DBIO IV report. November 2024

# Annex 3: Publicly-available responses by Financial Institutions and companies

## CNH (Netherlands

The response that Mr. Russo provided to Who Profits?, which is referenced in your DBIO report, is still valid today.

We would also like to point out, as Mr. Russo did in his original letter, that CNH is not mentioned in the UN Database of business enterprises involved in activities relating to settlements in the Occupied Palestinian Territory (OPT). CNH was also not mentioned in the June 2023 update. Our inclusion in your DBIO publication all seems to be based on descriptions of events between 2012-2017 from unnamed sources on the Who Profits? website, versus anything from the official UN body.

## Heidelberg Materials (Germany)

We appreciate the opportunity to comment on your report. We would use it to inform you that since the end of 2023, the quarry Nahal Raba has been closed and mining activities have ceased. Some of the movable assets, such as construction equipment, have also been moved to other locations.

Additionally, we have consistently investigated allegations regarding the potential supply of materials for the construction of illegal Israeli settlements in the West Bank. In the last five years, we have only been able to identify a few isolated cases. These cases were dealt with considering the fact that our Israeli subsidiary is subject to local consumer protection and anti-discrimination laws. Our Israeli subsidiary is also obliged to implement the Group's uniform due diligence processes in order to minimise human rights risks and prevent violations.

In view of the strategic realignment of our subsidiary in Israel, it was decided a few years ago to sell the Nahal Raba quarry. This management decision remains unchanged following the developments since October 2023.

## ABN Amro (Netherlands)

Although we don't have a specific policy regarding activities in conflict areas, we refer to our Human Rights statement which is applicable to the bank in general:
https://assets.ctfassets.net/1u811bvgvthc/31STNCr1gNbb4AhiHCcsQ7/6b-28984c36003ea610a362eb9e213560/ABN_AMRO_Human_Rights_Statement_2020.pdf

Regarding our lending activities we refer to our Defence Policy:
https://assets.ctfassets.net/1u811bvgvthc/5Br267BTOqUhC83LZ6eB-vG/3ad344aa8e40091331e78ac0cc564ffc/ABN_AMRO_Defence_Policy_Summary.pdf

Regarding “our” Investments, please note that these are investments of our clients. We appointed EOS at Federated Hermes to support us in engagement services across the bank’s client assets activities. Hereby [...] some additional input from EOS at Federated Hermes:

> ***“EOS’s approach towards high-risk contexts, including occupied territories and disputed areas, was developed in 2021 based on clients’ demands and increasing regulation at national and international levels. Engagement is not political but distinguishes between those situations that contravene international law and those that do not. The amount of actual engagement on high risk regions is driven by the extent to which exposed companies are included within EOS’ engagement programme and the relative priority of these issues in relation to other issues. Recent engagements have focused on Human Rights due diligence and risk management in occupied territories as well as improved transparency on disclosure around operations in occupied territories.”***

We will bring this up with EOS at Federated Hermes again.

## BBVA (Spain)

Our policies regarding the defence sector and Human Rights are public ( E.g Environmental & Social Framework ; and Sustainability General Policy of BBVA )

## Cardano (Netherlands)

Cardano’s sustainability policy incorporates human rights risks and refers to the United Nations Guiding Principles on Business and Human Rights and the OECD Multinational Enterprise Guidelines. When screening companies, we consider their social capital management as a material sustainability driver and require them to act in a way that maintains their licence to operate, including impacts on human rights and community relations. This policy applies to all human rights violations, without distinction of territory but we do recognize the heightened human right risks in disputed territories. As part of its sustainability policy, Cardano engages many companies on human rights issues, on a standalone basis as well as via collaborative coalitions such as ICCR and PRI Advance.

## Delen Bank (Ackermans & van Haren)

We acknowledge those holdings and can confirm we did engage companies listed in the excel. Some are implementing extra due diligences as we speak thanks to our pressure, some are out of scope and some are more reluctant but we continue our work.

## DNB (Norway)

DNB adheres to best practice for financial institutions and international norms and rules such as the Norwegian Transparency Act, the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises when assessing investments and customer relationships with exposure to conflict areas. DNB’s credit and investment activities adhere to the DNB Group Instructions for Responsible Investment, Group Instructions for Sustainability in DNB Bank ASA`s Credit Activities, and Group Policy Sustainability. You can find these policies in our Sustainability library.

DNB AM is not invested in any companies that we believe are in violation of our Group Instructions for Responsible Investments due to direct or indirect exposure to illegal settlements in the West Bank. DNB AM aims to influence companies in our portfolios to limit their direct and indirect exposure to areas occupied in violation of international law.

## Deutsche Bank

As you know, we cannot comment on any existing or potential client relationships, however we adhere to our existing policies and procedures in doing business. You can find a summary of our Environmental and Social Policy Framework here.

