

Dirty Profits 2

**Report on Companies and Financial Institutions
Benefiting from Violations of Human Rights**

Content

Summary 4

Methodology 6

Company Profiles

| | |
|--|----|
| adidas (Germany) | 9 |
| Anglo American (United Kingdom) | 11 |
| AngloGold Ashanti (South Africa) | 13 |
| Arch Coal (United States) | 15 |
| Areva (France) | 16 |
| BAE Systems (United Kingdom) | 19 |
| Barrick Gold (Canada) | 21 |
| Bolloré Group (France) | 23 |
| Chevron (United States) | 25 |
| Eurasian Natural Resources (United Kingdom) | 27 |
| Gazprom (Russia) | 28 |
| Glencore Xstrata (Switzerland) | 30 |
| Golden Agri-Resources (Singapore) | 33 |
| Jabil Circuit (United States) | 35 |
| Jindal Steel & Power (India) | 36 |
| Lockheed Martin (United States) | 38 |
| LPP (Poland) | 39 |
| Monsanto (United States) | 41 |
| Nestlé (Switzerland) | 43 |
| Newmont Mining (United States) | 45 |
| Rheinmetall (Germany) | 47 |
| Rio Tinto (United Kingdom / Australia) | 49 |
| Royal Dutch Shell (Netherlands / United Kingdom) | 51 |
| Trafigura (Netherlands) | 53 |
| Vale (Brazil) | 55 |
| VF Corp (United States) | 57 |

Features

| | |
|--|----|
| Food for Thought: New Trends in Food Speculation | 59 |
| Controversies Surrounding Polish Electronics | 61 |
| Tax Evasion and Poverty | 63 |
| Nuclear Weapons – The Business of Mass Destruction | 67 |
| The Good, the Bad, and the ING | 69 |

Harmful Investments

| | |
|--|----|
| Financial Institutions and their Harmful Investments | 72 |
| Allianz (Germany) | 74 |
| BNP Paribas (France) | 76 |
| Commerzbank (Germany) | 78 |
| Credit Suisse (Switzerland) | 80 |
| Deutsche Bank (Germany) | 82 |
| DZ Bank (Germany) | 84 |
| ING (Netherlands) | 86 |
| UBS (Switzerland) | 88 |
| UniCredit (Italy) | 90 |

Recommendations and Demands 93

Appendix A

| | |
|--|----|
| Relevant International Norms and Standards | 98 |
|--|----|

Appendix B

| | | |
|---------|--|-----|
| Table 1 | Company Commitments | 115 |
| Table 2 | Financial Institution Commitments | 116 |
| Table 3 | Divestment from Companies | 117 |
| Table 4 | Shares and Bonds Managed by Selected Financial Institutions | 118 |
| Table 5 | Underwritings of Shares and Bonds per Selected Financial Institution | 120 |
| Table 6 | Participation of Selected Financial Institutions in Loans | 121 |



▲
© Facing Finance

“Civil society plays a vital role in encouraging investors to observe and respect international norms and standards. The increasing exclusion of producers of cluster munitions from investment portfolios is a striking example of this.”

Miriam Struyk
Program Director Security & Disarmament
IKV Pax Christi

Summary

Child labor, exploitation, violence, forced resettlements, climate change, rainforest depletion, controversial weapons production, tax evasion, bribery, corruption ... In their glossy CSR reports, multinational companies claim not to contribute to these offences, however, the realities of their business practices tell a different story. Many multinational companies violate human rights and destroy the environment. By providing financial support to these companies, FIs foster and benefit from these violations. The Dirty Profits II report presents 19 prominent European financial Institutions (FIs) and their financial ties to 26 multinational companies from the extractive, energy, garment, arms production, agribusiness, and food production industries.

Nearly half of the selected companies are UN Global Compact participants, which means they have committed to supporting, respecting, and upholding internationally proclaimed human rights. Additionally, seven of the thirteen extractive companies examined in this report have incorporated the Voluntary Principles on Security and Human Rights into their corporate policies.¹ However, all of the companies in this report have been cited for violations of human rights and environmental standards, as well as national and international laws; such violations include damages to public health, forced resettlements, and environmental destruction. These criticisms come from concerned stakeholders like local communities, civil society groups, courts, and the media.

In 2012, the multinational companies documented in this report earned combined revenues of at least € 1.24 trillion and achieved net profits of more than € 90 billion.^{2,3} However, the lack of transparency in these sectors makes it difficult to determine exactly what portion of these revenues and profits were gleaned from harmful activities; the violations committed by these companies are often intertwined with other business activities. Nevertheless, many investors, like the Norwegian Government Pension Fund Global (GPF) and others, have chosen to exclude as many as 17 of the 26 selected companies from their investment portfolios due to their unethical business practices.⁴

This report focuses on the following company violations:

- violence against local community members,
- the absence/inadequacy of environmental and social monitoring,
- severe environmental destruction (e.g., water, soil, and air contamination),
- damages to employee and/or community health,
- the destruction of community livelihoods, especially those of indigenous groups,
- forced resettlements,
- illegal deforestation,
- instances of child labor,
- poor, or hazardous working conditions,
- unfair employee wages,
- union intimidation,
- production/transfer of illegal and/or controversial weapons,
- arms exports to countries that disrespect human rights,
- pervasive tax noncompliance,
- obstruction of justice, and
- intimidation of the free press.

