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A. Introduction

Human rights, climate change and biodiversity are the key focus areas of ASN Bank’s sustainability policy. Together they incorporate almost all issues that are important in everything that ASN Bank does, including the selection of our loans and investments. In making that selection, we always ask ourselves these three questions:

• human rights: how do we protect people’s rights through our loans and investments?
• climate change: how do we select our loans and investments in such a way that they contribute to a safe, liveable and stable climate for people and nature?
• biodiversity: how do our loans and investments contribute to a clean environment and protection of nature?

These concerns are interconnected by the concept of justice. This forms the foundation for the sustainability vision of ASN Bank. As de Volksbank adopted our policy in 2017, this policy paper applies to all of de Volksbank’s brands. This policy is in line with the Dutch Banking Sector Agreement on international responsible business conduct (IRBC) of the Social and Economic Council of the Netherlands (Sociaal-Economische Raad; SER).

A.1 Description and importance of human rights

Human rights are universal values that apply everywhere, always and to everyone, and in which human dignity, justice, freedom and equality are paramount. These values are enshrined in a great many international treaties. Human rights are integral to being human and concern very essential matters such as:

• access to food, water, shelter and medical care;
• government protection of citizens and the protection of privacy;
• respectful treatment of employees and the local community by companies;
• freedom to be yourself without being discriminated against, freedom to express yourself, freedom of religion and freedom to be active politically and in society;
• bodily integrity and protection against violence;
• protection of vulnerable groups such as children, women and indigenous peoples; and issues such as access to education and a safe domestic environment for children.

Regrettably, these rights are still violated in many parts of the world. Sometimes the violations occur on such a large scale, or are so exceptionally grave, that they are referred to as ‘gross human rights abuses’. This applies, for example, to genocide and war crimes.

A.2 ASN Bank and human rights

Our guiding principle is to respect human rights. Therefore, we test our investments and our own operations against the criteria that are set out in this Policy Paper. In part these are general criteria. We additionally devote specific attention to rights that we may affect, be it positively or negatively. Examples of such rights include workers’ rights, equal treatment, arms and security, children’s rights and consumers’ rights.

Our core activities as a bank pertain to investing in countries through government bonds and in companies through loans, shares and bonds. We also take account of human rights in our own operations, for example with respect to our own employees, customers and suppliers.

ASN Bank’s activities, investments and loans reflect the sustainable society that we aspire to in the long run. In that sustainable society, there is no child labour, companies respect the rights of employees, communities and indigenous peoples, and no gross violations of human rights occur. In this Policy Paper, we set out concrete criteria that we have formulated using concepts such as justice, freedom, equality and human dignity. Our investments are tested against these criteria.

The opinion of our customers is important here. They expect us to invest the money they entrust to us in a sustainable manner. It goes without saying that this entails that we respect human rights. We do everything we can to fulfil this expectation, and in doing so we are regularly faced with dilemmas.

In such cases we consult with customers, experts, trade unions, civil society organisations and companies, and base our choices in part on our stakeholders’ opinions.

2 By ‘companies’ we mean listed and non-listed businesses with a profit motive, as well as not-for-profit organisations and semi-government organisations.
B. Guiding principles

We base our human rights criteria on the 1948 Universal Declaration of Human Rights (UDHR) and the international standards that ensue from it, directly or indirectly. We also refer here to the United Nations Guiding Principles (see box), which links these standards with the business sector. These principles are based on existing obligations and common practice. They refer to various regional and global standards that have been laid down in resolutions and conventions. We consider these closely in the formulation and interpretation of our criteria.

By ‘human rights’ we mean all types of human rights: civil, political, economic, social and cultural rights and the rights of special and/or vulnerable groups such as children, women, minorities and indigenous peoples.

These international standards form the starting point for our policy. In addition, we take into account the opinions of our customers, civil society organisations and other experts in the Netherlands and abroad. At relevant points in the text, there are footnotes indicating the standards and sources on which our human rights policy is based.

### Human rights and the business sector – the work of the United Nations

In June 2011, the UN Human Rights Council adopted the Guiding Principles on Business & Human Rights (UNGPs). These contain guidelines for countries and businesses. Countries are under an obligation to protect human rights by means of, for example, appropriate policy, effective regulations and access to justice. Companies have the responsibility to respect human rights. They have to prevent violations of human rights. If companies have an adverse impact on human rights, they should remedy this or compensate for it. In addition, the principles deal with the responsibility of countries and companies with regard to compensation: they must ensure that victims of human rights violations can avail themselves of their rights.

The work done by the United Nations and the associated international developments were important reasons for ASN Bank to review its human rights policy. In some places the principles are explicitly stated in the text, mainly in Sections B.2, D and D.1. We embrace the United Nations’ work and promote this work among the businesses that we accept into our investment universe. In doing so we must make choices to arrive at a workable policy, however. We base such choices on those criteria that do the most justice to human rights.

### Human rights and the business sector – the work of the Organisation for Economic Co-operation and Development (OECD)

In addition to the UNGPs, the OECD Guidelines for Multinational Enterprises provide a normative framework for our human rights policy. These Guidelines are unique, as all industrialised OECD member countries have committed themselves to actively using them. This has led countries to set up National Contact Points (NCPs) to promote the Guidelines with globally operating businesses. Interested parties may also submit questions to the NCP about alleged violations. A mediation procedure then commences and the NCP publishes its findings. The Dutch government has included the OECD Guidelines as a condition in its sustainable procurement policy.

The OECD Guidelines were first drafted in the 1970s. Covering themes such as the environment, anti-corruption and taxes, they give direction to companies internationally doing business in countries where these themes are not always legally enshrined. When the OECD Guidelines were reviewed in 2011, two major components were added that directly impact companies. The first component is a prominent place for supply chain responsibility. The underlying idea is that the most risks are seen in companies’ value chains. The second component is the UNGPs’ incorporation in the framework of the OECD Guidelines in 2011. They are included in the new Human Rights chapter. This means that both components guide ASN Bank’s human rights policy.

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3 Such as the International Bill of Human Rights (the UDHR plus the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights) and specialised covenants such as the Convention on the Rights of the Child.
B.1 Obligations of countries
Pursuant to international human rights treaties, countries have an obligation to respect, protect and promote human rights. In concrete terms, this means that countries:

• do not violate any human rights;
• must protect the human rights of all people who are within their territory or jurisdiction; in addition they are also responsible for violations caused by private actors such as companies;
• must give all people within their territory or jurisdiction the opportunity to exercise their rights. Countries must also create the conditions and take measures to make this possible.4

Countries’ specific responsibilities regarding business-related human rights violations are also formulated in the UNGPs: the ‘duty to protect’. This means that countries must provide for proper policy and effective rules to prevent human rights violations by companies. If such violations nevertheless occur, countries must ensure that victims can avail themselves of their rights.

