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# OeEB Human Rights Policy

17<sup>th</sup> December 2024

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# Table of Contents

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- 1. **Our mandate and commitment**..... 3
- 2. **Our standards**..... 3
- 3. **Overview on our and our portfolio companies' roles and tasks**..... 4
  - 3.1. Human rights risk management .....4
- 4. **Addressing adverse impacts**..... 5
- 5. **Nature of Policy Document** ..... 6
- References.....8

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## 1. Our mandate and commitment

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At [Oesterreichische Entwicklungsbank AG \(OeEB\)](#), we believe that a responsible private sector plays a key role in addressing global challenges for people and the planet. We are convinced that realizing human rights is fundamental for tackling these challenges and achieving positive development impacts. As a development bank, we work for improved living conditions in developing countries by providing long-term finance for sustainable private sector projects in the areas of renewable energy, infrastructure, financial inclusion, micro, small and medium-sized enterprises.<sup>1</sup>

We acknowledge our particular role as private company with a public mandate in relation to human rights as set out in the [UN Guiding Principles on Business and Human Rights](#). This Policy<sup>2</sup> should not be interpreted as creating legal obligations for OeEB that it would not have otherwise but clarifies our position and explains how we embed human rights in our environmental and social management process. It also sets expectations for our portfolio companies.<sup>3</sup>

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## 2. Our standards

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In our operations, we take a risk-based approach<sup>4</sup> which draws on the [IFC Performance Standards on Environmental and Social Sustainability \(IFC PS\)](#), the [World Bank Group Environmental, Health and Safety Guidelines \(EHS Guidelines\)](#), the [UN Guiding Principles on Business and Human Rights \(UNGPs\)](#) and the [OECD Guidelines for Multinational Enterprises](#).<sup>5</sup> Furthermore, we uphold the [EDFI Principles for Responsible Financing of Sustainable Development](#). We also expect our portfolio companies to follow these standards, even where national laws fall short of international requirements, unless this is forbidden by law.

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## 3. Overview on our and our portfolio companies' roles and tasks

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Realizing human rights is a shared task that requires state and non-state actors to contribute accordingly. This section explains how we operationalise human rights in our procedures and outlines our expectations of our portfolio companies.

### 3.1. Human rights risk management

Our environmental and social risk management strives to combine the operational guidance of the IFC PS and the EHS Guidelines with the human rights requirements of the UNGPs. We expect also our portfolio companies to be aligned with these standards and to take the same procedural steps as we do. Those are:

1. **Identifying, assessing, and prioritising** actual and potential adverse social, environmental and human rights risks related to the business activity taking account of people who are particularly vulnerable. The risk assessment comprises also risks related to business relationships<sup>6</sup>, in particular their commitment and capacities to manage social, environmental and human rights risks<sup>7</sup>, as well as the country and sector context.
2. **Conducting a risk analysis during the due diligence**<sup>8</sup> phase and defining targeted prevention and mitigation measures commensurate with the human rights risks at stake.<sup>9</sup>
3. **Integrating** these measures in **contractual agreements** (e.g. the Environmental and Social Action Plan, particular undertakings) with portfolio companies.
4. **Tracking performance** to ensure the effectiveness of the contractually agreed measures and monitoring contextual country or sector risks.<sup>10</sup>
5. **Establishing and maintaining effective and meaningful stakeholder**<sup>11</sup> **dialogue** commensurate with the risks at stake to communicate impacts and mitigation measures, monitor their implementation, and increase leverage to support human rights respect, as necessary.
6. **Addressing complaints** received through effective operational grievance mechanisms or other non-judicial grievance mechanisms<sup>12</sup> at an early stage with a view to taking corrective and/or remedial actions in a timely manner. [OeEB's grievance mechanism](#) is open to complaints from stakeholders who feel adversely affected by our or our portfolio companies' operations.
7. **Transparency about human rights commitment, procedures and impacts.** At OeEB, we report about the implementation of this Policy to our governance bodies and in our sustainability reporting. We disclose a summary of our approved investment activities on our [website](#) and address human rights issues in our dialogue with civil society organisations.
8. **No tolerance of retaliation** (e.g. any kind of physical, psychological or legal threats) for raising concerns against affected stakeholders, human rights defenders or any other stakeholders which are directly related to the business activity. While we cannot assure legal or physical protection against reprisals from external parties, we seek to identify such incidents in our on-going risk assessment and to prevent

and mitigate them through cooperation with other partners who may be able to support the complainants (e.g. civil society organisations, ombudsman institutions).

