

POSITION PAPER

Dutch Banking Sector Agreement

The Dutch Banking Sector Agreement (DBA) was formally completed on 20 August. The parties and banks affiliated to the agreement have put in a substantial amount of work in the past three years. During this time, there have been constructive dialogues between all the parties involved and the agreements have been complied with.

The Dutch banks are world leaders when it comes to respect for human rights and compliance with the OECD guidelines and the United Nations Guiding Principles (UNGPs), as is shown by the final report on the Dutch Banking Sector Agreement. How the banks conduct their business has become more transparent as a result of the DBA. Many banks are now publishing detailed reports on human rights, providing transparency on their lending policies and insight into their credit and investment portfolios. While the banks are aware that this work has to continue and that implementation of the OECD guidelines requires a continuous effort, they are proud of the results that have been achieved.

- The government's target is that 90% of the private sector should endorse the OECD guidelines as the standard framework for their international operations by 2023. The Dutch banking sector has met this target. Important progress has been made on the implementation of the Guidelines, partly due to the Dutch Banking Sector Agreement, to the satisfaction of the government. This means that policies and procedures at the banks have been brought into line with the OECD guidelines and the UNGPs, to the extent that this was not already the case.
- The Dutch Banking Sector Agreement has also produced many practical products in cooperation with other parties to the covenant, such as chain studies for cocoa, palm oil, oil & gas and gold.

A new approach to Responsible Business Conduct

The banks will continue to devote active attention to preventing and addressing breaches of human rights, also after the Dutch Banking Sector Agreement. Policy and procedures have a central role in the DBA. In our new Responsible Business Conduct (RBC) approach, the banks will work on projects with a permanent impact in cooperation with customers and stakeholders. And while the DBA was limited to human rights, there will now be room for initiatives on other important themes in the OECD guidelines, such as climate, the environment and biodiversity. This will involve consideration of investments, and no longer be limited solely to commercial loans and projects. The Dutch Banking Association will publish its new RBC approach in the first quarter of 2021.

A well-considered mix of mandatory and voluntary measures

For several years now, the Dutch banks have been formulating their policies and business operations as far as possible in line with the OECD guidelines and the UNGPs. From the experience gained by the banks with the implementation of the guidelines, it has become clear that legislation at European level could form a welcome addition to the multi-stakeholder initiatives and other voluntary measures. Such legislation needs to complement the voluntary initiatives and not replace them. The Dutch Banking Association accordingly supports the development of a well-considered mix of mandatory and voluntary policy measures with respect to RBC.

EU legislation

The Dutch banks believe it is important that standards are set at European level to enable a level playing field between companies and that provide consistency and clarity with respect to specific requirements in the field of Responsible Business Conduct. Since for their own due diligence the banks depend to some extent on the due diligence of the companies that they finance, the banks support a wide-ranging due diligence obligation.

We also therefore support a proposal from the European Commission with respect to sustainable corporate governance that includes an appropriate degree of care, and welcome the initiative of the European Union to introduce new legislation with respect to mandatory due diligence as an integral part of the effort to achieve a more resilient economy which will be to everyone's benefit. This should be a prominent issue on the agenda of the German EU presidency, clearing the way for the European Commission to submit ambitious proposed legislation in 2021.

We were therefore also pleased to read that in its policy note 'Van voorlichten tot verplichten' ('From information to obligation') the government is working on a broad European due diligence obligation in line with the announcement by European Commissioner for Justice Didier Reynders as a primary objective.

The Dutch banking sector will welcome the opportunity to contribute to the EU consultation for proposed legislation with respect to sustainable corporate governance and looks forward to sharing its input on the form this EU legislation and the related supervision should take.

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Dutch Banking Association

The Dutch Banking Association (Nederlandse Vereniging van Banken, or 'NVB') protects the collective interests of the banking sector. Banks are important for everyone. We are the link between the banking sector, the government and other stakeholders. We work proactively with these parties to achieve an effective, stable and competitive banking sector.