This report gauges company violations in the context of widely accepted international norms and standards, such as:

- the Universal Declaration of Human Rights,
- the International Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights,
- the UN Global Compact,
- the Convention on Cluster Munitions,
- ILO Conventions and Recommendations concerning labour rights,
- the OECD Guidelines for Multinational Enterprises, and many more.⁵

Financial institutions play an important role in determining the future existence of harmful business practices. Through their investment and business decisions, FIs, along with public and private investors, tacitly condone and promote the aforementioned violations. FIs finance these companies, assist them with share- and bond issuances, and manage their share and bond investments. Due to their significant financial involvement with these companies, FIs have a vested interest in seeing that companies use these financial resources in an ethical and sustainable manner.

¹ See Appendix 115.

² Thomson One Banker: <http://banker.thomsonone.com>

³ Financial data from Trafigura dated from 30.09.2011.

⁴ See supra note 1.

⁵ See Appendix A, pp. 98

“Many investors claim to respect human rights and the environment through their business decisions, however, they have not achieved a level of transparency that would allow these claims to be substantiated; such statements cost banks their credibility.”

Thomas Küchenmeister, Coordinator Facing Finance

Unfortunately, financial institutions currently lack adequate and effective investment policies to address the harmful business practices of their corporate clients. Some FIs have joined voluntary initiatives like the UN Global Compact or have established internal investment policies. However, these commitments are limited in scope and nonbinding. Financial institutions are rarely held legally liable for ethical or environmental infractions. This lack of accountability only encourages FIs to continue recklessly contributing to unsustainable business practices and human rights violations in the interest of turning a profit.

This report also highlights financial institutions and investors that assist companies and individuals in tax noncompliance practices and speculative investments, threatening the achievement of the Millennium Development Goals (MDGs) and exacerbating poverty and the debt crisis. This report includes a case study on ING, which illustrates the potential destructive nature of these alarming practices.

Since January 2011, the financial transactions between the 19 financial institutions and 26 companies investigated in this report total more than € 60 billion; this includes estimated loans totaling nearly € 20 billion, estimated share and bond underwritings totaling more than € 13 billion, and managed shares and bonds valued just shy of more than € 27 billion.⁶

It should be noted that not every financial interaction between the selected FIs and companies in this report constitutes a violation of an international norm or standard. Contributions from financial institutions are typically labeled for general corporate purposes, not for controversial projects. Such direct financial ties to controversial business practices remain under the veil of client confidentiality that exists between FIs and their corporate customers. Thus, this report cannot provide detailed, quantitative assessments of controversial project financing. It is, however, able to provide insight into the parties involved in fundamentally controversial companies.

This report demonstrates the urgent need for binding regulations that address human rights and environmental issues; it further calls on political decision makers and FIs to install and implement transparent policies and regulations that secure human rights and environmental standards.

⁶ Kuepper, Umaña et al. *Dirty Profits II: A Research Paper Prepared for Facing Finance*. Amsterdam: Profundo Research and Advice, 2013.

Methodology



◀ Entrance to the Namibian community of Arandis, established for Rössing employees.
© Katrin Krämer

This report exposes the financial ties between 19 European financial institutions (FIs) and 26 multinational companies, spanning multiple sectors, notorious for their poor environmental and human rights records. The purpose of this report is to raise awareness and to call on FIs to establish and/or improve policies governing financial services that are linked to violations of internationally accepted norms and standards.

The 26 companies examined in this report have all been cited for violating established, international norms and standards as outlined in official documents like the International Bill of Human Rights, the ILO international labour standards, the UN Global Compact, the OECD Guidelines for Multinational Enterprises, arms embargoes, and national laws. The companies included in this report were chosen from hundreds of companies that profit from various harmful business activities based on the severity and number of recent reports that fall into these categories:

- human rights violations (e.g., violations of community rights, child labor, forced labor, diminished access to land and/or fresh water, involuntary resettlements, or arbitrary detentions);
- labor rights violations (e.g., poor/hazardous working conditions, union discrimination);
- environmental destruction;
- violations of the rights of individuals in situations of war or conflict;
- the export of weapons to countries disrespecting fundamental human rights;
- the manufacturing of controversial weapons¹ (or significant components thereof) that violate fundamental humanitarian principles (i.e. nuclear weapons);
- pervasive instances of corruption, and tax noncompliance.

¹ Please note that this edition of *Dirty Profits* does not focus on cluster munitions producers. For more information about investments in cluster munitions producers, please see IKV Pax Christi's 2013 edition of "Worldwide Investments in Cluster Munitions: a Shared Responsibility."

The companies in this report are heavily criticized by a diverse set of stakeholders, such as courts, politicians, government regulators, NGOs, local communities, and the media. Despite this, very little official information exists regarding company violations of international norms and standards abroad. Thus, this report serves as both a resource and a concise compilation of the most pertinent data available from reputable news and media sources, industry focused journals, community organizations, NGOs, legal records, and other sources. Additional information for companies that are active in South Africa, Tanzania, Mozambique, Lesotho, and Namibia was gathered first-hand, through primary qualitative research, in the summer of 2013.²

In accordance with the Facing Finance membership profile, this report analyzes major European financial institutions, many of which are active in Belgium, Germany, and Poland, that profit from or financially support these companies and their controversial business operations through the provision of shares, bonds, and/or loans. Facing Finance commissioned the independent research agency Profundo to conduct a financial analysis of 26 companies and 19 financial institutions since early 2011.³ The report focuses on share and bond issuances, underwritings, and management, as well as corporate loans. Facing Finance researchers gathered further financial data from company annual reports, stock exchange activity analyses, financial/industry focused journals, and expert financial databases such as Thomson ONE and Bloomberg. Data regarding turnover and net profits was taken from the Thomson ONE Analytics or annual reports.

