

de volksbank ESG Report 2021



1. OUR APPROACH TO ESG **8**

1.1 ESG ratings and benchmarks	9
1.2 ESG developments	10
1.3 Understanding our social impact: materiality assessment	11

2. ENVIRONMENTAL **14**

2.1 Climate	15
2.2 Biodiversity	18

3. SOCIAL **20**

3.1 Customers	21
3.2 Employees	22
3.3 Chain responsibility	24
3.4 Human rights	25

4. GOVERNANCE **28**

4.1 Sustainability governance	29
4.2 Sustainability House of Policies	29
4.3 Commitments	32
4.4 Stakeholder collaboration	33
4.5 Stakeholder engagement	34

5. APPENDIX **36**

5.1 Connectivity	37
5.2 Data, KPIs & definitions	38
5.3 Reporting	42
5.4 Additional ESG data	43

About us and this report



Welcome to our ESG Report 2021. In order to transparently and comprehensively disclose our financial and non-financial results, we report in accordance with the 'core & more' approach. This ESG Report is one of the 'more' reports. You can find the following information in our other reports.

Our core report:

- **Integrated Annual Review 2021:** includes a summary of our most important financial and societal results for the past year and here we present our overall approach to value creation.

Other more reports:

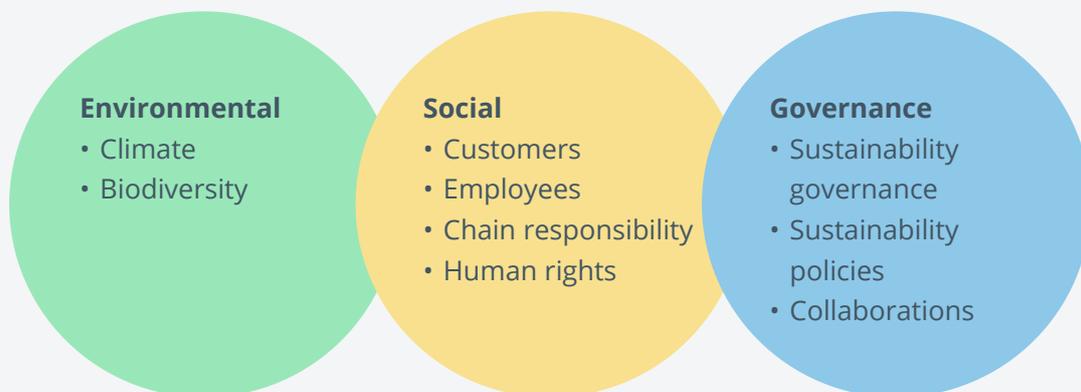
- **Pillar 3 Report 2021:** contains details on capital requirements and risk management from the European Capital Requirements Regulation (CRR).
- **Annual Report 2021:** contains details of the financial statements, our risk management and corporate governance.
- **Principles & Standards Report 2021:** contains details on the principles and standards we are committed to.

ABOUT THIS REPORT

This ESG Report 2021 will give you a deeper and more detailed understanding of our key ESG topics, why we do what we do and how we aim to achieve our goals. We explain how we take responsibility for a broad spectrum of stakeholders. In this way, we also provide more insight into the governance of these topics in their best interests. ESG classification is a means by which companies can be assessed on a broad range of sustainability topics. The figure below shows the topics covered in this report.

Contribution to the Sustainable Development Goals

Throughout the report, you will see these text boxes providing examples of our contribution to the Sustainable Development Goals (SDGs). For a full overview of our contribution to the Sustainable Development Goals, see our [Principles & Standards Report 2021](#).



ABOUT US

De Volksbank has always been at the heart of society. Our history dates back to 1817, the year in which a number of regional savings banks merged with the aim of taking good care of the money that the Dutch people entrusted to us and promoting financial resilience.

BETTER FOR EACH OTHER - FROM PROMISE TO IMPACT

In February 2021, we presented our new strategy for 2021 – 2025: 'Better for each other – from promise to impact'. The strategy has two main pillars with which we aim to strengthen our distinctive capability: a strong customer relationship and increasing social impact. This distinctive capability is reflected in our four brands, each with its own growth priorities. To strengthen our distinctive capability and achieving the brands' growth priorities, our strategy has five necessary change movements.

HOW WE CREATE VALUE

We have a clear mission: 'Banking with a human touch'. We will achieve this mission by creating value for all our stakeholders: our customers, society, our employees and our shareholder. We aim for optimum shared value rather than maximisation of a single value.

Being a financial institution, we play an important role in the Dutch economy and in society. We help households to save money and build up capital. We also help companies and households if they are short of money, for example with a mortgage loan. We provide (online) payment services and manage sustainable funds in which our customers can invest. These activities create value for our retail customers and small businesses throughout the Netherlands, our chain partners and society as a whole.

Moreover, being a social bank, we strive for a sustainable and fair society. We give substance to this by translating the Principles for Responsible Banking (PRB) of the United Nations Environment Programme Finance Initiative into strategic themes such as sustainability, decent housing, financial resilience and quality of life in communities. Given our shared value ambition, we aim to create benefits for our customers, give genuine attention to our employees, take responsibility for society and achieve returns for our shareholder. We realise that we can only do so if we remain a sound and solid bank.

In the Integrated Annual Review 2021 we further explain the value creation process.

STRATEGY 2021-2025

'Better for each other – from promise to !impact'

How we differentiate ourselves: two pillars



Strong customer relationship

Personal customer approach by seamless and pleasant interactions and suitable propositions



Social impact

De Volksbank achieves social impact on the climate and decent living by integrating these themes in its services

Four growth priorities of the brands



Attracting a younger target audience and strengthening the business model with fee income



Accelerate the growth of ASN Bank as a digital, sustainable bank



Reinforce RegioBank's local presence by broadening its propositions



Expand BLG Wonen by increasing its distribution reach and improving its service

Five necessary movements of change



Digital and omni-channel dialogue



Relevant range of products, new propositions and small businesses as a new target market



IT-based customer bank



Customer focused



Efficient and flexible

Foreword

"Welcome to de Volksbank's second Environmental, Social and Governance (ESG) Report. 2021 was the second year in which the Covid-19 pandemic dominated everyday life, the way in which we were able to interact with each other, as well as the developments in the global economy. And yet, following an economic contraction in 2020, 2021 saw a return to economic growth. However, time and again uncertainty returned as soon as new Covid-19 variants emerged and the number of infections rebounded. Despite these circumstances, we succeeded in staying close to our customers and providing them with the support they have come to expect from us. The SNS Shops and RegioBank branch offices remained open to our customers as far as possible, and working from home remained the norm for many of our employees. Despite all these developments, we continued to strengthen the relationship with our customers and to stand out through our social impact.

For us, February 2021 was marked by an important event. In that month we presented our strategic plan for the period 2021-2025, entitled 'Better for each other – from promise to Impact'. In 2025, we want to be the bank with the strongest customer relationship and large proven social impact in the Netherlands. We have set ourselves ambitious goals on themes such as climate change, biodiversity loss, a more accessible housing market, the quality of life in local communities and financial health and inclusion for everyone. Our [Integrated Annual Review 2021](#) provides detailed insight into our progress and commitments to achieve these goals.

Environmental, social and governance topics are increasingly moving up on the agenda of the financial services sector. As a longstanding driver for change ourselves, we are pleased with this development. Even so, there is not much reason to celebrate. There is still much to be done. This message, and the sense of urgency regarding the state of the climate, was strongly reiterated by the [IPCC report](#) published in February 2022.

This ESG Report constitutes a fraction of our overall efforts to create social impact. Yet, we believe being transparent about one's actions and impacts is an important value to uphold. We were, therefore, pleased with the results of the 2021 Dutch Transparency Benchmark, which ranks all large Dutch corporates on the extent and quality of their social and environmental reporting; we managed to climb to a satisfactory 6th place. This will not lead to complacency on our part. In fact, we will continue to strive for social impact as a central pillar to our strategy, while being as transparent as possible."

On behalf of the Board of Directors of de Volksbank,

Martijn Gribnau

Chairman



1. OUR APPROACH TO ESG

1.1 ESG ratings and benchmarks

Our sustainability policy and activities are rated by independent institutions. These external benchmarks and ratings are valuable tools to us, and to our

stakeholders, as they help us learn more about opportunities for areas for improvement. For more detailed information on our sustainability ratings and the meaning and purpose of these ratings, please see our [website](#).

	2021	2020	2019
ESG rating			
Sustainalytics ESG rating	N.a.	89/100	88/100
Sustainalytics Risk rating	10.4/100	10.4/100	12.5/100
ISS ESG	B (Prime)	B (Prime)	B (Prime)
MSCI	AA	AA	A
Benchmarks			
Climate Disclosure Project (CDP)	B	C	No update
Transparency Benchmark	6th ¹	No update	122nd
Fair Bank Guide ²	No update	9.3	8.5

1 Ranking of all major Dutch companies. Ranked 6th out of 500 participants. Score based on the Integrated Annual Review 2020.
 2 Average score of the policy update.

Key CO₂e emission, energy and resource consumption data

Category	Units	2021	2020	Change
Total energy consumption ¹	GJ	31,979	32,622	▼ -2%
% Green energy consumption	% of total	74%	80%	▼ -7%
Scope 1	tonnes	1,231	1,356	▼ -9%
Scope 2 ²	tonnes	2,507	3,171	▼ -21%
Scope 3 ³	tonnes	710	1,543	▼ -54%
Total transportation	km	8,753,809	20,210,952	▼ -57%
Paper consumption	tonnes	57	241	▼ -76%
Total waste	tonnes	116	142	▼ -18%
Water consumption	m ³	8,279	12,567	▼ -34%

- 1 Including green gas, natural gas (grey), district heating, generators, green energy and grey energy. To determine the CO₂ emissions of our business operations, we use the emission factors given at CO₂-emissiefactoren.nl. We aim to keep the emission factors as constant as possible throughout the year, in accordance with our policy.
- 2 Adjusted figures due to a change in the emission factor. Source: CO₂-emissiefactoren.nl
- 3 This refers to upstream scope 3 emissions and therefore does not include our downstream CO₂ emissions associated with our investment and financing activities. For more information on these downstream emissions, see Chapter 2.1.

1.2 ESG developments

"Much has happened in 2021 in the fields of climate, biodiversity and human rights. Global warming led to extreme weather events, such as temperature records in Canada, major wild fires in the United States and extreme flooding in Europe. The loss of animal species and plants affect life on earth. Lastly, the vaccination rate against Covid-19 in developing countries is lagging far behind.

The 2021 United Nations Climate Change Conference was held in Glasgow in November. The outcome of the summit made it clear that the climate emergency is accelerating and that governments' responses are still too slow. It also became apparent that young people in particular are getting increasingly concerned and involved in the climate debate and ask for concrete action. Prior to this conference, the so-called IPCC-AR6 report was published, containing an overview of climate science on global warming. It brings to light many more alarming certainties, for example that humans are undeniably the cause of global warming and that global temperatures are still rising. A rather bleak image.

Shareholder activism on global warming reached a new high in 2021, with significant support for climate resolutions at the shareholder meetings of oil & gas companies. There was also the Climate Case against Shell in the Netherlands in which the judge ruled in favour of the plaintiffs: the company has to step up its efforts to reduce the emissions of the greenhouse gases produced by them. Furthermore, the International Energy Agency has called on governments to stop granting permits for new fossil projects. This was reason for major pension funds to stop engaging with and exit fossil fuel suppliers, as the majority of them is still planning new fossil fuel production sites.

As to biodiversity, the launch of the Taskforce on Nature-related Financial Disclosures (TNFD) drew attention to biodiversity in relation to the financial sector. For example, the TNFD wants to develop methods and standards allowing financial institutions to map their biodiversity risks. ASN Bank contributes to this by initiating the Partnership for Biodiversity Accounting Financials, which aims to formulate a common ground for international principles on biodiversity footprinting in the financial sector.

And last but not least, sustainability is not only about climate and biodiversity, but also, or perhaps especially, about human rights. In 2021, we also saw growing opposition to all forms of discrimination that continue to manifest themselves. Growing global warming and the loss of biodiversity are having a global impact and mainly affect the world's poorest people. And it is becoming increasingly clear that this is causing the wealth gap between rich and poor people to widen, at the international level as well as at the national level."

