

GRI index BNG Bank

BNG
BANK

In this document, BNG Bank¹ will report in accordance with the GRI system. In accordance with G3, the table below includes all GRI indicators being reported – where applicable – with notes and/or references to the annual report and the pages and web pages containing the information concerned.²

1 'BNG Bank' is the name, effective March 2013, for the entire group, including subsidiaries BNG Vermogensbeheer and BNG Gebiedsontwikkeling. Where necessary or useful, the subsidiaries will be referred to specifically in this matrix.

2 This is an unofficial translation of the GRI index 2012 (GRI-index BNG Bank 2012.pdf), which is provided for convenience purposes only. At certain indicators reference is made to the Dutch website. In the event of any ambiguity, the Dutch text will prevail.

GRI INDEX	NOTES
STRATEGY AND ANALYSIS	
<u>1.1</u>	CEO's declaration See foreword.
<u>1.2</u>	Description of the most important consequences, risks and opportunities in the area of CSR See the section on sustainability and the BNG Bank CSR policy on our website (bngbank.nl/mvo).
ORGANIZATIONAL PROFILE	
<u>2.1</u>	Name of organization N.V. Bank Nederlandse Gemeenten ³ .
<u>2.2</u>	Products and services BNG Bank provides customized financial services, ranging from loans and advances, payment services, consultancy, electronic banking and asset management via subsidiary BNG Vermogensbeheer. BNG Bank also participates in public-private partnerships (PPS) via its subsidiary Gebiedsontwikkeling.
<u>2.3</u>	Operational structure For the operational structure of BNG Bank and its two fully owned subsidiaries BNG Vermogensbeheer B.V. and BNG Gebiedsontwikkeling B.V., see the websites bngbank.nl ; bngvermogensbeheer.nl and bnggo.nl . For further information see the section on organization and Annex A of the annual report. The bank's most important collaborative arrangements concern the outsourcing relationships it has with Centric Financial Solutions & Services B.V. and Institutional Trust Services B.V.
<u>2.4</u>	Location of headquarters The Hague.

³ Name according to the Articles of Association.

2.5	Countries where established	The Netherlands.
2.6	Legal form	Public company with the following shareholders: the State of the Netherlands, municipalities, provinces and a district water board.
2.7	Markets	BNG Bank focuses primarily on Dutch government authorities and institutions in the areas of public housing, healthcare, education and public utilities. To a limited degree, the bank provides financial services to governments and institutions in other EU Member States. To facilitate its own funding, BNG Bank is active on the international money and capital markets.
2.8	Business size	See the selected financial data .
2.9	Organizational changes	None.
2.10	Awards	BNG Bank secured second place in Global Finance magazine's ranking of the World's Safest Banks in 2011 and 2012. It was placed twelfth on the 2012 Transparency Benchmark of the Ministry of Economic Affairs (2 nd place among financial institutions; 1 st among banks). It was twelfth 'Best Employer 2012' in the category of organizations with fewer than 1,000 employees and third in the category of financial service providers.
REPORTING PARAMETERS		
3.1	Reporting period	1 January 2012 through to 31 December 2012.
3.2	Previous report	2011 Corporate Responsibility Report on bngbank.nl (only available in Dutch).
3.3	Reporting cycle	Annual.

3.4	Contact person(s)	See publication details in the annual report.
3.5	Process content report	<p>The social report, including the subsidiaries BNG Vermogensbeheer and BNG Gebiedsontwikkeling, has been incorporated into the annual report for the financial year ending 31 December 2012. The description of the CSR policy and the GRI index 2012, which are inextricably bound up with this report, have been published on bngbank.com together with the 2012 list of terms. The relevant parts of the annual report have been prepared in accordance with the guidelines of the Global Reporting Initiative (GRI), including the GRI sector supplement for the financial sector, application level A+. The accounts have been audited by the Internal Audit Department and by Ernst & Young Accountants LLP. A separate assurance report by Ernst & Young Accountants LLP, which includes the scope and depth of this audit process, has been added to this report.</p>
3.6	Scope	The information concerns BNG Bank (including BNG Vermogensbeheer and BNG Gebiedsontwikkeling). The scope has remained the same relative to the 2011 report.
3.7	Scope limitations	BNG Bank reports on the entire organization.
3.8	Basis for reporting on collaborative arrangements and subsidiaries	BNG Bank reports on the entire organization of the bank, including the subsidiaries BNG Vermogensbeheer and BNG Gebiedsontwikkeling. BNG Bank observes a chain policy which is explained in BNG Bank's CSR policy , but in its reporting it does not include any information on subcontractors and suppliers, such as Centric FSS, since this would offer very little added value.
3.9	Techniques and principles for measuring data	Sources of data include staff records, financial reports, incident registration, the registration of reports from internal confidential counselors and the Compliance/ Compliance Officer and the consumption records of Facility Management.

Assumptions/estimates have been made in calculating the organization's CO₂ footprint in the form of an estimate of the total office area and gas and electricity consumption. The number of kilometers driven by employees in their own cars for business purposes is not known. However, this is amply compensated in the conservative estimate made for the private use of leased cars. The calculation of the quantity of waste is based on the number of container emptyings (volume) multiplied by the specific weight of the type of waste concerned. This calculation was performed on the assumption that each container offered for emptying was 80% full.

Non-standard application of GRI indicator:

- EC9: BNG Bank's core task is to provide funding to government authorities and public sector institutions by the most cost-effective means possible. This core task represents an indirect contribution to the Dutch economy and Dutch society, as described in the annual report. The GRI indicator that best expresses this indirect influence on the economy and other partners in the financial chain is EC9, which requires the organization to report on the indirect impact of its activities on the economy.

[3.10](#)

Reformulations

N/A.

[3.11](#)

Changes in scope

N/A.

[3.12](#)

GRI Table of Contents

See the left-hand column of this GRI index.

[3.13](#)

Policy on external assurance

The external auditor of BNG Bank (Ernst & Young Accountants LLP) offers reasonable assurance on the CSR components of the 2012 annual report.

