



United Nations Global Compact  
2011 Communication on Progress

*The Hague, 9 December 2011*

*Dear stakeholders:*

*In 2010, NIBC decided to support the principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption.*

*NIBC's commitment to the Global Compact is in line with our business principles and sustainability policy framework. We are committed to integrate sustainability in our business approach and consider these principles as basis for responsible financial services.*

*I am pleased to reaffirm our continued support for the Global Compact and renew our ongoing commitment to the initiative and its principles. In this annual Communication on Progress, we describe the steps we made in 2011 to improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.*

*Sincerely yours,*



*Jeroen Drost  
Chief Executive Officer, NIBC Bank N.V.*

## General

### ***About NIBC***

NIBC is the bank of choice for decisive financial moments. Our Merchant Banking division offers a combination of advice, financing and co-investment in the Benelux and Germany. The Specialised Finance division has a international sector focus and operates in shipping, oil & gas services, infrastructure & renewables and real estate. It also offers residential mortgages and online retail saving deposits via NIBC Direct in the Netherlands and Germany.

Our clients are our top priority. We build long-term relationships with our clients - corporations, financial institutions, institutional investors, financial sponsors, family offices, entrepreneurial investors and retail clients. Headquartered in The Hague, we also have offices in Brussels, Frankfurt, London and Singapore.

Our commitment to sustainability is in line with our vision. We believe clients want a long-term relationship of trust with their bank. In a complex world, they look for a bank that is transparent and accessible; a bank that provides them with clear and sustainable solutions.

### ***NIBC and sustainability***

In 2010, NIBC formally committed to the principles of the United Nations Global Compact as these principles reflect NIBC's commitment to integrate sustainability and responsibility in our activities. NIBC's Code of Conduct outlines the ethical standards at NIBC and sets the framework for how we carefully balance the interest of our stakeholders and show responsibility for our actions. This framework has been updated in 2011 and is guided by the UN Global Compact principles.

In addition, NIBC's sustainability strategy has three focus areas to ensure sustainability is embedded in all our activities:

- Client Business
- Our People
- Responsible Corporate Citizenship

Over the past year NIBC has taken concrete steps to further embed the Global Compact principles within all areas of our business.

#### ***Client Business***

Additional policies have been added to our sustainability policy framework for three more sectors in which NIBC is active; General Industries (industrials and manufacturing), Retail Services and Food, Agri & Food Retail Services. These policies describe the environmental and social standards that NIBC expects its clients to meet.

#### ***Our People***

The annual Employee Engagement Survey has been rolled out for the first time and outcomes of the survey and areas for improvement have been translated into action plans.

#### ***Responsible Corporate Citizenship***

Over the past year, NIBC became also a carbon neutral organisation world-wide, meaning that carbon emissions are measured for all NIBC's offices and reduced where

possible. Any remaining emissions are compensated through purchasing of carbon credits.

### ***Communication on Progress***

In this Communication on Progress, we zoom in on our activities in the field of environment, human rights, labour standards and anti-corruption in the past year. NIBC distinguishes between direct and indirect impact on the environment, human rights, labour standards and anti-corruption. NIBC has a direct impact on the environmental, human rights, labour standards or anti-corruption through its own operations and indirect impact through our relationships with clients or suppliers.

NIBC's commitment to the UN Global Compact is reflected on our website (<http://www.nibc.com/en/about-nibc/corporate-responsibility.html>) and in the 2010 Annual Report (<http://annualreport2010.nibc.com/corporate-social-responsibility/general-csr-initiative>).

NIBC's 2011 Annual Report will be in line with the standards of the Global Reporting Initiative. This report will be published in April 2012.

Human Rights	
Principle 1	Businesses should support and respect the protections of internationally proclaimed human rights
Principle 2	Business should make sure that they are not complicit in human rights abuses

*Assessment, Policy and Goals*

NIBC endorses human rights as formulated in the Universal Declaration of Human Rights and is committed to support and respect human rights and not be complicit in human rights abuses. This is expressly part of NIBC's Code of Conduct, the sustainability strategy paper and sustainability policy framework.

Direct impact

NIBC ensures respect for human rights in direct relationship with employees by providing a workplace which is healthy, safe and free from harassment and discrimination, in which we recognize employee representative bodies, and where employees can voice grievance or complaints.

