



Responsible banking in practice

Human Rights Report 2016



Preface

I recently travelled to China for meetings with existing and prospective clients. One of the objectives of my visit was to find out how these companies perceive their responsibility to respect human rights. Discussions of this kind are not always easy. Like many other companies around the world, they have only just begun to discuss human rights issues with their contractors and suppliers. And the banks they do business with tend not to address human rights.

‘Changes in our business and society as a whole require us to continuously monitor where and how we impact human rights, decide where we draw the ‘red line’, and identify opportunities for positive change.’

ABN AMRO is committed to respecting human rights. As a full-service bank in the Netherlands with selective corporate and private banking operations abroad we are active in sectors and countries where human rights abuses may occur. While we act with care and do human rights assessments before and during our client relationships, we cannot guarantee that we only finance or invest in companies that fully respect human rights. We always demand action when we learn about violations or when we see that our clients are unaware of the risks. People should not be disadvantaged by the way in which we or our clients make money. Doing business means taking responsibility.

This Human Rights Report is not only about how we deal with the human rights risks to which companies we finance or invest in are exposed. As a bank, we want to uphold human rights in our own operations as well.

Everyone in society has the right to non-discriminatory access to financial services. Clients entrust us with their personal and financial data and we have a responsibility to respect their privacy. As an employer with over 21,000 employees in twenty countries we want to make sure that every single one of them is aware of their fundamental labour rights. If local governments restrict trade union rights or discriminate against lesbians, gays, bisexuals and transgenders, ABN AMRO cannot simply ignore this.

The publication of this report marks an important milestone in our efforts to revisit all our operations from a human rights perspective. We report what we have done in this area and what we are proud of, and we also describe the dilemmas we face and where more work is needed. Embedding respect for human rights within the bank is an ongoing process. Changes in our business and society as a whole require us to continuously monitor where and how we impact human rights, decide where we draw the ‘red line’, and identify opportunities for positive change. ABN AMRO is the first bank to have committed to report according to the UN Guiding Principles Reporting Framework. We hope that others will follow suit. Every company is different; a bank from the Netherlands will focus on other issues than an energy company from China. But they both have a responsibility to do business in a way that respects peoples’ human rights, has a positive impact on their lives and contributes to a more sustainable world.

Caroline Princen

Member of the ABN AMRO
Managing Board

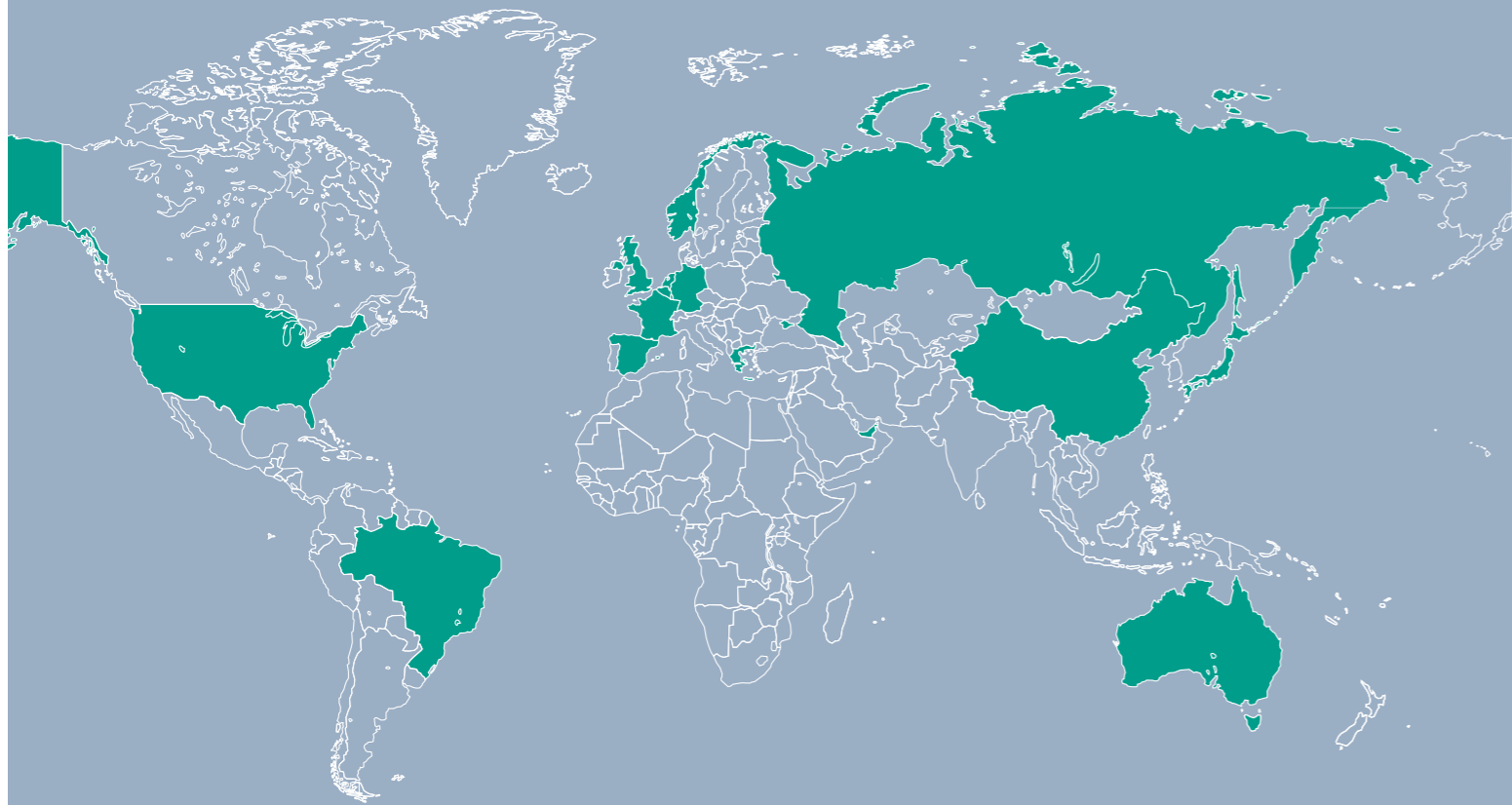


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Who we are

ABN AMRO is a full-service bank with a primary focus on the Netherlands and selective operations internationally. We serve retail, private and corporate banking clients based on our in-depth financial expertise and extensive knowledge of numerous industry sectors.



Our global presence

ABN AMRO is present in **11 countries within Europe** and **9 countries in Asia, North and South America and the Pacific**. A complete overview of our global activities is provided [online](#).

The bank's
21,000
employees serve:




5 million
individuals and families

300,000
small businesses

70,000
large businesses

Our portfolio at 30 September 2016:

Total investments:
 **146.2 billion euros**
(on behalf of clients)

Total financing:
269 billion euros

Introduction

How we can affect people

Our products and services have an impact on society. We directly affect the lives of over 5 million people, as a service provider and as an employer. Indirectly, in our role as a lender and in providing investment services and products, our impact is even larger. To explain our impact more clearly, we have framed this report around these four roles: service provider, employer, lender, and investment services provider.

While we are committed to making a positive contribution to society and to respecting human rights, we acknowledged in our [2015 ABN AMRO and Human Rights Guide](#) that ABN AMRO may also be connected to practices that harm human rights. We believe it is important for a bank to look at its business operations from this perspective. In this report we explain what this means for ABN AMRO, and how we take responsibility to meet our commitment.

According to the [UN Guiding Principles on Business and Human Rights](#) – the global authoritative standard on business respect for human rights - businesses can be connected to negative human rights impacts in three ways. Companies - banks included - may (1) cause an adverse impact, (2) contribute to an adverse impact, or, alternatively (3) their operations, products or services may be directly linked to an adverse impact by a company with which they have a business relationship. Each of these three scenarios requires a different approach to addressing, preventing or mitigating adverse human rights impacts.

The 'cause, contribute, linked to' scenarios play out differently for the four roles described in this report. Moreover, it is not always clear when 'linkage' becomes 'contributing', or when 'contributing' becomes 'causing'. This is particularly the case when it comes to banks' responsibility to address the human rights impacts of the companies they finance, or invest in on behalf of clients.

We hope that the responsibility of banks across their different roles will be further clarified as more financial institutions formulate their policy commitments, discuss their dilemmas and different scenarios with stakeholders, and report according to the UN Guiding Principles Reporting Framework (UNGP Reporting Framework).

About this report

This report is ABN AMRO's first formal Human Rights Report. It is a first step towards demonstrating how ABN AMRO manages its impact on human rights. 2015 marked the start of our reporting journey on human rights. In that year, ABN AMRO [announced](#) that it would be reporting on its ongoing efforts to implement policies and practices to respect human rights by applying the UNGP Reporting Framework. This framework helps us to do so in a transparent manner, while at the same time acting as a management tool to identify gaps, set priorities and continuously improve the management of our salient human rights issues. The report will also serve as a basis for further engagement with our stakeholders.

Structure of this report

The UNGP Reporting Framework consists of three parts: (A) Governance of respect for human rights, (B) Defining the focus of reporting and (C) Management of salient human rights issues. So far, ABN AMRO's Human Rights Guide and [Annual Report 2015](#) have been the bank's two most important publications about the progress we have made in respecting human rights. Their focus was on the bank's governance (A) and on defining its salient human rights issues (B).

The focus of this Human Rights Report is on part (C), and addresses the question: how does ABN AMRO manage its salient human rights issues? It shows where ABN AMRO stands and the steps it intends to take. The report gives both practical examples and descriptions of systematic and severe risks. The examples do not necessarily illustrate an instance of severe impact, but they do exemplify situations that we believe may occur more frequently and that, taken together, could possibly have a severe impact.

