

White paper

Performance Indicators on Human Rights



Dutch Banking Sector Agreement

White Paper

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November 2019

Purpose of document

This discussion document provides both small, medium-sized and large banks with examples of meaningful and effective performance indicators to report and steer on business and human rights. This document is the result of joined efforts of a working group consisting of Dutch banks, the Dutch Banking association, the Dutch Ministry of Foreign Affairs and civil society organisations, as part of the Dutch Banking Sector Agreement. The working group hopes that this document can guide banks when developing their own performance indicators, although some suggestions may be more meaningful to some banks than to others. Factors of influence when determining relevance or feasibility are for instance, size of the bank, nature of the specific business activities and relationships of a bank, type of sectors the bank is active in or resources for reporting and transparency. The working group hopes that this document can be used as inspiration, and a starting point for any individual bank to develop their own meaningful and effective performance indicators, and to work towards human rights performance transparency.

The working group recognises there is room to elaborate and refine the suggested performance Indicators. We therefore welcome other parties active in the financial sector to build on and further strengthen the performance indicators suggested in this document.

Finally, it is important to note that the list of examples below only focusses on actual and potential human rights impacts, as a reflection of the scope of the DBA, however financial institutions are invited to use this list as an inspiration to formulate performance indicators on all types of ESG impacts.

Background

The Dutch Banking Sector Agreement (DBA) on International Responsible Business Conduct Regarding Human Rights¹ was signed in October 2016 by the Dutch Banking association (NVB), Dutch banks, trade unions, NGOs and the Dutch Government. Through the agreement, adhering banks made individual commitments towards meeting their individual responsibility to respect human rights under the OECD Guidelines and the United Nations Guiding Principles (UNGPs). The NVB, civil society and government counterparts committed to support adhering banks in those efforts.

Under the agreement, the parties established several multi-stakeholder working groups to further explore and support implementation of specific areas of the agreement, including a working group Transparency to implement article 6.9 and 6.10. This document entails the exploration of article 6.10.a:

The Parties will jointly explore options for greater transparency and report on the results including: the development of meaningful and effective performance indicators to report on business and human rights in 2016.

¹ The DBA text can be found here: <https://www.imvoconvenanten.nl/banking>

The working group held several sessions between September 2018 and October 2019 to address article 6.10.a. During the sessions, it became clear that one set of performance indicators for all the adhering banks is not deemed feasible. As the difference in size, type and loan portfolio² would make one set of performance indicators too general to be effective and meaningful. The working group came to the conclusion that it would be useful to align the development of human rights performance indicators with the UNGP Reporting Framework, which is already used by several Dutch banks.

UNGP Reporting Framework

The UN Guiding Principles Reporting Framework³ is a guidance for companies to report on human rights impacts in line with the UNGPs. It provides a set of questions that, by answering, enable a company to show others that it knows whether it is doing business with respect for human rights and the progress it has made.

By committing to the DBA, an adhering bank is required to start reporting in line with the UNGP Reporting Framework or equivalent (DBA article 6.4). The working group acknowledges that reporting in line with the UNGP Reporting Framework is an important move towards more transparency, but the Reporting Framework itself cannot be seen as a set of performance indicators. The working group therefore sought to provide clear examples of performance indicators related to the different elements of the Reporting Framework which can guide banks when developing their own performance indicators.

The working group recognizes that it remains the responsibility of each individual bank to adopt its own performance goals, including the specific targets that it will formulate in relation to these goals.

Performance Indicators

Performance indicators are broadly used by (Dutch) banks to set targets, to steer on performance and to provide insight into their progress to both internal and external stakeholders on a variety of topics. However, to this day the use of performance indicators on human rights has not been common practice. This is reflected in the landscape of current disclosures on human rights across industries.

The DBA Transparency working group has explored options for developing human rights performance indicators that are both meaningful and effective to measure progress, not only for the banks themselves, but also to external stakeholders, such as governments and civil society organisations.

For performance indicators to be effective, they need to be translated into clear targets that can present the bank's performance ambition on various parameters (numbers, value, time, scope, etc.). As such, the target can either be an improvement (for example in percentages over time) or a deadline for complete fulfilment. Such performance indicators can enable banks to track their own progress, while at the same time providing insight in the bank's ambition and results to external stakeholders and clients.

² Please see 2017 Annual Report of the DBA for more information about the differences between the adhering banks: https://www.imvoconvenanten.nl/banking/news/2018/8/annual-report-2017?sc_lang=nl

³ The UNGP Reporting Framework and corresponding implementation guidance can be found here: <https://www.ungpreporting.org/>

As such, a possible performance indicator could be:

By 2021, all relevant staff (for example, relationship managers, senior management) is trained to engage⁴ with clients on human rights.

This example shows how the bank implements a part of its responsibility to respect human rights, by training its own employees on the strategy, values and ambition of the bank. It sets a concrete time [2021] and a clear target [100 percent]. In the coming years the bank can report on this performance indicator by showing the progress made. For example:

- In 2019, 45 % of *relevant staff is trained to engage with clients on human rights*;
- In 2020 75 % of *relevant staff is trained to engage with clients on human rights*;
- In 2021 100% of *relevant staff is trained to engage with clients on human rights*.

