



Investor Statement of Support: BankTrack Global Human Rights Benchmark

As investors, we consider the financial sector uniquely well-placed to drive respect for human rights and the environment at scale. Counting a myriad of business relationships – including clients, suppliers, and portfolio companies – banks are the engine of the global economy and can accelerate economic growth through increased access to financial capital and services around the world. Their weight and influence should be used as a catalyst to facilitate sustainable development, curb economic inequality, and advance economic, social, and cultural rights.

Yet, the COVID-19 pandemic, together with a rise in global conflicts and a rapid and intensifying climate crisis, have exposed how the banking sector often finds itself linked to negative human rights impacts. Over a year since the Russian invasion of Ukraine, most international banks with direct operations in or business relationships with [Russia](#) have been slow to respond to intensifying public calls to evaluate their connections to Russia in order to avoid being complicit in war crimes. Banks have also faced criticism for their investments in the construction and hospitality industries in the lead up to the [2022 World Cup](#) in Qatar, despite the well documented human rights abuses in these sectors. Notwithstanding their net zero commitments, major banks continue to finance fossil fuel development at an alarming rate, with more than [US\\$5.5 trillion loaned](#) over the past seven years, and in 2023, banks will provide more than [one third of fossil fuel financing](#) globally. Banks have also increasingly been in the spotlight for their financing of industries with harmful impacts on the rights of [Indigenous peoples](#) and biodiversity in the Amazon and beyond.

We, the undersigned investors express our concern regarding the human rights performance of banks as shown in BankTrack's [Global Human Rights Benchmark 2022](#) ('the Benchmark'). We maintain that banks, like all financial institutions, have the responsibility to respect human rights across their operations and value chains in accordance with the [UN Guiding Principles on Business and Human Rights](#) ('the Guiding Principles') and the [OECD Guidelines for Multinational Enterprises](#).

The [2022 Benchmark](#), which is the fourth iteration of this benchmark following three previous reports in [2019](#), [2016](#), and [2014](#), evaluated the disclosures of 50 of the world's largest banks against a set of 14 criteria covering four key areas of the Guiding Principles: (1) policy commitment, (2) human rights due diligence (HRDD), (3) reporting, and (4) access to remedy. In addition, it assessed how banks respond to specific cases of adverse human rights impacts raised by civil society groups.

Compared to past iterations of the Benchmark, modest improvements were evident in banks' overall implementation of the Guiding Principles. For example, the average score of banks in scope increased from 4 out of 14 (28%) in 2019 to 5 out of 14 (36%) in 2022. The Benchmark also found that banks largely have human rights policies in place. However, only 28 of the assessed banks confirmed that their policy extends to the provision of finance, and only 17 demonstrated senior-level endorsement of policy commitments. Further, while the majority of banks demonstrated some progress in integrating HRDD into their management processes, only 18 out of 50 banks (36%) have put into place comprehensive and ongoing HRDD processes that extend across their entire operations.



Notwithstanding these improvements, the Benchmark underscores that the pace of progress towards full implementation of the Guiding Principles among banks is slow. Of particular concern to investors:

- **38 of the 50 banks under review implemented less than half of their human rights responsibilities under the Guiding Principles**, with no bank fully implementing these responsibilities.
- **Progress on human rights disclosure stagnated**, with all but eight banks falling short of reporting on specific human rights impacts, as opposed to discussing more general areas of risks, and very few banks showing that they took effective action in response to specific impacts.
- **Evidence that banks provided remedy when harms occurred was minimal**. Only two banks in scope have put grievance mechanisms into place and none demonstrated how specific adverse human rights impacts were remedied or managed.
- **Banks were evasive when contacted by civil society about specific instances of human rights abuses**. Out of 152 instances in which banks were contacted regarding such abuses, there was no meaningful public response in nearly three quarters of cases.

As investors, we recognize that banks have substantial leverage over a wide range of sectors and business activities. We maintain that improvements in the human rights policies and practices of banks would have a multiplier effect on corporate respect for human rights. We call on banks to “raise the ambition and increase the pace” of implementation of the Guiding Principles as the UN has called for in its [Roadmap for the Next Decade](#), which recognizes the critical role of the financial system in ensuring respect for human rights.

We urge banks to take prompt action to strengthen their policies and practices to respect human rights throughout their operations and value chains and support BankTrack’s calls for banks to:

- **Undertake human rights due diligence across all forms of finance**, including lending, asset management, and bond underwriting, with a focus on the most severe negative human rights impacts and the most salient risks areas.
- **Ensure that all human rights due diligence practices are aligned with international business and human rights frameworks and informed by meaningful consultation with impacted rights holders**, in particular individuals and communities in fragile, high-risk, and conflict-affected areas.
- **Conduct public reporting on how adverse human rights impacts have been identified, managed, and addressed**. This includes disclosing specific examples of impacts and measures taken in response to them, including steps to engage with clients or investee companies.
- **Enable access to remedy for affected rights-holders**. This includes developing and implementing grievance mechanisms, and using leverage to set expectations that adverse impacts should be remedied.



- **Respond constructively when genuine human rights concerns are raised.** This means engaging with affected communities and their legitimate representatives, and providing public responses that are sufficiently detailed and outline actions and monitoring measures.

We encourage banks to urgently implement the above-mentioned recommendations, and improve their public disclosures, which will provide insight into how the banking industry is meaningfully working to fulfil its responsibility to respect human rights.

We welcome analytical tools like the BankTrack Global Human Rights Benchmark and commit to incorporating its findings in our investment analysis, voting, and other engagement practices.

Sincerely,

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