Internal engagement and setting priorities

Using the UNGP Reporting Framework for this Human Rights Report also helped us to create internal awareness and engagement. More than thirty ABN AMRO employees were interviewed about their work and related salient human rights issues. The material gathered during these interviews was subsequently presented to internal and external stakeholders for review in two workshops. Based on their feedback, we fleshed out the results, examples and dilemmas presented in this report with a view to enhancing its relevance and quality.

Salience

A focus on salient human rights issues

What are salient human rights issues?

We need to focus our attention on the most severe risks to people and prioritise our resources accordingly. Salient human rights issues, in the language of the [UN Guiding Principles Reporting Framework](#), are 'the human rights at risk of the most severe negative impact through the company's activities and business relationships.' The degree of severity is based on the scale, scope and extent to which the impact can be remedied.

A [video](#) on the website of the UNGP Reporting Framework explains the concept of salience further.

Listening to our stakeholders

In October 2015, with support from [Shift](#), the non-profit centre of expertise on the UN Guiding Principles on Business and Human Rights, we conducted an internal analysis to identify the bank's salient human rights issues. During an [internal workshop](#), experts from different business lines and support departments representing the entire bank together identified our most salient human rights issues. From a list of potential human rights impacts, based on ABN AMRO's business profile and an analysis of the severity and likelihood of potential adverse impacts, participants prioritised what they saw as the bank's salient issues.

Following this internal process, the identification of our salient issues was further informed by feedback from external stakeholders. We surveyed participants at the [ABN AMRO International Human Rights Conference 2015](#) on whether they agreed with our selection of four salient issues: privacy, discrimination, labour rights and land-related human rights. We also received feedback from stakeholders during an expert meeting held in September 2016 to discuss the content of this Human Rights Report. While a large majority agreed with our selection, some shared additional issues for us to consider. Defining and identifying salient human rights issues is an ongoing process in which we will continue to involve both internal and external stakeholders, such as employees, human rights experts, non-governmental organisations (NGOs) and society at large.

This process resulted in the following list of salient human rights issues, which was included in our Annual Report 2015:



Privacy – abuse or loss of client data, by ABN AMRO or third parties



Labour rights – of ABN AMRO's own workforce, and the supply chain workforce of corporate clients and companies we invest in on behalf of private clients



Discrimination – in the provision of services to (potential) clients or against ABN AMRO staff



Land-related human rights – of local communities and indigenous peoples in relation to corporate clients or companies we invest in on behalf of private clients

In this report the four salient issues are further specified under each of ABN AMRO's four roles. We acknowledge at the outset that this first report has some limitations. Our employees' right to privacy is included in our list of salient issues, but only marginally addressed. And while the scope of our International Framework Agreement includes people who work for ABN AMRO via insourcing or outsourcing contracts, this report deals only with country risk and not with the question how we guarantee that the human rights of all groups within ABN AMRO's workforce are fully respected.

Governance of our salient human rights issues

It is ABN AMRO's ambition to be a [better bank](#) contributing to a better world. Our [Human Rights Statement](#) articulates our general policy commitments to respect human rights and the expectations we have of the businesses we serve and those we work with. The ABN AMRO Managing Board is ultimately responsible for our human rights programme. This means that the Board signs off on policy decisions, such as our [International Framework Agreement](#) (explained in 'Our role as an employer'). Occasionally it discusses instances of adverse human rights impacts of our clients. There are two bodies that support the Managing Board on governance issues.

In 2015, ABN AMRO established an Ethics Committee, which considers dilemmas that cannot be resolved in other formal consultative structures. Employees who are grappling with situations for which laws and regulations or other internal committees do not provide a clear-cut answer can submit their dilemmas to the Ethics Committee. The committee is composed of two members of the Managing Board, including the CEO, and representatives from various parts of the bank. It discusses complex dilemmas faced by the bank, whether in relation to the bank's own activities or relationships with clients. These could relate to one of the four salient human rights issues, such as discrimination, but this is not necessarily the case.

In 2016 we established a new bank-wide human rights platform under the chairmanship of a member of the Managing Board. The platform will discuss the progress and challenges that ABN AMRO encounters in its human rights programme, structured by the four salient issues, and will report its findings to the Managing Board on a quarterly basis. It will be supported by various parts of the bank that are involved in implementing our human rights programme, such as the Privacy Office, the Diversity Desk, and the Sustainable Banking Department.

Please refer to our list of online sources on [page 43](#) for related information

Our salient issues and roles

Privacy

Abuse or loss of client data, by ABN AMRO or third parties



Discrimination

In the provision of services to (potential) clients or against ABN AMRO staff



In our four roles, we directly or indirectly have an impact on human rights.

Land-related human rights

Local communities and indigenous peoples in relation to corporate clients or companies we invest in on behalf of private clients



Labour rights

ABN AMRO's own workforce, and the supply chain workforce of corporate clients and companies we invest in on behalf of private clients



Our role as a Service provider



ABN AMRO is one of the largest retail banks in the Netherlands. We provide a broad range of financial services to more than 5 million clients.

Service provider

Our role as an Employer



ABN AMRO has more than 21,000 employees worldwide. People also work for ABN AMRO through employment agencies and outsourcing contracts.

Employer

Our role as a Lender



ABN AMRO serves over 500,000 corporate clients in numerous sectors, from small restaurants in the Netherlands to multinational energy companies in Asia.

Lender

Our role as an Investment services provider



ABN AMRO provides clients with products and services so that they can reach their investment objectives. We invest assets on behalf of our clients.

Investment services provider

Our role as a service provider

Our role: ABN AMRO is one of the largest retail banks in the Netherlands. We provide a broad range of financial services to more than 5 million clients.

Salient issues: Privacy and non-discriminatory access to financial services.

Who could be impacted: All individuals and families who are clients or would like to become clients of ABN AMRO.

Example of our impact on privacy: ABN AMRO possesses a large amount of personal information about its clients. ABN AMRO has a responsibility to prevent the abuse of data or breach of data security by ABN AMRO staff or others.

Example of our impact on discrimination: Access to financial services is instrumental to participation in society and the achievement of people's goals. Loan applications should be assessed on ability to repay, not on potentially discriminatory factors such as ethnicity, gender or postal codes.



Privacy

Policy commitment and actions

In June 2014, the Dutch journalism platform De Correspondent published an article on the use of client data by ABN AMRO. Clients who received child benefits for the first time received a letter inviting them to open a children's savings account. In addition, they could win a gift card and a prize from a company specialising in children's items. Since 2014, we have adopted more stringent policies and procedures governing the requirements for when client data may be used for marketing purposes. We do not merely consider whether something is legally allowed, but also whether we consider it morally acceptable.

ABN AMRO's Binding Corporate Rules are the cornerstone of the bank's global policy commitment on privacy of personal information. The document, which contains rules on how personal information should be handled by the global ABN AMRO organisation, was approved by the Dutch Data Protection Authority in 2012. Following the introduction of the Binding Corporate Rules, ABN AMRO set up a Privacy Office to help identify, assess and manage privacy risks for the bank and its subsidiaries and to make sure the Binding Corporate Rules are being adhered to.

Our clients' privacy concerns do not only relate to the use of financial data for marketing purposes. We also have a responsibility to prevent data leakages, and to make sure that our employees do not review financial information out of curiosity, but do so only when it serves the client.

Frank Mulder
Chief Privacy Officer,
ABN AMRO

ABN AMRO is committed to protecting the privacy of its clients and staff. To formalise this commitment, it has adopted Binding Corporate Rules (BCRs). This means that the strict European Privacy legislation is upheld within the ABN AMRO Group worldwide. In 2015, the bank performed a global privacy self-assessment in 18 countries and at 20 subsidiaries. Some topics were identified that required improvement, but it generally confirmed that the BCRs are being followed, also outside Europe. A new European Data Protection Regulation will come into force in May 2018. To this end, ABN AMRO has initiated a global implementation programme that will further raise the level of privacy protection within the bank.

Stakeholder engagement

An important way to inform our approach on human rights issues is to discuss it with our stakeholders. In 2015, ABN AMRO organised a stakeholder dialogue on security, stability and privacy of financial transactions. This resulted in a set of recommendations. For example, the participants stressed the importance of active engagement with clients. Furthermore, they felt that clients should be able to make their own decisions concerning trade-offs between data protection and the level of security and user-friendliness. In 2016, ABN AMRO continued its engagement with stakeholders on a bilateral basis, both with internal experts and with NGOs and consumer representatives. In these conversations we focussed on the possible roles the bank could play as a service provider, such as our role in informing clients about changes in legislation and possible consequences for their privacy. Another way in which we involve clients in defining our approach towards privacy is by organising focus groups for all major developments in digital banking.

Taking action on human trafficking

While we make every effort to protect the privacy of our clients, strong privacy protection can, in exceptional cases, have an adverse effect. Banks play an important role in the detection of fraud, money laundering and other criminal activities. ABN AMRO is currently exploring what banks can do to prevent the use of their own financial services for human trafficking purposes.

Our contribution to the fight against human trafficking includes: (1) raising awareness so our relationship managers and clients can recognise the warning signs and red flags of human trafficking, (2) conducting (supply chain) research together with our sector bankers, external stakeholders and experts to identify misconduct, and (3) improving intelligence sharing based on data analysis and expertise. This does not mean that we simply report an increasing number of suspicious transactions to the authorities. Instead, we use a holistic and targeted approach that has real impact.

