

de volksbank

2020

Environmental, Social
and Governance Report

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Foreword

"Welcome to de Volksbank's first Environmental, Social and Governance (ESG) Report 2020. For everyone, the year 2020 was dominated by Covid-19. The pandemic and the associated measures had far-reaching consequences for our customers, for society, for the economic environment in which we operate, and for our employees, who were forced to work largely from home from March onwards. Despite all these developments, we continued with improving our strong customer relationship and standing out with our social impact. We aimed to do this by taking responsibility for the things we do and calling attention to urgent environmental, social and governance issues which need to be addressed. For this reason, we have set ourselves ambitious goals to contribute to CO₂ reduction, biodiversity promotion and protection of human rights among various other things. This ESG Report will give you much more information on our progress and commitments to achieve these goals.

Given the exceptional situation in 2020, we are satisfied with the financial results, giving us a sound starting position for the challenges that lie ahead. We refined our strategy to allow for this. Our mission 'banking with a human touch' and our promise 'better for each other' remain unchanged."

On behalf of the Board of Directors of de Volksbank,

Martijn Gribnau

Chairman



KEY FIGURES: ESG RATINGS AND BENCHMARKS

Key figures: 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 others, as they help us learn more about potential areas of improvement. In our [Integrated Annual Review](#) we briefly presented a selection of ESG ratings and benchmarks. For more information about our sustainability ratings, visit our [website](#). Also, for more information about the meaning and purpose of the ratings, please see our website [here](#).

Rating agency	2020	2019	2018
Sustainalytics ESG rating	89/100	88/100	90/100
Sustainalytics Risk rating	10.4/100	12.5/100	-
ISS ESG	B (Prime)	B (Prime)	B- (Prime)
MSCI	AA	A	A
Imug	-	BB	BB

Banking Confidence Monitor scores¹

	Sector		SNS		ASN Bank		RegioBank	
	2020	2019	2020	2019	2020	2019	2020	2019
CONFIDENCE & PERCEPTION²								
Confidence in banking sector	3.0	3.0	3.0	2.9	2.7	2.6	2.9	3.0
Confidence in own bank	3.3	3.3	3.5	3.4	3.8	3.8	3.8	3.8
Transparency	3.6	3.5	3.8	3.7	4.1	4.0	4.1	4.1
Customer orientation	3.4	3.4	3.6	3.6	3.8	3.8	4.0	4.0
Expertise	3.8	3.8	3.9	3.8	4.0	4.0	4.2	4.1
Privacy	3.6		3.8		3.9		4.0	
Society	3.4		3.5		4.4		3.8	
SERVICE & USE²								
Online services	4.4	4.4	4.6	4.5	4.6	4.5	4.7	4.5
Customer contacts	4.1	4.2	4.3	4.4	4.3	4.3	4.7	4.6
Handling of complaints	3.1	3.2	4.1	3.8	3.5	3.6	4.1	3.9

1 BLG Wonen does not participate in the Confidence Monitor as the sample size is not large enough. In addition, as far as the AFM modules are concerned, the number of questions for BLG Wonen is very limited.

2 Customer research by Ipsos (1-5 scale). Note: availability in percentages of online banking, iDeal and mobile banking are provided in our Integrated Annual Review 2020.

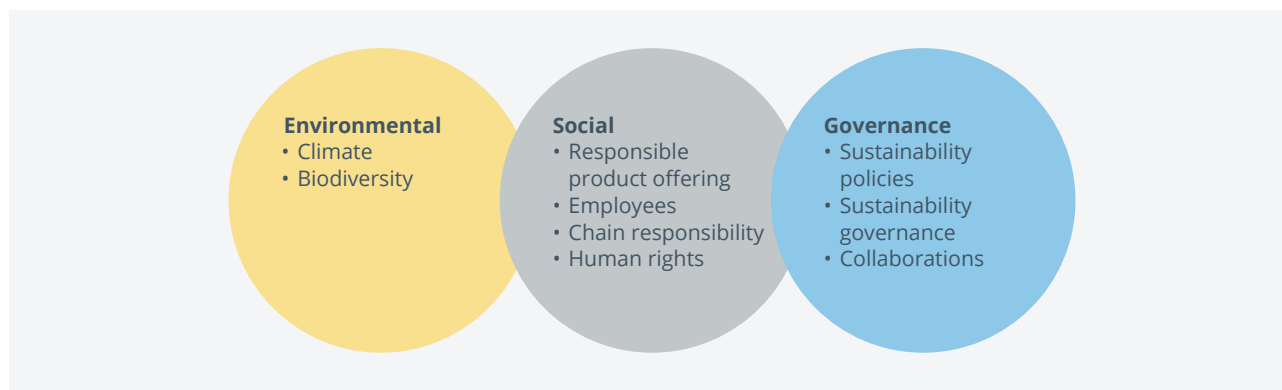
Source: [NVB Vertrouwensmonitor Banken](#)

1. INTRODUCTION

ABOUT THIS REPORT

This ESG Report 2020 will give you a deeper and more detailed understanding of our key ESG topics. ESG classification is a means by which companies can be evaluated with respect to a broad range of sustainability topics. In line with our 'core and more' approach, this ESG report functions as one of the 'more' reports. In our 'core' report, the Integrated Annual Review (IAR), we present our approach to value creation.

This report is to provide additional in-depth information on what the foundation is for doing what we do and how we reached certain conclusions. We set out how we take responsibility for a broad set of stakeholders. In doing so, we also provide more insight into the governance of these topics to the best interest of our stakeholders. The ESG topics covered in this report are shown in the figure below.



Note: some webpages we refer to in this report are only available in Dutch.

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 them and to promote financial resilience.

OUR MISSION: BANKING WITH A HUMAN TOUCH

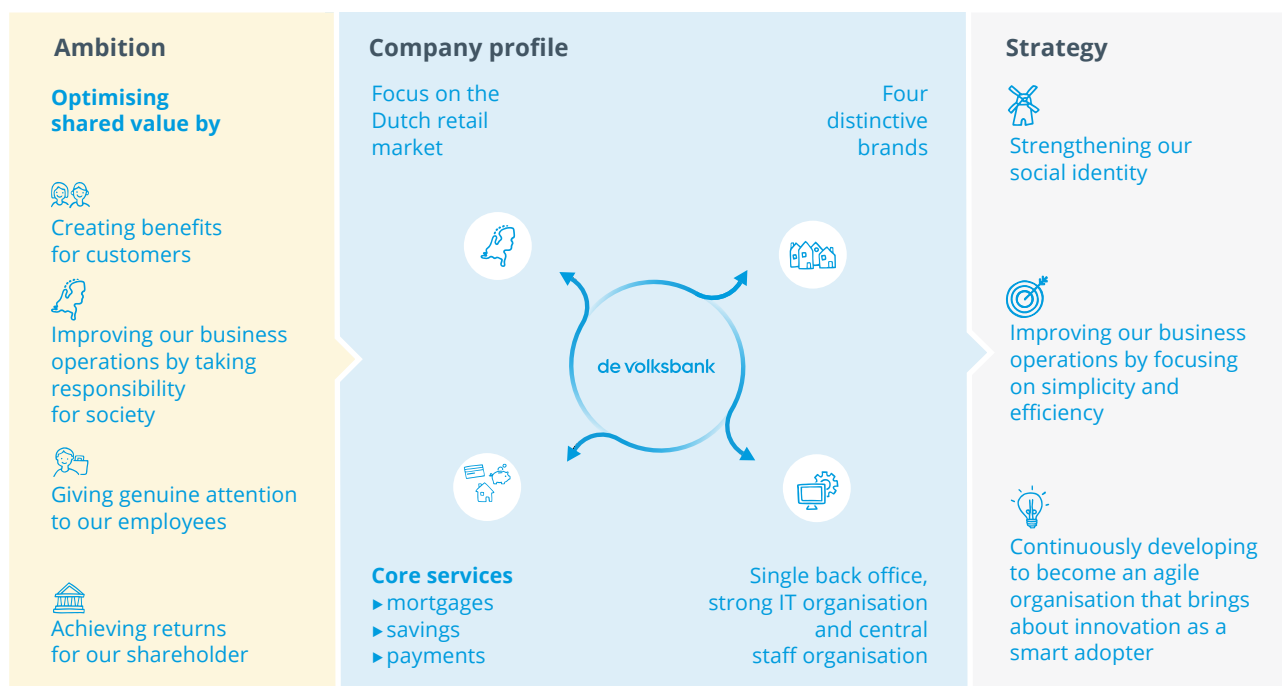
Our mission is to bank with a human touch. We do this by creating value for all our stakeholders. We aim for optimum total value rather than maximisation of a single value. It goes without saying that banking with a human touch also takes centre stage in this ESG Report.

OUR AMBITION: OPTIMISING SHARED VALUE

Based on our mission, it is our ambition to create shared value that optimally benefits all our stakeholders. We divide our stakeholders into four groups: customers, society, employees and the shareholder. In 2016, we formulated our objectives for each of these four groups for the period 2016-2020, please see the figure below.

We measure the achievement of our shared value ambition by the progress we make on these stakeholder objectives. The objectives have been specified for each group and are monitored as such. If we are to achieve our objectives, we need a strategy that considers the wishes and interests of all our stakeholders. In Annex 6.1, we present a concise and interconnected overview of our strategy, our objectives, key performance indicators (KPIs) and the linkage to the material topics. For more detailed information about the definition and calculation of our KPIs, please refer to [Annex 6.4](#).

OUR AMBITION, COMPANY PROFILE AND STRATEGY IN A SNAPSHOT



1.1 Materiality Assessment

1.1.1 Material topics

In order to create value for our stakeholders, we need to know how to maximise that shared value. To get a grasp of what is important, or material, to our stakeholders, we have to continuously stay in touch with them. We do this by various means throughout the year. We presented our main channels of communication and dialogue in our Integrated Annual Review. We also study the interests of our stakeholders by means of a 'materiality assessment'.

We studied our 'field of stakeholders' in 2019/2020. The intention of this study in particular was to identify relevant stakeholder groups, bearing in mind that stakeholders differ in perception, knowledge, power and resources. This resulted in the identification of over 300 stakeholders, ranging from stakeholders in the media and the scientific field, to NGOs and political stakeholders. Apart from the extensive analysis we conducted, around 25 qualitative stakeholder interviews were held with key stakeholders from different categories. The interviews produced interesting reputational and business insights which were used for strategy purposes. The study also strengthened our belief that our shared value ambition captures the main stakeholder interests well.

The materiality assessments up until this date were largely focused on the materiality of certain topics for our stakeholders. We will increasingly move away from this 'one-sided' reporting on materiality by including the materiality to our business in the same manner. Hence, in coming years we will report more on the 'double materiality' of topics, such as the impact of climate change.

1.1.2 Governance

The 'annual reporting' working group, comprising various departments within de Volksbank, is responsible for coordinating the materiality assessment. One of the benefit of a varied group is that it offers a broad perspective on the activities and impacts of our operations. The Social Impact Committee reviews the outcomes of the materiality assessment, and the Board of Directors and Supervisory Board give the final approval of the annual reports.

Our relationship and collaboration with our stakeholders runs via various routes. We study the perceptions and attitudes towards de Volksbank as a company or as an employer, for example through market research throughout the year and through our employee surveys. We also dive deeper into the most 'material' topics by means of specific materiality assessments. Since we do not expect the material topics to be entirely different over the course of a year, we perform these assessments every other year. In the year after a regular assessment, we perform a validation study to check whether the material topics are still relevant and meaningful. We intend to only change the material topic in case of significantly differing results.

1.1.3 Material topic definitions

We have identified 13 material topics in 2019. We studied the validity of these 13 topics in 2020. These material topics, their definition and their reference to our Integrated Annual Review 2020 are provided here.

Material Topic ¹	Definition	Reference
1. Simple and transparent products	We are continuously working on customer products that are both understandable and tailored to their needs. We aim to provide customers with accessible and transparent information about our products and services.	Integrated Annual Review (IAR) Chapter 3.1.2
2. Socially responsible investing	We strive to invest all the money under our management in a socially responsible way to make a positive impact.	IAR Chapter 3.2.1
3. Climate-neutral balance sheet	We want to make a positive contribution to the climate. That is why we have the ambition to have a climate-neutral balance sheet. One way we achieve this ambition is by reducing the CO ₂ emissions of our mortgage portfolio by helping homeowners make their homes more sustainable.	IAR Chapter 3.2.4
4. Financial resilience	We aim to make our customers financially resilient by helping them improve their financial position, increase their financial skills and reduce their financial concerns.	IAR Chapter 3.2.5
5. Privacy & safety of customer data	De Volksbank aims for optimal monitoring of customer data to protect customers' privacy as much as possible and to guarantee the safety of their data.	IAR Chapter 3.1.3
6. Genuine attention for employees	We want to enable our employees to make a meaningful contribution to our mission and strategy by giving genuine attention to autonomy, personal growth and professionalism.	IAR Chapter 3.3
7. Responsible financial and risk management	We strive to be a financially healthy bank, with a solid yield and a strong capital position, opting for a moderate risk profile with low-risk activities.	IAR Chapter 3.8
8. Diversity and inclusiveness of employees	We want to create an inclusive culture, where customers and employees feel at home, where all differences are embraced and used to make better decisions and to realise our mission and ambition.	IAR Chapter 3.3
9. Collaborating with stakeholders	We strive to work closely with a broad group of stakeholders and take into account their input as much as possible. These include NGOs, scientific institutions, other banks and (semi-)governments.	IAR Chapter 2.6
10. Social innovation	We want to use (technological) innovations to continuously improve products and services, thereby contributing to the resolution of social issues.	IAR Chapter 3.1
11. Responsible tax policy	We take it for granted to pay taxes according to the rules.	IAR Chapter 3.2.6
12. Responsible remuneration policy	De Volksbank has a remuneration policy appropriate to a socially oriented bank. We do not use variable remuneration.	IAR Chapter 3.3
13. Distribution and coverage	A bank branch is an important facility within a regional community, which ensures connectedness and can actively contribute to the vibrancy in the region. That is why we keep our offices in the city and region. Here we can speak with our customers personally and offer our services.	IAR Chapter 3.1.4

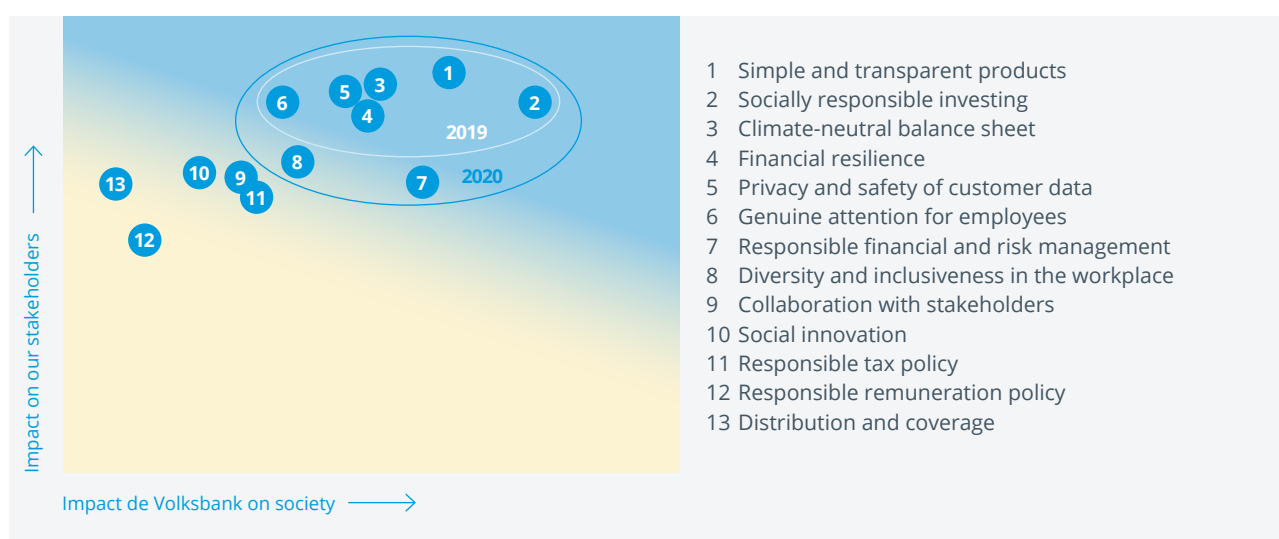
¹ See Chapter 2.5 Integrated Annual Review 2020.