The working group would like to encourage all financial institutions to use the examples below to develop their own performance indicators, to start measuring these and to report the relevant ones to external stakeholders. Providing insights on the progress of respecting human rights can provide transparency to external stakeholders and can positively influence the relationship between banks and society in general. The working group would also like to advise financial institutions to engage meaningfully with all the relevant internal and external stakeholders, such as actual and potentially impacted stakeholders, civil society organisations, human rights experts, etc. during the process of formulating the performance indicators.

By publishing this document, the working group aims to inspire banks, both DBA adhering banks and others, and financial institutions, to formulate their own performance indicators and additional disclosures, on human rights based on their own systems and business. As banks around the world align human rights disclosures, the entire sector can progress towards a level playing field on human rights management and disclosure. It remains within the own remits of the bank to decide which performance indicators and subsequently how it will implement these performance indicators within the scope of competition law.

[Additional Guidance on developing and using performance indicators on human rights](#)

The table below should not be seen as an exhaustive list of performance indicators, but rather as a list of examples for banks to explore and be inspired by in their efforts to establish their own performance indicators. As such, it is not intended to be a checklist for human rights reporting.

The performance indicators may vary per bank for several reasons. Certain suggestions for performance indicators may only be relevant or valuable to a limited number of adhering banks of the Dutch Banking Agreement. First, every bank has its own systems developed based on its own focus in portfolios. For example, a bank that invests mostly in agriculture will possibly have systems in place to identify impacts related to land acquisition. This will be less valuable for a bank that only finances retail corporates. Additionally, each bank may identify different salient human rights issues which could require a different approach on performance indicators. Moreover, establishing and measuring performance based on percentages or numbers require a period of time to identify the right performance indicators. For instance, measuring complaints on privacy requires a period of time to be able to identify the patterns in the complaints.

⁴ In this document we use “engagement” or “engage” to refer to a broad range of forms of engagements with stakeholders (including clients) for the purposes of a bank’s due diligence efforts. For more details on the OECD due diligence guidance on stakeholder engagement, see page 18 of <https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>.

Banks are invited to read the suggestions and see how one can increase transparency on and management of salient human rights issues by identifying which suggestions for Performance Indicators are relevant and useful. And in doing so, to be able to improve its efforts in doing business with respect for human rights.

Throughout this document we use the formulation “performance indicators”, in line with the DBA agreement 6.10.a. The banks are invited to identify which of these indicators (or others that may be based on these) are most suitable to be prioritized as key performance indicators, both for internal management and if suitable, for external disclosure.

Examples of Performance Indicators

The structure of the table below with examples of possible performance indicators for banks is based on the United Nations Guiding Principles Reporting Framework (UNGP RF) with Implementation Guidance⁵, and as such is structured in three main sections:

- A. Governance of Respect for Human Rights
- B. Defining a Focus of Reporting
- C. Management of Salient Human Rights Issues

Each of these sections is then split in sub-sections carrying the same titles as the subsections of the UNGP RF with Implementation Guidance. The working group has decided to make use of this structure in order to facilitate quick referencing between the list of examples of performance indicators and the UNGP RF, but banks are encouraged to reflect whether a different structuring may be more useful in the process of developing their own performance indicators.

The first column of the table contains a short statement of a broad objective or goal implied by the question in the title of the sub-section and by the UNGPs themselves. While the UNGP RF is focused on reporting, the performance indicators suggested below are meant to help tracking the bank’s underlying performance.

The second column of the table presents the list of performance indicators examples, while the third column displays a list of additional relevant information, specific for financial institutions. As the Reporting Framework was developed for various types of companies, the working group found it useful to formulate additional *suggestions for relevant information* specific for financial institutions.

⁵ The UNGP Reporting Framework and corresponding implementation guidance can be found here: <https://www.ungpreporting.org/>