Deutsche Bank has a set of requirements and guiding principles that we apply to our client and business selection processes. Doing this effectively is essential to mitigate and manage negative impacts on the environment or society, and to uphold the bank's commitments to international standards.  As part of this approach, Deutsche Bank applies enhanced due diligence for transactions in the defense sector. In addition we are guided by international standards and principles, including UN Guiding Principles on Business and Human Rights.

To identify, prevent, and/or mitigate adverse human rights impacts, Deutsche Bank considers whether it could be exposed to any risk of contributing to (or being directly linked to) human rights violations through the business activities of, and association with, its clients. Deutsche Bank understands that its clients' activities may impact the communities they operate in and expects clients to have processes in place to minimize any negative impact. Deutsche Bank will not engage in business activities where it has substantiated evidence of material adverse human rights impacts and it is determined through Deutsche Bank's internal processes that such adverse human rights impacts cannot be avoided or appropriately mitigated. Specifically in regards to business with the defense sector, the bank has a case by case review in place that takes into consideration the geopolitical situation of the end user country and DB does not conduct business with the military or security of countries considered to be in conflict. In order to further strengthen its governance, Deutsche Bank has appointed a Human Rights Officer in 2023.

In general, we address environmental and social issues in our ongoing dialogue with our clients. Our dialogue scope also covers media reporting, including reports from NGOs as well as individual statements from clients

Please find more on Deutsche Bank's approach to its responsibility to respect human rights in our Statement on Human Rights, and in the Non-Financial Report .

Our response refers to the general financing activities of Deutsche Bank. Since we understand your research may be also in the context of investments, we would appreciate if you would reach out to DWS as they set their own sustainability strategy.

## KBC (Belgium)

KBC Group is applying strict policy rules with regard to its lending activities, insurance, advisory services as well as investments (asset management services for clients and investments for the group's own account). Environmental and human rights concerns are essential to these policy rules. The KBC Blacklist for example excludes a whole group of companies from any form of business activity with KBC. This list is published on our corporate website and can be checked here. It is updated twice a year.

On lending, insurance and advisory services, you will find a summary of our sustainability policies here.

Regarding investments, we have a set of rules which apply to all investments (please find that policy here). Next to that, a specific methodology has been developed by KBC Asset Management with regard to its responsible investing funds, which apply even stricter exclusions. Please refer to the following link for a summary of this exclusion policy.

## KfW

Regarding the sustainability policy of KfW IPEX-Bank, we would like to refer to our Sustainability Guideline.

## Lloyds Banking Group (UK)

As a UK focussed bank, we are guided by the UK Government and their legislative framework. In response to your request, we are unable to comment on specific customer relationships for confidentiality reasons, but we can confirm that we adhere to the rules and regulations of every country in which we operate in addition to being guided by the International Bill of Human Rights. We will not enter into credit or investment relationships with businesses believed to be in breach of any activities prohibited by international conventions supported by HM Government.

We acknowledge that finance has an important role to play in influencing better social, human rights and environmental outcomes, and we take this into account in our investment, lending, and operations. To support this commitment, we are signatories to the UN Principles for Responsible Investment (UNPRI), the United Nations Principles for Responsible Banking and The Equator Principles. As signatories to the United Nations (UN) Global Compact, we are aligned with its human rights and labour standards, and report on our progress annually. We also recognise the Organisation for Economic Co-Operation and Development (OECD) Guidelines for Multinational Enterprises and the UN's Guiding Principles on Business and Human Rights.

We expect our customers to comply with applicable international conventions, sanctions and embargoes, legislation, and licensing requirements whilst showing a clear commitment to robust Environmental, Social and Governance (ESG) risk management, and we regularly review all of our corporate and commercial banking customers that we have a direct lending relationship with, and where they appear to be operating outside of our risk parameters, we will work with our customers to understand how they plan to transition to meet our risk parameters. If the customer does not transition to meet these parameters, we will exit the relationship at the earliest opportunity. Further information on our ESG Credit Risk processes is available in our 2023 Sustainability Report.

## MN (Netherlands)

Due to the increased risks of human rights violations following the escalation of the conflict at the end of 2023, we have conducted more extensive research into the involvement of portfolio companies in this conflict. Based on this risk analysis, we have determined the necessary follow-up actions to mitigate negative impacts. This has led to engaging with 6 of the 10 companies listed in the excel sheet. We have asked these companies to verify the alleged nature

of their involvement, to provide an explanation of their enhanced due diligence approach in conflict areas in general, as well as for this specific conflict, and finally, information is requested regarding the measures taken. Based on the responses from the companies, appropriate follow-up steps have been determined, including asking follow-up questions to better assess the exposed risks and providing recommendations. It is also clearly communicated with the companies that poor responses may lead to (further) escalation steps in the engagement process.

Performing appropriate due diligence is a continuous process. Given that the context of a conflict and the associated risks are subject to change, MN will monitor portfolio risks by closely following developments in the conflict and analyzing newly available information.

