

Modern Slavery Statement

28 November 2019

About ABN AMRO

ABN AMRO serves retail, private, commercial and corporate & institutional banking clients, with a primary focus on the Netherlands and with selective operations internationally. Detailed information on ABN AMRO's strategy, operations and results can be found in our most recent [Annual Report](#). This statement has been issued to comply with ABN AMRO's obligations under the UK Modern Slavery Act.

Under this legislation, companies are obliged to provide information on the steps they have taken to ensure that slavery and human trafficking do not occur in their own businesses and supply chains. ABN AMRO is most likely to be exposed to modern slavery through the services it offers corporate and retail clients. Additionally, as ABN AMRO enables its clients to invest in corporate bonds, equities and other financial products, the bank is potentially exposed to risks of modern slavery at companies in its investment universe. Lastly, the bank has a duty towards all people producing products or services for ABN AMRO, regardless of whether they are employees of the bank.

In 2016, ABN AMRO was the first financial institution in the world to publish a human rights report based on the reporting framework of the UN Guiding Principles on Business and Human Rights. These Guiding Principles are the authoritative global standard on business respect for human rights. In its [2016](#) and [2018](#) Human Rights Reports and the [2017](#) interim update, the bank sets out its human rights policy and how it seeks to meet its policy commitments. These reports focus on four salient human rights issues: privacy, discrimination, labour rights and land-related human rights. Labour rights is broadly defined, and includes labour exploitation that amounts to modern slavery. These are the human rights that are most at risk of being negatively impacted by the activities of the bank and the companies it finances or invests in on behalf of clients.

The abolition of modern slavery is a top priority for ABN AMRO. The report of [the Financial Sector Commission on Modern Slavery and Human Trafficking](#) published in September 2019 provides a rich analysis and detailed recommendations on possible actions for financial institutions.¹ ABN AMRO's Chief Risk Officer was a member of the commission and the bank fully endorses the report. We are active in the Thomson Reuters Foundation, the European Bankers Alliance Against Human Trafficking and the Mekong Club to exchange knowledge with other banks. As part of ABN AMRO's own engagement with stakeholders, we regularly meet with the police, the Dutch Public Prosecution Service, victims' organisations and other banks.

We actively share our takeaways in internal workshops and external conferences. In the past year, training sessions on how to recognise indicators of human trafficking have been given to staff at the Know Your Customer desks for retail and private banking clients, Customer Due Diligence/Anti-Money Laundering and compliance. Such training sessions are in their early stages, though, as we are still learning about the phenomenon and its manifestations. Internally, ABN AMRO's efforts are

¹ *Unlocking Potential: A Blueprint for Mobilizing Finance Against Modern Slavery and Human Trafficking* (United Nations University Centre for Policy Research: New York, September 2019).

coordinated by its Sustainable Banking and Compliance departments. Ultimate responsibility lies with the Executive Board.

Identifying modern slavery through data analytics

Perpetrators and victims of modern slavery may have (personal) bank accounts with ABN AMRO, or use our financial products and services. As banking becomes increasingly digital, data analytics is turning into the most important tool to identify signs of modern slavery. Often, modern slavery takes place behind the facade of legitimate business conduct. All banks have infrastructure in place to detect signals of financial crime, but the indicators of modern slavery are not the same as those for money laundering or terrorism financing. Potential indicators are not only numerous, they also depend on the local context and evolve over time.

Since 2015, ABN AMRO has been working on a project with the Inspectorate of the Dutch Ministry of Social Affairs and Employment (Inspectorate SZW) and the University of Amsterdam (UvA), with the aim of sharing knowledge to identify modern slavery. With our partners, we deconstruct cases that have been prosecuted successfully to see whether, in hindsight, there were financial indicators. So far, we have identified 26 indicators. A specialist team in our Security & Integrity Management Department use search queries to look for possible red flags associated with this crime in our retail banking data. The geographical scope is limited, as ABN AMRO only has retail banking activities in the Netherlands. If we identify a sign that might point to modern slavery, we conduct additional open-source intelligence research and report any unusual transactions to the Financial Intelligence Unit (FIU). The FIU, which is an independent organisation, assesses whether the investigating authorities, such as the police or the Inspectorate SZW, should take action. Searching for unusual transactions and reporting them to the FIU is common practice for any bank. But in this joint project to combat modern slavery, our focus is on potential victims. Our search parameters include indicators that point towards labour exploitation. Since the project's launch, we have identified multiple potential cases.

Through our public-private partnership with the Inspectorate SZW and UvA we are keeping tabs on new employment structures that could be a sign of exploitation. In the summer of 2018, for instance, we defined a new indicator that points us to exploitation through employment structures involving pseudo self-employed workers. The indicators cannot be shared with the public at large, as this may influence criminal activity. We have shared them with banks that have retail clients in the Netherlands, and are willing to do so with foreign banks as well.

Large corporate clients

ABN AMRO serves corporate clients that are active in numerous sectors and countries. As a financier, we are a partner to these companies as well as a part of their value chain. The ambition is clear: ABN AMRO and its clients should do everything in their power to avoid direct or indirect involvement in modern slavery. People should not be disadvantaged by the way we and our clients make money. ABN AMRO has an Exclusion List and a Human Rights Statement in place which explicitly address labour rights. We expect our clients to respect human rights in line with the UN Guiding Principles on Business and Human Rights and to continuously improve their performance. Our commitment applies to the different types of client relationships, including corporate lending, project finance, clearing, lease and commercial finance. For regular lending clients, ABN AMRO's various sector policies contain requirements tailored to the salient risks in a particular sector: we ask a commodity trader different

questions from what we'd want to know from an energy company. ABN AMRO is an Equator Principles (EP) bank – its project financing activities are assessed according to the EP standards. ABN AMRO supports better human rights criteria in the current EP4 revision. We also seek better alignment with the UN Guiding Principles in other financial sector platforms or sectors in which we are active, including, for example, the Roundtable on Sustainable Palm Oil and the Principles for Responsible Banking.

