



BNG Bank's Corporate Social Responsibility Policy

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This document forms an integral part of BNG Bank's 2012 Annual Report.

1 March 2013

N.V. Bank Nederlandse
Gemeenten, corporate
seat The Hague,
The Netherlands,
registered in the
Commercial Register
under no. 27008387

Mission and Strategy

BNG Bank is the bank of and for local authorities and public sector institutions. The bank makes a sustainable contribution to minimizing the cost of social provisions to the public.

BNG Bank's core task is to provide low-cost credit to or guaranteed by public authorities in The Netherlands. BNG Bank provides its clients financial services in times of economic upturn and downturn, even where other parties have withdrawn. The bank's strategy is to move with its clients by providing services in response to their changing needs. BNG Bank thus plays an essential role in the financing of public services. Its services back up the policies of government, which are aimed at keeping the public finances of the Netherlands sustainable.

BNG Bank is a specialist bank. For clients - which are also shareholders - BNG Bank fulfils the de facto role of procurement organization.

Serving the public interest, and in doing so following and supporting government policies, is embedded in the bank's strategy. The bank's strategy is realigned annually by the Executive Board and the Supervisory Board on the basis of the long-term plan. No changes are expected in the bank's strategy in the coming three to five years.

The strategy and strategic objectives of BNG Bank are described and annotated more extensively elsewhere on bngbank.nl.

Core values

Reliable, professional and contemporary: these are BNG Bank's core values. In the light of its public role, BNG Bank seeks to be and remain a safe bank that is visible to and distinctive for its stakeholders. BNG Bank's activities are characterised by sustainable business practices; the growth of its business must be responsible. Internally, BNG Bank seeks to achieve an open culture. Training and development are key focus areas of HR policy.

Specific activities

BNG Gebiedsontwikkeling is engaged in the realization of spatial planning projects. BNG Vermogensbeheer focuses on asset management for public authorities and other public sector institutions. The activities of these wholly-owned subsidiaries make a contribution to the primary objective. Furthermore, BNG Bank also offers services through BNG Betalingsverkeer and BNG Advies. Further information on the specific activities of the bank can be found in the Annual Report and on bnggo.nl, bngvb.nl and bngadvies.nl.

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Vision for CSR

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For BNG Bank, Corporate Social Responsibility (CSR) means that all relevant stakeholders in the bank are fully aware of its role for clients and for society. BNG Bank's public role is served well by satisfied shareholders, employees and parties on the capital and money markets who have faith in the bank. They should see that BNG Bank lives up to their expectations and interests. Maintaining this balance and contributing to a well-developing society, with a focus on sustainability. This is Corporate Social Responsibility. The key challenges that BNG Bank sees in the coming three to five years in terms of 'market, people and the environment' are set out in the Annual Report.

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By setting out explicit aims in its CSR policy, BNG Bank aims to align itself with and support the sustainability objectives of its stakeholders. The second consideration in developing its CSR policy is to maintain the bank's reputation and credit rating. Finally, CSR policy offers scope to raise the commitment of employees to the bank.

BNG Bank subscribes to the Social and Economic Council of the Netherlands' (SER) definition of CSR: consciously focusing business activities at the longer term and at value creation in three dimensions: market, people and the environment. The areas that BNG Bank focuses on in its policy are consistent with this definition and strike a good balance with the bank's business activities, today and in the longer term.

BNG Bank's vision for CSR is embedded in five themes:

- a safe bank: BNG Bank stands for reliable banking with added value for society;
- responsible growth: through its services, BNG Bank indirectly serves the interests of the Dutch public;
- engaged employees: the bank invests in its employees and values an open culture;
- environmentally conscious operations; BNG Bank has developed activities to drive further improvements;
- contributing to art and culture: the bank believes it is important to stimulate these activities, which are valued by the stakeholders.