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PART A: GOVERNANCE OF RESPECT FOR HUMAN RIGHTS		
A1 – What does the company say publicly about its commitment to respect human rights?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank has a clear articulation of its commitment to respect human rights that sets out the scope of its application and is integrated into its broader policy framework	<p>By [xx] the bank has a public human rights commitment that:</p> <p>(a) addresses:</p> <p>i. Its activities; and</p> <p>ii. Its business relationships;</p> <p>(b) reflects its business model and the human rights impacts to which that business model can be connected;</p> <p>(c) makes comprehensively clear to which of these human rights impacts the commitment does and does not apply.</p> <p>By [xx] the bank has integrated its overarching human rights commitment into, or harmonized it with, other sustainability policies, such as an Environmental and Risk Framework.</p>	<ul style="list-style-type: none"> • How the bank's public commitment covers its activities and business relationships. • Whether actual and potential adverse impacts on human rights are considered more prominent in any particular activity or business relationship and whether or not the public commitment reflects this. For example if actual and potential adverse impacts on human rights in corporate lending are salient to the bank, does the overarching commitment reflect this. Why or why not? • How the public commitment guides external human rights commitments, for example decisions leading to being an Equator Principles signatory or other external commitments.
A1.1 – How has the public commitment been developed?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank can demonstrate a sufficiently robust process for how it has developed or revised the public commitment	<p>Every [xx] [period] months/years and at any other time its human rights due diligence processes suggest the need, the bank reviews its overarching human rights commitment with the involvement and support of senior management relevant to all the varying roles and relationships of the bank, to make sure it reflects internal and external developments and inputs.</p> <p>Every [xx] [period] the bank consults with relevant independent external stakeholders with human rights expertise during its review of the overarching human rights commitment.</p>	<ul style="list-style-type: none"> • In which way varying external guidelines are adopted into the overarching policy or other, related policies. For example, which external inputs reflected in the policy are particularly relevant to retail banking, wholesale banking, the role of a bank as a procurer of goods, or an employer. • If the bank has one overarching commitment, how has it been developed in a way to reflect all of the varying roles of a bank? • The backgrounds of stakeholders who have been consulted, in particular whether they include any potentially affected stakeholders. • Whether the bank has informed any stakeholders it consulted about whether and how their feedback has been reflected in the overarching human rights commitment.

A1.2 – Whose human rights does the public commitment address?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank can show that all categories of people whose human rights are or may be adversely impacted are covered by its public human rights commitment.	<p>By [xx], the scope of the bank's public commitment covers all individuals and groups who may be impacted by the bank's activities and business relationships.</p> <p>Every [xx] [period] the bank checks if its public commitment on human rights still covers all the groups of people that are actually or potentially adversely impacted by the bank's activities.</p>	<ul style="list-style-type: none"> Whether the bank tracks actual and potential adverse impacts affecting specific vulnerable groups in a disaggregated form, such as impacts affecting women or indigenous peoples.
A1.3 – How is the public commitment disseminated?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank makes sure that third parties with which it has business relationships are aware of its human rights commitment and the implications for their own practices, and that people who may be impacted can reasonably access information about the commitment.	<p>By [xx], [xx] percentage of the bank's clients have been informed and are aware of the bank's expectations on human rights.</p> <p>By [xx], [xx] percentage of the bank's employees have been trained on the bank's expectations on human rights.</p> <p>By [xx], the bank's public commitment is disseminated in ways that make it easily accessible to business relationships and to people who may be impacted.</p> <p>By [xx], the bank discloses how it makes stakeholders, including as much as possible potentially affected stakeholders, aware of its public human rights commitment.</p>	<ul style="list-style-type: none"> Whether and how corporate clients of the bank are made explicitly aware of the bank's own human rights commitment. How the bank understands its training to be effective in practice and how the bank chooses who to train.
A2 – How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank consistently shows through its words and actions that respect for human rights is integral to how it thinks about, carries out, and succeeds in, its business.	<p>By [xx] the bank integrates reporting on its human rights performance into its public reporting alongside other business indicators.</p> <p>By [xx] the bank will have initiated board level discussion of how its business model and/or activities enables or may hinder respect for human rights.</p> <p>By [xx] the bank will have integrated key salient human rights issues within its wider enterprise risk management system, risk register or equivalent.</p>	<ul style="list-style-type: none"> How external guidelines such as the UNGPs and OECD Guidelines are reflected back in the bank's strategy. How a bank's vision of putting customers/clients first is balanced with actual and potential adverse impacts on human rights and understood among senior leadership. How senior leadership/public reporting addresses investors directly to show that senior management values performance on human rights as a priority. How human rights respect is balanced with financial loss when/if business relationships need to be terminated, or if for example sustainable procurement practices mean a higher cost of products/services for the bank OR when corporate clients need to be turned away.

