



Standing up for Human Rights

Human Rights Update 2017



About this update

Our 2016 Human Rights Report was the first of its kind in the financial sector. In line with the UN Guiding Principles Reporting Framework, we determined our human rights governance, defined our salient issues, and described how we manage these in ABN AMRO's day-to-day operations. Discussions about the human rights responsibilities of banks focus mostly on their stance towards corporate clients operating in high-risk sectors or countries. In last year's report, we focused on our role as a lender as well as on three other roles. As a service provider, ABN AMRO can directly affect the human rights of its clients. Our business activities in countries that prohibit trade unions and fail to protect LGBT rights enhance our responsibility as an employer. And as an investment services provider, ABN AMRO must address adverse human rights impacts by companies in its investment universe, even if these companies are not clients of the bank.

In this update, we put the people who work at the bank centre stage and describe in more detail how they stand up for human rights in their work. Non-discriminatory access to finance is one of our salient issues, but what does this mean in practice? How does labour exploitation in the transport sector in the Netherlands affect bankers? And how can banks and human rights defenders partner to protect fundamental freedoms in countries where the government restricts their 'civic space'? We hope this 2017 Human Rights Update provides a better understanding of what it means for a financial institution and its employees to view their activities from a human rights perspective.

If you would like to provide feedback on this update, please send an email to sustainability@nl.abnamro.com. We would very much welcome comments from other banks, NGOs and anyone else who would like to contribute to the improvement of our human rights efforts.



**ABN AMRO
and Human Rights**

Our path towards
respecting
human rights

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Introduction

A common misunderstanding about banks is that everything revolves around balance sheets, liquidity ratios and interest rates. But in fact, banking is about people. ABN AMRO has more than 20,000 employees who provide financial services to 5 million individuals and families. We have 400,000 corporate clients, all of whom have an impact on their workforce and the local communities in which they operate. And the number of people who are directly or indirectly affected by the decisions we take at ABN AMRO is many times higher. So it is imperative that banks look at their activities from a human rights perspective too.

Actions speak louder than words. When clients fail to respect human rights, ABN AMRO engages with them and monitors progress. When we see no improvement, we draw the line and end our relationship. For example, we decided to stop financing a company responsible for the construction of the Dakota Pipeline. It is important that banks learn lessons from episodes such as this one. We welcome the decision by the Equator Principles

Association to conduct a comprehensive review of their project finance standards, with stricter criteria for the rights of indigenous peoples. Another milestone was the exclusion of the tobacco industry from our loan portfolio. Respecting the right to health would require these companies to shut down their business. Unlike with other sectors, there are no possibilities for constructive dialogue. We hope that more financial institutions will follow suit.

Our clients are active in numerous sectors, and their business operations and supply chains span the globe. As their bank, we have a responsibility to identify actual or potential adverse human rights impacts. Assessing risks is fundamental to any financial institution. But unlike market or credit risk, the risk of adverse human rights impacts can never be offset by higher rewards. Human rights are not about risks to the bank, but about risks to people. I sometimes hear that banks are concerned about human rights because they fear bad publicity. My response is that it's not about reputation,



but about respect. We never finance companies that use child labour, for example, even when nobody is watching.

In ABN AMRO's own operations, non-discrimination is one of our salient issues. Everyone should have equal access to financial services. Last year, we reported that someone was unjustly denied a bank account because he held a passport from a country subject to international sanctions. Sometimes there is no cut-and-dried answer to requests from clients. But 'no' should never be the default option. How this works in practice is explained in this update by our colleagues from our branch at the Dam Square in Amsterdam: a place where a great variety of people handle their bank affairs.

My personal involvement in our human rights programme goes beyond writing introductions such as this one. In fact, the newly formed Strategy & Sustainability department is my direct responsibility. Difficult client cases are on the agenda of the Executive

Board. And I chair ABN AMRO's Ethics Committee, in which we discuss dilemmas ranging from privacy to defence. This shapes our understanding of the bank's responsibility towards human rights, which are central to our strategy as well as to my work as the CEO. And I'm in good company. In this year's update, eleven colleagues tell their story: from a relationship manager in the energy sector in Asia who engages with his client on land rights to a financial advisor in the Netherlands who communicates with clients in sign language. I am proud to be among such a diverse group of people who stand up for human rights.

Kees van Dijkhuizen

Chief Executive Officer (CEO) and

Chairman of the Executive Board of ABN AMRO

Land rights

Respecting land rights in the energy sector

Clients of ABN AMRO are active in many countries and industries, some of which pose specific human rights risks. For the bank, respecting land-related rights is a crucial factor when financing companies or projects in the energy sector.