If a company does not comply with our policy requirements, we will not enter into a relationship with them, or if possible, we will start an engagement procedure and work towards compliance. Companies are first assessed before they become a client. We subsequently conduct periodic reviews and, when potential issues are brought to our attention, event-driven reviews. The process of client assessments and engagements is described in detail in the ABN AMRO Human Rights Report 2018. In addition to doing human rights due diligence on individual clients, ABN AMRO has conducted various value chain analyses. Thus far we have worked on four sectors: diamonds, textiles, cocoa and copper. Taking a value chain approach helps us to better understand the level of risk associated with financing companies active in these high-risk sectors, and how we can best use our leverage. In the context of the Dutch Banking Sector Agreement on Human Rights, we have contributed to joint value chain analyses of [cocoa](#) and [palm oil](#). Both documents describe in more detail why the sectors are at risk of modern slavery, in order for banks to tailor their due diligence.

Small and medium-sized enterprises and retail clients

Human rights violations do not only occur in complex and distant supply chains. ABN AMRO serves many small and medium-sized enterprises (SMEs) in Western European markets. We have included checks on modern slavery in our client due diligence for SMEs. Since our last statement, we have updated the questionnaires that we use to assess clients, and questionnaires for the following sectors now contain questions related to modern slavery:

- Agriculture
- Construction
- Human resources services (e.g. employment agencies)
- Cleaning
- Transportation
- Leisure
- Industry
- Technology, Media and Telecommunications
- Health
- Food
- Retail

When applying for loans, companies are asked, for example, whether they have foreign subsidiaries that are involved in the recruitment process, whether the recruitment agencies they work with are certified, and whether employment contracts are drafted in the employee's own language. Checks on labour exploitation and sexual exploitation have also been introduced or enhanced in our client acceptance procedures. This means that we also look at modern slavery risks when accepting non-lending clients. Our analysts are provided with guidance notes to understand red flags and how companies can mitigate risks. In the past we have also organised workshops in cooperation with

experts from the national police to train our relationship managers in the Dutch agriculture and hotel sectors. This enables them to discuss modern slavery risks with their clients.

Investment services

Apart from opening bank accounts or borrowing money, our clients use ABN AMRO's investment services to invest in shares or bonds of companies. ABN AMRO has no direct investment relationship with the companies in its investment universe; we solely invest assets on behalf of our clients. They can invest in three ways: on their own (self-directed investing or execution-only), through ABN AMRO based on our experts' advice (investing with advice), or by leaving all investment decisions to the bank (giving ABN AMRO a mandate). ABN AMRO's leverage varies between these roles. Whatever the role, we want at least to be able to advise our clients on whether the companies they are looking to invest in are conducting business in a responsible way. Given the scope of ABN AMRO's investment universe, we use an external provider of environmental, social and governance (ESG) research as our main source of information. Companies are assessed on a quarterly basis, which results in an indicator ranging from 'excellent' to 'poor'. We draw our clients' attention to this indicator – passively, by including it in ABN AMRO's financial analysis, but also actively, through recommendations by our investment advisors. When it is determined that a company is not compliant with the principles of the UN Global Compact, we start an engagement procedure. If the company does not improve its performance, it will be placed on ABN AMRO's Investment Exclusion List, in which case we actively advise our clients not to invest in it.

ABN AMRO is a member of the Platform Living Wage Financials (PLWF), a coalition of Dutch financial institutions that focuses on listed companies in the garment and footwear, food retail and food & agri sectors. PLWF has developed a unique assessment methodology to determine whether a company has satisfactory policies and procedures in place to evaluate whether its suppliers are paying a living wage and, if not, what steps it is taking to encourage its suppliers to do so. Payment of a living wage is an important human rights issue in itself, and also reduces peoples' vulnerability to modern slavery. The assessments are carried out by members of the PLWF based on information in the public domain. If necessary, additional information is requested from the companies in scope.

ABN AMRO employment practices

In October 2015, ABN AMRO signed an International Framework Agreement (IFA) with the Dutch trade union federation FNV and UNI Global Union. The IFA covers a broad range of labour rights, including the right to free choice of employment, freedom of association and collective bargaining. It expresses our commitment to guarantee these rights for 'all workers producing products or services for ABN AMRO, whether or not they are employees of ABN AMRO'. This is a broad and ambitious scope, which covers all of the bank's subsidiaries, as well as its outsourced services and procured goods. In 2018, all ABN AMRO branches conducted a self-assessment to determine to what extent they comply with the IFA. This year, we have looked specifically at the existence of grievance mechanisms, and whether they are available for our own employees as well as for external workers. The parties to the IFA meet annually to discuss progress.

ABN AMRO procurement activities

The IFA also covers the bank's procurement activities. ABN AMRO expects its suppliers to conduct their business activities in a way that respects people, throughout their entire value chain. We have updated our Code of Conduct, which requires suppliers to have a comprehensive labour policy covering their own operations as well as subcontracted work. This is a contractual commitment. Suppliers active in medium and high risk sectors are also requested to be transparent about their sustainability performance and to join supplier rating initiatives such as FIRA or EcoVadis.

ABN AMRO welcomes all feedback on its human rights programme, and in particular on its work in the area of modern slavery, via humanrights@nl.abnamro.com.

STATEMENT

Signed by Kees van Dijkhuizen, Chief Executive Officer, and Tanja Cuppen, Chief Risk Officer, on behalf of ABN AMRO Bank N.V.'s Executive Board on 9 December 2019.