Piet Sprengers

Manager Sustainability Strategy and Policies



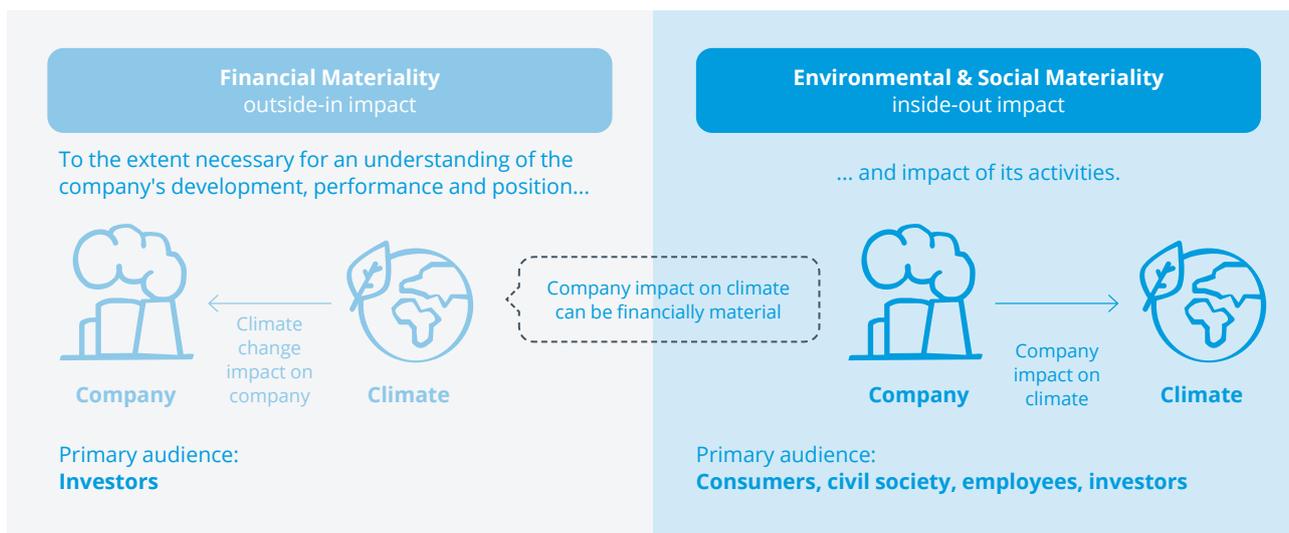
1.3 Understanding our social impact: materiality assessment

In order to effectively create value for our stakeholders, it is important to understand the topics that are meaningful to them. We study the perceptions and attitudes towards de Volksbank as a company or as an employer through market research and employee surveys. Another way we engage with our stakeholders is through the materiality assessment. Every other year we carry out a comprehensive analysis on the most material topics for our stakeholders. The materiality assessment is conducted

in accordance with the GRI Standards (Core option). To read more about these standards, see our [Principles & Standards Report 2021](#).

DOUBLE MATERIALITY

We have taken steps to bring our risk assessment closer to the materiality assessment. Conventional risk assessments tend to look at potential impacts stemming from external events (outside-in impact), which is different from the conventional perspective of the materiality assessment (inside-out impact). These diverging perspectives on risks stemming from the same phenomenon is called double materiality.

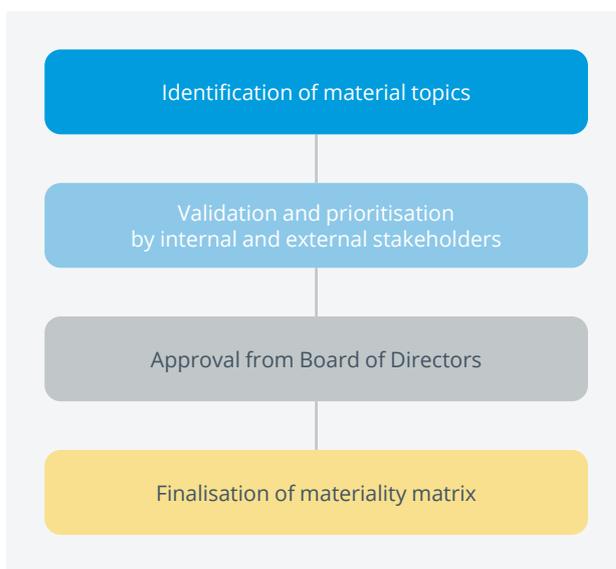


THE PROCESS OF ASSESSING MATERIAL TOPICS

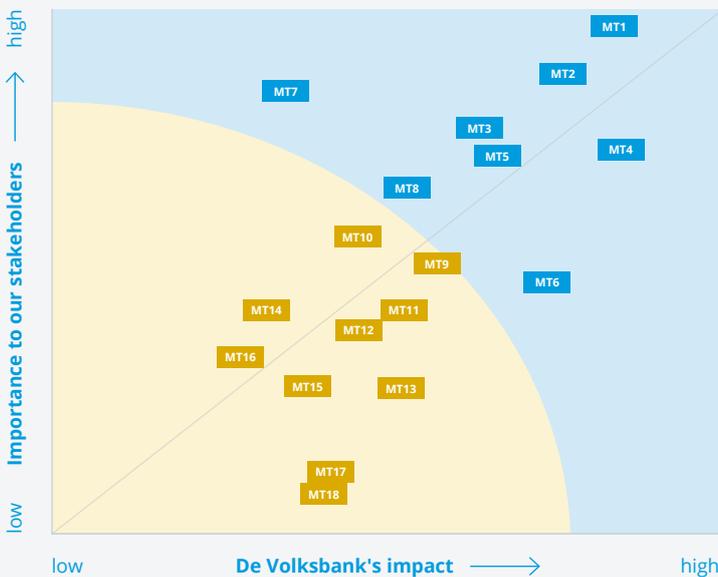
The materiality assessment is carried out by a designated working group, which consists of representatives from various departments within de Volksbank. This team coordinates the process and evaluates the results. The Social Impact Committee (SIC) reviews and the Board of Directors approve the outcomes of the materiality assessment. The process is initiated with a non-exhaustive and broad longlist of topics that could potentially be material to our stakeholders. We then use internal and external documentation to consolidate the longlist to a shortlist. Internal sources include: previous reports, strategy and policy documents of de Volksbank. External sources include: trend reports, covenants and regulations, media and peer analyses. The most frequently appearing topics are selected for the shortlist. The shortlist is validated by internal experts.

The next step is a validation and prioritisation through a survey by internal and external stakeholders. The internal group consists of experts from various departments, including experts in top-level management. They are asked to assess and rank the potential impact of de Volksbank on these topics. The external group, consisting of customers, employees, societal partners and our shareholder, is asked which topic they think should be most important to de Volksbank. For more information

about these stakeholders, see our [Integrated Annual Review 2021](#). The outcomes of the internal and external prioritisation are presented in the materiality matrix on the next page. The horizontal axis shows the outcomes of the internal survey, and the vertical axis shows the outcomes of the external survey.



MATERIALITY MATRIX



Material topics

- MT1 Fair, transparent and sustainable products
- MT2 Customer relationship and service
- MT3 Data privacy and safety
- MT4 Responsible investment and financing
- MT5 Responsible financial results
- MT6 Climate impact
- MT7 Compliance with laws and regulations
- MT8 Social engagement, cooperation and entrepreneurship
- MT9 Countering cyber and financial crime
- MT10 Integrity and ethics
- MT11 Genuine attention for our employees
- MT12 Responsible risk management
- MT13 Social impact
- MT14 Digitalisation and innovation
- MT15 Human rights
- MT16 Corporate governance
- MT17 Diversity and inclusion
- MT18 Biodiversity and natural resources

● **Other disclosures**

Other issues relevant to being a responsible business

● **Our areas of focus**

Priority issues that matter most to our business and stakeholders

We try to get a clear picture of our impact on society in different ways. The materiality assessment is only one example. At the end of 2020, we performed an additional assessment of our impact on society with the help of UNEP FI's Portfolio Impact Identification Tool. The outcome indicated that our primary negative impact relates to climate change and resource efficiency. We may have the most positive impact on housing and an inclusive and healthy economy. Our strategy's four social focus areas, or themes, align well with this outcome. The outcome therefore strengthens our belief in the appropriateness of our societal focus areas. For more information about our goals and results on these themes, see our [Integrated Annual Review 2021](#).

2. ENVIRONMENTAL

2. Environmental

Our sustainability policy consists of three pillars: climate, biodiversity and human rights. The principles are based on important and globally recognised reports, treaties and conventions. The following chapter contains more information on the pillars climate and biodiversity. For an explanation of the pillar on human rights, see [Chapter 3.4](#).

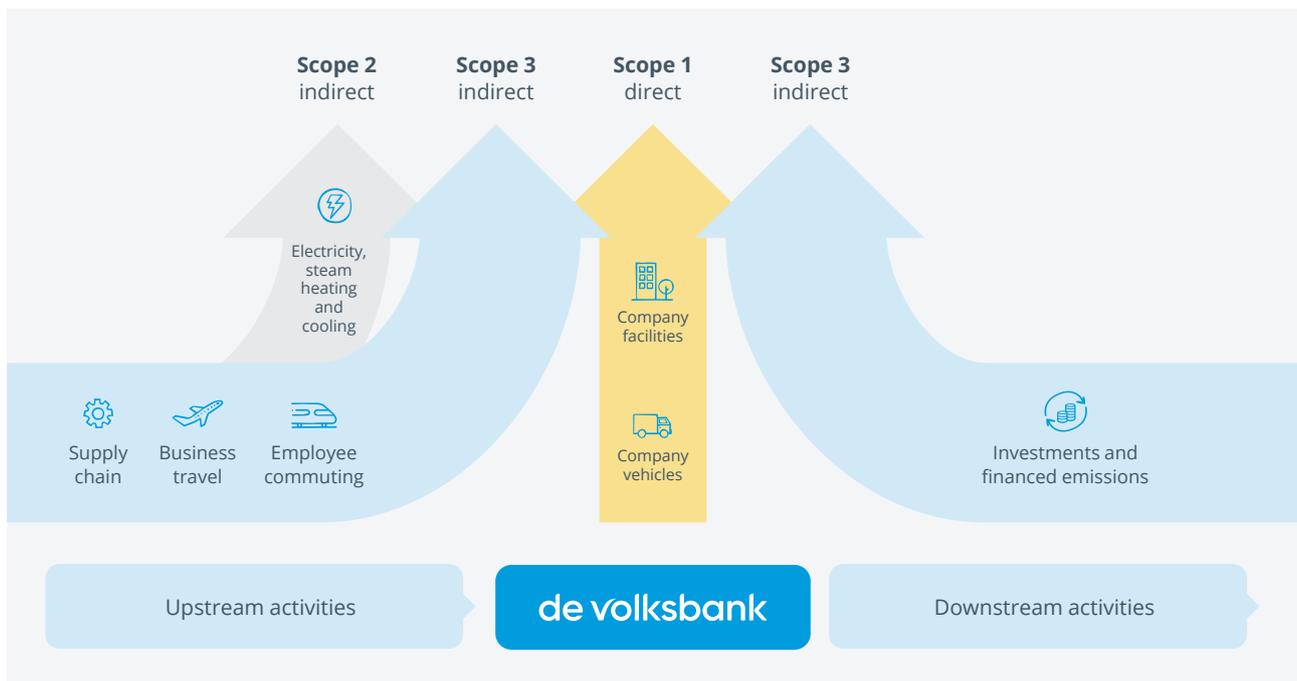
2.1 Climate

In this section, we highlight our views on greenhouse gas emissions and our role in causing them. From here onwards, we will generally speak of CO₂-equivalent emissions or just CO₂ emissions in short. In order to understand our impact, it is helpful to think of 3 scopes of emissions, as illustrated in the figure below. We will explain them first.

Scope 1: All direct carbon emissions caused by fuels that we purchase and consume. In this scope, we do not emit a significant amount of carbon emissions.

Scope 2: Indirect CO₂ emissions from our business operations, i.e. electric energy consumption. A bank generally has a slightly larger indirect footprint resulting from the use of its energy consumption for its facilities.

Scope 3: Other indirect carbon emissions from energy we did not personally purchase or emit directly, such as commuting emissions from employees who do not have a company car and counterparty energy consumption, e.g. air travel. The vast majority of carbon emissions associated with our choices and activities can be found in this category. We estimate the emissions in this scope and include them on our climate-neutral balance sheet. The estimation of the scope 3 emissions is rather challenging but absolutely essential due to its relevance and volume. Although there is a lack of consistent and detailed information, we managed to estimate 100% of the emissions of our assets.



In our [Integrated Annual Review 2021](#), we explain the results and activities with regards to our ambition to be climate neutral by 2030 and the science-based targets formulated by us. We use the methodology of the Partnership for Carbon Accounting Financials (PCAF) to measure our carbon footprint. See the [Appendix](#) for more information.

Contribution to SDG 13: Climate action



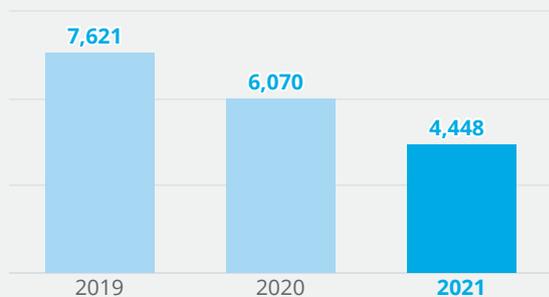
The wind farm *Egchelse Heide* opened in the weekend of 3-5 September 2021. From that day, five wind turbines with a total power of 21 MW provide sustainable energy to a major part of the households in that area. ASN Groenprojectenfonds, Coöperatie Peel Energie and other shareholders financed the construction of this unique project.

2.1.1 Scope 1 & 2

In comparison to all assets on our balance sheet, our buildings and transportation produce only around 1% of our total CO₂ emissions. However, we believe that our sustainability ambition is not credible without green business operations. That is why we strive, every year again, for 100% climate-neutral business operations. The drop in emissions in 2021 mainly ensued from a reduction in commuting and business travel due to Covid-19; the majority of our employees worked from home the entire year.

Total scope 1 & 2 gross CO₂ emissions

(in tonnes)



We try to reduce CO₂ emissions by 13% in 2024 compared to 2019. Our environmental management system aims at circularity and reducing resource consumption and waste production. This is, for example, reflected in our goal to have 100% SNS Shops with LED lighting by 2021, but we have only come as far as 92% (2020: 83.3%). The shops in which LED lighting has not yet been installed have a renovation planned next year, or will close next year. Approximately 75% of the shops no longer use gas.