Nick Padgalskas

Executive director ABN AMRO Asia-Pacific Energy Team

The construction of the Dakota Access Pipeline sparked an international debate when it emerged that the land rights of the indigenous Standing Rock Sioux tribe had not been respected by the companies participating in the project. ABN AMRO did not finance the project directly, but was linked to these adverse human rights impacts through its relationship with ETE, the mother company of one of the companies involved, ETP. In these situations, the UN Guiding Principles on Business and Human Rights (UNGPs) require companies to use their leverage to prevent or mitigate impacts. In the case of the Dakota Pipeline, however, the bank decided that in the end discontinuation of the relationship was the only option left.

This case will have a lasting effect on the banks' human rights due diligence. In November, the Equator Principles Association, an organisation of 92 financial institutions and 37 countries, announced a comprehensive update of its principles for project finance. There will be better guidance on climate change risks and on the implementation of Free Prior

and Informed Consent (FPIC), which is key to protecting the land rights of indigenous peoples. The Equator Principles do not cover general corporate lending. For these transactions, ABN AMRO has in place its own comprehensive sustainability risk framework and due diligence process. The scope of clients' operations sometimes poses a challenge: it is impossible to visit all factories, plantations and project sites of the companies ABN AMRO finances. Nonetheless, field visits are becoming more and more frequent.

Assessing human rights risks on the ground

Nick Padgalskas is based in Singapore and is an executive director in ABN AMRO's Asia-Pacific Energy Team. He has first-hand experience of how clients in his sector are working to meet their responsibility to respect human rights.



Recently, Padgalskas visited an oil & gas production project owned by an international energy company the bank finances. “For the bank, gaining insight into the situation around land rights involving the company and its projects was a crucial factor in our decision to finance the company. Ahead of the decision to pursue a commercial relationship, we ensured that we were comfortable with a relationship by gaining an in-depth understanding of the company’s policies and practices. We did so through research and due diligence, but also through extensive discussions with management.”

Companies in the energy sector have to comply with a number of sustainability criteria, ranging from a reduction in greenhouse gas emissions to having appropriate operational-level grievance mechanisms. But the effectiveness of these mechanisms is difficult to assess, particularly without seeing them on the ground first-hand. “In the region I visited there have been instances of disturbances to other projects due to landowner disputes. When this occurs, and when there is already a grievance, in some respects it’s already too late. We want to focus not only on how companies address grievances, but also on how they monitor and

“Because the bank also has a responsibility to respect human rights, we seek to understand our clients’ practices, and to discuss their progress as well as their dilemmas.”

respond to early warning signals. During my visit, I obtained a better understanding of how the company interfaces with the government and the community to implement its best practices,” says Padgalskas.

Padgalskas continues: “As a banker I want to understand my clients and have a constructive dialogue on issues that are important and relevant to them, which can include human rights. Because the bank also has a responsibility to respect human rights, we seek to understand our clients’ practices, and to discuss their progress as well as their dilemmas.”

“In their contacts with clients, relationship managers have an important role to play in picking up on early warning signs of adverse human rights impacts. Equipping ABN AMRO’s relationship managers with the skills to do so is therefore essential to ensure respect for human rights in the bank’s lending activities and to reduce the bank’s exposure to reputational risk.

In 2017, ABN AMRO organised training sessions in the Netherlands, Singapore and Brazil to raise awareness among relationship managers. Knowing what to look for when engaging with clients and how to interpret their responses will help them identify potential human rights liabilities. The standards used to assess whether a client’s activities are in line with the bank’s policies are the UNGPs on Business and Human Rights and ABN AMRO’s own Sustainability Risk Policy. The things you typically look for is whether a company’s social impact values, policies, management system, internal organisation, incentives and its employees’ views are aligned.

In my experience, ABN AMRO’s approach to assessing human rights risks is more than a checklist – it highlights the importance of increasing the bank’s toolbox to deal with challenging issues. What I see is that some clients seek out ABN AMRO because of the knowledge the organisation brings to the table. This is good for business... and good for human rights.”

Luc Zandvliet
Director of Triple R Alliance

Access to banking

Making banking available to everyone

Every person has the right to a standard of living adequate for the health and well-being of himself and his family, with access to healthcare, food and housing. Access to the financial system is intrinsic to this. ABN AMRO is working to make banking universally available, including to people who fall outside society's usual parameters.



Annemiek Kishna-Zomer (left)

Risk & Compliance Officer ABN AMRO

Sabine Elgenedi-'t Hoen (right)

Branch manager ABN AMRO - Dam Square Office

Every day, ABN AMRO's branch on Dam Square in Amsterdam opens its doors to a diverse range of customers. Located at the heart of the city centre, it not only serves local residents and business owners – expats, people with temporary resident status and people working in the sex industry also find their way to this prominently located bank branch. The staff help them with a variety of services, such as setting up bank accounts. “We sometimes find the way blocked by rules,” branch manager Sabine Elgenedi-'t Hoen explains. For instance, a prospective customer might not yet have a Dutch ‘citizen service number’, or BSN. Non-residents such as refugees and expats need this unique government-issued personal identifier to set up a bank account. Yet Elgenedi-'t Hoen and her people will not turn the customer away simply because he or she does not have a BSN. They understand how much people need their bank accounts, for example to pay for their healthcare and housing. “Saying no is the easy way out. By listening to the customer, and asking the right questions, we do what we can for them – for example by sharing what we know.”

