



# Agreement for the Banking Sector



- **Start:** *28 October 2016*
- **Duration:** *The Agreement will be valid through 31 December 2020*
- **Parties involved:** *13 Dutch banks, the Dutch Banking Association NVB, 2 trade union federations, 3 NGOs, and the Dutch Government*
- **Secretariat:** *Independent Secretariat hosted by SER, the Dutch Social and Economic Council*
- **Core task for CNV:** *Participate in the Steering Committee and in the Database/Matrix and the Charting Supply Chains working groups*





## WHY HAS AN IRBC AGREEMENT FOR THE BANKING SECTOR BEEN ESTABLISHED?

By supplying funding to Dutch and foreign clients, banks may become involved in human rights violations. That is why, for a long time now, banks have been monitoring customers and customers' supply and production chains, in order to gain insight into possible abuses or risks thereof. Banks can play a significant role in the field of human rights by using their influence on corporate clients. They can contribute towards their customers respecting human rights and not having, for example, child labour or forced labour in their production chains. In doing so, banks take an active role in raising customers' awareness of abuses in their own operations or in their supply chains.

In this IRBC agreement, banks are committing themselves to the effective implementation of the [UN Guiding Principles on Business and Human Rights](#) and of [the OECD guidelines for Multinational Enterprises](#).

[links to background information and documents mentioned in this factsheet, is available on: [www.cnvinternationaal.nl/en/business-and-human-rights/dutch-agreements-responsible-business-conduct](http://www.cnvinternationaal.nl/en/business-and-human-rights/dutch-agreements-responsible-business-conduct). These are the world's first agreements of this kind between civil society organisations, a government and a national banking sector.]

*"The signing of this Agreement for the banking sector is not so much a memorable occasion; it is above all a necessity for the advancement of Decent Work."*

Maurice Limmen,  
CNV chairman

## WHICH PARTIES ARE PARTICIPATING IN THIS AGREEMENT?

The Agreement has been signed by [14] Dutch banks and the Dutch Banking Association (NVB) and applies to their financing operations anywhere in the world. [The Banking Sector Agreement on International Responsible Business Conduct regarding Human Rights was negotiated and concluded by the Dutch Banking Association (NVB), NGOs, trade unions and the government. The so-called Agreement Parties. The result of the negotiations, recorded in the Agreement, is supported by most banks in the Netherlands. The so-called adhering banks\*. The NVB is trying to bring even more banks on board.

<https://www.imvoconvenanten.nl/banking/participants>

WORD LINK KLOPT NIET... EN WAAR MOET IE?



**€ Banks:**  
ABN AMRO, ASN Bank, ASR Bank N.V., BNG Bank, Van Lanschot Bankiers N.V., FGH BANK N.V., ING Groep N.V., Intesa Sanpaolo Bank Luxembourg S.A. (Amsterdam Branch), Nederlandse Financierings Maatschappij voor Ontwikkelingslanden N.V., NIBC Bank N.V., NWB Bank, Rabobank, SNS Bank N.V., Triodos Bank N.V.

In order to increase the impact of the Agreement, the Parties will endeavour to reach comparable agreements internationally. To this end, the Parties will approach, inter alia, the European banking sector, the EU and the OECD.



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

This Agreement aims to contribute to the prevention of human rights violations and to the compensation of victims. The Agreement supports banks in identifying human rights risks in their business operations and in taking action to address those risks. The banks work towards investing in clients - private, institutional or corporate - who respect human rights. The Agreement puts banks in a stronger position to ensure that human rights are respected in investment and financing operations. This may refer to aspects such as working conditions, trade union freedom, child labor and land rights.

## THE MAIN OBJECTIVES OF THE BANKING SECTOR IRBC AGREEMENT ARE THE FOLLOWING:

- Substantially reduce, within a realistic timeframe, specific human rights risks for groups experiencing adverse effects. These are risks in the commercial chains of Dutch banks' corporate customers.
- Provide a concerted response to human rights violations that banks cannot fully remedy on their own and that require cooperation with other parties.
- For the next three years, make agreements on due diligence for human rights, on the non-transfer of indigenous peoples without their free, prior and informed consent, and on transparency. Attention is paid to preventing human rights violations as well as to compensating victims of such violations. This is essential, among other things, for peace and reconciliation in conflict areas.
- Develop joint tools to identify value chains in the palm oil, cocoa and gold sectors, in support of due diligence procedures. The lack of reliable information on existing and potential human rights abuses, and

a lack of understanding of value chains in specific sectors, are a challenge for both companies and banks. By acting together, the Parties to this Agreement help banks to assume their responsibility for human rights issues – and, in future, to reach further agreements on other topics from the OECD Guidelines, in addition to human rights considerations.