Adriaan van Dorp
Director of Security &
Intelligence Management,
ABN AMRO

Dilemma

Our ability to tackle the financial infrastructure of the billion-euro human trafficking industry depends on the collection and analysis of data. Also, during our 2016 stakeholder dialogue on labour exploitation, the participants made clear that they expect ABN AMRO to use big data analysis for this purpose. At the same time, however, we want to assure all our clients that we take their right to privacy seriously.

Privacy

Abuse or loss of client data, by ABN AMRO or third parties



Non-discriminatory access to finance

No-one should face discrimination when opening a bank account or applying for a loan. Non-discriminatory access to financial services is therefore the second salient human rights issue we identified for ABN AMRO in relation to its clients. Apart from non-discrimination being a human right in itself, access to finance also enables the fulfilment of other human rights. A bank account is often necessary to fulfil the right to work, for example. And if someone is denied a mortgage because he or she lives in a disadvantaged neighbourhood, the right to an adequate standard of living is at stake. Similarly, restrictions on trade union funds sometimes exercised by governments are incompatible with the principles of freedom of association.

ABN AMRO aims to prevent discrimination in access to financial services in four areas:

1. Access to bank accounts
2. Loan applications
3. Product conditions
4. Communications

Access to bank accounts

We offer a range of financial products. A general distinction can be made between access to checking and savings accounts and access to loans. In societies like the Netherlands it is impossible to function without a bank account. Our policy in this regard is based on the 2001 Dutch banking sector covenant to create a basic checking account agreed between, among others, the Ministry of Finance, the Salvation Army and the Legal Aid Board. This is an account that can be opened by people who in the past were excluded from financial services, like the homeless, asylum seekers, and sex workers. For more information on access to bank accounts, please see [page 18](#).

Loan applications

Studies on discrimination in financial services often focus on redlining. This refers to the practice of differentiating between people on the basis of where they live, rather than on their financial status. Researchers have argued that this also occurs in the Netherlands. If it does, it is in contravention of our human rights commitment. Whether or not someone is able to obtain a loan should depend on his or her ability to repay it. Postal codes are not a valid proxy for credit risk.

Some criteria used to determine the limits and conditions for a credit application are justified from a credit risk perspective, but may nonetheless be perceived as being discriminatory, especially when it affects vulnerable groups in society. For example, the maximum amount people can borrow for a mortgage is lower for people with a temporary residence status than for permanent residents of the Netherlands. This includes expats, but also refugees. Similarly, the decision by the Dutch government to collectively reassess young people who claim disability benefits could in some cases have negatively impacted their borrowing power. Where possible, ABN AMRO responds to the needs of groups that have difficulty applying for credit. For example, we have made it easier for freelancers and the self-employed to obtain a mortgage by looking at income security rather than job security.

When problems arise in this area, it is rarely a concern faced by ABN AMRO alone. Listening to affected people or their representatives therefore typically takes place in cooperation with other banks or with the Dutch Banking Association.

Product conditions

During the reporting period, ABN AMRO lost one case before the Netherlands Institute for Human Rights (NIHR) that related to product conditions. This concerned a person with Spanish nationality who was the sole shareholder of a Dutch company that operated only in the Netherlands. Because client due diligence is more difficult for foreign clients and for complex corporate structures, these clients are charged higher fees – and this client was charged the higher fee. The bank later acknowledged that it should not have done so in this case because the company operated only in the Netherlands. However, the acknowledgement came too late and the way in which the bank handled the complaint was inadequate. For these reasons the NIHR concluded that discrimination had occurred.

This case led to a number of adjustments in our policies and procedures. The new complaints policy, which is currently being developed, will deal with discrimination complaints as a separate category. By explicitly registering these complaints as such, we will be able to better track our performance and obtain the necessary management information. ABN AMRO's Complaints Management Department has also integrated the issue of discrimination in its presentations and training programmes. This helps our front-office staff to be better aware of their responsibilities.

Communications

ABN AMRO strives to ensure that everyone in society can understand our financial products and services. This includes the illiterate, blind and deaf. For the latter group, for example, ABN AMRO now offers advice in sign language by webcam.

Tracking performance on privacy and non-discriminatory access to financial services

In 2015 ABN AMRO introduced a closed loop feedback system for retail clients. After a client has had contact with an ABN AMRO employee, for example to discuss mortgages at a local branch, he or she is asked to fill out a questionnaire. The client is then contacted to discuss the feedback, and ABN AMRO staff look whether there is an opportunity to improve the process or outcome. The data collected through this system can also identify systemic issues related to privacy or discrimination. In October 2016, we conducted an initial scan on privacy and discrimination-related customer feedback. This scan identified concerns about the open set-up of our local branches, in which some clients reported that they did not feel comfortable discussing banking matters

because they might be overheard. We received no significant feedback with regard to discrimination.

ABN AMRO also tracks the number of complaints that are handled by the central Complaints Management Department. Client complaints about non-compliance with our privacy guidelines in the Netherlands are reported in our Annual Report. Fifty complaints were filed in 2014, three of which were upheld. For 2015, the number of complaints increased to fifty-six, of which 10 were upheld. Complaints that relate to discrimination are not reported separately, but we plan to do so in the future.

The participants in our internal workshop who identified our salient human rights issues also included in their findings the privacy of our employees. For this first report we decided to focus on how ABN AMRO is making an effort to protect the rights of workers in countries where local laws limit our ability to do so. This does not mean that privacy of employees is not a concern.

Margot van Kempen
ABN AMRO
Employee Council

With the rapid pace of digitalisation, employees' privacy is slowly being nibbled away at. Going against employees' privacy is permitted only if the bank has compelling reasons for doing so. Digital staff monitoring systems are used to monitor whether employees comply with applicable laws, rules and codes of conduct. Those that do not can be identified and reprimanded at an early stage. The Employee Council has the right of consent in these issues and always considers whether there is a compelling reason for a certain action. It also gives its opinion on such matters as providing information in advance, restricting the data that can be monitored, and keeping the number of people who have access to the monitoring results to a minimum. In my experience, the bank sets great store by protecting the privacy of its employees and is open to our suggestions for improvement.

An example from the field

In 2016, someone was denied a bank account at an ABN AMRO branch in the Netherlands because he held a passport from a country subject to international sanctions. However, these sanctions only apply to certain sectors and to certain individuals and companies from that country. The refusal was therefore unjustified. This example shows that discrimination can occur unintentionally because an employee of the bank does not want to risk creating a compliance problem. There are no quick fixes, but we will examine what we can do to minimise the risk that this will happen again.

Discrimination

In the provision of services to (potential) clients



Our role as an employer

Our role: ABN AMRO has more than 21,000 employees worldwide. People also work for ABN AMRO through employment agencies and outsourcing contracts.

Salient issues: Labour rights and workplace discrimination.

Who could be impacted: All people working directly or indirectly for ABN AMRO.

Example of our impact: ABN AMRO should prevent discrimination in human resources processes (e.g. promotion, salaries), ensure safe and healthy working conditions, and not restrict the ability of people to join a trade union and bargain collectively.



Labour rights and workplace discrimination

Ensuring decent working conditions for people who work for ABN AMRO requires different measures depending on (1) whether or not they are directly employed by ABN AMRO, and (2) whether or not they work in countries that respect labour rights and other human rights. People do not readily think of banking as a profession that is vulnerable to human rights violations. But having offices in countries like the United Arab Emirates gives us a responsibility to think about how our staff can voice their concerns collectively, despite a national prohibition on trade unions. We also need to make sure that the rights of our janitors and canteen cooks are respected, even though they may be employed by a third party.

This first Human Rights Report focuses on human rights risks that follow from the local context in which the bank operates. Our commitment to address these risks is set forth in two documents: our International Framework Agreement (IFA) and the LGBT statement of the Ethics Committee.

Our [International Framework Agreement](#) with the Netherlands trade union federation FNV and the global federation of trade unions for skills and services UNI Global Union expresses our commitment to respect basic labour rights in every country where the bank has a presence or where people perform outsourced work for the bank. The IFA clearly states that it applies to 'all workers producing products or services for ABN AMRO, whether or not they are employees of ABN AMRO.' In other words: it covers our CEO as well as a call centre employee who works for a service provider of the bank outside the Netherlands.

Beryl ter Haar
Assistant Professor of Labour Law,
Leiden University

Having an IFA is merely the beginning of a process of change towards a situation in which doing business in compliance with human and labour rights is standard practice. This is not only good news for the employees of ABN AMRO, but also for the workers of the companies ABN AMRO finances or invests in. I urge the bank to recommend its clients to adopt an IFA. In other words: preach what you practice, ABN AMRO.

The IFA clarifies the basic rights these workers are entitled to, including:

- ▶ No discrimination or intimidation in employment
- ▶ Freedom of association and assembly and the right to collective bargaining
- ▶ Payment of living wages
- ▶ Reasonable and legitimate rules relating to working hours
- ▶ Decent working conditions
- ▶ Good work-life balance
- ▶ Freedom of expression

The local context of the country in which the employee works is an important factor influencing whether these rights are respected. In some countries, ABN AMRO employees are organised through staff councils. The mandate of the bank's Employee Council in the Netherlands is laid down in Dutch domestic labour law. The council is involved in major business decisions such as corporate restructurings, but may also proactively raise concerns. In addition, we have good relationships with trade unions. Membership levels in the financial sector are generally low. While unionisation in the financial sector in the Netherlands is around 4%, there are ABN AMRO offices in which no one is a member of a trade union. In many countries where we are active, unions play an important role in negotiating collective labour agreements. The International Framework Agreement was initiated by the FNV, which is represented in the IFA's monitoring group.