Evolving government rules

When handling banking matters, staff at the branch often deal with complex and evolving legislation, for example the rules for refugees with resident status. Helping sex workers can also require a closer look at the rules: their line of work commonly involves cash payments, which are then deposited with the bank. This creates a potential conflict with the government's transaction requirements for banks, to prevent money laundering for example. To help solve such issues, the branch works with Risk & Compliance Officer Annemiek Kishna-Zomer. She stays up-to-date on the latest laws and

“By listening to the customer, and asking the right questions, we do what we can for them – for example by sharing what we know.”

regulations, and offers active input on customers' questions, drawing on her experience from across the bank's operations. "Sometimes it helps to point someone in the right direction. For example, the municipal rules can be difficult to understand for someone who's only recently arrived in the Netherlands."

the bank's employees. "They like having someone to discuss things with, to bounce ideas off." Elgenedi-'t Hoen sees this with her people. "Our staff know that they can call Annemiek and then make a well-considered decision that takes the customer's interests into account."

The right decision

Understanding the rules is also useful when helping customers such as sex workers, Elgenedi-'t Hoen explains. "For sex workers, it's important to use the legal system for their banking affairs: it makes them more independent and gives them a stronger position in society." While some banks turn them away, ABN AMRO sees no reason in principle for not helping them. "They deposit large sums in cash, so what? So does the local bakery. What matters is the transparency of the transactions. For example, we tell them that they need to use the account not only for deposits and withdrawals, but also for paying their recurring monthly expenses."

Kishna-Zomer stresses that she not only helps to solve specific questions from customers, she also supports

Helping as many people as we can

Experiences are shared and used to improve future services, Kishna-Zomer continues. For example, based on the experiences at the Dam branch and elsewhere, a special desk has been set up to help underage asylum seekers. Kishna-Zomer explains, "The child's guardian can go online and apply for an account on their behalf. In the past, the guardian would need to take the child along to fill out all the forms at the branch, where it was usually busy. This could be quite a hassle, particularly for the children." The online service has become a success, and ABN AMRO is constantly investigating other possibilities for making banking available to more people. One of the things we are looking at is to offer temporary bank accounts," Elgenedi-'t Hoen explains, "Our goal is to help as many people as we can."

"In the past, ABN AMRO didn't make banking easy for the deaf and hard of hearing. If you wanted mortgage advice, for example, you had to make an appointment by phone. And once you'd navigated your way through that, you had to take along your own sign language interpreter to the meeting. Technological developments have made banking a lot easier. Many banking matters can now be managed online or by email. But we can do even better. That's why we've launched a new service: Advice in Sign Language. The team is made up of five people who can all communicate in sign language, and we can now offer deaf clients personal financial advice by webcam or at one of the bank's branches – advice about mortgages, income, wealth or about daily banking activities. And we want to do even more. Since August, all videos that have been posted on ABN AMRO's website are subtitled. And we plan to offer our webinars in sign language in future. As a deaf employee, I'm feeling more and more understood at the bank. My colleagues see the added value my disability gives me. They involve me in complex issues and I'm treated equally. I'm glad to see that ABN AMRO is making a special effort to fully include people with a disability. And I'm extra proud of ABN AMRO since Dutch sign language is not yet officially recognised in the Netherlands."

Boris Pavloff

Financial Advisor Mortgages/Income & Wealth, ABN AMRO

Human rights defenders

Partnering with human rights defenders

Human rights defenders are people or groups of people who work to promote human rights, often under difficult circumstances. In many countries violence and oppression are on the rise. Banks can play a key role in protecting the civic space that human rights defenders need to do their work.



Bart van Kreel

Relationship manager ABN AMRO MeesPierson

Maria Anne van Dijk

Head of Environmental Social & Ethical Risk and Policy ABN AMRO

The importance of human rights defenders for banks

ABN AMRO's Human Rights Statement is based on the UN Guiding Principles on Business and Human Rights (UNGPs). The UNGPs rest on three pillars: the state's duty to protect human rights, companies' responsibility to respect human rights, and the right to effective remedy for victims of human rights abuses. These pillars are mutually reinforcing. In order for companies to be able to play their role, it is crucial that human rights such as the freedom of expression, association and assembly, are protected.