BOARD, OBLIGATIONS AND INVOLVEMENT

4.1	Board structure	<p>The organization is headed by the Executive Board. Special Executive Board meetings are as follows: 1) Management-level discussions, 2) Asset & Liability Committee. Furthermore, the bank has established the following committees, each headed by a member of the Executive Board: 4) Credit Committee, 5) Investment Committee, 6) Financial Counterparties Committee, and 7) Capital Budgeting Committee. The chairman of the Executive Board is responsible for the bank's CSR policy and its implementation. The management approach to CSR is described in BNG Bank's CSR policy. The theme of CSR is a part of management-level discussions. The bank's activities are supervised by the Supervisory Board. The CSR policy of the bank is discussed during meetings of the Supervisory Board's Market Strategy Committee and approved by the Supervisory Board.</p>
4.2	Chairman of the highest administrative body	<p>N/A. BNG Bank has a two-tier board, whereby management and supervision are divided between the Executive Board and the Supervisory Board respectively.</p>
4.3	Independent board	<p>N/A. See 4.2.</p>
4.4	Mechanisms for recommendations and employee participation	<p>Each shareholder of BNG Bank has the formal right to submit written proposals for the agenda of the general meeting of shareholders. All employees of BNG Bank are formally represented by the elected Works Council. During part of 2012, employees of BNG Vermogensbeheer and BNG Gebiedsontwikkeling could attend plenary meetings open to all employees. Beginning in the spring of 2012, employees of BNG Vermogensbeheer and BNG Gebiedsontwikkeling fell under the Works Council of BNG Bank.</p>
4.5	Link between performance and compensation	<p>See report of the Supervisory Board in the annual report. Also see the remuneration policy (only available in Dutch).</p>

4.6	Processes to avoid conflicts of interest	The Supervisory Board supervises the activities of the Executive Board. Internal supervision of the Executive Board is the responsibility of the Compliance Officer and the head of the Internal Audit Department (IAD). A number of internal regulations exist aimed at avoiding conflicts of interest, such as those concerned with private investment transactions, segregation of information, loans to members of the Executive Board, sideline activities, accepting gifts from business relations and private transactions with suppliers. BNG Vermogensbeheer has its own specific policy aimed at avoiding conflicts of interest.
4.7	Process for determining qualifications and knowledge	The Supervisory Board and the Executive Board participate each year in a customized program in accordance with the Banking Code as part of ongoing education. See the report of the Supervisory Board and bngbank.nl .
4.8	Internally developed mission statements, codes of conduct, declarations of intent with regard to economic, environmental and social performance	The bank has a Company Code of Practice and associated internal regulations and procedures. Also see the bank's CSR objectives and bngbank.nl .
4.9	Procedures of the highest administrative body for supervising the legitimacy of the organization and management of economic, environmental and social performance	The management strategy with regard to the GRI indicator categories is presented in BNG Bank's CSR policy . The internal risk management and control systems are described in the section on Corporate Governance in the annual report. The management systems are regularly examined by the IAD during its audit, when it provides an opinion on the quality and reliability of the systems.

4.10	Processes for evaluating the organization's own performance	The business processes of BNG Bank, including its subsidiaries, are regularly subjected to audits by the Internal Audit Department. Each year, the Internal Audit Department assesses the portions of the annual report relating to CSR and the GRI index which includes environmental and social aspects.
4.11	Notes on the precautionary principle	New products and services are subject to the product approval process of the bank or BNG Vermogensbeheer. New lending by the bank as well as new projects of BNG Gebiedsontwikkeling are subjected to a risk assessment in advance. Also see bngbank.nl .
4.12	Externally developed economic, environment-related and social charters	BNG Vermogensbeheer is a signatory to the UN Principles for Responsible Investment. BNG Vermogensbeheer is a member of the Dutch Association of Investors for Sustainable Development.
4.13	Membership of associations	BNG Bank is a member of the Netherlands Bankers' Association. BNG Bank employees participate on boards, committees and working groups. Furthermore, BNG Bank is a member of the International Centre for Local Credit and the European Association of Public Banks. BNG Vermogensbeheer is a member of the Dutch Fund and Asset Management Association. BNG Bank, including BNG Vermogensbeheer, is a member of the Dutch Securities Institute.
4.14	List of groups of stakeholders	See BNG Bank's CSR policy .
4.15	Selection of stakeholders	See BNG Bank's CSR policy .
4.16	Involving stakeholders	See BNG Bank's CSR policy .
4.17	Stakeholder themes	See BNG Bank's CSR policy .

ECONOMIC INDICATORS

EC1/FSSS

Direct economic value

See the financial statements and the section on sustainability, the [selected financial data](#) as well as [BNG Bank's CSR policy](#).

EC2

Financial implications due to climate change

In respect of climate change, initiatives and models have been developed for financing sustainable investments for customers, such as solar panels and the greening of buildings, involving various parties. See the section on sustainability in the annual report. The volume of lending is currently difficult to estimate since at present this is largely effected via so-called balance-sheet financing and there is no way of knowing in advance whether or to what extent the loans concerned are intended for the financing of sustainable investment.

EC3

Defined benefit plan obligations

See the accounting principles in the consolidated annual accounts in the annual report under Staff Remuneration.

EC4

Financial assistance received from government

The Dutch State and a number of Dutch municipalities are shareholders of BNG Bank. BNG Bank receives no other form of financial support or financial benefit from the government.

EC5

Range of ratios of standard entry level wage compared to local minimum wage at significant locations

BNG Bank is a signatory to the General Bank Collective Labor Agreement and employs a job evaluation system.

EC6

Policy on locally based suppliers at significant locations of operation

N/A. BNG Bank operates in the Dutch and international markets. BNG Bank is a service provider and performs no activities that impact significantly on local economies in the manner referred to.

EC7

Procedures for hiring at foreign branches

N/A. BNG Bank is established in the Netherlands and its employees mainly originate from the Netherlands.

EC8

Development and impact of infrastructure investments and services

N/A. BNG Bank operates in the Dutch and international markets, not in developing countries. Incidentally, in the Netherlands BNG Bank finances, as a member of a consortium, infrastructure investments that are the result of public-private partnerships, in DBFMO constructions or otherwise.