Due to the lack of transparency in the financial and corporate sectors, it is impossible to determine whether the funds provided by these institutions directly contributed to the violations in question. Furthermore, not every business transaction between financial institutions (FIs) and the controversial companies listed in this report constitutes a direct violation of international norms and standards. This report, therefore, does not provide detailed, quantitative assessments regarding financing intended specifically for controversial projects. Such straightforward relationships are rarely found, as FIs often provide financial support via broader channels (e.g. through general corporate loans).

In cases where a syndicate of banks issued loans, shares, or bonds for a single company or project, but did not provide a breakdown of each bank's specific contribution, the amount was divided proportionally based on each bank's specific role in the transaction as either manager or participant.⁴ This provided the closest possible estimate for each bank's true level of involvement. Often, underwritings of shares and bonds were also based on similar estimations due to lack of detailed data.

To illustrate how financial institutions use risky investment schemes and legal loopholes to their advantage – and to the world's detriment – this report also examined certain business practices of the Dutch financial giant, ING, whose worldwide network enables senior employees to bypass international sanctions, to loot the company for their own personal benefit, and to ignore the bank's social obligations.

² Ilham Rawoot, Victoria Schneider, Katrin Krämer, Felix Karlsson (2013): *Dirty Profits Exposed. The Report*, www.facing-finance.org/en/publikationen/dirty-profits-exposed/

³ Profundo (2013): *Dirty Profits II. A research paper prepared for Facing Finance*, 26 August 2013.

⁴ Kuepper, Umaña et al. *Dirty Profits II: A Research Paper Prepared for Facing Finance*. Amsterdam: Profundo Research and Advice, 2013.

COMPANY PROFILES



Rustenburg Cemetary, located near the Siphumelele Platinum Mine waste dump (Anglo Platinum, South Africa).
© Felix Karlsson, 2013.



▲ PT Kizone Workers Action in Jakarta, 1. April 2013
© United Students Against Sweatshops

adidas AG

Founded in 1949, adidas is a German multinational sports apparel corporation that designs and manufactures sportswear.¹ The company manages several different brands, approximately 170 subsidiaries, and more than 46,000 employees worldwide.

Despite having developed an array of corporate social responsibility guidelines, the company still commits labor and environmental violations throughout its supply chain.^{2,3}

Protests erupted just before the 2012 London Olympic Games when adidas paid \$155 million to become an official partner of the Olympics and team Great Britain.⁴ Demonstrations highlighted the poor working conditions of adidas' factory workers in Sri Lanka, China, and the Philippines. Violations included excessive hours, trade union

suppression, short-term contracts, low wages (some at \$0.52/hour), and manager disrespect for human dignity.⁵

In August 2012, Rutgers University (New Jersey, USA) severed its ties with the adidas Group in response to a student-led, anti-sweatshop campaign criticizing the company's mistreatment of workers in Indonesia. The students claimed that adidas owed approximately \$1.8 million in severance payments to over 2,800 PT Kizone factory employees.⁶ Reports dated several months prior to the factory shutdown claimed that adidas failed to address and resolve labor violations.⁷ The scandal prompted several additional U.S. universities to follow suit in terminating their commercial contracts with adidas. Adidas reportedly settled

Estimated value of managed shares and bonds:

| | |
|-------------------|-----|
| Deutsche Bank | 622 |
| BlackRock Germany | 364 |
| Allianz | 167 |
| DZ Bank | 156 |
| DekaBank | 124 |

Estimated value of underwritten shares and bonds:

| | |
|---------------|-----|
| Deutsche Bank | 125 |
| UniCredit | 125 |

Loans:

| | |
|---------------|----|
| Deutsche Bank | 50 |
| UniCredit | 50 |

Turnover: 14.883,00

Net Income: 526,00

ISIN: DE000A1EWWWO

Top Financial Transactions in € million

1 adidas (2013): adidas Group History: www.adidas-group.com/en/ourgroup/history/history.aspx (accessed 02.10.2013).

2 adidas (2012): Our Workplace Standards: www.adidas-group.com/en/sustainability/supply-chain/standards-and-policies/ (accessed 02.10.2013).

3 International Union League (2013): adidas Workers Unite!: www.union-league.org/adidas (accessed 02.10.2013).

4 Lori Zimmer (2012): Sweatshop Protestors Target adidas as London Olympics Approach: www.ecouterre.com/sweatshop-protestors-target-adidas-as-london-olympics-draw-closer/adidas-war-on-want-1/ (accessed 02.10.2013).

5 War on Want (2012): adidas exploitation. the truth behind the brand: www.waronwant.org/index.php?option=com_content&view=article&id=17524:olympics-inform&catid=390:olympics-content&Itemid=647 (accessed 02.10.2013).

6 Jonathan Lai (2012): "Rutgers University severs ties with adidas over working conditions in Asia", *The Inquirer*, 30 November: http://articles.philly.com/2012-11-30/news/35437110_1_adidas-group-rutgers-president-rutgers-brand (accessed 02.10.2013).

7 Workers Rights (2012): WRC Comments on adidas' Recent Communication to Universities Concerning Labor Rights Violations at PT Kizone, 5 October: www.workersrights.org/freports/WRC%20comments%20on%20adidas%27%20recent%20communication%20re%20PT%20Kizone%2010.5.2012.pdf (accessed 02.10.2013).

"We strive to be a sustainable company, one that recognizes its responsibilities towards the environment, our employees and the people who make our products."