"There are many reasons why banks should engage more with human rights defenders," explains Maria Anne van Dijk, head of Environmental Social & Ethical Risk and Policy at ABN AMRO. Her team assesses whether the bank's clients in high-risk sectors such as agriculture and mining are taking their responsibility to respect human rights seriously. "If states curb civil

liberties, this could render effective human rights due diligence by banks more difficult. When assessing a client, we look at a range of issues. Are companies engaging with affected stakeholders, assessing their human rights risks, taking action and being transparent about the results? To answer these questions we rely on information in the public domain such as NGO reports and newspaper articles. But in many countries, the public domain is being eroded or is almost non-existent."

Human rights defenders may be critical of a client of ABN AMRO. "The way in which companies deal with their critics is often a good litmus test for their human rights responsibility. At the very least, they should not inhibit the work of human rights defenders. When we do due diligence on potential clients, defamation lawsuits against NGOs, for example, are clear red flags." ABN AMRO's current Human Rights Statement does not mention human rights defenders. Van Dijk: "Our policies focus on the substance of human rights. The next step is to clarify what we expect from our clients when it



comes to engaging with civil society." ABN AMRO recently joined a network of international companies to exchange information and best practices. "This will help us to better understand how we can translate our commitment into concrete action."

The possibilities for leverage go beyond the bank-client relationship. Last year, ABN AMRO and eleven other financial institutions tried to intervene in a court case in Hong Kong. The bank wanted to send a signal in support of a lesbian couple that was denied the same immigration status as same-sex couples. Although the court did not approve the intervention, the outcome of the case was successful. "ABN AMRO has a branch in Hong Kong. As an employer we want to respect LGBT rights, but our ability to do so often depends on the government. Speaking up publically is one way in which companies can protect or support civic space."

"Banks have to comply with laws and regulations, but we also have a responsibility towards people."

Sebastiaan van der Zwaan
Managing Director of Justice
and Peace Netherlands

The importance of banks for human rights defenders

Many clients of ABN AMRO MeesPierson's Institutions & Charities department experience first-hand the effects of a shrinking civic space. Regulation of the financial sector often plays a pivotal role. "International payments may appear straightforward, but for civil society organisations this can be very challenging," says Bart van Kreeel, relationship manager at ABN AMRO MeesPierson. "The Netherlands has strict legislation on terrorism finance, which makes it difficult to transfer money to conflict areas. This affects clients of mine who do humanitarian work in these areas."

Van Kreeel also points out that transparency requirements may jeopardise human rights defenders. Banks are required to note the name and address of the recipient when transferring money. "But sharing that information could be life-threatening when you are a journalist in Syria," he explains. "Banks have to comply with laws and regulations, but we also have a responsibility towards people. When we see these unintended effects, we cannot just sit back, but have to discuss this with all relevant stakeholders, including the Ministry of Finance and other banks. I am proud that I can help my clients, not only as their relationship manager, but also as a partner."

"We are all human rights defenders. Our mission is clear: to improve access to social, economic and environmental justice by providing protection for human rights defenders and supporting their work. Our Shelter City project offers human rights defenders who need a safe place to stay a temporary shelter in ten Dutch cities. For a period of three months, these human rights defenders can recharge their batteries to do the important work they do.

As a client of ABN AMRO, we are pleased that the bank acknowledges the importance of respecting human rights and of supporting the work of human rights defenders. By offering technical support for the Shelter City human rights defenders network, ABN AMRO can gain further expertise in effectively addressing human rights."

For more information, see www.justiceandpeace.nl and www.sheltercity.nl.

Human trafficking

Fighting human trafficking with financial traces

Human trafficking is a serious organised crime and a violation of human rights. According to the International Labour Organization, almost 25 million people globally are forced into servitude across many industries. Annual profits from modern-day slavery are estimated at a mind-boggling USD 150 billion. These proceeds eventually find their way back into the global financial system. Banks, therefore, are in a prime position to identify suspicious activities and transactions.



Lonneke van Zundert

Regional Head of Security & Intelligence Management Asia & Middle East

Local solutions to a global problem

To address this global problem, ABN AMRO is developing know-how and tools. “The bank is committed to preventing human rights abuses and is addressing this issue in a holistic manner,” says Lonneke van Zundert, Regional Head of Security & Intelligence Management (SIM) in the Asia & Middle East region. Human trafficking is a global problem in which countries may be involved either as a source, transit or destination country, or even a combination of all three. Different initiatives are taken to tackle the problem, depending on this typology and the industry. Van Zundert stresses that sound local knowledge is a key requirement for robust

“The bank is committed to preventing human rights abuses and is addressing this issue in a holistic manner.”

analysis, as red flags can vary by jurisdiction and line of business. For instance, the Netherlands is predominantly a destination country for human trafficking, with a focus on sexual and labour exploitation. In Asia, there are both destination and source countries, the forms of exploitation are more diverse and there may be different root causes.