EC9

Understanding and describing significant economic impacts, including the extent of impacts

The services of BNG Bank contribute indirectly to efforts to keep the costs of social facilities for Dutch citizens as low as possible. The services of BNG Bank also contribute to the quality of the infrastructure of the Netherlands, the affordability of public-sector rented accommodation and the accessibility of education and healthcare. Long-term loans to these customer groups - public sector, housing associations, healthcare and education institutes - amounted to 76.5 billion at year-end 2012, 94% of the bank's long-term loan portfolio (2011: EUR 75.4 billion, 94%). Also see the section on sustainability.

MARKET SEGMENTS	2012	2011	2010
Public sector	27,017	26,078	23,431
Public housing	41,506	41,654	38,837
Healthcare	7,111	6,882	6,138
Education	830	792	689
TOTAL	76,464	75,406	69,095

THE ENVIRONMENT

EN1	Materials used by weight or volume	See EN22 for tables with consumption and emission figures and an overview of waste for the division into direct and indirect energy consumption. These tables also include the use of office paper.
EN2	Percentage of materials used that are recycled input materials	N/A. BNG Bank uses no recycled input materials.
EN3	Direct energy consumption	See EN22.
EN4	Indirect energy consumption by primary source	See EN22 and EN12.
EN5	Energy saved due to conservation and efficiency improvements	In 2012 BNG Bank purchased four new steam humidifiers for regulating the indoor climate. The generation of steam in these devices is far more efficient and more energy-efficient than in their predecessors.
EN6	Initiatives to provide reductions in energy requirements	N/A: BNG Bank is a financial institution whose products and services do not require energy.
EN7	Initiatives to reduce indirect energy consumption	The number of kilometers flown is influenced directly by business operations, which must be effective and efficient. 2012 saw an increase in the number of kilometers flown. The number of kilometers with leased cars for business travel on the other hand has fallen.

EN8	Total water withdrawal by source	N/A: BNG Bank is a financial service provider with a single office building. See EN22.
EN9	Water sources, significantly affected by withdrawal of water	N/A: BNG Bank is a financial service provider with a single office building. See EN22.
EN10	Percentage and total volume of water recycled or reused	N/A: BNG Bank is a financial service provider with a single office building. See EN22.
EN11	Location and size of land owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas	N/A: BNG Bank is a financial service provider with limited office space in The Hague and exercises no influence in this regard.
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	N/A; the consequences of loans from BNG Bank may indirectly impact biodiversity. The investments financed by BNG Bank's loans are effected in the Netherlands and any biodiversity issues are usually dealt with, either partially or fully, in the financing application phase through license application procedures and by virtue of applicable legislation and regulations, etc.

EN13	Habitats protected or restored	N/A. BNG Bank is a financial services provider and conducts no activities affecting biodiversity in protected areas.
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	N/A. BNG Bank is a financial services provider and conducts no activities affecting biodiversity in protected areas.
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	N/A. BNG Bank is a financial services provider and conducts no activities affecting biodiversity in protected areas.

EMISSIONS, WASTE AND WASTE WATER

EN16/FSSS	Total direct and indirect emissions of greenhouse gases by weight	<table border="1"> <thead> <tr> <th data-bbox="1138 1283 1602 1373">BUSINESS TRIPS</th> <th data-bbox="1657 1283 1942 1373">2012</th> <th data-bbox="1997 1283 2277 1373">2011</th> </tr> </thead> <tbody> <tr> <td data-bbox="1138 1379 1602 1477">By leased car (km)</td> <td data-bbox="1657 1379 1942 1477">1,813,100</td> <td data-bbox="1997 1379 2277 1477">1,942,800</td> </tr> <tr> <td data-bbox="1138 1483 1602 1577">By airplane (km)</td> <td data-bbox="1657 1483 1942 1577">556,900</td> <td data-bbox="1997 1483 2277 1577">461,600</td> </tr> </tbody> </table>			BUSINESS TRIPS	2012	2011	By leased car (km)	1,813,100	1,942,800	By airplane (km)	556,900	461,600
BUSINESS TRIPS	2012	2011											
By leased car (km)	1,813,100	1,942,800											
By airplane (km)	556,900	461,600											
EN17	Other relevant greenhouse gas emissions	N/A. BNG Bank is a service provider based in an office building, with no other greenhouse-gas generating activities.											

EN18	Initiatives to reduce greenhouse gas emissions by weight	<p>In 2012, BNG Bank launched an internal investigation with a view to reducing the CO₂ emissions of its fleet of leased cars. In addition, the investigation sought to determine the CO₂ ceiling that it could set under the lease arrangement. In early 2013, the Executive Board will make an announcement on the norm. CO₂ emissions per fte were the same as in 2011. The fall in business car kilometers has been achieved. The growth in the number of air kilometers and the relatively cold winter (in 2012 9% more weighted degree days than in 2011) however have had a negative impact. With respect to sustainable procurement, 50% of office supplies purchased were 'green' (2011: 75%). The decline can be explained by a change in the supplier's definition regarding sustainable procurement. The bank is expected to maintain this level.</p>
EN19	Emissions of ozone-depleting substances by weight	N/A. BNG Bank is an office-based organization.
EN20	NO _x , SO _x and other significant air emissions by type and weight	N/A. BNG Bank is an office-based organization.
EN21	Total water discharge by quality and destination	N/A. BNG Bank is an office-based organization.

EN22

Total weight of waste by type and disposal method

Also see EN1, EN3, EN4, EN8, EN9 and EN10. We have opted for a summarizing table under EN22, as this provides a good comparison with previous years.