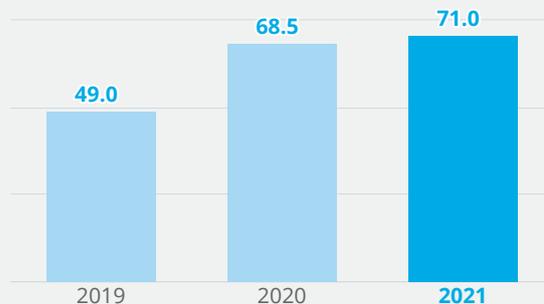
SUSTAINABLE COMMUTING

In 2021, we leased in total 240 cars in total compared with 360 cars at the end of 2016. We aim for all our employees to drive electrically by 2030. Charging facilities are available at every office location to

facilitate interim charging. For example, the head office in Utrecht has a charging plaza for 44 cars, where 32 cars can be charged at the same time, compared with 22 in 2020. For replacement, rental cars on fuel are temporarily used instead because it is expected that after Covid-19 some of our employees will no longer be eligible for a lease car as a result of a reduction in business mileage. All employees have an NS Business Card for business use. Employees can choose to commute by bike, public transport or car. The bike mileage allowance is higher (€ 0.13) than that for a car (€ 0.10). Car mileage allowance starts from a distance of 10 kilometres. Furthermore, we also provide e-bike charging stations in the bicycle sheds.

Employees driving electrically

(in %)



CARBON OFFSETTING BY TREES FOR ALL IN BOLIVIA

We offset our CO₂ emissions ensuing from internal business operations by purchasing CO₂ credits. Just like the past years we opted for a project by Trees for All. Trees for All has been planting native tree species for sustainable land use in the ArBolivia project since 2008. More than 1,100 local farmers have now joined the project. Located in the deforested parts of the lowlands, the area combines native trees with coffee and cocoa. Degraded land becomes agroforestry, a mixture of sustainable forestry and agriculture. The selected species are resistant to the effects of climate change. In this way the project contributes to carbon sequestration, a more sustainable land use and a better economic situation of the farming families. Moreover, by participating in the ArBolivia project, the farmers will no longer have to cut additional forest in the future. With the proceeds from CO₂ credits, farmers are trained in good management and plant new climate-proof forest plots.

2.1.2 Scope 3

The vast majority of CO₂ emissions fall into our scope 3 emissions. These are mostly the result of our financing activities. Our sustainability policy excludes financing carbon-intensive sectors and companies, such as fossil fuel companies and mining companies. In 2021, our climate policy was lauded as the best in the Dutch financial sector by the Fair Finance Guide.

Besides our strict policy, we are actively trying to stimulate our customers to make more sustainable

choices and aim to offer sustainable products and services. For example, we want to help our customers with issues related to sustainable homes and sustainable living. That is why we made improvements to our platform [Woningverbetersaars.nl](https://woningverbetersaars.nl). The available information has been enhanced, so the home scan provides even more accurate advice. The number of installation partners for the sustainability measures has been expanded. Each brand has its own landing page, used by both customers and advisers. More than 80% of our advisers are Approved Sustainable Living Advisers, who are properly trained and knowledgeable on this subject. We train our advisers through e-learnings, webinars and expert sessions on sustainable living.

We do not invest in carbon-intensive companies

Our brands also offer an updated energy-saving advice together with Susteen. This advice offers various guarantees on the savings, payback period

and installation of energy-saving measures. Since September 2021, customers can finance these measures by means of a Personal Sustainability Loan. Customers can use this loan with an attractive rate for sustainable spending for energy-saving measures or even for a Tiny House.

Customers of ASN Bank and SNS can invest in sustainable investment funds, which are managed by ASN Impact Investors. Until May 2021, these were called ASN Investment Funds. The twelve different investment funds invest in companies, governments, microfinance institutions, green bonds and projects all around the world. A strict sustainability criteria for climate, human rights and biodiversity applies to all funds. Long-term goals for these themes have been established and are translated into one or more sustainable investment targets for each investment fund. In addition, ASN Impact Investors was able to label all its investment funds as 'dark green' under the new Sustainable Finance Disclosure Regulation (SFDR) legislation, which means that customers can only invest in sustainable funds. The annual reports and the ASN Impact Report show the progress made in realising the objectives. At the end of March, these reports, along with the voting and engagement reports, will be published on the [ASN Impact Investors website](#).

We disaggregate and disclose absolute emissions data at sector level in our [Annual Report 2021](#), chapter Sustainability Risk.

Scope 3 emissions

Asset class	Financed emissions (scope 1, 2 and 3) in tonnes CO ₂ e	Avoided emissions in tonnes CO ₂ e	Net emissions in tonnes CO ₂ e	Economic Emission Intensity (t/M€)	Data quality score
Business loans	51,262	-	51,262	11.7	4.7
Unlisted equity	2	-7	-5	0.2	2.8
Listed equity	-	-	-	-	-
Corporate bonds	53,903	-422,616	-368,713	21.8	2.8
Sovereigns bonds	18,232	-	18,232	5.6	5.0
Commercial real estate	-	-	-	-	-
Mortgages	1,208,916	-	1,208,916	24.8	2.0
Project finance	9,162	-319,211	-310,050	10.7	3.1

2.1.3 Climate policy

We distinguish three Sustainability Policies, i.e. climate, biodiversity and human rights. Below we elaborate on the climate policy, for more information on the biodiversity and human rights policies, see the respective chapters.

Climate change is one of the most pressing problems the world is facing at the moment. De Volksbank has adopted an approach to mitigate and adapt to the impact on climate change, consisting of two elements:

1. A set of sustainability criteria to avoid involvement in entities which have a negative impact on climate change and a set of criteria to support investments

that contribute to combating climate change. Activities we refuse to invest in are, for instance, the exploration, extraction and production of fossil fuels and electricity generation by means of fossil fuels. For details on these policies, see our [Climate Change policy](#).

2. An initiative to strive for a 'climate-neutral balance sheet by 2030' for de Volksbank and use this initiative to advocate climate neutrality in rest of the financial services sector. In 2018, ASN Bank decided to aim for a carbon-positive balance sheet in 2030.

**Contribution to SDG 11:
Sustainable cities and
communities**



Over the next 10 years, nearly 1 million houses will be built in the Netherlands. We, construction companies, developers, environment organisations and other banks are concerned about the liveability of the cities and the loss of biodiversity. There are many opportunities to make cities and villages greener, giving nature more space. Our joint plea stands in our manifesto 'Build for Nature', which is signed by us and other parties.

2.2 Biodiversity

We define biological diversity, or biodiversity, in line with the Convention on Biological Diversity (CBD) from 1992. The CBD describes biodiversity as: 'The variability among living organisms from all sources, including, inter alia, terrestrial, marine and other aquatic ecosystems, and the ecological complexes of which they are part; this includes diversity within species, between species and between ecosystems.'

Biodiversity is indispensable for human wellbeing, but is currently declining rapidly. According to IPBES, one of the main threats to the loss of biodiversity is climate change as it leads to drought and flooding. The high pace of climate change also leaves species insufficient time to adapt to a changing environment, threatening them with extinction. At the same time, biodiversity plays a vital role in mitigating climate change because forests, peatlands, soils and oceans can absorb or store carbon. That is why we adopted a long-term goal on biodiversity.

NET POSITIVE EFFECT ON BIODIVERSITY BY 2030

Three years after our brand ASN Bank introduced its long-term goal to have a net positive effect on biodiversity as a result of all of our loans, mortgages and investments, de Volksbank adopted this goal in 2020 for the bank as a whole. We want to prevent any further loss of biodiversity and contribute to an overall net gain for biodiversity. To ensure this by 2030, we will actively contribute to the enhancement of biodiversity inside and outside the Netherlands.

Before we can steer towards a net positive result in 2030, it is necessary to gain insight into the current impact that de Volksbank has on biodiversity. That is why, at the beginning of this year, we calculated a first biodiversity footprint for the year 2019, also known as a baseline measurement. This baseline measurement is our starting point and offers us opportunities to set goals and compare future results. Additionally, this year we have been busy to implement the necessary processes to allow us to report about our biodiversity impact on a quarterly basis in the future; at the end of the year we calculated the biodiversity footprint for 2020.

HOW ARE WE WORKING TOWARDS OUR GOAL?

We are reducing the ecological impact from our loans and investments in two ways. Firstly, we analyse whether potential loans and investments meet our strict sustainability criteria. These criteria have to be met before a loan or investment is eligible for financing. At the same time we are enhancing biodiversity by investing in, i.a. biodiversity conservation, renewable energy and the circular economy. When the positive effect we achieve on biodiversity with our loans and investments is greater than our negative impact, we have achieved our long-term goal. We focus on collaboration, discussion and inspiration. After all, the change will be far greater if as many experts, organisations and governments as possible start addressing their impact on biodiversity.

Our goal: An overall net positive effect on biodiversity by 2030.

**Contribution to SDG 15:
Life on land**



ASN Impact Investors and ASN Bank jointly launched the unique ASN Biodiversity Fund in 2021. In doing so, we are taking a major step towards realising ASN Bank's ambitions for 2030, and especially towards contributing to the restoration, protection and enrichment of biodiversity worldwide. The fund is a unique impact fund that makes restoring nature profitable. With this fund, we can demonstrate that agriculture, fishing and other activities do not have to come at the expense of nature. The fund is perfectly in line with de Volksbank's sustainability.

PARTNERSHIP FOR BIODIVERSITY ACCOUNTING FINANCIALS

The Partnership for Biodiversity Accounting Financials (PBAF) was initiated in November 2019 by ASN Bank together with 5 founding partners ACTIAM, FMO, Robeco, Triodos Bank and Triple Jump. PBAF is a partnership of financial institutions that collaborate to explore the opportunities and challenges related to the assessment and disclosure of the biodiversity impact associated with their loans and investments. Through discussions, the exchange of experiences and case studies, the PBAF partners cooperate to develop a set of harmonised principles underlying biodiversity impact assessment. By means of these principles, PBAF wants to contribute to the development of a harmonised biodiversity accounting approach in the financial sector.

In September 2020, PBAF presented their first Common Ground Report on biodiversity impact assessments: 'PBAF Netherlands, Paving the way towards a harmonised biodiversity accounting approach for the financial sector, September 2020'. The report focuses on the assessment and disclosure of negative impacts, avoided negative impacts and positive impacts on biodiversity resulting from the investments of financial institutions as a way to contribute to the conservation and sustainable use of biodiversity. In 2021 the initiative established a separate foundation, the PBAF foundation, featuring a board and a sounding board consisting of stakeholders. The partners developed the next version of the PBAF Standard and cooperated in three working groups that focused on asset management, agriculture and positive impact. The publication of the new PBAF Standard is expected in early 2022. The PBAF initiative grew to 30 financial institutions originating from six countries.

2.2.1 Biodiversity policy

We distinguish three Sustainability Policies, i.e. the climate, biodiversity and human rights policies. Below we elaborate on the biodiversity policy. For more detailed information on the climate and human rights policies, see the respective chapters.

The loss of biodiversity and destruction of ecosystems will have unprecedented impact on many aspects of our lives, ranging from potentially negative consequences for agricultural production to irreversible changes in natural habitats. De Volksbank has adopted an approach to mitigating and adapting to the impact on biodiversity loss, which consists of two elements:

The approach consists of two elements:

1. A set of sustainability criteria to avoid involvement in entities that have a negative impact on biodiversity and ecosystems and a set of criteria to support investments that contribute to protecting biodiversity and strengthening ecosystems. The criteria are in line with the main threats for the loss of nature and biodiversity: land use and nature deterioration (for instance by deforestation); overexploitation (or the unsustainable use of resources); climate change; invasive and exotic species; and pollution. For further details on these policies, see our Biodiversity Policy. Closely linked to this policy is our policy on Circular Economy, which includes our vision on the circular economy and in which less and more efficient use of both renewable and non-renewable raw materials takes centre stage. In addition, in our view there is no waste if raw materials are reused over and over again. In this way raw materials are not depleted and our negative impact on biodiversity is reduced as we use raw materials more consciously and efficiently. This leads to fewer CO₂ emissions and change of land use, but also to less pollution from the use of harmful substances.
2. An initiative to strive for a 'net positive' impact in loans and investments. De Volksbank and ASN Impact Investors adopted ASN Bank's goal to have an overall net positive effect on biodiversity by 2030. It is part of ASN Bank's role as a frontrunner to develop a 'net positive' strategy. ASN Bank aims to include the rest of the sector (PBAF) in protecting biodiversity and strengthening ecosystems.

3. SOCIAL

3. Social

In this chapter we explain more about the social aspects of our activities. This entails not only offering responsible products to our customers, but also the way in which we aim to be a responsible employer. In addition, that we take responsibility for our supply chain. Finally, human rights is a particularly important topic.

3.1 Customers

De Volksbank wants to be a bank where customers feel at home. A bank with an eye for understandable products, privacy and security, technological innovation and a warm heart for society. We strive for a strong relationship with our customers; what we do must add value for them.

3.1.1 Responsible product offering

PRODUCT APPROVAL AND REVIEW

Existing products and services are constantly subject to changes in, for example, laws and regulations and other internal and external factors. These changes lead to new requirements, expectations and goals. To stay up to date with current standards, they are periodically reviewed on the basis of laws and regulations, customers' interests and our shared value strategy. The Product Approval and Review Committee (PARC) is responsible for approving new - and changes to existing - products and services of all of de Volksbank's brands. The PARC is composed of Directors of the Business, Legal, Risk and Compliance departments and is headed by the Chief Customer Officer (CCO). In 2021, we started to incorporate sustainability in our Product Approval and Review Process, taking first steps towards securing sustainability in our processes.

