



NIBC Sustainability Policy  
RETAIL SERVICES  
Policy  
July 2017

## RETAIL SERVICES

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NIBC provides a range of financial services to the retail services industries. Specifically, we finance or advise clients involved in fashion, specialty retailing, Do It Yourself (DIY), electrical appliances and retail wholesalers. We are committed to be a long term financial services provider to our clients in this sector, whilst at the same time ensuring that such services are provided in a responsible manner.

We understand that the Retail services sector depends on long and increasingly global supply chains which are not always easy to influence and monitor. We appreciate the challenge of the industry in maintaining both competitive consumer prices and fair and ethical relationships with suppliers.

NIBC recognises that increasing outsourcing and subcontracting practices to the emerging markets make it more challenging for retailers to understand how their supply chains connect and to appreciate the extent of a particular company's liability for environmental and social (E&S) impacts.

However, we consider that by selecting suppliers and products according to their ability to manage E&S impacts, the retail services industry can drive changes in both consumer choices and producers practices. As such, we believe that if managed responsibly, the retail sector can contribute to furthering the economic development of both emerging and industrialised markets.

We are therefore committed to taking E&S criteria into account in every aspect of our decision-making. We will work with clients who meet or aim to meet our sustainability standards and will review our commitment to any client or transaction where such standards are not or no longer met.

This Retail Services Policy outlines NIBC's approach and criteria underpinning what we believe to represent the responsible provision of financial services, in line with our NIBC long term commitment to sustainable development as defined in our Sustainability Policy.

### Sector-specific risks

Maintaining responsible supply chains is a key issue for retailers, and more particularly for retailer whose products are manufactured in developing countries, where regulations may be weak or not enforced. Risks may arise from human and labour right breaches, or poor environmental performance. Failure to address supply chain issues can damage corporate brand and reputation and result in the loss of market shares following consumer boycotting, product recalls, and changes in buying behaviour.

Common E&S issues in retailers' supply chains include:

- Human rights abuses, including forced and child labour, unsafe working conditions, non-living wages, forced relocation, denial of freedom of expression, violence, and other abuses, use of immigrant and migrant labour with minimal or no benefits and protection under labour regulation;
- Product traceability and labelling issues due to illegally produced products (e.g. wood, jewellery);
- Use of toxic chemicals and hazardous materials such as PVCs and volatile organic compounds (VOCs);
- Intense use of water and the discharge of toxic wastewater compromising the quality and quantity of drinking water and the environment; and
- Use of animal testing (cosmetics).

Direct E&S impacts resulting from retail operations (stores) include:

- End-of-life recycling and disposal of goods and products;
- Unethical marketing practices to children and vulnerable adults (tobacco, telephony);
- Labour relations and workplace practices (e.g. low pay, high employee turnover, social benefits, access to healthcare);
- High energy consumption due to air-conditioning, lighting and heating; and
- High consumption of fuel and associated generation of greenhouses gases resulting from the transportation of products between manufacturing and distribution locations.

## Industry Standards in Retail Services

The majority of the activities we finance in retail services industry occur in high income OECD countries and we will rely on the regulatory frameworks in place to govern the E&S issues resulting from the local operations of our clients.

Further, NIBC supports international conventions and protocols such the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. In addition, NIBC recognises that the retail services sector has developed approaches to address the E&S impacts resulting from its activities and that of their suppliers.

These constitute industry best practice and NIBC will be guided by the industry standards listed below when assessing a client's approach to managing the E&S impacts resulting from its activities and that of its supply chain.

- ILO Declaration on Fundamental Principles and Rights at Work
- FTSE4Good Supply Chain Labour Standards Criteria.
- Social Accountability 8000 Standard (SA8000)
- Business Social Compliance Initiative
- EuroCommerce

In addition to the above standards, there exist additional industry specific initiatives and best practices to operating in a sustainable manner. NIBC believes that adoption or adherence to any of these standards would be an indication that a company is committed to manage the E&S impacts resulting from its activities and that of its supply chain. We have provided more details on the standards listed above and these industry specific initiatives and best practices in the Appendix.

As established in our Sustainability Policy, we will not knowingly provide financial services to clients that are involved in activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources and cultural heritage.

Further, we will not knowingly provide financial services to clients that are involved in activities such as:

- Production, distribution, sale and trade of fur products; and
- Animal testing other than for medical purposes.

## Policy Scope

This Policy applies to all new financial services provided by NIBC. We acknowledge that legacy issues may arise from continuing engagements entered before the implementation of this Policy. Although this Policy is not intended to be applied to financing agreements and investments retrospectively, NIBC endeavours to address potentially material legacy issues relevant to a particular engagement whenever a specific issue arises. In addition, clients are assessed against these policies as part of the periodic review process or as they become due for renewal.

NIBC provides financial services to the retail services in the following ways:

- (Corporate) Lending
- Advisory services (including advising on M&A and debt and equity capital markets)
- Equity investments

Our clients are involved in the following retail activities:

- Fashion Retail;
- Specialty retailing including drugstore chains and optical retailers;
- Hardware including Do It Yourself and electrical appliances;
- Retail wholesalers.

NIBC shall exercise discretion in deciding whether to apply this Policy to the provision of financial services to a company that has only marginal involvement in the retail sector. NIBC will make such decisions on a case-by-case basis after assessing the materiality of the risk that NIBC is supporting unsustainable activities.