Government bonds and risk countries
By means of government bonds, we invest in countries that lead the way in the field of human rights. To select these countries, we examine their performance as regards various aspects, such as child labour, trade union freedom, forced labour, discrimination and income inequality. We also assess them in terms of corruption and as regards various environmental aspects. The countries that pass the test enter our investment universe. You can find them on our website. For more information, please refer to the ASN Sustainability Criteria Guide.

B.2 Corporate responsibilities5
Companies have the responsibility to respect human rights. They must make sure to avoid violating human rights. And they must ensure that their products or services are not abused by other parties in human rights violations. If companies have an adverse impact on human rights in any way, they should remedy this or compensate for it.

Duty of care and main risks
Companies must ensure that they respect all human rights and do not violate human rights or indirectly contribute to such violation. This applies to their own actions and those of business relations that are directly associated with the operations, services or products (supply chain responsibility).

Both the UNGPs and the OECD Guidelines emphasise that companies have a duty of care to analyse and mitigate the main human rights risks (‘salient risks’). The first step in the process is to conduct a risk analysis, also referred to as ‘due diligence’. Then, a company must:
1. make policy on the risk;
2. examine the risk;
3. implement a strategy; and
4. monitor and publish the results.
Throughout the due diligence process, open communication with interested parties and requests for input are paramount. Multi-stakeholder dialogues and initiatives may be used to this end. This is in line with the SER’s activities; it issues IRBC covenants to bring together industry peers who can develop the practical details of the duty of care together. ASN Bank will review the due diligence approaches of more and more companies in the future.

4 With regard to the right to education, countries are obliged, for example, to ensure that children are genuinely able to go to school. They do this by arranging for affordable schools within a reasonable distance, with qualified teachers, from which children cannot be excluded on the grounds of their gender, religion or cultural background.

5 The definition of ‘company’: companies include listed and non-listed businesses with a profit motive as well as not-for-profit organisations and semi-government organisations, etc. The demarcation of a company is particularly important to us. For these purposes we apply the accounting principles: everything that must be included in the balance sheet belongs to a company.
The last component of the duty of care is ‘access to remedy’: giving possible victims of human rights violations access to remediation. For example, companies may set up complaints procedures (‘grievance mechanisms’) and offer mediation and dispute resolution (‘arbitration’). A remediation procedure is in force for ASN Bank’s domestic activities and/or the legal system is adequate. For foreign business operations, particularly in non-OECD countries, ASN Bank will be collaborating with other member financial institutions of the Dutch Banking Association as from 2018 to develop procedures that will enable more efficient and more effective action in the event of complaints and remediation procedures.

B.3 Changing criteria
Since we apply our human rights criteria in a very practical manner, they need to be defined in far more concrete terms than many of the international standards. We deal with specific themes, such as child labour, forced labour and working conditions. We also exclude certain activities, such as weapons, pornography, tobacco and gambling. We assess how countries perform generally in the field of human rights. In doing so we are guided by the relevant international standards to which we refer in the text or footnotes.

At the same time, it is not possible to draw up a comprehensive list of ethical and sustainable criteria which our banking activities must meet. The reason for this is that our world is continually changing and is enormously complex. In practice, we are regularly faced with dilemmas for which the criteria do not provide an unequivocal solution. Also, the policy does not always indicate a clear direction when new types of investment present themselves. In such instances, we fall back on our foundation: our mission, vision and the three pillars of our sustainability policy – human rights, climate change and biodiversity. These principles form the basis for our assessment of how to avoid adverse effects or limit them as much as possible.
C. Application of the sustainability policy

We use our human rights criteria when examining the sustainability of companies and countries. On this basis we determine which companies and countries can be accepted into our investment universe. This is the pool of companies and countries in which we may invest or that we may finance. We also use the criteria to re-examine companies and countries that have already been accepted into our investment universe. They furthermore provide guidance in our discussions with companies (dialogue or engagement) and in determining our voting policy. See the ASN Sustainability Criteria Guide for a process description of engagement.

As said, the human rights criteria apply to countries and companies. As they have different responsibilities for human rights, we apply two separate sets of criteria. Both sets are split into 1. activities to be excluded and to be avoided and 2. sustainability criteria.

Activities to be excluded and to be avoided are activities that do not (yet) contribute to, or do not fit in, a sustainable society. All countries and companies in which we invest must fulfil these conditions. If that is not the case, we do not accept them into our investment universe. For example, we do not invest in companies that are involved in any way in arms trade or production. The sustainability criteria assess the quality of the sustainability policy and the sustainability of a country or company in practice. They are based on our overarching sustainability pillars (climate change, human rights and biodiversity) and governance.

The activities to be avoided and to be excluded apply to all of ASN Bank’s loans and investments. The sustainability criteria equally apply to all of ASN Bank’s loans and investments.

The general principles outlined above apply to all of the bank’s activities. We will provide more details of these principles below.

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6 More information is available at ASN Bank What influence do we have?
D. Selection criteria for companies

Our criteria for companies in the field of human rights are set out below. Per topic we briefly describe the situations and activities that can influence human rights in a negative way. This is followed by the assessment guidelines that companies need to comply with. We only approve companies that comply with the assessment guidelines.

What we expect from companies and how we assess them is set out below, per criterion. The criteria cover the following areas:

D.1 Arms
D.2 Tobacco
D.3 Gambling
D.4 Pornography
D.5 General human rights criteria
D.6 Equal treatment and non-discrimination
D.7 Child labour
D.8 Forced labour
D.9 Trade unions/freedom of association
D.10 Safe and healthy working conditions
D.11 Living wage
D.12 Corporate security
D.13 Privacy and freedom of speech
D.14 Local community and indigenous people
D.15 Consumer protection
D.16 Safe and healthy working conditions
D.17 Corporate security
D.18 Privacy and freedom of speech
D.19 Local community and indigenous people
D.20 Consumer protection

Activities to be excluded

D.1 Arms

ASN Bank does not invest in the arms industry. This is not required under human rights treaties, but is a criterion that we adopt by choice. We realise that weapons are important for peace missions, and that the police, for example, sometimes need weapons to prevent crime and to maintain law and order. But arms are also a source of great misery. Because they are easily available, they contribute significantly to the outbreak and continuation of armed conflicts. The devastating consequences of the use of arms are sufficiently familiar to all.

That is why we do not invest in companies engaged in or benefiting from war or armed conflict, or that are active in the manufacture or trade in arms. We cannot and will not reconcile ourselves with the idea that the arms industry benefits from having (more) armed conflicts. Consequently, this means that we also refrain from every form of funding or investing in companies that are active in the development, manufacture and distribution of or trade in arms. By ‘arms’ we mean all types of conventional weapons, ammunition, weapon parts, supporting technologies and associated expertise. For a precise definition of the term ‘arms’ we use the Common Military List of the European Union. This list contains a wide-ranging summary of weapons, parts and chemicals, as well as software.