We have privacy and cookies policies in place for both our customers and employees. They are available on the websites of our brands: [SNS](#), [ASN Bank](#), [Regiobank](#), [BLG Wonen](#) and [de Volksbank](#). In 2020, DDMA, a sector organisation for data and privacy, awarded us with the highest possible 'Privacy Guarantee Seal' (in Dutch only).

TERMS AND CONDITIONS

The General Banking Conditions '*Algemene Bankvoorwaarden*' (in Dutch only) contain the general agreements and rules that apply between banks and customers. All banks in the Netherlands use the same General Banking Conditions. With regard to the same subject, all major mortgage lenders and intermediaries in the Netherlands endorse the Code of Conduct, which dictates the strict framework of mortgage underwriting. The Code of Conduct includes the following stipulations:

- The property valuation should be carried out by a professional certified valuator;
- Strict requirements on the information lenders are required to provide to borrowers;

- Loan-to-income limits that are set according to a fixed table, including references to borrowers' gross income and mortgage interest rates.

In addition to the General Banking Conditions and Code of Conduct, we have the General Terms and Conditions of our mortgages, which contain the general agreements and rules that apply to all our mortgages. These General Terms and Conditions include information on what potential customers need to know about the mortgage loan process, what may happen when things turn out differently, and finally extra rules that apply to a mortgage with SNS, ASN Bank, RegioBank and BLG Wonen. By creating clear terms and conditions, we want to contribute to a responsible product range, which includes plain and intelligible language that everyone can understand.

We share knowledge to inform customers how to recognise cybercrime attempts

SAFE AND SECURE BANKING

We are still witnessing an increase in cybercrime in the Netherlands. Criminals are becoming more sophisticated and it is becoming increasingly difficult for customers to tell the difference between real and fake when online. We strongly believe in knowledge sharing and setting up campaigns, webinars and other ways to inform customers how to recognise cybercrime attempts. For more information on data privacy and safety, cybercrime or financial crime, see our [Integrated Annual Review 2021](#).

3.1.2 Access to finance

Inclusive access to finance is part of our commitment to financial health and inclusion in the Netherlands. One of the related activities is to help people achieve and maintain a healthy financial position. Another is to promote education on financial matters and financial skills - for young and old. A final set of activities relates to financial confidence; we have been using the Financial Confidence Barometer since March 2018 to gain a better understanding of why people have financial concerns and what their concerns are.

In regards to helping people achieve and maintain a healthy financial position, we sought practical solutions to make the housing market more accessible to certain groups of people, such as high-rent tenants. On the specific topic of promoting education on financial matters and financial skills we offer free 'Eurowijs'

teaching materials to teach children in primary education, special education and lower secondary education financial skills.

Our 'Better for each other - from promise to Impact' strategy implies that if you provide a loan, you are partly responsible for the problem that arises when someone wants to, but is unable to pay the mortgage back. Investing in a relationship, starting a dialogue and finding a solution together is the best way to help. That is why we do not work with debt collection agencies.

Apart from the above, as signatory to the Principles for Responsible Banking, we signed the Commitment to Financial Health and Inclusion in 2021. Through this initiative, we use our people, products, services and relationships to promote universal financial inclusion.

3.2 Employees

As an employer, it is de Volksbank's ambition to create value for employees by giving genuine attention to professionalism, autonomy and personal growth. We believe this will lead to committed and engaged employees. Skilled employees and sustainable employability also creates value for de Volksbank, our customers and society.

Our employees indicate that they like working for us because they can put a human touch into banking and build truly long-lasting relationships with customers. They experience their work as meaningful and can contribute to society.

For more information on the number of FTEs and our remuneration policy, see our [Integrated Annual Review 2021](#).

3.2.1 Transformation into an agile organisation

In 2021, we initiated a movement of change to accelerate the achievement of our strategic ambitions. De Volksbank is introducing a single, uniform agile organisation structure and working method in which independent, fully responsible (customer) teams make up the heart of the organisation. For more information on the effect this is having on our employees, see our [Integrated Annual Review 2021](#).

3.2.2 Human capital development

Our vision on learning and human capital development is adapted to the agile organisation principles, and is based on four principles:

Work practice is learning practice: work practice is the starting point for learning.

We learn more when we learn together: learning is most powerful when you see each other performing, for example through internships and peer-coaching.

Take your personal development in your own hand: Personal development is aimed at encouraging

employees to learn in order to make a difference as a professional.

Learning in simple and small steps: We offer hands-on information that employees can immediately put into practice.

The training costs increased significantly compared with 2020, mainly due to the transition to an agile organisation. Read more about the impact of the transition to an agile organisation on our employees in the [Integrated Annual Review 2021](#).

WARM WELCOME FOR NEW EMPLOYEES

New employees get acquainted with de Volksbank through the induction programme entitle 'Open'. Due to the pandemic the programme was conducted online instead of at our offices. In five months' time new employees are introduced to our organisation, enabled to build a network and share their fresh perspective, allowing us to continue to develop and innovate de Volksbank. New colleagues are supported by their manager and a mentor so as to quickly feel included and at home in the organisation.

During the induction programme, new employees take the banker's oath. By taking the banker's oath, employees declare that they will demonstrate integrity in the workplace, put customers' interests first and submit themselves to disciplinary law. Employees are personally responsible for complying with the sector-wide rules of conduct incorporated in our code of conduct 'Common sense, clear conscience'. You can read our full Code of Conduct [here](#).

ATTRACTING, DEVELOPING AND RETAINING TALENT

We focus on the development of talented specialists who are pursuing a key position; employees with drive and a strong will to develop and fulfill the role of change agent. Especially for trainees and juniors with up to two years of work experience, we offer the Young Experts Programme geared towards four fields: IT, Data Science & Innovation, Digital Marketing & Marketing Omnichannel, and Finance & Risk.

We determine these four fields on the basis of strategic staff planning results. This planning process maps out which competencies we need in the future and which talents we need to develop and/or recruit for these competencies. Every year we review the performance and potential of employees. In addition, we use succession planning to determine who are potential candidates for senior management succession and how they can prepare for these positions through leadership development.

Investment in employee training and development

	2021	2020
Training costs	€ 7.1 million	€ 4.9 million
Training costs/FTE	€ 2,246	€ 1,532

3.2.3 Vitality and health

De Volksbank is responsible for creating a healthy work environment and complies with all the obligations of the Occupational Health and Safety Act. Our health and safety policy is people-oriented. Health and vitality are a joint responsibility of de Volksbank and its employees. De Volksbank facilitates and supports employees to work on their vitality and health.

Employees organise their work in such a way that it works best for them and their team

COVID-19 PANDEMIC

In 2021, most of our employees continued to work from home because of the pandemic. This posed challenges for many employees, for example combining work with home education and care for their children. De Volksbank supports this with IT-related technology, tips and tools for staying vital and a personal budget to set up an ergonomic workstation. For most of the year, the norm was for employees to go to the office only if it added value.

WORK-LIFE BALANCE

In our new collective agreement for 2021-2022 we added some new arrangements to improve the work-life balance of our employees. As we consider it important that employees pay attention to important occasions throughout their lifespan, we added one extra day of leave to their annual leave. To encourage employees to take additional parental leave, we will supplement the salary up to 100%. The pilot on leave for family care has been converted into a regulation on leave for family care. De Volksbank will also explicitly include employee bereavement in the Mentally Vital programme, for example by providing managers with a checklist when an employee is confronted with the death of a loved one.

NEW WAY OF WORKING 2.0

In 2021, we worked on a vision and a plan to gradually transition into the New Way of Working 2.0. We want to facilitate maximum result-oriented collaboration in teams. The vision of the new New Way of Working is activity-oriented and flexible working; employees organise their work in such a way that it works best for them and their team. Team members make agreements on matters such as when they will see each other in person and when they work from home. Employees are also given the opportunity to learn, try things out and improve. We believe that personal management and flexibility will boost performance and customer service.

3.2.4 Diversity and inclusion

We regularly measure whether everyone feels at home at de Volksbank and organise various activities to pay attention to this topic, for example with workshops entitled 'Inclusive teamwork and diversity'. As from 2021, diversity and inclusion is a permanent subject in the training and continuing education of managers.

DIVERSE TEAMS

One of our challenges is to create a more diverse workforce. We pay attention to a diverse composition of teams in the organisation, not only with regard to personal characteristics (gender, age, origin), but also in terms of experience, skills and motivation. When filling vacancies, managers are therefore not only expected to take into account an applicant's professional competencies, but to be mindful of diversity, from different perspectives, as well. This has been incorporated into the recruitment and selection processes. We pay explicit attention to gender equality and offering opportunities to people with an occupational disability.

GENDER EQUALITY

At the end of 2021, the proportion of women in senior management positions was 36%, which means that we achieved the 2021 target. Our aim is to further improve gender equality in management positions.

EQUAL PAY FOR MEN AND WOMEN

An important foundation for gender equality is equal pay. De Volksbank conducts an annual study into equal pay for men and women at de Volksbank. We can conclude that we reward men and women equally for equal work and with similar age. After a correction for the pay scale and age, females are at a very slight disadvantage: they earn 0.04% less. The challenge we face is achieving a better balance in the number of males and females in higher pay scales positions. The pay gap has decreased since 2019, the first time we measured the pay gap. For more information on our

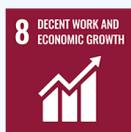
	Actuals 2021	Target 2021	Target 2025
Total	54% male / 46% female	n.a.	50%
Management	64% male / 36% female	36%	40%
Board of Directors	67% male / 33% female	40%	40%
Supervisory Board	60% male / 40% female	40%	40%

efforts in the fields of creating more diverse teams and gender equality, see our [Integrated Annual Review 2021](#).

LABOUR CODE

A group of trade unions and employers jointly drew up a labour code. The purpose of this code is to formulate starting points to achieve a single labour market, i.e. self-employed and other employed persons. De Volksbank and the trade unions have agreed to respect the values of this labour code and to endorse its views on how to be a good employer for both internal and external employees.

**Contribution to SDG 8:
Decent work and economic growth**



De Volksbank cooperates with *ICT Vanaf Morgen* ('Start an ICT job tomorrow'), a foundation that offers work in IT to people at a distance to the labour market. These people are often young and find themselves in a difficult period in their life. Driven by their shared interest in IT, they help us by maintaining and repairing our laptops. We thus try to make a useful contribution by supporting the foundation's mission to invest in the development of youngsters and people with a distance to the labour market.

3.2.5 Safety

Our Code of Conduct, entitled 'Common sense, clear conscience', sets out how we treat each other and our customers. This code guides our thoughts and actions. In 2021, all employees completed the new e-learning on our Code of Conduct, which gave them insight into how well they apply the rules of conduct. The e-learning covers important topics from our Code of Conduct and is based on real-life situations.

At de Volksbank we strive for an open culture in which anything can be discussed. Yet employees may find it difficult or even impossible to discuss certain issues - such as suspected fraud, theft, or a conflict of interest - with their manager. If that is the case, they can make use of our Whistleblower policy, allowing them to raise the issue with an Integrity Counsellor anonymously and confidentially. Integrity Counsellors are trained to listen to employees who are worried about malpractice, and guide them through an anonymous reporting procedure.

Workplace safety is very important to do your job well. Thus, respect for each other is a fundamental principle. There is no room for unwanted behaviour such as discrimination, abuse of power or (sexual) intimidation; not from co-workers, nor from customers. We can prevent undesirable behaviour by

discussing it with each other, asking for feedback and addressing colleagues directly if they seem insufficiently aware of the effects of their behaviour. If someone does behave undesirably, we take action to prevent it from happening again. If an employee is a victim of or witness to sexual harassment, discrimination, aggression, violence or bullying at work they have several options. For example, they may request mediation by the Integrity Counsellor or external confidential counsellor; talk to their manager, HR Business Partner or a Compliance colleague; or make a complaint which is ultimately dealt with by the Committee for Unwanted Conduct. De Volksbank offers employees who are confronted with aggressive behaviour by customers and managers alike various prevention programmes, such as training courses.

3.3 Chain responsibility

We believe it is our responsibility to promote sustainability in areas where we have the greatest influence. In our product chains, we take responsibility for society and the environment in various ways. We carefully consider where the money attracted by us is invested. In both cases, we have policies and checks in place to prevent misconduct and abuse.

Our Sustainability Expertise Centre (SEC) is responsible for our Sustainability Policy and its application to all our business activities and processes. The SEC conducts sustainability analyses on projects, countries, organisations and companies. We apply strict sustainability requirements for climate, human rights and biodiversity to all of de Volksbank's funds, bonds, loans and investments and periodically review and monitor these. In case of misconduct, we approach the relevant stakeholder and engage in a conversation to set up an agreement for action. If the stakeholder does not keep this agreement, we may decide to withdraw as an investor or financier.

RESPONSIBLE PROCUREMENT AND CONTRACTING

Sustainable procurement is good for the environment and can save money. We therefore check products and services to be purchased in terms of their CO₂ emissions, useful life and circular use. We have a Procurement policy that is applicable to approximately 3,000 suppliers.

