity	Codes	Absolute [CapEx]	Substantial contribution criteria						Do not significant harm criteria						Taxonomy Aligned proportion of [CapEx] year N - %	Taxonomy Aligned proportion of [CapEx] year N-1 - %	Category Enabling activity - %	Category Transitional activity - %					
			Proportion of [CapEx] - %	Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystem	Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystem								
<b>A. Taxonomy Eligible activities (A1 + A2): %</b>																							
<b>A.1 Environmentally sustainable activities (Taxonomy aligned)</b>																							
Activity 1 - Acquisition and ownership of buildings (7.7)	L68		100.0%	92.2%	0.0%	0.0%	0.0%	0.0%	0.0%	NA	Y	Y	Y	Y	PM	92.2%	NA	NA	NA				
<b>Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>																	92.2%						
<b>A.2 Environmentally sustainable activities (not Taxonomy aligned)</b>																							
<b>Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>																							
<b>Total (A.1 + A.2)</b>			100.0%	92.2%	0.0%	0.0%	0.0%	0.0%	0.0%							92.2%							
<b>B. Non-Eligible activities: %</b>																							
<b>Turnover of non-Eligible activities</b>			0.0%																				
<b>Total (A + B)</b>			100.0%																				

**TABLE 3**

Table - Proportion of OpEx from products or services associated with economic activities that qualify as environmentally sustainable - disclosure covering year N

Economic activity	Codes	Absolute [OpEx]	Substantial contribution criteria						Do not significant harm criteria						Taxonomy Aligned proportion of [OpEx] year N - %	Taxonomy Enabling activity - %	Category Transitional activity - %				
			Proportion of [OpEx] - %	Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystem	Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystem						
<b>A. Taxonomy Eligible activities (A1 + A2): %</b>																					
<b>A.1 Environmentally sustainable activities (Taxonomy aligned)</b>																					
Activity 1 - Acquisition and ownership of buildings (7.7)	L68		100.0%	87.7%	0.0%	0.0%	0.0%	0.0%	0.0%	NA	Y	Y	Y	Y	PM	87.7%	NA	0,0% 0,0%			
<b>Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>																	87.7%				
<b>A.2 Environmentally sustainable activities (not Taxonomy aligned)</b>																					
<b>Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>																					
<b>Total (A.1 + A.2)</b>			100.0%	87.7%	0.0%	0.0%	0.0%	0.0%	0.0%							87.7%					
<b>B. Non-Eligible activities: %</b>																					
<b>Opex of non-Eligible activities</b>			0.0%																		
<b>Total (A + B)</b>			100.0%																		

# GLOSSARY ESG (NON-FINANCIAL) PERFORMANCE MEASURES

## ASSET HEALTH AND SAFETY ASSESSMENTS

Asset Health and safety assessments refers to the proportion of assets for which health and safety related assessments have been performed, reviewed or assessed to determine the impact with respect to compliance or further improvement possibilities. Every assessment will be reviewed every three years.

- NSI reports on the following assessments:NEN 2767 Inspections (technical)
- Inspections carried out by the Insurance company (technical, health and safety)
- Fire safety assessments safety

## ASSET HEALTH AND SAFETY COMPLIANCE

Asset Health and safety Incidents refers to the amount of incidents of non-compliance with regulations and/or voluntary codes concerning Health and Safety within the reporting period.

NSI reports on the following incidents:

- Incidents of non-compliance with regulations resulting in a fine or penalty;
- Incidents of non-compliance with regulations based on a formal warning of a third party.

## CERTIFICATION

The percentage of assets within the portfolio that have formally obtained sustainability certifications, ratings or labelling valid at the end of the reporting period.

NSI reports on the following certificates:

- BREEAM (based on sqm);
- EPC-label (based on market value);
- GRESB-score (expressed as an overall-score for total organisation).

## DISTRICT HEATING AND COOLING CONSUMPTION

The energy consumed from “District heating and cooling” systems during the reporting period by Landlord (Scope 2) and Tenant (Scope 3).

NSI reports on the following KPI's:

- Total amount of district heating and cooling consumption, split by Landlord obtained and Tenant obtained heating and cooling;
- The proportion of the total consumption that is from renewable resources (calculated as percentage of total annual kWh).

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

## ELECTRICITY CONSUMPTION

The electricity consumed during a reporting period. It includes electricity from renewable and non-renewable sources, whether imported or generated on site. This includes the electricity consumed by the EV-charging stations.