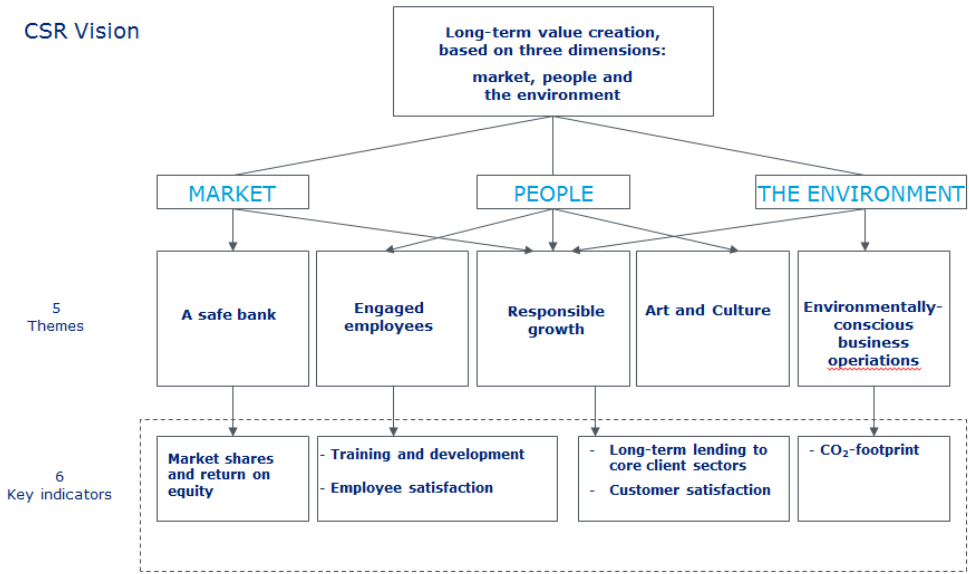
An account of the progress made on these themes is rendered in the Annual Report.

Reporting by the bank is compliant with the Global Reporting Initiative (GRI). The bank has selected six key indicators which represent important controls and which the bank believes offer a fair view of the extent to which the policy pursued by the bank has been successful. The distribution of these key indicators across the themes constitutes an integrated approach that balances the interests of all relevant stakeholders.

The items described are shown in the diagram below.

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Value Chain

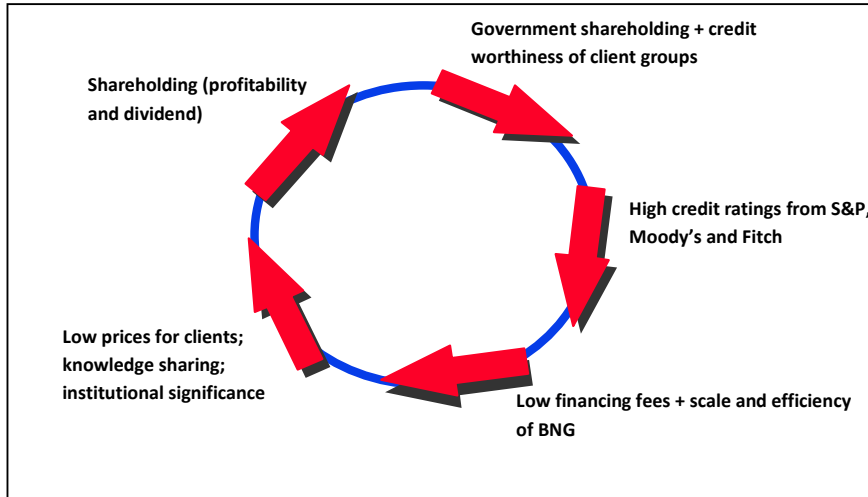
BNG Bank's value chain can be summarized as follows: investors ↔ BNG Bank ↔ clients. BNG Bank operates as a transformer of volumes, maturities and credit risks. The way the bank is able to fulfill its role in this value chain is made possible by a number of factors, which are detailed below.

