

Business credit provision within SNS REAAL

SNS REAAL

SNS REAAL is a Dutch banking and insurance company with a carefully ring-fenced portfolio of business credit. Established values and standards set out in SNS REAAL's business principles constitute the basis for credit provision. In its principles, SNS REAAL is committed to abiding by standards which include the OECD Guidelines for Multinational Enterprises and the UN Global Compact. In addition, SNS REAAL operates a client acceptance policy which stipulates requirements covering the integrity and dealings of existing and potential clients.

In the light of discussions surrounding corporate responsibility, both within the organisation and in the broader society, SNS REAAL is keen to commit itself to a set of principles covering social, welfare and environmental factors which have specific relevance to business credit. Insofar as the business concerns within SNS REAAL handle business credit, these principles relate to:

- large-scale property projects financed by SNS Property Finance
- the financing by SNS Retail Bank (and its subsidiaries SNS Regio Bank, ASN Bank and BLG) of property and business-related activities of small- and medium-sized enterprises.

This document goes into more depth regarding the non-financial aspects of business credit provision in respect of the business concerns mentioned above.

SNS Property Finance

SNS Property Finance operates a responsible financing policy adapted to the nature of its activities. These activities involve financing and investing in property and are overwhelming European in character. SNS Property Finance does not provide financing for projects which it views as controversial from social, environmental and governance standpoints such as those conducted by oil and gas industries, mining, chemical, forestry, armaments industries or concerning agriculture.

SNS Property Finance is a proponent of sustainable and responsible construction. Initiatives aimed at sustainable property development receive a positive reception within SNS Property Finance. Furthermore, SNS Property Finance conducts business exclusively with clients that meet the terms of SNS REAAL's client acceptance policy. SNS Property Finance therefore refuses as clients those who act illegally, or clients who are known not to act with integrity. In addition, SNS Property Finance determines whether a particular business relationship forms, or heightens the level of, reputational risk for SNS Property Finance and/or SNS REAAL. A heightened risk regarding social, welfare or environmental factors arises in the event that a client or potential client is:

- involved in activities that conflict with the standards of the UN Global Compact or the OECD Guidelines for Multinational Enterprises
- involved in activities falling within sectors recognised by SNS REAAL as constituting an elevated risk
- highlighted by one of the concerns within SNS REAAL as being a client carrying a heightened or unacceptable risk.

SNS Bank

SNS Bank provides business credit to small- and medium-sized companies in the Netherlands. Credit is used to finance both business mortgages and companies' operations. Financing of business operations always demands hard collateral by way of security, usually in the form of business-related property. Given the strictures imposed by the credit policy it is extremely unlikely that SNS Bank will find itself entangled in socially unacceptable activities or conduct by those companies which it finances.¹

¹ SNS Bank also excludes financing for projects which are controversial from social, environmental and governance standpoints, such as conducted by oil and gas industries, mining, chemical, international forestry or armaments industries or international agriculture.

To further reduce the chance of this arising SNS Bank only does business with clients meeting the terms of SNS REAAL's client acceptance policy. Those who fail to match up to the policy's requirements for integrity, or who act unlawfully, will not be accepted as clients. Additionally, SNS Bank determines whether a particular business relationship forms, or heightens the level of, reputational risk for the bank and/or SNS REAAL. A heightened risk regarding social, welfare or environmental factors arises in the event that a potential client is:

- involved in activities that conflict with the standards of the UN Global Compact or the OECD Guidelines for Multinational Enterprises,
- involved in activities falling within sectors recognised by SNS REAAL as constituting an elevated risk. These activities are set out in documentation accompanying the client acceptance policy. By way of example are business activities which make use of animal experimentation (excluding activities whereby experiments are conducted to further medical objectives). SNS Bank also refuses to finance activities whose goal is to breed animals for their fur. Financing of business activities in the gambling industry or in controversial armaments is also excluded. By 'controversial', we mean weaponry such as land mines, cluster bombs and nuclear, biological or chemical weapons.
- highlighted by one of the concerns within SNS REAAL as being a client carrying a heightened or unacceptable risk.

In determining the degree of reputational risk, SNS Property Finance and SNS Bank apply standards of reasonableness and fairness in weighing up whether unacceptable consequences may arise in the next subsequent link of the chain of activities.

ASN Bank

ASN Bank, a wholly-owned subsidiary of SNS Bank, also provides business credit to small- and medium-sized concerns in the Netherlands. In addition to the general criteria for credit provision applied by SNS Bank, ASN Bank imposes further requirements covering social, welfare and environmental aspects. These requirements are intended to strengthen the societal value of the credit provision and the activities which credit is destined to support.