1.1.4 Materiality validation 2020

In 2020, we validated the outcomes of the materiality assessment we conducted in 2019. We initiated the process of creating a longlist of topics that could be material to our stakeholders. The search for topics is non-exhaustive and deliberately broad. We take the division into four stakeholder groups into account when drafting the longlist of potentially material topics. Interviews were held with representatives from the four stakeholder groups that we assume to cover all of the stakeholders impacted by our operations. We subsequently use the longlist to check what 'novel' topics are repeatedly and consistently mentioned across most stakeholder groups. Finally, the Social Impact Committee, which includes a representative from the Board of Directors, determines whether a change in the material topics is warranted. We have established a set of criteria for determining whether a topic has arisen in the current year that warrants a change in the list of the previous year.

1.1.5 Outcomes of the materiality validation 2020

In summary, the materiality matrix that was created in 2019 is still deemed valid. The only adjustment is that we put more emphasis on material topic numbers 7 'responsible financial and risk management' and 8 'diversity and inclusiveness' due to the events in 2020. The implication is that we have reported more about these topics in our [Integrated Annual Review 2020](#), and we have added these two topics to our [GRI Content Index](#).



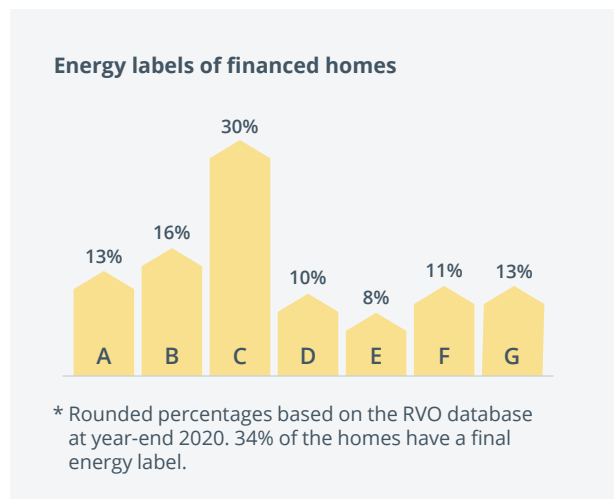
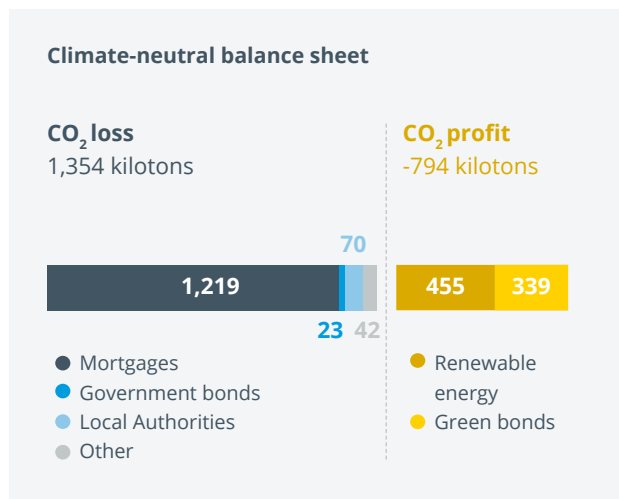
The 2020 validation study highlighted some topics that were minimally discussed in previous years. An example is the increased focus on biodiversity loss and the transition to a circular economy. In addition, the importance of mapping the risks of climate change emerged as increasingly important.

2. ENVIRONMENT

2.1 Climate

We want to make a positive contribution to the climate. That is why we have the ambition to have a climate-neutral balance sheet. One way we achieve this ambition is by reducing the CO₂ emissions of our mortgage portfolio by helping homeowners make their homes more sustainable. As presented in our [Integrated Annual Review](#), our climate-neutral balance sheet is one of our main KPIs.

CLIMATE-NEUTRAL BALANCE SHEET 2020



See Annex 6.5 for our calculation methodology. Here, we present more information on our climate-neutral business operations.

2.1.1 Environmental Management System

In relation to all assets on our balance sheet, our offices and transportation produce only 1% of total CO₂ emissions. However, we do not find our sustainability ambition credible without green business operations. That is why we strive for a 100% climate-neutral business. In 2020, our net CO₂ emissions were down 38% from 2019, from 3,745 to 2,321 tons. This drop mainly ensued from a reduction in commuting and business travel; because of Covid-19, most of our employees have been working from home since March.

We want to continue to save energy, so that we can offset fewer and fewer CO₂ emissions. The goal is to produce 13% less CO₂ emissions in 2024 compared to 2019. For example, in 2021 we want all our shops to have LED lighting (2020: 83.3%). See Annex 6.5 for the calculation methodology for our climate-neutral business operations. Our environmental management system also entails aiming for circularity, and reducing the use of resources and the amount of waste we produce. This is reflected, for example, in a reduction of paper consumption. Due to the digitisation of our services and processes, around 400,000 (44%) fewer postal items have been sent out for the annual statements in 2020. This has resulted in a considerable reduction of our paper consumption, and it has saved costs. The next step is to work towards an annual statement per customer instead of an annual statement per account.

In Table 1 below, we provide an overview of the CO₂ emissions associated with our business operations, the waste we produce and the water and paper we use.

2.1.2 Sustainable commuting

Fully electric is the starting point of our lease scheme for the fourth consecutive year since 2017. At the end of 2019, almost 1 in 2 (49%) was driving electrically, by the end of 2020 this was 2 in 3 (68.5%). 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 22 cars can be charged at the same time. In 2020, the lease car fleet will shrink further in absolute terms to 240 cars (which was 360 cars at the end of 2016). Even apart from Covid-19, there is less travelling (by car). All employees have an NS Business Card for business use. For daily commuting, they can opt for bicycle, public transport or car. The allowance per kilometre for bicycle travel is higher than that for car travel. Furthermore, there are facilities for charging electric bicycles in the bicycle sheds.

2.1.3 Carbon offsetting by Trees for all - The Kibali National Park in Uganda

We offset our CO₂ emissions ensuing from internal business operations by purchasing CO₂ credits. This year we opted for a reforestation project in Kibale National Park in Uganda from Trees for All. Kibale National Park in Uganda is one of the most beautiful rainforests in East Africa with an enormous diversity of species. You will find 375 species of colourful birds and 70 species of mammals, including the chimpanzee. Uganda Wildlife Authority is responsible for the management and conservation of the forest.

GROWING AND PLANTING TREES

The new forest will be planted with only native tree species. The local population collects seeds from the different tree species in the primeval forest. In the local nursery, the forest climate is simulated as much as possible to allow the seeds to germinate and the trees to grow. In order to plant trees, corridors are first cut down in the meter-high elephant grass. Subsequently, the trees are planted every few meters. The elephant grass is regularly cut again until the trees are large enough and grow above the grass. The new trees can thus grow into a beautiful new tropical forest.

EXTRA INCOME FOR THE LOCAL POPULATION

In total, about 125 families are involved in the project. The people help plant the trees and manage the forest. They work in the nurseries that supply trees to the project and are trained in the independent management of these nurseries. The project also encourages other income-generating activities for community groups, such as keeping livestock or bees. Farmers also receive training on sustainable agriculture and agroforestry.

TABLE 1. ENERGY CONSUMPTION, CO₂ EMISSIONS AND RESOURCE CONSUMPTION

Category	Units	2020	2019	Change
ENERGY CONSUMPTION OF LARGE OFFICES AND OWN RETAIL NETWORK				
Green gas	GJ	5,621	6,141	-8%
Natural gas (grey)	GJ	208	284	-27%
District heating	GJ	6,259	6,089	3%
Generators	GJ	-	-	0%
Green energy	GJ	20,361	21,873	-7%
Grey energy	GJ	173	885	-80%
Total energy consumption¹	GJ	32,622	35,272	-8%
Energy consumption per FTE	GJ	10	12	-12%
Energy consumption per m ²	GJ	1	1	-7%
SHARE OF GREEN ENERGY CONSUMPTION				
% green energy	% of total	99%	96%	3%
% green energy consumption	% of total	80%	79%	1%
CO₂ EMISSIONS				
Heating	tonnes	564	595	-5%
Lease cars	tonnes	792	996	-20%
Scope 1	tonnes	1,356	1,590	-15%
Electricity ²	tonnes	3,171	3,515	-10%
Scope 2²	tonnes	3,171	3,515	-10%
Flights	tonnes	41	109	-62%
Commuting	tonnes	1,138	1,808	-37%
Business travel	tonnes	363	598	-39%
Scope 3	tonnes	1,543	2,515	-39%
Gross CO ₂ emissions ²	tonnes	6,070	7,621	-20%
Net CO ₂ emissions ²	tonnes	2,321	3,745	-38%
CO ₂ in tonnes per FTE	tonnes	0.7	1.3	-42%
MODE OF TRANSPORT				
Company cars	km	5,048,883	5,254,452	-4%
Flights	km	230,960	614,718	-62%
Commuting (car)	km	5,252,550	7,291,344	-28%
Commuting (public transport)	km	7,816,209	13,926,413	-44%
Business travel (car)	km	1,862,350	2,719,743	-32%
Total mode of transport	km	20,210,952	29,806,670	-32%
Kilometres per FTE	km	6,430	10,010	-36%
PAPER CONSUMPTION				
Paper	tonnes	241	343	-30%
Paper in kg per FTE	kg per fte	77	115	-33%
WASTE				
Residual waste	tonnes	75	98	-23%
Biodegradable waste	tonnes	13	32	-60%
Small chemical waste	tonnes	0.2	0.4	-38%
Business waste	tonnes	4	5	-22%
Paper and cardboard waste	tonnes	45	65	-31%
Plastic	tonnes	5	8	-35%
Total waste	tonnes	142	209	-32%
Share of waste	%	53%	47%	13%
Waste in kg per FTE	kg per fte	45	70	-36%
WATER CONSUMPTION				
Water	m3	12,567	16,231	-23%
Water in L per FTE	L per fte	4.8	6.6	-27%

1 To determine the CO₂ 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. As from December 2017 the emission factors for electricity and gas were updated. These new factors are included in the calculations as from the first quarter of 2018.

2 Changed with retroactive effect, since the emission factor has been changed. Source: CO₂ emissiefactoren

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 lies at the heart of everything that keeps us and our society alive. It supplies products and services that are indispensable for humans through ecosystems¹. It provides us with clean air and drinking water, food and ingredients for drug development. We can relax in nature and for indigenous peoples nature often has a religious or spiritual value. Biodiversity is therefore indispensable for human well-being. But biodiversity is currently declining rapidly. One of the main threats to the loss of wildlife and biodiversity is climate change, according to IPBES², as it can lead to drought and flooding. The high rate of climate change also leaves species insufficient time to adapt to a changing environment causing them to become extinct. 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.

2.2.1 Net positive effect on biodiversity in 2030

Three years after our brand ASN Bank introduced its long-term goal to have a net positive effect on biodiversity, 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 that by 2030, we will actively contribute to the enhancement of biodiversity in and outside the Netherlands. We express this in our long-term goal: **An overall net positive effect on biodiversity as a result of all of our loans and investments by 2030.**

2.2.2 How are we working towards our goal?

We are reducing the ecological impact from our loans and investments in two ways. First, 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, among others, 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 reached our long-term goal.

Additionally, we work together with other organisations to reach our goal. Experts share their thoughts on a scientific basis. The government shares its thoughts from the perspective of policy frameworks. And civil society organisations share their thoughts on putting the ideas into practice. We also encourage other financial institutions to get involved. After all, the change will be far greater if they, too, start measuring and addressing their impact on biodiversity. That is why our work focuses on collaboration, discussion and inspiration.

2.2.3 What is a biodiversity footprint?

Most human activities impact biodiversity, either positively or negatively. These impacts can be measured and expressed in a biodiversity footprint. A biodiversity footprint can be based on the monitoring of actual changes in biodiversity through time (assessment of actual impacts), or by assessing the ‘potential’ or expected impact, based on the contribution of an economic activity to drivers of biodiversity loss or biodiversity gain (assessment of potential impacts). A driver is any natural or human factor that directly or indirectly causes change. Examples of drivers of biodiversity loss are pollution, land use change, overexploitation and climate change.