PT Kizone Workers Action in Jakarta, 1. April 2013
 © United Students Against Sweatshops

the dispute in April 2013 when they announced that they would pay severance to 2,700 Indonesian workers.⁸

In July 2013, labor groups protested against health and labor violations committed by Dynamic Precision Industry Corp., a Taiwanese adidas supplier with a factory in Guangzhou, China. Incidents of Benzene poisoning, hearing loss, pneumoconiosis, and hand-arm vibration syndrome (HAVS) were reported at the factory. Factory management responded to health complaints with severance packages instead of remedies. If employees refused the package, their wages were cut. Ultimately, factory production was halted.⁹

A 2012 Greenpeace report accused adidas, along with several other big garment industry names, of contaminating water systems through chemical residues left on clothing sold to consumers worldwide, even in areas where chemical use was restricted.¹⁰ Greenpeace appealed to the adidas Group again in a more recent report for condoning the PT Gistex Group's repeated contamination of the Citarum River in West Java, Indonesia. The region hosts several clothing factories that dye, print, and finish polyester

fabrics. While adidas admits to having business ties to the factory, the company refused to reveal the extent of those ties. The factory, like many others in the region, uses the river as a dumping ground for waste. The Greenpeace report identified several harmful substances such as nonylphenol ethoxylates (NPEs), which are restricted in Europe and North America, in the Citarum River. The severe contamination of the Citarum River jeopardizes public health, aquatic life, and the region's biodiversity. Greenpeace appealed to the companies involved, seeking policy reform and greater brand-supplier transparency to identify the full extent – including a full inventory of chemical effluents – of contamination.¹¹

→ Solange Merienne

“Adidas has the highest per-factory average of freedom of association violations and the highest number of factory violations, more than any other brand reviewed by the FLA in the entire world.”

International Union League for Brand Responsibility

8 Business and Human Rights (2013): Case profile. adidas lawsuit (re University of Wisconsin): www.business-humanrights.org/Categories/Lawsuits/Lawsuitsregulatoryaction/LawsuitsSelectedcases/adidaslawsuitreuniversityofwisconsin (accessed 02.10.2013).

9 Taipei Times (2013): adidas is urged to monitor suppliers, 16 July: www.taipeitimes.com/News/biz/archives/2013/07/16/2003567177 (accessed 02.10.2013).

10 Environmental Leader (2012): adidas, Nike, H&M Clothing Emits Hazardous Chemicals when Washed, Greenpeace Says, 23 March: www.environmentalleader.com/2012/03/23/adidas-nike-hm-clothing-emit-hazardous-chemicals-when-washed-greenpeace-says/ (accessed 02.10.2013).

11 Greenpeace (2013): Toxic Threads. Polluting Paradise. A story of big brands and water pollution in Indonesia: www.greenpeace.org/international/Global/international/publications/toxics/Water2013/Toxic-Threads-04.pdf (accessed 02.10.2013), p.33.



◀ Anglo American advertisement welcoming the 2011 UN Climate Change Conference attendees to South Africa. © Facing Finance

Anglo American plc

Anglo American is a multinational mining company with a focus on natural resource extraction. The company has operations across the globe, particularly in Africa, South America, and Asia.¹ It is the world's largest producer of platinum, the third largest exporter of metallurgical coal, and the fourth largest producer of iron ore. It is also active in mining materials like copper, nickel, platinum, and diamonds.² Anglo American's mining activities face widespread criticism for destroying indigenous communities and the environment.

Anglo American has incorporated the Voluntary Principles on Security and Human Rights into its security policies.³ The company is also a UN Global Compact participant.⁴

Anglo American operates a controversial joint venture, the Cerrejón Coal Mine in Colombia, along with BHP Billiton and Glencore Xstrata. Labor disputes and pollution complaints, as well as calls for adequate community compensation (mostly from indigenous communities like the Wayuu) frequently disrupt operations. Protesters recently demonstrated at Anglo American's 2013 annual general meeting after the company's

mining activities allegedly jeopardized the lives of 13,000 people.⁵

Anglo American's expansion plans in the Brazilian Amazon endanger the environment and indigenous populations. The Brazilian government, motivated by the prospect of economic stimulation, has accelerated construction of necessary infrastructure (roads, railways, dams, etc.) in the Amazon in order to make the area more suitable for mining activities.⁶ The government is also attempting to amend certain laws to allow mining companies to operate on designated indigenous lands.⁷ Despite Anglo American receiving concessions from the federal government, Brazil's environmental regulator in northern Amapa fined Anglo American \$10 million following an incident at the company's port terminal that left three people dead and three missing.⁸

In September 2013, Chile's environmental regulator (SMA) pressed charges against Anglo American for several irregularities uncovered during its last audit. Violations included failing to

Estimated value of managed shares and bonds:

| | |
|---------------|-----|
| Allianz | 375 |
| Deutsche Bank | 80 |
| DZ Bank | 55 |
| UBS | 44 |
| DekaBank | 39 |

Estimated value of underwritten shares and bonds:

| | |
|-------------|-----|
| BNP Paribas | 380 |
| Commerzbank | 281 |
| UBS | 220 |

Loans:

| | |
|---------------|-----|
| BNP Paribas | 137 |
| Commerzbank | 137 |
| Credit Suisse | 137 |
| UBS | 137 |

Turnover: 22.065,60*

Net Income: -1.145,44*

ISIN: GB00B1XZS820

Top Financial Transactions in € million

*Currency rate 31.12.2012

1 Anglo American. (2013). Where We Operate. Retrieved October 02, 2013, from Anglo American: www.angloamerican.com/about/operate.aspx

2 Anglo American. (2013). At a glance. Retrieved October 01, 2013, from Anglo American: www.angloamerican.com/about/ataglance.aspx

3 www.voluntaryprinciples.org/for-companies/

4 unglobalcompact.org/index.html

5 John Vidal (2013): "Colombian miners hit out at Anglo American", The Guardian, 15 April: www.theguardian.com/environment/2013/apr/15/mining-mining (accessed 23.09.2013).