The shareholding by central government as well as by municipal and provincial authorities, the limited field of operation of BNG Bank imposed by its Articles of Incorporation, and the credit rating of its public-sector clients give rating agencies and international money and capital market investors the assurance that the risk to which BNG Bank is exposed in its lending activities is highly limited. On this basis, BNG Bank enjoys triple-A ratings from Moody's, Standard & Poor's and Fitch. This gives the bank a solid starting position to source funding on the international money and capital markets, means that adequate funds are available to BNG Bank's clients at the lowest possible prices. This is further enhanced as the bank can match the large combined demand of its clients to the demands of investors in terms of volume, currencies and liquidity. In doing so, BNG Bank strives to achieve a fair rather than a maximized return on its equity. This return is subsequently shared among public authority shareholders in the form of dividend payments. These public authority shareholders are usually also the bank's clients. They share in the profits of BNG Bank and benefit from the low prices that the bank charges them.

The process is summarized in the following diagram.

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BNG Bank's contribution to public policy ultimately serves the interests of the Dutch public: the lower cost of financing numerous public facilities is reflected in lower fees charged by municipalities, lower rents for social housing and lower fees for care provision and education. Furthermore, the bank supports its clients in managing financial risks.

Chain Accountability

BNG Bank has no desire to conduct business with parties that might harm the bank's reputation.

Investors

BNG Bank does not have a retail savings business and it relies almost entirely on public issues on the international money and capital markets.

As trading in BNG Bank bonds takes place on the stock exchange, the bank is unable to fully answer the question of who invests in its bonds. The bank has published a number of Capital Market Facts that it does know on its investors' website.

In the circumstances described, BNG Bank fulfils its supply chain responsibility by informing potential investors in bond loan issues in accordance with the transparency requirements of the Dutch Financial Supervision Act [*Wet financieel toezicht*].

The financial counterparties that BNG Bank does business with are covered by the bank's Customer Due Diligence (CDD) policy, which is based on the requirements stipulated by the Financial Supervision Act in respect of ethical business practices and on Dutch anti-money laundering legislation. Organizations that deposit funds directly with BNG Bank are also subject to CDD policy.

Clients

Requests for funding received by BNG Bank come from institutions in the public domain and from organizations with a strong connection to government; in many cases they will undergo a democratic decision-making process within statutory and regulatory frameworks. The focus of the public authorities on corporate social responsibility supports the bank's policy in this area. The democratic decision-making process and monitoring by public institutions is generally a strong line of defense against investment in organizations that have a poor track record in respect for the environment. Where appropriate, the bank requests that its clients to supply the necessary approvals and permits, and runs its own checks to assess whether clients meet the requirements, such as drawing up an Environmental Impact Assessment.

BNG Bank warns its clients of the risks that its products may entail. BNG Bank attaches great importance to the transparency of the transaction for its clients. Inherent in the mission of the bank is the proper discharge of its duty of care, in other words: acting in the client's interests. Conflicts of interest are avoided or managed in line with BNG Bank's obligations under the Financial Supervision Act. In the event of a client lodging a complaint against the bank's service, various avenues are open to clients to seek a solution (see also the bank's website).

The objective of which the bank is continually mindful, is to *continue* to provide finance at the lowest possible rates, even in the face of government policy changes. Through its approach, the bank seeks to encourage socially responsible investment within the public domain. Examples include the financing of social housing, broad schools, assisted living projects, and organizations providing sheltered employment. Notable examples of projects relating to the environment include the financing of energy-efficient heat pump installations in newbuild projects, the financing of energy-saving measures in swimming pools, and the financing of a bio-heat plant.

Bridging the knowledge gap between the public or semi-public sector and the world of finance is an area where BNG Bank can add value. Examples include advising clients on optimizing their loan portfolios and tailored finance that BNG Bank provides its clients in response to changing market conditions and changing structures in the public domain.

To further improve the financial expertise and processes of its clients, BNG Bank hosts seminars to share its financial expertise across a variety of sectors. The bank also offers clients an individualized consultancy service. The consultancy and training courses of BNG Advies are primarily aimed at improving the effectiveness and efficiency of the financial processes and expertise of clients. Consultancy services take account of any relevant legislation, including the Local and Regional Authorities Financing Act [*Wet Fido*].

New and existing clients are appraised in accordance with Customer Due Diligence (CDD) policy for compliance with BNG Bank's Articles of Incorporation and standards of integrity. CDD policy has been published on the bank's website. The bank has its own acceptance systems which it uses to appraise the creditworthiness of clients and financial counterparties.