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## 4. Addressing adverse impacts

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We aim to actively prevent adverse environmental, social and human rights impacts and expect also our portfolio companies to share and implement this commitment.

Where those impacts nevertheless occur, we will endeavour to address them with a focus on improving outcomes for people. Our actions will depend on our respective level of involvement in adverse impacts: Where our business activities may **cause** adverse human rights impacts, we will strive to take effective steps to prevent or end these impacts and to provide for remediation<sup>13</sup> based on the guidance of the UNGPs. Where we run a risk of **contributing** to adverse human rights impacts through the activities of our portfolio companies or other business relationships, we will address our own contribution and strive to use our leverage<sup>14</sup> to end or mitigate those impacts and contribute to remediation as appropriate and proportionate. Where we may be **directly linked** to adverse human rights impacts, we will strive to use our leverage to effectuate positive change. If we are not able to support positive change over time, we will consider discontinuing our engagement, as contractually feasible, taking adequate account of actual or potential adverse consequences for affected stakeholders.

If we identify a risk of becoming legally complicit<sup>15</sup> in human rights violations of other actors (e.g. states), we will abstain from making an investment or, if this situation arises in an on-going investment, will take appropriate actions as highlighted above.

We **expect also our portfolio companies** to address adverse human rights impacts in line with the UNGPs and to take corrective and remedial actions<sup>16</sup> proportionate to their level of involvement (causing, contributing, being directly linked to the relevant impact) as we do. Where there is no positive change over time and portfolio companies consider exiting the investment, we strongly encourage them to assess remaining adverse human rights impacts and take measures to address them. Where they might become legally complicit<sup>17</sup> in human rights violations of their business relationships<sup>18</sup>, we strongly advise them to abstain from such an operation, or if it is an ongoing- operation, to take adequate actions as highlighted above on an expedited basis.

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## 5. Nature of Policy Document

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We aim to systematically strengthen human rights in our procedures and also support our portfolio companies in doing the same. We understand ourselves as a learning organisation and continuously develop our capacities on human rights. We aim to evaluate the implementation and the effectiveness of this Human Rights Policy as part of the mid-term review of the OeEB Strategy 2024-2028.

The Human Rights Policy was discussed by the Business and Development Committee (Gremium Wirtschaft und Entwicklung) and approved by the Executive Board as a policy document the 17<sup>th</sup> of December 2024. It reflects OeEB's current policy position on the issue of human rights.