In various countries where we operate, freedom of association and collective bargaining are prohibited or restricted by law. The OECD Guidelines on Multinational Enterprises state that 'in countries where domestic laws and regulations conflict with the principles and standards of the Guidelines, enterprises should seek ways to honour such principles and standards to the fullest extent which does not place them in violation of domestic law.' In our own Human Rights Statement we also note that where national law conflicts with human rights responsibility, companies must comply with national law while respecting the international principles. The means through which we can put these statements into practice differs per country and per human rights issue. For example, companies could support employees in collectively discussing employment-related issues even when formal Employee Councils or trade unions are prohibited.

Signing the International Framework Agreement is the start of a social dialogue. It does not provide cut-and-dried solutions. After the IFA was signed, the document was distributed to the bank's local country executives and human resources officers. In 2016, we nonetheless learned of **one incident in which an ABN AMRO employee who transferred to a subsidiary in Asia was offered a contract that explicitly prohibited trade union membership**. This was clearly non-compliant with the IFA and the contract was subsequently changed. In 2017, all foreign branches of ABN AMRO will conduct a self-assessment to determine to what extent they comply with the IFA. In addition to reviewing the content of contracts, we will also examine how we can track our performance on labour rights issues over time. This will provide a basis for the IFA's monitoring group, which consists of ABN AMRO and trade union representatives, to determine which actions are necessary to further improve our performance.

Lesbian, gay, bisexual and transgender rights

While the IFA covers non-discrimination in employment, the Ethics Committee adopted a specific LGBT statement in May 2016 because of the severe impact of exclusion based on sexual orientation. ABN AMRO wants to be a diverse and inclusive company. To support this goal, our employees have established a Gay Bankers Network, which facilitates a platform where like-minded people can meet, exchange experiences and grow their professional network within the organisation. The network also serves as a forum for network members and the bank's management on LGBT and related issues.

But not all of our LGBT colleagues can live their lives as they would like to. Same-sex sexual activity is a crime in two countries where ABN AMRO has an office: Singapore and the United Arab Emirates. ABN AMRO also has offices in Russia, China, Hong Kong and Japan where same-sex unions or marriages are not allowed and where laws that prohibit LGBT discrimination are absent or extremely limited. Sometimes, legislation also targets companies, for example by criminalising them for knowingly employing LGBT people.

Secondments to an ABN AMRO office in an LGBT unfriendly country are always voluntary. But this does not negate the bank's responsibility to provide a safe and secure workplace. There is no evidence to suggest that our employees have faced discrimination that ABN AMRO could have prevented or mitigated. In its LGBT statement, the Ethics Committee determined that in order to mitigate adverse impacts, ABN AMRO should deepen its knowledge of the law, culture and practices in the countries in which it operates. On this basis we can discuss with our employees how they can work and live safely. This requires pragmatic solutions in addition to policies. For example, spouses of ABN AMRO employees in some countries are covered by the health insurance scheme offered by the bank. In countries where same-sex marriages are not recognised, however, insurance coverage is not possible for LGBT spouses. To provide the same level of health benefits, ABN AMRO could, for example, compensate employees by increasing their salaries so they can independently buy health insurance for their spouses. Finding pragmatic solutions to prevent discrimination is only a first step. Where possible, ABN AMRO actively supports efforts to improve the situation of LGBT people.

Alexander Peters
Reward Advisor,
ABN AMRO Hong Kong

At ABN AMRO we believe that the rights and diversity of our employees should be respected. But this is not self-evident in all countries where ABN AMRO has a presence, such as in Hong Kong. With support from ABN AMRO's Country Executive for Greater China we set up an LGBT team this year. **The team organised activities at the office, sponsored events and drew attention to LGBT rights in Hong Kong.** It shows how important it is to have the backing of management for these kinds of issues.

A diverse workforce and an inclusive culture are not only important because it is the smart thing to do from a business perspective, but also because it is the right thing to do. The Ethics Committee therefore also noted that **ABN AMRO will let LGBT-unfriendly countries know what our views are on this topic. As ABN AMRO has no significant leverage on its own, we will cooperate with other companies where possible.** We also work with partners like Workplace Pride, an international platform for LGBT inclusion.

Tracking performance on workplace discrimination

The Declaration of Amsterdam, a call to action on the improvement of LGBT rights in the workplace, launched by the Workplace Pride Foundation in 2011 and signed by ABN AMRO, determines that 'employers and employees should develop and establish measurements that identify the level and progress of LGBT inclusiveness within the organization and benchmark this externally'. The bank's Employee Engagement Survey only contains a general question on whether ABN AMRO has an inclusive business culture. Therefore, in 2013, we carried out a specific survey among all employees in the Netherlands on general and work-related LGBT issues.

A crucial aspect of this survey was that employees were open about their sexual orientation. However, given that some employees did not answer a number of sensitive questions, we inferred that they were concerned about the guarantee of anonymity. Obtaining this information in countries other than the Netherlands is even more difficult.

In the survey in the Netherlands, 6.5% of the respondents listed 'other than heterosexual' as their sexual orientation. This provided the basis for follow-up questions about whether they were open about this, the reasons for not being open, and whether they were bullied at work. A similar anonymous survey was conducted at our office in France. There, none of the 80 employees identified as LGBT. While this may be true, given broadly accepted data about the general percentage of people who are homosexual or bisexual, we believe it is more likely that people felt uncomfortable answering this question honestly. In other countries too, LGBT employees may have legitimate concerns that anonymity is not guaranteed, which could have personal ramifications.

● Please refer to our list of online sources on **page 43** for related information

Our role as a lender

Our role: ABN AMRO serves over 500,000 corporate clients in numerous sectors, from small restaurants in the Netherlands to multinational energy companies in Asia. Our total lending portfolio for corporate banking exceeds 88 billion euros.

Salient issues: Labour rights and land-related human rights.

Who could be impacted: All people who are directly or indirectly affected by the activities of our corporate clients and in their supply chains.

Example of our impact on labour rights: In the Dutch construction and agriculture sectors there have been various cases of labour exploitation. This often involves migrant workers. Some companies withhold passports, or charge excessive rents, resulting in salaries well below the Dutch minimum wage. Because we are aware of the risks in these sectors, we ask questions to prospective clients.

Example of our impact on land-related human rights: Sometimes information on adverse human rights impacts emerges after a company becomes a client of ABN AMRO. If we were to find out that a client sources from a plantation that was previously inhabited by a community that did not voluntarily consent to leave the area and where international standards were not met when the community was resettled, we would have a responsibility to act by exercising our leverage over the client.



Labour rights and land-related human rights

ABN AMRO is committed to respecting human rights and requires the same from its business clients. This means that ABN AMRO has a responsibility to identify potential human rights abuses involving companies it finances, and uses its leverage to prevent and mitigate impacts on people.

Our commitment to address labour rights and land-related human rights is embedded in our [Sustainability Risk Framework](#), in particular in our Sustainability Risk Policy for Lending. This policy contains the standards and procedures we apply to assess the actual and potential human rights impacts of our clients. All clients have to comply with the criteria that apply to our Exclusion List. Although ABN AMRO favours engagement over exclusion, we revisit these criteria, and our 'red lines', on a regular basis. **The Exclusion List clearly states that ABN AMRO will not knowingly finance or invest in activities causing human rights violations.** Other criteria that need to be adhered to are:

- ▶ Necessity of Free Prior and Informed Consent (FPIC) in activities resulting in resettlement of indigenous and/or vulnerable groups
- ▶ Mandatory membership of the multi-stakeholder Round Table for Sustainable Palm Oil (RSPO) for palm oil clients
- ▶ Compliance with the Kimberly Process for our clients in the diamonds sector

In addition to the Exclusion List, ABN AMRO has sector-specific policies. Project financing activities are assessed according to the [Equator Principles](#). Our sector-specific policies contain detailed minimum and recommended standards of behaviour. For example, membership of the [Bangladesh Accord on Fire and Building Safety](#) is a mandatory requirement for our textile clients. But we also encourage them to join the [Fair Wear Foundation](#), the [Business Social Compliance Initiative](#), the [Ethical Trading Initiative](#), the [Better Cotton Initiative](#) or the [Fair Labor Association](#). As the continuous growth of the agriculture sector gives rise to human rights risks, our recently revised policy on agri-commodities also places human rights centre stage. The sector-specific policies that do not yet include human rights-related criteria will be revised.

Human rights due diligence

In our role as a financier, effective management of our salient issues depends on the successful identification and mitigation of human rights risks. ABN AMRO performs two types of human rights due diligence in its lending portfolio: value chain studies and company assessments. First, the bank identifies and assesses structural human rights impacts through value chain studies on [diamonds](#), [textiles](#), cocoa and copper. The copper project focuses on the Democratic Republic of the Congo and Zambia, where severe human rights impacts have been reported, both in large-scale mining and in the artisanal and small-scale mining sector. This includes environmental degradation (which can have a negative impact on communities), abusive working conditions and risks related to the deployment of private security companies. Taking a value chain approach helps us to better understand the level of risk associated with financing companies that are active in these sectors and how we can best use our leverage.

Company assessments are a second way in which we perform our due diligence. The human rights criteria are integrated into ABN AMRO's regular client acceptance and credit frameworks. This means that we assess all new clients, as well as existing clients applying for a new loan. In addition, we **perform event-driven reviews when a client is the subject of adverse media coverage or NGO reports.** ABN AMRO's relationship managers bear primary responsibility for the implementation of policies through client assessments.