BNG Bank publishes its own monthly journal called 'B&G', which features articles relevant to institutions in the public domain. The publications are largely contributed by representatives of clients, officials from the Association of Netherlands Municipalities (VNG) and from the bank itself.

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Clients who want to invest surplus cash are welcome at either the bank or at BNG Vermogensbeheer, a wholly-owned subsidiary of BNG Bank. BNG Vermogensbeheer sustainably manages investment funds and mandates on behalf of clients in partnership with the Sustainalytics research institute. Sustainalytics pre-screens the portfolios of BNG Vermogensbeheer, provides data to BNG Vermogensbeheer which is used to enhance the sustainability of the portfolios, and retrospectively determines at the end of each year whether the portfolios have been invested sustainably. BNG Vermogensbeheer also subscribes to the Principles for Responsible Investment and is a member of the Dutch Association of Investors for Sustainable Development (VBDO). The investment products of BNG Vermogensbeheer aim to meet the requirements of government policy, as set out in the Local and Regional Authorities Financing Act and the Financial Supervision Act.

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To apply sustainability criteria or not?

Should BNG Bank refuse financing applications that do not meet certain sustainability criteria? This does pose a dilemma. Democratic decision-making and monitoring by public sector institutions already form a strong line of defense against investment by organizations that have a poor record in respect of the environmental impact. To what extent do we impinge on the autonomy of municipalities if BNG Bank refuses financing requests by municipalities on matters of principle, or demands that the requests be amended?

Discussions with shareholders and clients reveal that the views from both sides differ. Against this background, the bank has concluded that the most appropriate course is to encourage the financing of sustainable investments, but that refusing finance on the basis of sustainability criteria would not be appropriate.

Stakeholders

In order to properly fulfill its role in the value chain, it is in BNG Bank's interests to maintain good relations not just with its clients and investors, but also with its stakeholders. In BNG Bank's view, its stakeholders are individuals and groups that in one way or another have an interest in an organization or business. They might influence an organization or be influenced by it.

BNG Bank's stakeholders are shown in the diagram below. It also shows the value chain in which BNG Bank operates.



Trust in BNG Bank's stakeholders is crucial in achieving the bank's mission and strategic objectives. Integrity and transparency are key concepts and form the foundation of BNG Bank's corporate social responsibility policy.

To ensure that the bank's strategy and business processes are carefully aligned, BNG Bank has identified a number of topics / focus areas which are critical factors in the relations it enjoys with its stakeholders, from both the stakeholders' perspective (what does the stakeholder want from BNG Bank?) and from the bank's perspective (what does BNG Bank want to achieve?). The ongoing challenge is to serve the interests of its stakeholders and BNG Bank's own interests at the same time. The parties and their interests are set out in the matrix below.

Stakeholder	Stakeholder perspective	BNG perspective
Clients	<ul style="list-style-type: none"> - good value for money - sustainable products - financing of sustainable investments - solutions to problems - partnership - good information provision - integrity 	<ul style="list-style-type: none"> - market share / margin - client appreciation - minimize risk of credit loss - continuity - statutory and regulatory compliance
Investors	<ul style="list-style-type: none"> - optimize return / security - liquidity - integrity and transparency 	<ul style="list-style-type: none"> - permanent access to the capital and money markets - optimize funding prices/mix
Rating agencies	<ul style="list-style-type: none"> - integrity and transparency 	<ul style="list-style-type: none"> - maintain high ratings
Shareholders	<ul style="list-style-type: none"> - fair return/dividend - security of the return - continuity - interest of public authorities 	<ul style="list-style-type: none"> - continuity of shareholding - CSR policy - discharge from liability for the management

