Investor statement of support:
BankTrack Human Rights Benchmark

The need for corporate transparency and accountability in the financial sector is vital in today's increasingly connected world. While private sector banks can contribute to economic growth and prosperity through increased access to financial capital and services across world regions, they can also facilitate business activities that are associated with adverse impacts on people's fundamental welfare and dignity.

For example, banks have recently come under fire for their financing of Vale, the company responsible for the fatal Brumadinho tailings dam collapse in Brazil in January 2019; the private prison industry in the United States, which has been linked to family separations at the U.S.-Mexico border; the Dakota Access Pipeline, also in the United States, which has resulted in violations of Indigenous Peoples' rights and is estimated to have cost affiliated banks upwards of US$20 billion in deposit withdrawals; and the public offering of government-owned Saudi Aramco despite the human rights record of the Saudi regime.

As investors representing US$XXX in assets under management, we believe that banks, like all business actors, have a responsibility to respect human rights throughout their operations and value chains and that implementation of that responsibility should align with the expectations outlined in the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the associated financial sector-specific guidance. We stress that banks' human rights due diligence must extend to their provision of finance, including lending and asset management activities, where banks' salient human rights risks most often exist.[1]

As demonstrated by the examples above, as well as continued documentation of other adverse human rights impacts associated with banking activities, more meaningful action is required by banks to meet this responsibility in practice. Moreover, as investors, it is our responsibility and fiduciary duty to promote the human rights performance and long-term value of the banks we invest in, and it is increasingly evident that environmental, social, and governance (ESG) factors, including human rights, do impact the long-term performance and financial returns of our portfolio companies.[2]

The BankTrack Human Rights Benchmark has analysed the public disclosure of 50 of the world's largest banks against 14 criteria spanning four aspects of implementation of the corporate responsibility to respect

[1] As noted by the Office of the High Commissioner for Human Rights, "A bank may reasonably expect that most of its potential involvement with human rights harm may relate primarily to its client relationships."
[2] There is an increasingly wide range of research documenting the correlation between corporate attention to human rights and broader ESG issues and corporate financial performance. See, for example, *Money, Millennials, and Human Rights* and *Cracking the ESG Code*.

human rights across each company's banking activities: (1) policy commitment, (2) human rights due diligence, (3) reporting, and (4) access to remedy. The BankTrack Human Rights Benchmark is the third iteration of BankTrack's evaluation of human rights disclosure by private banks, following the first iteration in 2014 and the second in 2016.

While the BankTrack Human Rights Benchmark acknowledges some improvements by the evaluated banks as compared to past rankings, it found that an alarming 40 out of the 50 evaluated banks achieved a score of 6 or less out of a possible 14 points, indicating that **the vast majority of the evaluated banks are implementing less than half of the expectations outlined in the UN Guiding Principles**. Moreover, of particular concern to investors, only 12 of the analysed banks demonstrated senior-level sign-off of their human rights policy commitments, as well as specific governance of human rights at the Board level.

We therefore support BankTrack's resulting calls for the evaluated banks to:

- Develop and disclose a **human rights policy commitment**, outlining how the bank embeds the commitment throughout its business relationships, and the bank's **human rights governance structures**, including Board endorsement and oversight of the policy commitment;

- Establish and disclose indicators on the number and type of **actual or potential human rights risks and impacts** that the bank has identified through its own due diligence, as well as risks and impacts brought to the bank's attention by communities or other external stakeholders;

- **Prioritize the most severe adverse impacts** linked to the bank's activities, based on a saliency approach, and detail the steps taken to **prevent, mitigate, and address those impacts**, with a focus on the needs and interests of rights-holders in each situation; and

- Publicly acknowledge that the responsibility to respect human rights includes **playing a role in remediation**, and detail how the bank is fulfilling that role, including by establishing, participating in, and supporting **effective grievance mechanisms**.

The evaluated banks in the BankTrack Human Rights Benchmark hold significant amounts of financial and social capital. We believe that improvements in these banks' human rights policies and practices would not only improve outcomes for people and for the banks themselves but also spur improvement across the banking industry and throughout other sectors, as banks are in a unique position to influence the wide range of industries represented by their clients.

We therefore welcome analytical tools like the BankTrack Human Rights Benchmark and commit to incorporating its findings in our investment analysis, voting, and other engagement practices and to providing input into the Benchmark as it evolves.

Signatories:

Aargauische Pensionskasse (APK)

Adrian Dominican Sisters, Portfolio Advisory Board

AJF Financial Services, Inc.

Australasian Centre for Corporate Responsibility

Bernische Lehrerversicherungskasse

Bernische Pensionskasse BPK

Boston Common Asset Management

Caisse de pension des sociétés Hewlett-Packard en Suisse

Caisse de pensions de l'Etat de Vaud (CPEV)

Caisse de pensions ECA-RP

Caisse de prév. des Fonctionnaires de Police & des Etablissements Pénitentiaires

Caisse de Prévoyance de l'Etat de Genève (CPEG)

Caisse de Prévoyance des Interprètes de Conférence (CPIC)

Caisse de prévoyance du personnel de l'Etat du Valais (CPVAL)

Caisse intercommunale de pensions (CIP)

Caisse paritaire de prévoyance de l'industrie et de la construction (CPPIC)

CAP Prévoyance

CCAP Caisse Cantonale d'Assurance Populaire

CIEPP - Caisse Inter-Entreprises de Prévoyance Professionnelle

Congregation of Sisters of St. Agnes

Congregation of St. Joseph

Daughters of Charity, Province of St. Louise

Epic Capital Wealth Management

Etablissement Cantonal d'Assurance (ECA VAUD)

Ethos Foundation

INVESTOR ALLIANCE FOR HUMAN RIGHTS
AN INITIATIVE OF ICCR

Fondation de la métallurgie vaudoise du bâtiment (FMVB)

Fondation de prévoyance Artes & Comoedia

Fondation de prévoyance du Groupe BNP PARIBAS en Suisse

Fondation Leenaards

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GVA Gebäudeversicherung des Kantons St. Gallen

Heartland Initiative, Inc.

Mercy Investment Services, Inc.

Nest Sammelstiftung

Nia Impact Capital

Northwest Coalition for Responsible Investment

Öhman

Pensionskasse Bank CIC (Schweiz)

Pensionskasse Basel-Stadt

Pensionskasse Bühler AG Uzwil

Pensionskasse Caritas

Pensionskasse der Basler Kantonalbank

Pensionskasse der Stadt Winterthur

Pensionskasse Pro Infirmis

Pensionskasse Römisch-katholische Landeskirche des Kantons Luzern

Pensionskasse SRG SSR

Pensionskasse Stadt Luzern

Pensionskasse Unia

Prévoyance Santé Valais (PRESV)

Prévoyance.ne

Profelia Fondation de prévoyance

Prosperita Stiftung für die berufliche Vorsorge

Retraites Populaires

School Sisters of Notre Dame Cooperative Investment Fund

Secunda Sammelstiftung

Seventh Generation Interfaith Coalition for Responsible Investment

Sisters of the Good Shepherd

Solothurnische Gebäudeversicherung

St. Galler Pensionskasse

Stardust

Stiftung Abendrot

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