The Agreement is focused on corporate loans and project financing activities, not on asset management. The pensions and insurance sectors are also working on IRBC agreements. However, the banks adhering as Signatories to this Agreement are also willing to enter into agreements on asset management themselves.





## HOW IS IMPLEMENTATION OF THE AGREEMENT BEING ORGANIZED?

To support the implementation of the Agreement, a **Steering Committee** was set up. Implementation takes place under Prof. Jacqueline Cramer, former Minister of the Dutch Government and a Crown-appointed member of the Social and Economic Council (SER – Sociaal Economische Raad), as independent chairperson. Each Agreement party assigns two members (one representative and one substitute). The Steering Committee takes its decisions by unanimity. Each party may ask for decisions in relation to the Agreement. The Steering Committee is responsible for day-to-day business and new projects. It monitors activities and results, organises an annual review, makes recommendations for improvement where necessary and develops an implementation plan. The Steering Committee is supported by an independent Secretariat.

## WHAT DOES 'DUE DILIGENCE' MEAN IN THE CONTEXT OF THE BANKING SECTOR AGREEMENT?

The Banking Sector Agreement, like those for other sectors, centres on due diligence, particularly in the area of human rights. See [\[this link\]](#) for a further explanation of due diligence.

The Agreement stipulates that, within one year of its signing, participating banks must develop and publish a **policy** that shall include a commitment to human rights, provide information on activities the bank will not invest in, set out a human rights due diligence procedure, and indicate sector-wide and thematic policies for additional high-risk sectors. Banks can use their own sustainable business policy to impose additional requirements on companies (within the limits permitted by the playing field of international banking). By publishing their policy, banks offer customers, the public, and other banks an insight into the standards they set.

The **risk analysis** that [is part of due diligence] involves more than just identifying material risks for the bank itself. It also means that effective ways must be sought of assessing these risks for the bank's clients' rights holders. The human rights due diligence procedures also involve customer involvement in the field of human rights.

The Agreement puts particular emphasis on **transparency and reporting**. The banks undertook that in 2017, they would start reporting in line with the [UN Guiding Principles Reporting Framework](#). Banks themselves will provide more transparency about the way they fulfil their responsibility with regard to human rights, about their investment portfolios, the screening of their customers, and their dialogue with clients if these, unwittingly, get involved in human rights violations.

The banks recognize the importance of and their responsibility for a **complaints mechanism** and **reparations** for victims. Within one year, banks will set up a complaints mechanism for their own staff and subsidiary companies. This mechanism will be publicly accessible to employees, customers and third parties. In the case of project financing, banks will also require their customers to set up a complaints mechanism for (potential) victims of human rights violations, as laid down in the [OECD Guidelines for Multinational Enterprises](#) and the [UN Guiding Principles for Business and Human Rights](#). In the case of corporate financing operations that carry a high risk of human rights violations, banks will encourage their customers to provide people who may be adversely affected with opportunities to voice their complaints.

**bitly links?**

## WHAT MUTUAL AGREEMENTS HAVE BEEN MADE BETWEEN THE PARTIES?

This Agreement will only be successful if change is going to occur in the workplace, if working conditions of employees at the [start] of the production chain are going to improve substantially. This is reviewed by a number of working groups:

### WORKING GROUP 1. Database/Matrix

A great deal of attention is paid to making available existing information on human rights violations, so that banks' account managers have proper information on which to base the discussion of human rights issues with their clients. The Parties will develop a joint tool, a **Database/Matrix**, with the aim of providing reliable information on current and potential human rights impacts, including the human rights themes from the OECD Guidelines, the UNGPs, the ILO conventions and other relevant declarations. It will also contain specifications on conflict zones and high risk areas and a number of sectors plagued by high risks. It should serve as a source of information for due diligence procedures, and for formulating policies on specific sectors and themes. Partly on this basis, banks can make decisions about the financing of projects and companies. The database builds, among other things, on existing information from public and commercial sources. The CNV is a member of this working group



### WORKING GROUP 2. Charting production chains

Furthermore, **chain analyses**, in which the entire supply and production chain, from raw material to end product, is mapped out, help Parties to the Agreement to pool their knowledge and join their powers, which they can then use in places where the risk of human rights violations is greatest. Parties mutually agree that they carry out chain analyses focusing on human rights in specific high-risk sectors. The first of these high-risk sectors are the palm oil, cocoa and gold sectors. They are followed by the gas and oil industries.