What is our position in this respect regarding the production of dual-use products? These are products or technologies that not only have a civilian application but that can also be essential in the development and production of arms. Examples include navigation electronics, avionics and certain chemicals. We judge dual-use products on a case-by-case basis. Using the EU list of dual-use products, we determine whether a product is a dual-use product. Subsequently, we assess the extent to which the dual-use product has been developed mainly for the arms industry, or to what extent it is applied in armaments. Depending on this assessment, we determine whether the product or service falls under our arms criterion.

As we do not want to invest in the arms industry in any way, we only apply activities to be excluded in this context.

7 For the description of arms and their components we rely on the Common Military List of the European Union. This list is reviewed annually. We furthermore heed the following: the UN Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (1975); the Rome Statute of the International Criminal Court (1998); the Convention on Certain Conventional Weapons (1980); the Convention on Cluster Munitions, 2008; the Nuclear Non-Proliferation Treaty, 1970; the Biological and Toxin Weapons Convention, 1975; the Chemical Weapons Convention, 1997; the Mine Ban Treaty, 1997.
8 The EU list of dual-use products is contained in Annex I of Council Regulation (EC) No. 428/2009 (regarding the control of exports, transfer, brokering and transit of dual-use items).
Activities:
Manufacture of weapons and parts that are essential for weapons. This criterion is relevant to manufacturers of engines and industrial machinery, the chemical, IT and electronics sectors, shipbuilders, the aviation industry, metal companies and energy system suppliers, among others.

Activities to be excluded:
The following criteria apply to all analysis categories ('avoid', 'further analysis' and 'normal assessment'):
- We do not invest in companies that are active – in any way – in the development, manufacture and distribution of or trade in weapons according to the EU list.
- We do not invest in companies that are active – in any way – in the development, manufacture and distribution of or trade in dual-use products according to the EU list. This concerns products that are mainly developed for the arms industry as well as products that are mainly used in the arms industry.
- In the event that a company’s product unexpectedly proves essential to the manufacture of weaponry, we expect the company to take adequate measures to prevent this.
- We do not invest in companies that do not respect International Humanitarian Law. This law governs the treatment of persons during armed conflict, the methods of warfare and the governance of occupied territories.

D.2 Tobacco
ASN Bank does not invest in companies that manufacture tobacco products. Nor do we invest in companies that derive a large part of their total turnover from the sale, distribution or trade of these products.

Activities to be excluded:
The following criterion applies to all analysis categories ('avoid', 'further analysis' and 'normal assessment'):
- We do not invest in companies that manufacture tobacco product parts, such as filters.

D.3 Gambling
ASN Bank does not invest in companies that market or operate short-odds games or manufacture parts for them. Examples include fruit machines, casino games, bingo, scratch cards and horse betting. In short-odds games, bets and gains or losses follow each other in quick succession. As a result, there is a strong inducement to wager a bet time and again. The nature of the award structure makes these games risky: the player does not win anything for a long time, sometimes wins a small amount and very rarely wins a large sum of money. This paves the way to a gambling addiction. Long-odds games, such as lotteries and competitions, are the opposite. These games have long periods between bets and gains or losses. As these hardly involve any real excitement, they are not considered very risky and we do not exclude them.

Activities to be excluded:
- We do not invest in companies that provide or operate short-odds games.
- Nor do we invest in companies that supply parts for short-odds games, causing them to be too much intertwined with companies that provide or operate short-odds games, and/or companies that generate more than five percent of their turnover from supplying parts.

D.4 Pornography
The sex industry presents an increased risk of sexual exploitation. That is why ASN Bank does not invest in companies engaged in pornography production. ASN Bank only invests in companies that offer safe and healthy working conditions and are not involved in any way in sexual exploitation or the production of pornography.

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8 Source: Stichting AGOG (http://www.agog.nl/).
**Sexual exploitation**
The term ‘sexual exploitation’ is not defined by international law. This is due in part to the variety of views on sex and sexuality and on what is permissible. For example, the Dutch prostitution policy is inconceivable in Sweden, which assumes that prostitution involves sexual exploitation by definition.

In our analysis we define ‘sexual exploitation’ as follows: sexual exploitation exists if sexual acts are performed involuntarily. Involuntariness exists in the event of, for example, force, intimidation, deception, abuse of a dominant position or direct or indirect punishment. This often occurs in combination with human trafficking and/or (debt) bondage. Sexual exploitation can occur in many different forms.

**Activities to be excluded:**
- We do not invest in escort agencies or prostitution or in companies benefiting from this.
- We do not invest in pornography production.

**Sustainability criteria**
The extent to which companies can meet the sustainability criteria ranges from ‘insufficient’ to ‘excellent’. We select those companies that demonstrate the best performance for the sustainability criteria in their sector.

**D.5 General human rights criteria**
We select companies that respect human rights, and which are not involved in human rights violations by third parties. Formulated negatively: we exclude companies if they do not respect fundamental human rights. This could be because they themselves violate human rights, or because business relations or other organisations connected to their operations violate human rights. Examples here would include tolerating such violations, contributing to them directly or indirectly, facilitating them or stimulating them intentionally or unintentionally. Business relations are organisations that are connected with the activities or the production process of a company and that the company can influence.

Depending on the analysis category (see the ASN Sustainability Criteria Guide), we have various expectations of the company. For each category we specify the applicable criteria.

If there are acute malpractices or controversies in the area of human rights, the company must take action. The malpractices must be resolved or their effects minimised. It is also expected to take measures to avoid repetition. The ASN Sustainability Criteria Guide includes a description of controversies.

If national and international law differ, we adhere to the provisions that provide the best protection for individuals. There may be legal, cultural or social reasons that make it difficult for a company to comply with international law in certain countries. In such cases, we expect the company to make every possible effort to respect human rights and to act in the spirit of international standards. In these cases we assess the seriousness of any deviation from international standards and the extent to which the deviation is necessary.

If a company meets the criteria below, it has sufficient policy in place for this policy component:

The following criteria apply to the analysis category ‘avoid’:
- We can only approve a company:
  - if it supplies essential humanitarian services or products and/or
  - if it is not involved either directly or indirectly in serious human rights violations by a country; and
  - if it meets the other criteria.

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10 However, there are relevant international standards for children and women: the International Convention on the Rights of the Child (Article 34) and the UN Women’s Rights Convention offer children and women protection against (sexual) exploitation.
The following criteria apply to the analysis category ‘further analysis’:

- We ascertain whether the company:
  - has formulated policy in the area of human rights that refers to recognised human rights treaties; and
  - to what extent it has declared its policy applicable to all of its activities and in every country in which it operates.
- If a company has suppliers in high-risk or risk countries and/or risk sectors, we check whether it has a supply chain policy geared towards preventing human rights violations and violations of the fundamental labour standards of the International Labour Organisation (ILO).
- If a company operates in a high-risk country, we also assess whether it is involved in serious human rights violations by the state, for example by supplying products or services that contribute to such violations or from which a totalitarian or corrupt regime benefits.