For a financial institution a biodiversity footprint consists of two parts. The first part of the footprint focuses on the impact of the financial institution itself; for instance the impact resulting from land use and energy use by a bank's buildings. De Volksbank itself has a relatively small biodiversity footprint due to our small number of buildings and low energy consumption. The second part consists of the investments of financial institutions in economic activities which have an impact on biodiversity. The savings and investments of our customers are invested in mortgages, enterprises, countries and projects that place a burden on biodiversity. Although we also invest in projects which have a positive effect on biodiversity, at the moment the overall effect is negative and hence results in a loss of biodiversity.

¹ Ecosystems are complex, dynamic systems of plants, animals and microorganisms and the non-living environment that interact with each other as a functional unit. This definition is taken from Millennium Ecosystem Assessment (2005).

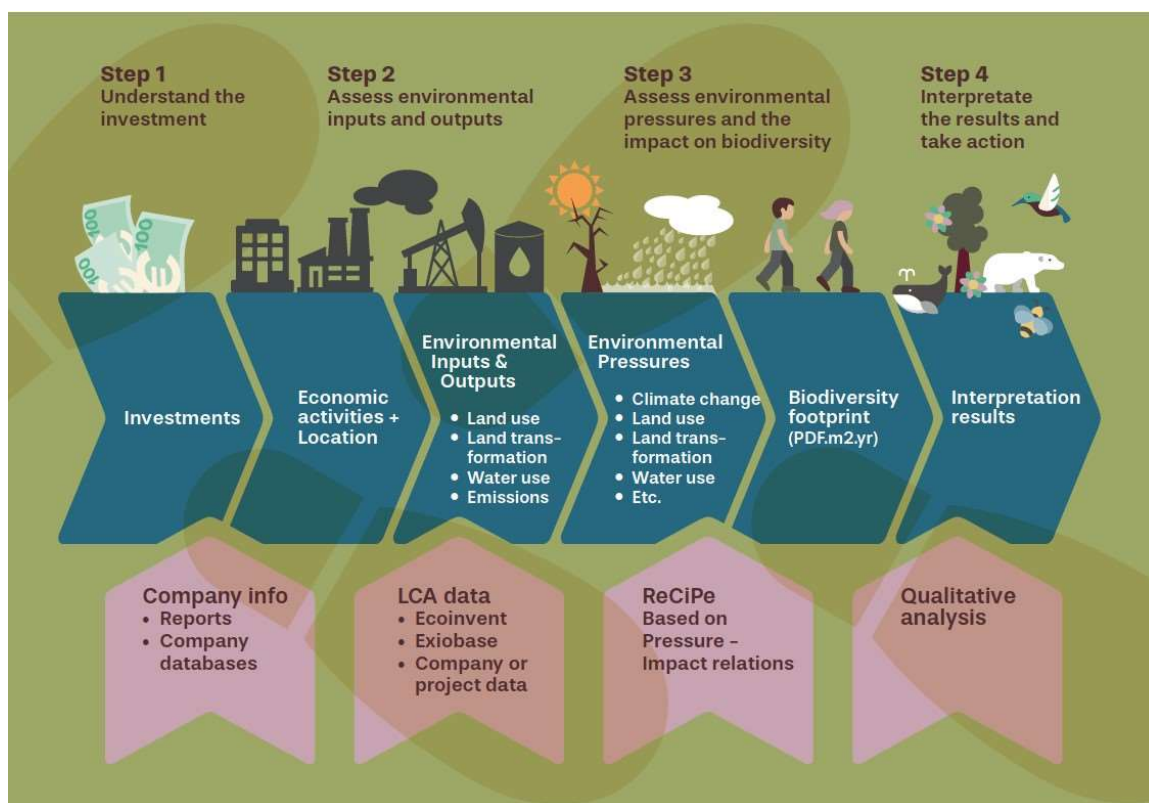
² The IPBES - Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services - is an independent body between governments. It was created in 2012 by more than 130 different countries and a number of UN organisations. The aim of IPBES is to bring science about the state of nature and policy makers closer together, thereby contributing to the protection and sustainable use of biodiversity and ecosystems. Source: <https://ipbes.net/>

2.2.4 The Biodiversity Footprint Financial Institutions methodology

We assess our biodiversity footprint using the Biodiversity Footprint Financial Institutions (BFFI) methodology. The development of this methodology started in 2015 at our brand ASN Bank, following multiple stakeholder meetings, including expert organisations like the PBL Netherlands Environmental Assessment Agency. The goal of the stakeholder meetings was to explore what stakeholders expect from a financial institution with regard to biodiversity. Following this stakeholder process, it was decided that assessing the impact of our investments was the first step we should take. As a result, the BFFI methodology was developed together with external partners CREM and PRé Sustainability.

We use the BFFI to assess both positive and negative impacts. The BFFI footprint methodology is based on an assessment of the drivers of biodiversity loss which are linked to the investments of a financial institution. See Figure 1 for a schematic overview of this approach.

Figure 1. The impact assessment steps in the BFFI



The first step of the BFFI involves investigating which economic activities our loans and investments are involved in and how these activities put pressure on biodiversity. This is determined by using the Exiobase database, which provides environmental input-output data for roughly 90% of the global economic activity. In order to make the BFFI suitable for application on a portfolio level (which can contain thousands of loans or investments), a biodiversity measurement on site is not realistic. Instead, the environmental impact of a specific sector, in a country, is determined using the Exiobase database. This expresses environmental impact not only in the form of carbon emissions, but also in other biodiversity pressures such as land and water use and pollution. The environmental pressures are attributed to the investor based on attribution rules, like the share of the investment in the total value of the investee. The environmental effects are then translated into an impact on biodiversity using the 'ReCiPe' model, an instrument to assess impact (Life Cycle Impact Assessment). This model is based on best available knowledge regarding pressure-impact relations.

We realise that a lack of on-site measurements will lead to uncertainties in the results. Therefore, the BFFI also includes a qualitative assessment to enable a correct interpretation of the calculated footprint score. The qualitative assessment looks at the limitations of the calculations and identifies areas where the actual footprint might be higher or lower than calculated using the ReCiPe methodology. The result of this assessment is a hotspot analysis of the largest negative impacts on a portfolio level. After this step we zoom in on these hotspots.

The methodology has continuously been improved since the pilot study in 2015 and the footprint step of identifying the economic activities of investees (a relatively time-consuming step) was automated in 2019. This was an important step, as it means that the BFFI methodology could then be broadly employed by larger financial institutions. In addition, we are constantly seeking to contribute to the improvement of biodiversity measurement methodologies throughout the financial sector. These efforts were showcased in the groundbreaking 'Common Ground' report published in 2018 by our brand ASN Bank together with Actiam and CDC Biodiversité.

2.2.5 Partnership for Biodiversity Accounting Financials

The Partnership for Biodiversity Accounting Financials, or PBAF, was initiated in November 2019 by our brand ASN Bank. PBAF is a partnership of financial institutions that work together to explore the opportunities and challenges surrounding 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 in the development of a set of harmonised principles underlying biodiversity impact assessment. Such principles are not reserved to one specific impact assessment methodology and may offer a valuable starting point for both qualitative and quantitative biodiversity impact assessments or biodiversity 'footprints'. 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 Report³⁴ on biodiversity impact assessment at the Nature for Life Hub in New York, a side event of the United Nations General Assembly. The common ground paper 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. The aim of the paper is to define harmonised principles underlying biodiversity impact assessment approaches/methodologies. These harmonised principles can be used by financial institutions interested in assessing the impact of investments on biodiversity.

³ PBAF Netherlands, Paving the way towards a harmonised biodiversity accounting approach for the financial sector, September 2020.

⁴ <https://www.pbafglobal.com/>

3. SOCIAL

3.1 Responsible product offering

3.1.1 Product Approval and Review

The Product Approval and Review Committee (PARC) bears the responsibility to formally approve the introduction of and changes to products and services for all brands of de Volksbank. ASN Beleggingsinstellingen Beheer BV (ABB) also uses the PARC.

Existing products 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 ensure that products continue to meet current standards, they are periodically reviewed. This is done on the basis of legislation and regulations, customers' interests and our shared value ambition.

The PARC is composed of directors from Business, Legal, Risk and Compliance and is headed by the CCO. The underlying Product Approval and Review Process (PARP) is managed and continuously improved. In 2020, after a review by the Dutch Authority for the Financial Markets (AFM), de Volksbank made a number of major improvements to the PARP to investigate in more depth the duty of care for our customers, including the definition of target markets, the distribution of financial products and the extent and width of scenario analysis. De Volksbank has taken steps to embed these in the PARC process.

3.1.2 Simple and transparent products

In 2020, we made considerable improvements with regard to the simplicity and transparency of our products. In our *Integrated Annual Review 2020*, we provide various examples of how we strive for simple and transparent products. One such example is the improvement made with regard to our online and mobile applications.

We also try to be transparent and clear about the privacy regulations. Our vision on data is 'your data, you decide'. Our privacy regulations, which are accessible via our [website](#), detail what can and will be done with the data of a customer.

- You will find the privacy and cookie policies of SNS [here](#), ASN Bank [here](#), of RegioBank [here](#) and of BLG Wonen [here](#).
- We received the highest possible 'Privacy Guarantee Seal' from DDMA, a sector organisation for data and privacy. You will find more information [here](#).
- We have privacy policies for both our customers and our employees.

3.1.3 Terms and conditions

The General Banking Conditions ('*Algemene Bankvoorwaarden*') contain the general agreements and rules that apply between banks and customers. All banks in the Netherlands use the same General Banking Conditions. Also, the Code of Conduct dictates the strict framework of mortgage underwriting and is endorsed by all major mortgage lenders and intermediaries in the Netherlands. The Code of Conduct stipulates, among others:

- Full valuation of the property should be done by a professional certified valuator living in the same area and the valuation report cannot be older than 6 months;
- Strict requirements regarding information a lender is required to provide to its borrowers: as a result, borrowers should have a profound understanding of how their mortgage will work, what they can expect to change in the future and what their options are. This prevents unfavourable borrower behaviour;
- Loan-to-income (Lti) limits are set according to a fixed table including references to gross income of the borrower and mortgage interest rates. This table is updated annually by the consumer budget advisory organisation "NIBUD" and ensures that income after (gross) mortgage servicing costs is still sufficient to cover normal cost of living.

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 what people need to know about getting a mortgage, what to do to get a mortgage, 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. We also try to avoid complicated language and terms that require expertise in order for everyone to understand the product and its conditions.

3.1.4 Training our financial advisers about sustainability

We want to be able to help our customers with issues surrounding sustainable homes and sustainable living. Our advisers, who are in direct contact with our customers, ought to be properly trained and knowledgeable on this subject. We train our advisers through e-learning, webinars and expert sessions on sustainable living. Advisers share knowledge and best practices with each other in knowledge and co-learning sessions. To provide as much support as possible, we have developed a conversation tool and have integrated sustainable living solutions into existing software and advisory reports. At the beginning of 2020, de Volksbank joined the sector collective to make

the housing market more sustainable. We promised, among other things, to train 80% of our advisers to become Certified Sustainable Housing Consultants.

In section '3.2 Employees' we present more information on how employees stay knowledgeable and up-to-date with the latest developments.

3.1.5 Secure banking

Over the course of 2020, we have seen a significant rise in cases of online fraud and scams. 'Phishing' is one of the most common ways by which criminals try to steal personal information and/or money. We work hard with dedicated teams to prevent any cases from happening and we do our best to help customers when it does happen. In that regard, we think it is important to share knowledge and to set up campaigns, webinars and other ways informing customers how to be skilled in recognising potential attempts at criminal activity. One example of such an initiative is our 'Recognise the Fraud' campaign. The campaign 'Secure Online Banking' is a collaboration between banks to inform the general public about the various ways in which criminals operate.

3.1.6 Access to finance

Access to finance for all is closely related to one of our most material topics that is part of our shared value strategy, namely improving the financial resilience of our customers. The first aspect of this ambition is to help people achieve and maintain a healthy financial position. The second is to promote education on financial matters and financial skills – from a young age to an older age. The last aspect relates to financial confidence (see the [Integrated Annual Review 2020](#) and [Annual Report 2020](#) for more information on these topics). On the specific topic of access to finance, we have among other things, focused on helping senior citizens with 'digital banking' with the workshop 'Webwijs' (wise on the web) about the transition from dealing with financial affairs on paper to dealing with them by digital means. We try to do the same thing with our personal interactions at our shops. We offer our employees an e-learning course on recognising signs of dementia to be able to help when possible.

The year 2020 was of course unique. In order to address the sudden and urgent need for information on financial matters during the Covid-19 crisis, we published the 'SNS Covid-19 Guide'. Among other things, this guide contained information on personal financial matters and information for small businesses.

3.2 Employees

3.2.1 Human Capital Development

Genuine attention to professionalism, autonomy and personal growth is at the heart of our ambition to create value for employees. At the same time, it also creates value for de Volksbank, our customers and society if our employees are skilled and sustainably employable.

INTRODUCTION PROGRAMME 'OPEN'

New employees get to know de Volksbank through the introduction programme 'Open'. In five months' time they are introduced to our organisation, building a network and sharing their fresh perspective to continue to develop and innovate de Volksbank. The manager and a mentor also help the new colleague in his or her work. During the introductory programme, new employees take the banker's oath. By taking the banker's oath, employees declare that they will exercise their duties with integrity, put customers' interests first and submit themselves to disciplinary law. Employees are personally responsible for complying with the sector-wide rules of conduct that are incorporated in our code of conduct 'common sense, clear conscience' [Read our code of conduct here](#).

TALENT AND CAREER DEVELOPMENT

The employees of de Volksbank are given the freedom and responsibility to set up their own work and careers. We challenge employees to use their talents and develop them further. Managers facilitate and stimulate employees and are also given the room to develop further. There are a variety of opportunities for professional and personal growth:

- Employees can book internal and external training courses through online learning systems. The external training offer includes more than 66,000 online learning products from more than 1,600 providers, both online, e-learning and home studies. The learning offer ranges from Marketing, Finance, HR and Administration to Personal Effectiveness, Lean, Agile, Change Management and Leadership, et cetera.
- On a career platform, all kinds of tools are available for talent and career development, for example 360-degree feedback, labour market value scan, road interviews, coaching/career advice, e-learning and workshops.
- De Volksbank organises internal courses, e-learning and themed meetings. It retrains employees in the field of new market developments, applicable regulations and compliance. Examples include the themed meetings on various topics in the areas of risk management, data management, balance sheet management, privacy, cyber resilience and sanctions regulation.