The importance of partnerships

The initiatives taken by ABN AMRO revolve around client due diligence, transaction analysis and awareness raising. When assessing a company that wants to become a client of ABN AMRO, especially in sectors such as logistics, construction, agriculture, fishing or the textiles industry, we carefully analyse all risks, including those pertaining to human trafficking. Van Zundert: “Human rights due diligence is a fundamental part of the credit application and approval process, exemplified by cases where transactions were denied (or approved with

stringent conditions) due to human rights concerns, such as forced labour." Where necessary – particularly when red flags are identified and in the case of information gaps – sustainability assessments are supplemented with enhanced research conducted by SIM.

Van Zundert also underlines the importance of Public Private Partnerships and the positive evolution in the relationship between corporations and government authorities and law enforcement. "Sharing data between partners inevitably leads to better insights and improved analysis when working to solve a shared problem. We also see increased cooperation among companies, for example through initiatives such as the European Bankers Alliance and Mekong Club. This enables us to raise awareness and to tell our clients and the wider business community that this topic is a priority for ABN AMRO."

Identifying human trafficking through data analysis

Analysing transaction data is another way in which ABN AMRO seeks to contribute to the abolition of human trafficking. "The expertise, tools and systems the bank

uses to detect fraud can also be applied to trace human trafficking," Van Zundert explains. Having previously worked for the Royal Netherlands Marechaussee military police force, Van Zundert has ample law enforcement experience with human trafficking cases. "Detecting human trafficking is not easy, but by combining bank data, intelligence and expertise we are able to identify irregular transaction patterns, which could be an indicator of illegal activity such as human trafficking." Not only has data analysis introduced a new type of human rights due diligence, it has also expanded its scope. In addition to focusing on large corporate clients, who may face human trafficking risks in their supply chains, the bank also pays close attention to small and medium-sized enterprises and private individuals. Data analysis is especially helpful for identifying victims of human trafficking, who may have personal bank accounts with ABN AMRO. When their wages are funnelled back to the employer, for example, this leaves a financial fingerprint. Van Zundert notes that it is also important to understand the local context when analysing data. "In the Netherlands, frequent payment transactions late at night at massage parlours or nail studios might be a red flag of criminal activities or illegal prostitution, but in Hong Kong's 24/7 economy, for instance, transactions of this kind are not uncommon and perfectly normal."

"In addition to ABN AMRO's efforts to identify and mitigate modern slavery through its lending activities, the bank also informs its Hong Kong staff of the risks of modern slavery in their domestic environment. Globally, almost 3 million domestic workers are debt-bonded to their work. Fair Employment Foundation (FEF) is eliminating debt bondage and modern slavery by reinventing migrant worker recruitment. To tackle this, FEF set up Fair Employment Agency, a non-profit employment agency that has created a business model without worker placement fees. Employers pay a market rate for the service, allowing them to build a sustainable business, and workers pay nothing. Since they were set up in late 2014, they have placed 1,700 Filipino migrant domestic workers with families in Hong Kong, saving those workers an estimated US\$2.5 million in recruitment debt. ABN AMRO is committed to signing the Fair Hiring Pledge. This FEF initiative is a public commitment to educate ABN AMRO staff on hiring migrant domestic workers fairly. In support of their work, ABN AMRO has invited FEF to deliver workplace training in what it means to recruit and manage domestic workers fairly."

Scott Stiles

Co-Founder and CEO Fair Employment Agency

Employee council **Watching over employee rights**

The interests of the thousands of people working for ABN AMRO in the Netherlands are watched over closely by the bank's Employee Council. The Council's Chairman Margot van Kempen does not shrink from bringing matters to the Board's attention, for example if the right to privacy is prejudiced.



Margot van Kempen
Chairman Employee Council ABN AMRO

Everyone is entitled to decent working conditions and just remuneration. At ABN AMRO, one of the entities watching over these rights in the Netherlands is the Employee Council – what used to be the Central Works Council. “Our purpose is to bridge the gap between workers and the bank’s management,” explains Van Kempen. The Council does this by submitting opinions on the overall issues affecting the bank’s people. “This includes the Executive Committee’s decisions about what strategy the bank will pursue. We hold surveys to find out what our employees find important, and why they take pride in their jobs. In doing so, we found that employees would like the bank to play a bigger role in society. Not for commercial reasons, but because they are intrinsically motivated. We then bring this information to the table when discussing the bank’s ‘purpose’ with the Executive Committee.”

