STABLE
SERVICE-MINDED
DIALOGUE
RELIABLE
DIVERSE
TRANSPARENT
SUSTAINABLE

Future-oriented Banking

Social Charter
Banking Code
Rules of conduct

Dutch Banking Association

A changing sector

A bank is not a business like any other. Our clients – and society as a whole – must be able to count on stable, service-minded and reliable banks. That underlines the importance of banks, individually and as a sector, following a balanced and clearly defined course. A course not unilaterally determined by just one interest but one that considers the interests of all stakeholders (clients, employees, shareholders, other capital providers and society as a whole).

Unprecedented change process

How banks operate is a major topic of public debate. Rightly so, since banks affect us all. It is important to avoid the need for future government intervention to ensure the continuity of banks and the financial system. Since 2008, concrete measures have been taken to ensure that the bill for excessive risky behaviour by parties in the financial system no longer falls on the taxpayer's doormat.

The banking sector is undergoing an unprecedented process of change. Since the outbreak of the financial crisis in 2008, a lot of hard work has been done at many levels, by legislators, regulators – but certainly also by banks themselves – to make the financial system more stable and less risky. This is guided by the core social function of banks, which is to attract savings and deposit them in the (real) economy through investments and loans to consumers and businesses.

Although the changes vary from bank to bank, a number of trends are clearly discernible: internationally operating institutions are concentrating more on their home markets, balance sheets are being shortened, buffers are being reinforced, the range of products and services is being simplified, there is a strong emphasis on tightening up risk management, banks' remuneration policies are being scaled back and everything centres emphatically on client interests.

Transparency
But we’re not there yet. The social debate is also about the role of banks in society. On what banks can contribute to the financing of business, small and large, the performance of the housing market and in broad societal projects such as the sustainability of our energy supply. At the same time, the fact is that confidence in banks is still low and banks' actions are subjected to critical scrutiny. That confidence can be rebuilt through transparency, client focus and integrity.

Much has been done, but there is also much left to do. There are no easy solutions to the challenges facing the sector. They will take time, also to ensure that the desired culture of service-mindedness, sustainability and ethical banking is internalised. This requires commitment from the industry as a whole and individual banks in particular. However, the path towards more stability and reduced risk has now taken an irreversible turn.

Dialogue with society
Ultimately, it all boils down to striking a new balance. This cannot be a one-way street.

‘The **Social Charter**, the **Banking Code** and the **Rules of Conduct** associated with the banking oath together form the package known as **Future-oriented Banking**'.

We are part of society and want to enter into a dialogue on the role of banks with our clients and with everyone who feels involved in the pursuit of a stable, service-minded and reliable sector. It is precisely in this dialogue with society that stand to gain so much from. Banks take their social responsibility seriously and contribute to solving social problems, as far as financial preconditions and regulation allow.

In its report (2013), the Committee on the Structure of Dutch Banks (the 'Wijffels Committee') laid important building blocks for further strengthening Dutch banks. The committee's report pays close attention to the stability of the sector and the importance of competition and diversity in the Dutch banking system. The committee also called on banks to set out in a Social Charter the role they want to play in society. Dutch banks are happy to take up this gauntlet.

By introducing a Social Charter, updating the Banking Code and broadly introducing a banking oath (with related rules of conduct and disciplinary system), we want to express what we stand for and what we want to be accountable for in the ongoing process of renewal; as an individual bank and as a sector amidst society.

Future-oriented banking

The Social Charter, the Banking Code and the rules of conduct associated with the banker’s oath/promise together form the package known as 'Future-oriented Banking'. The Social Charter describes the desired position of the sector as a whole in society and its shared values. The Banking Code secures good governance within each bank and the rules of conduct make explicit the responsibility of each individual employee within the bank. These building blocks show how the sector aims to achieve an industry featuring integrity, client focus and sustainability. The package is endorsed by all members of the Dutch Banking Association (NVB). However, compliance with the rules set out in the Banking Code and the Code of Conduct is limited to banks with a registered office in the Netherlands. Foreign banks comply with the regulation (and self-regulation) in the home country.