OVERVIEW OF CONSUMPTION AND EMISSIONS

Consumption

Electricity (MWh)

District heating (GJ)

(excl. BNG Gebiedsontwikkeling)

Natural gas (m³)

(BNG Gebiedsontwikkeling only)

Water consumption (m³)

Emissions

CO₂ emissions (ton)**

2012

Total

Per fte*

1,401

5.0

2,326

9.1

6,275

261.5

1,867

6.7

436

1.6

2011

Total

Per fte

1,362

4.9

2,123

8.5

5,666

209.9

2,021

8.1

433

1.6

OVERVIEW OF WASTE***

Consumption

Paper (kg)

Plastic (kg)

Wood (kg)

Minor chemical waste (kg)

Residual waste (kg)

2012

Total

Per fte

9,960

35.7

0

0.0

1,600

5.7

0

0.0

16,051

57.7

27,611

99.0

2011

Total

Per fte

10,061

36.2

800

2.9

1,200

4.3

0

0.0

17,109

61.6

29,170

105

* In 2012 BNG Bank 242.7 fte, BNG GO 24.0 fte, BNG VB 12.3 fte

** CO₂ emissions are calculated on the basis of data concerning the use of leased cars, natural gas, kilometers traveled by air, electricity and heating.

*** The calculations of the waste numbers are based on estimates.

EN23	Total number and volume of significant spills	N/A. BNG Bank is an office-based organization.
EN24	Weight of transported, exported or treated waste deemed hazardous under the Basel Convention Annex I, II, III and VIII and percentage of transported waste shipped internationally	N/A. BNG Bank is an office-based organization.
EN25	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	N/A. BNG Bank is an office-based organization.
PRODUCTS AND SERVICES		
EN26	Initiatives to mitigate the environmental impacts of products and services and the extent of such mitigation	N/A. BNG Bank does not provide any financial services to which initiatives to compensate for environmental impacts are linked.

EN27	Percentage of products sold and their packaging materials that are reclaimed by category	N/A. BNG Bank is a service organization.
EN28	Fines and sanctions for non-compliance with environmental laws and regulations	No sanctions or fines were imposed on BNG Bank, including subsidiaries, in 2012 in connection with environmental laws and regulations. There were no lawsuits against BNG Bank, including subsidiaries, under environmental laws and regulations in 2012.
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations and transporting members of the workforce	Only the environmental impact of transporting members of the workforce is relevant for BNG Bank. This has been included in the CO ₂ footprint. The impact is not significant.
EN30	Total environmental protection expenditures and investments by type	N/A. BNG Bank is an office-based organization.

SOCIAL INDICATORS

LA1

Workforce profile

EMPLOYEES BY AGE AND GENDER

GROUP	2012				2011			
	Total	Male	Female	Fte	Total	Male	Female	Fte
Age								
0-34	37	27	10	36.7	42	22	20	41.5
35-44	109	66	43	103.0	104	67	37	97.7
45-54	104	77	27	98.9	105	77	28	99.9
55-64	41	32	9	40.0	39	30	9	38.0
65 en ouder	1	1		0.4	2	2	0	0.7
TOTAL	292	203	89	279.0	292	198	94	277.8

BNG does not record any diversity data other than age and gender.

STAFF TURNOVER BY AGE AND GENDER

AGE CATEGORY	MALE	FEMALE	TOTAL 2012 [2011]
0 – 34	0 [1]	3 [2]	3 [3]
35 – 44	3 [2]	1 [2]	4 [4]
45 – 54	2 [2]	1 [0]	3 [2]
55 – 64	2 [2]	2 [0]	4 [2]
65 and older	1 [2]	0 [0]	1 [2]
TOTAL	8 [9]	7 [4]	15 [13]

SUPERVISORY BOARD BY AGE AND GENDER

AGE CATEGORY	MALE	FEMALE	TOTAL 2012 [2011]
45 – 54	1 [0]	0	1 [0]
55 – 64	4 [4]	2 [2]	6 [6]
65 and older	1 [2]	1 [1]	2 [3]
TOTAL	6 [6]	3 [3]	9 [9]

LA2 Net employment

See LA1.

LA3 Benefits provided to full-time employees that are not provided to part-time employees, by major operations

No benefits are provided to full-time employees that are not provided to part-time employees.

LA4 Percentage of employees covered by collective bargaining agreements

12 employees (Executive Board/Directors) of the total of 292 are not covered by the General Bank Collective Labor Agreement as at 31 December 2012. This is approximately 4%.

LA5 Minimum notice period(s) of organizational changes

Under Section 25 of the Works Councils Act, the employee representation (Works Council) of a company has the right to be consulted in the event of major proposed changes in the company's organization. The company's Executive Board must give the Works Council the opportunity to issue an opinion on the proposed change. There is no minimum, specific notice period of organizational changes to be observed in this case. BNG Bank wishes to comply with the said legislation and in the event of organizational changes seeks advice from its Works Council in good time.

LA6

Percentage of the total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs

The Works Council follows the policy of BNG Bank and consults on it with the Executive Board on behalf of the employees. The Works Council articulates the wishes of the employees. The Executive Board must seek the advice of the Works Council in the event of decisions on financial and organizational matters. The Works Council can also itself broach a subject. It also has the right to be informed; in addition to basic information on BNG Bank, this also covers information on financial and economic and social policy. The Occupational Health and Safety Committee of the Works Council is a statutory committee and has the formal name of SHWE committee, SHWE standing for safety, health, welfare and environment. The committee meets in response to legislative changes and technical occupational health and safety changes within BNG Bank. Of the total workforce, 1.7% (five employees) have a seat on occupational health and safety committees.

LA7

Accidents, sickness, absence

The occupational health and safety service and the company doctor have a statutory obligation to notify occupational diseases to the Netherlands Centre for Occupational Diseases. No occupational diseases were notified in 2012 (or 2011), there were no industrial accidents, and there were no work-related fatalities in 2012. Unfortunately, one female employee was declared fully occupationally disabled.