Trinity

Van Kempen and her fellow members of the Council consult closely with management. “This is a vital part of ensuring that employees’ interests are factored into management’s decisions at an early stage.” The use of the term Raad van Medewerkers – the Council’s Dutch name – is no coincidence, and emphasises its role as part of the trinity made up of the Executive Committee, the Supervisory Board and the Employee Council (Raad van Bestuur, Raad van Commissarissen, Raad van Medewerkers). “The Council needs to have this position,” Van Kempen stresses. “It allows for close consultation within the normally quite strict hierarchy in the banking business.” The Council also tries to influence pay negotiations, which were traditionally the domain of the bank and trade unions. These days, union membership is shrinking among the bank’s employees. And while it is their own choice not to become a member, it means that there tends to be very little support for the outcome of these negotiations. “Since we represent employees in the Netherlands and know



“Our purpose is to bridge the gap between workers and the bank’s management.”

what they find important, we try to pass on what we know to all parties concerned.” The Council uses various instruments to gather this information, such as a survey held this year about the bank’s performance assessment system. “Negotiations about pay and employment conditions may become tripartite talks in the future,” Van Kempen goes on to say, “with the Employee Council as one of the parties at the table. Other organisations in the Netherlands are already doing just that, but our bank is not ready for this yet.”

Safeguarding privacy

In practice, Van Kempen has noticed that seemingly minor changes within the bank have the potential to undermine employees’ rights – the right to privacy, for example. “We believe that the extensive online activity monitoring is a risk to our people’s privacy,” she explains. “The bank is required by law, for example, to monitor interactions between its employees and clients. Having said that, more and more is being monitored these days that has nothing to do with client transactions – simply

because it’s possible.” Van Kempen is keeping a close tab on these developments. “If we don’t watch out, we’ll end up in a Big Brother is Watching You environment. And this creates an atmosphere that is far removed from an inspiring work environment based on integrity.”

Blogs

It is important for the Employee Council to know what concerns the bank’s people have. This makes it easier to identify possible threats to employees’ interests. The Council members are in frequent communication with employees at the bank’s various divisions and its online presence has proved a particularly effective tool for finding out their concerns. The blogs that Van Kempen writes about topical matters get people talking, she has noticed. The one in which she wondered whether the bank would be able to treat its employees in a more ‘circular’ fashion, triggered many reactions.

“Reorganisations create a bad vibe in the workplace, and make people feel less secure,” says Van Kempen.

“We believe that employees have the right to expect that management has a long-term vision for the next five years instead of introducing ad hoc changes every year. This would enable employees to work towards enhancing their long-term employability and better understand what the benefits of change are. Ultimately this is better for all the bank’s stakeholders: its clients, its investors, society and its employees.”

“In Hong Kong, ABN AMRO employs a patchwork of nationalities. To attract and retain talent and create a great work environment ABN AMRO Hong Kong is truly committed to being an equal opportunities employer. We believe that each employee, no matter what their gender, ethnic background, age, sexual preference or disability, should have access to equal benefits. However, this is not always the case for all employees in Hong Kong. And so despite market practice in Hong Kong, ABN AMRO this year insisted on offering a Medicare plan that offers all employees cover for their domestic partners. This is in line with the bank’s global LGBT statement and its commitment to a safe and secure environment for LGBT employees. In addition, we removed exclusions on congenital diseases and HIV to protect every employee’s right to Medicare without stigmas.”

Wijnand van Hoeven

Head of Human Resources, ABN AMRO Greater China

Healthy life

Right to health a factor in investment decisions

Every human being has the right to a healthy life, and ABN AMRO wants to help achieve this. Access to healthcare and medicine should be guaranteed for all people. In practice, there is much to be improved and we believe we can have a bigger impact by engaging with companies than by excluding them. When assessing these companies and investment funds, ABN AMRO uses criteria relating to human rights and health, says Vincent Triesschijn, Sustainability Manager Investments at ABN AMRO.



Vincent Triesschijn
Sustainability Manager Investments ABN AMRO

“We rate the performance of companies in our investment universe every quarter in terms of the environment, society and governance. And how companies address human rights is an integral part of that,” Triesschijn explains. “We are able to engage with companies in a meaningful way because we have a relatively large investment portfolio of EUR 185 billion. And by joining forces with other investment services providers, which we do with Robeco, we can increase our leverage even further. We look at the extent to which businesses comply with universal human rights treaties and enter into dialogue with those that seriously violate these rights. Engaging with companies is an important instrument in our efforts to bring about change.”

“Engagement is a long-term commitment – often lasting three to five years – and that it is not always successful.”

Dealing with violations

In 2015, ABN AMRO found that an international pharmaceutical company had committed human rights abuses. Together with the Dutch asset management company Robeco, the bank then entered into dialogue with the company, which had been fined for bribing doctors in an effort to push medicine sales. “The activities the company was convicted of took place mainly in China,” Triesschijn explains, “but the issue also suggested that the organisation was grappling with a culture problem. The company’s management was asked how they were planning to prevent human rights violations in the future.” During the engagement process, it became clear that the organisation had taken far-reaching measures. They have changed their management structure and employees are now paid based on product knowledge and communication skills. “Robeco and ABN AMRO have encouraged the company’s management to introduce similar measures in other countries.”