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Social Charter

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Social Charter

The Netherlands is still a prosperous country, but faces significant social and economic challenges. The deleveraging of excessive debt financing of banks, companies, households and the government initiated since the crisis is still ongoing. At the same time, there are big funding questions related to necessary investments in our infrastructure, energy supply, healthcare and improving the education system. Companies need financing. And our highly internationally oriented business community needs banks with an international network and sufficient scale to provide specialised services efficiently and on relatively favourable terms. Banks also play an important role in responsible financing of the housing market.

Against the backdrop of these complex challenges, it is crucial that society can continue to rely on a stable, serviceable and reliable banking sector that provides products and services that meet the often diverse needs of consumers, businesses, institutions and governments. This creates demands on banks' competences to deliver on the promises and expectations. It is

necessary to create market conditions that ensure healthy competition based on a diverse banking landscape and that provide for a sufficiently diversified range, for example in terms of types of activities and services, forms of business and geographical spread.

In our shared pursuit of a stable, service-minded and reliable banking sector, we therefore apply the following principles:

The banking sector is pluralistic and offers clients a diverse range of choices

The Dutch banks each have their own mission, strategy and objectives. They also differ in size, type of activities, corporate form and geographical spread. Diversity within the banking sector is important to ensure that clients have the best possible range of choices. Besides a diverse banking sector, a diverse workforce within the sector contributes to the quality of service.

Society must be able to rely on clients having sufficient choice and specialised services for clients who need them.

Banks are reliable, service-minded and transparent

Bank clients and society as a whole should be able to count on reliable, service-minded and transparent banks. Banks ensure the continuity and reliability of their services and focus on the interests of clients and other stakeholders in their operations.

Banks are transparent about the products and services they offer and what costs and risks they entail. Products and services are tailored to client needs and profiles. There is also transparency about how client interests are put first. A bank's risk policy is characterised by a comprehensive approach, is transparent and has both a short-term and a long-term focus.

Bank employees are honest, knowledgeable and professional and take care about how they treat clients and other stakeholders

Banks play an important role serving consumers, business and the public sector. Integrity, expertise and professionalism are therefore prerequisites for anyone working in a bank.

In carrying out their jobs, all bank employees are expected to carefully balance the interests of clients, society, the bank itself and its employees, capital providers and other stakeholders of the bank.

This applies in particular to the duty of care towards and service for clients. This should be reflected in banks' culture, governance, operations and client relations. Investment banking activities and proprietary trading are therefore at all times related to client service or prudent risk management and are not an end in themselves.

Based on their social responsibility, banks contribute to a sustainable economy

The role of banks is reflected, among other things, in their contribution to society. Sound and sustainable economic development requires a well-functioning financial sector and vice versa. Indeed, banks can play an important role in anticipating developments such as the sustainability of energy supply and the long-term sustainability and quality of healthcare. A socially responsible approach also includes banks contributing both collectively and individually to training and information aimed at increasing the general level of knowledge about money matters in society. That is how they help ensure that clients are better able to make responsible financial decisions themselves. As an elaboration of its own mission and core values, each Dutch bank has policies on sustainability and corporate social responsibility. Banks' sustainability policies follow national and international guidelines and regulations.

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Banking Code

Dutch
Banking Association

Banking Code

Our Social Charter sets out how the banking sector perceives its role and position in Dutch society and guides our positioning, the design of our organisations, the formulation of internal regulations, rules and codes of conduct and how we do business. As such, the Social Charter is complementary to the Banking Code.

The Banking Code was introduced in 2010 to commit and hold banks accountable for treating their clients with care and ensuring a balanced consideration of the interests of their various stakeholders. The code has served an important function since its introduction. Meanwhile, many principles from the code relating to the supervisory board, executive board, risk management, audit and remuneration policy have been enshrined in legislation. Among other things, the introduction of this code helped banks to strengthen their governance and risk management and put the interests of the client more explicitly first.