Indirect impact

NIBC takes concrete actions to embed respect for human rights in indirect relationships with clients and suppliers. Human Rights standards that NIBC expects its clients to meet are set out in our Sustainability Policy which is applied to all clients and transactions. These standards are based on international conventions, codes of conduct and industry practices, such as, among others, UN Global Compact, OECD Guidelines of Multinational Enterprises, Equator Principles and the IFC Performance Standards

These standards are also part of our terms & conditions in supplier contracts.

A Sustainability Procedure describes the processes and tools used to evaluate clients as well as who is responsible for these processes within NIBC. A sustainability toolkit is in place to assess the commitment, capacity and track-record of clients to manage social issues including human rights and labour standards. This toolkit has to be completed for all new clients and transactions.

In 2011, three additional sustainability sector policies have been introduced for the General Industries (industrials and manufacturing), Retail Services and Food, Agri & Food Retail Services sectors providing specific guidance on managing environmental and social issues – including human rights and labour standards – in these sectors. Feedback from different stakeholders, including employees, clients and NGO's, was gathered while developing these policies.

*Implementation*

All NIBC employees received training on sustainability and NIBC's sustainability framework and principles in 2010. Sustainability training for new hires is given twice a year in 2011 and going forward.

For all clients/ transactions, human rights risks and impacts are considered and assessed through the sustainability toolkit. The sustainability assessment is part of the

Know-Your-Customer process that has to be completed prior to closing a transaction with a client.

Currently, NIBC is in the process of further elaborating the human rights and labour standards which are used in our assessment. Hereby the Ruggie framework is the main point of reference. Stakeholders (including peers, NGO's, clients and employees) are consulted on their views on human rights and labour standards and how to incorporate this in the client assessment process.

*Measurements of outcomes*

NIBC is signatory to the Equator Principles and applies these principles to all project financing transactions since November 2011. For the EP report, see:

<http://www.nibc.com/en/about-nibc/corporate-responsibility/sustainable-client-business.html>

For details on NIBC's process of assessing human rights issues in the client risk assessment process, see:

<http://www.nibc.com/en/about-nibc/corporate-responsibility/sustainable-client-business.html>

Labour	
Principle 3	the freedom of association and the effective recognition of the right to collective bargaining
Principle 4	the elimination of all forms of forced and compulsory labour
Principle 5	the effective abolition of child labour
Principle 6	the elimination of discrimination in respect of employment and occupation

#### *Assessment, Policy and Goals*

'We Develop People' is one of NIBC's business principles. The principles of the International Labour Organisation (ILO) are expressly mentioned in NIBC's Code of Conduct.

#### Direct impact

Health and safety policies are in place to enable employees to work in a safe, healthy environment. A risk inventory is conducted and evaluated to assess the risks in the physical work environment and defining actions for optimization. Employees are offered periodic health checks and flu jabs by the company doctor. Company emergency response officers are trained to look after staff and visitors in case of emergencies.

NIBC's Employees Council is pro-actively involved in organization changes and development of employee policies and practices (e.g. Performance management system, New Ways of Working). This business partner relation between management and the Employees Council is stronger and goes beyond the legislative requirements.

To listen to and involve employees, an Employee Engagement Survey is executed annually. The outcomes of the Employee Engagement Survey and areas for improvement are translated into action plans. The Managing Board decides on organization themes (e.g. Clients, Diversity), which are addressed throughout the whole organization. In addition, Business Units take responsibility for outcomes of the Employee Engagement Survey that are relevant for their own focus areas. The actions are put in the employee targets and progress is periodically reported and communicated.

#### Indirect impact

Labour standards that NIBC expects its clients to meet are set out in our Sustainability Policy which is applied to all clients and transactions. These standards are based on international conventions, codes of conduct and industry practices, such as, among others, UN Global Compact, OECD Guidelines of Multinational Enterprises, ILO Tripartite Declarations of Principles concerning Multinational Enterprises and Social Policy, Equator Principles and the IFC Performance Standards

Specific sector policies define the labour-related risks in the sectors in which NIBC is active. In 2011, three additional sustainability sector policies have been introduced for the General Industries, Retail Services and Food, Agri & Food Retail Services sectors providing specific guidance on managing environmental and social issues – including human rights and labour standards – in these sectors. Feedback from different

stakeholders, including employees, clients and NGO's, was gathered while developing these policies.

Labour standards are also part of our terms & conditions in supplier contracts.

