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SPECIFIC SUSTAINABILITY POLICY

Human Rights

asn  bank

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1. Introduction

Human rights, climate and biodiversity are the pillars of our sustainability policy that together cover nearly all topics that are relevant in everything we do, including in the selection of our loans and investments. We ask ourselves three questions here:

- Human rights: how can we select our loans and investments in a way that respects people's rights throughout the value chain? And how can we ensure this in our own business operations?
- Climate: how can we select our loans and investments so as to ensure that they and their national and international value chains contribute to a safe, liveable and stable climate for people and nature?
- Biodiversity: how can we select our loans and investments so as to ensure that they and their national and international value chains contribute to strengthening biodiversity, including a clean environment and nature conservation?

The three pillars are connected by the term 'justice',¹ which underpins our vision of sustainability. Our policy is also in line with:

- the OECD Guidelines for Multinational Enterprises;
- the United Nations Guiding Principles on Business and Human Rights, which form part of the Guidelines.

We choose a comprehensive approach by considering all three pillars in conjunction.

Scope of the policy

This policy applies to the investments of de Volksbank and ASN Bank. De Volksbank and ASN Bank invest customers' savings in categories including bonds and private loans to government authorities (of countries, provinces and municipalities), as well as residential mortgages, water boards, energy companies, healthcare institutions, housing associations, education, culture and leisure, and renewable energy.

The Board of Directors of ASN Impact Investors declares this policy applicable to the investments of ASN Impact Investors' funds. Through the ASN Investment Funds, ASN Impact Investors invests customers' investment money mainly in companies, government authorities, green projects and microcredit institutions.

Where we use the words 'we' and 'our' in this document, we refer to these three organisations. Where this is different, we will state this.

DESCRIPTION AND IMPORTANCE OF HUMAN RIGHTS

Our human rights policy is based on the 1948 Universal Declaration of Human Rights (UDHR) and the international standards that directly or indirectly arise from it. Human rights are universal values that apply everywhere, always and to everyone and in which human dignity, justice, freedom and equality are key. These values have been laid down in numerous international treaties.

Human rights are inextricably linked to being human and cover highly essential issues, such as:

- access to food, water, accommodation and healthcare;
- protection of citizens by the government and privacy protection;
- respectful treatment of employees and their surroundings by companies;
- the freedom to be who you are without being discriminated against, to express your opinion, to adhere to any faith and to be active in politics and society;
- physical integrity and freedom from violence;
- protection of vulnerable groups, such as children, women and indigenous peoples; and topics such as access to education and a safe domestic environment for children;
- access to a clean, healthy and sustainable environment.²

1 Based on Our Common Future, Brundtland Report, 1987: <http://www.un-documents.net/our-common-future.pdf>

2 In 2021, the UN Human Rights Council recognised access to a clean, healthy and sustainable environment in its Resolution 48/13. The UN General Assembly adopted this resolution on 28 July 2022.

Regrettably, these rights are still violated in large parts of the world. Some of these violations are so large-scale or are so exceptionally serious that we regard them as serious human rights violations, such as genocide and war crimes committed by States or by certain groupings within States, which may also involve companies.

We have a vision of a sustainable society without child labour, where companies respect the rights of employees, local residents and indigenous peoples, and where serious human rights violations are absent. This policy paper sets out how we apply due diligence to avoid such unfavourable effects. Key here are the rights holders and the actual and potential adverse impacts they could experience. We translate the rights arising from international human rights treaties into concrete criteria. We use these criteria to identify actual and potential adverse impacts and to respond to them.

It is self-evident to us that we respect human rights. Customers also expect us to sustainably invest the money they entrust to us. We do everything in our power to live up to this expectation, although we regularly face dilemmas in this respect. Where that is the case, we attempt to consult stakeholders, such as actually or potentially prejudiced rights holders, customers, experts, trade unions, partnering NGOs and companies, with the aim of considering their opinions when we make our choices. For example, we share this policy with other banks and external human rights experts and actively ask them to provide feedback. We also consult relevant stakeholders in the context of our risk analyses. It is a challenge to increase the involvement of rights holders further up or down the national and international value chains in a good and feasible way. We intend to take further steps in this in the next few years.

OUR ROLE IN THE HUMAN RIGHTS ISSUE

Our own business operations and our loans to and investments in numerous companies in a wide range of industries affect people both in the Netherlands and abroad. That is why, as part of our commitment to respecting human rights:

- our own business operations do not contribute to possible human rights violations;
- the companies that receive our funds do not contribute to possible human rights violations;
- the products, services and business partners of these companies do not cause possible violations.

We have a responsibility to respect human rights in our national and international value chains.³

We shoulder this responsibility by applying the OECD Guidelines for Multinational Enterprises, as well as the United Nations Guiding Principles on Business and Human Rights (UNGPs),⁴ which form part of the Guidelines (below, we will refer to the 'international guidelines').

HUMAN RIGHTS AND BUSINESS

1. United Nations

In June 2011, the UN Human Rights Council unanimously adopted the Guiding Principles on Business & Human Rights (UNGPs), containing guidelines for countries and companies. Countries are required to protect human rights by implementing measures including appropriate policies, effective regulations and access to justice. Companies are responsible for respecting human rights and are expected to prevent or reduce the risk of human rights violations. If they have an adverse impact on human rights, they are required to remedy or compensate for this impact. Furthermore, the Principles cover the responsibility of countries and companies to guarantee remedy and redress – they are to ensure that victims of human rights violations can assert their rights.

³ Activities in connection with the manufacture of goods or the provision of services by a company, including the development of the product or service and the use and removal of the product, as well as the associated activities of the company's business partners both upstream and downstream in the supply chain.

⁴ https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

2. Organisation for economic co-operation and development

In addition to the UNGPs, the OECD Guidelines for Multinational Enterprises provide a regulatory framework for our human rights policy. They are unique in that all industrialised countries united in the OECD have committed themselves to actively applying the Guidelines. This has resulted in the countries establishing National Contact Points (NCPs) that promote the Guidelines among companies operating on an international scale. Stakeholders can also report alleged violations to the NCP. A mediation procedure will then be initiated and the NCP will publish its findings.

First phrased in the 1970s, the OECD Guidelines cover issues such as the environment, anti-corruption and tax. They guide the actions of companies that do business internationally in countries where these issues are not always enshrined in the law.