Brinn Lausberg
Relationship Manager
Commodity Finance,
ABN AMRO

Commodity traders ship everything from copper to cocoa and from oil to oats. In the past, these companies focused primarily on health and safety conditions at their own operations. Nowadays, we see that leading companies recognise that they cannot ignore human rights abuses at the mines or plantations they source from. Responsible business also requires greater transparency. More and more companies are joining sustainability initiatives, like the Extractive Industries Transparency Initiative. And throughout their value chains, traders have to prevent and mitigate pollution incidents that damage the environment and impact the right to health of local communities. As their financier, ABN AMRO has a responsibility to distinguish leaders from laggards and take the dialogue on these important issues forward.

The assessments are based primarily on information provided by the existing or prospective client, who responds to a questionnaire that addresses all issues mentioned in the relevant sector-specific policy. These data are verified by information available in the public domain. ABN AMRO subsequently assesses whether a company performs above, below, or on par based on benchmark criteria that relate to commitment, capacity and track record:

Commitment: This category addresses the company's policies, whether these policies apply to suppliers and contractors, to what extent senior management is involved and how it engages with stakeholders and with local communities in particular.

Capacity: This category addresses the company's management system, training efforts, and reporting.

Track record: This category assesses whether the company has faced serious incidents, stakeholder or media campaigns and legal action on sustainability issues.

On the basis of this information, ABN AMRO decides whether or not to accept a client or approve a credit proposal. In 2015 and 2016, multiple training sessions were organised in Netherlands, the United States, Singapore, China and Brazil to familiarise our relationship managers with the Sustainability Risk Framework and the tools that are used to assess whether our clients are compliant. **These sessions were attended by over 900 employees.**

The consequences for large corporations that perform below par are different than for small and medium-sized enterprises (SMEs). When a large corporation performs below par we either turn it down or accept it with conditions, depending on the gravity of the case and the prospects for improvement. For SME clients, comprehensive sustainability assessments have only been in place since 2015. We are currently gathering data on our clients' performance, but only in a limited number of cases do we impose conditions or reject a credit proposal.

Dilemma

ABN AMRO wants to be a trusted business partner for its clients. In line with standard practice in the financial sector, we do not communicate about our client relationships with third parties. This makes it difficult to be responsive to NGO reports. For example, in the annual policy study of the Fair Finance Guide ABN AMRO consistently obtains a high score on human rights and labour rights, yet these scores are not confirmed in their 'practice studies'. This is not because ABN AMRO does not put its policies into practice, but because we cannot provide all the information the Fair Finance Guide requires. There are some exceptions, however. Trafigura, a commodity trader that has faced significant human rights issues in the past but has since taken major steps to improve its performance in this area, asked ABN AMRO to contribute to its [2016 Responsibility Report](#). In this contribution, we outline our vision on the steps that companies in the trading sector should take to strengthen their human rights performance.

Our 'red lines' in practice

The decision to accept or reject a client is made by various approval authorities within the bank.

The Compliance Department and the Sustainable Banking Department provide advice. **In 2016, at least one prospective client was turned down as its handling of a workers' strike in Latin America was found to be non-compliant with the criteria that apply to our Exclusion List. In another case, a relationship with an existing client is in the process of being terminated as the client refused to answer questions on allegations by a trade union about labour exploitation in the Netherlands. At this time, the bank does not keep centralised records of prospective clients or credit proposals that have been rejected on the basis of concerns relating to salient human rights issues. Some proposals are withdrawn before they are submitted to the approval authorities, for example because a relationship manager considers the human rights risks unacceptable.**

Imposing conditions and using leverage

In 2015 the Sustainable Banking Department imposed conditions on establishing or continuing a lending relationship with 51 companies. Thirty-two of these were companies where we specifically looked at human rights issues. In 2016 this number increased to 59 out of 102 companies. There are three types of conditions:

1. Requests for **more information or higher monitoring frequency**. This occurs when there is limited information on a company's human rights policies but no reason to suspect adverse impact. For example, a number of clients in the diamond sector have been asked to join the [Responsible Jewellery Council](#), or, if they are not willing to do so, to provide a well-substantiated explanation.
2. Demands for **substantive improvements** in a client's policies or practices. When the issues are not significant or may be easily resolved, we aim to bring the client into compliance with ABN AMRO's policies as soon as possible. This is a formal process with annual monitoring.
3. Commencement of an **engagement procedure**. When a client's non-compliance with our policies is significant, but we feel that we can contribute to positive change, the company is put on our focus list. This sets in motion a formal engagement procedure, which is described on the next page.

From January 2017, we will be improving our data collection on our salient human rights issues. This includes a review of the definitions we use. For example, an environmental spill can affect land-related human rights and should be classified accordingly. In the next Human Rights Report we hope to provide more detailed information on the number of conditions in each of these three categories, as well as on their monitoring and progress.

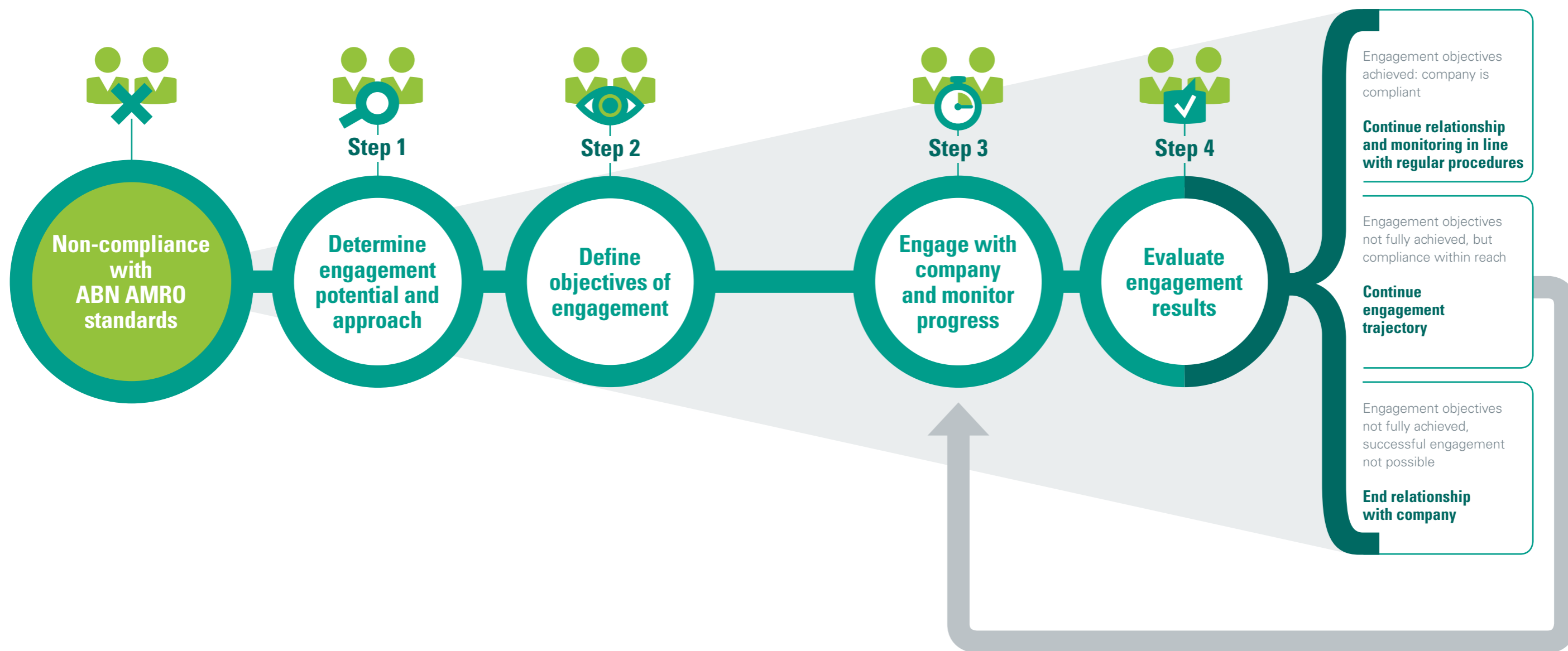
Client engagement on human rights

The formal engagement procedure begins by submitting the file to the Central Credit Committee or the Managing Board to inform them about the issue. Successful mitigation of human rights impacts depends on our clients' ability and willingness to enter into a results-oriented process. When we finance a company, there is usually potential for direct engagement. If not, for instance because we participate in a loan syndicate with other banks, engagement could be performed by a third party. The procedure is overseen by a team from the relevant business line and the bank's sustainability advisors. Progress reports are drafted on a quarterly basis and the Managing Board is informed at least once a year.

If a company does not comply with ABN AMRO's minimum standards within two, and in exceptional circumstances three years, the client relationship is terminated. An extension of this timeline is only possible when substantial improvements have been made and full compliance is within reach.

ABN AMRO hopes its efforts are increasing the likelihood that clients will address their human rights impacts. But we can rarely be sure there is a causal relationship between engaging with our clients and the actions these clients subsequently take to improve their management of human rights issues. Often, ABN AMRO is one voice among a varied group of consumers, NGOs, other banks and governments who pursue the same objective through different means.