The following criteria apply to all three analysis categories (‘avoid’, ‘further analysis’ and ‘normal assessment’):

- For legal, cultural or social reasons, it can sometimes be difficult for a company to comply with international law in certain countries. In such cases, we expect the company to make every possible effort to respect human rights and to act in the spirit of international standards. In these cases we assess the seriousness of any deviation from international standards and the extent to which the deviation is necessary.
- There are no serious or consistent controversies in the area of human rights.
- If an occasional incident occurs, the company immediately takes adequate measures.

If a company meets the criteria below, it has good or excellent policy in place for this policy component:

The following criteria apply to all analysis categories (‘avoid’, ‘further analysis’ and ‘normal assessment’): The following criteria apply to all analysis categories (‘avoid’, ‘further analysis’ and ‘normal assessment’):

- Risk analysis: the company conducts a risk analysis of the real and potential risks and their effects on human rights and repeats this analysis regularly.
- Operating processes: the company implements its policy and the results of the risk analysis in its internal operating processes, for example in codes of conduct and contracts.
- Monitoring: the company is subject to internal and external monitoring and/or verification of the extent to which it follows its own policy or – in the case of normal assessment – national legislation; it has instructed that the effect be monitored of any measures it may have taken as a result of the risk analysis.
- Transparency and reporting: the company is transparent about its practice and performance in the field of human rights, in accordance with its policy or – in the case of normal assessment – in accordance with national legislation; it reports on its performance and on any measures it may have taken as a result of the risk analysis.
- Dialogue: the company consults with the local community, trade unions and NGOs and engages in dialogue with them.
- Complaints procedure: the company has a complaints procedure for employees and other victims of human rights violations.
- Compensation/redress: if the company has violated human rights, it has a procedure (in line with national legislation and international standards) to remedy the consequences for victims if possible, and/or to compensate them if such remedy is not possible or only in part. The company confers with victims regarding suitable measures.

D.6 Equal treatment and non-discrimination

We expect companies in our investment universe to interact respectfully with their employees (including those employed on a flexible basis), suppliers, customers, local residents and other stakeholders. We expect them to refrain from discrimination, on any grounds whatsoever, and to treat people equally in equal circumstances. By way of exception, companies may take specific measures for vulnerable or disadvantaged groups in order to alleviate or eliminate a situation of inequality. This is also referred to as positive action or ‘special measures’.

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11 The human rights defined in the Universal Declaration of Human Rights and the international human rights standards based on it, such as the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights; and/or the UN Guiding Principles on Business and Human Rights.
12 Such as the UN Global Impact, GRI or relevant sector initiatives. A company can also endorse the OECD Guidelines.
13 The fundamental labour standards of the ILO are: trade union freedom (ILO Conventions Nos. 87 and 98), no forced labour (ILO Conventions Nos. 29 and 105), no child labour (ILO Conventions Nos. 138 and 182) and no discrimination (ILO Conventions Nos. 100 and 111).
14 Assessment mainly takes place with the help of input from reliable parties and/or information about controversies.
15 UDHR Articles 1, 2 and 23; International Covenant on Civil and Political Rights, Articles 2(1) and 26; ECHR Article 14; International Convention on the Elimination of All Forms of Racial Discrimination (1965); the UN Women’s Convention; ILO Convention No. 100 regarding equal remuneration (1951); ILO Convention No. 111 regarding discrimination in employment and occupation (1958); ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (1977); Global Compact principles 1 and 6; GRI (Performance Indicators HR4, LA13 and LA14; OECD Guidelines (Guideline V.1.e).
For employees this means, for example, equal treatment in the selection and recruitment of new personnel, remuneration, fringe benefits, promotion, training, pension and dismissal. The company is also responsible for creating a working environment in which no discrimination occurs.

Activities:
This criterion concerns, in particular, the policy for employees of the company itself and its suppliers. It may also apply to other stakeholders such as customers. There is an increased risk in countries where certain forms of discrimination are prevalent, such as discrimination on the basis of disease (HIV/AIDS), gender, caste, descent, disability and sexual orientation.

If a company meets the criteria below, it has sufficient policy in place for this policy component:
The following criterion applies to the analysis categories ‘avoid’ and ‘further analysis’:
• The company excludes all forms of discrimination.16 The company has formulated policy regarding non-discrimination and equal treatment.
The following criteria apply to all analysis categories (‘avoid’, ‘further analysis’ and ‘normal assessment’):
• There are no serious or consistent controversies in the area of discrimination or equal treatment.
• If an occasional incident occurs, the company immediately takes adequate measures.

If a company meets the criteria below, it has good or excellent policy in place for this policy component:
The following criteria apply to all analysis categories (‘avoid’, ‘further analysis’ and ‘normal assessment’):
• If the company is active in countries where certain forms of discrimination are prevalent, it takes special measures accordingly. It describes such form/forms of discrimination separately in its policy. This also applies if it has suppliers in such countries.
• The company ensures that its policy and activities do not have discriminatory consequences, whether deliberate or not.
• The company assumes responsibility for creating a working environment in which no discrimination occurs, and takes measures when employees discriminate against each other.
• The company takes special measures to protect vulnerable groups, and also makes special provision for specific groups such as occupationally disabled people and pregnant women.

D.7 Child labour17
According to the ILO, the minimum age at which children may start work is fifteen. In poor countries, exceptions may be allowed for 14-year-old children on economic grounds. Children below the age of eighteen may never perform work that is counted among the worst forms of child labour: slavery, work as a child soldier after forced recruitment, and work in the prostitution and pornographic industries. The worst forms of child labour also include using children for illicit activities and other practices harming children. This is described in the ILO Convention concerning the Worst Forms of Child Labour.18

ASN Bank solely invests in companies that protect children against exploitation. We are referring here to companies that do not use or benefit from any form of child labour. Accordingly, we exclude companies if they or their suppliers use child labour.

Activities:
This criterion is important for activities that require little education and skill, such as agriculture, mining and industry (factory work), and for activities in countries where child labour is prevalent.19

16 If a company describes specific forms of discrimination, we expect such description to be as complete as possible. In this respect, our preference is that they refer to discrimination on the basis of gender, race, nationality, religion, political views, social origin (in accordance with the ILO), as well as to other forms of discrimination such as age, disability, sexual orientation and health, for example discrimination against employees with HIV/AIDS.
17 ILO Convention No. 138 and Recommendation No. 146 concerning the Minimum Age of Fifteen Years (1973); ILO Convention No. 182 and ILO Recommendation No. 190 concerning the Worst Forms of Child Labour; UN Convention on the Rights of the Child (1989); UN Global Compact (Principle 5); GRI (Performance Indicator: HR 6); OECD Guidelines (Guideline V.1.c).
18 ILO Convention No. 182 concerning the Worst Forms of Child Labour (1999).
19 The US Department of Labor has compiled a list of countries and product groups where child labour and forced labour are prevalent. Although there is some discussion about the way the list was created, it is a relevant indicator of the likelihood that child labour exists in a particular case (http://www.dol.gov/ilab/programs/ocft/pdf/2010TVPRA.pdf and http://www.dol.gov/ILAB/programs/ocft/tvpra.htm).
If a company meets the criteria below, it has sufficient policy in place for this policy component:
The following criterion applies to the analysis categories 'avoid' and 'further analysis':
- The company’s policy states that it does not and will not use child labour according to the ILO definition.

