

ABN AMRO's Human Rights Programme

Stakeholder dialogue

Stakeholder dialogue by ABN AMRO on its human rights governance, Human Rights Statement and 2018 Human Rights Report.

Goal – Engaging with our stakeholders to deepen our understanding

As part of ABN AMRO's stakeholder management and in order to further facilitate the development of ABN AMRO's human rights programme, ABN AMRO conducted a stakeholder dialogue. This dialogue was organised to receive feedback on, in particular, the bank's human rights governance, statement and reporting. In order to gain insight on stakeholders' interests, perspectives and needs and to start a dialogue about building trust. The outcome of this dialogue provides ABN AMRO with a better insight into what stakeholders find important, helping the bank to take action regarding these topics.

Context

ABN AMRO is currently working on its comprehensive Human Rights Report 2018, which will be published in early 2019. Whereas the 2016 report focused on setting up a structure, in the new report we will place emphasis on our journey to embed the bank's human rights policy in the organisation. Also, the report will offer a broad range of examples of projects and programmes we are working on to increase the bank's impact on its salient human rights issues. The takeaways from the stakeholder meeting and other contacts with these external experts will be included in the 2018 Human Rights Report.

Stakeholder recommendations

The recommendations below have been derived from stakeholders' questions, visions and opinions on ABN AMRO's current performance in managing human rights and how the bank is reporting on this. The recommendations represent critical and constructive efforts by external experts to encourage ABN AMRO to improve its impact on salient human rights issues while also enhancing its transparency in reporting on the results and dilemmas.

Participants

The meeting was attended by representatives from NGOs, government, public institutes and business, including a social enterprise and a law firm. A total of 16 human rights experts were present.

Roles and salient issues

In managing and reporting on our human rights programme we distinguish four different roles: the bank as an employer, service provider, lender and investment services provider. We focus on four salient issues: privacy, labour rights, discrimination and land-related human rights. For more information about our roles and salient issues, please see our 2016 Human Rights Report.

Recommendations

“These days, banks tend to drive their business from a risk appetite. They should challenge themselves to change to a more positive perspective and base their actions on what impact they could have.”

► **Governance – Be transparent about different layers in managing the human rights programme and leverage**

In addition to the human rights programme’s formal governance, external experts want more insight into the different layers of the programme’s day-to-day management. Other than the formal reporting lines, i.e. the CEO being ultimately responsible for the programme and the Sustainable Banking department running it on a day-to-day basis, there is insufficient insight into this department’s leverage towards the business lines.

ABN AMRO wants to move from stakeholder management to stakeholder relationships and is asking the experts to help organise this. The move will underline the bank’s commitment to engaging in open dialogue. Involvement in the bank’s human rights programme is only beneficial to all external experts if the bank also shows them how it is addressing these ideas, remarks and critical notes. Subject to certain conditions, of course. Stakeholders have indicated that they want to engage with ABN AMRO’s human rights programme and appreciate this shift, but also stress that they wish to retain their independent position.

“The most important thing is that where possible we jointly embrace preventive collaboration. In my organisation, I don’t want to be forced to justify ABN AMRO’s actions.”

► **Governance – Explain how the human rights programme is implemented by the businesses**

External experts want to have more insight into the implementation of the human rights programme within the organisation. What are the key themes or issues? How is the bank translating policy into processes? How is the bank rolling out these processes to its departments and business lines? Is the bank making progress in terms of embedding the programme internally? Are any forms of resistance or teething problems standing in the way of proper implementation? What is the bank doing to manage and monitor implementation? What tools does the bank have to support or monitor implementation? What dilemmas is the bank encountering in implementing its human rights programme? If the bank is transparent about its efforts, impediments and business considerations, stakeholders will have more faith in the sincerity of its human rights efforts.

► **Governance – Be explicit about what ABN AMRO does within the identified salient issues**

In its role as a lender, ABN AMRO has defined the salient issues labour rights and land-related human rights. This last issue covers a whole host of topics, but external experts feel that it is insufficiently clear what the focus of ABN AMRO’s human rights policy is in this respect. It refers, for example, to such issues as expropriation of land, soil pollution, or the extraction of ground water. In ABN AMRO’s role as a financier, the definition of the term land-related human rights is less relevant in practice because the bank addresses the risks or impacts of specific clients. That is why, for the time being, we discuss the various examples within the context of this overarching salient issue. Note, however, that ABN AMRO is planning to revisit the salient issues for lending and investments.