SKILLED EMPLOYEES

De Volksbank imposes high professional competence requirements on its employees, both employees directly employed by de Volksbank and external employees. On the one hand, that is simply what we as a financial institution are expected to do. On the other hand, we are convinced that if we want to put our mission and strategy into practice, our employees must be skilled. Only then, we can genuinely put the interests of customers first, make customers financially resilient and take sustainability as a starting point for the future.

The Financial Supervision Act (*Wet op het financieel toezicht; Wft*) requires employees with customer contact to be competent and remain permanently up to date. This means that all employees with substantive customer contact are permanently and demonstrably aware of current developments in their field and can apply this knowledge in their work. De Volksbank also chooses to have colleagues without customer contact to attend a Wft training course. Especially for them we offer a tailor-made training course, the Basic Check, in which they learn the basics of banking.

After that, employees are kept informed of the latest developments via Permanently Up to Date tool. With the help of this tool, they receive relevant news stories and answer questions about them. In addition to Permanently Up to Date, there is a requirement for employees who advise customers – and as such are required to have one or more Wft certificates/professional qualifications. They must periodically demonstrate that they are aware of relevant, current developments. To this end, all consultants must periodically (once every 3 years) take a Lifelong Learning exam.

In addition to the Wft, there are also other laws and regulations that affect the professional competence requirements of our employees. NVB also imposes certain obligations from which training requirements can follow, such as codes of conduct. Each of these laws and regulations is included in the training matrices of the various business units. Employees must hold diplomas and/or professional qualifications for their duties. The type of diploma or qualification depends on their position. We also encourage employees to continuously inform and retrain themselves via the intranet, internal and external courses, presentations and periodic newsletters.

De Volksbank has a Lifelong Learning programme for the members of the Board of Directors. The aim is to maintain, broaden and deepen their knowledge and expertise. The programme covers both financial and non-financial themes. Topics such as corporate governance, duty of care, integrity, behaviour and culture, risk

management, financial reporting, audit, but also relevant developments within the bank and within the financial sector are discussed. The Lifelong Learning programme is aimed at both management as a whole and its individual members. Where necessary, the members of management also broaden and deepen their knowledge and expertise on an individual basis, depending on the position they hold within management and their knowledge and expertise. An introductory programme is created for new members of the Board of Directors, and they also follow the general introduction programme OPEN during their introduction.

ATTRACTING, DEVELOPING AND RETAINING TALENT

In order to link the future of de Volksbank and the development of our talented employees, there are several talent programmes. We focus on the development and professionalisation of both leading talents and top specialists who are on their way to key positions. For trainees and entry-level workers with up to two years of work experience, we have the Four-Way Young Expert Programme: IT, Data Science & Innovation, Digital Marketing & Marketing Omnichannel and Finance & Risk. In this two-year traineeship, trainees choose their assignments in different departments in consultation with a mentor and there is plenty of attention for personal development.

These four directions are determined on the basis of the results of strategic personnel planning. This process is aimed at mapping which competencies are needed in the future and which talents we need to develop and/or recruit for these competencies, including trainees and young professionals. Every year, a review takes place to map the performance and potential of employees, followed by actions aimed at attracting, developing and retaining talent. Succession planning also maps out who the succession candidates are for senior management positions and how they can prepare for these positions through leadership development.

LEADERSHIP DEVELOPMENT

In leadership development, our starting point is the individual as a whole. This means that we are not only looking at important competencies and experience. We also look at the values that people find important in their work, the way they interact with others and the personality traits that best suit the organisational culture of de Volksbank and its brands. All managers of de Volksbank participate in the leadership process of the organisation. We see in the employee survey that employees are positive about the role of the manager. For leadership development, leaders can use 360-degree feedback and an online self-assessment to understand personal preferences and competencies.

PERFORMANCE MANAGEMENT

Our mission of banking with a human touch creates a common goal. Employees want to make a meaningful contribution to this and be appreciated for this. That is what we organise with 'This is how I work!', our approach to performance management. 'This is how I work!' is a personal way of planning, evaluating and valuing the contribution and development of employees. Employees regularly engage with each other and their supervisor to set goals, ask (360 degrees) for feedback and appreciate a goal at the time it is achieved. This can be a goal that contributes to the organisation's goals, but also a career goal aimed at personal growth, the next career step or increasing employability. With 'This is how I work!' in daily practice, we give sincere attention to autonomy, personal growth and professionalism.

3.2.2 Vitality and health

De Volksbank considers the vitality of its employees important. We create a healthy working environment, and expect employees to take good care of themselves. We also help them with all kinds of tips and tools in the field of vitality, which employees can use themselves. For example, to set up the workplace properly, to make exercise part of the working day and to pay attention to a colleague if you notice that something is wrong. The main points of our occupational health and safety policy:

- De Volksbank complies with all the obligations of the Occupational Health and Safety Act.
- Our occupational health and safety policy is human-oriented.
- We constantly strive for a healthy working environment for everyone. In doing so, we are committed to prevention.
- Health and vitality is a shared responsibility of de Volksbank and its employees. The bank facilitates and supports, so that the employee can work on his or her own vitality and remains employable.
- Health and vitality sparks great interest within the company. Each employee consciously chooses the steps he or she can take towards a healthy way of working.
- Vitality is a critical success factor. Vital employees have more energy, perform better, report sick less often and are more motivated.
- To stimulate vitality, we focus on SNAP themes - Smoking, Nutrition, Alcohol and Physical activity - and relaxation. These are the themes with the greatest health risks.

In light of the Covid-19 measures that included working from home, we additionally focused on supporting employees to set up an ergonomically adequate working place and to stimulate employees to regularly move and exercise during the working day from home.

3.2.3 Diversity and inclusion

De Volksbank is a bank for all people. We work with each other and with others in a respectful way based on our mission. That is, open and equal, with a human touch and with an eye for and appreciation of the other - regardless of nationality, culture, faith, gender, age and health.

In order to bank with a human touch and to have personal attention for our customers, it is important that employees feel at home and can be themselves. Employees are given the space to contribute to delivering on our promise: better for each other, with their unique background, personality, perspective and qualities. It is precisely by recognising and appreciating differences between us that we achieve the most beautiful results together.

INCLUSIVE ORGANISATIONAL CULTURE

An inclusive organisational culture is a prerequisite for greater diversity. In our employee survey, we ask to what extent employees experience an inclusive culture. With the results, we can take targeted action both at the team level and at the organisational level to make our organisational culture even more inclusive.

During the year, we show with various initiatives that everyone belongs:

- We signed the UN standards of conduct against discrimination against LGBTI people.
- We train recruiters in writing inclusive job texts and offer the workshop 'inclusivity recruitment and selection' for management and HR.
- From 2021 onwards, we will focus on diversity and including leaders in the training and continuing education of managers.
- We organise workshops on diversity and inclusion, for example the workshop 'Diversity makes a difference' to reflect together on the effects of exclusion and our own inclusive behaviour.
- Every year we nominate young talented women for the Young Talent Award: an encouragement award from Stichting Topvrouwen, a foundation for female senior executives.
- We are (in 2020 online) visible during the Gay Pride and Coming Out Day.
- On Diversity Day, we call attention to the appreciation and exploitation of differences, including by offering online workshops for all employees.
- We pay attention to the traditions of all colleagues, for instance, we reflect on Ramadan.

DIVERSE TEAMS

One of the objectives of de Volksbank is to put together diverse teams. Diverse covers all aspects on which people may differ from each other, for example personality, gender, age and cultural background. We want to achieve this goal by appointing a qualified candidate for each vacancy that makes the team more diverse. How we do this is stated in our recruitment and selection policy. Our recruiters work with managers and various teams to recruit and select new employees. To this end, they are regularly trained, both the recruiters and the executives. The importance of diversity and the desired behaviour is also part of leadership programmes so that executives can steer well.

PROVIDING OPPORTUNITIES FOR PEOPLE AT A DISTANCE FROM THE LABOUR MARKET

De Volksbank aims to offer more people at a distance from the labour market a place in the organisation. Agreements have been made with a caterer, security company and cleaning company about the number of employees from this group that they will employ at de Volksbank. By 2020, we employed a total of 9 employees at a distance from the labour market. Our written-off laptops get a second life via the Foundation IT from Tomorrow (ICT vanaf Morgen). This social company offers people at a distance from the labour market meaningful work in IT. In doing so, it contributes to the sustainable use of devices.

EQUAL PAY FOR EQUAL WORK

De Volksbank conducts an annual study into equal pay for men and women, as it is an important foundation for gender equality. Conclusions of the study in 2020:

- The pay gap at the company level is 16% (2019: 16.6%). The average gross annual salary of a woman is approximately €10,000 lower than that of a man. This difference can mainly be explained by the fact that men are overrepresented in the higher pay scales and women in lower pay scales.
- After correction at scale level (equal working level), a pay gap of 0.3% remains (2019: 0.5%).
- Adjusting for age (work experience) has a decreasing effect from 0.3% to 0.2%. The challenge for de Volksbank lies in achieving an equal spread of men and women across all job scales. Objectives have therefore been set for a better balance between men and women in leadership positions.

BALANCE BETWEEN MEN AND WOMEN IN LEADERSHIP POSITIONS

Our aim is to further improve the gender balance in leadership positions. The targets for 2020 and 2025 are as follows:

	Target 2020	Target 2025
Management	35%	40%
Board of Directors	40%	40%
Supervisory Board	40%	40%

At the end of 2020, 35% of leadership positions were filled by women. This means that the target of 35% by 2020 has been reached. Promoting the number of women in leadership positions is an important point of focus in recruitment and selection. Team diversity is a topic for discussion during the intake procedure and we deploy various actions to attract more women. We do so, for example, by writing our recruitment texts with the help of a specialised text agency in such a way that they appeal more to women, but also by sending on a diverse shortlist of executive agencies / recruitment & selection agency with suitable men and women. In addition, attention is paid to inclusivity in a broad sense in discussions with management, in culture sessions and in strategic personnel planning. As a result of all this, we are already seeing an increase in the number of female managers. On the Supervisory Board, the positions are filled by two women and three men, which means that the objective for the Supervisory Board has been achieved. The Board of Directors consisted of two men and one woman at the end of 2020, with one position being vacant. The generic profile for the Board of Directors, drawn up by the Supervisory Board in consultation with the Board of Directors, contains the required knowledge, suitability, expertise, integrity and availability of the Board of Directors and its members. In addition, this profile lists relevant aspects of diversity, such as nationality, age, gender and background with regard to training and professional experience.

'JONG VOLK' ('YOUNG PEOPLE')

Jong Volk offers access to a large network of young people within the organisation for all employees who are 35 years of age or younger. The members have the opportunity to meet colleagues from different business units, including the executives of de Volksbank. In this way they get to know the various structures and cultures of de Volksbank from the inside.

Various types of fun and substantive events are organised that contribute to the personal development of young employees. The fun events focus on fun and networking, for the substantive and up-to-date sessions the focus is on deepening knowledge and work-related topics. In 2020, the Young People podcast was launched and Covid-19 proof events were organised after a New Year's reception, including a pub quiz, online bootcamp, headphone walk and various webinars.

3.2.4 Safety

A safe working environment is very important to be able to do your job properly. This means we respect each other. There is no room for unwanted conduct such as discrimination, abuse of power or (sexual) harassment. We also do not accept unwanted conduct from customers. Our Common Sense, Clear Conscience Code of Conduct sets out how we treat each other and customers. This is a code that is embedded in all our thoughts and actions.

An employee who faces sexual harassment, discrimination, aggression, violence or bullying at work can go to the company counsellor. The employee may request mediation by the counsellor, or make a complaint which is ultimately dealt with by the Committee on Unwanted Conduct. The confidant can guide the employee in this. There is also the 'Dealing with unwanted conduct' training course, and employees with customer contact complete the 'Dealing with harassment and aggression at the desk and phone' training course.

Employees can contact the Complaints Office to file a complaint or report an incident, and Complaints and Incidents Regulations are available. These Regulations oversee the submission and handling of notifications. A report may involve a complaint or an incident.

- A complaint may be about a decision or behaviour in which the employee is personally involved and which the employee objects to (e.g. an assessment) or it may be about unwanted conduct or an incident in a work situation (e.g. discrimination, sexual harassment, aggression & violence and bullying).
- In the case of incidents, we distinguish between irregularities and abuses (e.g. whistleblowing) when handling them. For example, an employee may violate the code of conduct 'Common Sense, Clear Conscience' of de Volksbank and/or the banking disciplinary rules, or we may encounter suspicious customer requests or orders, conflicts of interest, market abuse (inside information/market manipulation), criminal behaviour, fraud, credit card abuse, skimming or phishing.

The rules do as much justice as possible to the nature of the employee's notification with an eye to mutual interests. This notification can be sent to the Complaints Office via four different routes:

- the Incident Hotline;
- the Integrity Trust;

- a notification to the Safety Department and;
- a direct report to the Complaints Office.

We believe it is important that employees feel safe. Therefore, they can also report a (suspected) abuse anonymously (via the whistleblower scheme) if, for example, they do not want to, or cannot, discuss it with their supervisor. Depending on the type of notification, a committee will be set up or a preliminary fact-finding by the Compliance department will take place. The committee will then consider the report and make a ruling, taking into account internal policies and laws and regulations. Two specific committees have been set up for the following situations:

- If there is a difference of opinion on the application of the Social Plan, employees can contact the Review Committee.
- If an employee does not agree with the classification of the position in the job classification system, the employee can submit an objection to the Job Evaluation Objections Committee.

3.3 Chain responsibility

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

Our Sustainability Expertise Centre (SEC) is responsible for our sustainability policy and its application to all our businesses 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 de Volksbank funds, bonds, loans and investments (see our sustainability policies). If a project meets our sustainability criteria, the SEC continues to periodically review and monitor the project after approval. Potential misconduct, specifically related to people or the environment, that is related to our own business activities or those of partners in the supply chain is also continuously examined as well as monitored. In case of any abuse, we directly engage with relevant and affected stakeholders about the measures taken and their subsequent results. We approach the relevant stakeholder and engage in a conversation to set up an agreement for action. If the stakeholder cannot live up to this agreement, or if we see insufficient improvement, we can decide to withdraw as an investor or financier. Through our external reports, websites and newsletters we engage other stakeholders of both positive and negative events which have occurred in relation to our business activities.