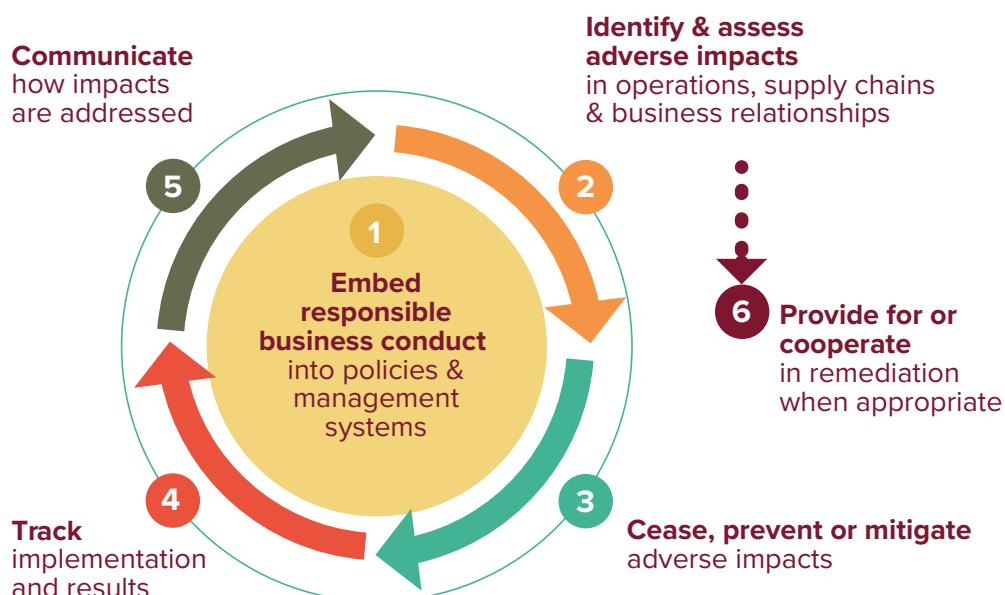
When the OECD Guidelines were updated in 2011, two important components were added that have immediate consequences for companies. The first change was the prominent place given to supply chain responsibility, based on the idea that most of the risks occur in the value chains of companies and that companies should assume appropriate responsibility for addressing them. The second addition involved the inclusion of the UNGPs within the framework of the OECD Guidelines. These two components are part of the new Human Rights chapter.

Accordingly, the UNGPs and the OECD Guidelines guide our human rights policy. We strongly support national and European laws on supply chain responsibility. The more companies set to work on this issue, the more substantial the improvements can be.

These international guidelines also lead us to apply due diligence. In this context, due diligence is a continuous process in which companies identify actual or potential adverse impacts on good governance, people, animals and the environment and subsequently cease, prevent or mitigate them. The due diligence focuses on the actual or potential adverse impacts in a company's own business operations and in its national and international value chains. Since this is a continuous process, the aim is to achieve continuous improvement. By properly applying due diligence, we increasingly learn how our activities relate to actual or potential adverse impacts and, more importantly, what we can do about this.

The due diligence process as prescribed by the OECD consists of six steps. We apply these steps. This document describes how we do this when it comes to human rights and elaborates on important human rights issues in order to specify our expectations. We have drafted separate policy papers for our approach to the 'biodiversity' and 'climate' sustainability pillars.

OECD due diligence process



2. Step 1: Corporate Social Responsibility (CSR) in policy and management systems

The Sustainability Expertise Centre (SEC) develops the sustainability policy and monitors policy implementation, and advises on the sustainability of all our activities both when asked and on its own initiative.

The human rights policy is part of de Volksbank and ASN Bank's overall sustainability policy. The document [Sustainability Management Policy](#) describes the governance of the sustainability policy and underpins the further development of specific sustainability policies for the various business activities. The Sustainability Management Policy and the specific sustainability policy together make up de Volksbank's 'House of Policies' (HoP).

The purpose of the Risk Management Policy on Sustainability Risk is to create a properly understood and accepted governance method and definition of sustainability, both internally and for our external stakeholders. Within de Volksbank's Executive Committee and senior management, owners are designated who are responsible for the development and implementation of sustainability initiatives.

The HoP also impacts de Volksbank's own business operations, including its [Diversity and Inclusion Policy](#) and its [Procurement Policy](#).

The HoP has been integrated into the Integrated Risk Management System.

3. Step 2: identifying and assessing actual and potential adverse impacts

The most important document we use to identify and assess actual and potential adverse impacts is our [Sustainability Criteria Guide](#). On this basis, the SEC analyses whether current or potential investments⁵ meet the sustainability criteria.

HUMAN RIGHTS ISSUES FOR INVESTMENTS IN COMPANIES AND PROJECTS

Our human rights criteria are part of our sustainability criteria. We create a risk profile of every company based on the countries where the company is active and its business activities. Using this risk profile, we then assess how the company scores on our human rights criteria. We repeat this analysis periodically.

From a human rights perspective, we in any event exclude arms and pornography.

Arms

As a socially responsible bank, ASN Bank feels the responsibility to contribute to European peace and security within the framework of our sustainability policy.

Arms are products or services designed to harm people or infrastructure. We base our precise definition of weapons on the Wassenaar Arrangement munitions list.⁶ Arms are necessary for security and defence but can also be used for the most serious human rights violations. When investing in arms companies, we cannot prevent ourselves from becoming involved in such human rights violations. Therefore, we exclude investment in companies involved in the development, production and trade of weapons. This includes all types of weapons, including controversial⁷ and conventional weapons, as well as civilian firearms.

There are also military products and services without combat purposes, or that have both military and civilian applications (so-called “dual use” products and services), such as communication systems and computer chips. We can invest in companies offering such products or services, if they meet all our other sustainability criteria.

It should be noted that we can indirectly invest in arms through our investments in government bonds of approved countries. With an investment in a government bond, we finance a country’s government expenditures, which also include its defence budget. When selecting countries for government bond investments, we apply strict criteria. We look at the democratic nature of countries, whether they have signed international treaties against the use of controversial weapons, and whether human rights are sufficiently respected. In this way, we enable democratic countries to defend themselves and ensure peace and security.

We do not invest in companies that fail to respect international humanitarian law, which regulates the treatment of persons during armed conflict, the methods of warfare and the administration of occupied territories.