		<ul style="list-style-type: none"> How the internal human rights assessment of a client/transaction is weighted compared to the financial risk review.
A2.1 – How is day-to-day responsibility for human rights performance organized within the company, and why?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank structures internal responsibility and accountability for its human rights performance in a way that facilitates the effective and consistent mitigation of actual and potential adverse impacts on human rights.	<p>By [xx] the bank publicly communicates how the day-to-day responsibility for human rights performance is organised within the bank.</p> <p>By [xx], the bank publicly communicates which member of its senior management/ board carries ultimate responsibility for the bank’s performance on human rights.</p>	How different business roles in the bank do/or do not share responsibility for human rights performance. For example: is day-to-day responsibility in a bank’s retail, corporate lending, or investment services the same or different? Why so? How are reports of actual or potential adverse impacts dealt with, escalated and resolved between the various functions?
A2.2 – What kinds of human rights impacts are discussed by senior management and by the Board, and why?		
Objective/goal	Examples of performance indicators	Additional relevant information
Top leadership is sufficiently engaged on human rights issues to create an internal culture and expectation of addressing actual and potential adverse impacts on human rights seriously.	By [xx] the bank publicly discloses [periodically], what kind of human rights impacts have been discussed by the highest level of internal responsibility and by senior management / board. This will include the reasons why and what actions were taken.	<ul style="list-style-type: none"> The highest level of decision making body, if any, to which high risk corporate clients or transactions can be escalated when needed, and the seniority of participants in that body. Examples of when a high risk transaction would come to senior management or the board or to that decision making body for input In how many instances high risk clients/transactions were discussed by that decision making body within the last [xx] [period].
A2.3 – How are employees and contract workers made aware of the ways in which respect for human rights should inform their decisions and actions?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank equips and motivates its workforce to implement respect for human rights in their daily work.	<p>By [xx] the bank identifies the internal roles/functions whose decisions and actions have the greatest effects on the most salient human rights issues in the banks activities and business relationships.</p> <p>[xx] percent of staff in roles/functions with the greatest effects on the most salient human rights issues in the banks activities and business relationships have received training in the last [xx] [period] on how to recognize and mitigate those impacts.</p> <p>By [xx], at least [xx] percentage of the performance metrics and incentives of bank employees whose decisions and actions have the greatest effects on the most salient human</p>	<ul style="list-style-type: none"> How corporate lending staff are made aware of how to address any tensions that arise between respecting human rights and maximizing client satisfaction, and profit margins. How are they kept accountable for putting human rights considerations above the other two priorities? How the bank ensures that actual and potential adverse impacts are put front and centre in any client onboarding/transaction assessments. How front office or corporate relationship staff are trained to engage with clients on the topic of human rights. How the bank links variable compensation for employees to sustainability performance indicators.

	<p>rights issues in the banks activities and business relationships are linked to human rights performance of those employees.</p> <p>By [xx], [xx] percentage of performance incentives (e.g., variable compensation, bonuses) for top management are linked to one or more aspects of respect for human rights.</p>	<ul style="list-style-type: none"> How the bank links variable compensation for top management to sustainability performance indicators.
A2.4 – How does the company make clear in its business relationships the importance it places on respect for human rights?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank engages and motivates its clients suppliers and other business partners to act in ways that respect human rights.	<p>By [xx], the bank engages with those clients whose actions have the greatest effects on the most salient human rights issues to verify if and how these clients integrate the bank’s human rights requirements.</p> <p>By [xx], [xx] percentage of the bank’s high risk clients confirm through a written statement that they are aware of the bank’s human rights policies.</p> <p>By [xx], [xx] percentage of the loan contracts with relevant clients include specific human rights incentives.</p> <p>By [xx], the bank publishes its code of conduct and its policies for clients, detailing the intent and content of its commitment to respect human rights.</p>	<ul style="list-style-type: none"> How many clients a bank has off-boarded due to human rights violations. How many corporate clients have been screened specifically on human rights criteria. How many high risk transactions has a bank assessed in a [xx] year period. How many high risk transactions were classified so due to human rights considerations? In which sectors and regions did these clients fall? Percentage of contracts that include specific human rights incentives or conditions. How the bank engages with relevant clients on salient human rights issues.
A2.5 – What lessons has the company learned during the reporting period about achieving respect for human rights, and what has changed as a result?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank captures lessons from its own experience and that of its stakeholders and applies them in ways that help improve its future human rights performance.	Each [xx] [period] the bank reviews its learnings and publishes examples, experiences or insights that have influenced the bank’s approach to managing one or more actual and potential adverse impacts on human rights.	The means by which lessons from one client relationship can be captured and shared with other relevant staff within the bank.

PART B: DEFINING THE FOCUS OF REPORTING		
B1 – Statement of salient issues: State the salient human rights issues associated with the company’s activities and business relationships during the reporting period.		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank can clearly articulate the actual and potential adverse impacts on human rights it has identified as being salient across its activities and business relationships.	<p>By [xx] the bank publishes the salient human rights issues that it has identified.</p> <p>The bank reviews and updates the list of salient human rights issues [at least once every xx [period]].</p>	

	By [xx], the bank's public policies reflect the prioritised salient human rights issues.	
B2 – Determination of salient issues: Describe how the salient human rights issues were determined, including any input from stakeholders.		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank has a robust process for identifying the actual and potential adverse impacts on human rights that are salient across its activities and business relationships.	By [xx] the bank publishes and maintains an up-to-date description of the process through which it arrived at the stated list of salient human rights issues, detailing how it assessed the severity and likelihood of the various human rights impacts. The bank triangulates, during the process of mapping actual and potential adverse impacts on human rights, with relevant internal and external stakeholders.	
B3 – Choice of focal geographies: If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made.		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank's reporting on human rights addresses geographies / sectors that are particularly relevant for an understanding of its salient human rights issues.	By [xx] the bank publishes (and keeps up to date) a list of the geographies / sectors that form the focus for reporting of its salient human rights issues, including a rationale for the choice of geographies / sectors (if relevant).	
B4 – Additional severe impacts: Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed.		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank's reporting does include how severe impacts are addressed which are not considered salient but are actually occurred impacts.	The bank [periodically] publishes a list of actually occurred severe impacts on human rights it identified which are being addressed additionally to the salient human rights issues.	<ul style="list-style-type: none"> The number and nature of salient human rights issues and actually occurred human rights impacts identified in the reporting period, which fall outside of the identified potential salient human rights issues.