This Policy applies to our clients and the financial services we provide to them. We assess their commitment, capacity and track-record in managing E&S risks and their approach to managing sustainability risks in their supply chain and actions of their relationships. We do not assess the commitment and capacity of our client's clients directly.

## NIBC Policy Approach

Central to the assessment of E&S risks is the understanding of the E&S impacts associated with a client's activities (and its commitment and capacity to manage such E&S impacts). We also look at a client's track record to ensure that the client is operating in line with the commitments it has set for itself.

The type of assessment of E&S risks will depend on the type of products or financial services that NIBC offers and the resulting exposure to E&S risks.

In case of (Corporate) Lending where use of funds is for general corporate purposes, equity investments and advisory services NIBC will only provide financial services to clients that have both the commitment and capacity to manage the E&S impacts of their activities and that of their supply chain.

# APPENDIX

## Industry specific initiatives and best practices

FTSE4Good Supply Chain Labour Standards Criteria.

The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and to facilitate investment in those companies. The FTSE4Good Policy Committee has recognised that supply chain labour standards are of increasing concern and the FTSE4Good Supply Chain Labour Standards criteria cover this issue.

[http://www.ftse.com/Indices/FTSE4Good\\_Index\\_Series/F4G\\_Download\\_Page.jsp](http://www.ftse.com/Indices/FTSE4Good_Index_Series/F4G_Download_Page.jsp)

Social Accountability 8000 (SA8000) Standard

Social Accountability International (SAI) is a global, multi-stakeholder, standards setting organization whose mission is to advance the human rights of workers around the world.

SAI established SA8000 a recognized benchmark among the voluntary codes and standards initiatives that employers use to measure their own performance and responsibly manage their supply chains. Grounded on the principles of core ILO conventions, UN Conventions, and an ISO-style management system, SA8000 is applicable to virtually all industrial sectors.

<http://www.sa-intl.org/>

Business Social Compliance Initiative

The Business Social Compliance Initiative (BSCI) is a leading business-driven initiative for companies committed to improving working conditions in the global supply chain. We unite 600+ companies around a development-oriented system applicable to all sectors and sourcing countries.

<http://www.bsci-intl.org/>

EuroCommerce

EuroCommerce is the retail, wholesale and international trade representation to the EU.

<http://www.eurocommerce.be>

Multi-stakeholders codes

- Fairtrade Labelling Organisation International (FLO): <http://www.fairtrade.net>
- Ethical Trading Initiative: <http://www.ethicaltrade.org>
- International Federation of Alternative Trading: <http://www.ifat.org>
- Global Social Compliance Programme: <http://www.gscpnet.com>

Toys

- International Council of Toy Industries: <http://www.toy-icti.org>

Cotton

- Better Cotton Initiative (BCI): <http://www.bettercotton.org>

Clothes and apparel

- Better Cotton Initiative (BCI): <http://www.bettercotton.org>
- Fair Wear Foundation: <http://fairwear.org/>
- The Clean Clothes Campaign and the CCC Model Code: <http://cleanclothes.org>

Timber and wood products

- Forest Stewardship Council (FSC) certification and FSC chain of custody certificate: <http://www.fsc.org>
- Rainforest Alliance: <http://www.rainforest-alliance.org>
- Forest Law Enforcement, Governance and Trade Action Plan from the European Commission: <http://ec.europa.eu/environment/forests/fllegt.htm>

Jewellery

- The Kimberley Process (diamonds): <http://www.kimberleyprocess.com>
- The Council for Responsible Jewellery Practices (CRJP): <http://www.responsiblejewellery.com>
- The World Diamond Council: <http://www.worlddiamondcouncil.com>
- International Cyanide Management Code (certification of mining operations using cyanide for gold recovery): <http://www.cyanidecode.org>

Electrical and Electronic Equipment

- EU Directives on Waste from Electrical and Electronic Equipment (WEEE): [http://ec.europa.eu/environment/waste/weee/index\\_en.htm](http://ec.europa.eu/environment/waste/weee/index_en.htm)
- Electronic Industry Citizenship Coalition: <http://www.eicc.info>



## Updates

NIBC reviews and updates its policies on a regular basis. Our sustainability policies are reviewed at least annually. Reviews do not always result in policy changes. Therefore policy documents will be updated if and when changes are made and have been approved according to NIBC's agreed procedures.



### BANKIERSEED NIBC

Ik beloof binnen de grenzen van mijn functie die ik op bij NIBC vervul:

- dat ik mijn functie integer en zorgvuldig zal uitoefenen;
- dat ik een zorgvuldige afweging maak tussen de belangen van partijen die bij de onderneming betrokken zijn, te weten die van de klanten, de aandeelhouders, de werknemers en de samenleving waarin de onderneming opereert;
- dat ik in die afweging het belang van de klant centraal zal stellen;
- dat ik mij zal gedragen naar de wetten, de reglementen en de gedragscodes die op mij van toepassing zijn;
- dat ik geheim zal houden wat mij is toevertrouwd;
- dat ik geen misbruik zal maken van mijn kennis;
- dat ik mij inzet en inzetbaar zal opstellen en mijn integriteit zal behouden voor de samenleving kenmerkend voor de financiële sector.



## Feedback Welcome

NIBC welcomes feedback on its policies and practices from its stakeholders. We believe that dialogue on issues and dilemmas is an opportunity for NIBC to not only improve its practices and strengthen its 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/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