⁵ De Volksbank and ASN Bank invest customers’ savings in categories including bonds and private loans to government authorities (of countries, provinces and municipalities), as well as residential mortgages, water boards, energy companies, healthcare institutions, housing associations, education, culture and leisure, and renewable energy.

Through the ASN Investment Funds, ASN Impact Investors invests customers’ investment money mainly in companies, government authorities, green projects and microcredit institutions.

⁶ [Stand-alone-Munitions-List-2025.pdf](#)

⁷ We define controversial weapons as weapons that are subject to national or international prohibitions. These include: anti-personnel mines, biological weapons, chemical weapons, cluster munitions, depleted uranium, incendiary weapons, nuclear weapons,

Pornography

As the sex industry presents an increased risk of sexual exploitation, we do not invest in escort agencies or prostitution or in companies that benefit from this, or in companies engaged in the production of pornography.

International law does not define the term 'sexual exploitation',⁸ partly due to differing views of sex and sexuality and of what is acceptable. The Dutch prostitution policy, for example, is unthinkable in Sweden, where it is assumed that prostitution involves sexual exploitation by definition.

In our analysis, we define 'sexual exploitation' as follows: sexual exploitation exists where involuntary sexual activities are involved. Activities are involuntary in the event of duress, harassment, deception, abuse of a position of power or punishment. We often see human trafficking, slavery and/or debt bondage in this context. Sexual exploitation has many different manifestations.

Other human rights issues

In addition to arms and pornography, we identify the following human rights issues. These human rights focus areas take centre stage in the selection of companies or projects:

- Policy and supply chain responsibility
- Equal treatment and non-discrimination
- Gender equality
- Child labour
- Forced labour
- Freedom of association
- Healthy and safe working conditions
- A living wage • Corporate security
- Privacy and freedom of speech
- Local society and population

Below, we will briefly describe the connection of every issue to possible human rights violations. Chapter 4 of the [Sustainability Criteria Guide](#) states how we have translated these issues into selection criteria and how we conduct our assessment.

Policy and supply chain responsibility

The OECD Guidelines and the UNGPs guide not only our own human rights policy – we expect that they also guide the human rights policies of the companies we invest in. This means that all issues relate both to companies' own business operations and activities and to those in the companies' value chains. We assess whether companies respect human rights and implement the international guidelines in order to address human rights violations. Phrased negatively: we exclude companies and activities if they fail to respect human rights.

Specifically, this means that we apply the following basic principles:

- The company has a human rights policy that applies to its own business operations and to the value chain of which the company forms part. In this policy, the company commits itself to all internationally recognised human rights.
- The company has introduced a continuous due diligence process in accordance with the international guidelines (the OECD Guidelines for Multinational Enterprises and the UNGPs).
- The company pays special attention to vulnerable groups, including women, children, minorities, people with a disability, migrant workers, human rights defenders and indigenous peoples.

If a company is guilty of misconduct or adversely impacts human rights, we expect the company to take action. It is to discontinue or resolve the activity that causes the misconduct or adverse impact or minimise and undo the effects.

If a company contributes to misconduct, it is to end its contribution and leverage its influence to minimise the remaining impact and ensure remedy and redress.

If a company has a direct link to misconduct or an adverse impact, it is to attempt to tackle that misconduct,

⁸ There are, however, relevant international standards for children and women: the International Convention on the Rights of the Child (Article 34) and the UN Convention on the Elimination of All Forms of Discrimination against Women protect children and women against sexual exploitation.

leveraging its influence to convince the party that causes the misconduct to tackle the misconduct. If this does not produce any results, the company must terminate the business relationship in a responsible way.

The Sustainability Criteria Guide includes a description of adverse impacts. Where national and international laws differ, we adhere to the provisions that provide the best protection for rights holders. It may be difficult for a company to comply with international law in a specific country for legal, cultural or social reasons. Where this is the case, we expect the company to make every effort to respect human rights and to act in the spirit of the international standard. We then assess the gravity of the possible deviation from the international standard and whether the company has a credible action plan to comply with the standard in the near future.

In addition to the human rights policy and our due diligence expectations, we also identify the main risks associated with a specific company. We use the company's risk profile to demand compliance with specific requirements before we can invest in the company.

Equal treatment and non-discrimination⁹

We expect companies to treat their employees (including those employed on a flexible basis), suppliers, customers, local residents and other stakeholders with respect. We expect them to refrain from discrimination on any grounds whatsoever and to treat people equally in equal cases. An exception here is that companies are permitted to take specific measures to help vulnerable or disadvantaged groups in order to reduce or eliminate a situation of inequality. This is also known as 'affirmative action' or 'positive action'.

As regards employers, equal treatment and non-discrimination include equal treatment in the selection and recruitment of new staff, remuneration, fringe benefits, promotion, education, retirement and dismissal. The company also has a responsibility to create a working environment where discrimination is absent.

Gender equality¹⁰

Our policy excludes discrimination, as we have seen in the previous section. However, discrimination is a broad concept. We will discuss gender equality in more detail, as this is an important topic. According to the United Nations, gender equality is not only a fundamental human right, but also a precondition for a peaceful, prosperous and sustainable world.

Although progress has been made in the past 25 years, many countries still apply discriminatory laws and regulations.¹¹ Companies have a major role to play in promoting gender equality, for example by tackling gender discrimination, violence and harassment.¹²

The unequal position of women deserves special attention. Many women are subject to violence at home or at work, as has become apparent from the #MeToo movement, for instance. Launched in 2017, this initiative strongly disapproves of sexual harassment or violence in – mostly – positions of dependence.¹³ In 2019, the International Labour Organization adopted a convention against violence and harassment at work. It places a special emphasis on violence against women, as women are disproportionately affected.¹⁴

9 The UDHR (Articles 1, 2 and 23); the International Covenant on Civil and Political Rights (Articles 2(1) and 26); the ECHR (Article 14); the International Convention on the Elimination of All Forms of Racial Discrimination (1965); the UN Convention on the Elimination of all Forms of Discrimination Against Women; ILO Convention No. 100 concerning equal remuneration (1951); ILO Convention No. 111 concerning discrimination (employment and occupation) (1958); the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (1977); the Global Compact (Principles 1 and 6); GRI (performance indicators: HR4, LA13 and LA14); the OECD Guidelines (Guideline V.1.e).