3.3.1 Responsible procurement and contracting

Sustainable procurement is good for the environment and can be good for our wallet too. We therefore study products and services to be purchased for their CO₂ emissions, useful life and options for circular use. A centrally established procurement policy applies within de Volksbank, which is used to communicate with the approximately 6,000 active suppliers.

We select suppliers partly on the basis of sustainability criteria and ask them to sign a sustainability statement. We pay attention not only to the supplier's sustainability policy, but also to the environmental and social aspects involved in the development of the products and services. We give suppliers equal opportunities. We select the supplier that best meets our wishes and requirements at the lowest cost. All purchase agreements are based on the general purchase conditions of de Volksbank. We also expect our suppliers to sign our sustainability statement. This contains our conditions with regard to corporate responsibility. The declaration 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:

1. **Business attitude:** responsible entrepreneurship and therefore also sustainable procurement requires a pioneering spirit and the will to realise continuous change, resulting in improvements for and in society;
2. **Transparency:** the supplier must be accountable for choices made in respect of policy, structures and cooperation agreements. The supplier must also be transparent and clear about the use of products, services and the corresponding conditions;
3. **Value chain responsibility:** the supplier assumes responsibility for sustainability within but also beyond its own product chain and propagates it;
4. **Innovation:** the supplier links (the development of) his product and service range to Responsible Business.

IN CONVERSATION WITH OUR SUPPLIERS

We regularly engage in dialogue with our main suppliers. We do this in regular meetings in which we discuss the status and progress of the relationship. These consultations usually take place one to four times a year. For those supplier relationships we draw up a Service Level Agreement (SLA), in which we describe the requirements for the services provided. We also include sustainability aspects in the SLA, such as ISO 14001 certification.

3.4 Human rights

Human rights have always been a crucial part of ASN Bank's sustainability policy. Since 2017 de Volksbank has applied the principles of this policy to all its activities. Human rights therefore have been part of our reporting in the annual overview of ASN Bank and the Integrated Annual Review of de Volksbank. Complementary to this reporting we, as de Volksbank signed the Dutch Banking Sector Agreement (DBA) in 2016⁵, published in February 2019 a stand-alone human rights report which was aligned with the UNGP Reporting Framework and included the salient issues that we identified in the salience analysis in 2018. In 2020 we provided a stand-alone update. Our ambition and commitment are undiminished, however we report our activities and achievements in 2020 in the following section instead of a stand-alone report because the salient issues have not changed and we also report elsewhere on human rights.

During the salient risk analysis in 2018 it was established that the issues in our operations role and our lender role were less salient than the issues in our investor role. This is due to the fact that our operations are located in the Netherlands. De Volksbank, through its brands, offers loans to micro and small entrepreneurs in the Netherlands and finances projects in the Netherlands and to a small extent in other Western European countries. These are all countries with strong legislation, which reduces our exposure to actual or potential human rights risks. To an even smaller extent, we invest in projects in countries with a higher risk of human rights violations. In those instances, there is a rigorous due diligence process in place. In summary, we concluded the most salient risks were found in the ASN Investment Funds and we identified five salient issues: a living wage in the garment industry and in the agri-food industry, consumer protection and clinical trials in the pharmaceutical industry and workplace health and safety in the garment industry.

3.4.1 A living wage

In the salience risk analysis, a living wage emerged as a high risk in the garment industry and in the agri-food industry. A living wage in the garment industry has been a priority issue for our sustainable brand ASN Bank and ASN Beleggingsfondsen since 2015. This is because the exposure of ASN Beleggingsfondsen to companies in the agri-food market at the time and over the past years has been smaller than its exposure to garment companies. As we wanted to maximise the effectiveness of our engagement, we decided to focus on this issue in the garment industry.

As explained in the previous human rights update, a living wage is an enabling human right. It enables workers to afford basic needs such as food, housing, education for their children and healthcare. A living wage also tends to be a catalyst for the improvement of other working conditions, such as reducing excessive overtime. However, the wages in many garment-producing countries are not sufficient to be considered a living wage according to what experts have calculated in benchmarks. We therefore are engaging with the garment industry to achieve our long-term goal: by 2030 the garment industry will have implemented all necessary processes to enable a living wage for workers in its supply chain.

Just as in the previous years we have assessed the companies in the investment universe (the selection of companies or governments that is in line with our sustainability policy) and the results were published in a Living Wage Report in September. Although some minor upgrades were introduced to the methodology, the results could be compared well with the results in previous years⁶. In general, we have seen good progress for some companies. A good example is that one of the investees launched large-scale wage gap research covering over 60% of its supply chain. Doing such an exercise and reporting on the outcome is a crucial step in identifying the magnitude of the problem and important input for developing mitigating measures. Nonetheless, a lack of transparency remains an important obstacle to really assessing the effectiveness of what companies are doing to tackle wages that are lower than a living wage estimate. It is encouraging to see that some of the front-runner companies slowly start to disclose wage data, but much more is needed for investors to assess how well garment companies are doing in avoiding or minimising negative impacts on factory workers.

Our assessments are a means to an end and provide a starting point for our engagement conversations with the garment companies in our investment universe. We conduct calls with our investee companies once or twice per year and are in touch with them by e-mail frequently. Rather than merely conducting an annual exercise, these conversations should lead to change. That is why we, in close collaboration with other investors in the Platform Living Wage Financials (PLWF), are looking into additional ways to engage⁷ with investees in a meaningful way.

⁵ The goal of this agreement between the Dutch government, the Dutch Banking Association (NVB), NGOs, and trade unions is to avoid human rights impacts in bank's corporate lending and project finance activities, by implementing their responsibility to respect human rights in conformity with the United Nations Guiding Principles on Business and Human Rights (UNGPs) and OECD Guidelines.

⁶ For the upgraded living wage assessment methodology, please see here: <https://www.asnbank.nl/over-asn-bank/duurzaamheid/mensenrechten/asn-bank-working-towards-a-living-wage-in-the-garment-industry.html>

⁷ In 2020 ASN Bank introduced the term 'meaningful engagement' together with the PLWF partners. ASN Bank's perspective on engagement is to set a long-term objective, determine milestones to reach, conduct our own detailed research that supplements data from service providers and, where possible, engage collectively with other financial organisations. And if

Actions such as sending a letter to the board of the company, filing resolutions at Annual General Meetings and more public exposure to the topic of a living wage are ways that we are considering for the future. Taking such steps will be subject to a careful analysis of the progress that companies have made over the past years and how receptive they have been to our engagement so far.

PLATFORM LIVING WAGE FINANCIALS

In 2016 the Platform Living Wage Financials (PLWF) was founded by ASN Bank, MN and Triodos Investment Management with the goal to create a collective engagement effort on living wages. In 2020 the platform grew to 15 members with over €2.6 trillion of assets under management. In the section on workplace health and safety we explain how we engaged with the companies in relation to Covid-19.

3.4.2 Workplace health and safety in the garment industry

As explained in the previous update of the Human Rights Report, workplace health and safety is a critical issue in the garment industry. Workplace health and safety was already included in the analysis of companies (not just for garment companies) and in the decision-making process in order to be eligible for the investment universe. Although we monitored whether there were controversies relating to health and safety in the supply chain, health and safety was not yet an explicit element of the supply chain standards that we apply to our investments. We included health and safety in the supply chain standards in 2020, which has created a more stringent approach to not only the garment companies on this topic, but all companies in which ASN Beleggingsfondsen invests.

Workplace health and safety was an important topic in 2020 as the global outbreak of the Covid-19 virus affected the operations and supply chains 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 to push for measures that would not only protect workers on the work floor, but would also help them financially if needed (please find more information [here](#)). Workers in garment factories are often among the most vulnerable and garment companies should not and cannot let it happen that these people are hit the hardest by the pandemic. In this context, ASN Bank, as part of PLWF, also endorsed the ILO Call to Action.

3.4.3 Consumer protection and clinical trials in the pharmaceutical industry

On behalf of ASN Beleggingsfondsen, ASN Bank has been engaging with pharmaceutical companies since 2015 as the companies in the investment universe had sound policies but were frequently involved in controversies on various customer safety-related issues. In 2019, after a discussion of the evaluation report of Sustainalytics and the engagement experiences of ASN Bank with the companies, it was decided that ASN Bank would continue the dialogue although less intensively compared with the previous years. It would do so with five companies which were already part of the investment universe, and one new company was added to the investment universe and the engagement process. The six companies are: Astellas Pharma, AstraZeneca, GlaxoSmithKline, Novo Nordisk, Merck KGaA and Orion. As in previous years, we prepared scorecards for these six companies in collaboration with Sustainalytics in order to measure the progress made by the companies. These were shared with the companies for feedback at the end of the year, and will be published on ASN Bank's website in the first quarter of 2021 after an analysis of their responses. As we decided to produce these scorecards once every two years, the next round of scorecards will be prepared in 2022.

Of course our engagement with the pharmaceutical companies was also shaped by the Covid-19 pandemic. At the initiative of Achmea Investment Management, we have drawn up an investor statement together with a large group of Dutch and international investors and urged pharmaceutical companies to closely cooperate in the fight against the Covid virus. In this statement, we remind companies of their great responsibility in the development and global distribution of the Covid-19 vaccine, and of the fact that patent enforcement, excessive pricing, withholding relevant research data and obtaining market exclusivity should not stand in the way of that responsibility. Together with other investors who have signed the investor statement, we held calls with AstraZeneca and Novo Nordisk.

the investee company does not progress towards the clear milestones set, escalation measures as well as divestment can follow. In short, meaningful engagement to make the most of our leverage as financial institutions.

4. GOVERNANCE

GOVERNANCE

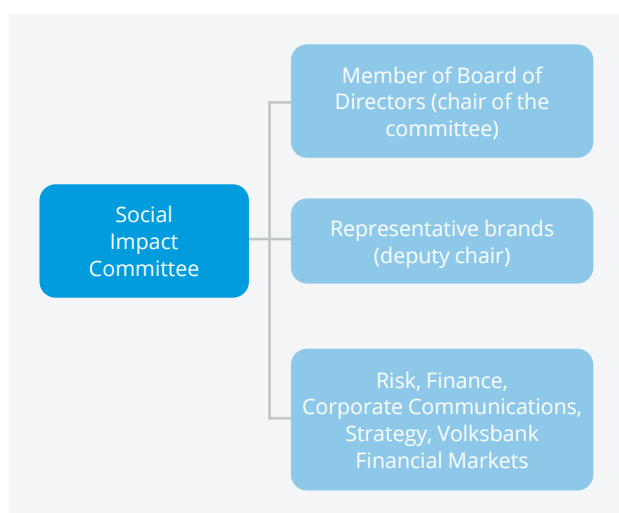
Governance is an important topic for ourselves, and for the organisations we finance or invest in. In our sustainability criteria, we describe our expectations of good governance that aides the shift to a more sustainable world. When assessing companies' governance, we expect each company to have a policy regulating the ethical conduct of its employees, regardless of where it operates. We do make a distinction based on the risk of the countries where a company is active. We expect the policy's substance and quality to be better if the company is active in risk countries or high-risk countries and/or activities. Finally, we assess whether there is any misconduct. Transparency is also deemed relevant. We expect companies to be transparent about their performance in the areas of governance, climate change, biodiversity and human rights. Throughout our sustainability criteria governance issues are relevant (please refer to our [Guide Sustainability Criteria](#)).

Here, we describe in more detail how our sustainability governance is set up. In our [Integrated Annual Review 2020](#) and our [Annual Report 2020](#), we explain more about our overall governance.

4.1 Sustainability Governance

In 2017 the Board of Directors of de Volksbank decided to fully adopt ASN Bank's sustainability criteria. Since then, we have been working on a more formal organisational integration of sustainability. In 2020, we almost fully embedded sustainability in our governance – specifying all duties and responsibilities to our stakeholders in all parts of our company – from the directors to financial departments, and from the canteens to our local shops.

The development and implementation of sustainability within our organisation 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. Enjoying a broad mandate, the SIC develops, implements and monitors our policies on themes such as financial resilience and quality of life in addition to our sustainability policy. The SIC also assesses and advises on Sustainability Risk and on internal and external reporting on social issues, including this ESG Report. The SIC is chaired by the Chief Risk Officer to represent the Board of Directors. The estimated impact on our four stakeholder groups, that is customers, society, employees and the shareholder, is recorded in 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 are evaluated every month based on our shared value KPIs and changed where necessary.



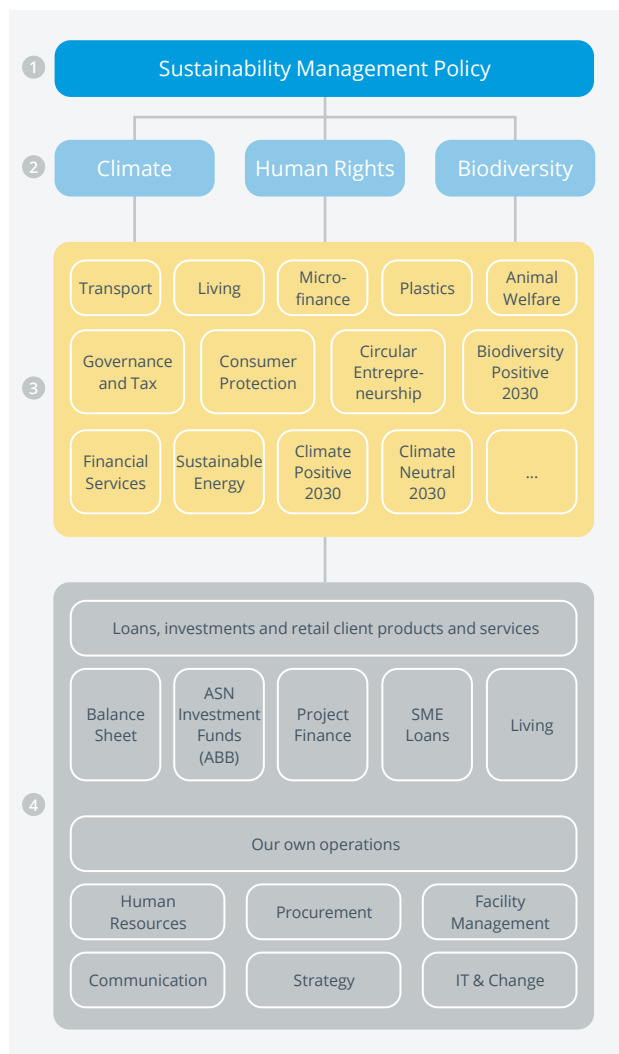
4.2 House of Policies Sustainability

The Sustainability Management Policy (SMP) describes the sustainability management governance. This document forms the basis for further development of specific Sustainability Policies (SP) on the three pillars (climate, biodiversity, and human rights), Specific Sustainability Policies (SSP) on specific topics, sectors or assets and Applied Sustainability Policies (ASP) for the application in the business lines. Together they form the so-called 'House of Policies Sustainability'.

