

PROCREDIT GROUP STATEMENT ON HUMAN RIGHTS

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1. Introduction

The ProCredit group's mission is to promote sustainable development through financial services in the societies in which we operate, and we believe that complying with human rights principles and standards is central to this objective. For that reason, human rights are at the top of the values that we commit to and promote in our [Code of Conduct](#), which serves as the ethical cornerstone for all our business operations, policies, and standards. With this approach, ProCredit seeks to guarantee human rights in all our business practices at the group level.

1.1 Commitment to international principles and standards

As part of our efforts to comply with and improve human rights, as well as to disclose human rights-related information, the ProCredit group is committed to following international laws, principles and standards on human rights, including:

[Universal Declaration of Human Rights](#)

[European Convention on Human Rights](#)

[International Labour Organization's \(ILO\) Declaration on Fundamental Principles and Rights at Work](#)

[Principles of the UN Global Compact](#)

[UN Principles for Responsible Banking \(PRB\)](#)

[UN Guiding Principles on Business and Human Rights](#)

[IFC Performance Standards](#)

[IFC/MIGA Joint Policy Statement on Forced Labour and Harmful Child Labour](#)

[EBRD performance requirements](#)

2. Principles

- Support and respect the protection of internationally proclaimed human rights in all our activities and business operations
- Avoid any kind of relationship with clients/suppliers who engage in "*Production or activities involving harmful or exploitative forms of forced labour/harmful child labour, discriminatory practices, or practices which prevent employees from lawfully exercising their rights of association and collective bargaining*"
- Seek ways to ensure that we are neither directly or indirectly complicit in human rights abuses

3. Scope

This statement focuses on governance and mitigation measures to guarantee respect of human rights in all our business relationships: with our employees, clients, and suppliers, as well as in the communities in which the ProCredit group operates.

3.1 Our employees

Our employees are at the heart of all our operations; our commitment to human rights therefore begins here. This commitment considers the ILO's Declaration on Fundamental Principles and Rights at Work and other national and international labour standards as detailed below.

3.1.1 Forced labour and child labour

We do not tolerate forced, bonded or compulsory labour, human trafficking, child labour, and other kinds of slavery and servitude within our own operations, those of our clients, or within our supply chain.

ProCredit is committed to taking appropriate steps to ensure that everyone who works with us – in any capacity, anywhere in the world – benefits from a working environment in which their fundamental rights and freedoms are respected.

3.1.2 Discrimination

All employees are required to respect the fundamental principle of human dignity and therefore avoid any form of discrimination based on ethnicity, gender, religion, origin, sexual orientation, etc. This is a categorical imperative of ProCredit values and is not negotiable. (Code of Conduct, p. 8)

3.1.3 Freedom of association and collective bargaining

ProCredit recognises the right of our employees to join trade unions and engage in collective bargaining in accordance with local law. Also, knowing the importance of having a transparent and effective communication channel between employees and management, we encourage a culture of open communication. To this end, our “open door policy” and simple organizational structure with small teams and flat hierarchies, ensures that employees are encouraged to stop by whenever they feel the need to meet and ask questions, make suggestions, and address problems or concerns with management. (Code of Conduct, p. 33)

3.1.4 Adequate remuneration

ProCredit seeks to offer compensation packages which are perceived as fair by both the employees and the employer. ProCredit focuses on establishing long-term ties with our staff by offering decent salaries in line with the market and based on fixed remuneration, creating a stimulating working environment, providing development perspectives and a values-based, responsible business model, without losing sight of the importance of individual performance. In this context, establishing a balance between work and family life is also important. (HR policy)

3.1.5 Diversity

As a group that has been active in various countries for many years and drawing on different and complex cultural and historical backgrounds, the acceptance of cultural diversity has become a simple fact, based above all on the recognition that everyone deserves respect as a human being. Going far beyond mere acceptance, we actively acknowledge and make the most of diverse educational and professional backgrounds. We also promote the diversity of opinions, freedom of speech and different ways of thinking. All recruitment and promotion decisions at ProCredit are based on values, engagement, and professionalism, in order to avoid any kind of discrimination. (Code of Conduct, p. 14)

3.1.6 Health and safety

The health and safety of our employees are fundamental to our operations. ProCredit proactively strives to have a prevention-oriented workplace to ensure the health and safety of its employees. We also promote health and safety awareness through various training opportunities and by providing our employees with direct and indirect access to medical care.

3.1.7 Privacy

ProCredit places great importance on protecting personal data, in particular with regard to the strategic increase in the use of electronic channels and the centralisation of our IT infrastructure. The ProCredit institutions protect all confidential information about their clients and employees from unauthorised access and disclosure, ensuring compliance with the requirements of the EU General Data Protection Regulation (“EU GDPR”) and the applicable provisions of the German Data Protection Act (Bundesdatenschutzgesetz - “BDSG”) as well as local data protection laws, as applicable. Furthermore, as part of our Code of Conduct (Professionalism), we commit to perform all due diligence necessary to ensure the protection and privacy of all personal data belonging to our employees and clients.

