



Agreement for International Responsible Business Conduct in the Metals Sector



- **Start:** 1 July 2019
- **Duration:** The Agreement has a five year time span (from 1 July 2019 to 31 December 2024)
- **Participants:** CNV and FNV trade union confederations, companies and metals sector business associations, the Dutch government; and NGOs
- **Secretariat:** SER (Dutch Social & Economic Council)
- **CNV core task:** Participation in the steering committee, work and task group and projects; sharing our knowledge and our local network for proper due diligence, which allows to address the greatest risks concerning human and labour rights.



WHY STRIKE AN IRBC AGREEMENT FOR THE METALS SECTOR?

The demand for metals is increasing worldwide and the steel sector is the backbone for the production of a panoply of goods and technologies. Dutch metal companies are largely dependent on the import of raw materials for their production.

The RBC risk analysis commissioned by the Dutch government from KPMG in 2014 showed that the metals sector – in particular the mining, trading and processing raw materials – presents an increased risk profile. The sector is at risk of violating human rights and fundamental labour rights, environmental and biodiversity standards, and it has a detrimental impact on local communities. The international supply chains of many raw materials are complex and highly intricate. The traceability of materials is limited, their origin is not always transparent; this is also because the Dutch metals sector often works with recycled metals. On 23 May 2019, CNV and other trade unions, companies and associations, the Dutch government and civil society organisations signed an Agreement titled ‘Delivering Responsible Metals Supply Chains Together’.

In this Agreement, the parties involved work together, in a solution-oriented way, to jointly reduce and prevent potential environmental and human rights risks and violations throughout the entire production and supply chain. In the metal recycling sector as well, companies want to identify areas for improvement.

This Agreement is the tenth agreement in the field of International Responsible Business Conduct (IRBC, also referred to as (International) Corporate Social Responsibility or CSR). It was created under the guidance of the SER, in which representatives of trade unions, employers and the Dutch government work together. CNV has signed the Agreement, and is therefore a party to it.



‘The metals sector joins forces to counteract risks to people and the environment in winning and producing materials for the metals sector. With this Agreement, we make our contribution to International Responsible Business Conduct (IRBC).’

*Arend van Wijngaarden,
Chairman CNV trade union
confederation and CNV Internationaal*



WHAT IS THE PURPOSE OF THE AGREEMENT FOR THE PARTICIPATING PARTIES?

With this Agreement, the CNV and FNV trade unions, metals sector companies and associations, civil society organisations and the Dutch government join forces to strengthen the international value chain in the metals sector worldwide and to reduce and prevent potential environmental and human rights risks.

The signatory parties have committed themselves to taking individual measures aimed at enhancing people's quality of life and improving environmental conditions throughout value chains in the metals sector. Through their cooperation, the participating parties take an important step towards making the metal chain more sustainable.

The Agreement explicitly targets all metals and the entire international metal chain, including metal processing companies and end users. The signatories to the Agreement are mainly major companies that are suppliers to the SMEs in the Netherlands. They supply basic metals and semi-finished products for further processing to other industries, such as the automotive, construction, chemicals, aerospace and electronics industries. It is pre-eminently a chain that operates on a truly international scale. The recycling of metals is also part of this chain.

In addition to the domestic approach, through the involvement of the Dutch Metallurgical Industry Association (VNMI), the trade association of Dutch producers of raw metals, metal alloys and semi-finished products, this sector Agreement is also internationally anchored, thanks to the involvement of the European trade association, Eurometaux.

With the Agreement, the metals sector is preparing itself for the European regulation on conflict minerals that will enter into force in 2021. That regulation requires large importers to carry out thorough investigations into the origin of their raw materials. In addition, society expects businesses to take responsibility for all aspects of their production chain.

Furthermore, the Dutch government and companies are obliged to comply with the international guidelines of the United Nations on human rights and business (the UN Guiding Principles or UNGPs) and with the OECD guideline for multinational companies. Compliance with all these international frameworks also contributes towards achieving the UN's Sustainable Development Goals (SDGs).