Stakeholder	Stakeholder perspective	BNG perspective
	<ul style="list-style-type: none"> - CSR policy - adequate corporate governance 	<ul style="list-style-type: none"> - conducted - discharge from liability for the supervision conducted
Government	<ul style="list-style-type: none"> - <i>effective performance of public service role</i> - CSR reporting - level playing field - enforcement of legislation and regulations 	<ul style="list-style-type: none"> - recognition of public service role of BNG - CSR reporting - continuity of shareholding - political predictability
Financial counterparties	<ul style="list-style-type: none"> - <i>good returns</i> - security - <i>integrity and transparency</i> 	<ul style="list-style-type: none"> - access - favorable conditions - transparency - minimize risk of loss
Employees	<ul style="list-style-type: none"> - attractive work - pleasant working conditions - competitive employment terms - <i>development opportunities</i> 	<ul style="list-style-type: none"> - appropriate staff numbers - motivated staff - appropriate cost - socially responsible behavior
Supervisors	<ul style="list-style-type: none"> - <i>integrity and transparency</i> - controlled operations - unqualified audit report - statutory and regulatory compliance - predictability 	<ul style="list-style-type: none"> - policy approval - retain permits - controlled and ethical business practices - compliance

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The key topics / focus are shown in italics; these lie at the heart of the themes and key indicators used to describe BNG Bank's CSR policy.

- *Safe bank*. The value for money for clients and the return for shareholders are expressed in the 'safe bank' theme. Both elements are important in effectively performing our public service role. BNG Bank regards the key indicators for market share and return on equity as an expression of the extent to which stakeholders consider us to be a safe bank. The return for investors and financial counterparties is expressed in the favorable relationship to risk. This key indicator also reflects the perception of the bank's transparency and integrity by investors, rating agencies, financial counterparties and regulators.
- *Responsible growth*. The relationship with clients is an important aspect of BNG Bank's public role. The bank's public role is expressed in the theme of 'responsible growth', especially in the key indicator for lending in the core client sectors. The opinion of clients on BNG Bank's products and financing activities is reflected in the key indicator for client satisfaction.
- *Engaged employees*. Development opportunities for employees are expressed in the theme of 'engaged employees' and in the key indicator for training and development. The rating for the combined topics / focus areas for employees is reflected in the key indicator for employee satisfaction.

The choice of these key indicators is explained in greater detail in the section on Management Approach to CSR.

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Stakeholder dialog

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It makes sense that the dialog with relevant stakeholders is influenced by the model chosen by BNG Bank. This structured, periodic dialog with stakeholders covers both social as well as economic topics. Dialog is tailored to the specific information needs of the respective stakeholders.

Clients

BNG Bank engages in discussion with its client on numerous occasions. The bank frequently welcomes delegations from individual municipalities and provinces in the Netherlands to discuss BNG Bank's activities and work practices with them. The bank periodically organizes consultations for groups of municipalities based on their size: municipalities with a population of 20,000 to 50,000, municipalities with a population of over 50,000, municipalities with a population of over 100,000, and finally the 'G4 talks' for the four largest municipalities. The bank also maintains frequent contact with the umbrella organizations: the Association of Netherlands Municipalities (VNG) and IPO. BNG Bank employees regularly engage in dialog with the sector organizations for the housing association and healthcare sector, such as umbrella organization Aedes, the Central Housing Fund (CFV), WSW (Social Housing Guarantee Fund) and WFZ (healthcare sector guarantee fund). The bank also engages in dialog with clients by participation in conferences.

Investors

In view of the fact that investors in BNG Bank bonds are largely anonymous, information to investors across the various continents is primarily communicated through BNG Bank's English language website. The bank's Annual Reports can also be found on the investors' website. Furthermore, BNG Bank organizes regular international road shows, which allow it to enter into a more targeted dialog on developments at BNG Bank with large local investors. The aim of this is to garner interest in the purchase of BNG Bank bonds, and emphasize the significance of BNG Bank for Dutch society. The bank also engages in dialog with parties in the world of investment through participation in conferences.

Financial counterparties

Financial counterparties mediate on behalf of BNG Bank with prospective investors. The bank also uses financial counterparties to buy derivative products and to cover short-term surpluses or deficit requirements. BNG Bank selects its financial counterparties carefully, its most important criterion being that of credit worthiness. Contacts are at arm's length and bilateral.

BNG Bank is also a member of a number of interbank collaborative partnerships. It is an active member of the Netherlands Bankers' Association (NVB), and in Europe it is active within the European Association of Public Banks (EAPB). The EAPB is a forum for banks with a largely similar business model to exchange information on topical issues. The purpose of this is to achieve joint advocacy in relation to public service financing.