Not always successful

Vincent Triesschijn explains that engagement is a long-term commitment – often lasting three to five years – and that it is not always successful. “We sometimes come up against cultural differences. For Asian companies, for example, openness to outsiders is not always a given. Having said that, Western businesses do not always accept an invitation to enter into dialogue either.” A large international healthcare company is a case in point. “A number of lawsuits have been filed against this company – for example about a product alleged to cause cancer and about poor provision of information on the medicines they manufacture. The violations seem to indicate that the company faces structural problems. It says it is prepared to enter into dialogue, but talks with their senior management have so far been kept at bay.” If we feel that engagement has not produced adequate results, we have the possibility to withdraw our clients’ investments or advise our clients to pull out their investments.

Triesschijn believes in the value and the potential impact of engagement. “It’s one of the many ways in which we manage the assets entrusted to us in a sustainable way and contribute to positive change.”

Excluding tobacco manufacturers

Each year about 20,000 people in the Netherlands die from smoking and several thousand others from exposure to passive smoking. The costs to society of smoking are high. “That’s why we believe sustainable investment funds should exclude tobacco manufacturers,” Triesschijn explains. ABN AMRO recently requested Europe’s largest asset managers, Amundi Asset Management, to do just that. “During these talks, Amundi said it often gets requests of this kind. Dutch investors in particular feel that investing in the manufacture of tobacco is not in line with sustainable investment strategies. After consultations with various parties, Amundi formally excluded tobacco manufacturers from the sustainable investment fund that ABN AMRO has since offered its clients.”

“When it comes to respecting human rights, the tobacco industry is a special case. NGOs have documented the extensive abuses that take place in the supply chain. Almost no cigarette can be guaranteed to be free from child labour. Even more fundamentally, according to the Danish Institute for Human Rights, the industry violates the right to health of each and every one of its customers. This means that banks financing tobacco manufacturers are directly linked to these abuses, without any credible outcome from engagement. ABN AMRO’s decision to stop financing tobacco manufacturers is therefore a logical decision for a bank that aims to implement the UN Guiding Principles on Business and Human Rights.”

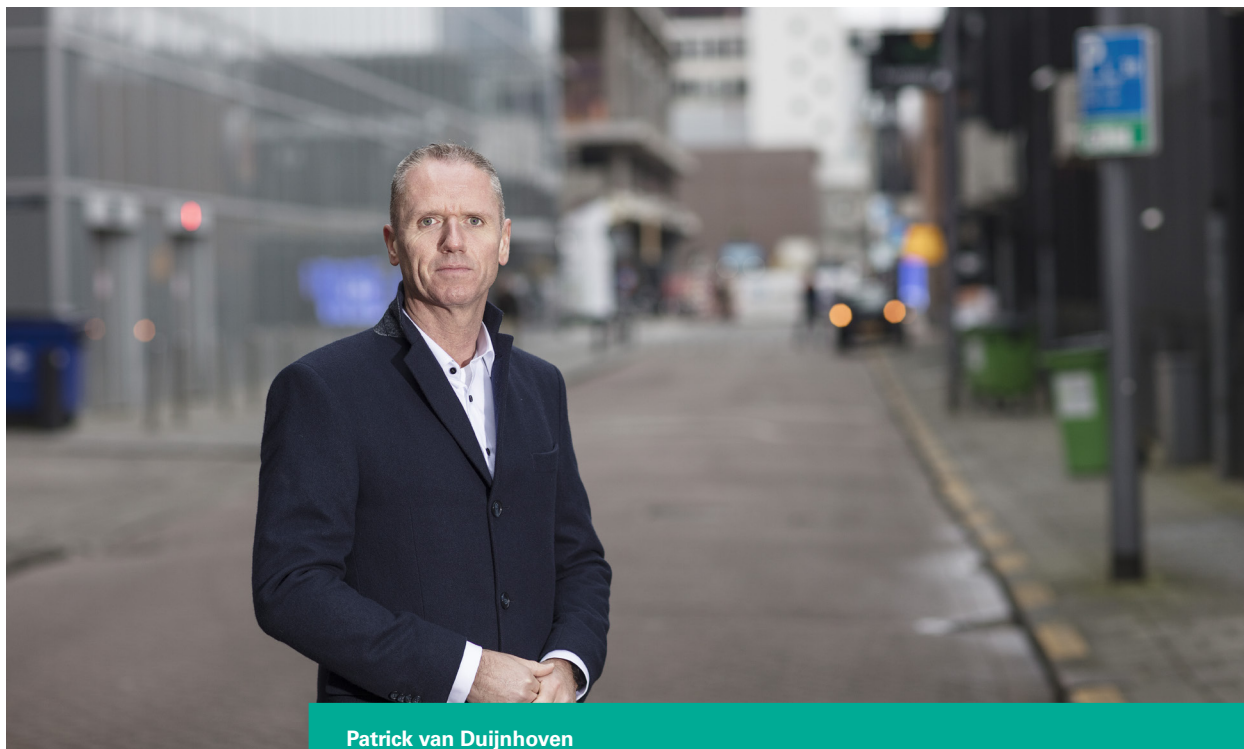
Dr Rachel Melsom MBBS

Director UK & Europe, Tobacco Free Portfolios

Transport

Watching out for exploitation in the transport sector

ABN AMRO's business with clients in the transport sector goes back a long way – a sector in which internationalisation and pressure on prices have made worker exploitation a topical issue. The bank is working to identify and prevent this exploitation, including by talking to the people in charge.