WHICH PARTIES PARTICIPATE IN THIS AGREEMENT?

In addition to metals sector companies and business associations, two Dutch government ministries, two trade unions, three civil society organisations and other supporting organisations have signed this Agreement:

C Companies: The Agreement involves seven participating companies in the metals sector, namely: Century Aluminum Vlissingen (Flushing), Climax Molybdenum, E-MAX Aluminium Profiles, Hunter Douglas Europe, Tata Steel Netherlands, Uzimet. and Wupperman Staal Netherlands.

A The associations VNMI and Eurometaux represent their members and mainly have a facilitating and stimulating role.

G Government: Ministry of Foreign Affairs, Ministry of Economic Affairs and Climate support the parties to this Agreement on the European and the international level (OECD, ILO, UN) for the sake of creating a level playing field.

T Trade unions: the Christian National Trade Union Confederation (CNV) and the Confederation of the Trade Union Movement (FNV).

N The NGOs are: Global March against Child Labour, IUCN NL en UNICEF Netherlands. The trade unions and NGOs contribute by sharing available expertise, for example through contacts with local stakeholders, partner organisations and governments and by helping to develop civil society in developing countries.

The Agreement has also been signed by a number of supporting organisations: Bettercoal, FME, International Zinc Association, International Tin Association, Metal Recycling Federation and Terre des Hommes.

HOW IS THE AGREEMENT IMPLEMENTED?

- To support the implementation of this Agreement, a General Meeting (GM), a Steering Committee, an independent secretariat, an independent chairperson and three working groups have been established.
- The GM consists of all parties participating in the Agreement. Together, they have the ultimate decision-making voice on all measures needed to implement the Agreement. The GM may delegate or mandate tasks to the steering committee. Supporting parties to this Agreement may be invited by the GM to participate in discussions, but have no decision-making voice.
- The Steering Committee consists of four sections, namely the companies and business associations (two seats), the government (one seat), the trade unions (one seat) and the NGOs (one seat). The steering committee manages the Agreement within the framework determined by the GM. The steering committee is responsible for the preparation of annual plans and budgets and it formulates frameworks for the working groups.
- The Agreement is facilitated by SER, the Dutch Social and Economic Council. The parties jointly appoint independent chairs for the GM and the Steering Committee.
- Three working groups, plus an ad hoc Working Group with its own annual plan:

The Working Groups:

1. The Due Diligence Working Group is responsible for developing instruments, analysing actions and reports, and complying with international procedures and guidelines.

For a significant number of companies, this is their first encounter with due diligence efforts. Therefore, knowledge development and the exchange of information and experiences are extremely important in this phase. The civil society organisations support the companies by cooperating in the development of due diligence tools and templates, and by introducing knowledge and reports on risks to bolster due diligence activities and better coordinate with recognised international due diligence procedures and guidelines. For example, the CNV trade union shares knowledge in the area of workers' rights, and helps companies in building capacity and integrating the OECD guidelines into the practices of the metals sector. The civil society organisations also monitor and assess the action plans for due diligence.

2. The Working Group on Sustainable Value Chains for Secondary Materials defines (and implements) actions to improve transparency and sustainability in value chains for reused and secondary materials. This working group approaches metal processors, traders and collectors of secondary metals to make them join the Agreement. The Working Group is also looking for opportunities to initiate collective projects and to monitor and tackle risks for human rights, labour rights and the environment within the value chain of recycled metals.

3. The Working Group on Collective Actions and (Inter)national Upscaling determines actions to increase the collective leverage of the group, and to initiate, implement and support joint actions. This working group works closely with the ad hoc Working Group on Communication.

The ad hoc Working Group on Communication initiates actions related to internal and external communication regarding the Agreement and its outcomes. The parties involved aim to increase the impact of the Agreement by raising awareness about it through their own channels, and to motivate more parties to join the Agreement. The General Meeting and jointly organised kick-off meetings are crucial GM moments in this regard.

The Agreement has a duration of five years and is not legally enforceable. No later than six months before the end date of the Agreement, the parties will consult with each other to determine whether the Agreement will be continued.