The SMP serves as a framework for company-wide awareness on sustainability and the resulting conduct at all levels of the organisation (including contributing to external reporting and supporting and monitoring other first line departments). Sustainability policy is ultimately to be translated into the work processes of de Volksbank. In the sustainability policy framework, this document (indicated as '1' in the overview below or the SMP) covers primarily the governance, strategic ambition, responsibilities, procedures, etc. As a principle, the SMP is adopted by the SIC.

'Content' documents (labelled '2' and '3' in the overview or the SP and SSP respectively) contain all information on sustainability content. As sustainability is not static, the exact number and themes regarding content sustainability policies may vary from time to time. We distinguish three SPs on which we will elaborate a bit more in the next paragraph. In Specific Sustainability Policies additional guidance and criteria are provided for specific themes (like tobacco or plastics) or sectors (like financials) or asset classes (like ESG bonds). Just like the SMP and SPs, the SSPs are applicable for our whole organisation as well. However, some documents contain specific additional components for ASN Bank describing activities related to its 'supercharger role' and specific activities (sustainable project financing). The SP and SSP documents are prepared and developed by the Expertise Centre Sustainability (ECS). The ECS keeps in touch with external parties including NGOs, other financial institutions, academics, politicians and the media. Furthermore, the ECS prepares the sustainability policy of ASN Beleggingsfondsen, which otherwise autonomously determines its policy.

All '4'-labelled documents (Applied Sustainability Policies – ASP) are specifically directed towards the value streams and specific integrated processes (IP) in which the Sustainability Policy should be implemented and executed. Consequently, these documents tend to have a more practical approach (“what to do”) compared to the SMP and ‘content’ (SP and SSP) documents (“why” and “how”). The Expertise Centre Sustainability will cooperate closely with the relevant departments in the development of the ASP and the ECS provides support to the departments in determining objectives (KPIs) and actually putting those objectives into practice. The ASPs need to have final consent from the ASN Bank Board for the sustainability elements of a policy prior to processing the policies for approval in the line and final sign-off by the Social Impact Committee.



SUSTAINABILITY POLICIES

We have distinguished three central pillars in our sustainability policies: Climate, Biodiversity and Human Rights. Each pillar has its own specific Sustainability Policy (SP). Here, we will further elaborate on these central policies.

Although the same principle starting points apply for the way we are managing our own operations and for developing and maintaining retail client products and services; our Sustainability Policy has a primary focus on loans and investments. This is because our direct social and environmental impact of our organisation is small but as a capital provider we enable clients and, consequently, contribute to their impact indirectly.

CLIMATE

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 impacts of climate change. Basically, the approach consists 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 combatting climate change. Activities we for instance refuse to invest in are the exploration, extraction and production of fossil fuels and electricity

productions by means of fossil fuels. For further detail of these policies we would like to refer you to our [Climate Change policy](#).

2. Our objective of a 'carbon neutral balance in 2030' and use this initiative to broaden the scope of climate neutrality to the rest of the sector (PCAF). The initiative holds both for de Volksbank and ASN Bank. In 2018, ASN Bank formally decided to aim for a carbon positive balance in 2030.

BIODIVERSITY

The loss of biodiversity and the destruction of ecosystems will have unprecedented impacts on many aspects of our lives, varying from potentially negative consequences on agricultural production to irreversible changes in natural habitats. De Volksbank 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 supercharger to develop a 'net-positive'-strategy.

Basically, the approach consists of two elements:

1. A set of sustainability criteria to avoid involvement in entities which 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. These are: 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 detail of these policies we would like to refer you to the Biodiversity policy on our [website](#). 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 efficiently using both renewable as non-renewable raw materials are central. In addition, there is in our view no waste because raw materials over and over again be deployed. In this way raw materials are not depleted, it decreases our negative impact on biodiversity as we use raw materials more consciously and efficiently. This leads to less CO₂ emissions and change of land use, but also to less pollution stemming from the use of harmful substances.
2. An initiative to strive for 'net-positive' in loans and investments. De Volksbank and ASN Beleggingsfondsen adopted the same goal. ASN Bank is to broaden the scope on protecting biodiversity and strengthening ecosystems to the rest of the sector (PBAF = Platform Biodiversity Accounting Financials).

HUMAN RIGHTS

Human rights are violated frequently, and quite often with significant severity. ASN Bank has developed a wide range of policies to avoid violations of human rights in their loan and investment portfolios. De Volksbank has adopted these policies in the SP Human Rights.

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

Basically, the approach on human rights consists of two elements:

1. A set of sustainability criteria to avoid involvement in entities which are not protecting (governments) or respecting (companies and other entities) human rights. Similar to Climate and Biodiversity, our Human Rights Policy contains criteria in relation to activities to be excluded and avoided and criteria to support investments that uphold collective, human and labour rights. For instance, we do not invest in companies that engage in or profit from wars or armed conflicts. We cannot and will not reconcile ourselves to the idea that these types of companies benefit from the existence of an increase in armed conflicts. This means that we also refrain from every form of financing of or investment in companies that are involved in the development, maintenance, testing, storage and distribution of weapons. Examples of criteria in order to uphold human rights and labour rights 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; respecting the rights of local communities and indigenous people (includes acquisition of land by companies). For further detail of these policies we would like to refer you to our Human Rights Policy on our [website](#).

In addition, a set of criteria is applied to select the frontrunners on protecting and respecting human rights.

2. An initiative to strive for 'living wages' in the clothing industry (Platform Living Wage Financials – PLWF). ASN Bank has broadened the scope of the 'living wage' initiative by involving other financial institutions.

4.3 Collaboration with stakeholders

We realise that the positive change we envision requires partnerships and collaboration between societal actors within and outside of the financial sector. As de Volksbank, we aim to initiate, accelerate and facilitate partnerships to reach the Sustainable Development Goals on various fronts. For us, this is part of our commitment to contribute to SDG 17: Partnerships for the Goals. To read more about our contribution to the SDGs, see [Annex 6.2](#).

4.3.1 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 concerns a carbon accounting methodology and provides financial institutions a starting point required to set science-based targets and align their portfolio with the Paris Climate Agreement. Under the leadership of ASN Bank, PCAF was initiated in 2015 and has grown to become a global initiative ever since.

Building on the carbon accounting methodologies developed in the Netherlands and North America, a global carbon accounting standard for financial institutions will be developed. This standard builds upon the GHG Protocol's guidance for calculating GHG emissions financed by loans and investments. A key principle of the global standard is to 'follow the money', i.e. the money should be followed as far as possible to understand and account for the carbon impact in the real economy.

4.3.2 Science-Based Targets (SBTs)

The Science-Based Targets initiative (SBTi) drives ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets. It is a collaboration of international NGOs and the WRI to develop climate goals per sector and per company, and to provide certifications for alignment with the Paris Climate Agreement. Targets to reduce GHG emissions are considered "science-based" when they are in line with the latest climate science on requirements to meet the Paris Climate Agreement. That is, to limit global warming to well-below 2 degrees Celsius. In this context, de Volksbank has participated in a banking pilot project in 2019 established and led by the SBTi to explore the opportunities for setting science-based targets that align financial flows with the aim of limiting global warming to below 2 degrees Celsius. In this pilot we provided valuable feedback on the robustness and practicality of the draft SBT-setting methods. In October 2020, the SBTi published the 'Financial Sector Science-Based Targets Guidance' report. On page 63 of that report, a case study of de Volksbank is presented wherein the absolute and intensity targets resulting from this case study are shown. In 2020 we made further progress as we prepared ourselves for our commitment to the SBTi in 2021. Among other things, we plan to recalculate the emission intensity baseline of our mortgage portfolio using actual energy consumption data and rerun the target setting analysis. We aim to get our science-based targets approved in 2021.

4.3.3 Partnership for Biodiversity Accounting Financials (PBAF)

The PBAF is a partnership of financial institutions working together to explore the opportunities and challenges surrounding the assessment and disclosure of the impact on biodiversity, associated with their loans and investments. PBAF was initiated by ASN Bank at the end of 2019 and established together with ACTIAM, Triple Jump, Triodos, Robeco and FMO.

4.3.4 Platform Living Wage Financials (PLWF)

Under the umbrella of the Platform Living Wage Financials (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, among others, the International Labour Organisation (ILO) and the OECD, living wage is a fundamental human right. Within the PLWF, we are strongly convinced that 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.

4.3.5 Platform Woningverbeteraars

Woningverbeteraars (housing improvers in English) is initiated by de Volksbank. De Volksbank invests in a better Netherlands. We do this with, among other things, our joint Woningverbeteraars platform. On [this webpage](#) you will find specific information for people who want to renovate, improve or make something more sustainable in their own home.

4.3.6 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 that focuses on providing service to local communities and boosting SMEs.

4.3.7 Nederlandse Vereniging van Banken (NVB)

The Dutch Banking Association (Nederlandse Vereniging van Banken, or 'NVB') strives to achieve a strong, healthy and internationally competitive banking system for the Dutch and foreign banks and credit institutions operating in the Netherlands. The NVB is the link between the banking sector, the government and the public and contributes to a vital and sustainable sector.

4.3.8 MVO Nederland - Partner Grote Bedrijven Netwerk

MVO Nederland is the movement for entrepreneurs in the New Economy. MVO Nederland has created a network of partners who innovate and implement with each other in order to attain the New Economy. The New Economy is one that is future-proof, because only in this economy can entrepreneurs continue to act as entrepreneurs. The New Economy is climate-neutral, circular, and inclusive with fair supply chains.

5. REPORTING

5.1 Our approach

One of our key reporting principles is to be as transparent and balanced as possible. To be transparent to the greatest and broadest group of people, we have adopted the 'core and more' approach. This entails a 'core report' called the Integrated Annual Review that should be readable for and accessible to a wide range of stakeholders. Readers interested in more detail are referred to 'more' reports on our [website](#) such as the Annual Report 2020 and this ESG Report.

5.1.1 Guidelines

This ESG Report was published on 11 March 2021 in conjunction with other reports. Our Integrated Annual Review 2020 provides an overview of the main developments and performance of de Volksbank in 2020 and is based on the topics that the Board of Directors and our stakeholders have labelled as material. The process of determining material issues and reporting priorities is presented in the section 1.1 Materiality Assessment. More static issues, such as our responsible investment policy and responsible procurement policy, are reported on our [website](#). Furthermore, we take the EU Directive 'Non-Financial Reporting Directive (2014)' into full account and we present an overview in the Annex. We also take the UN Guiding Principles Reporting Framework into account to support our reporting practices on human rights. For more information on the guidelines we adhere to regarding non-financial transparency, see our [website](#).

5.1.2 Scope and boundaries

We define 'non-financial information' as information which cannot readily be expressed in monetary values. It includes environmental, social, employee and ethical matters, and defining 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. Where possible, we also report data and results regarding previous years. The performance of our suppliers, customers and other actors in our value chain is not included in our figures, unless explicitly stated otherwise. Where non-financial data relate to business units of the organisation, this will be indicated.

Forward-looking information is reported in the report in a clearly recognisable manner as 'plans for 2021' and 'ambitions'. In many cases, goals are based on well-founded estimates and assumptions.

Any acquisitions or disposals are explained in light of our shared value strategy. There were no acquisitions or disposals in 2020. Acquisitions are also described in the accounting principles of the consolidated financial statements. The societal impact of such acquisitions is explained in our external reporting.

5.1.3 Reporting process

Material concepts and measures are defined and consequently applied in the reporting periods. Any adjustments or deviations from previous definitions are explicitly explained. The preparation of the 'core and more' reports requires de Volksbank to use judgements, estimates and assumptions in determining and applying the concepts used. These judgements, estimates and assumptions are made to the best of management's knowledge and the use of other judgements, estimates and assumptions can lead to different results. The contents of the core and more report are reviewed and verified within the business units, by the various staff departments and by the Board of Directors and the Supervisory Board. The Board of Directors and Supervisory Board give the final approval of the annual reports.

5.1.4 Material topics

In line with the Global Reporting Initiative's standard we report specifically on the eight most material topics. We do this by explicit references and headers in our core report; the Integrated Annual Review 2020. The remaining 5 material topics (out of 13 in total) and the topics that we monitor and investigate are touched upon in the Integrated Annual Review as well, albeit with less prominence. These material topics are derived through a materiality assessment, as well as through continuous dialogues and interaction with our stakeholders. In section 1.6 Materiality Assessment we lay out how we do this methodologically.

5.1.5 External assurance

In order to give our stakeholders more confidence in the reliability, completeness and transparency of our data and information, we asked audit firm EY to verify the non-financial information in the Integrated Annual Review 2020 (Chapter 2, 3.1, 3.2 & 3.3) and to issue an assurance report with a 'limited level of assurance' in that respect. This ESG Report is an elaboration of the Integrated Annual Review and not part of 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 forward-looking information.

5.2 Commitments

Committing to voluntary and mandatory initiatives and communicating about these openly and transparently 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 of our brands engage in various other initiatives and commitments. See our [website](#) for the entire list and for the latest updates.

Voluntary, non-binding Initiative	Explanation
International Labour Organisation (ILO)	The ILO brings together governments, employers and workers of 187 member States to set labour standards, develop policies and devise programmes promoting decent work for all men and women. It is the only tripartite UN agency and was established in 1919.
Organisation for Economic Cooperation and Development (OECD)	The OECD is an intergovernmental economic organisation and forum with 37 member countries, founded in 1961 to stimulate economic progress and world trade. The OECD guidelines form the starting point for Dutch international CSR policy. This policy 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 Agreements (IRBC Agreements, or IMVO Bankenconvenant)	A coalition of banks, the Dutch Banking Association (NVB), trade unions, civil society organisations and the government have signed a covenant. Together they are committed to better respecting 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 Dutch Banking Association (NVB), other financial institutions, the government, trade unions and non-governmental organisations. With this covenant we agreed to reduce the risk of human rights violations by reducing loans and project financing. The covenant formally expired at the end of August 2020. In the first quarter of 2021, the NVB will publish the approach for the new ICSR covenant, which we will sign. Where the old covenant focused on human rights, the new covenant will also allow for initiatives in the field of climate 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 with environmental benefits. 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 approach for issuance of a Green Bond.
Equator Principles	The Equator Principles is a risk management framework adopted by financial institutions. It is intended for determining, assessing and managing environmental and social risks in project financing.
UN Global Compact	An initiative from the United Nations to encourage companies worldwide to implement sustainable and socially responsible policies and to report on their implementation.
Principles for Responsible Banking	Business-wide principles: alignment, impacts, clients & customers, stakeholders, governance & culture, transparency & accountability.
The Dutch National Climate Agreement	An initiative from the financial sector (banks, pension funds, insurers and asset managers) to contribute to the implementation of the Paris Agreement and the Climate Agreement. The commitment relates both to 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.
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 has applied since 1 January 2010 and is legally enshrined. 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 that are legally enshrined for listed companies. The rules enforce good governance protecting the interests of shareholders, employees and other stakeholders.