PART C: MANAGEMENT OF SALIENT HUMAN RIGHTS Issues		
C1 – Does the company have any specific policies that address its salient human rights issues and, if so, what are they?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank has a formal internal articulation of expected practices in relation to specific salient human rights issues.	By [xx] the bank identifies specific policies (e.g. per sector, geography or other criteria) that need to be reviewed to ensure they reflect the salient issues and don't create barriers to their management. The percentage of identified specific policies (e.g. per sector, geography or other criteria) that have been reviewed and,	<ul style="list-style-type: none"> How sector policies relate to each salient human rights issue (if relevant). How the salient human rights issues are specifically reflected, apart from generic policies. How a policy has changed or shifted to better manage a particular salient human rights issue.

	<p>where necessary, revised to align with the effective management of the salient human rights issues</p> <p>By [xx] the bank publishes an aggregated, overarching list of all its specific policies on human rights (e.g. per sector, geography or other criteria), including cross-references to these policies and an explanation of how these policies relate to each-other.</p>	<ul style="list-style-type: none"> How overarching policies reflect and address the salient human rights issues. <p>The publication could include:</p> <ul style="list-style-type: none"> Whether, and if so how, senior management and/or the Board were involved in the development and approval of the specific policy; Clarification of who is expected to implement the policy/policies (e.g., employees, contractors, suppliers); Which position or function has operational responsibility for the policy's day-to-day implementation; Which position has ultimate accountability for the policy's implementation (if different from operational responsibility)
C1.1 – How does the company make clear the relevance and significance of such policies to those who need to implement them?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank has in place measures to help ensure all relevant staff and business partners are equipped and motivated to implement specific policies related to the salient human rights issues.	<p>By [xx] the bank identifies the internal roles/functions whose decisions and actions have the greatest effects on the most salient human rights issues in the bank's activities and business relationships. (identical with A2.3)</p> <p>[xx] percentage of performance metrics and incentives (e.g., performance scores, remuneration, bonuses) for relevant employees are linked to the performance of these employees on respecting human rights.</p> <p>[xx] percentage of the corporate lending, project financing and asset management staff, are trained on the human rights policies of the bank and their specific role in identifying and managing actual and potential adverse impacts on human rights.</p>	<ul style="list-style-type: none"> Percentage of relevant clients with whom the bank engaged on salient human rights issues. The number of corporate lending staff specialised in finance sectors where the salient human rights issues are prominent. The percentage of this staff trained on the policies pertinent to each salient human rights issue. The total number of human rights impact assessments completed which pertain to each salient human rights issue. In addition to GRI 412: additionally specify by sector (not only by country). Total number and percentage of operations that have been approved, approved with conditions or rejected as a result of the human rights review or human rights impact assessment. Ideally: number of clients and at least one example to illustrate.
C2 – What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank treats the perspectives and experiences of stakeholders – including affected stakeholders – as important to understanding and tackling actual and potential impacts on human rights	<p>Once every [xx] [period], the bank develops a plan to engage different external, relevant stakeholders in relation to each of the salient human rights issues, making sure to include actual and potential adversely affected stakeholders from the bank's activities and business relationships (e.g. communities, workers, farmers, local trade unions and CSOs).</p> <p>The bank discusses every [xx] [period] any new learnings on the topic of the salient human rights issues with CSOs,</p>	<ul style="list-style-type: none"> The number of stakeholder groups engaged in relation to each of the salient human rights issues. What triggers engagement with a particular client on human rights. How the bank promotes social dialogue with clients within their value chains (E.g. requiring or encouraging clients to engage constructively with trade unions or other legitimate representatives in their value chains).