BNG Bank takes a variety of preventive measures to keep absenteeism to the minimum possible. Absenteeism has risen slightly but remains low, approximately 2.78% (2011: approximately 2.1%). Men (68% of all employees) account for 2.17% of absenteeism (2011: 59%) and women (32% of all employees) for 4.24% (2011: 41%). The average age of BNG Bank employees is 44.5 years. On average they have been employed for 12.0 years. On the next page is an overview of absenteeism by banking division and subsidiary:

ABSENTEEISM

BNG Banking Division
 BNG Vermogensbeheer
 BNG Gebiedsontwikkeling

2012

2.85%
 3.51%
 1.75%

2011

2.09%
 4.86%
 0.93%

CAUSES OF ABSENTEEISM

Psychological disorders
 Cardiovascular disorders
 Nervous disorders
 Bone, joint, muscle disorders
 Respiratory disorders
 Other disorders

2012

33%
 0%
 17%
 2%
 11%
 37%

2011

10%
 8%
 34%
 16%
 7%
 25%

In the banking and insurance industries, psychological disorders and behavioral disturbances cause the highest percentage of absenteeism (40 to 45%), which was almost the case at BNG Bank in 2012 (33%, 2011: 10%). The fact that sickness absence has been low with relatively limited staff numbers must be taken into account.

LA8	Education, training, counseling, prevention and risk control programs	BNG Bank has a policy aimed at preventing inappropriate behavior. BNG Bank has two internal confidential counselors who have been trained for this role by an outside agency and who attend (refresher) training each year to assist employees should inappropriate behavior occur. BNG Bank has taken a variety of preventive occupational health and safety measures to prevent absence due to sickness, such as annual influenza vaccinations and preventive use of a physiotherapist.
LA9	Health and safety topics covered in formal agreements with trade unions	In the Netherlands such health and safety topics are regulated under the Working Conditions Act.
LA10	Average hours of training per year per employee, by gender and by employee category	BNG Bank reports on the costs instead of the hours of training, because our organizational systems have no means of recording individual hours. In 2012 EUR 520,785 was spent on training (including conferences and seminars). All BNG employees attended training or education. The average training costs per employee came to EUR 1,784. The costs were less than in 2011 (EUR 540,000 and EUR 1,840 respectively), in part because a relatively large number of employees with a university or postdoctoral education started in 2011 and were still attending this study last year.
LA11	Programs for skills management and and lifelong learning	The professionalism and the conduct of employees are decisive for the bank's reputation. The basic principle is that employees are responsible themselves for their own development. The bank creates the conditions for this. Managers are expected to indicate what their employees need to perform to optimum effect. Each year the employee and manager together draw up a Personal Development Plan (PDP) that serves as a guide. In addition, result-oriented agreements (ROAs) have been made with all BNG Bank employees about results to be achieved, cooperation and customer focus. Most of the job profiles show what knowledge and skills are required for the

		job concerned. Each year the extent to which each employee is meeting these job requirements and whether there is any need to make development agreements are determined. BNG Bank has an outplacement process as the occasion arises. See the report of the Supervisory Board for the continuing education program for the Supervisory Board and Executive Board and bngbank.nl .
LA12	Performance and career development	Interviews on performance and career development are held periodically with employees. Also see LA11 and the section on sustainability.
LA13	Composition of governance bodies and breakdown of employees by gender, age and other indicators of diversity	See LA1.
LA14	Ratio of basic salary and remuneration of men to women by employee category	BNG Bank uses the comparative ranking method for job evaluation. For this purpose a company job file has been created that contains part of the jobs existing at BNG Bank. The jobs included in the file have been compiled according to the BASYS method, which means they have been included by means of a job description, analysis, grading, motivation and job group ranking. Using this file new jobs of individual job holders are ranked comparatively. According to procedure, an employee, no matter whether male or female, will be assigned to the salary scale associated with the job if the qualifications are met.
LA15	Return to work following parental leave, by gender	In 2012 six men and nine women took parental leave (total 15 employees). All have returned to their 'old' jobs.

HUMAN RIGHTS**HR1**

Investment agreements and contracts that include human rights clauses or that have undergone compliance screening

N/A.

HR2

Significant suppliers, contractors and other business partners that have undergone screening on human rights and actions taken

BNG Bank is an institution that operates almost entirely in the Netherlands. Human rights are not therefore directly a matter for the bank in view of its services and customer groups. Indirectly, human rights receive attention in the internationally oriented investment policy of BNG Vermogensbeheer, which offers its customers specific mandates and investment funds of a sustainable nature. This is an aspect of the responsible growth theme in our policy. Indirectly, human rights also play a role in the proposed increase of sustainable procurement. BNG Bank has no wish to take any money from parties that are the subjects of UN sanctions. If a country or a party comes within the control of such regimes, the bank will reduce its position in such a country or party. BNG Bank draws almost all of its funding from the international money and capital markets. As the purchase and sale of (public) BNG Bank paper is free, there is no insight into its current holders. Financial counterparties with which the bank does business directly fall under the bank's Customer Due Diligence (CDD) policy, which is based on the requirement laid down by the Financial Supervision Act of sound business practice and Dutch anti-money laundering legislation.

HR3	Employee training on policies and procedures concerning aspects of human rights that are relevant to the operations	N/A. BNG Bank operates in the Dutch market. See HR5 et seq.
HR4	Discrimination	Internal stakeholders did not report any incidents of discrimination in 2012.
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and action taken	N/A. The financial services of BNG Bank are targeted almost entirely at the Dutch market.
HR6	Operations identified as having significant risk for incidents of child labor and action taken	N/A. The financial services of BNG Bank are targeted almost entirely at the Dutch market.

HR7	Operations identified as having significant risk for incidents of forced labor and action taken	N/A. The financial services of BNG Bank are targeted almost entirely at the Dutch market.
HR8	Security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	N/A. BNG Bank is established in the Netherlands. It is not relevant or necessary to give security personnel human rights training. The observance of human rights is self-evident.
HR9	Incidents of violations involving rights of indigenous people and action taken	N/A. The financial services of BNG Bank are targeted almost entirely at the Dutch market.
HR10	Operations that have undergone a human rights impact assessment	N/A. The financial services of BNG Bank are targeted almost entirely at the Dutch market.
HR11	Complaints relating to human rights	N/A. The financial services of BNG Bank are targeted almost entirely at the Dutch market.