Specific attention is paid to the rights and needs of vulnerable groups and individuals, such as indigenous groups, women, ethnic groups, children, people with disabilities, migrants, and minorities. Specific attention is also paid to labour rights such as freedom of association and a living wage.

The results of these production chain analyses are published and utilized for mutual learning. The Dutch Government will promote similar exercises in agreements for other sectors. The CNV participates in this working group.



### WORKING GROUP 3. Increasing banks' influence on human rights awareness

Another commitment within the framework of this Agreement is that the adhering banks will work on ways in which, fed by the knowledge collected and the expertise developed by NGOs, trade unions and government, **they** can effectively **exert** influence on their customers. Companies involved in poor working conditions or in the unfair expropriation of land all have bank accounts or loans. That gives banks an important position: they can use their influence to counteract human rights violations by their customers.

For example, a bank can ask a corporate customer to draw up a concrete improvement plan for combating human rights violations. Such a plan may concern shorter working hours and living wages, and it may be imposed as a condition for financing a project. The Agreement offers no guarantee that human rights violations will be prevented, but the banks require customers who wish to obtain financing to show what actions they take with regard to human rights. That forces these customers to respect labour rights and land rights of local populations in, for example, their palm oil plantations or infrastructure projects. In addition, complaints procedures will have to be instated for employees in production countries. Banks will also require their customers to ensure that their projects provide for complaints procedures.



In order to learn from each other, Parties will, before the end of 2017, **carry out joint research** and share **experiences (best practices)** on successful ways of influencing companies in high-risk sectors. In-depth and up-to-date knowledge about human rights situations and all factors that

can affect them, positively or negatively, is required, as well as a willingness to share this knowledge. This requires intensive cooperation between the Parties, each of which disposes of, or has access to, information that is useful from their own perspective. The research will look at the different pos-

sibilities for exerting influence. Think of exerting influence through public influencing, by acting jointly with other banks, by exerting traditional commercial pressure, or by sharing and exploiting relevant knowledge, networks and best practices.

## HOW DOES CNV INTERNATIONAAL CONTRIBUTE TO THE AGREEMENT? AND WHAT CAN LOCAL PARTNERS CONTRIBUTE?

Trade unions, including CNV Internationaal and its local partners, and civil society organizations play an independent, critical and constructive role in the Agreement. The trade unions serve as a sounding board for sensitive issues.

Specifically, it has been agreed that CNV will mainly contribute to:

- The development and implementation of the Database/Matrix.
- The analysis of the value chains of palm oil and cocoa (and, where possible, other commodities). Thus, the Indonesian trade union partner, KSBSI, contributed to the research on palm oil and shared that knowledge with the Database/Matrix Working Group in the Netherlands in November 2017.

NGOs and trade unions are helping the banks to become more aware of the importance of living wages, free trade unions, the fight against child labour, and other, emerging issues. The CNV achieves this through its international network, which has extensive experience and expertise in improving working conditions, human rights due diligence and procedures, the position and construction of civil society organisations in fragile circumstances, the protection of human rights defenders, investigations into violations, the collection of evidence and contact with governments. Its many years of experience working in conflict zones and standing up for victims can also help banks gain a greater understanding of these issues.

The CNV is also involved, albeit to a lesser extent, in:

- The study aimed at increasing the influence of banks
- The Working Group on Reparations for Victims
- Managing and monitoring the Agreement.

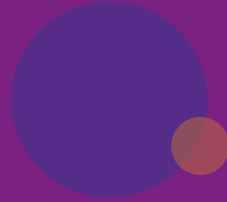
## HOW DOES REPORTING AND MONITORING TAKE PLACE?

There is an independent Monitoring Committee that oversees compliance with the commitments as well as the quality and quantity of activities carried out. Members to the Agreement will provide the Secretariat with annual progress information. The Secretariat shares the information with the Monitoring Committee. The Monitoring Committee's reports are then forwarded to the Steering Committee through the Secretariat, on a confidential basis. Areas for improvement are discussed between stakeholders. The first annual report was published in the third quarter of 2017. This will be followed by annual reports published in the second quarter of every year. These reports will not contain any sensitive information on the banks. The last report will be delivered in 2019.



*Additional information on the IRBC Agreements, including links to background information and documents mentioned in this factsheet, is available on:*

*[www.cnvinternationaal.nl/en/business-and-human-rights/dutch-agreements-responsible-business-conduct](http://www.cnvinternationaal.nl/en/business-and-human-rights/dutch-agreements-responsible-business-conduct)*



## 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.

### **CNV Internationaal**

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