The following criteria apply to all analysis categories (‘avoid’, ‘further analysis’ and ‘normal assessment’):
- There are no instances of child labour at the company itself or at its suppliers.
- If an occasional incident occurs, the company immediately takes adequate measures. When taking measures, the company considers the child’s interests.

If a company meets the criteria below, it has good or excellent policy in place for this policy component:
- The company endorses the ILO guidelines and also supports programmes or initiatives to counteract child labour.
- The company endorses the Children’s Rights and Business Principles and has turned it into policy for its own operations. The company endorses the International Convention on the Rights of the Child.

D.8 Forced labour
ASN Bank excludes companies that use forced labour either directly or through their suppliers. Forced labour is work that is performed involuntarily, under threat of punishment. At companies, this mainly involves compulsory overtime, human trafficking, debt bondage and bonded labour.

Involuntary overtime entails that a company locks up an employee in the workplace or threatens to withhold his pay, to use physical force or to fire him if the employee refuses to work the overtime as instructed.

We exclude companies if they or their suppliers use forced labour.

Activities:
There is an increased risk of forced labour if a company or supplier hires staff (including temporary staff) through intermediaries from countries where human trafficking is prevalent, possibly in combination with debt bondage. Forms of slavery exist in South Asia, Latin America and many African countries, while in Europe human trafficking is very common.

If a company meets the criteria below, it has sufficient policy in place for this policy component:
The following criterion applies to the analysis categories ‘avoid’ and ‘further analysis’:
- The company states in its policy that it does not and will not use forced labour.

The following criteria apply to all analysis categories (‘avoid’, ‘further analysis’ and ‘normal assessment’):
- There are no instances of forced labour at the company or its suppliers.
- If an occasional incident occurs, the company immediately takes adequate measures.

If a company meets the criteria below, it has good or excellent policy in place for this policy component:
- The company endorses the ILO guidelines.
- The company also has or supports programmes or initiatives to counteract forced labour.

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21 ILO Convention No. 105 concerning the Abolition of Forced Labour (1957) and ILO Convention No. 29 concerning Forced or Compulsory Labour (1930). Also based on: UDHR (Article 4); Covenant on Civil and Political Rights (Article 8); the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (1990); UN Global Compact (Principle 4); GRI (Performance Indicator: HR7); OECD Guidelines (Guideline V.1.d).
22 There are also other forms of forced labour. For example, withholding documents such as an identity card or passport may be used to retain migrant workers in particular. This is not permitted. The company must be particularly alert if it hires flexible staff through intermediaries such as staffing agencies.
D.9 Trade unions/freedom of association

Freedom of association is one of the fundamental rights of employees. This right is laid down in international and national laws and regulations. Freedom of association includes employees’ right to organise and to establish trade unions, and their right to collective bargaining on employment conditions. In many countries, freedom of association is not self-evident. The freedom of association and the right to free bargaining are of a fundamental nature. We therefore expect companies to pursue social policies that are based on the internationally endorsed employment standards laid down in the ILO Conventions.

Violations of trade union rights

The following violations of trade union rights occur frequently:

• Protection contracts and ghost unions. These are contracts and unions chosen by the employer, not by the employees.\(^{24}\)
• Trade unions controlled by the state, for example in China.
• Exclusion clauses providing that companies may not employ workers who are not a member of the chosen union.
• The employer prefers one trade union over another.
• Employees do not have access to information about trade union registration and to collective bargaining agreements.
• Anti-union discrimination exposing employees to intimidation and threats.
• Circulation of black lists of employees who are active trade union members.

In risk and high-risk countries, the fundamental workers’ rights of trade union members are the most vulnerable. The following highly serious violations occur in such countries:

• Murder of trade union workers.
• Trade union members are imprisoned and their demonstrations are broken up; security troops or others torture them and they often receive long prison sentences.
• Employees are dismissed for trying to set up a trade union.

We expect companies operating in countries where trade union rights are not safeguarded to take specific steps to ensure that employees can exercise their right to association and collective bargaining. This applies to their own employees and those in their supply chain. We expect companies not to constrain employees’ rights but to enable them to exercise those rights.

Activities:

In risk and high-risk countries, the fundamental workers’ rights of trade union members are the most vulnerable. Yet there are certain countries that we designate as low-risk countries that have ratified none or only one of the relevant ILO Conventions. Here there is a greater risk of trade union rights not being respected.\(^{25}\)

If a company meets the criteria below, it has sufficient policy in place for this policy component:

The following criteria apply to the analysis categories ‘avoid’ and ‘further analysis’:

• The company has laid down in its policy that it respects freedom of association and collective bargaining.
• We expect companies with suppliers in risk countries and countries with little freedom of association to draw up a supply chain policy.

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\(^{23}\) Based on: UDHR (Article 23); Covenant on Civil and Political Rights (Article 22); ILO Conventions Nos. 87 (freedom of association and protection of the right to organise) and 98 (right to organise and collective bargaining); UN Global Compact (Principle 3); GRI (Performance Indicator HR 5); OECD Guidelines (Guidelines V.1.a&b).

\(^{24}\) In Mexico, for example, many companies have so-called ghost unions – paper unions that do not represent the employees – and trade unions that are controlled entirely by the company (Source: FNV Mondiaal).

\(^{25}\) For example in the United States, where many violations of trade union rights occur. The most recent ratifications of the Conventions are available on the ILO website: http://www.ilo.org/iollex/english/docs/declworld.htm.
The following criteria apply to all analysis categories (‘avoid’, ‘further analysis’ and ‘normal assessment’):

• There are no instances of serious malpractices with regard to trade unions/freedom of association in relation to employees and temporary staff at the company or at suppliers.
• If an occasional incident occurs, the company immediately takes adequate measures.

If a company meets the criteria below, it has good or excellent policy in place for this policy component:

• The company states that it respects freedom of association and refers to the ILO guidelines in that regard.
• The company endorses the ILO guidelines and engages in one or two of the following activities:
  • it supports the trade unions’ initiatives, and/or
  • it promotes freedom of association, and/or
  • it keeps a record of how many people are trade union members and reports on this.

D.10 Safe and healthy working conditions

In order to create safe and healthy working conditions, companies take all measures necessary to protect employees (including flexible staff) against work-related risks and foreseeable dangers in the workplace. For example: protection against exposure to toxic substances and radiation, protective clothing, training in the use of dangerous, heavy machinery, and an emergency plan for calamities and accidents. This also includes health & safety policy such as protective measures for people who perform heavy physical work, and facilities such as a clean toilet, clean drinking water and adequate ventilation.