SOCIETY	
SO1	<p>Business units that have set up local social involvement, impact assessment and development programs</p> <p>N/A.: BNG Bank is a financial services provider with limited office space. A number of the bank's employees took part in information projects in 2012 in secondary education ('Money. You'll have it!') and primary education ('Money Week') respectively.</p>
SO2	<p>Business units analyzed for risks related to corruption</p> <p>All the business units of BNG Bank (including BNG Vermogensbeheer and BNG Gebiedsontwikkeling) are periodically assessed for integrity risks by the Compliance Department (most recently in 2011), including the risk of conflict of interests such as corruption.</p>
SO3	<p>Employees trained in organization's anti-corruption policies and procedures</p> <p>The 16 new employees received the Company Code of Practice (integrity code). New employees attended an induction meeting where as usual attention was given to integrity. There is one person who took up their duties after the last induction meeting and will attend the next induction meeting.</p>
SO4	<p>Action taken in response to incidents of corruption</p> <p>No incidents occurred in 2012 with regard to corruption. There were no lawsuits against BNG Bank (including BNG Vermogensbeheer and BNG Gebiedsontwikkeling) in 2012 in connection with corruption.</p>

SO5	Public policy positions and participation in public policy development and lobbying	With specialist services BNG Bank contributes to keeping the costs of social facilities of the citizen to the minimum possible, thereby playing an essential role in the financing of public responsibilities. Shares of BNG Bank are held by central and local government. With its services it supports government policy, which is aimed to ensure the sustainability of Dutch public finances. This does not mean that BNG Bank agrees with policy decisions of the central government in all cases; while cooperating loyally with them, it does make its opinion known to stakeholders. There is no question of any conflict of interests.
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	BNG Bank does not make any financial or in-kind donations to political parties, politicians and related institutions.
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	There were no legal proceedings in 2012 with regard to anti-competition.
SO8	Fines and sanctions	No sanctions or fines were imposed on BNG Bank or its subsidiaries in 2012 for non-compliance with laws and regulations.
SO9	Business units with significant potential or negative impact on local community	N/A.: The financial services of BNG Bank are targeted almost entirely at the Dutch market.

SO10	Action to prevent significant potential or negative impact on local community	N/A.: The financial services of BNG Bank are targeted almost entirely at the Dutch market.																		
PRODUCT RESPONSIBILITY																				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed	N/A. BNG Bank is an organization that provides financial services.																		
PR2	Incidents concerning health and safety impacts of products and services	N/A. BNG Bank is an organization that provides financial services.																		
PR3	Type and amount of product information required by procedures	<p>In accordance with internal procedures product information is required with regard to:</p> <table border="1"> <thead> <tr> <th data-bbox="1141 1289 2115 1377"></th> <th data-bbox="2170 1289 2376 1377">YES</th> <th data-bbox="2431 1289 2636 1377">NO</th> </tr> </thead> <tbody> <tr> <td data-bbox="1141 1383 2115 1471">Origin of components</td> <td data-bbox="2170 1383 2376 1471"></td> <td data-bbox="2431 1383 2636 1471">X</td> </tr> <tr> <td data-bbox="1141 1477 2115 1528">Composition</td> <td data-bbox="2170 1477 2376 1528"></td> <td data-bbox="2431 1477 2636 1528">X</td> </tr> <tr> <td data-bbox="1141 1535 2115 1586">Safe use</td> <td data-bbox="2170 1535 2376 1586"></td> <td data-bbox="2431 1535 2636 1586">X</td> </tr> <tr> <td data-bbox="1141 1592 2115 1643">Disposal</td> <td data-bbox="2170 1592 2376 1643"></td> <td data-bbox="2431 1592 2636 1643">X</td> </tr> <tr> <td data-bbox="1141 1649 2115 1917">Other: Information obligations with regard to offering investment funds and providing investment services (BNG Vermogensbeheer)</td> <td data-bbox="2170 1649 2376 1917">X</td> <td data-bbox="2431 1649 2636 1917"></td> </tr> </tbody> </table>		YES	NO	Origin of components		X	Composition		X	Safe use		X	Disposal		X	Other: Information obligations with regard to offering investment funds and providing investment services (BNG Vermogensbeheer)	X	
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Other: Information obligations with regard to offering investment funds and providing investment services (BNG Vermogensbeheer)	X																			

		Of all significant products or services of BNG Bank, including subsidiaries, 22% are subject to the information obligations concerned. In 2012 the bank decided to adopt a highly restrained policy on the provision of derivatives to clients. The collective and individual asset management products of BNG Vermogensbeheer are subject to obligations, including information-related obligations, to customers.
PR4	Incidents concerning product and service information	In 2012 no incidents were reported with regard to non-compliance with product information regulations.
PR5	Customer satisfaction	The 2012 customer satisfaction survey was carried out by an outside agency (Integron) on behalf of BNG Bank in June 2012. Customers gave BNG Bank (including subsidiaries) an average report figure of 7.96 in 2012 (2010: 7.6). The financial sector as a whole scores 7.73 according to Integron.
PR6	Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	BNG Bank seeks to comply with the regulations laid down in the Dutch Financial Supervision Act and Telecommunications Act. The Internal Audit Department checks compliance annually.
PR7	Incidents concerning marketing communications including advertising, promotion and sponsorship	In 2012 no incidents were reported with regard to non-compliance with external regulations in connection with marketing communications and advertising.

PR8

Total number of substantiated complaints regarding breaches of privacy and losses of customer data

No incidents were reported in 2012. There were no complaints from customers with regard to breaches of privacy or losses of customer data.

PR9

Fines for non-compliance non-compliance with laws and regulations concerning the provision and use of products and services

No incidents were reported in 2012. There were no fines.

SECTOR-SPECIFIC**FS1**

Policy with specific environmental and social components relating to business operations

Given BNG Bank's orientation to the Netherlands, the Dutch licensing system and the Dutch framework of laws and regulations form the basis for its policy in this regard. In addition, BNG Bank pursues the following policy.

ENVIRONMENTAL COMPONENT

Basic principles governing the way in which the bank incorporates environmental topics in lending are:

- (1) match with business operations and strategy of the bank;
- (2) positive intentions;
- (3) win-win situation for parties involved.