	<p>independent human rights experts and other relevant external stakeholders.</p> <p>Every [xx] [period], the bank engages with and encourages those clients whose actions have the greatest effects on the most salient human rights issues to show how they engage with actual or potentially adversely impacted stakeholders in relation to each of the salient human rights issues.</p>	
C2.1 – How does the company identify which stakeholders to engage with in relation to each salient human rights issue, and when and how to do so?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank has a robust process to identify the key stakeholder groups that are or may be affected and to assess when and how to engage them.	By [xx] the bank identifies the different types and number of actual and potential adversely affected stakeholders in relation to salient human rights issues (local communities, workers, farmers, trade unions, CSOs and other relevant external stakeholders) and reviews the list at least every [xx [period]].	<ul style="list-style-type: none"> • The number of stakeholder groups engaged in relation to each of the salient human rights issues. • How the bank takes rights-holders’ perspectives/inputs into consideration within corporate lending. • How the bank identifies and uses proxies (media, expert opinions, NGO reports, etc.) to learn more about stakeholders’ exposure to the salient human rights issues through corporate lending/how many proxies engaged.
C2.2 – During the reporting period, which stakeholders has the company engaged with regarding each salient human rights issue, and why?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank conducts engagement with stakeholders in a purposeful way designed to help it understand and respond to their perspectives on matters that affect actual and potential adverse impacts on human rights.	<p>The bank specifies the number and type of stakeholder groups by sector/issue/region that the bank has engaged with on human rights impacts in the last [xx] [period] and who are actually or potentially affected by adverse impacts resulting from the bank’s activities and business relationships, including local stakeholders (communities, workers, farmers, trade unions and CSOs).</p> <p>By [xx], the bank has verified if and how those clients whose actions have the greatest effects on the most salient human rights issues engaged with actual and potential adversely affected stakeholders in relation to each salient human rights issue of relevance to such stakeholders.</p>	<ul style="list-style-type: none"> • The number of bank clients engaged per sector/issue and type/region. How the outcomes of this client engagement may lead to the refining of human rights management/due diligence processes including potential follow-up engagement with actual and potential adversely impacted stakeholders. • Examples of how stakeholder engagement has led to the refining of human rights management/due diligence processes. • Particular attention is to be given to the vulnerability of Human Rights Defenders. Banks should be mindful of how the info they disseminate in the public domain affects their vulnerability.
C2.3 – During the reporting period, how have the views of stakeholders influenced the company’s understanding of each salient human rights issue and/or its approach to addressing it?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank draws on the inputs from stakeholders in making decisions on impacts that affect human rights.	By [xx] the bank publishes an up-to-date list of bank decisions or actions which have been informed by stakeholder inputs, including the rationales for the respective decisions.	<ul style="list-style-type: none"> • Any internal changes at the company (on HR policy or practices) that took place due to stakeholder engagements.

	The bank updates the (published) list of decisions or actions every [xx years/months].	
C3 – How does the company identify any changes in the nature of each salient human rights issue over time?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank keeps each salient human rights issue under review to understand related developments.	<p>At least every [xx [period]] the bank reviews up-to-date reports, assessments, analysis and client and stakeholder feedback to identify any significant changes in the nature of each salient human rights issue (e.g. how, how often, where and in what types of business it arises) and any implications for the banks policies and practices.</p> <p>By [xx]/ Every [xx] months/years[period] the bank reviews and updates its list of clients and transactions that have the greatest effects on the most salient human rights issues in the bank’s activities and business relationships with regard to each salient human rights issue.</p> <p>The percentage of clients and transactions that have the greatest effects on the most salient human rights issue in the bank’s activities and business relationships, for which the bank has checked whether and how the clients are identifying relevant changes over time in the nature of the salient human rights issues.</p>	<ul style="list-style-type: none"> • How/whether amount of high risk ESR assessments done on each salient human rights issue points to a change in the nature of issues over time. • How engagements with clients on the salient human rights issues leads to identified changes in the nature of each issue over time. • There are several ways the bank can gather evidence to identify changes in the nature of each salient human rights. One of the most robust methods is human rights impact assessments. For more info on how to carry out robust human rights impact assessments, check: https://humanrights.dk/tools/human-rights-impact-assessment-guidance-toolbox-new-version or https://policy-practice.oxfamamerica.org/work/private-sector-engagement/community-based-human-rights-impact-assessment-initiative/
C3.1 – During the reporting period, were there any notable trends or patterns in impacts related to a salient human rights issue and, if so, what were they?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank analyzes trends and patterns in salient human rights issues so it can modify its decisions and actions to address them wherever necessary.	Based on the bank’s review of the nature of each salient human rights issue, the bank draws learnings from and regularly publishes (if applicable) a summary of any patterns or trends identified that have informed the bank’s understanding or actions.	<ul style="list-style-type: none"> • A comparison of the amount of high risk ESR assessments done on each salient human rights issue regularly. • A comparison of the salient human rights issues identified in varying sectors through regular assessments.
C3.2 – During the reporting period, did any severe impacts occur that were related to a salient human rights issue and, if so, what were they?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank keeps a clear record of actual severe impacts in relation to each salient human rights issue.	<p>Every [xx] [period] the bank records and discloses (if applicable) the number, nature and identified cases of severe human rights incidents to which the bank is connected (cause, contribution or linkage).</p> <p>Every [xx] [period], the bank publishes examples of how the bank responded to severe human rights incidents to which it is connected (cause, contribution or linkage).</p>	<ul style="list-style-type: none"> • A bank can provide client case studies where the salient human rights issues came up in its activities and business relationships. • How many times did the bank’s corporate clients provide remedy on any of the salient human rights issues? • How many times were the bank’s corporate clients in the news in relation to a violation of a salient human rights issue identified by the bank? What were these instances?

