

Dear Commissioner Didier Reynders,
Dear Commissioner Mairead McGuinness,
Dear Lara Wolters MEP,
Dear Minister María Pilar Llop Cuenca,

As the representative associations of the Dutch insurance, pensions and banking sector, we are reaching out to call upon you to include financial institutions in scope of the Corporate Sustainability Due Diligence Directive (CS3D).

We believe that businesses – including financial institutions - can play a key role in reducing human rights violations and tackling environmental problems. The Dutch insurance, banking and pension sector signed covenants in 2016 and 2018 to implement the OECD Guidelines for Multinational Enterprises (OECD Guidelines) to reduce human rights violations, environmental damage and other harmful activities in our lending and investment activities. In implementing these covenants, Dutch financial institutions developed policies and tools to identify violations and proactively address them. Although the covenants have recently ended, this experience taught us that financial institutions can play an important role. At the same time it is clear that an international approach is necessary to make a real impact.

We understand the co-legislators will soon discuss provisions on financial institutions, such as a member state option that would allow the exclusion of the financial sector and specific provisions for investors. The member state option would impede a level playing field and decrease the effectiveness of measures to counter human rights abuse. With several national frameworks in place or under development, a member state option would create a patchwork of rules across the EU for both financial institutions and their clients.

We call upon EU policymakers to bring financial institutions in scope of the CS3D based on the risk-based approach from the OECD Guidelines. This enables financial institutions to identify and address so-called adverse impacts in the most efficient and effective manner, given the size of the portfolio of customers and proportionate to their capacity. Financial institutions are already familiar with these guidelines, which allows prioritisation of adverse impacts based on severity and probability. It is also important to note that the adopted Corporate Sustainability Reporting Directive (CSRD) already requires financial institutions to report on human rights and environmental due diligence from a risk based approach. For us and many other businesses, consistency between the CS3D and the CSRD is crucial.

We sincerely hope that you will consider our position in the triologue negotiations. We would be happy to further elaborate on concrete proposals on how the financial sector should be included in the CS3D.

Yours sincerely,

Ger Jaarsma

Richard Weurding

Medy van der Laan

Chair of the Federation
Of Pension funds

Managing Director of the
Dutch Association of Insurers

Chair of the Dutch
Banking Association