BNG Bank has identified three lines by which the financing of sustainable investments of customers can take place within the framework provided by the articles and the risk framework of BNG Bank, to the extent that they do not take place with traditional lending:

- financing in an Energy Service Company context for local authorities. BNG Bank had previously created models for the use of sustainable investments in buildings and LED street lighting for municipalities in 2011;
- the financing of solar panels for housing associations in partnership with a private party;
- initiatives aimed at combining small-scale projects so that the scale of financing by the bank is more in keeping with the basic principles the bank has set itself.

In addition, through asset management BNG Bank offers products for investment by customers in FIDO-proof products with a high Sustainalytics score.

SOCIAL COMPONENT

SOCIETY

The value of BNG Bank for the citizens is expressed in the long-term lending at low rates, which reduces the costs of public facilities.

WORKING CONDITIONS

The bank strives for market-based benefits packages for its employees and follows the General Bank Collective Labor Agreement. BNG Bank makes adjustments on the basis of training programs and in response to employee satisfaction surveys.

FS2

Procedures for assessing and screening environmental and social risks in business units

HUMAN RIGHTS

These are not a direct item of relevance for BNG Bank. The bank does not intend to take any money from parties that are the subjects of UN sanctions. If a country or a party comes under the influence of such regimes, BNG Bank will reduce its position in such a country or party. Human rights receive indirect attention in the internationally oriented investment policy of BNG Vermogensbeheer, which offers its customers specific mandates and investment funds of a sustainable nature.

INTEGRITY

The integrity of employees and Executive Board members receives special attention when these people take up their duties, BNG Bank pursuing a (pre-)employment screening policy to this end. New employees receive the BNG Company Code of Practice when they take up their duties.

For the sustainability and corporate social responsibility policy, also see the section on sustainability in the annual report and the [BNG Bank CSR policy](#).

The policy described under FS1 was approved by the Executive Board and supported by the committee concerned with the Supervisory Board. It was also discussed extensively with the commercial departments. The results of those discussions were used as input in a presentation to which all employees of the bank were invited. There are now various concrete initiatives that are expected to lead to a credit proposal. If necessary, provision has been made for the procedure with regard to the product approval process. In this process and in the credit risk assessment process transactions are also screened for compliance with statutory procedures. In the consultation of the commercial departments with customers, the financing of sustainable investments is now a regularly recurring agenda item.

FS3

Processes for monitoring customers regarding the implementation of and compliance with environmental and social requirements, including requirements in agreements and transactions

There is no monitoring of the progress of customers concerning implementation and compliance in the area of environmental and social requirements. Also see the section on sustainability and the dilemma on whether ‘to apply sustainable criteria or not?’ In contacts with customers they are asked about plans with regard to sustainable energy conservation investments. In customer contacts there is also proactive discussion of the opportunities for sustainable investments. Consultation takes place with prime movers of projects for solar energy generation and greening of buildings on the realization and financing of these projects. There is also consultation with prime movers of an organizational model which is intended to accommodate a multiplicity of sustainable projects.

FS4

Process for improving skills of employees in applying social and environmental policy and procedures

Following the information session for the commercial departments mentioned above, the financing of sustainable investments of customers will be a fixed, recurring item in consultations. BNG Bank has a team of employees specializing in the feasibility assessment of DBFMO projects (Design – Build – Finance – Maintain – Operate/public private partnerships). A standards framework for lending and a product approval procedure also apply. Also see the section on sustainability in the annual report.

Internal meetings are arranged on relevant current themes. Those meetings are without obligation and open to any employee of BNG Bank (2012: ‘BNG Up to date’). Fifteen meetings were held in 2012, tackling subjects such as the updated code of conduct (BNG Bank Company Code of Practice), financing sustainable investments, guide to social media, Wi-Fi in BNG Bank, explanations of the quarterly figures, BNG Bank’s risk management and the risk appetite of the bank. For a number of meetings there is a fixed, recurring topic. This includes training courses that employees can attend to improve certain skills.

<u>FS5</u>	Interactions with customers/businesses in which investments are made/business partners about environmental and social risks and opportunities	As stated under FS3, the financing of sustainable investments is part of the agenda for discussions with customers and partners. This has led to ever-growing interest in the opportunities that BNG Bank can offer in this respect. The key aims for the bank in this regard have been laid down in policy (FS1). The opportunities highlighted cannot yet be translated into concrete turnover objectives, given the circumstance that there is still no insight into the extent and even less into the stability of market demand.
<u>FS6</u>	Portfolio	See table on Breakdown by market segment at EC9.
<u>FS7</u>	Loans advanced with social significance	The significance of BNG Bank in terms of its value to society is expressed in particular in the long-term lending to core customer sectors. See table at EC9.
<u>FS8</u>	Value of products and services of each business unit with added value for the environment	<p>The investments for which environmental criteria have been included. Portfolio that is screened by Sustainalytics.</p> <p>BNG Vermogensbeheer looks after the investment of customers' surplus liquidities. In its report as at 12 February 2013 on BNG FIDO Kapitaalmarktselect (as at 31 December 2012 EUR 361.2 million) and BNG FIDO Geldmarktselect (as at 31 December 2012 EUR 1.46 billion), Sustainalytics states that both funds are managed with due regard for sustainability principles. Almost all the government-related investments included in these funds relate exclusively to countries that have signed and ratified all the major treaties and conventions in the field of human rights, employment rights and the environment. The environmental policy of the different countries is assessed by Sustainalytics and this therefore forms part of the selection process.</p>

FS9

Coverage and frequency of audits for assessing the implementation of environmental and social policy and risk assessment procedures

There is an annual audit by the external auditor which covers corporate social responsibility and, as such, the environmental and social components of the company's policies. The financial statements offer a reasonable degree of assurance, the social annual report for 2010 and 2011 offers a limited degree of assurance. From 2012 we will be working with an integrated annual report from the external auditor that offers a reasonable degree of assurance. There are no cases of non-compliance with environmental and/or social policy.

FS10

Businesses in the portfolio with which there has been communication about environmental and social aspects

In 2012, following on from the general meeting of shareholders, a meeting on the theme of sustainable investment was organized for shareholders/customers, which presented concrete initiatives for greening. In addition, the financing of sustainable investment was discussed in numerous regular customer contacts.

