

# NIBC UN GLOBAL COMPACT COMMUNICATION ON PROGRESS

February 2020

UNGC Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights

NIBC is committed to supporting and respecting human rights in all of NIBC’s business practices.

In our 2019 Annual Report, we reported on the human rights aspects of our business, including our risk governance, our business strategy, potential salient adverse human rights risks in our business value chain and how we work to mitigate these risks.

A section on human rights aligned to the UNGP Reporting Framework is included in our Sustainability Report. We also publish a Modern Slavery Statement on our corporate website in accordance with UK regulations.

Our Human Rights policy is guided by the UN Guiding Principles on Business and Human Rights, the UN Declaration on Human Rights, and core ILO Conventions among others. During 2019, NIBC revised our Human Rights policy. One change was that we stated our expectation that companies should cooperate with the lawful activities of human rights defenders. Threats, intimidation and violence towards human rights defenders have been increasing in recent years. These threats are unacceptable and should be deterred.



We also reviewed and updated all of our sustainability policies including our sector-specific sustainability policies, addressing additional human rights aspects in these updates. Our policy updates are informed by our regular and ongoing consultation with stakeholders. Policy updates are approved by NIBC’s Risk Management Committee (RMC), chaired by our Chief Risk Officer who is a member of our Managing Board. Decisioning authority may also be delegated to a subcommittee of our RMC.

In our 2019 Sustainability Report, we will publish a Human Rights section which addresses the main requirements of the UNGP Reporting Framework, further building on our efforts from 2018. Our hope is that this sets a practical example of a UNGP RF report for other mid-sized businesses and helps to make

UNGP RF reporting more approachable for more companies. We are committed to continue to share our lessons learned and to learn from others as we move forward.



NIBC is a signatory of the International Responsible Business Conduct (IRBC) agreement for the Dutch banking sector, an initiative which aims to address salient human rights issues and promote better practices. One outcome is that the IRBC working groups have publicly shared their discussion papers and value chain studies. NIBC hopes that the knowledge and best practices that have been shared will help to inform and contribute to improved human rights related to their business practices.

### UNGC Principle 2. make sure that they are not complicit in human rights abuses.

NIBC recognizes our responsibility to help ensure fair business practices in our overall value chain and direct and indirect supply chain.

NIBC assesses human rights risks as part of its due diligence and monitoring for corporate transactions and suppliers. We offer a complaints and grievance process which is publicly available in the event that incidents occur. These processes are described in our Annual Report and in our Sustainability Report.

During 2019, we engaged and raised awareness in regard to potential adverse human rights risks with diverse stakeholders such as clients, peer banks, civil society organisations, unions, national authorities, and investors. We invited civil society organisations to view and provide feedback on our own human rights due diligence, assessment processes and tools which we are developing to enhance our human rights due diligence. This regular engagement helps us to continue to refine our approach.



An area that is currently difficult to comprehensively assess in terms of human rights is lower levels of corporate supply chains, for instance beyond the tier one level. This is particularly challenging for mid-sized and smaller corporates since they simply do not have the same resources as larger multinationals nor the same influence over their suppliers. We are continuing to work together with stakeholders to overcome these challenges.



NIBC also took additional steps, developing new experimental tools in our Innovation Lab to see if we can utilize new technologies to further improve upon existing practices and address shortcomings. The early results are promising. Areas for further refinement have been identified. We hope to report on results from these steps in future COPs and our other public reporting.

### UNGC Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

NIBC is committed to respecting labor rights in all of its activities and to support our stakeholders in realizing their labor rights obligations. The right to collective bargaining is recognised and supported by NIBC within our Human Rights policy. We are guided in our approach by the core ILO conventions as well as other international and national guidelines. Sound labor relations and constructive social dialogue are simply good common sense.