The measures that a company must take depend on its activities and location. Companies must take additional measures for vulnerable employees, such as occupationally disabled people and pregnant women who, for example, work with substances that may harm the unborn child.

A safe and healthy working environment also means that companies protect their employees against harassment, violence and threats in the workplace of a physical, sexual or psychological nature, and that they counter such conduct. We exclude companies that do not offer safe and healthy working conditions.

Activities:
Companies run the greatest health and safety risks if they employ heavy physical labour and work with hazardous substances and radiation. This criterion is also relevant to companies operating in countries where violence, intimidation and sexual harassment in the workplace are prevalent. The European Agency for Safety and Health at Work (EU-OSHA) has specified the risks for the various sectors.

If a company meets the criteria below, it has sufficient policy in place for this policy component:

The following criteria apply to all analysis categories (‘avoid’, ‘further analysis’ and ‘normal assessment’):

• There are no instances of serious violations of employees’ safety and health conditions at the company or at suppliers.
• The company does not tolerate any form of harassment, violence and threats in the workplace of a physical, sexual or psychological nature.
• If an occasional incident occurs, the company immediately takes adequate measures.

If a company meets the criteria below, it has good or excellent policy in place for this policy component:

• The company has a complaints procedure. Further, it records the number of occupational accidents and the measures that were taken to avoid repetition.
• The company takes additional measures to promote the health and safety of its employees. Examples include setting up an HIV/AIDS programme for employees and their families in areas where HIV/AIDS is prevalent, and general health programmes. It is important here that the company takes on a long-term commitment and properly investigates its employees’ needs.
In addition, it is recommended that the company seeks to collaborate with experts or specialist organisations and local authorities.

26 Based on: right to health (UDHR Article 25 and International Covenant on Economic, Social and Cultural Rights Article 7); ILO Convention No. 155 concerning Occupational Safety and Health (1981); ILO Convention No. 120 concerning Hygiene (1964) and a range of specialised ILO Conventions, including Nos. 115 (radiation protection), 119 (guarding of machinery), 127 (maximum weight), 136 (benzene), 139 (occupational cancer), 148 (working environment – air pollution, noise and vibration), 162 (asbestos), 167 (safety and health in construction), 170 (chemicals), 174 (prevention of major industrial accidents), 176 (safety and health in mines); GRI (Performance Indicators LA6 up to and including LA9); OECD Guidelines (Guideline V.4.c).
27 http://osha.europa.eu/nl/sector
D.11 Living wage
There is no unambiguous definition of ‘living wage’. Various documents, including those of the Social and Economic Council in the Netherlands, identify the following elements of a living wage: a wage that is slightly more than the amount that people need to meet their basic needs. Based on these definitions, we apply the following definition: a living wage is a wage that is enough to live on for a person and his or her average-sized family. The wage enables production staff to meet the basic needs of food, clothing, housing, education and healthcare, plus an amount of around ten percent of the wage for unexpected costs and savings.

In many countries, the (statutory) minimum wage is below a living wage. As a result, many families cannot meet their basic living needs. This can lead to excessive overtime and child labour. We give the company a positive rating if it offers its employees a living wage.

Activities:
There is an increased risk in countries with much poverty and/or major wage inequality, as well as in sectors that employ many low-educated and temporary personnel, mainly in the supply chain.

If a company meets the criteria below, it has sufficient policy in place for this policy component:
The following criteria apply to all analysis categories (‘avoid’, ‘further analysis’ and ‘normal assessment’):
• There are no instances of serious malpractices in the remuneration of employees and temporary personnel, both at the company and at suppliers.
• If an occasional incident occurs, the company immediately takes adequate measures.

If a company meets the criteria below, it has good or excellent policy in place for this policy component:
The following criteria apply to all analysis categories (‘avoid’, ‘further analysis’ and ‘normal assessment’):
• The company’s basic principle is a ‘living wage’, with the company verifying to what extent its employees can live on their wages.
• The company has joined initiatives such as ACT, Fair Wear Foundation or Fair Labor Association, international trade unions and NGOs.

D.12 Corporate security
We only invest in companies that maintain security in a manner that respects human rights. It is irrelevant here whether the security is managed by the company’s own personnel, contracted companies or local authorities. This also includes all actions of the company’s security staff, even if these fall beyond the scope of the term ‘security maintenance’, such as action against protesting local residents.

We expect companies to make clear arrangements with their security staff to prevent violence and to ensure that they never use excessive violence. We also expect them to never use violence or intimidation to prevent or end demonstrations by citizens, employees or trade unions.

Activities:
This criterion is particularly relevant for companies with large premises or with valuable products, resources or materials. It is also relevant for companies that operate in countries with a lot of criminal activity and where corporate security is a common concern. Companies in countries with a weak or ineffective government are at an increased risk.

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28 Based on UDHR (Article 25); International Covenant on Economic, Social and Cultural Rights (Article 7); ILO Conventions Nos. 131 (minimum wage) and 117 (social policy); ILO Tripartite
29 A few examples:
- Clean Clothes Campaign / Asia Floor Wage http://www.schonekleren.nl/informatie/archief/leefbaarloon/het-onderzoek/wat-is-een-leefbaarloon/;
- ETI http://www.ethicaltrade.org/issues/living-wage-workers;
- Fair Wage Network http://www.fair-wage.com/
30 With regard to this the company can contact local or international trade unions and non-governmental organisations. An example in Asia is the Asian Floor Wage Alliance (http://www.asiafloorwage.org/).
31 UDHR Article 3; Article 6 Covenant on Civil and Political Rights (right to life, liberty and security of person); the UN Basic Principles on the Use of Force and Firearms
If a company meets the criteria below, it has sufficient policy in place for this policy component:

*The following criteria apply to all analysis categories (‘avoid’, ‘further analysis’ and ‘normal assessment’):*

- There are no instances of excessive violence or intimidation by the company’s or lead suppliers’ security staff.
- If an occasional incident occurs, the company immediately takes adequate measures.

If a company meets the criteria below, it has good or excellent policy in place for this policy component:

- The company has a corporate security policy.
- The company’s policy is extensive and includes an actual-practice plan and a risk analysis. The actual-practice plan includes, for example, security staff training.

D.13 Privacy and freedom of speech

We expect companies in our investment universe to treat employees’ and customers’ privacy with respect and to observe due care when handling the information and personal data in their possession. We expect them to respect the freedom of speech of employees, customers and others. It is sometimes possible to limit the right to freedom of speech, but only to protect the rights of others or ‘for the common good’: national security, public order and safety, public health or good morals. Moreover, such limitations are subject to strict requirements. Even in these cases, we expect the company to carefully weigh the infringement of privacy or freedom of speech versus the goal that it serves. If national and international laws differ, we expect the company to adhere to the standard that provides the best protection for individuals or the group of people that are or may be affected.