Shareholders

Being owned by central government together with the municipal and provincial authorities and in view of its client base, BNG Bank forms an integral part of the

public sector in the Netherlands. The bank knows all its shareholders and meets many of them at the Annual General Meeting of Shareholders (AGM). The bank also engages with its shareholders outside the AGM. Most shareholders in the bank are also the bank's clients. Each year, the strategic objectives, the parameters, the policy and the activities of BNG Bank are clarified at the AGM. Dialog with the Dutch state is held periodically to discuss business performance. The other shareholders are also regularly informed.

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Rating agencies

Because the bank relies entirely on the international money and capital markets for its funding, maintaining our outstanding credit rating is essential for us to realize our mission. The periodic and open discussions with the various rating agencies (Moody's, Fitch, S&P's) are therefore extremely important. Discussions with the rating agencies take place at regular intervals and within formalized information and consultation structures, as often as either party wishes.

Supervisory authorities

It goes without saying the BNG Bank seeks to comply with banking industry laws and regulations. This primarily relates to the Financial Supervision Act, the regulations of the Dutch Central Bank (DNB, prudential supervision), the Netherlands Authority for the Financial Markets (AFM, supervision of conduct) and, increasingly, the regulations of the European Banking Authority (EBA) and the European Supervisory Markets Authority (ESMA). The bank is in frequent contact with the DNB. The formal consultation moments with DNB are the annual policy discussion and the annual risk consultation. Ad hoc consultations may take place as often as either party requires. The intensity of the dialog in recent years has increased following regulatory changes and, consequently, changes in supervision. The number of areas subject to supervision is also increasing. This includes remuneration policy and the internal audit function.

Government

BNG Bank maintains contact with all government departments relevant to its field of activity. Apart from the Ministry of Finance, these are mainly the Ministry of the Interior and Kingdom Relations, the Ministry of Health, Welfare and Sport, the Ministry of Education, Culture and Science and the Ministry of Economic Affairs. Subjects which are discussed with the relevant government departments include the implications of forthcoming financial laws and regulations, the Local and Regional Authorities Financing Act and the financeability of BNG Bank's core client sectors.

Employees

Employees are the foundation on which BNG Bank is built. The bank has a competitive HR policy, offers good working conditions and good development opportunities. The bank regularly carries out employee satisfaction surveys.

BNG Bank has a Works Council which is elected by the employees and regularly consults with the Executive Board. Recurring themes in these consultations are the bank's strategy, the general course of business, the annual plan, the budget and social policy. Each year, three information and consultation meetings are attended by representatives of the Supervisory Board. Once a year, a meeting is held between the entire Works Council, the entire Supervisory Board and the Executive Board. Further information on the Works Council can be found in the Annual Report and on bngbank.nl.

The value that the bank attaches to education for and communication with its employees is expressed through themed internal meetings open to all employees. Besides the financial performance, these meetings also look at other topical issues.

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Management Approach to CSR

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In line with the Global Reporting Initiative (GRI) reporting system, BNG Bank has selected six key indicators which represent important controls and which the bank believes offer a fair view of the extent to which the policy pursued by the bank has been successful. These cover:

- market shares and return on equity (EC1);
- long-term lending to the core client sectors (EC9/FS7);
- client satisfaction (PR5);
- training and development (LA11);
- employee satisfaction;
- CO₂ footprint (EN16).

The distribution of these key indicators across the themes constitutes an integrated approach that balances all relevant stakeholders' interests. Periodic appraisal of the materiality of the selected key indicators takes place within the regular evaluation and planning process at BNG Bank. The process, the manner in which policy is developed and the management approach by BNG Bank to the various dimensions addressed in its definition of CSR are set out below. All relevant aspects of the GRI focus areas are covered.