6 Amazon Watch. (2000-2013). Brazil's Belo Monte Dam: Sacrificing the Amazon and its Peoples for Dirty Energy. Retrieved October 1, 2013, from Amazon Watch: amazonwatch.org/work/belo-monte-dam

7 Amazon Watch 8 August 2013: www.amazonwatch.org/news/2013/0808-indigenous-rights-under-assault-in-brazil (accessed 23.09.2013)

8 Cecilia Jamasmie (2013): "Brazil environmental watchdog charges Anglo with a \$10m fine over port accident", mining.com, 4 April: www.mining.com/brazil-environmental-watchdog-charges-anglo-with-a-10m-fine-over-port-accident-53004/ (accessed 23.09.2013).

"We value the development, safety and health of all who work for us and of all those living and working around our operations."

preserve and relocate vegetation, ineffective wetland conservation and water management plans, lack of environmental monitoring, and dumping mine tailings in unauthorized areas. In addition to potentially losing their environmental permit, Anglo American faces fines between \$970,000 and \$4.9 million.⁹

Community opposition continues to delay Anglo American's plans to begin production at their Michiquillay and Quellaveco copper mines in Peru. Local communities fear the mines will cause severe environmental damage and deplete water supplies.¹⁰ Residents from the Moquegua region, where the Quellaveco mine is located, took part in the Grand National March for the Right to Water and Life in 2012 to underscore the threat to their water supplies.¹¹ Community protests led to the suspension of Michiquillay mine and the establishment of a mediation committee to resolve community/company conflicts.¹²

In December 2012, former gold miners and their dependents filed South Africa's largest-ever class action lawsuit against 30 mining companies, including Anglo American South Africa Ltd. (Anglo

American's South African subsidiary). The lawsuit claims the company knowingly exposed workers to hazardous mine dust, causing them to develop the life-threatening respiratory disease, silicosis. Over 200,000 former miners potentially suffer from the disease. Workers could possibly seek R1 million (approx. \$117,000) each in damages.¹³ In March 2013, eighteen miners (later twenty-two) suffering from silicosis filed an additional class action lawsuit against Anglo American South Africa Ltd.¹⁴ The case was settled confidentially in September 2013.¹⁵

In February 2013, nine employees were injured at Anglo American's Siphumelele mine in Rustenburg, South Africa, after Anglo American Platinum security personnel fired rubber bullets to disperse a union dispute.¹⁶

A recent study conducted by the Climate Accountability Institute ranked Anglo American 20th in attributable worldwide carbon dioxide and methane emissions compared to global totals between 1751 and 2010.¹⁷

→ Thomas Küchenmeister

"Thousands of ex gold miners have already died from lung disease; unless Anglo American act now, thousands more will die without the healthcare, compensation and support they deserve."

Peter Bailey, National Health and Safety Chair of South Africa's National Union of Mineworkers.

9 Cecilia Jamasmie (2013): "Anglo American charged for breaching environmental laws in Chile", mining.com, 22 September: www.mining.com/anglo-american-charged-for-breaching-environmental-laws-in-chile-62751/?gce_var=lower-comments&utm_expid=17625373-0.wR1isPasQ6GSvnWKGyTdqa.1&utm_source=digest-en-mining-130922&utm_medium=email&utm_campaign=digest (accessed 23.09.2013).

10 Reuters (2011): FACTBOX-Social conflicts over Peru mining projects, 3 November: www.reuters.com/article/2011/11/03/peru-mining-conflicts-idUSN1E7A21FG20111103 (accessed 23.09.2013); MinderAndina (2011): Protests bring Quellaveco and Michiquillay to a halt, 19 December: www.minerandina.com/en/protests-bring-quellaveco-and-michiquillay-to-a-halt/ (accessed 23.09.2013).

11 Mines and Communities (2012): Thousands march for the right to water in Peru, 14 February: www.minesandcommunities.org/article.php?a=11493 (accessed 23.09.2013).

12 Pro Diálogo (n.d.): Comité de Mediación para el entorno del proyecto minero Michiquillay, Cajamarca: www.prodiologo.org.pe/proyectos/comite-de-mediacion-para-el-entorno-del-proyecto-minero-michiquillay-cajamarca (accessed 23.09.2013).

13 Paul Burkhardt (2013): "Anglo American Miners May Seek \$117,000 Each in Disease Suit", Bloomberg, 9 January: www.bloomberg.com/news/2013-01-09/anglo-harmony-workers-may-seek-117-000-each-in-silicosis-suit.html (accessed 23.09.2013).

14 Cecilia Jamasmie (2013): "Anglo American faces silicosis class action", mining.com, 8 March: www.mining.com/anglo-american-faces-silicosis-class-action-38860/ (accessed 23.09.2013).

15 Cropley, E. (2013, September 25). Anglo South Africa settles silicosis case with 23 gold miners. Retrieved October 01, 2013, from Reuters: in.reuters.com/article/2013/09/25/us-angloamerican-silicosis-idINBRE9800GH20130925

16 Anglo American PLC (2013): Incident at Siphumelele mine in Rustenburg, 18 February: www.infomine.com/index/pr/PB283798.PDF (accessed 23.09.2013).