In addition, we expect companies to refrain from actively cooperating in censorship (restricted access to information) by the government. This is particularly the case in countries with widespread censorship. We expect companies to be aware of these risks and to try to avoid them, preferably by means of supplementary policy.

**Activities:**

An increased risk exists for companies that have personal data or can easily obtain access to such data. These include companies in the telecommunications, IT and software sectors, and companies such as laboratories, insurers and banks that have medical information and other personal data. Media (television, newspapers, internet, etc.), IT and software companies are key in the access to information and the freedom of speech. Conversely, they run an increased risk of censorship, government restrictions regarding the access to information, and infringements on the freedom of speech.

If a company meets the criteria below, it has sufficient policy in place for this policy component:

*The following criteria apply to all three analysis categories (‘avoid’, ‘further analysis’ and ‘normal assessment’):*

- The company respects the privacy of its employees, customers and any other stakeholders. There are no serious or consistent controversies in the area of privacy.
- The company does not actively cooperate in censorship and respects the freedom of speech of employees, customers and others. There are no serious or consistent controversies in the area of freedom of speech or in terms of censorship.
- If an occasional incident occurs, the company immediately takes adequate measures.

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32 Based on: freedom of speech (UDHR: Article 19; and International Covenant on Civil and Political Rights: Article 19) and right to privacy (International Covenant on Civil and Political Rights: Article 17).

33 They must be provided for by law, serve a legitimate purpose, be necessary and be proportionate to the goal.

34 The following conditions are often mentioned: 1) There must be a statutory basis. 2) There must be a clear interest for the safety of the entire population. 3) Individuals must have optimum access to data collected by the government. 4) Data may only be made available to those who have a direct statutory interest in it; once that interest no longer exists, the data must be destroyed. 5) Individuals have the right to demand from the government an explanation of the reasons and ways in which the government has violated their privacy (www.amnesty.nl).

35 This is not always easy. If, for example, the government makes a request, a company must make a distinction between legitimate requests (e.g. in the fight against terrorism, screening against child pornography images) and illegitimate requests (e.g. for political purposes). Even with legitimate requests, there may be a conflict between individual rights and the common good. It is also possible that the company must weigh the company’s interest (such as price-sensitive information) and the personal right to freedom of speech (the right to make certain information public). This is a weighing of legitimate and illegitimate restrictions. For example, the ‘company’s interest’ may not be invoked to prevent employees from exposing malpractices.
If a company meets the criteria below, it has good or excellent policy in place for this policy component:

*The following criteria apply to all analysis categories (‘avoid’, ‘further analysis’ and ‘normal assessment’):*

- The company has laid down in its policy that it respects the privacy of its employees, customers and any other stakeholders.
- The company has laid down in its policy that it respects the freedom of speech and that it does not cooperate in censorship.
- The company has programmes to promote and/or encourage the local community’s access to information and/or the internet.
- The company states how it deals with requests from authorities concerning privacy.
- It states that it will not cooperate in restricting the freedom of speech by means of censorship.

**D.14 Local community and indigenous people**

Companies can have a major – positive and negative – impact on local communities and indigenous people. In serious cases, their activities can have a deleterious effect on health or living conditions, or increase poverty, for example because they acquire land, use water, dump waste and emit (hazardous) fumes. To the extent that companies’ impact on their surroundings concerns climate change and biodiversity, we refer to the ASN Bank Climate Change and Biodiversity Policy Papers. In this Policy Paper, we only discuss the impact on human beings.

Respect for local society concerns the impact of business operations on a branch’s immediate surroundings, as well as on other locations and future operations. It also includes the use of local (indigenous) knowledge, for example.

We expect companies to treat local communities and indigenous people with respect and to not exploit them. For example, when acquiring land, companies must ensure that the local population is not simply removed from the land. If people are to be expelled, it must be done with respect for the people in accordance with the aforementioned international standards.

Based on customary law, indigenous peoples can claim land rights even if they do not have any statutory property rights recognised by the state.

Companies can also positively contribute to local communities and indigenous people, for example by giving the population access to clean water or enabling it to participate in HIV/AIDS programmes. It is important for the company to ensure that such facilities will continue to exist if it ceases its operations. Also, it must confer with the local authorities and community to determine the need for these facilities and should work with them in setting up those facilities.

**Activities:**

Increased risk in countries where indigenous peoples live, as well as with major infrastructure projects and major projects for generating renewable energy.

Activities requiring a lot of (new) land or water, such as agriculture. Risk sectors: construction companies and engineering firms, transportation, sectors whose supply chain includes mining and agriculture, the pharmaceutical industry (with regard to medicinal knowledge of the indigenous people), soft drinks and beer manufacturers (water consumption).

If a company meets the criteria below, it has sufficient policy in place for this policy component:

*The following criteria apply to all analysis categories (‘avoid’, ‘further analysis’ and ‘normal assessment’):*

- The company has incorporated in its policy that it respects the rights of the local community and the indigenous people. No serious malpractices are known on this point.
- There are no reports of serious malpractices affecting the local community as a result of water consumption or the emission of fumes and waste products by the company. This mainly concerns access to safe drinking water and food and the population’s health.
- The company respects indigenous peoples’ intellectual property of artistic expressions or knowledge of medicinal plants. No serious malpractices are known on this point.
- If an occasional incident occurs, the company immediately takes adequate measures.

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36 Based on Article 17 UDHR concerning property rights, and Article 25 UDHR concerning the standard of living (including living environment); the UN Declaration on the Rights of Indigenous Peoples (2007); IFC Standard 5: Land Acquisition and Involuntary Resettlement (suggestions for land acquisition and possible resettlement of the indigenous population); ILO Convention 169 (indigenous and tribal peoples); GRI (Performance Indicator HR9).

37 As above. And regarding indigenous peoples: Article 10 of the UN Declaration on the Rights of Indigenous Peoples concerning the principle of free prior informed consent. Indigenous peoples may not be forcefully removed from their lands or territories. Resettlement may not take place without the free prior informed consent of the indigenous peoples involved and only after just and fair compensation has been agreed and, if possible, they are offered the possibility of return.
If a company meets the criterion below, it has good policy in place for this policy component:  
*The following criterion applies to all analysis categories (‘avoid’, ‘further analysis’ and ‘normal assessment’):*

- The company has a policy on this topic and supports initiatives and programmes to help the local community.

**D.15 Consumer protection**

Companies are responsible towards the end users of their products and services: consumers or customers. This mainly concerns consumers’ safety and health but also includes providing information about the products and their responsible use, especially if a product can harm people’s health, such as alcohol and medicines. Companies must tailor this information to their specific target groups, for example elderly people or children. This may also include marketing and advertising campaigns. 

**Activities:**  
Mainly the production and sale of consumer goods. This primarily involves sectors that supply consumer products like food, electronics, medicines, cosmetics and cleaning products.