		<ul style="list-style-type: none"> The bank will strive to get client consent to publish meaningful information.
C4 – How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank applies insights gained from its assessment of the salient human rights issues in its decision-making.	Every [xx] [period] the bank explains how the insights gained from assessments and investigations in each salient human rights issue are integrated in relevant policies and procedures, in order to improve the management of actual and potential adverse impacts on human.	
C4.1 – How are those parts of the company whose decisions and actions can affect the management of salient issues, involved in finding and implementing solutions?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank ensures the involvement and coordination of all relevant functions in identifying and implementing measures to reduce actual and potential adverse impacts on human rights.	<p>Every [xx] the bank reviews all the bank’s structures, committees, processes etc. through which information is shared and decisions are made by the bank in relation to the salient human rights identified. The list is updated in the event of any relevant changes.</p> <p>By [xx] the bank issues internal guidance to staff on common situations that raise tensions or dilemmas in relation to a salient human rights issue, with guidance for how to address them in ways that respect human rights.</p>	<ul style="list-style-type: none"> In corporate lending, how are for example primary account managers, local account managers, and relationship managers involved in the management of the salient human rights issues where the salient human rights issues are known to be relevant to particular clients or sectors? How the bank goes beyond the traditional ESR/Sustainability teams to make various business lines responsible for the management of each salient human rights issue.
C4.2 – When tensions arise between the prevention or mitigation of impacts related to a salient human rights issue and other business objectives, how are these tensions addressed?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank recognizes that respect for human rights can be in tension with other business objectives and equips its workforce to make appropriate decisions in such cases.	Every [xx] the bank lists common situations that raise tensions or dilemmas in relation to a salient human rights issue, and the bank’s approach/guidance/governance to address those tensions and dilemmas	<ul style="list-style-type: none"> How senior leadership/public reporting addresses investors directly to show that profit and growth are not the only priorities of the bank. How human rights respect is balanced with financial loss when/if business relationships need to be terminated, or if for example sustainable procurement practices mean a higher cost of products/services for the bank OR when corporate clients need to be turned away.
C4.3 – During the reporting period, what action has the company taken to prevent or mitigate potential impacts related to each salient human rights issue?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank consistently takes appropriate action to reduce the actual and potential adverse impacts associated with its salient human rights issues, including through the effective use of its leverage.	Each [xx] [period] the bank assesses the political and institutional landscape surrounding their business (both internal operations and investment portfolio, and focussed on the identified salient human rights issues), and identifies relevant decision makers to influence positively. By [xx] the bank sets and then annually updates results-based targets for the use of its influence in this regard.	<ul style="list-style-type: none"> The number of clients that the bank has engaged on the salient human rights issues and in which sectors/geographies these clients are found. Or how many companies which presented risks to particular salient human rights issues were engaged on the topic? Or, how many transactions which could have possibly been linked to a salient human rights issue resulted in client engagement?

	<p>Every [xx] [period] the bank updates the standard terms of its contracts with governments, joint venture partners, suppliers, customers, mergers and acquisitions and other agreements, that are aimed at mitigating potential impacts related to the salient human rights issues.</p> <p>Every [xx] [period] the bank updates a list of adjusted or stopped financing for existing clients, for which the adjustment or stop was primarily as a result of a negative assessment of actual or potential adverse impacts on human rights.</p> <p>Every [xx] [period] the bank updates a list of relevant examples of declined financing requests from potential new clients or projects, for which the decline was primarily due to a negative assessment of actual or potential adverse impacts on human rights.</p> <p>The percentage of [clients/high-risk clients] in relevant portfolios that the bank has reviewed in the last [xx period] to establish what steps they have taken to address each relevant salient human rights issue.</p> <p>The percentage of the reviewed clients in relevant portfolios with which the bank has directly engaged to understand their challenges and support the identification of strategies to address each salient human rights issue.</p> <p>The list of sectoral or multi-stakeholder initiatives that address (among other issues) human rights impacts in which the bank actively participates and drives implementation.</p>	<p>Or, which percentage of high-risk transactions which touched on a salient human rights issue were followed up with direct client engagement? Or how many requests for financing from existing clients (both corporate loans and project finance) were adjusted or stopped primarily as a result of a negative assessment of the actual or potential adverse impacts on human rights? Or how many requests for financing from potentially new clients have been declined primarily as a result of a negative assessment of the actual or potential adverse impacts on human rights?</p> <ul style="list-style-type: none"> • How has the bank used its leverage to ensure a particular salient human rights issue is managed effectively? • How has the bank used its leverage on the project level to ensure rights holder protection on a particular salient human rights issue? • The outcomes of client engagement processes per sector/issue and type/region. <p>A bank could formulate performance indicators specific to a salient human rights issue identified. For instance:</p> <ul style="list-style-type: none"> • Labour rights: The number of instances in which the bank has used its leverage to discuss improvement of labour rights in the value chain of a client. The percentage of those cases in which the bank has successfully achieved changes in policy or practice. Examples of cases in which the bank has stopped or declined financing primarily due to actual or potential adverse impacts on labour rights • Land rights/FPIC: The number of clients or transactions for which land rights and FPIC arises as a salient human rights issues; and the percentage of those clients or transactions where FPIC was secured in line with VGGTs. Examples of cases for which the banks has stopped or declined financing due to lack of consent from the actual or potentially affected stakeholders <p>Examples of how the bank's active participation in these initiatives has been instrumental in enabling the bank and the other stakeholders to take action to address one or more of its salient human rights issues.</p>
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C5 – How does the company know if its efforts to address each salient human rights issue are effective in practice?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank has processes and tools to evaluate the extent to which its efforts to mitigate actual and potential adverse impacts on human rights lead to improved practices and reduced adverse impacts on human rights.	<p>Every [xx period] the bank describes and updates the processes through which the bank assesses whether, and to what extent, its management of each salient issue has influenced the practices of employees, clients [and other business partners], and any evidence of improved outcomes for affected stakeholders that have resulted.</p> <p>The percentage of the reviewed clients for which the bank has assessed as adequate / inadequate the steps they have taken to address each salient human rights issue.</p>	<ul style="list-style-type: none"> What qualitative examples from corporate lending clients show that they take the salient human rights issues seriously?
C5.1 – What specific examples from the reporting period illustrate whether each salient issue is being managed effectively?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank has evidence of the results of its efforts to mitigate actual and potential adverse impacts on human rights.	Every [xx] months/years[period] the bank publishes, and updates specific cases where its efforts to manage salient human rights issues have positively influenced the practices of clients [and other business partners], and any evidence (or evidence provided by clients) of improved outcomes for affected stakeholders that have resulted.	<ul style="list-style-type: none"> Any examples of the bank conducting a root cause analysis of incidents where its efforts to manage an actual or potential adverse impacts on human rights did (not) prove effective
C6 – How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank has systems and processes in place to enable remedy wherever it has caused or contributed to a human rights harm.	<p>By [xx] the bank establishes or updates its approaches to enabling remedy for people negatively impacted by or through the bank's activities and business relationships. This includes approaches for cause/contribution or linkage.</p> <p>By [xx] the bank establishes or updates its approaches to leverage or to encourage clients to engage constructively in remedy processes with affected stakeholders.</p>	How has the bank used its leverage on the project level to ensure the protection of stakeholders seeking remedy for an alleged harm?
C6.1 – Through what means can the company receive complaints or concerns related to each salient issue?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank has one or more mechanisms through which people with human rights-related complaints connected to the bank's business can bring them to the bank's attention.	Every [xx] [period] the bank updates a list of all the bank's contact details and procedures for stakeholders to report complaints or concerns related to salient human rights issues.	