► **Human Rights Statement – paradigm shift too early for external stakeholders?**

ABN AMRO is planning to adopt a new Human Rights Statement. This is an opportunity to go beyond a mere update. Over the past months, the bank has worked with Shift to rethink its approach towards corporate clients. The preliminary findings of this exercise were presented during the expert meeting. Central to the new approach is that ABN AMRO will focus on building its leverage to the greatest extent possible in order to advance respect for human rights in clients' operations and value chains. This also means that the bank may onboard clients that are associated with greater risks than it would currently do, provided the client is able and willing to improve.

The experts indicated that for any bank that is rethinking its approach to human rights, transparency and accountability should be high on the agenda. Also, the bank should maintain its red lines: the bank should never enter or remain into a client relationship with companies that persistently fail to respect human rights.

► **Human Rights Statement – Always keep in mind the broader scale and engage other banks**

Every bank is responsible for developing its own human rights policy. However, the absence of uniform policies could mean that clients who fail to pass one bank's screening procedure are welcomed by another. The external experts stress that it is important to engage with other banks and set collective standards where possible, as in the Dutch Banking Sector Agreement (DBA). The stakeholders indicated that they want more insight into areas where ABN AMRO works on improvements collectively and where it doesn't.

► **Human Rights Statement – Explain at what point your role as a bank stops**

As part of its human rights programme, the bank engages in multiple activities, either as an initiator or in collaboration with other parties (for example in the context of the DBA). This means the bank can either take the lead or be a participant, depending on the circumstances. The external experts point out that in view of the need for transparency, the following should

be clear in all cases: whom the bank is partnering with, the bank's role as a participant, and which party is taking the lead. This needs to be clear even in cases where the bank undertakes human rights activities on its own. In this context, the experts also want to know the scope of the bank's role.

► **Report on human rights engagements and progress**

Alongside transparency on the programme's implementation within the organisation, the experts also expect clarity on the human rights terms ABN AMRO agrees upon with its clients (the formal part of the engagement). How does the bank monitor this and what efforts does it undertake to ensure progress and evaluate results? And what are the consequences for clients who don't comply with the agreements made? External stakeholders want this type of information to be accessible to the public, preferably including details of these clients. One concrete suggestion was to increase transparency about projects that ABN AMRO finances, and to which the Equator Principles apply.

“At the point where commercial considerations and human rights issues meet, making money is not at the forefront of this dilemma. The real question is whether financing or investing in those companies opens up a clear perspective to achieve positive impact.”

► **Report – Keep explaining why it is so important to run a human rights programme**

When it comes to human rights issues, many people think of far-away countries where, for example, land rights are violated. But human rights are also about situations closer to home. It's important to keep explaining this. The scope of human rights also needs to be communicated continually, particularly where ABN AMRO is involved. The external experts are urging the bank to keep stressing the importance of developing and executing a human rights programme. They advise the bank to consider this from the broader perspective of international guidelines and standards for responsible business.

► **Report – Tracking performance: measure the results and circumstances**

Whenever the bank engages in human rights activities, it should ask itself: “Are we successful in making change?” The external experts see this as an essential part of all human rights activities the bank undertakes. The bank must always link its activities to clear results, including an explanation of the context and circumstances each time. The bank reports in accordance with the United Nations Guiding Principles Reporting Framework. This method enables the bank to use the report as a management tool for its human rights programme.

About ABN AMRO

ABN AMRO serves retail, private and corporate banking clients with a primary focus on the Netherlands and with selective operations internationally. ABN AMRO offers a full range of services to its clients, not only in the Netherlands, but wherever their business takes them. Based on its engagement with stakeholders, ABN AMRO draws up a plan of action, monitors progress and reports the results in the Annual Report, Human Rights Report or online. Reporting progress on stakeholder engagement, such as in this report, is therefore part of ABN AMRO’s annual reporting over the year 2018.

Additional information about Sustainable Banking is posted on www.abnamro.com/en/sustainable-banking.

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