DUE DILIGENCE FOR THE PRODUCTION CHAIN OF PRIMARY MATERIALS

Companies in the metals sector make an effort for International Responsible Business Conduct (IRBC/ CSR) and sustainable chain management. Under international conventions, Dutch companies carry the responsibility to reduce and prevent environmental and human rights risks. The OECD guidelines for responsible business conduct and for sustainable value chains for minerals, for example, require companies to assess the extent to which they are involved in human rights and environmental abuses. This assessment is called 'due diligence', and is also referred to as 'CSR / IRBC risk management'.

The focus is not on risks for the company, but on the potential and actual risks of a negative impact on other stakeholders, such as employees and local communities. See our fact sheet labelled 'IRBC agreements', which on page 5 explains due diligence in more detail.

In order to identify, assess, prevent and counteract these types of risks in the value chain, the companies involved in this Agreement perform due diligence investigations. For this purpose, they work together using tools developed jointly with the other parties and sharing information. All of this gives companies insight into areas of concern in which they themselves have an impact. Companies will also set up a complaints mechanism. Violations can be reported via the parties.

In order to support individual businesses in this process, participating parties provide their members with information about the relevant international guidelines.

The trade unions and civil society organisations support due diligence research by:

- providing quick scans of the risks of impact on vulnerable groups;
- raising awareness of the actual and potential impact of a company's actions on human rights and on (protection of) the environment;
- giving advice on how to incorporate the rights of vulnerable groups into a company's policies and processes;
- providing insight, for each country, into laws and regulations on human rights and environmental protection and into context-specific opportunities;
- organising consultations with local stakeholders;
- encouraging companies to involve internal stakeholders in due diligence efforts; and
- offering support and expertise to companies to perform due diligence investigations and avoid major IRBC risks, with a focus on structural improvements.

The government takes action to deal with structural challenges (which come to light during the due diligence procedure), through its own policy instruments and in cooperation with other governments.

The parties commit themselves to sharing (via the secretariat) all relevant information resulting from individual and collective due diligence activities. In this way, the risks of violating rights or degrading the environment are better understood in order to better establish priorities and follow-up actions.

DUE DILIGENCE FOR THE SECONDARY MATERIALS CHAIN

The parties recognise that the {diligence due} for so-called secondary materials is different from that for primary materials. Companies that supply or use secondary materials work together to achieve socially responsible businesses conduct in this value chain as well. They do this by carrying out due diligence investigations in this value chain, and by setting up a joint working group that develops custom solutions that fit in with this chain.

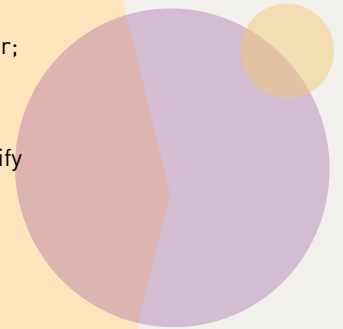
The government will encourage the use of recycled materials to promote a so-called circular economy. A circular economy is an economic and industrial system in which no finite resources are depleted and in which residual materials are fully re-used in the system.



HOW CNV, CNV INTERNATIONAAL AND LOCAL PARTNERS CONTRIBUTE

The CNV trade union confederation, CNV Internationaal and local partners all play a critical and constructive role in the Agreement. In concrete terms, it has been agreed that CNV and CNV Internationaal:

- will share specific knowledge and information on labour rights, including freedom of association, collective bargaining and living wages, in local contexts where abuses may occur;
- will, with the help of information from local partners worldwide and from the international departments of trade unions, actively identify abuses and share them with other parties, allowing trade unions to make an important contribution to the efforts of companies to identify (potential) abuses in the field of labour rights and prevent or remedy them;
- will, on the basis of its knowledge and network, provide specific support to the work in the Steering Committee and the working groups. In this respect, CNV Internationaal will involve local partners and leverage its experience gained during earlier monitoring and evaluation efforts, for example by contributing to the definition of a realistic Theory of Change and by monitoring whether the Agreement's goals are being achieved and whether the signatory parties are actually working as efficiently as possible;
- will provide (informal) mediation on sensitive or complex issues,
- will carry out activities to increase the joint impact of the participants on businesses;
- will contribute substantively to communication materials, and make a wider audience and a larger number of companies aware of the value of the Agreement.