In our own operations, our employees are represented in negotiations with management by our Works Council (NIBC's employee representative body) as described in our Annual Report. Our own Works Council met with NIBC's Executive Committee during 2019 and negotiated a new collective bargaining agreement. CSR aspects were discussed with representatives of our Works Council during 2019. Employability and skill

development of our employees is their priority focus in recent years. These aspects are reported on in NIBC’s Annual Report and Sustainability Report.

During 2019, NIBC also met with representatives of international and local trade unions and discussed freedom of association of unions, the right of collective bargaining, other human rights concerns of their members and how we could help to influence companies for better outcomes.



An example is that we discussed with unions representing workers at ship dismantling yards in India and Bangladesh the current working conditions in these facilities and their priority areas in terms of human rights for workers.



An outcome was that NIBC used these insights when meeting with facility inspectors, encouraging them to engage in more dialogue, to influence improvements in terms of access to and quality of local medical facilities, and to encourage full access to these areas for human rights defenders.

These human rights and labor challenges are urgent. Although NIBC does not finance ship dismantling facilities, we will continue to use leverage where we can at other points in the value chain to influence better outcomes for workers and the environment.

**UNGC Principle 4. the elimination of all forms of forced and compulsory labor;**

Authorities have found instances of modern slavery in the Netherlands, UK and Germany in recent years. This means that the risk of forced and compulsory labor exists within the main markets where NIBC and its corporate clients are operating. The risk of modern slavery is prevalent in global supply chains. Therefore NIBC has adopted a strong policy approach to mitigate and preferably fully eliminate all forms of forced and compulsory labor in our activities.



In our policies, we recognise our responsibility to support and respect human rights under the UN Guiding Principles for Business and Human Rights and OECD Guidelines for Multinationals. This includes the responsibility to avoid and eliminate all forms of forced and compulsory labor.



NIBC’s risk management processes include due diligence which aims to ensure forced and compulsory labor and child labor are not present in our value chain.

We have a regular dialogue on labor issues with clients, unions and civil society organisations and authorities to discuss progress. These discussions help to ensure we are alert to any new areas of concern, including the specific risks that women, children, migrant workers or other groups may face. We also share knowledge with clients, peers, authorities and other stakeholder groups.

NIBC publishes a Modern Slavery Statement in line with requirements of the 2015 UK Modern Slavery Act, section 54. While no specific incidents of modern slavery were found or reported in our disclosures for 2019, we remain alert to the risk of forced and compulsory labor.

**UNGC Principle 5. the effective abolition of child labor**



NIBC aims to ensure child labor is effectively abolished. We recognise that women, children, migrant workers and other groups face different risks from different sources. Child labor may also be an outcome of other conditions or other human rights violations.



These aspects are addressed in our business risk management practices, human rights due diligence and assessment processes, employee training, and engagement with diverse

stakeholders. We are guided in our practices by conventions such as the UNICEF Convention on the Rights of the Child and UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) which are mentioned in our policies.



Through our charitable contributions and activities and initiatives such as the NIBC NGO Boulevard, we aim to further boost children’s rights, education and develop opportunities for future generations. During 2019, NIBC hosted the launch of the Netherlands Alliance against Child Poverty together with Missing Chapter, one of the civil society organisations operating from the NIBC NGO Boulevard. At the launch our CFO spoke about the human rights risks faced by young people in the Netherlands and further abroad. The goal of the initiative is to abolish child poverty in the Netherlands by 2030.

**UNGC Principle 6: the elimination of discrimination in respect of employment and occupation.**

Human capital is integral to NIBC’s ability to attract and retain a workforce that will help us to grow, innovate and responsibly deliver financial services to our clients.



NIBC supports equality and is devoted to creating a stimulating work environment for people from all backgrounds. We have zero-tolerance for discrimination (by gender, age, religion, ethnic origin, or nationality) in respect of employment and occupation.



NIBC recognises the sustainability benefits of having a highly diverse workforce, and therefore continue to take steps to increase diversity across the company, during recruitment and promote processes by considering candidates irrespective of gender, age, religion, ethnic origin, or nationality.