10 The UDHR; the UN Convention on the Elimination of all Forms of Discrimination Against Women; ILO Convention No. 100 concerning equal remuneration (1951); ILO Convention No. 111 concerning discrimination (employment and occupation) (1958); the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (1977); ILO Convention No. 190 concerning the elimination of violence and harassment in the world of work (2019); the Global Compact Principles; the OECD Guidelines.

11 <https://sdgs.un.org/goals/goal5#overview>

12 This could involve physical violence, as well as psychological violence and verbal, physical and sexual forms of harassment.

13 <https://www.amnesty.nl/encyclopedie/metoo-en-mensenrechten>

14 https://www.ilo.org/ankara/media-centre/statements-and-speeches/WCMS_712050/lang--en/index.htm

Women also run a higher risk of living in poverty, are unemployed more often or perform unpaid work. When doing paid work, women globally earn 24¹⁵ percent less than men. In developing countries, women often work in the informal sector. As a result, they are less likely to receive a contract or social protection.¹⁶

To break the glass ceiling, companies should offer women equal opportunities and take measures to help women advance to senior positions. For this purpose, several European countries – including Norway and recently the Netherlands – have set a quota for female supervisory board members at listed companies. Studies have revealed that this approach produces positive effects,¹⁷ in particular the immediate and short-term effect of increased diversity. In addition to goals to increase gender equality on boards, companies should also apply gender objectives for management/senior management positions.

Child labour¹⁸

The ILO speaks of child labour where children under the age of 12 perform work, where children aged 12 to 14 perform hard work and where children under the age of 18 perform hazardous work. Children under the age of 18 should never be permitted to perform work that is considered one of the worst forms of child labour: work as a slave, work as a child soldier after forced recruitment, and work in prostitution and the adult entertainment industry. The worst forms of child labour also include using children for illicit activities and other practices that harm children, as is described in the ILO Worst Forms of Child Labour Convention.¹⁹

Forced labour²⁰

We exclusively invest in companies that combat every form of forced labour in both their own business operations and their value chains. Forced labour is work that is performed involuntarily, under threat of punishment. At companies, this primarily involves compulsory overtime, human trafficking, debt bondage and bonded labour.

Involuntary overtime exists where a company locks up an employee in the workplace or threatens to withhold wages, to use physical violence or to dismiss the employee if the employee refuses to work the overtime required.²¹

Millions of workers migrate in search of decent work and better livelihoods. This is where job placement agencies come in. The ILO is concerned about the growing role of these intermediaries, which act outside the legal and regulatory framework and prey on low-skilled workers. Misconduct listed by the ILO includes taking passports, illegal wage deductions and debt bondage (i.e. reimbursement of recruitment costs). The ILO has launched the Fair Recruitment Initiative to prevent this type of human trafficking and forced labour.²²

15 https://www.weforum.org/reports/global-gender-gap-report-2023/?gclid=EA1aIQobChM1J3C5fWzgQMVQeRRCh3v-wv8EAMY-ASAAEgl-D_BwE

16 <https://www.oxfam.org/en/why-majority-worlds-poor-are-women>

17 <https://www.gendereconomy.org/the-debate-about-quotas/>

18 ILO Convention No. 138 and ILO Recommendation 146 concerning the minimum age of fifteen (1973); ILO Convention No. 182 and ILO Recommendation No. 190 concerning the worst forms of child labour; the UN Convention on the Rights of the Child (1989); the UN Global Compact (Principle 5); GRI (performance indicator: HR6); the OECD Guidelines (Guideline V.1.c).

19 ILO Convention No. 182 concerning the worst forms of child labour (1999).

20 ILO Convention No. 105 concerning the abolition of forced labour (1957) and ILO Convention No. 29 concerning forced labour (1930). This section is also based on the UDHR (Article 4); the International Covenant on Civil and Political Rights (Article 8); the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (1990); the UN Global Compact (Principle 4); GRI (performance indicator: HR7); the OECD Guidelines (Guideline V.1.d).

21 We also distinguish other forms of forced labour. For example, withholding documents, such as an identity card or passport, is a way to retain migrant workers in particular and this is not permitted. A company must be extra vigilant when it hires flexible workers through intermediaries such as employment agencies.

22 <https://www.ilo.org/global/topics/fair-recruitment/lang--en/index.htm>

Freedom of association²³

Freedom of association is a fundamental right for employees that is laid down in national and international laws and rules. Freedom of association also covers employees' right to organise in trade unions and to form them, and the right to collectively negotiate employment conditions. In many countries, freedom of association is not guaranteed.

As freedom of association and the right to free bargaining are fundamental in nature, we expect companies to be guided by the internationally widely supported labour standards laid down in the ILO Conventions when drafting their social policies.

The following violations of trade union rights are common:

- protection contracts and protection unions, i.e. contracts and trade unions selected by the employer rather than the employees themselves;²⁴
- State-controlled trade unions, such as those in China;
- exclusion clauses that prevent companies from employing people who are not members of the relevant trade union;
- an employer favours one trade union to the detriment of another;
- employees have no access to information about trade union registration or to collective bargaining agreements;
- anti-trade union discrimination that exposes employees to harassment and threats;
- circulation of blacklists of employees who are active trade union members.

The fundamental labour rights of trade union staff are the most vulnerable in medium-risk and high-risk countries, where very serious violations occur that include the following:

- murder of trade union staff;
- trade union members are imprisoned and their demonstrations broken up; they are tortured by security troops or others and are often sentenced to many years in prison;
- employees are dismissed for attempting to form a trade union;
- trade unions are prohibited from actively informing company employees of trade union activities or from calling meetings.

If companies themselves are active in countries where trade union rights are not safeguarded or they are active there through their value chains, we expect them to take concrete steps to establish a representative employee representation body to ensure that the voice of employees is heard. We expect companies not to restrict employees' rights but to allow them to exercise these rights.

The fundamental labour rights of trade union staff are the most vulnerable in medium-risk and high-risk countries. Nevertheless, some countries we regard as low-risk countries have ratified only one or none of the relevant ILO Conventions, which carries a greater risk of trade union rights not being respected.²⁵

²³ Based on the UDHR (Article 23); the International Covenant on Civil and Political Rights (Article 22); ILO Convention No. 87 concerning freedom of association and protection of the right to organise and ILO Convention No. 98 concerning the right to organise and collective bargaining; the UN Global Compact (Principle 3); GRI (performance indicator: HR5); the OECD Guidelines (Guideline V.1.a&b).