Engagement as a driver for responsible business



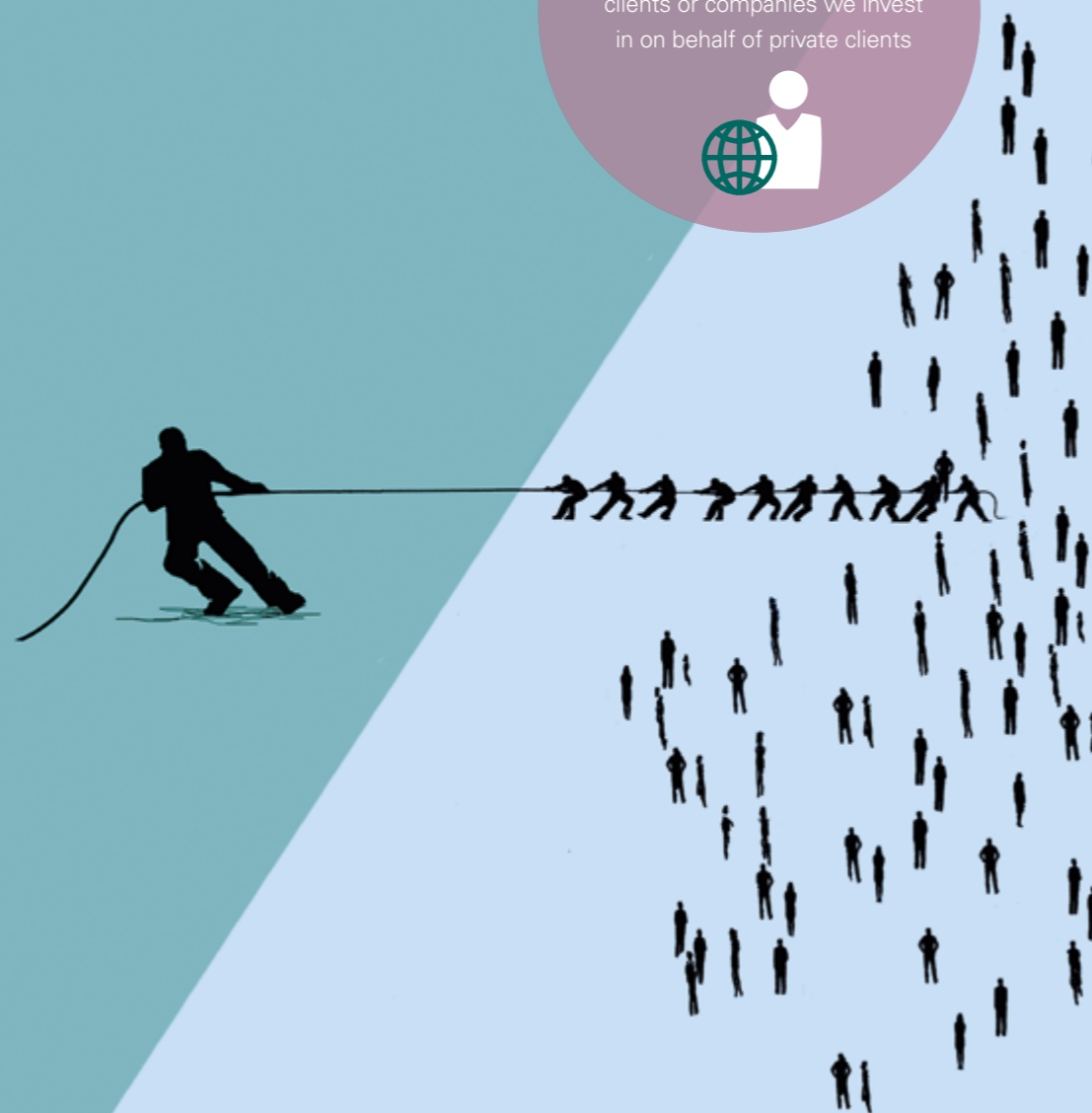
Dilemma

Engagement is not an end in itself. We believe that when necessary and feasible, it is worth trying to improve the human rights performance of our corporate clients. Discussions should not last indefinitely, however. We end our engagement when there is no, or too little improvement. But this is difficult to determine and open to interpretation.

In the coming years ABN AMRO will be expanding its international presence. This will go hand in hand with our efforts to address our salient issues, also in new client relationships and operations in new countries. For example, in conversations with prospective clients in China, ABN AMRO Managing Board member Caroline Princen explicitly raised our concerns on human rights. International expansion will likely lead to engagement with more companies. In parallel, we also intend to use this opportunity to improve our management of human rights issues, for example by integrating human rights conditions into our loan documentation.

Land-related human rights

Local communities and indigenous peoples in relation to corporate clients or companies we invest in on behalf of private clients



Our dialogue has shown that ABN AMRO practises what it preaches by ensuring that the policies it has in place are implemented. Since labour exploitation can occur in large-scale projects that require financing, financial institutions play an important role in addressing it. CoMensha feels the momentum is now there for ABN AMRO to take a leading role and to motivate other banks to jointly determine best strategies (including through dialogue with clients) to effectively contribute to preventing or halting labour exploitation.

Eefje de Volder
Advisor Combatting
Human Trafficking,
CoMensha

Involvement of stakeholders

Our dialogue with stakeholders helps us to better understand and manage human rights issues in the business of lending. For example, together with the Dutch NGO Solidaridad, ABN AMRO authored a [White Paper](#) on 'Due Diligence Procedures with respect to Land Governance' to support the implementation of the Voluntary Guidelines on the Responsible Governance of Tenure of Land (VGGT).

ABN AMRO regularly convenes thematic [stakeholder dialogues](#). In September 2016, we organised a dialogue that focused on labour exploitation in the Netherlands. Human rights violations occur not only in Asian textile factories or African mines, but also in the agriculture, construction and temporary employment sectors in the Netherlands. Given the large presence of ABN AMRO in the Dutch economy, we wanted to learn what our stakeholders expect from the bank. That same month, two workshops were organised in cooperation with the Dutch national police to train relationship managers on how to identify irregularities and suspicious circumstances that might be indicative of labour exploitation.

Contrary to the situation in the Netherlands, it is difficult to engage with affected stakeholders or their legitimate representatives on human rights issues that occur in our clients' foreign supply chains. This is caused by a lack of geographical and business proximity, but also by the scope and size of ABN AMRO's lending portfolio. We have started to bridge this gap in several ways:

- ▶ We ask clients whether and how they engage with their – and therefore also our – affected stakeholders.
- ▶ When performing desk research about our clients we use sources that track a vast amount of updates on business impacts on the ground. We are also looking at initiatives that enable direct feedback from workers in the supply chains of ABN AMRO's clients. We believe that digital connectivity is part of the solution to addressing the lack of geographical proximity.
- ▶ We rely on the expertise of NGOs that have an extensive network in countries where our clients operate. Several of these NGOs are party to the Dutch Banking Sector Agreement on international responsible business conduct regarding human rights, which ABN AMRO [signed](#) in October 2016.
- ▶ We have established a partnership with [Global March](#) and the [Hague Institute for Global Justice](#) on the issue of human trafficking.

Please refer to our list of online sources on [page 43](#) for related information

Our role as an investment services provider

Our role: ABN AMRO provides clients with products and services so that they can reach their investment objectives. We invest assets on behalf of our clients, who can invest in three ways: on their own (self-directed investing or execution-only), through ABN AMRO based on our experts' advice (investing with advice), or by leaving all investment decisions to the bank (giving ABN AMRO a mandate). In this role, we have a financial relationship with the companies we invest in. This gives us leverage to contribute to the mitigation of labour rights and land-related human rights abuses.

Salient issues: Labour rights and land-related human rights.

Who could be impacted: All people who are directly or indirectly affected by the activities of companies invested in.

Example of our impact: To prevent a situation where workers at a company in which clients of ABN AMRO have invested are not allowed to join a trade union and bargain collectively.



Labour rights and land-related human rights

ABN AMRO and its clients are exposed to the human rights risks of the companies in its investment universe. This term refers to all companies that our clients could invest in using our investment advice. As the bank finances some of these companies as well, we also have a responsibility as a lender to address potentially adverse human rights impacts. The [Investment Products & Services Policy](#) defines how ABN AMRO's investment activities are managed to ensure that they are in accordance with the bank's sustainability risk principles. Human rights issues are an important part of this. All investments are screened against two lists:

1. The Controversial Weapons List (CWL)

is a list of companies that are excluded because of their – direct or indirect – involvement in the production of dedicated components of controversial weapons (as defined by international conventions). Having a CWL is mandatory under Dutch law.

2. The Soft Exclusion List,

which comprises companies with which the bank has unsuccessfully engaged about concerns regarding their sustainability performance.

Clients managing their investment portfolios at their own discretion will not be allowed to invest in companies mentioned in the CWL and will be recommended not to invest in companies on the Soft Exclusion List. In addition, ABN AMRO will not provide investment advice regarding these assets and ABN AMRO's investment funds will not have a position in assets that are on either of these lists.

Our influence thus varies depending on the type of investment services provided. Sustainability is an important topic in the ABN AMRO Investment Academy, the training programme for investment specialists and advisors. By advising clients on the investment decisions they make, these colleagues play an important role in the successful implementation of our sustainability strategy. ABN AMRO extends its influence by exercising its voting rights where it has a mandate to vote on behalf of clients or fund participants.

Dilemma

Companies in ABN AMRO's investment universe may also be clients of the bank. This could create difficulties when determining our approach towards adverse human rights impacts. It is more difficult to end our relationship with a client than to exclude companies from our investment universe. In 2012 we established an Investment Engagement Committee to discuss the dilemmas the bank encounters in practice. It is composed of two Managing Board members and representatives from the bank's various businesses. The Committee reviews the composition of the bank's Soft Exclusion List, approves the Controversial Weapons List and discusses the Sustainability Indicator scores. It also discusses progress made in engaging with companies and decides when to start or discontinue an engagement process.

