



IRBC Agreements

SUSTAINABLE ENTREPRENEURSHIP IN INTERNATIONAL PRODUCTION CHAINS

Dutch companies draw a common line in the field of International Responsible Business Conduct (IRBC) for their sector. They set to work together to prevent abuses such as exploitation, violation of human rights, animal suffering or environmental damage. They do this by concluding covenants with government agencies, employers' associations, trade unions and civil society organisations. In this way, they strive to find a structural way to make international chains sustainable and socially responsible. CNV Internationaal focuses on six covenants (textiles, wood, banking, food, pensions and metals) and works with other players in the production chain.

This factsheet outlines the how and why of the IRBC agreements. Separate factsheets will explain, for each branch, the IRBC agreements that have already been signed.





WHAT ARE IRBC AGREEMENTS AND WHERE DID THEY ORIGINATE?

Wood from Indonesia, clothing from Cambodia, toys from China. In the Netherlands, we do business all over the world. Good for jobs, welfare, innovation and economic growth. The Dutch government, representatives of employers' associations and trade unions, consumers, and civil society organisations expect that companies do business with respect for human rights and environment. Not only in the Netherlands, but also abroad.

The rights and obligations of companies are laid down in the universal human rights, the core international labour standards of the [International Labour Organisation ILO](#) and in international regulations, such as the [OECD Guidelines for Multinational Enterprises*](#) and the [UN Guiding Principles on business and Human rights*](#) (UNGPs, also known as the Ruggie Principles). These directives require companies to conduct appropriate and transparent research into what is happening within their production or supply chain, in order to prevent and reduce actual and potential adverse risks of human rights violations and to be accountable.

In its [2014 advisory report on IRBC agreements*](#), the Dutch Social and Economic Council (SER) proposed that sectors and companies take the initiative in concluding agreements (also called "covenants" in Dutch) on international corporate social responsibility with the government, trade unions and civil society organisations.

In 2014, the auditing firm [KPMG](#) [identified the principal risks](#). This analysis showed that in the Netherlands a large number of sectors show great societal risks of violating OECD guidelines. Many Dutch companies for instance outsource their production abroad. In this way, they run the risk of having to deal with, for example, corruption, exploitation, environmental pollution or violations of labour rights.

CNV has drawn up a [manual](#) that will get you started on these Ruggie principles, whether you are a trade union executive, a manager or a Works Council member.*

* Information on where to find these documents is available on our website:
www.cnvinternationaal.nl/en/business-and-human-rights/treaties-guidelines-instruments

WHICH SECTORS ARE MOST AT RISK, AND WHAT ARE THE RISKS INVOLVED?

Those risks (classified as environmental, labour rights and human rights risks) have been identified for 12 sectors.

These 12 sectors are: construction, chemistry, retail trade, energy, finance, wholesale trade, wood and paper, agriculture and horticulture, oil and gas, metals and electronics, food, textiles and clothing. Environmental risks include for example: air pollution, water shortage and the exhaustion of natural resources.

Societal risks in the field of labour rights and human rights:



WHAT IS THE PURPOSE OF COVENANTS?

Covenants have a twofold purpose:

1. Achieve tangible steps of improvement in specific risk areas. These may include labour rights abuses or damage to the environment. The improvements have to be realised within a 3-5 year period after signature.
2. Offer a common solution for problems which companies themselves cannot solve completely.
A joint approach, aimed at structural changes.
An individual company probably has insufficient influence to, for example, enforce living wages at a specific supplying manufacturer. Working with other companies that also purchase from that supplier, and counting with the support of an embassy that enters into dialogue with a national government, makes any dialogue on salary increase more likely to occur or to be successful.

The agreements describe how companies can structurally prevent observed abuses in the areas of human rights, labour rights and the environment, by making voluntary agreements with civil society organisations, trade unions, knowledge institutes and the government and together identifying where influence can be increased in factories in order to improve working conditions. Agreements on a number of cross-sector issues, such as ICSR risk management (due diligence), transparency and monitoring, are found in all of these agreements. In other respects, the interpretation differs for each agreement. More about this in the fact sheets on the agreements for the banking sector, for sustainable clothing and textiles, and for the promotion of sustainable forestry.



WHO ARE THE PARTIES CONCERNED?

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Dutch companies, banks and branch organizations, who want to take on their responsibilities in the area of ICSR.

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Through embassies and consulates, the **Dutch government** addresses other governments with respect to their responsibilities in the field of socially responsible business practices. It is governments themselves who should protect human rights and guarantee victims a right to reparation. The Dutch government strives to strengthen international agreements between governments, for example in the European Union (EU), the World Trade Organisation (WTO), the International Labour Organisation (ILO), the United Nations (UN), the G20 and the OECD.