If a company meets the criteria below, it has sufficient policy in place for this policy component:  
*The following criteria apply to all analysis categories (‘avoid’, ‘further analysis’ and ‘normal assessment’):

- There are no reports of any serious malpractices caused by the company’s products in respect of consumer safety or health.  
- The company provides honest and clear information about its products and any associated risks. No serious malpractices are known in this regard.  
- If an occasional incident occurs, the company immediately takes adequate measures.

If a company meets the criteria below, it has good or excellent policy in place for this policy component:  
- The company goes a step further by, for example, having a compliance department, a complaints procedure and/or a customer service department.  
- The company positively distinguishes itself with initiatives in the area of consumer protection; for example, a food manufacturer having a programme to combat obesity.

**D.16 Human rights in the supply chain**

Companies can violate rights through their own actions or omissions, or through their responsibility for the actions of other parties. This concerns parties that are affiliated with the company, such as business partners, parts of the ‘value chain’ and other parties that are directly connected with operations, products or services. In practice, these are chiefly the suppliers and customers of a company.

**Activities:**  
We expect companies to take responsibility for the conduct of other parties affiliated with them, such as business partners, links in their value chain and other parties that are directly connected with operations, products or services. A supply chain policy is necessary for the sustainability risks a company runs in its core business.

If a company meets the criteria below, it has sufficient policy in place for this policy component:  
- The company has a supply chain policy to prevent human rights violations and violations of the four fundamental labour standards of the ILO. Those standards are trade union freedom, no forced labour, no child labour and no discrimination.  
- The company has policy to obviate sector-specific risks.  
- No malpractices are known in the supply chain in the area of human rights.  
- If an occasional incident occurs, the company immediately takes adequate measures.

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38 Based on the OECD Guidelines (Guideline VIII); GRI (Performance Indicators of Product Responsibility PR1 up to and including PR9 and FS16); UN Guidelines for Consumer Protection. Consumer protection and product safety are strongly regulated in laws and regulations at the international and European levels and in low-risk countries at the national level.

39 One example for pharmaceutical companies and other institutions operating in the field of pharmacy is the availability of good medicines in economically less developed countries. We base our analysis on the Access to Medicine Index, among other things.

40 The EU sets clear rules for many products in this respect. In the Netherlands, this is monitored by the Netherlands Food and Consumer Product Safety Authority (http://www.vwa.nl/) and the Dutch Advertising Code Authority (http://www.reclamecode.nl/).

41 We endorse the following consumer protection standards: WHO International Code of Marketing of Breast-milk Substitutes and subsequent resolutions.
If a company meets the criteria below, it has good or excellent policy in place for this policy component:

- The company applies a human rights policy in its supply chain. It has procedures for implementing this policy. For example, it uses questionnaires to question the companies in its supply chain and concludes sustainability contracts with its suppliers.
- Policy implementation is checked by means of external and/or internal audits and monitoring. It is positive if the company publishes the results of the audits or monitoring.
E. ASN Bank’s other activities

ASN Bank’s human rights policy applies not only to its investments and loans, but also to its own business operations. We apply the assessment categories described in Section B to ourselves. It then transpires that we, as a Dutch bank with a Dutch customer base, fall within the ‘normal assessment’ category. We respect local laws and regulations and avoid controversies in respect of human rights. We report on these issues every year in the ASN Bank annual statement and de Volksbank’s annual report. Furthermore, we report to various (international) organisations. We also like to take it a step further. In that effort we focus on the following areas:

- customers;
- staff;
- suppliers;
- social environment.

Customers
We owe our existence to our customers and to our sustainability mission. We therefore greatly value customers’ opinions. We try to be easily accessible to them and as transparent as possible. We view customer satisfaction as an important indicator of the quality of our services and survey this regularly. Apart from the statutory customer acceptance requirements, we do not impose any unnecessary limitations or conditions on our customers (non-discrimination). The design of our products is such that they are clear and understandable. We have a clear complaints procedure, which can be found on our website.

Staff
ASN Bank’s human resources policy is based on that of de Volksbank. We fall under de Volksbank’s Collective Labour Agreement, which offers good primary and secondary benefits that comply with the market standard. De Volksbank’s Works Council also represents the ASN Bank employees. An employee satisfaction survey is conducted every year. We foster ASN staff’s commitment to the issue of human rights by means of training courses, among other things.

Suppliers
De Volksbank’s supplier policy has been assessed by Sustainability & Research (S&R) and meets ASN Bank’s criteria. This means that ASN Bank departments can have their suppliers sign a supplier’s declaration without an assessment by S&R. In the event of doubt, the department can ask S&R for a recommendation, in which case S&R performs a supplier assessment. More information can be found in the ASN Sustainability Criteria Guide.

Social environment
We promote the respect and protection of human rights not only through our investment policy, but also in other ways, such as:

- By formulating positions – always after careful consideration – in discussions on human rights.
- By encouraging people to take action and involving them in our activities concerning human rights, for example through our partnering NGOs and the website voordewereldvanmorgen.nl (‘for the world of tomorrow’), our online platform for people who take sustainability to heart.

Living wage long-term goal
ASN Bank encourages sustainable progress in the context of its activities as a bank. However, as we are not a large bank, our choice for sustainability makes only a small difference on a global scale. That is why we have developed the following sustainability strategy: we increase our influence by encouraging others to make sustainable choices. We do so by setting ourselves long-term goals for each pillar of our sustainability policy: human rights, climate change and biodiversity. We integrate these goals into our banking activities. At the same time, we encourage other financial institutions to set similar goals, and we consult external stakeholders about our goals. In this way, we increase the impact of our long-term goals.

For the human rights long-term goal, we focus on the topic of ‘a living wage in the garment industry’. In many countries, the minimum wage in the garment industry is not enough to live on. This holds true for production staff of both garment companies and their suppliers. More and more people are becoming aware of this problem, including at the companies themselves. But the situation demands more than awareness – it demands action. That is why ASN Bank is going to work towards living wages in the garment industry over the next few years.
The ASN Investment Funds can influence companies’ policies and, as a result, their practices. The same goes for the garment companies in the ASN Investment Universe. Although they meet our sustainability criteria, there is room for improvement with these companies, too, including on the living wage subject. Some garment companies are making good progress, as they have policy and collaborate with NGOs and trade unions. However, none of them are paying a living wage. That is why we have set the following long-term goal:

All garment companies in the ASN Investment Universe to have introduced a living wage by 2030.

A living wage allows production staff to meet their own basic needs and those of their families. This covers: food, clothing, housing, education and healthcare. In addition, they should be able to save around ten percent of their pay for unexpected costs. The amount of this living wage differs from country to country.

The introduction of a living wage does not just help raise the standard of living of workers and their families – it is often a catalyst for the improvement of other working conditions as well. For example, the likelihood of child labour decreases if parents earn enough money. All this contributes to a sustainable society.