NSI reports on the following KPI's:

- Total amount of electricity consumption, split by Landlord (Scope 2) obtained and Tenant (Scope 3) obtained electricity;
- The proportion of the total consumption obtained by Landlord from renewable resources.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

## EMPLOYEES

Individuals that are in an employment agreement with NSI, according to national law or its application (i.e. employees). Employees exclude temporary staff (not on payroll NSI)

## EMPLOYEE HEALTH AND SAFETY

The occupational health and safety performance of the organisation with relation to its employees.

NSI reports on the following KPI's:

- **Absentee rate:** actual absentee days lost due to illness as a percentage of total number of days scheduled to be worked by all employees;
- **Injury rate:** the frequency of injuries relative to the total time worked by all employees during the reporting period;
- **Work related fatalities:** this refers to the number of death of employees during the reporting period while performing work for the organisation

## EMPLOYEE TURNOVER AND RETENTION

The total number and rate of new employee hires and employee turnover during the reporting period.

## EMPLOYEE TRAINING AND DEVELOPMENT

The average hours of (external) training, paid for by NSI, that the organisation's employees have undertaken in the reporting period based on the average hours prescribed for the training as indicated by the training provider divided by the average number of employees (head-count) during the reporting period.

## ENERGY INTENSITY

The total energy used by renewable and non-renewable resources during a reporting period, normalised by the sum of the gross floor area in square meters for the properties in scope.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

## ENERGY INTENSITY (CRREM)

The total energy used by renewable and non-renewable resources during a reporting period, normalised by the sum of the CRREM floor area in square meters (gross floor area minus parking garages and outer façade) for the properties in scope.

## FUEL CONSUMPTION

The fuel used from direct (renewable and non-renewable) resources (direct meaning that the fuel is combusted on site) over a reporting period.

NSI reports on the following KPI's:

- Total amount of fuel used from direct resources, split in Landlord obtained and Tenant obtained fuels;
- The proportion of the total consumption that is from renewable resources.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

## GENDER DIVERSITY

The percentage of male and female employees in the organisation as per reporting date based on the headcount.

## GENDER PAY RATIO

The ratio of the basic annual salary or remuneration, including variable components, of male to female, taking into account the full-time employee equivalent.

## GREENHOUSE GAS (GHG) DIRECT EMISSIONS (SCOPE 1)

The total amount of Landlord induced direct greenhouse gas emissions generated during a reporting period.

“Direct” refers to GHG-emissions that are generated on site through combustion of the energy source.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

## GREENHOUSE GAS (GHG) INDIRECT EMISSIONS (SCOPE 2)

The total amount of Landlord induced indirect greenhouse gas emissions generated during a reporting period.

“Indirect” refers to GHG-emissions that are not generated on site through combustion of the energy source, but refers to GHG-emissions induced off site. This includes the GHG-emissions caused by “District heating and cooling” and/or consumption of “Non-renewable electricity”.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

## GREENHOUSE GAS (GHG) DIRECT & INDIRECT EMISSIONS (SCOPE 3)

The total amount of Tenant induced both direct and indirect greenhouse gas emissions generated during a reporting period.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

## GREENHOUSE GAS (GHG) EMISSIONS INTENSITY

The total amount of direct and indirect GHG-emissions (Scope 1, 2 and 3) generated from energy consumption in a building during a reporting period, divided by the sum of the gross floor area in square meters for the properties in scope. This includes only data of buildings if data for all GHG-scopes is available.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

## LIKE-FOR-LIKE

Like-for-like refers to the part of the portfolio that has been consistently in operation, and not under development, during the most recent two full reporting periods.

## PERCENTAGE EMPLOYEE PERFORMANCE APPRAISALS

The percentage of total employees who received annual performance and career development reviews during the reporting period, including appraisals in the current reporting year over the previous reporting year.

## WATER CONSUMPTION

The total amount of water consumed (by Landlord and Tenant) within the portfolio during a reporting period. The amount of water consumption includes a portion of estimate (calculated on an extrapolation based on the average consumption of the specific building) when data was yet not available for the 12 month period.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

## WASTE BY DISPOSAL ROUTES

The amount of waste produced and disposed of via various disposal methods routes over a reporting period (as calculated by Milieuservice NL).

NSI reports on the following KPI's:

- Total amount of waste produced and disposed of, split in hazardous and non-hazardous waste;
- The proportion of the waste disposed of by disposal route according to type (percentage).

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

## WATER INTENSITY

The total amount of water consumed during a reporting period, divided by the sum of the gross floor area in square meters for the properties in scope.

Both absolute figures as well as a like-for-like comparison with the prior reporting period are reported.

## [Colophon](#)

This sustainability report is a publication by NSI.

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