²⁴ In Mexico, for example, many companies have set up protection unions, which are unions on paper that do not represent the employees and are fully controlled by the company itself. (Source: FNV Mondiaal)

²⁵ A case in point is the United States, where violations of trade union rights abound. The ILO website lists the most recent ratifications of the Conventions: <https://www.ilo.org/dyn/normlex/en/f?p=1000>

Healthy and safe working conditions²⁶

Seeking to create healthy and safe working conditions, companies take all measures and precautions needed to protect employees (including those employed on a flexible basis) from work-related risks and foreseeable workplace hazards, such as protection against exposure to toxic substances and radiation, protective clothing, training in how to use dangerous, heavy machinery, and an emergency plan for emergencies and accidents. This also includes a working conditions policy covering protective measures for people performing heavy physical work and facilities such as a clean toilet, clean drinking water and adequate ventilation. A company's activities and location determine what measures the company must take. Companies must take additional measures for vulnerable employees, such as work-disabled people and pregnant women who, for example, work with substances that adversely affect the unborn child.

A healthy and safe working environment also entails that companies protect employees from harassment, violence and threats of a physical, sexual or psychological nature in the workplace and that they tackle such conduct.

The number of hours that employees are required to work is also relevant. An excessive number of hours of work and insufficient rest negatively impact employees' physical and mental health. This means that companies are to apply and guarantee a maximum number of hours of work; in principle, this should be no more than 8 hours per day and 48 hours per week, and employees must not be required to work excessive overtime, as laid down in the first ILO Convention.²⁷

We only invest in companies that provide healthy and safe working conditions. This is laid down in our absolute criteria. As we would like to see companies go the extra mile in healthy and safe working conditions, we have also included a relative criterion: a living wage.

A living wage²⁸

Although many organisations apply their own definition of a living wage, these definitions are based on the same principle: a living wage is slightly more than the amount people need to meet their basic needs. Having considered the various definitions, we have arrived at the following definition: a living wage is a wage that is enough for a person and his or her average-sized family to get by. This wage allows the employee to meet the basic needs of food, clothing, housing, education and healthcare, plus an amount – of approximately ten percent of the wage – to pay unforeseen expenses and build up a buffer. The employee must earn this wage in a regular 48-hour working week. This is also in line with the definition of the Global Living Wage Coalition, which is widely recognised.²⁹

In many countries, the statutory minimum wage is below the level of a living wage. This results in many families being unable to meet their basic needs, which could lead to excessive overtime work and child labour. Our assessment of a company is positive if it offers its own employees a living wage and ensures that employees in its value chain are also able to receive a living wage.³⁰

26 Based on the right to health (Article 25 of the UDHR and Article 7 of the International Covenant on Economic, Social and Cultural Rights); ILO Convention No. 155 concerning occupational safety and health (1981); ILO Convention No. 120 concerning hygiene (1964) and a series of more specific ILO Conventions, including No. 115 (radiation protection), 119 (guarding of machinery), 127 (maximum weight); 136 (benzene), 139 (occupational cancer), 148 (working environment – air pollution, noise and vibration), 162 (asbestos), 167 (safety and health in construction), 170 (chemicals), 174 (prevention of major industrial accidents), 176 (safety and health in mines); GRI (performance indicators: LA6 to LA9); the OECD Guidelines (Guideline V.4.c).

27 https://normlex.ilo.org/dyn/nrmlx_en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C001

28 Based on the UDHR (Article 25); the International Covenant on Economic, Social and Cultural Rights (Article 7); ILO Convention No. 131 (minimum wage fixing) and ILO Convention No. 117 (social policy); the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (paragraph 34); the OECD Guidelines (Guideline V.4.b).

29 <https://globallivingwage.org/>

30 For this purpose, the company may contact local or international trade unions and non-governmental organisations such as the Global Living Wage Coalition (<https://www.globallivingwage.org/>) and, in Asia, the Asian Floor Wage Alliance (<https://asia.floorwage.org/>).

Corporate security³¹

We only invest in companies that have set up their security in a way that respects human rights. It is irrelevant in that regard whether the security is provided by the company's own personnel, companies hired from outside or local authorities. This includes all actions by the company's security staff, even if these actions are not covered by the term 'security', such as taking action against protesting local residents.

We expect companies to make clear arrangements with their corporate security staff to prevent violence and never to use excessive violence. We also expect them never to resort to violence or harassment to prevent or terminate demonstrations of the population, employees or trade unions.

Privacy and freedom of speech³²

We expect companies to treat employees' and customers' privacy with respect and to treat the information and personal data at their disposal with due care. We expect them to respect the freedom of speech of employees, customers and others. The right to free speech may be restricted in some cases, but only in order to protect the rights of others or if this is in the 'public interest': national security, public order and security, public health or common decency. Moreover, such restrictions are subject to strict requirements.³³ The same holds true for the right to privacy, which may be infringed in exceptional cases.³⁴ Even in these cases, we expect a company to carefully balance the breach of privacy or of freedom of speech against the purpose it should serve.³⁵ Where national and international laws differ, we expect the company to adhere to the standard that provides the best protection for the individual or group of people that are or may be affected.

In addition, we expect companies to refrain from actively cooperating in censorship (restricting access to information) by the government, especially in countries where censorship is common. We expect companies to be aware of these risks and to attempt to avoid them, preferably by means of additional policy in this area.

Local society and population³⁶

Companies can have a very large influence on the local society and population, which can be either positive or negative. In serious cases, their activities may lead to a deterioration in people's health or home situation or to an increase in poverty, for example because they purchase land, consume water, deposit or discharge waste and emit harmful gases. We refer to the Climate and Biodiversity Policy Papers to the extent that the influence that companies have on their surroundings affects the climate and biodiversity. This policy paper only discusses the effect that companies have on people.

Respect for the local society is about the impact that business activities have on the immediate surroundings of an establishment, as well as on locations elsewhere and on future activities. It also includes the use of, for example, local (indigenous) knowledge.

31 The UDHR (Article 3); the International Covenant on Economic, Social and Cultural Rights (Article 6 – the right to life, liberty and security of person); the UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials (1990); GRI (performance indicator: HR8); the Voluntary Principles on Security and Human Rights.