17 Heede, R. (2013, November 22). Tracing anthropogenic carbon dioxide and methane emissions to fossil fuel and cement producers, 1854–2010. Climatic Change: An Interdisciplinary, International Journal Devoted to the Description, Causes and Implications of Climatic Change. Retrieved November 25, 2013, from <http://link.springer.com/article/10.1007/s10584-013-0986-y/fulltext.html>.



◀ AngloGold Ashanti, main entrance to the Geita Gold Mine.
© Katrin Krämer

AngloGold Ashanti Ltd.

AngloGold Ashanti Limited is a multinational gold mining company headquartered in South Africa. It has over 20 operations and numerous exploration programs in established and emerging gold extracting regions of the world.¹

The company is not a UN Global Compact signatory. However through implementation of the Voluntary Principles on Security and Human Rights, AngloGold Ashanti Limited has attempted to align its security policies with internationally recognized human rights principles.²

Recent reports accuse the company of threatening biodiversity, using highly toxic chemicals, polluting water sources, intensifying deforestation, and expelling local populations from their land.

In 2007, the Tanzanian government evicted residents from the town of Mine Mpya to make way for AngloGold Ashanti's Geita Gold Mine (GGM). Residents were relocated to a tent city that borders the mine, Sophiatown, where they have been living for the past six years. Wastewater dumped from the mine is highly toxic and threatens to contaminate people and farm animals.³ The displaced residents have not received compensation for their seized lands or for the loss of their livelihoods. Residents live under deplorable living conditions in the tent city subsisting on nominal incomes gleaned from sporadic farm and labor jobs.⁴

Before the arrival of the Geita Gold Mine, locals used the land for small-scale mining operations. Today, if people tread onto mine property they are treated as illegal imposters. There have been frequent run-ins with security personnel, several of which have led to injuries and killings. One such incident occurred in June 2012 when 17-year-old

| Estimated value of managed shares and bonds: | |
|---|--------------|
| Allianz | 191 |
| UniCredit | 27 |
| ING | 25 |
| Credit Suisse | 21 |
| Deutsche Bank | 10 |
| Estimated value of underwritten shares and bonds: | |
| Deutsche Bank | 352 |
| Loans: | |
| Deutsche Bank | 48 |
| UBS | 48 |
| 2012 Turnover: | 4.635,12* |
| 2012 Net profit: | 605,564* |
| ISIN: | ZAE000043485 |

Top Financial Transactions in € million
*Currency rate 31.12.2012

1 AngloGold Ashanti Limited. (2013). Corporate Profile. Retrieved September 09, 2013, from AngloGold Ashanti: www.anglogold.com/About%20our%20business

2 www.voluntaryprinciples.org/for-companies/

3 Ilham Rawoot, Victoria Schneider, Katrin Krämer, Felix Karlsson (2013): Dirty Profits Exposed. The Report, p. 8–11. www.facing-finance.org/en/publikationen/dirty-profits-exposed/

4 IRIN News (2013): Tanzanian farmers displaced by mining live like refugees, 13 June: www.irinnews.org/report/98150/tanzanian-farmers-displaced-by-mining-live-like-refugees (accessed 29.08.2013).

“We uphold and promote fundamental human rights where we do business. We contribute to building productive, respectful and mutually beneficial partnerships in the communities in which we operate.”

Mhoja Leonard went searching for scrap material at the Geita mine. Upon discovery, Mhoja was shot and killed by a security guard.⁵

In South Africa, miners who contracted silicosis signed a petition against 30 companies, AngloGold Ashanti included. Silicosis is estimated to affect more than 200,000 former miners. The disease often results from prolonged exposure to mine dust and can lead to tuberculosis. The petition affects 78 mines owned by 30 different companies that have operated in the region since 1965. In March 2011, South Africa's highest court permitted a former mineworker to file a 2.7 million-rand silicosis claim against AngloGold Ashanti, opening the door for subsequent lawsuits.⁶ In 2012, approximately 4,000 former miners suffering from silicosis and tuberculosis lodged the largest class action lawsuit in South African history against AngloGold Ashanti and two other mining companies. According to a human rights attorney, fewer than 5% of eligible former miners with tuberculosis and similar lung conditions receive compensation. Many of those who attain compensation, receive only negligible sums.⁷

The Federation for Sustainable Environment has accused AngloGold Ashanti of groundwater pollution following repeated leaks from its tailings dam in Stilfontein, South Africa. Radioactive contaminated groundwater near the Vaal River has reportedly seeped into local pastures and killed grazing cattle. A study conducted by the North-West University concluded that uranium levels in the livers of the deceased cattle were 4,350 times higher than normal.⁸ AngloGold

Ashanti is also involved in a case before the Gauteng North High Court for allegedly violating a Department of Water and Environmental Affairs directive by failing to prevent groundwater contamination.⁹

In Mali, local officials discovered the negative environmental impacts caused by mining activities through a series of mine inspections. Several mines, including the Sadiola and Yatela Mines, (a joint venture between AngloGold Ashanti, SEMOS, and Yatela), have been criticized for their detrimental environmental impacts. AngloGold Ashanti and other regional mine operators have been linked to bush fires, deforestation, and the use of cyanide – a highly toxic chemical – in their processing activities. Officials have reportedly called for the distribution of clean drinking water to affected communities in mining areas with severely contaminated water.¹⁰