Improved diversity is an opportunity for NIBC and its corporate clients. During 2019, NIBC discussed diversity with certain corporate clients with a goal of influencing increased senior management opportunities for women.



NIBC publishes figures in regard to the diversity of its workforce in our Annual Report. We report additional details in our Sustainability Report. In our 2018 Annual Report, we reported that the steps that we had taken in terms of improving gender diversity within our organization had fallen short of our targets. Recognising this, NIBC took additional steps to stimulate change during 2019.

We had taken steps a number of years ago already to ensure gender pay equity and we report on this aspect in our Sustainability Report. An outcome is that fairness has been consistent over the past few years. People are paid equally for equal work and experience. NIBC’s Diversity Committee meets regularly with members of our Executive Committee to discuss our progress on improving diversity and to identify and propose additional steps to take.



NIBC offers several communications channels to ensure they have the ability to raise their concerns if and when needed. For example, Trusted Representatives are available to support and guide employees and confidentially discuss situations. Other possibilities are mentioned in our Code of Conduct guidance, Whistleblowing procedures, and during introductions for new employees. We also participate in external grievance processes when asked.

## UNGC Principle 7. Businesses should support a precautionary approach to environmental challenges

NIBC applies the precautionary principle through its risk management and compliance approach in regard to potential environmental and human rights risks. Our sustainability framework and related policies govern our approach toward environmental and human rights concerns.

Environmental aspects are considered in our policies, client and supplier assessments and risk management process. This helps to ensure well informed decision-making and that our financings do not harm society or the environment.



For example, in our environmental policy we mention that we aim to avoid investments in or near marine conservation zones or which may adversely impact other high conservation value areas.



Climate risk, loss of biodiversity, extreme weather, increased water scarcity and other potential environmental risks are likely to create challenges for NIBC's corporate and retail customers. NIBC is working with our customers to support their climate adaption strategies, increase energy efficiency, and mitigate any material environmental risks.



Environmental challenges are also opportunities. NIBC aims to help increase resilience to climate change where we can and support climate adaptation strategies of our commercial and retail clients. For example we have developed innovative mortgages which include energy efficiency assessments and upgrades. Our efforts help to make the solutions approachable and affordable. By supporting these improvements, we also are contributing indirectly to improved resilience to climate hazards such as economic growth and ecosystem degradation.



## UNGC Principle 8: undertake initiatives to promote greater environmental responsibility

NIBC employees receive training on environmental & social risks, developments and NIBC's sustainability framework.

During 2018, NIBC extended its carbon offset program through 2020. This will ensure that NIBC is carbon neutral in its own direct operations in support of international commitments under the Paris COP21 climate agreement.



We manage our direct impact on the environment through an environmental sustainability programme. This includes measures such as reducing our carbon footprint, reducing our water footprint, reducing waste, using responsibly sourced paper, and further increasing energy efficiency. Our approach has resulted in a significant decrease in Scope 1 & 2 emissions (related to our direct operations) since 2010. At the same time, we recognise that there is much more progress that we need to be make, both to ensure our full footprint is addressed and get to net zero emissions.



An example related to our financings is that NIBC has taken steps with peer banks and clients to develop the Responsible Ship Recycling Standards (RSRS) Initiative which aims to improve sustainability practices in the shipping value chain. Since 2014, all of NIBC's new financings of ships have adhered to RSRS. This should result in long term contributions to SDG12 and SDG14, since pollution into local waters should be at least significantly reduced and preferably fully eliminated. It also should lead to a safe working environment, professional training, and improved conditions for workers in shipyards and dismantling facilities.



## UNGC Principle 9: encourage the development and diffusion of environmentally friendly technologies



The development and diffusion of environmentally-friendly technologies is supported by NIBC in our financings and investments as well as in our own operations. We recognise the importance of our role in helping to facilitate and finance the transition to a resource efficient, net-zero carbon economy. Our aim is to reduce susceptibility to negative effects of climate change and to increase the resilience of communities that we serve.