An example from the field

Anniek Mauser, Sustainability Director, Unilever Benelux:

'The ABN AMRO Sustainability Indicator for investments for Unilever was downgraded in 2015. This change was a reason for us to start a dialogue with ABN AMRO and Sustainalytics to provide more insight into our approach, challenges, and opportunities. Sustainalytics' change was triggered following a BBC documentary in September 2015 that raised concerns about poor working conditions at tea plantations in Assam, India. We were very concerned about the allegations raised at the time and worked closely with both our supplier and Rainforest Alliance to ensure all allegations were immediately addressed. We continue to meet with our supplier on a regular basis to review progress. We believe that the most effective way to address labour, safety and housing standards across the tea industry is for all parties to work together to find a lasting solution. Although there has been progress, we fully recognise that much remains to be done to raise standards.'

Labour rights

ABN AMRO's own workforce, and the supply chain workforce of corporate clients and companies we invest in on behalf of private clients



CONTRACT

Mr. J.



Assessment of labour and land-related rights by Sustainalytics

Sustainalytics assesses companies against a large number of criteria, many of which are related to human rights. Our [Sustainability Risk Guide](#) provides an overview of the criteria applied.

When assessing how a company performs on labour rights, it addresses a host of issues, such as their:

- ▶ Freedom of Association Policy
- ▶ Working Conditions Policy
- ▶ Discrimination Policy
- ▶ Social Supplier Standards
- ▶ Supply chain monitoring

Sustainalytics measures a company's performance on land-related rights mainly by assessing their Indigenous Rights Policies. It also looks at procedures, such as their overall human rights policy in terms of due diligence, grievance mechanisms, monitoring and remedy.

Assessing the impact of companies in our investment universe

Due to the scope of ABN AMRO's investment universe it is not possible to conduct due diligence ourselves on all companies that clients invest in. We use the expertise of external parties to gather information on possible labour issues or land-related issues. Sustainalytics is our main source for company analyses. It assesses companies in ABN AMRO's investment universe on a quarterly basis. This results in one of five possible [Sustainability Indicator](#) scores, ranging from 'excellent' to 'poor'. ABN AMRO encourages its investment advisors to draw their clients' attention to the Sustainability Indicator for investments, introduced by ABN AMRO in 2015. In the event of equal financial performance, our advisors will give preference to the company that has the best sustainability rating.

Annual analysis allows us to monitor whether the performance of companies improves over time. It also tracks structural improvements in the sustainability level of specific portfolios. In combination, these two indicators could demonstrate to what extent the sustainability performance of our investment products and services is improving. However, we do not yet have sufficient data to identify a positive or negative trend.

Responding to adverse human rights impacts

Engagement can take different forms, with different degrees of intensity, ranging from exerting our voting rights to formal engagement trajectories. With regard to the latter, we decide upon engagement when Sustainalytics determines that a company has significantly breached the principles contained in the UN Global Compact. Engagement with companies that are clients of ABN AMRO takes place according to the procedure described on [page 28](#). When a company is not a client of the bank, RobecoSAM engages on ABN AMRO's behalf. In the latter case, companies are given three to five years to achieve full compliance. If improvement is not deemed feasible or if a company has not succeeded in achieving the required change within this timeframe, ABN AMRO will place the company on the Soft Exclusion List.

Sylvia van Waveren
Senior Engagement
Specialist, RobecoSAM

Engagement involves a constructive dialogue between institutional investors and investee companies. In an engagement process, we seek to positively influence a company's behaviour in such areas as human rights with the aim of improving its long-term performance. We see that through engagement companies gain more insight into the non-financial environmental, social and governance (ESG) factors that investors find important. In addition, they experience how ESG risks could negatively affect their reputation and, as a result, their shareholder value. We are convinced that engaging with companies on the most material sustainability issues enhances their competitiveness and profitability, as well as generating measurable benefits for investors, companies and society as a whole.

Engagement in practice

An example of what constructive dialogue with an investee company looks like:

1

Deciding on engagement

In June 2015, ABN AMRO's Investment Engagement Committee decided to start engaging with a Korean company in the bank's investment universe because of alleged breaches of the UN Global Compact principles. Both RobecoSAM and Sustainalytics provided an analysis of the alleged breaches, continuously monitoring the news flow of publicly available information from media, consumer organisations and NGOs. The breaches related to forced labour and child labour by a subsidiary of the company in the textile industry and violent clashes with local communities in India on land issues and relocation, including corruption and bribery incidents. The company's weak human rights policy and limited human rights programmes were problematic in this context.

2

Defining objectives

Engagement starts with clear objectives. In general, RobecoSAM uses five focus areas: elimination of the breach including compensation; policy; dialogue with affected stakeholders and sharing lessons learned with peers; risk management systems with audit results; and transparency.

3

Starting a dialogue

During an engagement period, RobecoSAM undertakes multiple interactions through emails, letters, phone calls, meetings or shareholder meetings. In the case of this specific, Korean company: in December 2015, after a formal letter sent by RobecoSAM, the company responded positively by completing a written questionnaire about its human rights policies and practices. During that same period one of RobecoSAM's portfolio managers met with the company in Korea.

• Please refer to our list of online sources on **page 43** for related information

4

Results

In May 2016, the company informed RobecoSAM that it had established an Ethics Committee with the aim of restoring its reputation as an ethically sound company. In addition, it introduced bi-annual audits. This confirms the company's increased awareness of its human rights risks. In November 2016, RobecoSAM informed ABN AMRO that it would continue the dialogue with the company and that, in light of these two developments, it had raised the status of the policy objective to positive. Although positive, the results reported here for the Korean company are just a starting point, 18 months after the start of the engagement.

Enhanced engagement typically covers a three-year period. When more than half of the objectives have been achieved, after verification of implementation by external parties such as NGOs, RobecoSAM may successfully close an engagement case. If a company does not improve its ESG performance after the engagement has been concluded, the company can be excluded from the investment universe and, as a result, put on our Soft Exclusion List by the Investment Engagement Committee. ABN AMRO receives full and detailed information on RobecoSAM's engagement activities and treats this information confidentially.

Enabling investments in projects with a positive impact

In addition to providing our clients with the information they need to make the right decisions, we offer products such as the [Triodos MeesPierson](#) mandates and the [FMO Privium Impact Fund](#). The former focuses on sustainable portfolio management. The latter fund enables ABN AMRO clients to invest in projects in emerging countries through the Dutch development bank FMO. We acknowledge that human rights violations may occur in these countries. In the past, FMO also experienced serious challenges in this respect. We are aware of this and realise that each human rights due diligence process may have weaknesses. Nevertheless, we have opted to partner with FMO because of their experience in this area and how they handle these dilemmas and challenges.

FMO standards on human rights are set forth in our [Position Statement on Human Rights](#). In line with the United Nations Guiding Principles on Business and Human Rights we assess human rights impacts as part of our due diligence process. The standards also apply to the portfolio of the FMO Privium Impact Fund, of course. FMO is aware of the impact of projects that involve the purchase or use of land and takes appropriate responsibility in countries where land rights are not always clearly defined. FMO is in favour of its clients obtaining land based on the 'willing buyer/willing seller' principle, in which case there is no threat of expropriation. In all instances, the protection of the human rights of those affected by changing land rights must be ensured. When projects affect indigenous peoples, FMO requires its clients to have a Free, Prior and Informed Consent process in place. But we also face dilemmas. For example, how do you know that a particular pressure group represents a particular issue or group of people and how do you deal with this? The FMO Privium Impact Fund measures and reports the impact of its investments, such as the number of jobs that are created. It does so based on the [FMO Impact Model](#).

Nic Wessemius
Business Development Manager, FMO Investment Management

Remedy

The UN Guiding Principles state that companies should have processes in place to enable effective remedy for people harmed by any adverse human rights impacts the companies cause or to which they contribute. This responsibility does not exist when the company is merely linked to impacts (see page 6) for an explanation of the 'cause, contribute, and linked to' scenarios). ABN AMRO has remedy procedures in place for its clients and employees. In our role as a service provider and employer, it is undisputed that we may cause or contribute to human rights impacts.

Remedy procedures for our clients

ABN AMRO has an extensive grievance procedure in place for its clients. The procedures do not distinguish between different types of complaints. Any existing or potential client can file a privacy or discrimination complaint through various channels: our [website](#), by email, at one of our branches, or by contacting our call centre. In our policy on complaints management, we set out the rules and guidelines for ABN AMRO employees on how to engage with clients who have a complaint. Additionally, it explains our obligation to inform our clients about our complaints procedure. The bank registers all complaints. Most complaints are immediately resolved. More difficult ones are handled by the bank's central Complaints Management Department.

If a complaint is not resolved satisfactorily by ABN AMRO, clients can choose to file a privacy or discrimination complaint at an institute like the Netherlands Institute for Human Rights or the Belgian Interfederal Centre for Equal Opportunities (Unia). Lastly, complaints may be filed with [KiFiD](#), the independent complaints institute for the Dutch financial services sector. KiFiD is financed by the affiliated banks, insurance companies and other financial services providers, but its complaints handling is fully independent. The rules of procedure specify that privacy complaints may be filed by individuals regardless of whether they are a client of a particular financial institution. In 2015 and 2016, one privacy-related complaint was filed against ABN AMRO, but it was [rejected by KiFiD](#).

Remedy procedures for our employees

ABN AMRO has a complaints procedure in every country in which it operates. The Employee Complaints and Grievances Policy outlines the minimum requirements that all local procedures have to comply with. In the Netherlands, employees can contact independent confidential counsellors for advice and mediation services. No distinction is made between complaints relating to our salient human rights issues and other complaints. ABN AMRO also has a whistleblowing system to enable employees to report irregularities of a general, operational or financial nature. Discrimination is explicitly listed among the issues that may be reported.