The environmental authority of Tolima, Columbia, recently ordered AngloGold Ashanti to halt its controversial activities in a central Colombian village due to regulation breaches concerning exploration and water use.¹¹ In a binding referendum, 99% of 2,995 ballots cast in the municipality of Piedras were against the continuation of AngloGold Ashanti's controversial gold mining operations in the area. The inhabitants fear that gold mining will threaten drinking and agricultural water sources.¹²

→ Thomas Küchenmeister

- 9 Sue Blaine (2012): "DA urges action on Gauteng water quality", *Business Day South Africa*, 12 July: www.bdlive.co.za/articles/2012/07/11/da-urges-action-on-gauteng-water-quality (accessed 04.09.2013).
- 10 L'Essor (2013): *Exploitation minière: Le revers de la médaille*, 29 March: www.essorml.com/exploitation-miniere-le-revers-de-la-medaille.html (accessed 04.09.2013).
- 11 Johnny Crisp (2013): *Colombia orders AngloGold Ashanti to stop illegal mining exploration activities*, 13 May: colombiareports.co/columbia-orders-anglogold-ashanti-to-stop-illegal-mining-exploration-activities/ (accessed 04.09.2013).
- 12 Johnny Crisp (2013): *Colombia orders AngloGold Ashanti to stop illegal mining exploration activities*, 13 May: colombiareports.co/columbia-orders-anglogold-ashanti-to-stop-illegal-mining-exploration-activities/ (accessed 04.09.2013); Jürgen Vogt (2013): "Kolumbianer wählen Bergbau-Projekt ab. Das Dorf will kein Gold", *Taz*, 31 July: www.taz.de/Kolumbianer-waehlen-Bergbau-Projekt-ab/1120929/ (accessed 04.09.2013).

"On that day my son was shot by Geita Gold Mine security guards on the premises of the gold mine. He was on the way to collect the waste of the mine, it was the first time he had gone. There is no direct border so he didn't know at which point he was trespassing."

Leonard Salala Nyanga – his son was shot by Geita Mine security in 2012.

- 5 Zahra Molloo (2013): "Local miners left out by Tanzania gold rush", *Al Jazeera*, 8 June: www.aljazeera.com/indepth/features/2013/05/2013515161130258616.html (accessed 04.09.2013).
- 6 Paul Burkhardt (2013): "Anglo American Miners May Seek \$117,000 Each in Disease Suit", *Bloomberg*, 9 January: www.bloomberg.com/news/2013-01-09/anglo-harmony-workers-may-seek-117-000-each-in-silicosis-suit.html (accessed 04.09.2013).
- 7 Marc Howe (2012): *Miners file South Africa's biggest ever class-action lawsuit against gold giants*, 27 December: www.mining.com/miners-file-south-africas-biggest-ever-class-action-lawsuit-against-gold-giants-58764/ (accessed 04.09.2013).
- 8 Siphon Kings (2013): "AngloGold mine charged with radioactive contamination", *Mail and Guardian*, 8 January: mg.co.za/article/2013-01-08-mine-charged-with-radioactive-contamination (accessed 04.09.2013).



◀
Mountaintop removal in the
Appalachian Mountains
© Paul Corbit Brown

Arch Coal Inc.

Arch Coal Inc. is America's second largest coal producer. The company operates 32 active mines and has an estimated 5.5 billion tons of coal in U.S. reserves.¹

Arch Coal conducts the highly controversial practice of mountaintop removal (MTR) mining. Recent studies of mountaintop removal mining found that the practice causes "pervasive and irreversible" environmental damage. In MTR, mountain summits are blasted away to expose thin seams of coal buried below. After mountains are leveled off, the leftover dirt and rock – full of toxins from the mining process – is dumped into nearby valleys. Heavy metals and contaminants like cadmium, selenium, and arsenic then seep into the local groundwater supply. Mountaintop removal also pollutes the air with hazardous particles. Local communities have exhibited elevated risks of cancer, heart disease, kidney disease, birth defects, and premature mortality.²

Several examples of MTR are found in the Appalachian region of the United States where the mining technique has destroyed over 5,000 km² of mature hardwood forests. The Environmental Protection Agency (EPA) estimates that MTR has buried around 3,200 km of streambed.³

The EPA has been disputing the legality of Arch Coal's permit to expand its Spruce No. 1 mine for nearly 15 years. The expansion would make the mine one of the largest in the region.⁴ In 2013, the

EPA withdrew a permit allowing Arch Coal to dump contaminated waste from the Spruce No. 1 Mine into local streams.⁵

Arch Coal is awaiting a permit renewal to begin work at the Adkins Fork MTR mine near the town of Blair, West Virginia. The mine poses threats to the region's historic preservation, local ecosystems, and the local water supply. Company officials contended in an interview that, based on previous Arch Coal mining ventures near Blair, the mine, "would make life so miserable for many Blair residents that they would want to sell their homes and move."⁶

Arch Coal is criticized in Montana for its planned expansion of the Otter Creek coal mine. The proposed mining site lies between two national forests and would cover 7,639 acres of land. Environmental regulators stated that applications for the mine and a corresponding coal-transport railroad were incomplete. Mining activities have been postponed pending further environmental studies.⁷

Last year, Arch Coal agreed to a settlement of \$575,000 for Clean Water Act violations at its Eastern Kentucky mines.⁸

→ Barbara Happe

Estimated value of managed shares and bonds:

| | |
|---------------|-----|
| Allianz | 206 |
| UBS | 20 |
| ING | 12 |
| Deutsche Bank | 4 |
| UniCredit | 3 |