## References

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- <sup>1</sup> OeEB's investment activities include long-term credit financing solutions at near market conditions for private sector projects and private equity participations for companies and funds if the projects are located in developing countries or emerging markets and are economically and developmentally sustainable. See [OeEB – Your Partner in Developing & Emerging Markets \(oe-eb.at\)](#).
- <sup>2</sup> The OeEB Human Rights Policy complements OeEB's strategy. See [Our strategic focus \(oe-eb.at\)](#). Furthermore, it supports the implementation of other policies of its parent company, OeKB, in particular with regard to gender, diversity, sustainability and human rights. See [Sustainability Management \(oekb.at\)](#).
- <sup>3</sup> The term 'portfolio companies' encompasses all OeEB clients including direct investments (corporates) and indirect investments (financial intermediaries).
- <sup>4</sup> A risk-based approach to E&S and human rights risks means identifying E&S and human rights risks related to the transaction and their potential to materialise, prioritizing higher risks over lower risks and taking adequate steps to subsequently mitigate them. It assesses a company's activities in the particular sectoral and country context and its risk of getting involved in adverse human rights impacts (e.g. through causing, contributing to or being directly linked to these impacts). See also [Microsoft Word - Due\\_Diligence\\_for\\_Human\\_Rights\\_September 2009 \\_2\\_.doc \(harvard.edu\)](#).
- <sup>5</sup> The Austrian Export Guarantees Act which sets out OeEB's mandate, requires the respect of the IFC PS and the OECD Guidelines on Multinational Enterprises. The latter include a human rights chapter which is aligned with the UN Guiding Principles on Business and Human Rights (UNGPs). In our practice, we consider both the UNGPs and the OECD Guidelines on Multinational Enterprises as equally important references. When this document refers to the UNGPs, it implies also the human rights chapter of the OECD Guidelines.
- <sup>6</sup> According to the UNGPs, "business relationships" include those relationships a business enterprise has with business partners (e.g. portfolio companies of financial intermediaries, contractors, suppliers also beyond the first tier, minority as well as majority shareholders in joint ventures etc.) and any other non-State or State entity directly linked to its business operations, products or services. See OHCHR The Corporate Responsibility to Respect Human Rights, Interpretative Guide, [hr.puB.12.2\\_en.pdf \(ohchr.org\)](#), p.5. For this Policy, we consider the UNGPs as our ultimate benchmark.
- <sup>7</sup> In the case of financial intermediaries, we assess their commitment and capacities to manage social, environmental and human rights risks in connection with their existing and prospective portfolio.
- <sup>8</sup> Note: The notion of environmental and social due diligence based on the IFC Performance Standards refers to the process from the first screening of the investment activity to the signing of the contractual agreement. The notion of human rights due diligence based on the UN Guiding Principles (UNGPs) refers to an ongoing risk and impact assessment process spanning over the entire investment/project cycle. For further information on alignment see: OHCHR Benchmarking Study [OHCHR\\_Benchmarking\\_Study\\_HRDD.pdf](#), p. 126.
- <sup>9</sup> The necessity and adequacy of prevention and mitigation measures depends on the severity of the adverse human rights impacts which is determined by the gravity (scale), the number of individuals affected (scope) and the possibility to remedy the impact (irremediability). See e.g. [SEVERE HUMAN RIGHTS IMPACT : UN Guiding Principles Reporting Framework \(ungpreporting.org\)](#).
- <sup>10</sup> Contextual sector or country risks include, e.g. conflict situations, systematic human rights violations in a given country or sector. See, e.g. the Danish Institute for Human Rights [Human rights impact assessment guidance and toolbox | The Danish Institute for Human Rights](#).
- <sup>11</sup> Stakeholders include persons actually or potentially affected by the business activity or persons who have a legitimate interest based on the mandate of their organization (e.g. trade unions, civil society organizations).
- <sup>12</sup> Other grievance mechanisms may include e.g. the OECD National Contact Points, the Compliance Advisor Ombudsman, grievance mechanisms of other development finance institutions. See IAMnet [Independent Accountability Mechanisms Network \(IAMNet\) \(worldbank.org\)](#), Accountability Console, [IAMS | Accountability Console](#).
- <sup>13</sup> Remediation is about corrective action to redress human rights harms. It is about both (i) using effective processes and (ii) the substantive outcomes of these processes to make affected stakeholders whole again and restore their dignity. Depending on the particular circumstances, remedy can take different forms, e.g. restitution, compensation, commitment of non-repetition, satisfaction.
- <sup>14</sup> "Leverage" is understood as the potential to effectuate positive change in the wrongful practices of a business partner. The extent of OeEB's leverage depends on the nature of our investment, our role in the investment consortium, our share in the Portfolio Company's financing, our control and influence over the Portfolio Company's management as well as the country context of the investment.
- <sup>15</sup> The term "legally complicit" means becoming complicit in the commission of international crimes (e.g. genocide, forced labour, slavery, torture, enforced disappearances, extermination, war crimes). See e.g. OHCHR, The Corporate



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Responsibility to Respect Human Rights, an Interpretative Guide (2012), p. 5, 6. Most national legislations prohibit and sanction criminal complicity, some provide also for corporate criminal liability.

<sup>16</sup> See above, note 13.

<sup>17</sup> See above, note 15.

<sup>18</sup> See above, note 6.



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