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Dutch trade unions are actively involved in preventing and counteracting abuses in the field of essential labour rights, such as child labour, living wages and trade union freedom. They bring their knowledge concerning international labour rights. Dutch trade unions are active in developing countries through local trade union organisations. For each agreement, it may vary which trade unions are involved. This depends for example on the degree in which the unions and local partners are well represented in a particular sector.

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NGOs (non-governmental organisations) in the fields of human rights, peace, security, nature and environment, among others, have knowledge and networks in the countries or regions where companies are active and where possible abuses take place. They have good knowledge of the extent to which human rights are respected in various countries and regions. For each agreement, the NGOs involved may differ.

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The Dutch Social and Economic Council (SER) establishes or strengthens links between various parties and reaches joint agreements by means of dialogue. The SER puts to work this knowledge and experience in a number of agreements, to help parties in developing and/or implementing IRBC agreements.

The added value of the agreements lies in tackling the worst violations and sharing knowledge and experience.



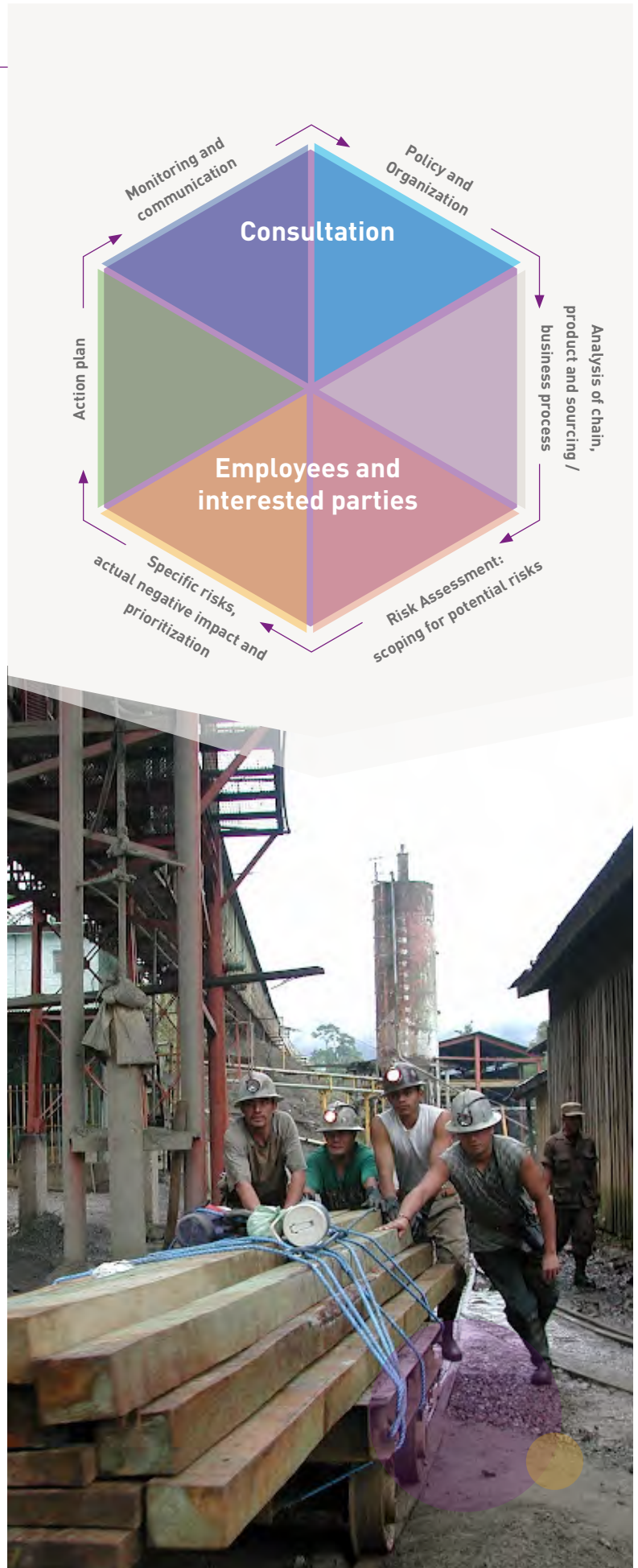
Signing the Sustainable forest management agreement, 22 March 2017

WHAT IS DUE DILIGENCE?