Process

Each year, BNG Bank evaluates the extent to which the bank's strategy and the strategic objectives need to be adjusted based on an internally developed long-term plan. After consultations at Executive Board level and at Management level, the long-term plan is adopted by the Executive Board and subsequently presented to the Supervisory Board for discussion and approval. This long-term plan forms the basis for a planning document written by the Executive Board to detail the key themes and projects for the year ahead. Once the planning document has undergone the internal fine-tuning and approval process, the relevant managers take it as the basis for the annual plans for their own directorates or departments. An annual plan for BNG Bank is also produced. All plans include policy objectives and performance indicators. After consultations at Executive Board level and at Management level, the plans are adopted by the Executive Board and subsequently presented to the Supervisory Board for discussion and approval. Monitoring of the implementation of the annual plans is the responsibility of the Executive Board based on the quarterly reports, which are discussed with the relevant directors and senior managers. BNG Bank renders a public account of its performance in its Annual Report. Starting from the 2012 reporting year, the financial and social responsibility report will be combined.

Policy development

The bank's CSR policy is subject to Supervisory Board approval. The discussion of this topic by the entire Board is prepared by the Market Strategy Committee. This also applies to the relevant aspects of BNG Bank's long-term plan and annual plan. Within the Executive Board, the responsibility for CSR policy lies with the Chairman. Decisions on policy proposals are taken by the entire Executive Board. Policy proposals are prepared by the CSR committee and the Financing of Sustainable Investments Working Group in consultation with the relevant senior management. Responsibility for implementing the policy for the various themes lies with the members of the Executive Board. They are assisted for the various component parts by the senior managers with responsibility for achieving the various CSR objectives and the attendant measurement methods.

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Market Dimension

BNG Bank seeks to be a safe bank. The ratings of Moody's, Standard & Poor's and Fitch indicate sound risk management, reliability and integrity in business processes; maintaining these is a condition for the bank in fulfilling its core task. This core task is to provide low-cost credit to or guaranteed by public bodies in the Netherlands; the bank does not seek to maximize profit. In line with this, these same public bodies – insofar as they are shareholders in BNG Bank – expect that the bank will generate a *reasonable* return for them.

The Annual Report presents a detailed account of BNG Bank's *financial performance*. The *market presence* of BNG Bank is limited to the Netherlands, and does not give rise to any areas for concern. The bank broadly publicizes its core task and the efforts it makes through its services to support government policy (*public policy*). *Corruption, anticompetitive behavior and compliance* with relevant laws and regulations are BNG Bank's focus areas in the 'safe bank' theme. This also applies to the *privacy of clients* and *compliance* with laws and regulations on the supply and use of products and services. The key indicator for market shares (EC1) was chosen because it provides insight into the effectiveness of the bank in achieving its mission. The key indicator for return on equity (EC1) shows the degree of efficiency with which it does so. Together, these indicators – which are also BNG Bank's strategic objectives – most accurately reflect the core task and the extent of the bank's success.

Each year, the Supervisory Board establishes the targets for market shares and the return on equity. The Executive Board and senior management are responsible for meeting these targets. The Supervisory Board assesses actual performance each year based on a report by the independent auditor.

People Dimension

Given its public role, BNG Bank aims to achieve responsible growth. There is a quantitative and qualitative aspect to this.

In quantitative terms, the significance of BNG Bank is apparent from the *indirect economic effects* of its long-term lending at low prices. This lowers the cost of public facilities. With the creation of such social value, the bank indirectly serves the interest of the Dutch public. They benefit from lower fees for municipal services, lower rents for social housing, and lower charges for healthcare and education, although the specific impact of this cannot be quantified on account of the diversity of the financial positions and the autonomy of policy enjoyed by the various

institutions. The relevant key indicator here is the relative share of long-term lending in the core client sectors in the loan portfolio (EC9/FS7).

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Controlling long-term lending is the responsibility of the relevant senior managers, who report to the Chairman of the Executive Board. The key question that the bank continues to ask is: how can BNG Bank's services contribute further to sustainable investments for its clients? Based in part on dialog about related dilemmas with clients, shareholders and employees, the bank has decided on the policy directions explained in the Annual Report.

