

Human rights policy BNG Bank

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Introduction

Our approach to sustainability is based on the people-planet-profit principles set out in the 1987 Brundtland report entitled 'Our Common Future'. BNG Bank considers an activity sustainable if it contributes to a positive long-term total impact in the ecological, socio-cultural and economic domains. The 'people' aspect is therefore vital to our sustainability policy, which means, in concrete terms, that respect for human rights must strongly factor in the decision-making process for all issues, from credit provision, liquidity management and funding to business operations, human resources policy and procurement policy. By signing the Internal Corporate Social Responsibility (IMVO) agreement, which was agreed by the Dutch banking sector, BNG Bank has satisfied the requirement to document how the bank incorporates this factor into its activities.

Policy principles

The essential principles for the human rights policy are documented in the UN Guiding Principles on Business and Human Rights (UNGPR) and the OECD Guidelines for Multinational Enterprises, among other sources. These principles oblige nations to respect, protect and guarantee human rights and basic freedoms. All organisations must comply with all applicable legislation and ensure that human rights are respected. The principles also stipulate that effective complaints procedures and compensation procedures must be in place to deal with any violations of these principles.

BNG Bank and human rights

Respect for human rights is a fundamental principle in both our day-to-day business operations and the financing we provide. BNG Bank's field of operation is laid down in accordance with the articles of association and our direct lending activities are restricted to the Dutch public sector. Within the scope of our liquidity management and balance sheet management activities, the bank purchases a limited number of publicly tradable securities, mainly in the form of loans to states and supranational institutions. BNG Bank predominantly procures its funding via public offerings on the international financial markets, while a limited share is acquired through private placements. BNG Bank has one office in the Netherlands. All of the aforementioned characteristics are decisive factors in our human rights policy. BNG Bank is not active in countries or within companies or bodies that the United Nations have declared to be subject to sanctions. Whenever relevant, assessment of human rights aspects (identification, prevention, mitigation, accountability and remediation measures) has been incorporated into our Customer Due Diligence policy.

Lending

The scope of our field of operation is defined in Article 2 of our articles of association.

BNG Bank's customer base consists of Dutch government bodies or institutions as well as businesses with a strong government involvement and these business relations operate in service of society as a whole. The government's activities are subject to strong democratic control and the bank considers the risk of serious violations of human rights by these customers to be negligible. The bank does not provide direct funding to 'High Risk Countries' without guarantees by the Dutch State.

Although the customer base and the bank's geographic field of operation is largely restricted to customers and projects operating in service of society, the possibility of risks relating to human rights does exist. The IMVO agreement and the OECD guidelines oblige all signatory banks to establish a procedure to identify, prevent or mitigate all possible and existing negative impact on human rights caused by their activities. They must also clearly communicate how these negative impacts have been managed. BNG Bank has implemented requirements relating to human rights into our regular Customer Due Diligence policy. Customers to whom we provide project funding are obliged to set up or participate in a complaints mechanism. This gives victims of human rights violations a platform to bring their plight to the attention of these customers. The customers must provide sufficient information to enable the bank to assess any applicable social risks. In the event of any existing social risks, the results of the obligatory stakeholder dialogue that the customer must hold with the party or parties affected by the project must be taken into account. Furthermore, the bank has developed a methodology that clearly identifies the most salient human rights risks that could play out in certain segments and determines how these risks will be managed. The results will be taken into account during the formulation of the financing agreements with the customers. This methodology will be updated on an annual basis.

The bank expects its customers to comply with the laws and regulations applicable to them and to be able to show proof of such compliance on request. The same also applies to the business partners that they work with in order to carry out their own activities (chain responsibility).

BNG Bank has excluded a number of activities and business practices from direct lending. These activities and practices are laid down in our sustainability policy. For example, we do not provide loans to businesses or institutions that are demonstrably involved in violations of human rights standards, discrimination based on gender, age, sexual orientation or origin, recurrent violations of labour legislation and workers' rights, child labour, forced labour, corruption, fraud, recurrent violations of environmental laws and regulations and international laws and conventions. If we identify violations of this nature by existing customers, we give them an opportunity to remedy the situation. In the event of a recurrence, we will end the relationship with the customer concerned. In addition to these basic principles, a number of sectors have been designated to which the bank does not provide services. These sectors are also laid down in our sustainability policy.

The bank expects its customers to uphold policy that establishes sound human rights principles with regard to the operations of their business relations. The bank applies the Equator Principles as a basis for monitoring and accountability for project financing.

Liquidity management

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For the purposes of compliance with European legislation, BNG Bank maintains a portfolio of highly liquid securities. The majority of these securities are loans from national governments with a high credit rating (EU member states, Switzerland, the US, Canada and Australia), as well as the supranational institutions within the EU. We also hold a limited number of negotiable RMBSs and covered bonds. There is no direct contact between the issuers of the securities and the bank.

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Funding

BNG Bank predominantly procures its funding via public offerings on the international financial markets. Funding is procured from reputable institutions (investment banks) that are under the supervision of local regulators. These institutions assess their clients – the investors in BNG bank bonds – using their own Know Your Customer and CDD policies. All institutions, paying agents and brokers are subject to the bank's CDD policy. BNG bank bonds are publicly tradeable bearer securities. There is no direct contact between the bank and the purchasers of the securities. The bank has no influence over the ownership of securities and has no knowledge of current bondholders.

A limited share of the required funding is acquired through private placements. Here, too, there is no direct contact between the bank and the investor. The same procedure as for public offerings applies to the Know Your Customer process and the assessment under the CDD policy. Investors with whom direct transactions are agreed in the form of private borrowings or deposits are subject to the bank's CDD policy. This constitutes a small proportion of the bank's funding needs.

In addition to excluding parties on the grounds of UN sanctions, the bank will, in line with its CDD policy, review any human rights risks involved in proposed activities in the context of funding or transactions with financial counterparties. The decision will subsequently be made based on this review.

Human resources policy

BNG Bank is an organisation that operates with a small workforce. It has one branch, which is established in The Hague. The bank complies with Dutch laws and regulations in relation to employee rights and working conditions, regardless of religion, gender, origin, sexual orientation or nationality. The bank's policy sets out how it intends to ensure everyone is offered equal opportunities.

Suppliers

BNG Bank uses a limited number of suppliers. Relatively large suppliers are required to meet sustainability performance standards, either through external certification (ISO or EMAS) or through an assessment. At regular intervals, we discuss with suppliers their commitments to sustainable behaviour. This is laid down in the bank's procurement policy. Wherever possible, the bank provides opportunities to employ people who would not normally have access to the regular labour market.