Due diligence is a concept frequently mentioned in the agreements. It is an instrument to identify structural risks in a production chain. This is a continuous process comprising:

- **Formulating policy:** Which ICSR steps have already been taken? Which problems in the chain have been already tackled by the company? What else can be done?
- **Analysing risks:** Identifying (potential) risks. As it turns out, not every company knows exactly what is happening in its production chain. The aim is to identify the negative impact for a) the employees concerned on the production site, b) the local community and c) the environment. The financial, operational and legal risks for the company are not our particular concern here.
- **Establishing priorities:** Working together with stakeholders, risks are prioritised on the basis of the worst violations.
- **Implementation:** tackling the worst risks and preventing others.
- **Monitoring:** continuously follow up risks in order to check whether company policies are properly implemented and what can still be improved.
- **Communication:** sharing information on the actions you have taken as a company. Companies are increasingly expected to show that they respect human rights and that they do business in a responsible and durable manner. They must make known how they deal with these matters. This means companies have to be transparent about their activities and can be called to account - even if they can only indicate things they are not putting into practice just yet.

Under these agreements, signatory companies are monitored to ensure that they actually carry out due diligence.



CNV and CNV Internationaal support these agreements as a new way to make international production chains in several sectors more sustainable. The collaboration with agreement partners starts in the Netherlands, and is continued with partners in the countries where the respective business chains are active. CNV Internationaal connects with local trade union partners.

Through them, CNV Internationaal is in direct contact with people on shop floors. In this way, these local trade unions are our eyes and ears in the production chain.

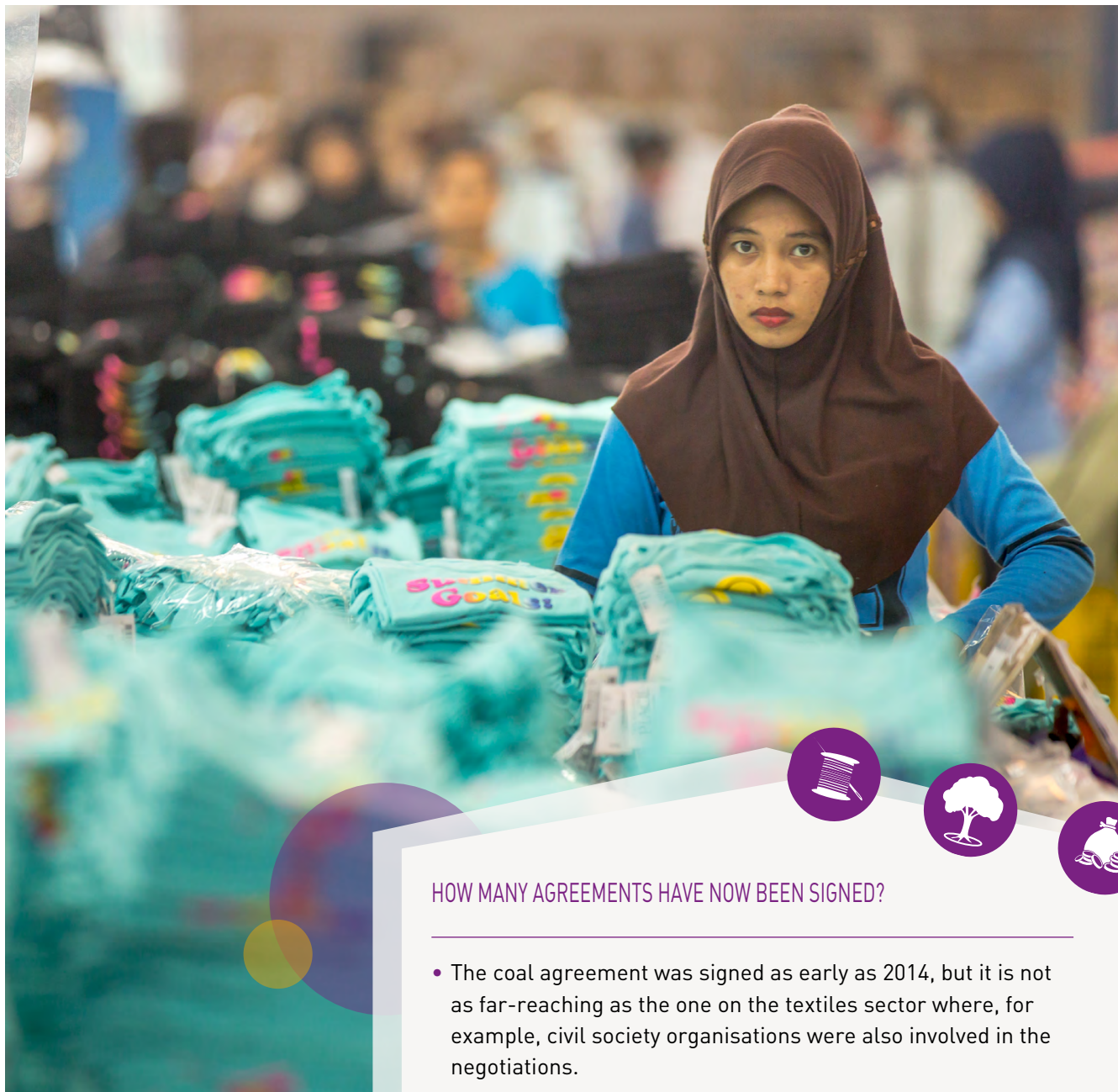
CNV, CNV Internationaal and local trade unions can:

- Inform companies on doing due diligence.
- Assist companies involved in monitoring labour risks at their production sites and in the communities around these.
- Report about on site working conditions and risks and help to identify abuses.
- Engage with suppliers or subcontractors on rights such as social dialogue, a living wage, the freedom of workers to be represented, the right to collective bargaining, the elimination of child labour, non-discrimination between workers, safe and healthy working conditions, maximised and non-exhaustive working hours and job security. Agreements reached through social dialogue are generally more durable in nature.



- Inform companies on the way to go about setting up a trade union locally, even in countries where the law forbids founding an independent trade union movement (as in China and Vietnam) or where workers can hardly organise themselves because of anti-union practices (such as dismissing people who join forces).
- Listen to, and classify, suspicions of employees concerning violations of international social standards within their company. Through a complaint mechanism built into the agreements, they can identify and deal with serious violations. Is it a violation of OECD guidelines by a Dutch company doing business abroad, where CNV Internationaal works with a local trade union organization? In that case, it is advisable to seek collaboration between the local union and CNV Internationaal.
- Impart trainings on good social dialogue, thus reinforcing the negotiation skills of local trade unions. More on the importance of social dialogue can be found [here](https://bit.ly/2JP251y)*.
- Where necessary, keep up the pressure on employers and do research into ways to prevent further violations. And public authorities are permanently being made aware of the exemplary role they can play by commissioning only from companies which for example pay living wages or ban child labour.
- Contribute to several working groups that have been set up to carry out the plans of agreement parties. This also applies to the communication concerning the agreements.
- Aim at informing and involving other stakeholders. Given the important role consumers play, recruiting supporters for the agreements among, for example, consumer associations, is an interesting option.

* <https://bit.ly/2JP251y>



HOW ARE THE AGREEMENTS FINANCED?

The agreements are financed by the parties concerned. The trade unions and civil society organisations contribute in time and capacity. The companies, together with the Dutch government, seek (international) support and structural funding for the activities mentioned in the agreement.

HOW MANY AGREEMENTS HAVE NOW BEEN SIGNED?

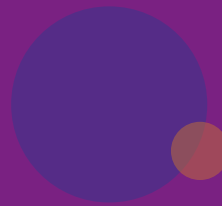
- The coal agreement was signed as early as 2014, but it is not as far-reaching as the one on the textiles sector where, for example, civil society organisations were also involved in the negotiations.
- For this reason, the durable clothing and textiles agreement is considered as the first IRBC agreement. This agreement was signed on 4 July 2016.
- The banking sector agreement followed on 28 October 2016.
- The sustainable forestry agreement was concluded on 22 March 2017.
- The gold agreement was signed on 19 June 2017 and the vegetable proteins agreement on 21 September 2017.
- In the spring of 2018, other agreements are in the making: in ornamental plant cultivation; the insurance industry; food; agriculture and horticulture; the metals sector; and in the pension sector, too.



Further information on the individual agreements:

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

Information on other agreements will be added in due course.



About CNV Internationaal

CNV Internationaal has been supporting trade union work in developing countries for more than 50 years. Working with counterpart organisations, CNV Internationaal protects and promotes the rights of employees, building on Christian social tradition. 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 improving the position of employees in both the formal and informal economy through strengthening social partnership and promoting sustainability in production and supply chains. In the Netherlands, CNV Internationaal works with its CNV confederation and affiliated unions to contribute towards decent work in developing countries through lobbying, policy-making and awareness-raising. In the coming years CNV Internationaal will mainly focus on the themes of social dialogue, labour rights in production chains, and (youth) employment and employability.

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