

Human Rights report BNG Bank 2021

UN GUIDING PRINCIPLES REPORTING FRAMEWORK

BNG Bank has defined its human rights policy according to the UN Guiding Principles on Business and Human Rights. According to the Principles, institutions must annually report publicly on aspects of human rights in their business activities. The report below has been drawn up in accordance with the UN Guiding Principles Reporting Framework. This framework is based on the "Protect, Respect and Remedy" framework of the United Nations. The Framework consists of three parts, each with standardized questions to determine the extent to which the Guiding Principles are being adhered to.

Part A: Governance of respect for Human Rights

Policy commitment

What does the company say publicly about its commitment to respect human rights?

- | | | |
|-----|--|--|
| 1.1 | How has the policy commitment been developed? | The human rights policy has been discussed in the Sustainability Committee and is approved in 2019 by the Executive Board. In its strategy, BNG Bank focuses on creating positive impact on five selected SDG's; Health and Safety, Education, Energy transition, Sustainable cities and communities and Climate action. These commitments and policies are all published on the BNG Bank website. |
| 1.2 | Whose human rights does the public commitment address? | It addresses the potential human rights issues related to BNG Bank itself and its customers, suppliers and its own employees.. These are elaborated in the BNG Bank human rights policy. |
| 1.3 | How is the public commitment disseminated? | The policy is published on the Dutch and English website of BNG Bank. |

Embedding respect for human rights

How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?

- | | | |
|-----|--|---|
| 2.1 | How is day-to-day responsibility for human rights performance organized within the company, and why? | The Public Finance department has regular contacts with clients and applies the Customer Due Diligence policy of BNG Bank. The departments relationship managers are sector specialist and are aware of sector specific potential human rights risks. Therefore they are the first in line to detect potential human rights issues. The Executive Committee takes end responsibility of the CDD policy and will be involved accordingly when (potential) issue's are identified. As per 1-1-2023, a new committee, the Sustainable Banking Committee will be installed. This committee will oversee all sustainability related projects and actions, and is chaired by the CEO. |
| 2.2 | What kinds of human rights issues are discussed by senior management and by the Board, and why? | Potential Human Rights issues of any kind, like impact on the communities that are related to project finance, are being discussed between account manager and risk reviewer and can ultimately be discussed in the Credit Committee. In case of non-agreement within |

the Credit Committee, the case will be escalated to the Executive Committee.

- | | | |
|-----|--|---|
| 2.3 | How are employees and contract workers made aware of the ways in which respect for human rights should inform their decisions and actions? | At the start of their employment, relationship managers are made aware of the CDD policy. All relevant policies and procedures are available online. For employees in the bank’s credit processes, this includes the CDD policy and other client-related policies that include human rights topics. |
| 2.4 | How does the company make clear in its business relationships the importance it places on respect for human rights? | BNG Bank stresses the importance and relevance of human rights through dialogue with its customers and suppliers. A risk assessment, including risk in human rights, is a standard element in our CDD process. In addition, for project finance the framework of the Equator Principles is obligatory. Internally, a code of conduct for employee’s including a whistleblower policy, is in place. |
| 2.5 | What lessons has the company learned during the reporting period about achieving respect for human rights, and what has changed as a result? | <ol style="list-style-type: none"> 1. It is important to create awareness that human rights risks are not always far away risks, related to third world countries. Although human rights in the Netherlands are protected by national laws, they can still come under pressure (albeit mostly to a lesser extent). The issues around the position of labor migrants (housing, working conditions) and asylum seekers made this clear. 2. Large international refinancing, where Dutch Government and Atradius are in the lead, ask for increasing own expertise for a correct assessment in the field of human rights of proposed transactions. |

Part B: Defining the focus of reporting

- | | | |
|----|--|--|
| 1. | State the salient human rights issues associated with the company’s activities and business relationships during the reporting period. | BNG Bank’s direct credit activities are based in the Netherlands. A human rights risk assessment was performed over the Banks long term loan 2021 customer portfolio and revealed that potential moderate risks may occur in some project finance activities, like equal treatment of employees (labor immigrants), health issues, degrading of living environment. The Ukraine war caused a more stringent view of BNG Bank on possible issues in the supply chain, where severe human rights issues may occur. Also, the human rights situation in the Uigur region, in relation to the manufacturing of solar panels, has lead to an increased attention for transactions with relevant customers. In 2022 the risk assessments scope will be reviewed. |
| 2. | Describe how the salient human rights issues were determined, including any input from stakeholders. | BNG Bank Risk department uses an assessment tool according to the suggestions of the UNEP FI. This tool is used yearly to review human rights risk in our portfolio.
On a continuous base the bank customer relationship managers follow the Customer due diligence process to signal any potential risk in multiple topic area’s when intaking new customers. |
| 3. | If reporting on the salient human rights issues focuses on particular geographic | Not applicable. The BNG Bank’s 2021 risk assessment showed there are no salient risks based on geographic area. |

areas, explain how that choice was made.

4. Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed.
- BNG Bank has refrained from financing one project regarding solar panels. The CDD procedure has been followed accordingly and was found effective in this case.

Part C: Management of salient human rights issues.

- 1 How does the company make clear the relevance and the significance of the policy of addressing salient human rights issues to those who need to implement them?
- The bank discusses and explains the relevance of the human rights policy and procedures, including the policy and procedures in the context of the Equator Principles, with employees working in the credit process. Where relevant, human rights themes are included in the sector policy papers.

What is the company's approach to engagement with stakeholders in each salient human rights issue?

- 2.1 How does the company identify which stakeholders to engage with in each salient issue, and when and how to do so?
- When issues are found, these will be discussed mainly on a case by case approach. This process is described in the CDD policy of the bank.

- 2.2 During the reporting period, which stakeholders has the company engaged with regarding each salient issue, and why?
- Due to the type of the banks customer base and solid CCD procedure, No salient issues were reported.

- 2.3 During the reporting period, how have the views of stakeholders influenced the company's understanding of each salient issue and/or its approach to addressing it?
- See 2.2. Not applicable.

How does the company identify any changes in the nature of each salient human rights issue over time?

- 3.1 During the reporting period, were there any notable trends or patterns in impacts related to a salient issue, and if so, what were they?
- See 2.2 Not applicable.

- 3.2 During the reporting period, did any severe impacts occur that were related to a salient issue, and if so, what were they?
- See 2.2 Not applicable.

How does the company integrate its findings about each salient human rights issue into its decision making processes and actions?

- | | | |
|--|---|--|
| 4.1 | How are those parts of the company whose decisions and actions can affect the management of salient issues, involved in finding and implementing solutions? | In case of salient issues, the Credit Commission (Kredietcommissie) and Executive Committee will be informed and will where relevant decide on a suitable solution. |
| 4.2 | When tensions arise between the prevention or mitigation of impacts related to a salient issue and other business objectives, how are these tensions addressed? | Should tensions occur, the Executive Committee will be informed and will where relevant decide on a suitable solution. |
| 4.3 | During the reporting period, what action has the company taken to prevent or mitigate potential impacts related to each salient issue? | Due to the type of the banks customer base and solid CCD procedure, no salient issues were reported. |
| <i>How does the company know if its efforts to address each salient human rights issue are effective in practice?</i> | | |
| 5.1 | What specific examples from the reporting period illustrate whether each salient issue is being managed effectively? | Not applicable. |
| <i>How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue?</i> | | |
| 6.1 | Through what means can the company receive complaints or concerns related to each salient issue? | Complaints of any kind can be submitted to a specific e-mail address of BNG Bank. The procedure is explained on the website of the bank. A whistleblower procedure is in force and accessible, in accordance with the Dutch Whistleblower Act. |
| 6.2 | How does the company know if people feel able and empowered to raise complaints or concerns? | On its website BNG Bank explains the procedure and the willingness to find a solution for complaints. For internal affairs, for example undesirable behavior, two Persons of Trust are in place, who can take appropriate actions. Furthermore, the Whistle Blower Act gives stakeholders the opportunity to lay down a complaint anonymously. An anonymous employee survey has been performed, in order to detect subjects for improvement of internal labor circumstances. |
| 6.3 | How does the company process complaints and assess the effectiveness of outcomes? | Complaints are taken care of by the complaints manager. Stakeholders which submitted complaints will be informed in three working days how the complaint will be solved. A quarterly report of complaints received and how they are dealt with is shared with the Executive Committee. |
| 6.4 | During the reporting period, what were the trends and patterns in complaints or concerns and their outcomes regarding each salient issue, and what lessons has the company learned? | No complaints concerning human rights issues were received in 2021. |

6.5 During the reporting period, did the company provide or enable remedy for any actual impacts related to a salient issue and, if so, what are typical or significant examples? Not applicable.