Our International Framework Agreement (IFA) with the Dutch trade union confederation FNV and UNI Global Union also provides for an additional escalation procedure for complaints by the FNV or UNI Global Union. If an issue cannot be resolved by national or regional management it is submitted to ABN AMRO's Global Human Resources Director. If the issue remains unresolved, it can be submitted to the IFA monitoring group. Eventually, the parties could appoint a mediator. So far, no complaint has been filed. The global self-assessment that will take place in 2017 will also address how well acquainted employees are with the complaints procedure.

Remediation in relation to lending and investment services

As things stand now, ABN AMRO does not have remediation procedures in place for individuals or communities whose human rights are impacted by companies it finances or holds shares in on behalf of its clients. Because grievance mechanisms are essential to the effective protection of human rights, we ask our corporate clients and investee companies to provide information on how they have implemented the UN Guiding Principles in this regard. The reality is that many companies do not yet enable effective remedy for rights holders who are harmed by their actions or decisions. We will pay more attention to this issue going forward. The focus will not be on the mere existence of grievance mechanisms but on the question how a company verifies the effectiveness of its mechanisms. It is essential that companies strive to prevent issues by engaging proactively with all their stakeholders. Insufficient stakeholder engagement and remediation procedures are a reason for the bank to impose conditions in client acceptance or credit proposal procedures. We will also explore whether a grievance mechanism at the bank in relation to our lending activities is feasible as a last-resort option.

Looking to the future

When ABN AMRO decided to report according to the UNGP Reporting Framework the main purpose was not to deliver a publication, let alone a perfect one. The framework serves primarily as a tool to develop a coherent human rights programme and to identify gaps. We are proud of where we now stand. But we also acknowledge that this report contains a great deal of qualitative, sometimes anecdotal information, as well as dilemmas that remain unanswered. We have included them because we want to be transparent and because it is the starting point for further investigations and action.

During the coming years, we will further improve our performance in relation to human rights. Implementing the [Dutch Banking Sector Agreement on Human Rights](#) will be key. But we also have our own list of priorities. Various initiatives have already been mentioned, like the global self-assessment of how we are implementing our International Framework Agreement.

Two broader themes are common to all four of the bank's roles. First, we will further embed human rights in our organisation. The bank-wide human rights body established in 2016 will assume its role as the main governance platform within ABN AMRO. Second, we will improve our tracking capabilities in order to assess more systematically whether our efforts to address our salient human rights are effective.

Specifically, we will improve how we record and monitor conditions we set for our corporate clients. Enhanced tracking will also allow us to provide a better balance between qualitative and quantitative information in our next human rights report.

If you would like to provide feedback on this report, please send an email to sustainability@nl.abnamro.com. We would very much welcome comments from other banks, NGOs and all others who would like to contribute to the improvement of our human rights efforts.

ABN AMRO and Human Rights

Our path towards
respecting
human rights

References

The UN Guiding Principles Reporting Framework Index

To keep this Human Rights Report as concise and relevant as possible, it includes references to other sources.

The table below details the criteria of the UNGP Reporting Framework and where relevant material can be found.

Criterion	Reporting principle	Where to find it	UNGP RF reference
Governance	Governance of respect for human rights	ABN AMRO and Human Rights guide, p. 34 Human Rights Report, p. 9, 21	A
Policy commitment	What does the company say publicly about its commitment to respect human rights?	Annual Report 2015, p. 67, 73, 117-118, 165 ABN AMRO and Human Rights guide, p. 27 International Human Rights Conference Human Rights Statement Sustainable Banking Newsletter no. 2 Human Rights Report, p. 9	A1
Embedding respect for human rights	How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?	ABN AMRO and Human Rights guide, p. 34 International Human Rights Conference abnamro.com/human rights Human Rights Statement Annual Report 2015, pp. 117-118	A2
Reporting focus	Defining the focus of reporting	Annual Report 2015, pp. 117-118 Human Rights Report, pp. 6-9	B
	Statement of salient issues	Annual Report 2015, pp. 117-118 Human Rights Report, pp. 8-9	B1
	Determination of salient issues	Annual Report 2015, pp. 117-118 Human Rights Report, pp. 8-9	B2
	Choice of focal geographies	Not applicable	B3
	Additional severe impacts	Not applicable	B4
Management salient issues	Management of salient human rights issues	Human Rights Report, pp. 12-39	C
Specific policies	Does the company have any specific policies that address its salient human rights issues?	Sustainability Risk Policy Sustainability Risk Management Framework Human Rights Report, p. 12, 15-16, 19-22, 23-25, 32-33	C1
Stakeholder engagement	What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?	ABN AMRO and Human Rights guide, pp. 35-36 abnamro.com/stakeholders abnamro.com/stakeholders: Client dialogue on agri value chain abnamro.com/sustainable banking, under Reporting: Stakeholder Consultation 2015 abnamro.com/sustainable banking, under Reporting: Stakeholder Engagement 2015 Human Rights Report, p. 8, 13, 19-21, 31	C2
Assessing impacts	How does the company identify any changes in the nature of each salient human rights issue over time?	ABN AMRO and Human Rights guide, pp. 36-37 Human Rights Report, p. 12-13, 15, 20-21, 24-30, 34-36 Annual Report 2015, p. 67, 73, 117-118, 165	C3
Integrating findings, taking action	How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?	ABN AMRO and Human Rights guide, pp. 38-39 Human Rights Report, p. 12-13, 16, 18, 21-22, 27, 31, 36-37 Annual Report 2015, p. 67, 73, 117-118, 165	C4
Tracking performance	How does the company know if its efforts to address each salient human rights issue are effective in practice?	ABN AMRO and Human Rights guide, p. 40, 41 Human Rights Report, p. 17, 22, 27, 32, 35, 36-37	C5
Remediation	How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue?	ABN AMRO and Human Rights guide, pp. 42-43 Human Rights Report, pp. 38-39	C6

List of abbreviations and important terms

BBC	British Broadcasting Corporation
BCR	Binding Corporate Rules
BSCI	Business Social Compliance Initiative
CoMensha	An NGO focused on helping victims of human trafficking
CWL	Controversial Weapons List
ESG	Environmental, Social and Governance (criteria)
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden, a Dutch development bank
FPIC	Free Prior and Informed Consent
IFA	International Framework Agreement
IFC	International Finance Corporation
LGBT	Lesbian, gay, bisexual and transgender
NGO	Non-governmental organisation
NIHR	Netherlands Institute for Human Rights
OECD	Organisation for Economic Co-operation and Development

RA	Rainforest Alliance
RSPO	Round Table for Sustainable Palm Oil
UAE	United Arab Emirates
UN	United Nations
UNGP RF	United Nations Guiding Principles Reporting Framework
VGGT	Voluntary Guidelines on the Responsible Governance of Tenure of Land

Grievance mechanism	A formal complaints process
Remedy	Setting right a negative impact, for example through apologies, restitution, compensation as well as the prevention of harm
Salience	The human rights at risk of the most severe negative impact through the company's activities and business relationships

Important online sources

About ABN AMRO

Our worldwide presence	abnamro.com/en/about-abnamro/our-company/worldwide-presence/index.html
ABN AMRO and Human Rights guide 2015	abnamro.com/nl/images/Documents/040_Duurzaamheid/Publications/ABN_AMRO_and_Human_Rights.pdf
ABN AMRO's Annual Report 2015	abnamro.com/en/images/Documents/Investor_Relations/Financial_Disclosures/2015/ABN_AMRO_Annual_Report_2015.pdf
ABN AMRO's sustainability strategy	abnamro.com/en/sustainable-banking/strategy-and-policy/index.html
ABN AMRO's Human Rights Statement	abnamro.com/en/images/040_Sustainabe_banking/Links_en_documenten/Documenten/Beleid_-_Human_Rights_Statement_EN.pdf
International Framework Agreement	abnamro.com/en/newsroom/newsarticles/2015/abn-amro-signs-international-agreement-with-fnv-and-uni-global-union.html
Binding Corporate Rules	abnamro.nl/en/personal/overabnamro/privacy/binding-corporate-rules.html
Stakeholder dialogue reports	abnamro.com/en/sustainable-banking/stakeholders/index.html
White Paper on 'Due Diligence Procedures with respect to Land Governance'	abnamro.com/en/images/Documents/040_Sustainable_banking/Publications/VGGT_Land_Rights_working_paper.pdf
Sustainability Risk Framework	abnamro.com/nl/images/Documents/040_Duurzaamheid/Publications/ABN_AMRO_Sustainability_Risk_Guide.pdf

Investment Products & Services Policy	abnamro.com/en/images/Documents/040_Sustainable_banking/070_Sustainability_policy/ABN_AMRO_Summary_investment_policy.pdf
ABN AMRO's Sustainability Indicator	abnamro.com/en/newsroom/press-releases/2015/abn-amro-introduces-new-sustainability-indicator-for-investments-and-tightens-policy-on-violation-of-un-global-compact-principles.html
Sustainability Risk Guide	abnamro.com/nl/images/Documents/040_Duurzaamheid/Publications/ABN_AMRO_Sustainability_Risk_Guide.pdf
Sustainability Risk Policy for Lending	abnamro.com/en/images/040_Sustainabe_banking/Links_en_documenten/Documenten/Beleid_-_Sustainability_Risk_Policy_for_Lending_EN.pdf

Background information

UN Guiding Principles on Business and Human Rights	ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf
UN Guiding Principles Reporting Framework	ungpreporting.org
Shift	shiftproject.org/
Dutch Banking Sector Agreement on international responsible business conduct regarding human rights	ser.nl/nl/publicaties/overige/2010-2019/2016/dutch-banking-sector-agreement.aspx

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