5.3 Foundation of our policies

In line with the Brundtland Report 'Our Common Future' and the Sustainable Development Goals, 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. On this basis, we defined three pillars in our Sustainability Policy: human rights, climate change and biodiversity. De Volksbank regards the following international treaties and conventions as the fundamental starting points for our policies and their implementation (this is subject to change and is not an exhaustive list):

Human rights

- 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:
 - Treaty on the Non-Proliferation of Nuclear Weapons
 - Comprehensive Nuclear-Test-Ban Treaty
 - Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (Chemical Weapons Convention)
 - Biological Weapons Convention
 - Convention on Certain Conventional Weapons
 - Anti-Personnel Landmines Convention
 - Convention on Cluster Munitions
 - Arms Trade Treaty

Climate

- 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)

Biodiversity

- 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 on the Law of the Sea
- Cartagena Protocol

5.4 Regulatory developments

As part of the Green Deal that the European Commission presented in 2019, a Sustainable Finance Action Plan (SFAP) was introduced. This comprehensive set of regulations and directives aims to redirect financial flows towards more sustainable alternatives. Some examples of what the SFAP entails for us are presented below. In 2020, we made further steps in incorporating guidelines and recommendations and adhering to novel regulations.

NON-FINANCIAL REPORTING DIRECTIVE (ACTIVE)

Obligation to provide non-financial information on environmental, social and personnel matters, respect for human rights and the fight against corruption and bribery. This requires a description of the policies, results and risks associated with these matters. The directive is under review by the EU and adjustments will be made accordingly.

SUSTAINABLE FINANCE DISCLOSURE REGULATION (IMPLEMENTATION FROM: 10 MARCH 2021)

Design of organisation, processes and data management to integrate sustainability risks at entity, product and/or service level. Reporting of ESG information about how sustainable the entity and its products and services are. It enables a classification of products and services into three categories: regular "grey", ESG "green", and sustainable "dark green" products.

EU TAXONOMY REGULATION (FROM 1 JANUARY 2022 AND 1 JANUARY 2023)

Introduces a sustainable classification system to determine whether an economic activity qualifies as sustainable. Reporting for financial year 2021 on activities related to climate adaptation and climate mitigation.

EU GREEN BOND STANDARD

Green bonds play an increasingly important role in financing assets needed for the low-carbon transition. However, there is no uniform green bond standard within the EU, which is therefore under investigation within the EU.

EU CLIMATE BENCHMARKS AND BENCHMARKS' ESG DISCLOSURES (ACTIVE)

The report recommends a list of minimum standards for the methodologies of EU Climate Transition and Paris-aligned benchmarks addressing the risk of greenwashing, and disclosure requirements to improve transparency and comparability of information across benchmarks not only regarding climate-related information but also on a variety of ESG indicators. De Volksbank is not a benchmark administrator but takes notice of the standard and incorporates the standard in its investment policy if appropriate.

CRR 2 (IMPLEMENTATION FROM: 28 JUNE 2022)

Obliges de Volksbank to report on the identified relevant sustainability risks (physical and transition risks).

AFM, DNB, EBA & EC

Guidelines for integrating climate risks and reporting on climate risks.

5.5 Disclaimer

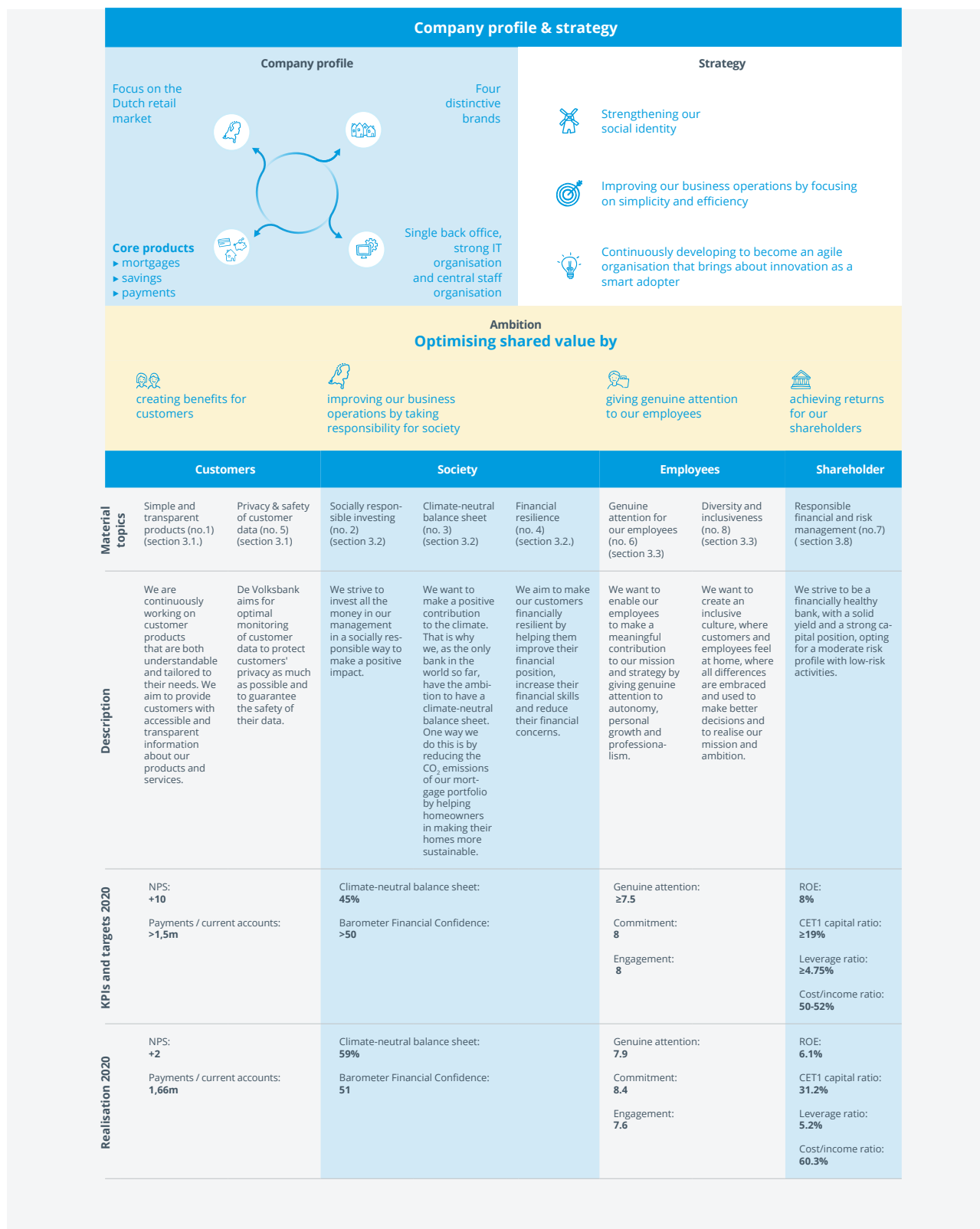
Forward-looking statements reflect our convictions, plans and expectations at the time of publication. Words such as 'ambition', 'plans', 'intention' and 'expectation' are intended to clearly indicate such statements in our report. The information about the future is based on goals and informed estimates. 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 the interim results.

We highly value your opinion on this report and our business operations. That is why we invite you to ask questions, express complaints and share tips. This invitation applies not only to this report; our strategy is based on creating shared value for all our stakeholders. We need everyone's feedback for this. If you have any feedback, please let us know through verantwoord.ondernemen@devolksbank.nl. If it turns out that we need to change or rectify anything, we will examine how we can properly adjust our business operations.

6. APPENDIX

6.1 Connectivity

This connectivity matrix is based on our Integrated Annual Review.



6.2 Sustainable Development Goals & Targets

The Sustainable Development Goals (SDGs) are the global strategy for sustainable development. There are 17 SDGs covering a broad range of human issues, such as ending hunger, and planetary issues, such as climate action. In our Integrated Annual Review 2020, we presented the five SDGs on which we deem to have the most impact, positively as well as negatively. In the table below we present the results of our analysis by specifying the most relevant targets (there are 169 in total) together with a description of activities with which we aim to contribute to the particular SDG.



Goals & Targets

SDG 8

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalisation and growth of micro-, small- and medium-sized enterprises including through access to financial services.

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

SDG 11

11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

11.3 By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

Examples of our contribution

- As a financial services provider, we contribute to a healthy economy with responsible financial products and services, social initiatives and collaborations. In addition, we try to make customers financially resilient.
- De Volksbank is committed to living wages for workers in the clothing industry (e.g. with Platform Living Wage Financials).
- With our Eurowise initiative, we provide financial education to children and provide free teaching materials for primary, secondary and special education.
- Through genuine attention for our employees, autonomy and personal growth of employees, they can develop further, make a meaningful contribution to our mission and strategy and make a difference for our customers.
- We offer equal opportunities and equal pay to the entire variety of employees. Women and men who do the same work are also rewarded equally at de Volksbank in equal situations. Our goal for 2025 is for at least 40% of women to be appointed to all leadership positions and for at least 40% of management positions to be filled by women.
- We are committed to making our mortgage portfolio more sustainable and aim to contribute to climate-resilient housing and communities.
- In 2019 we introduced the sustainable ASN mortgage.
- With our brand RegioBank, we are committed to the quality of life in the neighbourhood. We achieve this goal with local bank branches and by stimulating entrepreneurship in small municipalities.

Goals & Targets**SDG 13**

13.2 Integrate climate change measures into national policies, strategies and planning.

13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Examples of our contribution

- De Volksbank wants to have a climate-neutral bank balance sheet by 2030 and ASN Bank aims to be climate positive by 2030.
- With ASN Bank as the initiator of Partnership for Carbon Accounting Financials (PCAF), de Volksbank contributes to making the climate impact of loans and investments transparent. There are now more than 80 participants worldwide.
- Renewable energy projects are financed through ASN Bank.
- We regularly inform our customers about sustainability and the possibilities to make their homes more sustainable.
- In 2020, we issued our second so-called green bond to finance sustainable housing.
- We provide mandatory training for our mortgage advisers on sustainability in housing.

SDG 15

15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.

15.a Mobilise and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.

15.b Mobilise significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation.

- In 2020, the Partnership for Biodiversity Accounting Financials (PBAF) was co-founded by ASN Bank, which de Volksbank was the first major bank to join.
- ASN Bank and de Volksbank signed the Finance for Biodiversity Pledge in 2020.
- ASN Bank has set itself a long-term goal of having a net positive impact on biodiversity by 2030. De Volksbank adopted this goal in 2020.

SDG 17

17.14 Enhance policy coherence for sustainable development.

17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.

17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

- De Volksbank and its brands regularly enter into social cooperation and partnerships such as with PCAF, PLWF, PBAF, the Climate Working Group and the IRBC Working Group of the Dutch Banking Association and the Dutch Central Bank's Biodiversity and Climate Risks Working Group.
- In 2019, de Volksbank signed the Principles for Responsible Banking (PRB).
- In 2019, we also signed the National Climate Agreement to reduce CO₂ emissions from investments.

6.3 Data collection

The quantitative and qualitative information in the ESG Report and Integrated Annual Review 2020 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.). They provided the quantitative data requested and manage the non-financial issues on a daily basis. Additional information, such as data concerning 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 relate to the reporting year 2020. These do not include the environmental performance of the business operations, which are reported on the basis of the actual results for the fourth quarter of 2019 up to and including the third quarter of 2020.

The internal control mechanism is based on multiple levels of control. The first check and review of information is done by a working group on a weekly basis during the last months of 2020. A steering group comprised of various business units reviews the draft report twice. The aforementioned Social Impact Committee reviews and approves of the content before the Board of Directors and the Supervisory Board give their final approval.

6.4 Indicator definition and calculation

In our Integrated Annual Review 2020 we presented the progress and results of our main KPIs. In the table below we provide more detail about the definition and calculation of some of these KPIs when deemed relevant.

KPI	Definition
Customer-weighted average NPS	The relational NPS involves the retail customer expressing a satisfaction rating (in terms of probability of recommendation) in general and not specifically in the context of any concrete contact or concrete transaction.
Financial Confidence Barometer	The barometer shows why and what people are concerned about, and why. Factors that play a role in financial anxiety are: <ul style="list-style-type: none"> • sense of control; • self-confidence in financial problems; • degree of financial planning; • tendency to display avoidance behaviour.
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).

De Volksbank measures the **Net Promoter Score (NPS)** for all brands on a quarterly basis. The survey is conducted by an external party. A representative sample is drawn from an external consumer panel for each brand on a quarterly basis. The sample size varies per brand and ranges from 500 to 1,000 customers. The NPS indicates the ratio between the so-called detractors (customers who will probably not recommend, and possibly even advise against, their bank) and promoters (customers who will probably recommend their bank). A score between 1 and 6 means that the customer advises against de Volksbank's brands as financial service providers. Scores 7 and 8 are considered passive scores, and customers giving a score of 9 or 10 are promoters. 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 result in the last quarter.

Reporting for the brands is also based on the result in the last quarter of the 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 the quarter. This aligns with the measurement method of the NPS that reflects the average for the relevant quarter of retail customers only.

In 2018 we launched the **Financial Confidence Barometer**, an unbiased, quantitative measuring instrument that also indicates the extent to which we successfully contribute to making our customers financially resilient. We use it to measure financial concerns on a monthly basis among 750 citizens of the Netherlands, 530 of whom are customers of our own brands. The respondents answer questions as to whether the bank is ready to help them on a scale of 1 (totally disagree) to 100 (totally agree). The first baseline measurement, taken in 2018, resulted in a score of 40. This figure was 48 at the end of 2019, compared with 49 at the end of 2018. Our target for 2020 of 50 was achieved by scoring 51.