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In qualitative terms, the efforts towards responsible growth require an appropriate range of products at BNG Bank. *The health and safety of consumers* are not a concern for financial products. However, *the labeling of products and services* does deserve special attention in the context of the duty of care and the duty of disclosure. BNG Bank avoids complex, exotic products as well as products that entail excessive risk for clients. The core client sectors of the bank are, in this respect, controlled by government through laws and regulations. The key indicator for client satisfaction (PR5) was chosen, because the parties referred to constitute a considerable part of the periodic study of client satisfaction with the services of BNG Bank.

BNG Bank develops new and existing products through a product approval process. The responsibility for specific parts of the process lies with the various departments concerned. The IAD periodically assesses the structure, existence and operation of the process.

Established in the Netherlands, BNG Bank has a head office and a branch office, both in The Hague. Its impact on the *community* is highly limited. The bank endeavors to offer competitive terms of employment and has signed up to the General Collective Labor Agreement for the Banking Industry. The contribution of the bank to *employment* is limited, given the size of its workforce. *The relationship between the employer and employee* is regulated by law in the Netherlands. The working conditions (*health and safety*) meet the high standards that prevail in the Netherlands. Due attention is devoted to *diversity and opportunity*: the bank makes efforts to achieve diversity throughout all levels of the organization.

Engaged employees represent BNG Bank's most important asset, and they work in an environment which continually changes as a consequence of – often complex – laws and regulations. *Training and education* help employees to keep up with new developments, to understand them and apply them in their daily work. This ensures that BNG Bank can continue to fulfill its role as a specialist bank. Training and development (LA11) was chosen as a key indicator because it makes visible the efforts that BNG is making in this important field. The key indicator for client satisfaction was chosen because it uses a single score to show the extent to which BNG succeeds in offering its employees pleasant working conditions and sets the direction for improvements in specific areas.

Implementation of HR policy is the responsibility of management and HR, which itself falls under the responsibility of the Chairman of the Executive Board.

In the context of BNG Bank's field of activities, human rights are so well assured in its own service provision that the bank considers it unnecessary to devote any special attention to this topic. This also applies to *investment and procurement policy*, the

ban on discrimination, the freedom of association and collective bargaining and safety policy. Similarly, child labor, forced and compulsory labor, and the rights of the indigenous population do not constitute issues.

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The issue of human rights is given indirect attention through the investment policy of BNG Vermogensbeheer, which offers its clients sustainable mandates and investment funds. In the bank's policy, this is an aspect of the responsible growth theme. Human rights are also indirectly addressed in the desired increase in sustainable investment. BNG Bank does not wish to source funds from parties which are subject to sanctions by the United Nations.

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BNG Bank does not employ *marketing communication* methods to promote its products, although it does seek brand awareness in the public sector through BNG Cultuurfonds. BNG Cultuurfonds supports projects in the arts and culture sector that are meaningful for municipalities; it awards five prizes each year in this field. The Cultuurfonds has an independent governing body and decides its own appraisal criteria.

Environment Dimension

Corporate social responsibility is not credible unless our own business processes demonstrate respect for the environment. However, the impact that BNG Bank's business processes have on the environment is minor. In absolute terms, the bank is not a large consumer of *materials, energy or water*. *Biodiversity and transport* are not particular focus areas. The *production of emissions to air, waste water and waste products* is low in absolute terms, and the environmental impact of its *products and services* is (close to) zero. It goes without saying that we are *compliant* with relevant laws and regulations; and serves to maintain the bank's good reputation.

Yet the expectations of clients, shareholders and the government mean that the bank must render an account of its own performance in this field. The CO₂ footprint (EN16) was chosen as the key indicator because it includes the most significant environmental impact from BNG Bank (air emissions) and because this indicator shows the performance of BNG Bank relative to other institutions.

Responsibility for coordinating environmentally aware business processes lies with Facility Services. Various departments are involved in implementation, depending on the subject matter. The bank keeps records of its energy consumption (and the trend), waste flows as well as business miles driven per company vehicle and air miles flown. BNG Bank uses electricity from renewable sources. The policy and ambitions of BNG Bank in the domain of business processes that respect the environment are established each year. There is a drive to reduce the CO₂ footprint and the volume of paper bought. There is also a focus on increasing sustainable procurement.