C6.2 – How does the company know if people feel able and empowered to raise complaints or concerns?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank verifies whether the means through which people can bring complaints to its attention are seen as accessible, trustworthy and worthwhile by their intended users.	<p>[xx] percentages of its clients the bank has checked to establish how the clients enable effective access to remedy if people are harmed by the clients' actions or decisions in relation to salient human rights issues.</p> <p>By [xx], the bank undertakes investigations into the effectiveness of the bank's complaints or grievance mechanism(s).</p>	<ul style="list-style-type: none"> Any feedback from stakeholder groups regarding their awareness of the bank's own complaints or grievance mechanism to which they have access. Any feedback from stakeholder groups regarding the likelihood that they would use the bank's complaints or grievance mechanism in the event they have a complaint or grievance
C6.3 – How does the company process complaints and assess the effectiveness of outcomes?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank has a clear and functioning process through which complaints are handled from the point of receipt to the point of resolution, and knows how well it is resolving complaints in practice.	<p>Every [xx] [period] the bank evaluates if the complaints or grievances received from stakeholders on salient human rights issues are effectively handled, including how the stakeholders are kept informed about the progress of their complaint.</p> <p>The percentage of complaints or grievances received each [xx] year that the bank considers resolved or otherwise closed, including where an agreed outcome was reached with those raising the complaint or grievance.</p>	How the bank engages with those raising complaints/grievances to understand their perspectives and involve them in discussion about potential outcomes.
C6.4 – During the reporting period, what were the trends and patterns in complaints or concerns and their outcomes regarding each salient human rights issue, and what lessons has the company learned?		
Objective/goal	Examples of performance indicators	Additional relevant information
The bank gathers and analyzes the outcomes from complaints processes to derive insights as to how it can better prevent future human rights impacts.	Every [xx] [period] the bank publishes an overview of trends and patterns in the numbers, types or location of complaints (a) received and (b) resolved in relation to each salient human rights issue.	<ul style="list-style-type: none"> Insights the bank has gained from the trends and patterns in terms of the nature of salient human rights issues or further actions it needs to take to mitigate actual and potential adverse impacts on human rights.
C6.5 – During the reporting period, did the company provide or enable remedy for any actual impacts related to a salient human rights issue and, if so, what are typical or significant examples?		
Objective/goal	Examples of performance indicators	Additional relevant information
The banks has evidence that it can share internally and externally of the specific or typical outcomes of cases in which it has taken a role to help ensure remedy is provided.	Every [xx] [period] the bank publishes a list of the specific remedies provided by the bank or its clients in cases where negative impacts have affected human rights.	<ul style="list-style-type: none"> The total number of cases where the bank contributed to or participated in enabling remediation.

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