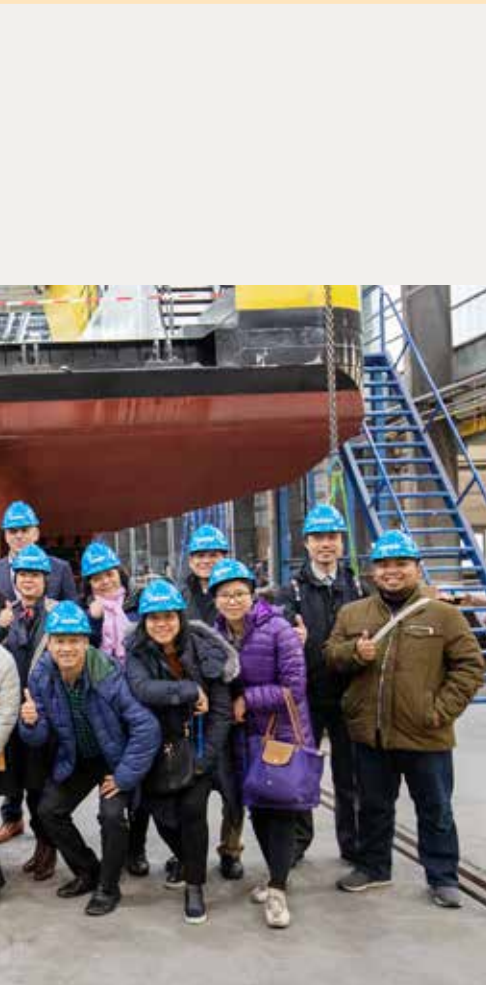
MONITORING AND EVALUATING THE AGREEMENT

The parties shall apply SMART-formulated standards for the evaluation of the Agreement's progress. The parties will perform monitoring in three ways:

- monitoring of due diligence efforts made by individual companies to determine where an individual company is at, on the basis of the assessments, the heat map and individual due diligence action plans;
- monitoring collective actions in order to keep an eye on the joint progress of all parties in achieving the goals of the Agreement;
- monitoring processes to keep track of the cooperation between the parties and the supporting organisations.

Monitoring and evaluation will be carried out jointly by the Parties, with annual reports and regular discussions on the cooperation in the Steering Committee and the General Meeting. Parties will also provide information for sharing (company-to-company) lessons learned and challenges regarding due diligence. The first joint progress report on individual and collective contributions to the goals of the Agreement will be published within 24 months after the start.

After two and a half years, the General Meeting will decide whether a comprehensive evaluation of the progress and impact is necessary. At the end of the five-year period, it should be clear whether specific improvements have been achieved in the rights of workers (formal and informal), women, children and local communities, and in environmental legislation and environmental performance standards.



More information on individual IRBC Agreements
and links to background information can be found online:

www.cnvinternationaal.nl/en/business-and-human-rights/dutch-agreements-responsible-business-conduct

About CNV Internationaal

For more than 50 years now, CNV Internationaal has been supporting trade union work in developing countries. Together with partner organisations, CNV Internationaal protects and promotes the rights of employees on the basis of Christian social thought. This involves social dialogue, a pluralist trade union movement and individual responsibility of employees as core values. CNV Internationaal's mission is to contribute to decent work in developing countries by strengthening the position of employees in both the formal and the informal economy, through developing strong social partnerships and promoting sustainability in the chain.

In The Netherlands, CNV Internationaal, together with the CNV confederation and member unions, contributes to decent work in developing countries through lobbying, policies and raising awareness. The work of CNV Internationaal in the coming years will mainly be focused on social dialogue, labour rights in production chains and (youth) employment and employability.

CNV Internationaal

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