We take a close look at our suppliers' sustainability policy

When selecting suppliers, we take their sustainability criteria into account. We not only take a close look at suppliers' sustainability policies, but also to the environmental and social aspects involved in the development of their products and services. All purchase agreements are based on de Volksbank's Terms and Conditions of Purchase. We also expect our suppliers to sign our Sustainability Statement, which contains our terms and conditions with regard to corporate responsibility. The statement is based on the Universal Declaration of Human Rights, the OECD guidelines, the UN Global Compact and the core conventions of the International Labour Organization (ILO). In addition to subscribing to these international guidelines, we ask suppliers to meet four preconditions:

- *Business attitude*: responsible entrepreneurship - and thus sustainable procurement - requires a pioneering spirit and the will to realise continuous change, resulting in improvements for and in society;
- *Transparency*: the supplier shall be accountable for choices made in relation to policies, structures and cooperation agreements, and shall be transparent and clear about the use of products, services and the corresponding conditions;
- *Value chain responsibility*: the supplier takes responsibility for sustainability within, but also beyond, its own product chain and propagates this responsibility;
- *Innovation*: the supplier develops and innovates his products and service range in a responsible way.

SUPPLIER ENGAGEMENT

We regularly engage with our key suppliers. We meet with them and discuss the status and progress of our relationship, usually one to four times a year. For these suppliers, we draw up a Service Level Agreement (SLA) describing the requirements for the products and services provided, including sustainability aspects such as ISO 14001 certification.

De Volksbank also appreciates feedback on its own responsible business activities. Stakeholders may, for example, provide feedback on possible adverse effects resulting from our activities.

3.4 Human rights

Human rights have always been a crucial part of ASN Bank's Sustainability Policy. De Volksbank has applied this policy to all its activities since 2017. Human rights have therefore been part of ASN Bank's Annual Review and de Volksbank's Integrated Annual Review. In addition to this, we signed the Dutch Banking Sector Agreement (DBA) in 2016¹ and published a stand-alone Human Rights Report in February 2019. In 2020, we

¹ The objective of this agreement is to avoid human rights impacts in bank's corporate lending and project finance activities.

provided a Human Rights Update for the year 2019. However, instead of publishing a stand-alone report, we have reported on our activities and achievements in this ESG Report since 2020, with our ambition and commitment remaining as strong as ever.

Human rights are essential for a stable, secure and flourishing society

Human rights issues linked to our business operations and lending activities were less salient than the issues linked to our investments. We have ascertained that the most salient risks are to be found in the ASN Investment Funds and we have identified the following five most salient issues:

- 1) a living wage in the garment industry
- 2) a living wage in the agri-food industry
- 3) workplace health and safety in the garment industry
- 4) consumer protection in the pharmaceutical industry
- 5) clinical trials in the pharmaceutical industry.

3.4.1 A living wage

A living wage is a human right that enables workers to afford basic needs such as food. A living wage also tends to be a catalyst for improving other working conditions, such as reducing excessive overtime. Experts tell that the wages in many garment-producing countries are not sufficient. Living wage has therefore been a high-priority issue for ASN bank and ASN Impact Investors since 2015. Our exposure to companies in the agri-food market is smaller than to garment companies. In order to maximise the effectiveness of our engagement, we decided to focus on living wage in the garment industry with our long-term objective: the garment industry will provide workers in its supply chain with a living wage by 2030.

As in previous years, we assessed companies and governments in our investment portfolio. We published the results in an Integrated Platform Living Wage Financials (PLWF) Report in October 2021. Despite some minor upgrades to the methodology, the results could be compared well with previous years' results. The PLWF continues to engage with investees to increase transparency in the supply chain, and to scale up pilot projects on living wages. We also aim to foster multi-stakeholder cooperation, including governments, to accelerate advancement towards the payment of living wages.

Our assessments are a means to an end and provide a starting point for our engagement conversations with the garment companies in our investment portfolio. We look into additional ways to engage with investees in a meaningful way, for example by setting long-term objectives, in close collaboration with other PLWF investors. Actions we are considering for the future include sending a letter to a company's Board of Directors, filing resolutions at Annual General Meetings and more public exposure to the topic of a living wage. Any such step will be subject to a careful analysis of the company's progress over the past years and how receptive they have been to our engagement so far.

PLATFORM LIVING WAGE FINANCIALS

In 2018, the PLWF was founded by ASN Bank, MN and Triodos Investment Management with the goal to create a collective engagement effort on living wages. In three years' time, the platform has grown in size to 18 members with over € 4.6 trillion of assets under management. Below, we explain how we engaged with companies in relation to Covid-19.

3.4.2 Workplace health and safety in the garment industry

Workplace health and safety is a critical issue in the garment industry, and is part of companies' analyses and the investment portfolio decision-making process. Since the global Covid-19 outbreak, workplace health and safety has become an even more important topic as it affected the supply chains and business operations of many companies. Together with our PLWF partners, we used our contacts in the garment companies that we engage with to express our concerns and push for measures that would not only protect workers on the work floor, but that would also support workers financially if necessary.

3.4.3 Consumer protection and clinical trials in the pharmaceutical industry

Even though the pharmaceutical companies we invest in had sound policies in place, we have engaged with them since 2015 as they were frequently involved in controversies on customer safety-related issues. In 2019, after discussing Sustainalytics' Evaluation Report and our own engagement experiences with the companies in question, we decided to continue the dialogues albeit less intensively than in previous years. It concerned the following six companies: Astellas Pharma, AstraZeneca, GlaxoSmithKline, Novo Nordisk, Merck KGaA and Orion. We developed a scorecard for each of these companies and - after having shared the results with them in 2020, we published the scorecards on ASN Bank's [website](#) in the first quarter of 2021. As we prepare these scorecards every two years, the scorecards will be completed again in 2022.

The Covid-19 pandemic continued to influence our engagement with pharmaceutical companies in 2021. We were the lead investor in the engagement with AstraZeneca; on behalf of co-signatories, we posed questions at the company's Annual General Meeting. We also signed an Investor Statement in support of an effective and fair global response to Covid-19. The initiative for this was taken by the Access to

Medicine Foundation, which stimulates and guides pharmaceutical companies to do more for people living in low and middle-income countries

3.4.4 Human rights policy

We distinguish three pillars in our Sustainability Policies, i.e. on climate, biodiversity and human rights. Below we elaborate on human rights. For more information on climate and biodiversity, see the respective chapters.

Human rights are frequently violated, and often quite severely. ASN Bank has developed a wide range of policies to avoid violations of human rights in its loan and investment portfolios. De Volksbank has adopted these policies in its Sustainability Policy on human rights.

One of ASN Bank's initiatives is to supercharge the development of an approach to achieve living wages in the global garment industry by 2030. Its ultimate goal is: by 2030 the garment industry will have implemented all necessary processes to enable a living wage for workers in its supply chain.

Our approach to human rights is made up of two elements:

1. A set of sustainability criteria to avoid involvement in entities, governments or companies that fail to protect or respect human rights. Our Sustainability Policy on human rights contains criteria related to activities to be excluded and avoided and criteria to support investments that uphold collective, human and labour rights. As far as the former is concerned, we do not invest in companies that engage in or profit from war or armed conflict. We cannot and will not reconcile ourselves with the idea that these types of companies benefit from the existence of and increase in armed conflicts, implying that we also refrain from every form of financing of or investment in companies involved in the development, maintenance, testing, storage and distribution of weapons. As far as the latter is concerned, i.e. criteria to uphold collective, human and labour rights, examples are: equal treatment and non-discrimination, no child labour in accordance with the ILO definition, no forced labour, freedom of association and collective bargaining, safe and healthy working conditions, and respecting the rights of local communities and indigenous people, which includes the acquisition of land by companies. For further details on these policies, see our [Human Rights Policy](#).
2. A set of criteria to select frontrunners who focus on protecting and respecting human rights. The Platform Living Wage Financials (PLWF) initiative to strive for living wages in the garment industry. ASN Bank has broadened the scope of the PLWF by encouraging other financial institutions to join and PLWF now also covers the food & agriculture and food retail sectors.

4. GOVERNANCE

4. Governance

Governance is an important topic not only for ourselves, but also for the organisations we invest in or finance. In February 2021, we received the findings of the independent investigation (conducted in 2020) into the dynamics between the members of the Board of Directors and the interaction between the Board of Directors and Supervisory Board at de Volksbank. In response to the findings, de Volksbank took follow-up measures, including a change in the composition of the Board of Directors and streamlining the bank's senior management. For more information on the functioning and composition of the Board of Directors, see our [Integrated Annual Review 2021](#).

In this chapter we describe how our sustainability governance has been set up. Our sustainability criteria include our expectations of good governance that aids the shift to a more sustainable world. When assessing companies' governance, we expect each company to have a policy regulating the ethical conduct for its employees in place, no matter where the company operates or is located. As we consider transparency to be relevant, we expect companies to be transparent about their performance in the areas of governance, climate change, biodiversity and human rights. For more information, see our [Guide Sustainability Criteria](#).

For more information about our overall governance, regulatory developments and integrity and ethics in our [Integrated Annual Review 2021](#) and our [Annual Report 2021](#).

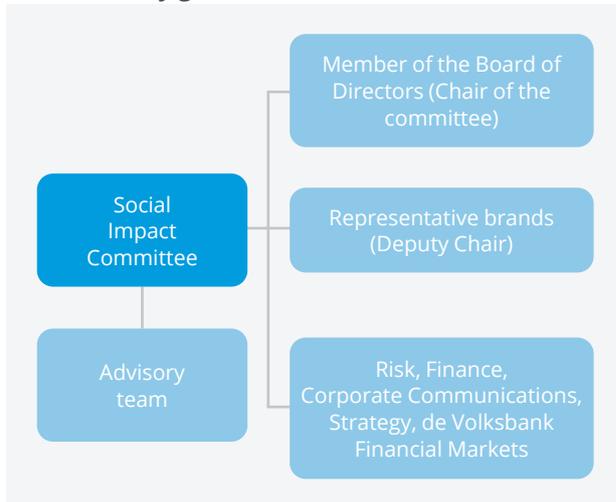
4.1 Sustainability governance

The development and implementation of sustainability is assigned to owners within the Board of Directors and senior management. In 2020, we set up the Social Impact Committee (SIC) to replace the Climate Committee. In 2021, we turned the SIC from a risk-related committee into a risk committee to give it a more formal character. In addition, we set up a multidisciplinary advisory team, which provides ESG-related advice to the SIC for discussion purposes. This team also supports the SIC with respect to the identification and coordination of sustainability issues. Enjoying a broad mandate, and in addition to our sustainability policy, the SIC develops, implements and monitors our policies on themes such as financial resilience and quality of life in communities.

The SIC also assesses and provides advice on Sustainability Risk as well as on internal and external reporting on social issues, including this ESG Report. The committee is chaired by the Chief Risk Officer, representing the Board of Directors. In 2021, it was decided that the Chief Risk Officer is responsible for sustainability. The expected impact on our four stakeholder groups, i.e. customers, society, employees and the shareholder, is included in the decision-making during all meetings of the Board of Directors and the SIC to ensure that the impact on natural,

human and social capital is included in the decision-making. Furthermore, our policies and activities related to social impact are evaluated on a monthly basis against our shared value KPIs and adjusted where necessary.

Sustainability governance



4.2 Sustainability House of Policies

The [Sustainability Management Policy](#) describes the governance of the bank's approach to sustainability. This document forms the basis for the further development of specific sustainability policies for the various business activities. Together they form the so-called Sustainability House of Policies, the purpose of which is to have a well-understood and accepted governance and definition of sustainability for the bank and its stakeholders. The bank's approach to sustainability covers all of the bank's activities and exists of four levels described below.

LEVEL 1 SUSTAINABILITY MANAGEMENT POLICY (SMP)

The SMP serves as a framework for company-wide awareness on sustainability and the resulting application throughout the entire organisation. The SMP primarily covers the governance, strategic ambition, responsibilities and procedures.

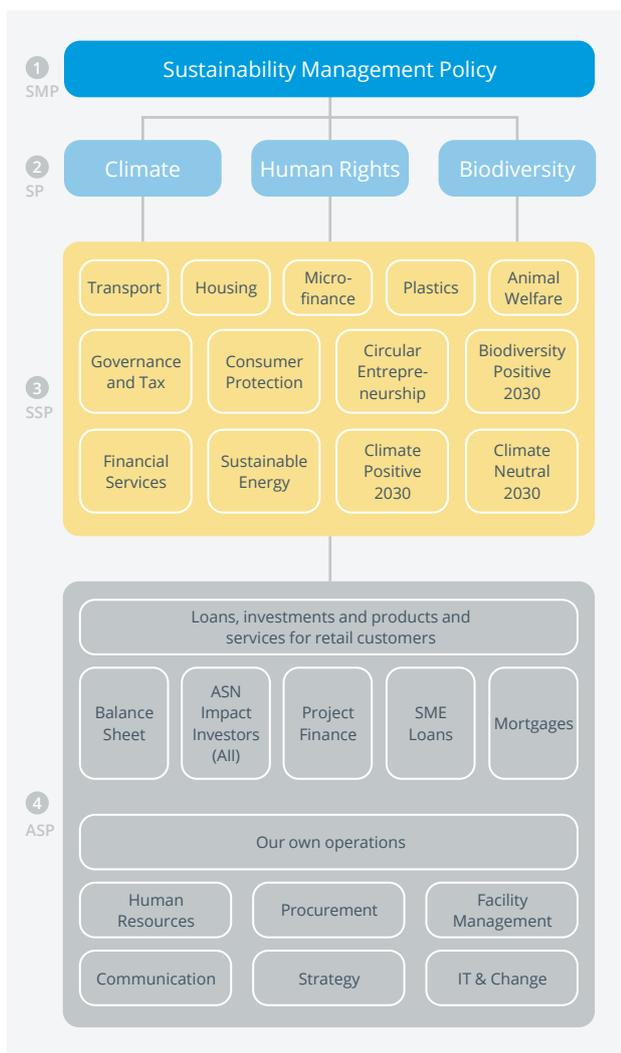
LEVEL 2 & 3 SUSTAINABILITY POLICIES AND SPECIFIC SUSTAINABILITY POLICIES

The Sustainability Policies (level 2) and Specific Sustainability Policies (level 3) contain all detailed information on sustainability content. Sustainability is not static so the exact number and themes regarding content sustainability policies may vary from time to time. We distinguish three Sustainability Policies, i.e. climate, biodiversity and human rights, and elaborate on these in the respective chapters earlier in this report. In Specific Sustainability Policies, we provide additional guidance and criteria for specific themes (such as tobacco or plastics) or sectors (such as financials) or asset classes (such as ESG bonds).