Patrick van Duijnhoven
Director of Logistics and Transport ABN AMRO

Risk of worker exploitation

With the economy experiencing an upturn, and shipping companies offering larger volumes, the situation for professional goods transport is improving. But competition is fierce and the prices that the transport companies are being paid are not keeping pace. For a number of transport companies prices are still under pressure, says ABN AMRO's director of Logistics and Transport Patrick van Duijnhoven. "Transport companies are doing whatever they can to maximise flexibility and cut prices. This carries the risk of worker exploitation." A number of companies have drawn negative headlines recently, in particular for paying their non-Dutch drivers less than the minimum wage. However, some reports described more extreme situations, where companies offer such poor working conditions that drivers are forced to spend weeks at a time on the road. This worker exploitation is incompatible with a number of human rights – for example the rights to just remuneration, periodic holidays and reasonable limitation of working hours.

Identifying sham employment arrangements

ABN AMRO knows about the examples that have made it into the news, and Van Duijnhoven is aware of the abusive conditions. "The bank is doing everything it can to identify and prevent worker exploitation at the companies with which we have dealings." Most transport companies handle things properly. "But if we have suspicions or concrete indications of worker exploitation, we may decide against doing business with a company, or terminate the relationship."

Among other issues, the bank keeps a close watch for sham employment: arrangements where a Dutch company sets up shop in another country to dodge the minimum wage rules that apply in the Netherlands. For guidance, ABN AMRO looks to the Dutch Sham Employment Arrangements Act¹, which provides rules for remuneration of non-Dutch drivers. "It's a simple fact that foreign drivers from Poland, Romania and the Czech Republic are often paid less than Dutch drivers,"



“The companies’ accountants need to be part of the solution. We talk to the people in charge about this.”

Van Duijnhoven continues, “but the lower cost of living in those countries is irrelevant and therefore not a valid argument: transport companies are required to pay the minimum wage and to be compliant with the laws and regulations adopted at the European level.”

Relationship managers

Van Duijnhoven stresses the importance of the bank’s relationship managers in identifying worker exploitation. “They know the companies and understand what sector-specific questions to ask. A relationship manager can ask whether the company draws up its employment contracts in the right language, for example.” Underpayment is not the only cause of human rights violations, he adds. “Some transport companies cut costs by forcing drivers to work under poor conditions.

Or if a delivery is late, they impose a fine, which is then taken out of the driver’s salary. These conditions aren’t recorded in the employment contracts – or if they are, then only in the Dutch version, which a driver from Romania cannot read.”

Naivety

The bank addresses human rights in serious discussions with existing and new clients. Fortunately, the overwhelming majority of clients see sustainability as an important part of their operations. In some cases it is a matter of naivety, Van Duijnhoven explains, where companies unintentionally break the law by setting up a business abroad. “The complex laws and regulations need to be explained or require practical advice,” he continues. “The companies’ accountants need to be part of the solution. We talk to the people in charge about this.” The bank also passes on information to other operators in the supply chain, including shipping companies, to discuss issues such as price pressure. Shipping companies need to take their share of responsibility and offer appropriate freight prices. “The bank is working to help transport companies become more competitive, while ensuring proper working conditions for their drivers.”

“Every year, thousands of people end up in slavery-like conditions in the Netherlands. FairWork wants this to stop and encourages all stakeholders to do their little bit to end modern slavery. Companies can analyse their supply chain and minimise the risks, law enforcement can put maximum effort into arresting perpetrators, and service providers like banks can work to protect victims. FairWork informs vulnerable groups of workers about their rights and supports them, training professionals to recognise possible victims and raising public awareness on the issue of labour exploitation in the Netherlands. Sometimes, offering a cup of tea can make a huge difference to an exploited person and give them the courage to escape from their situation.”

Sandra Claassen
Director of FairWork

¹ Wet Aanpak Schijnconstructies, passed into law by the Dutch House of Representatives in mid-2016.

The bank's
20,000
employees



More than
5 million
individuals and families

About
400,000
businesses,
of which
300,000
small businesses

Our portfolio at 31 December 2017:



Total investments:
145.7 billion euros
(on behalf of clients)

Total financing:
274.9 billion euros

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