The renewal of the Banking Code has taken into account the recommendations of the Banking Code Monitoring Committee [1)], the report of the Committee on the Structure of Dutch Banks [2)], the government vision of the Dutch banking sector [3)] and the NVB vision "A new balance sheet – Towards a service-minded, stable and competitive banking sector". The principles from the 'old' code that are already enshrined in laws and regulations will not reappear in the new Banking Code. Banks will of course continue to comply with these national and international regulations.

The Banking Code applies to activities performed in the Netherlands and focused on the Netherlands by banks with their registered office in the Netherlands that have a licence granted by De Nederlandsche Bank as referred to in Article 2:11 of the Financial Supervision Act. If there is any overlap or conflict with international legislation and regulations or the policy of supervisors, that will take precedence over self-regulation along the lines of the Banking Code.

1 https://www.nvb.nl/themas/stabiele-en-gezonde-banken/toekomstgericht-bankieren
2 https://www.eerstekamer.nl/eu/overig/20130628/rapport_naar_een_dienstbaar_en/meta
3 https://www.eerstekamer.nl/eu/overig/20130628/rapport_naar_een_dienstbaar_en/meta

The new Banking Code – in conjunction with the Social Charter and the introduction of banking oath, rules of conduct and disciplinary law, to be discussed below – aims to make an important contribution to society's trust in banks and their role in society. The principles in the updated code therefore emphasise the importance of banks conducting their business in control and ethically and translate that into principles for the executive and supervisory boards, adequate risk management, sound audit processes and a controlled, balanced and sustainable remuneration policy.

In control and ethical

To achieve and maintain its position as a stable and reliable partner, a bank formulates a mission, a strategy and objectives. These are focused on the long term and are reflected, among other things, in the bank's risk policy and policies on sustainability and corporate social responsibility.

When formulating strategy, objectives and policies, a bank ensures, in a manner appropriate to its nature, activities and mission, that stakeholder interests are identified and carefully weighed.

A bank chooses its positioning so that business interests and the social role it fulfils are aligned to each other. This is also reflected in the bank's governance structure and guides the implementation of policies based on the bank's mission, strategy and objectives.

The executive board and the supervisory board – with due regard to each other's duties and powers – are responsible for setting up a proper governance structure and ensuring compliance with these governance principles. The members of those boards serve as role models for all employees of the bank. They take this carefully into account in their day-to-day activities. The supervisory board annually assesses how the members of the executive board fulfil their exemplary role.

The executive board and the supervisory board – with due regard to each other's duties and powers – are responsible for developing, propagating and maintaining standards in the bank regarding integrity, morality and leadership. They also put sound checks & balances in place and safeguard a robust IT infrastructure, which is essential for the bank’s performance.

Sound checks and balances mean, among other things, that the compliance function is also secured within the executive and supervisory boards.

The board promotes responsible behaviour and a healthy culture, both in the bank’s senior management and throughout the organisation. It is mindful of the interests of the bank's clients and other stakeholders. This is overseen by the supervisory board.

The principles in the Social Charter apply to all member banks. These principles must be secured in the bank's organisation and the bank also includes them in contacts with its stakeholders. This clarifies how the bank deals with the principles in the charter.

All employees comply with the formal regulations as well as self-regulation applicable to them. The executive board and supervisory board are responsible for this – with due regard to each other's duties and powers. The executive board is responsible for ensuring that employees are and remain familiar with all rules, values and standards applicable to the bank and continue to draw attention to them. This is overseen by the supervisory board.

Supervisory Board

The supervisory board is composed in such a way that it can properly perform its duties. It establishes a risk committee and an audit committee. Supervisory board members are willing and able to devote sufficient time to their duties and demonstrate commitment and engagement. At the same time, they are critical and independent.

Each member of the supervisory board is aware of the social role of a bank and the interests of its various stakeholders. Members of the supervisory board's risk committee and audit committee are subject to specific competence and experience requirements. Members of the risk committee have in-depth knowledge of the financial-technical aspects of risk management or the necessary experience enabling them to soundly assess risks. Members of the audit committee need in-depth knowledge of financial reporting, internal control and auditing or the necessary experience that allows for proper oversight of these topics.