FS11

Assets in the portfolio screened for positive and negative environmental and social criteria

At the end of 2012 BNG Vermogensbeheer managed a sum of EUR 6.4 billion on behalf of customers. BNG Vermogensbeheer employs prudent investment objectives and applies the basic principles of the underlying laws and regulations for local authorities as a guide in the development and management of investment portfolios. In the area of sustainability it works in cooperation with specialist agencies.

FS12

Environmental and social aspects in the voting policy for shares to which voting rights or voting advice apply

Environmental and social aspects do not play a separate part in the voting policy for shares, except at subsidiary BNG Vermogensbeheer; the Principles for Responsible Investments (PRI) are taken into account when exercising voting rights.

FS13

Access points in sparsely populated or economically deprived regions

N/A. BNG Bank operates in the Dutch market with her financial services.

FS14

Initiatives to improve access to financial services for people with a disability

N/A. BNG Bank does not advance loans to private individuals.

FS15

Policy for honest design and sale of financial products and services

The following concerns BNG Bank, including its subsidiary BNG Vermogensbeheer (VB), but excluding its subsidiary BNG Gebiedsontwikkeling. The latter has been disregarded because its core activity – entering into a (soil cultivation) project jointly with another party, each at its own expense and risk – is not a service. The rights and obligations of both parties are included in the cooperation contract. Both parties are represented in the company bodies (Executive Board, Supervisory Board, shareholders' meeting) and can promote their interests in them.

BASIC PRINCIPLES

BNG Bank has a statutory obligation to prevent conflicts of interest. Under a statutory provision BNG Vermogensbeheer has a separate policy for the prevention of conflicts of interest. The obligation for BNG Bank, including BNG Vermogensbeheer, to act in the interest of the customer has a statutory and/or contractual basis. The general terms and conditions for example state that the bank will act in the interest of the customer. The bank complies with the Banking Code of the Netherlands Bankers' Association, which stipulates that when weighing up the different interests, the interest of the customer occupies a key position. The code also includes the obligation to focus attention explicitly on the duty of care to the customer in product approval. Under the legal provisions for a controlled remuneration policy, the remuneration policy of BNG

Bank, including its subsidiary BNG Vermogensbeheer, may not contain any incentives that could lead to negligent treatment of customers.

POLICY AND PROCEDURES

BNG Bank, including subsidiary BNG Vermogensbeheer, has product approval procedures in place. In the banking division, the duty of care to the guarantor has been set out in detailed policies. The legal requirements for careful treatment of customers at BNG Vermogensbeheer have been set out in detail in the procedures for gaining information on customers and the prior testing of advice or transactions against the client profile.

There is a complaints scheme for the careful handling of customer complaints. Bank employees are subject to the Company Code of Practice, which lays down the guiding principle that ‘the customer’s interests are key’ in all the actions of the bank and its employees. Internal codes of conduct for the prevention of conflicts of interest concern the rules for receiving and giving business gifts and the rules for the private conclusion of transactions with suppliers.

New policy and procedures are communicated through presentations to the departments concerned and/or through email and/or intranet messages. The remuneration policy of BNG Bank and subsidiary BNG Vermogensbeheer does not contain any incentives that may lead to negligent treatment of customers. Compliance with policies and procedures is audited by the Internal Audit Department. If applicable, employees of BNG Vermogensbeheer have an obligation to be entered in the relevant registers at the Dutch Securities Institute; periodically they take a test to guarantee their knowledge and integrity. Employees draw up a personal development plan each year that includes attention to training courses to be attended. The need of the organization for group training is assessed by the HR department.

FS16

Initiatives to strengthen financial knowledge by type of beneficiary

The departments concerned are: Compliance (monitoring new obligations, codes of conduct, consultancy, monitoring compliance, explanation), Public Finance (compliance with policy and procedures, discussion of dilemmas), Midoffice (ditto), HR (codes of conduct, training).

See the Company Code of Practice (only available in Dutch).

1. These initiatives are included in the marketing and communication activities for 2012 and can be found at bngbank.nl and/or the calendar of activities on the intranet.

CALENDAR OF ACTIVITIES

- Financing public lighting meeting
- Information on treasury and BNG Bank for new financial officials
- Presentation by Carel van Eykelenburg (chairman of the Executive Board) on care sector financing perspective for members of the Lower House
- Public Sector meeting
Discussion meeting about draft Sustainable Public Finances bill (Sustainable Public Finances bill)
- Conference on social property

PUBLIC HOUSING SECTOR STAKEHOLDER CONTACTS

- Social Housing Guarantee Fund (WSW)
- Central Public Housing Fund (CFV)
- Aedes - Association of Housing Associations
- Ministry of the Interior and Kingdom Relations
- DG Living, Building and Integration
- Economic Institute for Construction (EIB)
- PPP Network (PPP: public-private partnership)

CARE SECTOR STAKEHOLDER CONTACTS

- Ministry of Health, Welfare and Sport (VWS)
- Dutch Care Authority (NZA)
- ActiZ (organization of care providers)
- Actiz/Aedes knowledge center living-care
- Guarantee Fund for Care (WfZ)
- GGZ Nederland (mental healthcare sector)
- Disabled Sport Netherlands (GHN, disabled care sector)
- Care insurers
- Netherlands Bankers' Association (NVB) Healthcare Working Group
- Dutch Care Supervisors' Association (NVTZ)
- Dutch Hospitals' Association (NVZ)

PUBLIC SECTOR STAKEHOLDER CONTACTS

- Association of Dutch Municipalities (VNG)
- Association of the Provinces of the Netherlands (IPO)
- Ministry of Finance, Ministry of the Interior: Financing local authorities (FIDO), treasury investing (SKB)
- 20-/20+/50+/100+ municipalities
- Municipal finance council (provincial consultation platform for supervisors of municipal finances)

2. BNG Bank collaborates on different projects to expand and strengthen financial knowledge.

For examples, see the policy document under the heading 'customers' in the section on supply chain responsibility and the projects referred to at SO1.

COLOPHON

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