NIBC provides financing in the form of loans and investments to support renewable energy. We promote energy efficiency in commercial real estate and support sustainable and responsible food production in our Food and Agriculture financings and investments. We also provide consumer mortgages which include the possibility of renovations which improve energy efficiency.



We support clients in other sectors through our financings to improve their environmental footprint, protect biodiversity and transition toward a circular economy and more sustainable ways of doing business.

In our own operations, we continue to make investments in our offices to improve energy efficiency and minimize any negative environmental impacts. LED lighting, energy-star certified equipment, and improved insulation are among the improvements made at our headquarters in the Hague and in other locations.

## UNGC Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery



NIBC continues to work against corruption in all its forms. We do not accept nor tolerate any instance of bribery, corruption or fraud.

NIBC supports the UNGC Call to Action regarding Anti-Corruption and was represented in recent years in the UNGC Anti-Corruption Working Group.

We are guided in the way we do business and interact with our clients by our Code of Conduct, Anti-Fraud, Bribery & Corruption policy (published internally), Business Principles, Risk Control Framework and Sustainability policies. Issues such as extortion and bribery are seen as an operational risk and monitored within our risk control framework.



During 2019, NIBC all staff received refresher trainings regarding anti-corruption, anti bribery, and anti-money laundering to increase awareness.. Compliance & integrity training is obligatory for all new employees when they join NIBC. We also updated our Whistleblower policy to adopt the latest best practices.

## Where to discover more about NIBC's approach

In addition to this Communication on Progress, NIBC publishes many additional disclosures on topics relevant to our commitment to the principles of the UN Global Compact. Among others, these include:

### Disclosures

- [2019 NIBC Annual Report](#)
- [NIBC GRI Content Index](#)
- [NIBC Sustainability Report](#)
- [Purpose and Values](#)
- [Corporate Governance](#)

- [Sustainability](#)
- [Bankers Oath](#)

#### Policies

- [NIBC Sustainability Policy](#)
- [NIBC Human Rights Policy Supplement](#)
- [NIBC Modern Slavery Statement](#)
- [NIBC Environment Policy Supplement](#)
- [Complaints/Grievance Process](#)

By incorporating the Global Compact principles into our strategy, policies and procedures, and establishing a culture of integrity, NIBC aspires to not only uphold our basic responsibilities to people and planet, but also set the stage for the long-term success of our stakeholders and our communities.

The UN Global Compact's Ten Principles are derived from: the [Universal Declaration of Human Rights](#), the [International Labour Organization's Declaration on Fundamental Principles and Rights at Work](#), the [Rio Declaration on Environment and Development](#), and the [United Nations Convention Against Corruption](#).

To learn more about NIBC and how we and our stakeholders are working to promote the 10 principles of the UN Global Compact, visit [www.nibc.com](http://www.nibc.com)



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

We welcome your feedback on this Communication on Progress, on our policies and practices, or any other suggestions. Contact us at [csr \(@\) nibc.com](mailto:csr (@) nibc.com).



## Feedback Welcome

NIBC welcomes feedback on its reports, policies and practices from its stakeholders. We believe that dialogue on issues and dilemmas is an opportunity for NIBC to not only improve our disclosures and strengthen our policies, but importantly to create value for our clients, investors and other stakeholders.

Even with the best policies and practices in place, NIBC may cause or contribute to an adverse impact that was not foreseen or prevented. If it is identified that NIBC is responsible for such an impact, we will endeavour to remedy or co-operate in the remediation of the situation through legitimate processes. Any person or party who believes that the NIBC has not acted in accordance with this policy, has suggestions on how we can strengthen our policies or has other feedback relating to our sustainability policies is invited to contact us.

**Feedback:** [csr@nibc.com](mailto:csr@nibc.com)

**Grievances:** <https://www.nibc.com/about-nibc/contact-nibc/complaints-form/>

Alternatively, you may also write a letter to NIBC at the following address:

NIBC Bank N.V.  
For the attention of: The Complaints Commission  
PO Box 380  
2501 BH The Hague