These policies are developed by the Sustainability Expertise Centre (SEC). The SEC keeps in touch with external parties including NGOs, other financial institutions, academics, politicians and the media. The SEC also prepares the Sustainability Policy of ASN Impact Investors.

LEVEL 4 APPLIED SUSTAINABILITY POLICIES

The Applied Sustainability Policies (ASPs) specify how specific policies are implemented in the various processes. Thus, compared with other policies, which deal with the 'why' and 'how', these policies have a more practical approach ('what to do'). The SEC closely cooperates with the relevant departments in developing these ASPs, and supports these departments in formulating and achieving objectives.



FOUNDATION OF OUR POLICIES

The following is a list of international treaties and conventions that form the starting points for our sustainability policies and their implementation. Our sustainability policies are based on the relevant and important global conventions, reports and initiatives

that aim to ensure a bright and sustainable future for the generations to come. De Volksbank regards the following international treaties and conventions as the fundamental starting points for our policies and their implementation (these are subject to change and this is not an exhaustive list):

<div style="text-align: center; margin-bottom: 10px;">  <p>Human rights</p> </div> <ul style="list-style-type: none"> • United Nation's Universal Declaration of Human Rights • UN Guiding Principles on Business and Human Rights • Conventions of the International Labour Organization (ILO) • Guidelines of the Organisation for Economic Co-operation and Development (OECD) for MNE • UN Global Compact • Conventions in relation to weapons 	<div style="text-align: center; margin-bottom: 10px;">  <p>Climate</p> </div> <ul style="list-style-type: none"> • Paris Agreement • Intergovernmental Panel on Climate Change (IPCC) of the World Meteorological Organization (WMO) • UN Framework Convention on Climate Change (UNFCCC) • United Nations Environment Programme (UNEP) • Kyoto Protocol • Montreal Protocol • Convention of Parties (COP) 	<div style="text-align: center; margin-bottom: 10px;">  <p>Biodiversity</p> </div> <ul style="list-style-type: none"> • Convention on Biological Diversity (CBD) • Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) report • Five Freedoms of the Farm Animal Welfare Committee • Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) • Convention on the Conservation of Migratory Species of Wild Animals • International Treaty on Plant Genetic Resources for Food and Agriculture • Convention on Wetlands (also known as the Ramsar Convention) • UNESCO World Heritage Convention (WHC) • UN Convention of the Law of the Sea • Cartagena Protocol
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4.3 Commitments

Our commitment to voluntary and mandatory initiatives and transparent disclosure adds a layer of accountability to our business activities and

performance. Below we present a selection of the voluntary, non-binding initiatives and mandatory codes. All our brands engage in various other initiatives and commitments; for the full list and latest updates, see our [website](#) (in Dutch only).

Voluntary, non-binding initiatives	Explanation
International Labour Organisation (ILO)	The ILO was established in 1919 and brings together governments, employers and workers of 187 member states to set labour standards, develop policies and devise programmes that promote decent work for all men and women. It is the only tripartite UN agency.
Organisation for Economic Cooperation and Development (OECD)	The OECD is an intergovernmental economic organisation and forum with 38 member countries, founded in 1961 to stimulate economic progress and world trade. The OECD guidelines form the starting point for the Dutch international CSR policy, which provides tools for companies to deal with issues such as supply chain responsibility, human rights, child labour, the environment and corruption.
International Responsible Business Conduct Agreement (IMVO Bankenconvenant)	A coalition of banks, the Dutch Banking Association (NVB), trade unions, civil society organisations and the government signed a covenant. Together they are committed to better respect human rights. Although the covenant has now been terminated, a possible follow-up, more in line with OECD guidelines, is currently being considered. At the end of 2017, de Volksbank signed the ICSR Banking Sector Covenant, together with the NVB, other financial institutions, the government, trade unions and non-governmental organisations. Through this covenant we agreed to reduce the risk of human rights violations. The covenant formally expired at the end of August 2020. In the first quarter of 2021, the NVB will publish its proposal for the new ICSR covenant, which we intend to sign. Where the old covenant focused on human rights, the new covenant will also allow for initiatives in the field of climate change and biodiversity, both in line with the OECD guidelines.
ICMA Green Bond Principles	Green Bonds enable capital raising and investment for new and existing projects that benefit the environment. The ICMA Green Bond Principles (GBP) are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the way in which Green Bonds should be issued.
Equator Principles	The Equator Principles is a risk management framework adopted by financial institutions. It is intended to determine, assess and manage environmental and social risks in project financing.
UN Global Compact	A UN initiative to encourage companies worldwide to implement sustainable and socially responsible policies and to report on their implementation.
Principles for Responsible Banking	The Principles for Responsible Banking are a unique framework for ensuring that signatory banks' strategies and practices are in line with the vision it has set for the future in the Sustainable Development Goals and the Paris Climate Agreement. There are 6 business-related principles: alignment, impacts, customers, stakeholders, governance & culture, transparency & accountability.
The Dutch National Climate Agreement	A financial sector led initiative to contribute to the implementation of the Paris Agreement and the Climate Agreement. The commitment is directed at the provision of suitable market-based financing arrangements for sustainability, and to the integration of climate targets, including CO ₂ reduction targets in companies' own strategies.
The Science-Based Targets initiative (SBTi)	The SBTi drives ambitious climate action in the private sector by enabling companies to set science-based targets for emission reductions. Targets to reduce GHG emissions are considered 'science-based' when they are aligned with the latest requirements to meet the Paris Climate Agreement.

Mandatory Codes	Explanation
Banking Code	The Banking Code contains principles for better risk management and a responsible remuneration policy at banks. The Banking Code focuses on the customers' interests and contributes to the stability of the Dutch economy. The Banking Code applies as from 1 January 2010 and is legally embedded. Banks are therefore obliged to account for compliance with the Code in their annual reports using the comply or explain principle.
Corporate Governance Code	Dutch rules of conduct are legally embedded for listed companies. The rules enforce good governance protecting the interests of shareholders, employees and other stakeholders.

4.4 Stakeholder collaboration

We are aware that the positive change we envision requires partnerships and collaboration within and outside of the financial sector. Being de Volksbank, we aim to initiate, accelerate and facilitate partnerships to achieve the Sustainable Development Goals (SDGs) on various topics. For us, this is part of our commitment to contribute to SDG 17: Partnerships for the Goals. Read more about our contribution to the SDGs in our [Principles & Standards 2021 Report](#) and [Integrated Annual Review 2021](#). The following are some examples of our collaboration with stakeholders.

Contribution to SDG 17: Partnerships for the goals



PCAF welcomed its 100th participant. Within 18 months, the number of participants doubled. PCAF is originally a Dutch initiative, led by ASN Bank at the Paris Climate Conference. Fourteen other Dutch financial institutions joined the initiative to measure their CO₂ impact, as did de Volksbank. PCAF set itself a goal of 250 participants at the end of 2022.

DUTCH DEBT RELIEF ROUTE (NSR)

NSR is a public-private partnership of companies, municipalities, (aid) agencies and other cooperation partners. Together they work towards a financially strong and stable country. They do this by finding and guiding people and companies with financial worries to the help they need at an early stage. If worries have grown into debts, NSR guides him or her to (debt) assistance.

MVO NEDERLAND

Corporate Social Responsibility Netherlands, *MVO Nederland*, is the movement for entrepreneurs in the New Economy. It has created a network of partners who implement innovations in order to attain a future-proof New Economy. This economy is climate-neutral, circular, and inclusive with fair supply chains, entrepreneurs can continue to act as entrepreneurs.

VOLUNTEERING PLATFORM NLVOORELKAAR

NLvoorelkaar is the largest Dutch volunteering platform, where the supply and demand meet. This platform, on which 180,000 participants, 65 local platforms, 55 participating municipalities and 11,000 social organisations are active, can make an even bigger impact. Starting from our social role, we want to expand this group of volunteers even more. That is why our employees received 8 hours off to volunteer during working hours in 2021.

ORANJE FUND

The Oranje Fund (in Dutch *Oranje Fonds*) is a Dutch foundation based in Utrecht that provides funds to foundations and associations to strengthen the social aspects of society. RegioBank and the *Oranje Fonds* have a joint fund (*VoordeBuurt Fonds*) that supports social initiatives that promote a sense of community among people and the quality of life in communities. Every year, the *Oranje Fonds* supports around 10,000 social projects across the Netherlands and the Caribbean part of the Kingdom.

PARTNERSHIP FOR BIODIVERSITY ACCOUNTING FINANCIALS (PBAF)

PBAF is a partnership of financial institutions working together to explore the opportunities and challenges regarding the assessment and disclosure of the impact on biodiversity associated with their loans and investments. For more information, see [Chapter 2.2 Biodiversity](#).

PARTNERSHIP FOR CARBON ACCOUNTING FINANCIALS (PCAF)

PCAF is a global partnership of financial institutions that work together to develop and implement a harmonised, transparent and uniform approach to measure and disclose the greenhouse gas (GHG) emissions associated with loans and investments. The approach entails a carbon accounting methodology and provides financial institutions with a starting point to set science-based targets and align their portfolio with the Paris Climate Agreement. The initiative for the PCAF was led by ASN Bank in 2015 and has since grown into a global initiative. Currently, 195 financial institutions, representing over \$57.2 trillion, are already committed to measuring and disclosing financed emissions using the PCAF methodology. De Volksbank is a member of the steering group of PCAF Global and of multiple working groups within PCAF Netherlands.

PLATFORM LIVING WAGE FINANCIALS (PLWF)

Under the umbrella of PLWF, financial institutions come together to encourage, support, assess, and monitor investee companies with regard to their commitment to pay a living wage to the workers in their supply chains. As recognised by the International Labour Organization (ILO), OECD and others, a living wage is a fundamental human right. Within PLWF, we are strongly convinced that a living wage is a salient human right that requires urgent attention by companies worldwide. PLWF was founded by ASN Bank, Triodos Bank IM and insurer MN.

PLATFORM WONINGVERBETERAARS

De Volksbank initiated the platform *Woningverbeteraars* (home improvers). Together with its partners, de Volksbank created this [web page](#), where consumers can find information on how to make their home more sustainable.

THE DUTCH BANKING ASSOCIATION

The Dutch Banking Association (*NVB*) strives to achieve a strong, healthy and internationally competitive banking system for Dutch and foreign banks and credit

institutions operating in the Netherlands. NVB is the link between the banking sector, the government and the public and contributes to a vital and sustainable sector.

TIBER & TMNL

The financial sector is working together to be more resistant to cyber attacks. This takes place within the TIBER-NL programme, which is led by the Cyber Unit of *De Nederlandsche Bank (DNB)*. TIBER stands for Threat Intelligence Based Ethical Red-teaming. In addition, Dutch banks have joined forces under the name Transaction Monitoring Nederland (TMNL). Together, they will fight financial crime by jointly monitoring the banks' payment transactions for signals that could indicate money laundering and terrorist financing.

DUTCH NATIONAL HOMEOWNERS ASSOCIATION (VEH) & NATIONAL MORTGAGE GUARANTEE (NHG)

This year we actively sought collaborations with stakeholders such as VEH and NHG in order to follow up on the pilot for high-rent tenants. The Dutch National Homeowners Association, *Vereniging Eigen Huis*, is a Dutch organisation for private individuals who own or want to own a home. The National Mortgage Guarantee, *Nationale Hypotheek Garantie*, offers a safety net in case someone can not pay the mortgage anymore. Other smaller stakeholders on this theme were The Great National Housing Debate, Platform Mortgages and the Monitor for First-time Buyers. By sharing practical experiences with these parties, BLG Wonen tries to influence policy-making at

macro level: with a view to making an impact now and in the future, for people and society.