3.2 Clients

Our commitment to human rights also extends to our clients. The *Group Standards for Managing the Environmental and Social Risk and Impact of Lending* establishes ProCredit’s commitment to financing socially sustainable projects; ensuring that our clients comply with existing and applicable local laws and

regulations concerning human rights, health and safety; and monitoring and reporting on their performance with respect to these areas on an annual basis. In practice this means:

- All credit applications are screened against the bank's Exclusion List, which excludes from financing any legal entity engaged in unethical practices and labour conditions, such as activities that involve exploitative forms of labour and discrimination, practices which prevent employees from lawfully exercising their rights of association and collective bargaining, and/or pose significant risks to or have adverse impacts on worker health and safety.
- Furthermore, all clients are obliged to confirm in writing that they are not engaged in any of the activities contained in the Exclusion List.
- All financed legal entities must confirm during the application process that their economic activities comply with the applicable local laws and regulations regarding labour rights, health protection regulations, and applicable safety regulations.
- All financed legal entities, regardless of the size of their exposure or their environmental risk category, are subject to a social assessment in the form of a check of health and safety and overall working conditions.

3.3 Suppliers

The ProCredit group recognises that ethical, social and environmental impacts reside within the supply chain. Moreover, positive impacts can be achieved through purchasing more responsible products or services and working collaboratively with suppliers to positively influence mutual ethical, social and environmental performance communities. (Group guidelines, sustainable suppliers)

All suppliers are expected to adhere to the core values of the ProCredit group. Therefore, the Code of Conduct sets the basis for any business relationship with any potential supplier. In particular, the parties involved in the procurement process screen all existing and potential suppliers regarding the following three core principles:

- Screening against the Exclusion List (including the recognition of ILO standards¹ on forced and child labour)

All existing and new potential suppliers are screened against the ProCredit group's Exclusion List, as this list is not only valid for business relationships with clients but also with suppliers. From this it follows, among other things, that service/product providers involved in child labour, forced labour, discriminatory practices, or practices which prevent employees from lawfully exercising their rights of association and collective bargaining cannot become suppliers of the ProCredit institutions.

- Screening according to anti-money laundering practices/procedure

As described in the Code of Conduct, suppliers who attempt to offer remuneration to employees in order to influence business decisions cannot become business partners of/continue to do business with the ProCredit group. This holds true for any type of purchase, irrespective of the monetary size of the order. Moreover, when choosing suppliers, no business relationships can be established with companies whose activities are contrary to the ethical values of the ProCredit group. Hence, the Group Anti-Money Laundering Policy and the Group Fraud Prevention Policy, as well as their related standards and procedural instructions, are taken into consideration throughout the entire procurement process.

- Legal and regulatory compliance (including environmental and social compliance)

All existing and new potential suppliers must comply with the applicable and relevant local, regional, national and global laws and regulations and all relevant industry, product and service standards, which also includes the environmental and social standards in their region. Any company that violates the aforementioned laws, regulations or standards cannot become a supplier of the ProCredit group.

Whenever a relationship with a supplier is characterised by a formal contract and/or tender process, the supplier is required to commit to the core principles of the ProCredit group.

3.4 Communities

3.4.1 Anti-bribery and corruption

ProCredit does not tolerate bribery or corruption in any form. This means that ProCredit will not tolerate any behaviour in which employees improperly and unlawfully enrich themselves or those close to them, or induce others to do so, by misusing their positions. We operate in countries with relatively high levels of informality and tolerance of corruption, combined with relatively low levels of experience with banks and strong social networks outside of public or private institutions. Fraud and corruption are a real risk that we address in the strictest way, not only by complying with any anti-bribery and corruption laws that might exist but also by having a robust system to manage this risk and highly competent and aware staff.

3.4.2 Anti-money laundering

We take our responsibility for the prevention of harmful financial transactions very seriously in all areas of our business activities. ProCredit does not tolerate money laundering, terrorism financing or any fraudulent activities or questionable behaviour from its clients, its own employees, its service providers, or its suppliers. To achieve this, it is the responsibility of each employee to help ensure full compliance with the institution's anti-money laundering policies and with all regulatory requirements concerning anti-money laundering and counter terrorism financing.

4. Grievance mechanisms, reporting and governance

The ProCredit group is committed to maintaining high ethical standards with regard to its business activities and their impact on the environment and the social environment of its banks.

Our aim is to promote unbiased communication within the ProCredit group based on a common "ethical compass" and to create a professional climate in which honest and credible communication is a matter of course. All ProCredit banks have whistleblowing systems in place that also allow for anonymous contact if grievances need to be addressed. All employees and managers of the ProCredit group, as well as our customers, business partners and the general public, bear the responsibility for noticing and clearly addressing illegal, fraudulent or unethical behaviour, including human rights abuses.

Clients and the public can contact us or make complaints through all channels to the ProCredit banks. Complaints can be filed at the branches, by telephone, through the website, on the banks' social media pages or by mail to any office. We can also be contacted via the following e-mail address:

PCH.whistleblowing@procredit-group.com

We process all indications of violations committed with criminal intent consistently and according to equal standards.

Furthermore, the ProCredit group also reports on its approach to respecting human rights in its annual Impact Report. ([Downloads - PCH \(EN\) \(procredit-holding.com\)](#))

4.1 Internal rules and regulations

This statement is based on various standards, policies and procedures that are applied at the group level:

- [Code of Conduct](#)
- HR Policy
- Data Protection Standard
- Group Standards for Managing the Environmental and Social Risk and Impact of Lending
- Group Guidelines Sustainable Suppliers
- Group Anti-Money Laundering Policy
- Group Fraud Prevention Policy
- Whistleblowing policy

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