#### *Implementation*

##### Direct impact

Following the Employee Engagement Survey outcomes in 2010, NIBC has paid increasing attention to diversity, and creating a culture of inclusion, within the organisation. A Diversity statement has been formulated aimed at demonstrating NIBC's commitment to create a workplace where employees can be who they are and people differences are recognized and accepted as a key success factor. Workgroups focus on rolling out actions on diversity themes, such as gender, nationality, age and work-life balance.

Another action in 2011, following the Employee Engagement Survey, was the set up of an Ethics Advisory Bureau which can advise individual employees or Management Teams on ethical dilemmas. The Ethics Advisory Bureau consists of employees from different functions within NIBC and considers dilemmas from various stakeholder perspectives.

Through online polls, employees are also asked for their views on a variety of topics within the organization. In 2011, information sessions about NIBC's pension plan and retirement in general were offered to all employees.

##### Indirect impact

For all clients/ transactions, labour standards risks and impacts are considered and assessed through the sustainability toolkit. The sustainability assessment is part of the Know-Your-Customer process that has to be completed prior to closing a transaction with a client.

Currently, NIBC is in the process of further elaborating the human rights and labour standards which are used in our assessment. Hereby the Ruggie framework is the main point of reference. Stakeholders (including peers, NGO's, clients and employees) are consulted on their views on human rights and labour standards and how to incorporate this in the client assessment process.

#### *Measurement of outcomes*

The Employee Engagement Survey is executed annually. The results are benchmarked against High Performance organizations and companies within the financial industry. They are discussed in the Managing Board and communicated to all employees. In 2010 the Employee Engagement Score for NIBC was 85%.

NIBC is signatory to the Equator Principles and applies these principles to all project financing transactions since November 2011. For the EP report, see:

<http://www.nibc.com/en/about-nibc/corporate-responsibility/sustainable-client-business.html>.

For details on NIBC's process of assessing labour standards in the client risk assessment process, see:

<http://www.nibc.com/en/about-nibc/corporate-responsibility/sustainable-client-business.html>.

## Environment

Principle 7	Business should support a precautionary approach to environmental challenges
Principle 8	Business should undertake initiatives to promote greater environmental responsibility
Principle 9	Business should encourage the development and diffusion of environmentally friendly technologies

### *Assessment, Policy & Goals*

As outlined in NIBC's Sustainability Strategy paper, NIBC recognizes that critical mega trends such as climate change, water scarcity and biodiversity loss are creating significant global sustainability challenges. NIBC takes measures to manage direct and indirect environmental impacts.

#### Direct Impact

NIBC wants reduce its direct impact on the environment by being a carbon neutral organization. We calculate our carbon emissions and take actions in order to reduce these as far as possible through energy efficiency initiatives. We compensate any remaining carbon emissions.

Since 2010, NIBC The Hague has been a carbon neutral organisation. Carbon emissions are measured and compensated in cooperation with Climate Neutral Group. Several initiatives to reduce carbon emissions have been implemented in NIBC's office in The Hague, including using green energy only, energy efficient cooling systems for the server spaces, use of energy efficient LED lights. NIBC is currently renovating the head office building to further reduce carbon emissions and improve the energy label by installing soil energy storage systems to heat/cool the building and installing solar panels for water heating.

Through awareness programmes, NIBC also encourages employees to take their environmental responsibilities seriously. In 2011 all NIBC offices will measure, reduce and compensate carbon emissions.

#### Indirect impact

Environmental risks and impacts are considered for all new clients and transactions and part of the Sustainability Policy Framework. Environmental standards that clients are expected to meet are based on international conventions, codes of conduct and industry practices, such as, among others, UN Global Compact, Equator Principles and the IFC Performance Standards and UNEP Finance Initiative

Specific sector policies define the environmental risks in the sectors in which NIBC is active. In 2011, three additional sustainability sector policies have been introduced for the General Industries, Retail Services and Food, Agri & Food Retail Services sectors providing specific guidance on managing environmental and social issues – including human rights and labour standards – in these sectors. Feedback from different stakeholders, including employees, clients and NGO's, was gathered while developing these policies.

Environmental standards are also part of our terms & conditions in supplier contracts.

*Implementation*

Direct impact

NIBC measures its direct carbon emissions; see: <http://www.nibc.com/en/about-nibc/corporate-responsibility/environment.html>

At the end of 2010, NIBC started the implementation a comprehensive plan to further reduce the energy consumption and carbon emissions of our head office building and improve the energy label to A/ B. One of the plan's major investments will be the building of a system using geothermal energy to heat or cool our offices in The Hague. We aim to improve our head offices' energy efficiency to a B or A label (Dutch standard for energy efficiency) by 2012.