32 Based on the UDHR (Article 19) and the International Covenant on Civil and Political Rights (Article 19) for freedom of speech, and on the International Covenant on Civil and Political Rights (Article 17) for the right to privacy.

33 They must be provided for by law, serve a legitimate purpose, be necessary and be proportionate to the purpose.

34 The following conditions are often mentioned: 1) A legal basis must exist. 2) It must clearly serve the safety of the population as a whole. 3) Individuals must have maximum access to information collected by the government. 4) Information can only be made available to those who have a direct legal interest in it; as soon as they no longer have an interest in the information, it must be destroyed. 5) Individuals have the right to demand that the government disclose the grounds on which and the ways in which it has breached privacy (www.amnesty.nl).

35 This is not always an easy feat. If, for example, the government makes a request, a company must distinguish between legitimate requests (e.g., in the fight against terrorism, blocking images of child pornography) and illegitimate requests (e.g., for political purposes). Legitimate requests, too, may involve a conflict between individual rights and the public interest, or the company may have to balance the business interest (such as price-sensitive information) against the personal right to freedom of speech (the right to disclose certain information). In such cases, legitimate restrictions must be assessed against non-legitimate restrictions. For instance, the 'business interest' may not be misused to prevent employees from exposing misconduct.

36 Based on Article 17 of the UDHR on property rights and Article 25 of the UDHR on the standard of living (including the living environment); the UN Declaration on the Rights of Indigenous Peoples (2007); IFC Standard 5: Land Acquisition and Involuntary Resettlement (suggestions for the purchase of land and possible resettlement of the local population); ILO Convention No. 169 concerning indigenous and tribal peoples; GRI (performance indicator: HR9).

We expect companies to treat the local society and population with respect and not to exploit them. When purchasing land, for instance, companies must take care that the local population is not expelled from the land just like that. If people are expelled, this must be done while respecting the population in accordance with the aforementioned international standards.³⁷

That is why we respect the principle of free prior informed consent (FPIC). We expect the same from the companies and projects we invest in. FPIC means that indigenous peoples and local communities have a say in what happens with their land and that they can reject projects that are not in their best interest. In a context in which the rights and the living environment of indigenous and local communities are severely under pressure, it is of the utmost importance that we adhere to this principle when financing companies and projects in the agricultural sector, the mining sector and other sectors.

Companies can also make a positive contribution to the local society and population, for example by giving the population access to clean water or enabling the population to participate in HIV/AIDS programmes. It is important for the company to ensure that these facilities continue to exist if and when it discontinues its activities, as well as to consult with the local authorities and population about the need for these facilities and to collaborate with them in putting these facilities in place.

Data sources

We use various sources for our sustainability analyses and to prepare risk profiles. We cooperate with various data suppliers and use information from companies themselves and from civil society organisations such as non-governmental organisations (NGOs) and trade unions, and information that is available in a variety of media. The data suppliers provide information in a number of areas:

- ESG data, i.e. data on environmental performance and social and corporate governance data from a wide range of listed companies ('ESG' stands for 'environmental, social & governance');
- quantitative data on the environmental performance of companies, including emissions of pollutants caused by business activities. This enables us to better compare the environmental impact that companies have;
- analyses of media across the globe, in which data suppliers verify whether any misconduct has been found at companies.

HUMAN RIGHTS ISSUES IN GOVERNMENT BONDS

International human rights treaties require countries to protect and promote human rights. Specifically, this means that countries:

- themselves may not violate human rights;
- are to protect the human rights of all people within their territory or jurisdiction, while also being responsible for violations caused by non-State actors like companies;
- are to give all people within their territory and jurisdiction the opportunity to exercise their rights. Countries must also create conditions and take measures to facilitate this.³⁸

The UNGPs also include specific responsibilities for countries when it comes to company-related human rights violations, known as the 'duty to protect'. This duty entails that countries must provide for proper policy and effective rules to prevent human rights violations by companies. If such violations nevertheless occur, countries must ensure that victims can assert their rights.

By investing in government bonds, we invest in countries that lead the way in human rights. To select these countries, we identify their performance on the various aspects, such as child labour, freedom of association, forced labour, discrimination and income inequality. We also make an assessment of corruption and a wide range of environmental aspects in these countries. We can only invest in countries that meet our exclusion and sustainability criteria. The details of our approach are provided in Chapter 3 of our [Sustainability Criteria Guide](#). The countries we invest in are listed on [our website](#).

³⁷ Idem. And for indigenous peoples: Article 10 of the UN Declaration on the Rights of Indigenous Peoples on the principle of free prior informed consent. Indigenous peoples may not be forcibly removed from their lands or territories. No relocation may take place without the free, prior and informed consent of the indigenous people concerned, and it may only take place after agreement on just and fair compensation and, where possible, with the option of return.

³⁸ As regards the right to education, for instance, countries are to ensure that children can actually go to school. They must do so by guaranteeing affordable schools within a reasonable distance, with qualified teachers, where children are not excluded by reason of their gender, religion or cultural background.

HUMAN RIGHTS ISSUES IN OUR OWN BUSINESS OPERATIONS

Our human rights policy applies not only to our loans and investments, but also to de Volksbank's own business operations. The selection criteria described in the Sustainability Criteria Guide are also applied to de Volksbank's business operations. The Netherlands is considered a low-risk country. This means that de Volksbank – being a Dutch organisation with a Dutch customer base – falls within the 'standard assessment' category. We respect local laws and rules and avoid adverse human rights impacts. De Volksbank annually reports on this in its Annual Report, and we report to various national and international organisations. We also like to take it a step further. We distinguish the following focus areas here:

- customers, including the use of algorithms;
- employees;
- suppliers.

Customers

As our customers and our sustainability mission are the reasons why we exist, we greatly value customers' opinions. We want to make it easy for them to contact us and we aim to be as transparent as possible. We believe customer satisfaction is an important indicator of the quality of our services and we issue regular surveys in this respect. Apart from the legal customer acceptance requirements, we do not burden our customers with unnecessary restrictions or conditions (non-discrimination). When designing our products, we ensure that they are clear and understandable. We put customers' interests first and only offer products that match a particular customer's situation. We have a clear complaints procedure in place, which can be found on our website.