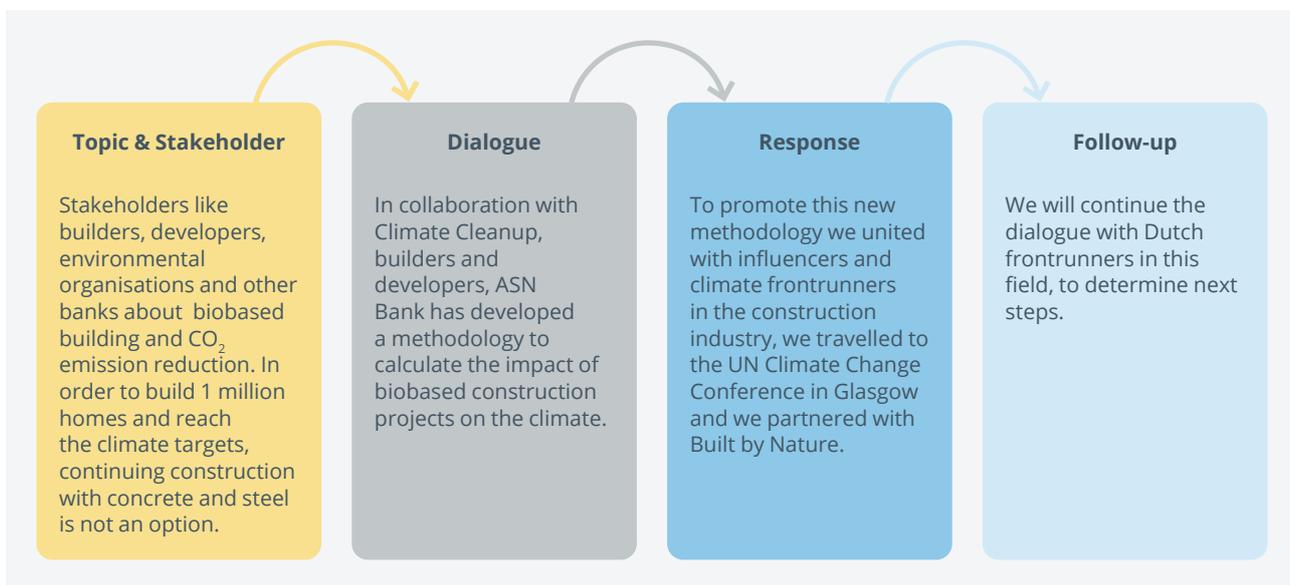
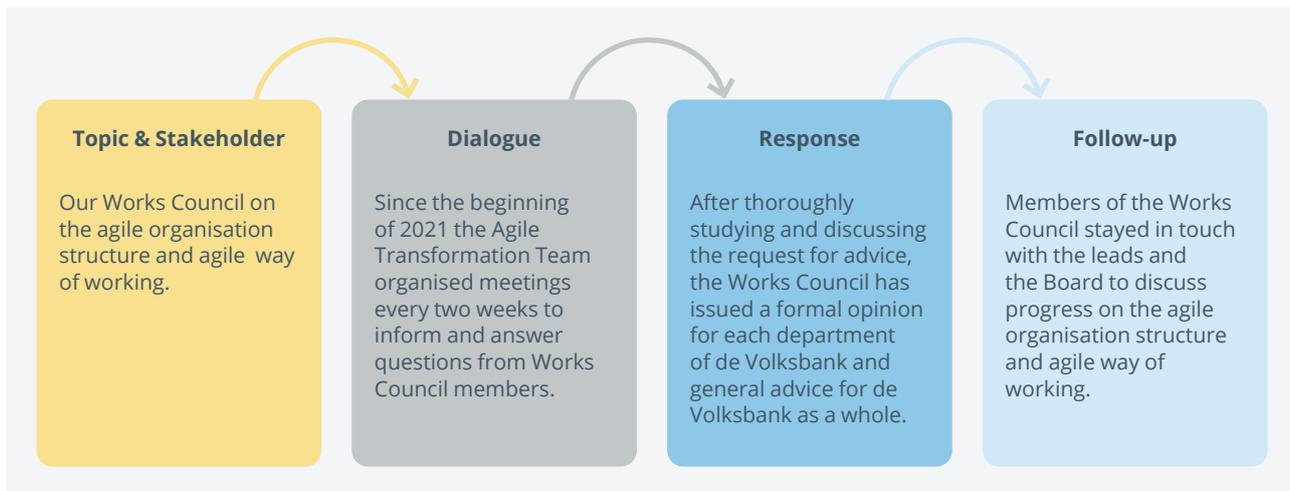
WORLD SAVINGS BANKS INSTITUTE (WSBI)/EUROPEAN SAVINGS BANKS GROUP (ESBG)

WSBI focuses on international regulatory issues that affect the savings and retail banking industry. It supports the aims of the G20 in achieving sustainable, inclusive, and balanced growth, and job creation, whether in industrialised or less developed countries. ESBG is an association that represents the locally focused European banking sector, helping savings and retail banks in 21 European countries strengthen their unique approach to provide service to local communities and to boost SMEs.

4.5 Stakeholder engagement

It is important to listen, engage and collaborate with our stakeholders in order to effectively create value for them. We study the perceptions and attitudes towards de Volksbank as a company or as an employer through market research and our employee surveys respectively. In addition, we learn to understand what our stakeholders' most meaningful topics are by conducting a materiality assessment. As we engage with our stakeholders in many different ways all year round, we would like to give an impression of our stakeholder engagement by means of the following three examples:





5. APPENDIX

5.1 Connectivity

Company profile & strategy

How we differentiate ourselves: two pillars



Strong customer relationship
Personal customer approach by seamless and pleasant interactions and suitable propositions



Social impact
De Volksbank achieves social impact on the climate and decent living by integrating these themes in its services

Core products

- Mortgages
- Savings
- Payments
- Investments
- Insurance



Focus on Dutch retail market

Four growth priorities of the brands



Attracting a younger target audience and strengthening the business model with fee income



Accelerate the growth of ASN Bank as a digital, sustainable bank



Reinforce RegioBank's local presence by broadening its propositions



Expand BLG Wonen by increasing its distribution reach and improving its service

Five necessary movements of change



Digital and omni-channel dialogue



Relevant range of products, new propositions and small businesses as a new target market



IT-based customer bank



Customer focused



Efficient and flexible

	Customers			Society			Employees		Shareholder	
Material topics	Fair, transparent and sustainable products MT1	Customer relationship and service MT2	Data privacy and safety MT3	Responsible investment and financing MT4	Climate impact MT6	Social engagement, cooperation and entrepreneurship MT8	Genuine attention for our employees MT11	Diversity & inclusion MT17	Responsible financial results MT5	Compliance with laws and regulations MT7
KPIs and targets 2025	Active multi-customers: > 1.3m NPS: +13 Under development: Customer Relationship Score			Climate-neutral balance sheet: > 75% Under development: Accessible Housing Monitor			Genuine attention: > 7.5 Equal pay 0% gender pay gap Gender balance in management, Board of Directors and Supervisory Board: > 40% female		RoE: 8.0% Dividend pay-out ratio: 40-60%	
Realisation 2021	Active multi-customers: 1.015m NPS: +6			Climate-neutral balance sheet: 55%			Genuine attention: 7.8 Equal pay: Adjusted for pay scale and age females earn 0.04% less. Gender balance in: Management 36% ; Board of Directors 33% ; Supervisory Board 40%		RoE: 4.7% Dividend pay-out ratio: 60%	

5.2 Data, KPIs & definitions

The quantitative and qualitative information in the 2021 ESG Report and 2021 Integrated Annual Review was collected on the basis of qualitative interviews and quantitative data requests. For this purpose, we consulted those responsible within the business units and staff departments (project managers, policy officers, programme managers, etc.). Additional information, such as data on the composition of our mortgage portfolio, information on employees and environmental performance, was retrieved from central or specific information systems. The reported non-financial data relates to the reporting year 2021.

The internal control mechanism is based on multiple levels of control. The first check and review of information in the draft report is done by a working group on a weekly basis during the last few months of 2021. This draft went for review to a steering group comprised of various business units twice. The Social Impact Committee reviews and approves the content before the Board of Directors and Supervisory Board give their final approval.

In our 2021 Integrated Annual Review we presented the progress and results of our main KPIs. In the table below we provide more details about the definition and calculation of these KPIs.

KPI	Definition
1 Active multi-customers	An active multi-customer is a customer with a current account and at least one product from another product group. Both retail and corporate customers can be considered an active multi-customer.
2 Customer-weighted average NPS	The customer-weighted NPS involves the retail customer expressing a satisfaction rating (in terms of probability of recommendation), the higher the score, the more satisfied the customer is.
3 Genuine attention	The extent to which employees feel they are given genuine attention, based on five themes (mission & strategy, trust, open & people oriented, facilitating leadership and professionalism & personal growth).
4 Climate-neutral balance sheet	Our balance sheet is climate neutral when we avoid, reduce or eliminate as much CO ₂ emissions as we emit. From 2021 onwards our climate-neutral balance sheet is calculated with the PCAF methodology. Read more about this KPI below.

The KPI **Active multi-customer** (1) is measured every month using our internal data systems. An active multi-customer is a customer with a current account and at least one product from another product group. Both retail and corporate customers can be considered an active multi-customer. An active current account is a current account on which the customer initiated at least ten transactions for three months in a row. For

customers under the age of 18, five transactions for three months in a row is enough.

De Volksbank measures the customer-weighted **Net Promoter Score (NPS)** (2), a customer-loyalty metric, for all its brands on a quarterly basis. The survey is conducted by an external party which draws a representative sample from an external consumer panel for each brand. The sample size varies per brand and ranges from 500 to 1,000 customers. The customer-weighted NPS indicates the ratio between the so-called detractors and promoters on a scale from 1 to 10. Respondents are grouped as follows: 'Detractors' (scores 0 - 6), customers are unhappy and can damage de Volksbank's brand and impede growth through negative word-of-mouth. 'Passives' (scores 7 - 8), customers are satisfied but unenthusiastic and are vulnerable to competitive offerings. 'Promoters' (scores 9 - 10), customers are loyal enthusiasts who will keep buying and refer others, fueling growth. The total result of the NPS for de Volksbank is calculated as a weighted average based on the total number of retail customers per brand and is reported based on the last quarter's results.

NPS reporting per brand is also based on last quarter's reporting period. The calculation for the weighted average NPS for de Volksbank only considers the total number of retail customers per brand; corporate customers are excluded. The weighted average is based on the number of customers at the end of the middle month of each quarter, aligning the NPS's measurement method that reflects the average for the relevant quarter of retail customers only.

The KPI **genuine attention** (3) is measured twice a year as part of the employee survey, which is conducted by a third party among all of de Volksbank's employees. In the survey, employees are asked whether they feel they are given genuine attention, using five themes, i.e. mission & strategy, trust, open & people oriented, facilitating leadership and professionalism & personal growth.

CLIMATE-NEUTRAL BALANCE SHEET

As far as the KPI for **climate-neutral balance sheet** (4) is concerned, de Volksbank signed the Principles for Responsible Investments Montreal Pledge in 2015, which means that we report on the impact of our investments on the climate in a transparent way. The same goes for de Volksbank signing the Dutch Climate Agreement in June 2019, thus endorsing the reporting on its greenhouse gas (GHG) emissions from loans and investments as from 2020. We aligned our GHG reporting with our long-term goal of obtaining a climate-neutral balance sheet by 2030 at the latest, which is a KPI for de Volksbank. We apply the PCAF methodology to calculate the progress on this KPI. In this regard, we received limited assurance by an independent assurance provider on our disclosure in the Integrated Annual Review 2021.

Reporting requirements

The GHG Protocol 'Corporate Value Chain Standard' offers guidance to identify and report on emissions from relevant loans. These include emissions from

loans and investments reported under scope 3, category 15: Investments, which is the banks' most material category to take into account. The results of our climate-neutral balance sheet progress are presented in a way that we coined as a Climate Profit & Loss account. It shows positive climate impacts (Carbon avoidance and sequestration) and negative climate impacts (GHG emissions). In order for us to achieve full climate neutrality, the positive climate impact side must be equal or greater than the negative climate impact side. We report on our GHG emissions in our annual reports in conjunction with our full-year financial results, as well as in our Interim Financial Reports after the second quarter of each calendar year. We may also provide interim updates and stand-alone thematic reports when deemed relevant.

Scope

The Climate Profit & Loss account, and therefore the KPI Climate-neutral balance sheet, includes all relevant balance sheet items of de Volksbank. Cash and cash equivalents, tax assets, and other assets do not cause GHG emissions and are therefore set at zero emissions. Derivatives are also out of scope to avoid double counting. Tangible and intangible assets are taken into account in the emission calculations of the business operations. The rest of the accounting balance sheet (83%) is taken into account in the calculations of the climate-neutral balance sheet. The GHG emission calculations were conducted in collaboration with Guidehouse, a provider of consultancy services, and are performed in accordance with the GHG Protocol's operational control approach. In our GHG accounting and reporting, we follow the principles of relevance, completeness, consistency, transparency and accuracy. Furthermore, financed emissions are always accounted for with the prudence principle in mind.

Reporting

All seven gases under the Kyoto protocol are taken into account and expressed in CO₂ equivalents using the 100-year time horizon global warming potentials as determined by the Intergovernmental Panel on Climate Change (IPCC). We disclose the absolute emissions (scope 1 and 2 combined) of our loans and investments. When relevant, we also disclose financed scope 3 emissions. Avoided emissions and carbon removals are calculated and reported separately from caused emissions. Apart from absolute emissions, we report emission intensities in tons of carbon dioxide equivalents per million euro invested or lent out. For the mortgage portfolio, we also report the average energy label based on the latest available registered energy labels (*Rijksdienst Voor Ondernemend Nederland, RVO*) and the most recent version of the preliminary energy labels.

Process

For new loans and green bonds the most recent emissions data is used. Emission factors and data sources used for the calculations are updated annually in the second quarter to ensure we use recent data in our calculations. Our Sustainability Expertise Centre department collects emission data and financial data from investees and makes calculations for the climate-neutral balance sheet every quarter. The results are checked by Guidehouse. The quarterly results are discussed and approved by the Societal Impact Committee. The results are also reported in management and risk reports.