The chair of the supervisory board ensures there is a continuing education programme for all members of the supervisory board. This programme aims to maintain and, where necessary, broaden the expertise of the supervisory directors. The education in all cases covers relevant developments within the bank and the financial sector, corporate governance in general and that of the financial sector in particular, the duty of care towards and the interest of the client, integrity, IT infrastructure, risk management, financial reporting and audit. Each member of the supervisory board takes part in the programme and complies with the continuing education requirements. Assessing the effectiveness of the continuing education programme is part of the annual evaluation of the supervisory board's own performance.

In addition to the annual evaluation of the supervisory board's own performance, its performance is evaluated under independent supervision once every three years. The involvementof each supervisory board member, the culture within the supervisory board and the relationship between the supervisory board and the executive board form part of this evaluation.

Each supervisory board member receives appropriate remuneration in relation to the time spent on the work. This remuneration does not depend on the bank's results.

Executive Board

The supervisory board is composed in such a way that it can properly perform its duties. Each member of the supervisory board is aware of the social role of a bank and the interests of its various stakeholders.

One of the members of the executive board is responsible for preparing the boards decision-making on risk management. The relevant member of the executive board engages in a timely manner in the preparation of decisions that are of material significance for the bank's risk profile, especially where they decisions may result in departing from the risk appetite approved by the supervisory board. The member may combine their position with other focal areas provided they do not bear individual commercial responsibilityfor hold independent positions independently of commercial task areas.

In performing the risk management function, consideration is also given to the impact that systemic risks may have on the bank's risk profile.

The chair of the executive board ensures there is a continuing education programme for all members of the supervisory board. This programme aims to maintain and, where necessary, broaden the expertise of the directors. The education in all cases covers relevant developments within the bank and the financial sector, corporate governance in general and that of the financial sector in particular, the duty of care towards and the interest of the client, integrity, IT infrastructure, risk management, financial reporting and audit. Each member of the executive board takes part in the programme and complies with the continuing education requirements.

Risk policy
A bank's risk policy is characterised by a comprehensive approach, is transparent and has both a short-term and a long-term focus. The risk policy also takes into account reputational and non-financial risks.

A bank's executive board is responsible for the bank's risk policy and ensures adequate risk management. The risk appetite is submitted to the supervisory board for approval at least once a year on the proposal of the executive board. Interim material

changes to the risk appetite are also submitted to the supervisory board for approval.

The supervisory board supervises the risk policy pursued by the executive board. To this end, the supervisory board discusses the bank's risk profile and assesses at a strategic level whether capital allocation and liquidity utilisation in the general sense are in line with the approved risk appetite and whether business activities in the general sense are aligned to the bank's risk appetite. In performing this supervisory role, the supervisory board is advised by the supervisory board's risk committee.

Audit
A bank’s executive board sees to systematic how risk management associated with the bank's business activities is monitored. To this end, an independently positioned internal audit function operates within a bank. The head of that audit function reports to the chair of the executive board. The audit head also has a direct reporting line to the chair of the audit committee of the supervisory board.

There is a periodic exchange of information between the internal audit function, the external auditor and the audit committee of the supervisory board.

The internal auditor takes the initiative to discuss at least once a year with De Nederlandsche Bank and the external auditor each other's risk analysis, findings and audit plan at an early stage. The executive board and the bank's internal auditor ensure that this tripartite consultation takes place periodically. They seek to clearly define everyone's roles and responsibilities.

Remuneration policy
A bank operates a prudent, controlled and sustainable remuneration policy that is unambiguous and transparent, in line with national and international regulations.

The remuneration policy is primarily long-term and in line with the bank's risk policy. It is characterised by balanced relations, both internally and externally, taking into account the expectations of different stakeholders and public support. It also takes into account the relevant international context.

The total income of an executive board member of a bank at the time of the determination is below the median of comparable positions within and outside the financial sector, taking into account the relevant international context.

The variable remuneration of a member of the executive board is determined in accordance with national and international regulations.