We protect and respect our customers' privacy. We point out to employees that they are part of the human firewall and we train them to protect customer data. Our suppliers must meet our privacy and security requirements. To improve data security we annually carry out several security tests, such as pen testing and red teaming, on various components of our infrastructure. With the help of ethical hackers, we put both technology and people to the test. We are transparent about the way in which we process personal data, as is explained in the Privacy Statement on our website. It is important to us that our customers remain in control of their own data and that their privacy is guaranteed: 'your data, you decide'.

Algorithms

Just like many other organisations, we use algorithms: a set of instructions applied to a certain amount of data in order to get an answer to a question or solve a problem. This produces new information that can be used for numerous purposes, including fully or partly automated decision-making. Algorithms have benefits, but also carry risks. Algorithms allow people to be treated on the basis of prejudice, which creates the risk of discrimination.

We have designed our governance in such a way as to specifically assess the ethical aspects of the algorithms we use and develop. We have set up an Ethics Office that monitors the activities of first-line developers and prepares ethical advice for applications entering the pilot phase. The Ethics Committee affirms the ethical advice. The ethical advice lays down the ethical risks we have identified and documents how we make specific value considerations to mitigate or accept these risks, which gives us control over the ethical aspects of our data science applications.

Employees

Our [Collective Labour Agreement](#) offers good pay and fringe benefits that comply with the market standard. We have a Works Council that represents employees. An employee satisfaction survey is conducted every year. We foster our staff's commitment to the issue of human rights by means of training courses, for example.

Setting great store by people feeling that they can be themselves at our bank, we focus on diversity and inclusion. More information is available on [our website](#). We also pay a lot of attention to our employees' behaviour. All our employees are required to commit themselves to our Code of Conduct.

Suppliers

Our supplier policy meets our criteria. This means that the departments can have their suppliers sign a supplier's declaration without an assessment by the SEC. In the event of doubt, the department can ask the SEC for a recommendation and the SEC will then perform a supplier assessment.

The SEC analyses which product groups will be invested in and what key risks are associated with these product groups. We then ask our suppliers how they will deal with these risks.

SETTING PRIORITIES

As it is not possible to address all actual or potential adverse impacts identified at the same time, the international guidelines give the option to set priorities. Priorities are determined by considering the 'severity'³⁹ and 'probability' of actual or potential adverse impacts. We use internal and external expertise and stakeholders in the analysis that forms the basis for setting priorities. We focus on the most serious actual or potential adverse impacts that have been identified.

Following the selection of investments and loans based on our sustainable selection criteria, this selection includes investments with a substantial adverse impact and investments with a small adverse impact. We establish which investments have the largest adverse impact with a greater probability and greater severity, which allows us to enforce improvements by actions such as engagement with the relevant companies.

³⁹ The severity of an actual or potential adverse impact is determined by its scale, scope and degree of irreversibility.

4. Step 3: ceasing, preventing or mitigating adverse impacts

As described above, we aim to invest only in companies that respect human rights and assume their responsibility in this regard. It goes without saying that this does not guarantee that misconduct will never take place. If misconduct were to occur, we will obviously take our responsibility.

If and when we discover an actual or potential adverse impact, we will first of all establish our involvement in order to determine the extent of our responsibility and the appropriate response. The international guidelines provide that there are three possible ways in which we can be involved in actual or potential adverse impacts.⁴⁰ The responsibility and appropriate response arising from them are represented in the diagram below.

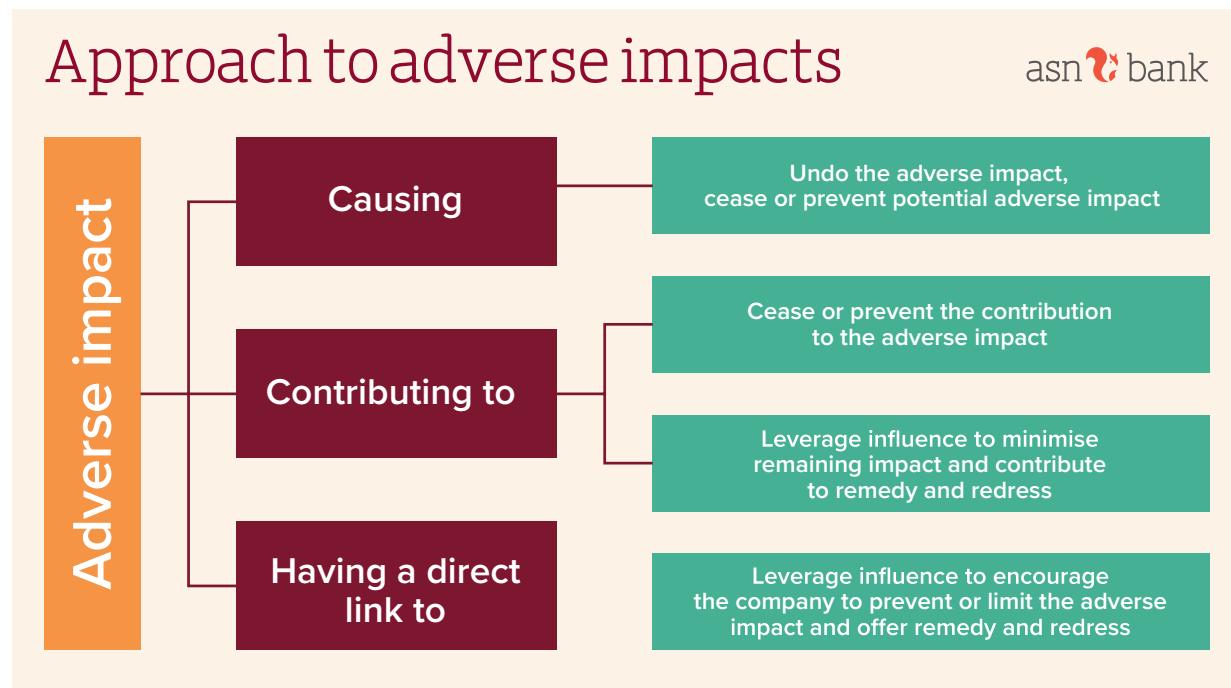


Diagram of involvement and corresponding responsibility

Our core activities pertain to financing mortgages and projects, investing in countries through government bonds and investing in companies through loans, shares and bonds. We also consider human rights in our own business operations, including with respect to our own employees, customers and suppliers.