The KPI '**genuine attention**' 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 (mission & strategy, trust, open & people-oriented, facilitating leadership and professionalism & personal growth).

We furthermore report the **availability rates** of online banking and mobile banking in line with the methodology for the NVB's Confidence Monitor. The rates represent the availability during prime time hours, which is reviewed internally for any inaccurate outcomes and adjusted where necessary. The scores are based on the period from Q4 2019 to Q3 2020. Prime time hours for online and mobile banking are workdays and Saturdays from 7 a.m. to 1 a.m., and Sundays from 8 a.m. to 1 a.m. Prime time hours for iDEAL are every day from 6:30 a.m. to 1 a.m.

The KPI '**climate-neutral balance sheet**' is explained in section 6.5.

6.5 Calculation of CO₂ emissions – climate-neutral balance sheet

De Volksbank signed the Principles for Responsible Investments Montreal Pledge in 2015. This means that we report in a transparent way on the impact our investments have on the climate. This is also relevant as regards

de Volksbank signing the commitment to the Dutch Climate Agreement in June 2019. The commitment states that financial institutions are to report on the CO₂ emissions from relevant loans and investments as from 2020. We have reported on our climate impact in our annual report since 2015 with the aim of working towards a climate-neutral bank balance sheet by 2030 at the latest.

The Green House Gas (GHG) Protocol 'Corporate Value Chain Standard' offers guidance to identify and report on the emissions from relevant loans. These also include emissions from assets, which are reported under scope 3, category 15, Investments. Category 15 is the most material category for banks. As no method existed to identify category 15 emissions, de Volksbank has adopted, and for some operating activities expanded, the methodology developed by ASN Bank. The results are reflected in a CO₂ emissions income statement. In order for us to achieve full climate neutrality, the CO₂ loss side must be equal to the CO₂ profit side.

The CO₂ emissions income statement includes all balance sheet items of de Volksbank. Cash and cash equivalents do not lead to CO₂ emissions and are therefore set to zero emissions. Derivatives are left out of scope. The rest of the accounting balance sheet (86%) leads to changes in the real world and therefore to CO₂ emissions, avoided CO₂ emissions or sequestered CO₂ emissions.

The CO₂ emissions calculations were set up in collaboration with external consultancy firm Navigant and are performed in accordance with the operational control method of the GHG Protocol. The ASN Bank Sustainability Expertise Centre collects data and makes calculations for the climate-neutral income statement every quarter. Navigant checks the calculations and analyses the results. The results are presented as an income statement comparable to prevailing financial accounting methods. The results are discussed and approved by the Social Impact Committee chaired by the CRO of de Volksbank. The results are also reported in management reports and risk reports.

We identify the margin of uncertainty of the calculations resulting from assumptions made in the methodology. In 2020, the total margin of uncertainty was 14% (2019: 15%). The data on assets avoiding CO₂ emissions are relatively reliable (5% margin of uncertainty) compared with assets causing CO₂ emissions (20% uncertainty).

The uncertainty on the loss side is mainly caused by the fact that we do not yet have insight into the actual energy consumption of our mortgage customers. Instead, we work with average gas and electricity consumption for each energy label of houses, which means that the CO₂ emissions caused are an estimate. The energy labels have been obtained from the database of the Netherlands Enterprise Agency (RVO). For definitive labels we work with the most recent year-end label composition, which allows us to also include any changes in the definitive labels in our calculations. The provisional energy labels are based on the RVO database from April 2018.

The lack of data reported by institutions and countries also adds to the uncertainty. This frequently leads us to use sector averages for government bonds and loans to financial institutions in the calculations.

The complete methodology has been published on the dedicated webpage of [ASN Bank](#) and offers a detailed overview of the calculations made, the definitions used and the basic principles applied. Insight is also provided into the assumptions made and the limitations that are inherent in the methodology.

There were no changes in our methodology in 2020 compared to the previous year. However, we did examine what it takes to switch to the methodology of the Partnership for Carbon Accounting Financials (PCAF). Initiated and formerly chaired by de Volksbank, PCAF aims to develop a transparent and clear methodology for calculating financed emissions. In four years' time, PCAF has grown to become a global collaborative venture to which a large part of the Dutch financial services sector actively contributes. The first global carbon accounting standard was launched in November 2020, taking into account the efforts and expertise of more than eighty financial institutions worldwide. The PCAF methodology also received the "Built on GHG Protocol Mark" from GHG Protocol, the supplier of the world's most widely used greenhouse gas accounting standards. This means it becomes the global reference of GHG accounting for financials. Because the PCAF methodology has reached this maturation phase, we believe it is time to adopt the PCAF methodology ourselves.

Even though our current methodology, the carbon profit and loss methodology, formed the basis of the PCAF methodology and is in many ways still similar to the PCAF methodology, adopting the PCAF methodology will impact the calculation of our climate-neutral balance sheet and will lead to a less climate-neutral balance sheet.

We estimate that the switch to the PCAF methodology would have had a negative effect of 15 percentage points on our climate neutrality at the end of 2020. This is mainly due to the application of other emission factors in calculating the impact, which predominantly affects the calculation of avoided emissions of our loans, i.e. the CO₂ profit. Starting in 2021, we will also increasingly consider the life cycle emissions of the different types of renewable energy. For many types of energy these emissions are not very relevant, but in some cases – such as in the total life cycle emissions of energy generated from biomass and solar energy – they are.

6.6 Climate-neutral business operations

Our business operations are net climate neutral. We achieve this by purchasing as much green energy as possible. Where this is not yet possible or is only possible to a very limited extent, such as for car fuels and district heating, we offset the CO₂ emissions by purchasing credits of Trees for All. These are used to invest in a reforestation project in Kibale National Park in Uganda by Trees for All. Our climate neutrality does not stop us from continuing our efforts to reduce our absolute energy consumption and to avail ourselves of more green energy sources.

In order to monitor our progress, we annually report the CO₂ emissions of our own operations on the basis of scopes 1, 2 and 3 of the Greenhouse Gas Protocol.

- **Scope 1:** all direct CO₂ emissions caused by fuels that we ourselves purchase and consume (natural gas for office heating and the fuel for our company cars).
- **Scope 2:** indirect CO₂ emissions from our operations (electric energy consumption).
- **Scope 3:** other indirect CO₂ emissions from energy we did not personally purchase or emit directly, including commuting by our employees who have no company car and consumption by third parties from which we obtain services (such as air travel)

6.7 EU Directive

Topic	Subtopic	Added (yes/no)	Chapter / Page reference
Business model	General description	Yes	Integrated Annual Review (IAR): Company profile, p.8, Business model, p.9
	Structure and governance	Yes	IAR: Ch. 4, Governance & Leadership, Annual Report (AR): Ch. 2, Governance
	Markets in which the institution is active	Yes	IAR: Company profile, p.8, Business model, p.9, Ch. 2, 2.1, 2.2, Ch.3, par. 3.1.2.
	Strategy and objectives	Yes	IAR: Ch. 2, 2.1, 2.2, 2.3. AR: Ch. 1, Our Strategy par. 1.2
	Important factors that can have influence on the future development of the company	Yes	IAR: Ch. 1, The world around us par. 1.1 up to and including par 1.5
Relevant social and personnel matters: Financial Resilience	A description of the policies pursued including due diligence	Yes	IAR: Ch.3, 3.2. AR: Ch. 1, Our Strategy par. 1.2, Developments in Shared Value ambition par 1.3
	The outcome of those policies	Yes	IAR: Key figures, Ch. 2, 2.3. Ch.3, 3.2. AR: Better for each other, Key figures
	Principle risks in own operations and within the value chain	Yes	AR: Ch. 3: Risk management structure par. 3.1, Strategic risk par. 3.2, Credit risk par. 3.3
	How risks are managed	Yes	IAR: Ch. 3, 3.8. AR: Ch. 3: Risk management structure par. 3.1, Strategic risk par. 3.2, Non-financial risks par. 3.5
	Non-financial key performance indicators	Yes	IAR: Ch.2, 2.3. AR: Ch. 1, Developments in Shared Value ambition par 1.3
Relevant social and personnel matters: Privacy and security of customer data	A description of the policies pursued including due diligence	Yes	IAR: Ch.3, 3.1.2. AR: Ch. 1, Compliance and de Volksbank par. 1.7
	The outcome of those policies	Yes	IAR: Ch.3, 3.1.2, 3.8. AR: Ch. 1, Compliance and de Volksbank par. 1.7
	Principle risks in own operations and within the value chain	Yes	IAR: Ch.3, 3.1.2, 3.8. AR: Ch. 3: Risk management structure par. 3.1, Strategic risk par. 3.2, Non-financial risks par. 3.5
	How risks are managed	Yes	IAR: Ch.3, 3.1.2, 3.8. AR: Ch. 3: Risk management structure par. 3.1, Strategic risk par. 3.2, Non-financial risks par 3.5
	Non-financial key performance indicators	No	No KPI has been formulated for this (at this time). It is, however, a crucial focus point in de Volksbank's operations. This also means that the bank is continuously working on the desired adjustments to policy, processes and documentation.

Topic	Subtopic	Added (yes/no)	Chapter / Page reference
Relevant social and personnel matters: Genuine attention for our employees	A description of the policies pursued including due diligence	Yes	IAR: Ch.3, 3.3. AR: Ch. 1, Our Strategy par. 1.2, Developments in Shared Value ambition par 1.3
	The outcome of those policies	Yes	IAR: Ch.3, 3.3. AR: Better for each other: Key figures, Ch. 1, Our Strategy par. 1.2, Developments in Shared Value ambition par 1.3
	Principle risks in own operations and within the value chain	Yes	IAR: Ch.3, 3.3. AR: Ch. 3: Risk management structure par. 3.1, Strategic risk par. 3.2, Non-financial risks par 3.5
	How risks are managed	Yes	IAR: Ch.3, 3.3. AR: Ch. 3: Risk management structure par. 3.1, Strategic risk par. 3.2, Non-financial risks par 3.5
	Non-financial key performance indicators	Yes	IAR: Ch.2, 2.3. Ch.3, 3.3. AR: Ch. 1, Developments in Shared Value ambition par 1.3
Relevant Environmental matters	A description of the policies pursued including due diligence	Yes	IAR: Ch. 2: 2.1, 2.2, 2.3, 2.4. Ch.3, 3.2 Responsibility for society: climate-neutral balance sheet, biodiversity. De Volksbank ESG Report 2020: Climate, Biodiversity, Sustainability policies, Sustainability governance, Data collection, Calculation of CO ₂ emissions – climate-neutral operations, Calculation of CO ₂ emissions – climate-neutral income statement
	The outcome of those policies	Yes	IAR: Ch.3, 3.2 (climate & biodiversity)
	Principle risks in own operations and within the value chain	Yes	IAR: Ch.3, 3.2 (climate & biodiversity). AR: Ch. 3: Risk management structure par. 3.1, Strategic risk par. 3.2, Non-financial risks par 3.5, Sustainability risk par. 3.9
	How risks are managed	Yes	IAR: Ch. 2: 2.1, 2.2, 2.4. Ch.3, 3.2. AR: Ch. 3: Risk management structure par. 3.1, Strategic risk par. 3.2, Non-financial risks par 3.5, Sustainability risk par. 3.9
	Non-financial key performance indicators	Yes	IAR: Ch. 2: 2.3. AR: Ch. 1, Our Strategy par. 1.2, Developments in Shared Value ambition par 1.3, Ch. 3: Sustainability risk par. 3.9
Relevant matters with respect for human rights	A description of the policies pursued including due diligence	Yes	IAR: Ch. 3.2. AR: Ch. 1, Developments in Shared Value ambition par 1.3. De Volksbank ESG Report 2020, Human Rights
	The outcome of those policies	Yes	IAR: Ch.3, 3.2. AR: Ch. 1, Developments in Shared Value ambition par 1.3. De Volksbank ESG Report 2020, Human Rights
	Principle risks in own operations and within the value chain	Yes	IAR: Ch.3, 3.2. AR: Ch. 3: Risk management structure par. 3.1, Strategic risk par. 3.2, Non-financial risks par 3.5, Sustainability risk par. 3.9. De Volksbank ESG Report 2020, Human Rights
	How risks are managed	Yes	IAR: Ch.3, 3.2. AR: Ch. 3: Risk management structure par. 3.1, Strategic risk par. 3.2, Non-financial risks par 3.5, Sustainability risk par. 3.9. De Volksbank ESG Report 2020, Human Rights
	Non-financial key performance indicators	No	IAR: Ch.3, 3.2. Responsibility for society: human rights with reference to PLWF: a collective engagement effort into achieving a living wage
Relevant matters with respect to anti-corruption and bribery	A description of the policies pursued including due diligence	Yes	IAR: Ch. 4.6. Ch. 3, 3.2.6. AR: Responsible tax policy par. 3.2.4, Compliance and de Volksbank, par. 3.2.5
	The outcome of those policies	Yes	IAR: Ch. 4.6. Ch. 3, 3.2.6. AR: Responsible tax policy par. 3.2.4, Compliance and de Volksbank, par. 3.2.5

Topic	Subtopic	Added (yes/no)	Chapter / Page reference
Relevant matters with respect to insight into the diversity (executive board and the supervisory board)	Principle risks in own operations and within the value chain	Yes	IAR: Ch. 4.6. Ch. 3, 3.2.6. AR: Ch. 3: Risk management structure par. 3.1, Strategic risk par. 3.2, Non-financial risks par 3.5
	How risks are managed	Yes	IAR: Ch. 4.6. Ch. 3, 3.2.6. AR: Ch. 3: Risk management structure par. 3.1, Strategic risk par. 3.2, Non-financial risks par 3.5
	Non-financial key performance indicators	No	De Volksbank is constantly adapting its policy to relevant laws and regulations, and rejects corruption and bribery in any form. This also explicitly applies to investments and financing.
	A description of the policies pursued	Yes	IAR: Ch. 3, 3.3
	Diversity objectives	Yes	IAR: Ch. 3, 3.3, Ch. 4, 4.3
	Description of how the policy is implemented	Yes	IAR: Ch. 3, 3.3, Ch. 4, 4.3
	Results of the diversity policy	Yes	IAR: Ch. 3, 3.3, Ch. 4, 4.3