In 2010, NIBC joined the 10:10 climate campaign aimed at reducing carbon emissions with 3% in one year. Due to the intensive construction and refurbishment activities in 2011, NIBC has not met this 3% reduction target. However, these activities are considered as investments to improve the energy efficiency of the building for the future. Different campaigns have been rolled out within the organisation to create awareness and further reduce carbon emissions. In cooperation with Climate Neutral Group, a "Zero Lab" was held for a variety of employees within the organisation. In this workshop initiatives were developed and selected to reduce carbon emissions within their specific function; ranging from waste reduction in the restaurant to improvement of teleconference facilities to reduce travel.

Indirect impact

NIBC applies the environmental standards of the Equator Principles for all project financing transactions. For all other clients/ transactions, environmental risks and impacts are considered and assessed through the sustainability toolkit. The sustainability assessment is part of the Know-Your-Customer process that has to be completed prior to closing a transactions with a client.

*Measurement*

Direct impact: <http://www.nibc.com/en/about-nibc/corporate-responsibility/environment.html>

NIBC is signatory to the Equator Principles and applies these principles to all project financing transactions since November 2011. For the EP report, see:  
<http://www.nibc.com/en/about-nibc/corporate-responsibility/sustainable-client-business.html>

For details on NIBC's process of assessing environmental issues in the client risk assessment process, see:

<http://www.nibc.com/en/about-nibc/corporate-responsibility/sustainable-client-business.html>

## Anti-corruption

Principle 10	Business should work against corruption in all its forms, including extortion and bribery
--------------	---

### *Assessment, Policy and Goals*

NIBC's Code of Conduct and Compliance Framework demonstrate the commitment against corruption and NIBC's ethical standards in general.

'We Show Responsibility' is one of NIBC's business principles. This includes compliance with all legal and regulatory aspects of business, maintaining high ethical standards, behaving in ways that are beneficial to our stakeholders, putting the interests of the firm before our own personal interests, and being a trusted and socially responsible partner in the communities in which we are present. Employee performance is evaluated annually against the NIBC business principles.

Corruption or any form of bribery is never accepted and NIBC has strict guidelines for employees on giving and receiving gifts and entertainment. Additionally, NIBC has a procedure on conflicts of interest & inducements and a Whistle blowing procedure in place. Know-Your-Customer procedures and sustainability policies are in place to assess the integrity of our clients. For details, see: <http://www.nibc.com/en/about-nibc/corporate-governance/policy-regulations.html>

NIBC's Know-Your-Customer (due diligence) procedures aim to safeguard NIBC and the financial markets from integrity risks and help to prevent money-laundering, terrorist financing and reputational risks. Prior to engaging in a transaction with a client or potential client NIBC wants to establish whether this client meets the standards of NIBC. Know-Your-Customer checks have to be completed prior to engaging in business with a client. NIBC will not do business with people or companies involved in illegal, criminal or socially unacceptable activities of any kind. If a potential client is involved in such activities, we refuse to do business with them.

NIBC's Engagement & Compliance Committee ensures that all new clients and transactions are verified for potential conflicts of interest and that compliance and sustainability interests are weighed within the boundaries set by legal, regulatory and other compliance and sustainability requirements.

### *Implementation*

Employees receive training on various Compliance topics on an ongoing basis. In 2010 all NIBC employees attended an in-house ethics training, covering a variety of ethical dilemmas and how to deal with these. New employees receive one-on-one compliance introduction training.

In 2011 NIBC's Ethics Advisory Bureau was set up where employees or management teams can present ethical dilemmas for advice. Employees can present dilemmas which are not covered by NIBC's Code of Conduct, Compliance framework and other procedures of NIBC's ethical framework.

In 2011 NIBC also introduced an anti-fraud framework, which contains elements related to anti-corruption both internally as well as in relation to clients and suppliers. This framework has been rolled out within all aspects of the organisation.

*Measurement*

Compliance monitors employee adherence to NIBC's compliance framework and reports overviews of main findings and breaches to the Managing Board as well as Supervisory Board.

Compliance risks, including fraud and corruption, are part of the in control reporting framework which all BU heads have to complete annually. As part of this process, potential operational and reputational risks as assessed and mitigating measures are identified.