In practice, it is possible that we have a direct link to actual or potential adverse impacts as a result. This link to the supply chain goes beyond the immediate recipient of the funds. We also have a direct link if this recipient has a direct link to actual or potential misconduct.

Where we have a direct link to an actual or potential adverse impact by a company through a loan, share or bond, we use our leverage to prevent the potential adverse impact. If an adverse impact has occurred, we use our leverage to encourage the company to assume its responsibility as described in the diagram. If the company has caused or contributed to the adverse impact, we use our leverage to get the company to provide for or cooperate in remedy and redress for victims. If the company has a direct link to the adverse impact, we ask the company to play a role in achieving remedy and redress.

⁴⁰ The UN High Commissioner for Human Rights has explained the application of the UNGPs in the banking sector: <https://www.ohchr.org/sites/default/files/Documents/Issues/Business/InterpretationGuidingPrinciples.pdf>

Our main instrument here is engagement. Chapter 4.1.4 of our Sustainability Guide describes step by step how we conduct this engagement. If no improvements are made, we may decide to stop investing in a company as a last resort. Before doing so, we assess the potentially negative effects this will have on human rights.

As regards investments, the ASN Investment Funds are able to exert influence on companies by voting at their shareholders' meetings. The voting guidelines for human rights have been laid down in our [voting policy](#).

A LIVING WAGE IN THE GARMENT INDUSTRY

Many production workers in the garment industry do not receive a living wage. As this is one of the risks we want to address with priority, we take it one step further here. Being an individual organisation, our influence is limited. To increase this influence, ASN Bank has co-initiated the Platform Living Wage Financials, in which it works together with other investors. The garment companies in which the platform participants invest are annually assessed to determine the progress they are making with a living wage in their production chains. Engagement takes place on the basis of this assessment.

On a global scale, the number of garment companies that we can influence through this platform is still limited. That is why, in 2022, ASN Bank also launched a European citizens' initiative, which led to the submission of a legislative proposal to the European Commission. The proposal entails that companies will be required to implement the steps needed for a living wage. This should help achieve the scale needed to ensure that production workers receive a living wage.

DRIVING CHANGE

Assuming our responsibility in the broadest sense, we are driving sustainable progress by setting an example for society and for the financial sector in particular. To promote respect for human rights, we take actions such as the following:

- We take positions – always after careful consideration – in discussions on human rights, for example in opinion pieces or during meetings.
- We mobilise people and involve them in our human rights activities, for example through our partnering NGOs, through VanafHier, the online platform for sustainable go-getters, and through the European citizens' initiative aimed at legislation that ensures a living wage.
- We actively lobby the government for relevant legislation, including through our participation in the [Initiative for Sustainable and Responsible Business Conduct](#).
- We signed the [International RBC Agreement for the Renewable Energy Sector](#) in 2023 and aim for as many parties as possible to join this initiative. Together, we can explore the best ways to face the challenges in the value chains of this sector.
- We have a partnership with Amnesty International, which teaches young people about human rights by organising masterclasses.
- Our partnership with Fair Wear Foundation helps improve working conditions in the textile industry.

5. Step 4: monitoring

To measure is to know. We want to validate whether our efforts tackle the actual or potential adverse impacts that have been identified and whether they have a positive impact on improved compliance with human rights. The aim here is to make a positive difference in the lives of rights holders.

For our own employees, for example, we periodically measure the pay difference between men and women and we survey whether people feel they can be themselves. An annual employee survey is conducted that has four core themes: genuine attention, engagement, commitment and employer practices.

Close to home, in our own business operations, it is easier to secure human rights than in our roles as investor and financier. This holds especially true for rights holders far down an international value chain, such as production workers in factories or miners. If a company we have approved is involved in an actual or potential adverse impact, we are informed of this through our data sources. We will then initiate a review based on our criteria.

Although we draw on several data sources (see step 2), concrete information about our impact on human rights further down the supply chains we fund is – unfortunately – still limited. The main problem is that the information that is available is mostly provided by companies themselves. The emphasis of our assessment is on policy papers the company itself has drafted rather than on their implementation and actual practice.

In the future, we want to be able to gain a better understanding of our impact on rights holders, for instance by not only assessing companies' policies but also developing criteria for the implementation of those policies. We also intend to include more information from the local contexts of rights holders in our analyses.

KPI FOR A LIVING WAGE IN GARMENT COMPANIES

As it is currently impossible to measure the impact that our efforts towards a living wage have on production workers in the garment factories where we conduct engagement, we have phrased a different type of KPI for this. We annually measure progress on this KPI and report on this:

By 2030, the garment companies in our investment universe are to have implemented all processes needed to enable a living wage for employees in their supply chains.

6. Step 5: communicating how impacts will be dealt with

As we want to be as transparent as possible to the outside world, we communicate in an accessible way about our efforts to tackle actual or potential adverse impacts. In doing so, we apply a frequency that allows others to assess our approach, while also considering parties that have been or may have been prejudiced. We report on this issue in our [various reports](#).

Every quarter, we [report](#) on the engagement that ASN Impact Investors has conducted with the companies in the ASN Investment Funds universe in response to such issues as actual or alleged misconduct, and on voting at shareholders' meetings. Every year, we also [report](#) on the progress that the garment companies in our investment universe have made towards a living wage in their production chains.

Moreover, we regularly respond to questions we receive from our customers, the media and others.

7. Step 6: remedy and redress

possible and for rights holders to receive compensation in the right way. Should we have caused an adverse impact, contributed to it or be directly linked to it, we will provide for or contribute to remediation in line with the international guidelines.

We have easily accessible mechanisms in place for any misconduct we cause ourselves. For instance, we have set up a designated complaints desk where staff can file complaints about such matters as inappropriate behaviour or workplace disputes. Our customers can always contact the customer service desks of the various bank brands where they bank.

For our external stakeholders, we have a complaints procedure in place specifically for our sustainability activities and how we put corporate social responsibility into practice. More information can be found on [our website](#).

It is important for our national and international value chains to have an accessible, effective mechanism for resolving disputes at the operational level. This mechanism should be easily accessible for rights holders and meet the conditions imposed by the international guidelines. That is why it is part of our analysis of and engagement with companies. We obligingly cooperate in complaints and/or remediation mechanisms such as the National Contact Point arising from the OECD Guidelines.

Many developments are still ongoing as regards properly dealing with rights holders' complaints. We closely monitor these developments and discuss them with other banks and other parties.