Methodology

PCAF aims to develop a standard for calculating financed emissions. In four years' time, PCAF has grown into a global collaborative venture to which a large part of businesses in the Dutch financial services sector actively contributes. The first Global Carbon Accounting Standard was introduced in November 2020, taking into account the efforts and expertise of more than eighty financial institutions around the world. The PCAF methodology was also awarded the 'Built on GHG Protocol' mark by GHG Protocol, the supplier of the world's most widely used GHG accounting standards. As from this reporting period, all our reports are based on the PCAF methodology. We deviate from PCAF methodology on private and business mortgages where we apply a more strict approach and attribute full emissions to our assets instead of a loan-to-value based attribution.

Data quality

For each of the asset classes, we apply the corresponding data quality scores of the PCAF methodology. The weighted average data quality score for all assets in the climate-neutral balance sheet calculation was calculated at 2.4 (1 = highest data quality; 5 = lowest data quality). We continually strive to increase the data quality of the data in our calculations. In 2021, we managed to significantly improve our data quality thanks to the cooperation with the three largest grid operators. We received anonymised energy consumption data of the customers in our mortgage portfolio, with gas consumption data and electricity consumption data covering 89% and 93% of the customer base, respectively. This allowed us to make a much more accurate estimation of the CO₂e emissions of our portfolio. Compared with the calculation based on energy labels, we now attribute an additional 94 kilotons CO₂e emissions to our portfolio.

For the asset class-specific considerations and data sources used in our calculations, see the table below.

Asset class	Methodology	Reference to chapter	Considerations on attribution	Data sources	Data quality score
Unlisted equity	PCAF Global GHG standard	5.2. Business loans and unlisted equity	Attribution based on book value.	Annual and environmental reports of counterparties.	2.8
Sovereign bonds ¹	PCAF NL 2019 report	3.4.1. Sovereign bonds	Attribution based on outstanding nominal amount.	Scope 1, 2 and 3 emissions are calculated, based on Eurostat input/output data, air emission accounts per sector and central government debt.	5.0
Corporate bonds ²	PCAF Global GHG standard	5.1. Listed equity and Corporate bonds	Attribution based on outstanding nominal amount.	MSCI GHG emissions database (11-1-2022). In the case of earmarked bonds the reported emissions, avoided emissions and carbon removals are used.	2.8
Private mortgages	PCAF Global GHG standard	5.5. Mortgages	Calculation based on number of buildings. 100% of emissions are attributed instead of a loan-to-value approach.	Emissions are calculated based on actual gas and electricity consumption over de Volksbanks' 2020 mortgage portfolio. The consumption data is converted to CO ₂ equivalents using the Tank To Wheel (TTW) value for gas, and electricity from unknown origin from co2emissiefactoren.nl (updated in January 2022).	2.0
Business mortgages	PCAF Global GHG standard	5.5. Mortgages	100% of emissions are attributed instead of a loan-to-value approach.	Emissions are calculated based on actual gas and electricity consumption over de Volksbanks' 2020 mortgage portfolio. The consumption data is converted to CO ₂ equivalents using the TTW value for gas, and electricity from unknown origin from co2emissiefactoren.nl (updated in January 2022)	2.0
Business loans	PCAF Global GHG standard	5.2. Business loans and unlisted equity	Attribution based on book value.	<i>Klimaatmonitor Waterschappen (2019), Regionale klimaatmonitor Rijksoverheid (2021), AEDS benchmark (2018), annual and environmental reports of counterparties.</i>	4.7
Project finance	PCAF Global GHG standard	5.3. Project finance	Attribution based on book value.	Ex-ante estimates of financed emissions and avoided emissions based on P90 energy generation values from due diligence reports.	3.1

1 The PCAF Global GHG standard does not yet provide a methodology for sovereign bonds. We apply the methodology developed by PCAF Netherlands to take into account these emissions.

2 The PCAF Global GHG standard does not provide a methodology for green bonds yet. Green bonds are interpreted as corporate bonds until a methodology is provided within the PCAF Global GHG standard.

Definitions material topics

Material topic	Definition
Fair, transparent and sustainable products	We are constantly working on understandable and transparent products and services where the customer's interests are central. We strive for products and services that cause as little harm as possible to nature and the environment.
Customer relationship and service	We strive to help customers in the best possible way, not only with questions or complaints, but also by providing them with proactive solutions.
Data privacy and safety	We strive for optimal surveillance of customer data to ensure maximum privacy and security.
Responsible investment and financing	We incorporate sustainability into all our financing and investments in order to make a positive impact.
Responsible financial results	We are committed to being a financially healthy bank, with a solid return and a strong capital position.
Climate impact	We want to make a positive contribution to the climate. As a bank, we have a significant (indirect) impact on the climate, which we measure by means of our climate-neutral balance sheet.
Compliance with laws and regulations	We adhere strictly to laws and regulations. These days, especially in the financial services sector, social standards are an important part of the interpretation of laws and regulations and unwritten rules.
Social engagement, cooperation and entrepreneurship	We strive for close social cooperation with a broad group of stakeholders and include their input where possible. We do this by being involved at a regional, national and international level. For example, we support entrepreneurship, accessibility of the housing market and quality of life in communities.
Countering cyber and financial crime	We are committed to combating cyber crime and financial crime, such as phishing, fraud and money laundering.
Integrity and ethics	We value honest and ethical business practices, in an open culture. We do this partly through our responsible remuneration and taxation policies.
Genuine attention for our employees	We find it important that our employees are committed and engaged. We want them to feel at home within our organisation and to be motivated by our mission. We encourage our employees to invest in their personal development.
Responsible risk management	We choose activities with a low risk profile and avoid aggressive risk-return strategies.
Social impact	Focusing on the growth of every individual, we are committed to financial health and inclusion, for younger and older age groups, for now and in the future.
Digitalisation and innovation	We want to use digitalisation and innovation to continuously improve products and services and make them more sustainable.
Human rights	We make a strong case for human rights, with a special focus on a living wage for all.
Corporate governance	We want to organise the bank in a structured and honest way that fits our vision.
Diversity and inclusion	We believe it is important that everyone matters and is able to be themselves, both inside and outside of de Volksbank.
Biodiversity and natural resources	We want to make a positive contribution to biodiversity. In addition, we conduct a strict commodity policy that fits our vision and our customers. This goes for the impact of our business operations and our customers.

5.3 Reporting

OUR APPROACH

In non-financial reporting, we believe that transparency is a fundamental component for sound reporting. To achieve this we adhere to multiple non-financial reporting guidelines. We fully adhere to the EU's Non-Financial Reporting Directive (2014). The required information is provided in our [Annual Report 2021](#). Our [Principles & Standards Report 2021](#) couples the requirements with a reference to the relevant section of the Annual Report. We are also committed to the Principles of Responsible Banking of which we also provide an overview in the Principles & Standards Report 2021. Moreover, we take the UN Guiding Principles Reporting Framework into account to support our reporting practices on human rights. For more information on our guidelines regarding transparency in non-financial reporting, see our [website](#). In addition to adhering to these guidelines, we also aim to engage with our stakeholders. Because of this, we have adopted the 'core & more' approach, which allows us to report to a broad and diverse audience. This approach entails a 'core report', in our case the [Integrated Annual Review 2021](#), alongside multiple 'more reports' that contain more detailed information. The 'more reports' are the [Annual Report 2021](#), [Pillar 3 Report 2021](#), [Principles & Standards Report 2021](#) and this [ESG Report 2021](#). The ESG Report provides more detail on our non-financial performance, including environmental, social and governance topics. The more static issues, such as our responsible investment policy and our responsible procurement policy, can be found on our [website](#). Our [Integrated Annual Review](#) is based on the topics that are deemed important by our Board of Directors and stakeholders. The process leading to these topics is explained in the Section 1.2 Materiality assessment. In line with the Global Reporting Initiative we report explicitly on our 8 most material topics, using references and headers in our core report. We also touch on the remaining 10 topics, albeit less prominently.

SCOPE & BOUNDARIES

We report on the calendar year 2021, running from 1 January up to and including 31 December 2021. This ESG Report for 2021 was published on 10 March 2022 and is available on our [website](#) to browse or as a PDF download. We define 'non-financial information' as information that cannot readily be expressed in monetary values. It includes environmental, social, employee and ethical matters, and defines measurements, indicators and sustainability goals based on our strategy and material topics. The scope of the non-financial information presented in this report, including the appendices, covers de Volksbank N.V. and its business units and brands. They are jointly referred to as 'de Volksbank' in this report. When relevant and possible, we also report on previous years' data and results. The performance of our suppliers, customers and other stakeholders in our value chain is not included in our figures, unless explicitly stated otherwise. Where non-financial data

relates to the organisation's business units, this will be indicated.

EXTERNAL ASSURANCE

In order to improve the reliability, transparency and completeness of our reporting we have a 'limited level of assurance' from EY auditors on the non-financial information in our Integrated Annual Review. This ESG Report is an elaboration on the Integrated Annual Review and is not included in the assurance provided by EY. EY performed its work in accordance with Dutch Assurance Standard 3810N 'Assurance engagements relating to sustainability reports' as drawn up by the Netherlands Institute of Chartered Accountants (NBA). No assurance is provided for any forward-looking information.

DISCLAIMER

Forward-looking statements reflect our convictions, plans and expectations at the time of publication. Words such as 'ambition', 'plans', 'intention' and 'expectation' are intended to clearly indicate such statements in our report. The information about the future is based on goals and informed estimates. Nevertheless, new insights and external factors may negate this information. We do not intend to publicly update this information during the year. However, we may change and/or delete this forward-looking information in future publications, such as in the Interim Financial Reports. De Volksbank strives for a strong customer relationship and a significant positive impact on society. We highly value feedback from our customers, organisations and other stakeholders on our reports and other topics and therefore encourage them to share their opinions with us. To do so, please send an email to verantwoord.ondernemen@devolksbank.nl.

PUBLICATION DETAILS

Art direction, design and infographics
Wijstudio

Photography
Femke van den Heuvel, Betsie van Ojik

Text, editing & coordination
This Integrated Annual Review was compiled by a team of de Volksbank employees from Corporate Communications, Strategy, Integrated External Reporting, Investor Relations, Financial Markets, Marketing, Risk, Human Resources and the Sustainability Expertise Centre

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De Volksbank welcomes feedback on all its publications. Please send all comments and suggestions to pers@devolksbank.nl

5.4 Additional ESG data

TABLE 1. ENERGY CONSUMPTION, CO₂E EMISSIONS AND RESOURCE CONSUMPTION

Category	Units	2021	2020	Change
ENERGY CONSUMPTION OF LARGE OFFICES AND OWN RETAIL NETWORK				
Green gas	GJ	7,428	5,621	32%
Natural gas (grey)	GJ	-	208	-100%
District heating	GJ	8,177	6,259	31%
Generators	GJ	144	-	
Green energy	GJ	16,230	20,361	-20%
Grey energy	GJ	-	173	-100%
Total energy consumption¹	GJ	31,979	32,622	-2%
Energy consumption per FTE	GJ	9.89	10.38	-5%
Energy consumption per m ²	GJ	0.58	0.51	13%
SHARE OF GREEN ENERGY CONSUMPTION				
% green energy (electricity)	% of total	100%	99%	1%
% green energy consumption	% of total	74%	80%	-7%
CO₂E EMISSIONS				
Heating	tonnes	738	564	31%
Lease cars	tonnes	493	792	-38%
Scope 1	tonnes	1,231	1,356	-9%
Electricity	tonnes	2,507	3,171	-21%
Scope 2	tonnes	2,507	3,171	-21%
Flights	tonnes	0	41	-99%
Commuting	tonnes	484	1,138	-58%
Business travel	tonnes	225	363	-38%
Scope 3	tonnes	710	1,543	-54%
Gross CO ₂ e emissions	tonnes	4,448	6,070	-27%
Net CO ₂ e emissions	tonnes	1,206	2,321	-48%
CO ₂ e in tonnes per FTE	tonnes	0.37	0.74	-50%
MODE OF TRANSPORT				
Company cars	km	3,870,927	5,048,883	-23%
Flights	km	1,358	230,960	-99%
Commuting (car)	km	2,299,511	5,252,550	-56%
Commuting (public transport)	km	1,426,019	7,816,209	-82%
Business travel (car)	km	1,155,994	1,862,350	-38%
Total mode of transport	km	8,753,809	20,210,952	-57%
Kilometres per FTE	km	2,707	6,430	-58%
PAPER CONSUMPTION				
Paper	tonnes	57	241	-76%
Paper in kg per FTE	kg per fte	18	77	-77%
WASTE				
Residual waste	tonnes	61	75	-19%
Biodegradable waste	tonnes	7	13	-42%
Small chemical waste	tonnes	0.1	0.2	-71%
Business waste	tonnes	4	4	-13%
Paper and cardboard waste	tonnes	33	45	-26%
Plastic	tonnes	11	5	107%
Total waste	tonnes	116	142	-18%
Share of waste	%	52%	53%	-1%
Waste in kg per FTE	kg per fte	36	45	-21%
WATER CONSUMPTION				
Water	m3	8,279	12,567	-34%
Water in L per FTE	L per fte	3.0	4.8	-37%

1 To determine the emissions of our business operations we use the emission factors given at CO₂-emissiefactoren.nl. In order to control our emissions throughout the year, we keep the emission factors in a year as constant as possible, in accordance with our policy.