The banking industry attaches importance to factoring in the expectations of key stakeholders and public support into the remuneration policy for the executive board and making the remuneration relationships within the company transparent. I n the remuneration policy for the bank's executive board, the supervisory board explains how the expectations of shareholders and employees and public support have been taken into account and with which reference group it has been compared. Banks consider the director's view on their own remuneration when formulating remuneration proposals for the director and publish internal remuneration ratios in the annual report.

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Accountability and monitoring of the Banking Code

The renewed Banking Code comes into force on 1 January 2015 and will apply to all banks with a registered office in the Netherlands. Banks to which the Banking Code applies and which are part of a group may apply components at the level of the entity that heads the relevant group.[5)]

The Banking Code does not stand alone, but is part of the entire system of national and international regulation, case law and self-regulation. In applying the principles, a bank takes into account this national and international context, the social environment in which it operates and the specific characteristics of the bank and the group to which it may belong.

5 In that case, the banks that are members of that group are not required to provide the relevant parts on an individual basis. Banks to which the provisions of Section 3:111 of the Financial Supervision Act apply are also not required to apply the Banking Code on an individual basis.

The Banking Code is also applied with due consideration of the interests of the various stakeholders. The principles can be partially applied in cases warranted by differences.

Transparency

Every year, each bank sets out on its website how it applied the Banking Code in the previous year. The bank states the extent to which it has made progress in applying the principles. It also indicates with concrete examples how compliance has been shaped. If applicable, the bank gives reasons why a principle may not have been (fully) applied ('comply or explain').

What determines how well the Banking Code works is not the extent to which it is applied to the letter (no 'box-ticking'), but how a bank approaches the spirit of the values and principles in practice.

Monitoring

Compliance with the Banking Code is monitored annually by an independent committee to be appointed by the NVB.
The monitoring committee reports its findings at least once a year to the NVB. These findings are made public.

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Rules of conduct

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Rules of conduct

In conjunction with the introduction of a Social Charter and the update of the Banking Code, the Dutch banking sector has taken the initiative to introduce the Banking Oath for all employees. The Dutch banks have done this to indicate that everyone working in the sector is bound by the rules of conduct attached to this declaration for the ethical and careful practice of their profession. Employees are personally responsible for complying with those rules of conduct and can be held accountable for non-compliance.

The banking oath must be taken by policymakers and supervisors within financial institutions partly on the basis of a legal requirement since the beginning of 2013. The initiative to have all bank employees take the banking oath should be an important tool to achieve the desired new culture in the banking sector.

Disciplinary law will be introduced to ensure that taking the oath is not optional. Bank employees are thus made accountable to society as a whole.

Who do these rules of conduct apply to?
These rules of conduct apply to you if you work in the Netherlands at a bank with a Dutch banking licence and which is a member of the NVB. Or if you work at a bank that wants to subject itself to these rules of conduct. These rules of conduct apply to:

- the bank's directors;
- the bank's supervisory directors/internal supervisors;
- the bank's employees with employment contracts;
- all other persons performing work at the bank that is directly related to banking business.

What rules of conduct apply to you?
Give below are the rules of conduct that apply to you in your work at the bank. Since not everyone at the bank does the same job, there are cases where more can be expected of some than others. Each rule of conduct is briefly explained below.

1 You work with integrity and due care

Among other things, this means that in your work you
- are honest and trustworthy;
- avoid conflicts between your own interests and those of others;
- avoid the *appearance* of conflicts of interest.

2 carefully balance interests

This means carefully balancing in your work the interests of the bank's clients, its shareholders, members, bondholders and other creditors of the bank, the bank's employees and society.

3 You put the client's interests first

In balancing these interests, you put the client's interests first. Among other things, this means that in your work you
- inform clients about products and services and their risks as clearly as possible;

- do not offer clients products or services that are not right for them;
- help ensure that a product does not present unwarranted risks for a client;
- help ensure that a product and its terms and conditions are understandable to a client.

4 You comply with the law and other rules governing your work at the bank

Among other things, this means that in your work, you will abide by the law, regulations, rules of conduct and instructions applicable to your work at the bank.