## Nordea (Finland)

Nordea is committed to respecting internationally recognised human rights standards and meeting the corporate responsibility to respect human rights as defined in the UN Guiding Principles on Business and Human Rights. We expect the same from our suppliers, the companies in our investment portfolio, our lending customers and other business relationships. Nordea's definition of human rights rests on declarations and treaties such as:

- The Universal Declaration of Human Rights
- The nine core international human rights treaties under the UN
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work 1 Universal Declaration of Human Rights, Article 1 4
- The UN Declaration on the Rights of Indigenous Peoples

You may read more on our human rights policy.

## Pensioenfonds Metaal & Techniek (PMT) (Netherlands)

Due to the increased risks of human rights violations following the escalation of the conflict at the end of 2023, we have conducted more extensive research into the involvement of portfolio companies in this conflict. Based on this risk analysis, we have determined the necessary follow-up actions to mitigate negative impacts.

This has led to engagement with 11 companies, which are also included in your report. We have asked these companies to verify the alleged nature of their involvement, to provide an explanation of their enhanced due diligence approach in conflict areas in general, as well as for this specific conflict, and finally, information is requested regarding the measures taken. Based on the responses from the companies, appropriate follow-up steps have been determined, including asking follow-up questions to better assess the exposed risks and providing recommendations. It is also clearly communicated to the companies that poor responses may lead to (further) escalation steps in the engagement process.

Conducting appropriate due diligence is a continuous process. Given that the context of a conflict and the associated risks are subject to change, PMT will monitor portfolio risks by closely following developments in the conflict and analyzing newly available information.

## PME Pensioenfonds (Netherlands)

PME is engaging with portfolio companies included in the DBIO report and may act upon the outcomes.

## Schroders (UK)

We would like to share the actions taken by Schroders to identify actual or potential capital and business operations linked to or contributing to violations of international human rights and humanitarian laws, and actions to mitigate this. The rapidly evolving situation in Gaza, Lebanon and Israel has been shocking and worrying for many of us.

Schroders' corporate commitment to human rights

We are committed to respecting the Universal Declaration of Human Rights and the United Nations (UN) Guiding Principles on Business and Human Rights (UNGPs), which are underpinned by the ILO Declaration on Fundamental Principles and Rights at Work. Our approach is aligned with the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. As a signatory of the UN Global Compact (UNGC) we support and integrate its ten principles covering four areas – human rights, labour, environment and anti-corruption – into our business strategy.

Our corporate responsibility to respect human rights spans our role as an employer, as a buyer of goods and services or when carrying out our fiduciary duties as a provider of financial services and an investor in companies. We have policies and processes in place to respect human rights and we have implemented processes to deal with any issues raised. You can find this in our Group Human Rights Position Statement (https://mybrand.schroders.com/m/48c3d6a4f-248f3a3/original/group-human-rightsstatement-v1_2021_external.pdf).

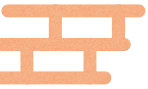
We are working to support our colleagues in the region and affected by the ongoing crisis. All employees and their dependants have access to free, independent and confidential support, which includes access to short-term counselling.

Our role as an active investment manager

As an active investment manager, we have measures in place to identify and assess human rights and modern slavery risks.

We comply with the sanctions regimes issued by the EU, the UN, His Majesty's Treasury (HMT), and the Office of Foreign Asset Control (OFAC) in the United States. We fully support the international conventions on Cluster Munitions, Anti-Personnel Mines, and Chemical and Biological Weapons. We will not knowingly hold the security of any company that is involved in the production, stockpiling, transfer and use of these weapons. You can find this in our Group Sustainable Investment Policy (https://mybrand.schroders.com/m/6197143c263420f5/original/Schroders-Group-SustainableInvestment-Policy.pdf).

Beyond exclusions, as a responsible asset manager, we aim to assess how investees take into account human rights and address potential or actual human rights abuses in their operations as part of our ongoing due diligence process. We outline our approach to engagement with companies potentially operating in high-risk and conflict-affected areas (CAHRAs) in our Engagement Blueprint (https://mybrand.schroders.com/m/3222ea4ed44a1f2c/original/schroders-engagementblueprint.pdf).

Through our engagement activities we ask that companies take adequate steps to identify the interaction between the company's core business operations and conflict dynamics to prevent causing harm and adapt existing policies and due diligence measures to the specific needs of CAHRA contexts. We expect companies to perform enhanced due diligence in these contexts and ensure responsible exit where human rights risks associated with remaining in location cannot be mitigated. We also have an internal engagement toolkit available to support our investment teams undertaking engagement on this topic and seek to engage with relevant companies, prioritising our efforts by holdings exposure and saliency.

We have sought to assess holdings of companies against the OHCHR list of businesses associated with the Occupied Palestinian Territory. We have initiated contact with every holding to request a discussion on how human rights and material risks in CAHRA are assessed and what heightened due diligence measures are in place. To date we have undertaken dialogues with 8 companies. We believe that engagement should be a two-way street. We welcome companies, clients and our wider stakeholders contacting us about relevant issues and providing feedback on the framework we have set out in our Engagement Blueprint.