5 You keep confidential information secret

This means, among other things, that you do not give confidential information about clients to a third party without their consent. You give information about clients to others only if required by law, court or regulator. You do not misuse information that comes to your notice in your work.

6 *You are open and honest about your behaviour and know your responsibility to society*

This means having your behaviour in your work tested against these rules of conduct.

7 *You contribute to society's trust in the bank*

This means, among other things, that you do not take risks in your work that put the bank and others at risk.

What do the rules of conduct mean for you?
Will you be joining the bank after 1-1-2015? If so, you will take the oath or solemn affirmation to a manager of the bank within three months, and the rules of conduct and disciplinary law will apply to you.

1. You adhere to these rules of conduct. For this purpose, you take an oath or solemn affirmation once. You are also subject to disciplinary law.
2. Did you already work for the bank before 1-1-2015? If so, you will take an oath or pledge to an executive in the bank before 31-12-2015. The rules of conduct and disciplinary law apply to you from the moment you take the oath or solemn affirmation.
3. Will you be joining the bank after 1-1-2015? If so, the rules of conduct and disciplinary law apply to you directly. You will take an oath or solemn affirmation to an executive at the bank within three months.
4. To take the oath or solemn affirmation, you use the form below. This is stated in the Financial Supervision Act. To sign the disciplinary law, use the statement below.

What happens if you do not comply with the rules of conduct?
If you are not abiding by the rules of conduct, you will face disciplinary law.

1 This means that individuals or organisations can file a complaint against you. If that happens, the <name and disciplinary committee> can investigate your conduct. The disciplinary regulations state how the <name and disciplinary committee> conduct that investigation.
2 The disciplinary regulations also state what happens if you have not complied with the rules of conduct. For example, what punishment you may face. The regulations also state what you can do if you disagree with <name and disciplinary committee>. You can then appeal.

From when do these rules of conduct apply?
The NVB adopted these rules of conduct on 30 September 2014. When the rules of conduct and disciplinary law apply to you is set out above. NB! The rules of conduct and disciplinary law do not apply to your conduct before that.

Explanatory notes
The rules of conduct were prepared by the members of the Dutch Banking Association (NVB). The members adopted the rules of conduct at the NVB's general members meeting on 30 September 2014.

NVB members aim to achieve the following with the rules of conduct:

- lay down the desired behaviour of everyone working at a bank;
- let society know the rules of conduct that bank employees must follow;
- increase society's trust in banks.

NVB members want everyone to follow the rules of conduct.

- That is why every employee of a bank takes an oath or solemn affirmation. In this way, they swear or promise to abide by the rules of conduct.
- Is a bank employee not abiding by the rules of conduct? In that case, that employee faces the disciplinary law that comes with the rules of conduct. The disciplinary regulations state the consequences. For example, what punishment an employee may face.

Disciplinary statement form
[name of person concerned] confirms that they will comply with the rules of conduct and to recognise the enforcement of the rules of conduct and the exercise of powers under the Banking Disciplinary Regulations;

The person concerned
[signature person concerned]

Banker's oath/promise

I swear / promise that, within the boundaries of my function in the banking sector, I will:

- Execute my function ethically and with care;
- Draw a careful balance between the interests of all parties associated with the business, being the customers, shareholders, employees and the society in which the business operates;
- When drawing that balance, making the customer's interests central;
- Will comply with the laws, regulations and codes that apply to me;
- Will keep confidential that which has been entrusted to me;
- Will not abuse my knowledge;
- Will act openly and accountably, knowing my responsibility to society;
- Will make every effort to improve and retain trust in the financial sector.

So help me God! / This I pledge and promise!

The oath/promise was taken in accordance with the above-mentioned form on [date], at [place], before [name of person before whom the oath or solemn affirmation was taken], and in the presence of [name of other representative of the company or trade or professional organisation].

[name of person concerned] confirms that they will comply with the rules of conduct and recognise the enforcement of the rules of conduct and the exercise of powers under the Banking Disciplinary Regulations.

The person concerned
[signature person concerned]