Estimated value of underwritten shares and bonds:

| | |
|---------------|----|
| Credit Suisse | 91 |
| ING | 6 |
| UBS | 5 |

Loans:

| | |
|---------------|-----|
| Credit Suisse | 190 |
| ING | 176 |
| UBS | 5 |

Turnover 2012: 3.146,50*

Net profit 2012: -517,45*

ISIN: US0393801008

Top Financial Transactions in € million

*Currency rate 31.12.2012

1 Reuters (2013): Profile. Arch Coal Inc (ACI): www.reuters.com/finance/stocks/companyProfile?symbol=ACI (accessed 23.09.2013).
 2 M. A. Palmer et al. (2010): "Mountaintop Mining Consequences", Science Magazine, 327(5962), pp. 148-9: www.sciencemag.org/content/327/5962/148.summary?HITS=10&maxtoshow=&resourcetype=HWCIT&RESULTFORMAT=&FIRSTINDEX=0&searchid=1&hits=10&fulltext=mountaintop%20mining (accessed 23.09.2013).
 3 Physicians for Social Responsibility (2010): Mountaintop Removal. 'Pervasive and irreversible' Damage in Appalachia: www.psr.org/environment-and-health/code-black/mountaintop-removal.html (accessed 23.09.2013).
 4 Manuel Quinones (2013): "Coal. Appeals court backs EPA in battle over retroactive veto of Clean Water Act permit", Greenwire, 23 April: www.eenews.net/stories/1059979957 (accessed 23.09.2013).

5 The Wall Street Journal (2013): Arch Coal Set Back in Fight Over Mine, 23 April: online.wsj.com/article/SB10001424127887323551004578441083674958850.html (accessed 23.09.2013).
 6 Ken Ward Jr. (1998): "Buying Blair"; Sunday Gazette Mail, 22 November: www.vwgazette.com/static/series/mining/MINE1122.html (accessed 23.09.2013); Ben Collins (2013): "It's Easier to Mine Coal Without People Around", The Understory, 4 March: understory.ran.org/2013/03/04/its-easier-to-mine-coal-without-people-around/ (accessed 23.09.2013).
 7 Associated Press (2013): Regulators seek more information on Otter Creek coal mine proposal, 16 April: billingsgazette.com/news/state-and-regional/montana/regulators-seek-more-information-on-otter-creek-coal-mine-proposal/article_04957f22-0fe0-5fd7-9294-92b5e2377eae.html (accessed 23.09.2013).
 8 Dylan Lovan (2012): "Arch Coal Fines Settled After Clean Water Act Violations Lawsuit", Huffington Post, 21 September: www.huffingtonpost.com/2012/09/21/arch-coal-fines-clean-water-act_n_1903251.html (accessed 23.09.2013).

"We want a different future for our children. Coal is a dead end for us. (...) We will fight this till the end."

Vanessa Braided Hair, Northern Cheyenne wildlands firefighter and community organizer

"As a natural resource company, we take our responsibility to the land seriously."



AREVA S.A.

Estimated value of managed shares and bonds:

| | |
|-------------|----|
| UniCredit | 17 |
| BNP Paribas | 10 |
| DekaBank | 10 |
| DZ Bank | 8 |
| Belfius | 4 |

Estimated value of underwritten shares and bonds:

| | |
|---------------|-----|
| BNP Paribas | 125 |
| Credit Suisse | 100 |
| Deutsche Bank | 100 |

Loans:

| | |
|---------------|----|
| BNP Paribas | 94 |
| UniCredit | 94 |
| Credit Suisse | 45 |
| Deutsche Bank | 45 |

Turnover: 9,342.00

Net Income: -99.00

ISIN: FR0011027143

Top Financial Transactions in € million
*Currency rate 31.12.2012

AREVA S.A. is a multinational energy conglomerate headquartered in Paris. AREVA is ranked first in global nuclear power and is active in every industrial activity related to nuclear energy production. The AREVA group has an industrial presence in 43 countries, employs over 46,000 people, and is a non-communicating participant of the UN Global Compact.^{1,2}

AREVA is a leader in nuclear power plant construction. The company is currently constructing Finland's fifth nuclear reactor (Olkiluoto 3), a third-generation European Pressurized Reactor (EPR). The project has suffered multiple delays and is billions of euros over budget.³

AREVA is also engaged in negotiations with the Indian government to construct six 1,650 MW EPR nuclear reactors in Jaitapur. If completed, the Jaitapur Nuclear Power Project would be the largest nuclear power plant in the world.⁴ Jaitapur

is located in a seismically sensitive area classified as a Moderate Damage Risk Zone (Zone III).

The Geological Survey of India reported over 92 earthquakes in this region between 1985 and 2005, the strongest of which registered a 6.2 on the Richter scale.⁵ People living in and around the reactor site fiercely oppose the project. In April 2011, local police killed one protester and injured several others while attempting to subdue a disgruntled mob.⁶

AREVA is the second largest uranium producer in the world (16% market share in 2011). The company has a multitude of uranium mining operations across the globe in countries like Niger, Canada, Australia, and Kazakhstan.⁷ Nevertheless, the company extracts approximately one-third of their uranium from just two mines in Niger, which is one of Africa's poorest countries despite being the world's third largest uranium producer for

1 AREVA (2013): Group: www.AREVA.com/EN/group-57/global-leader-in-nuclear-energy-and-renewable-energy-solutions.html (accessed 02.10.2013).

2 <http://unglobalcompact.org/index.html>

3 Reinhard Wolff (2012): „Kosten für AKW in Finnland verdreifacht“, TAZ, 19 December: www.taz.de/1/archiv/digitaz/artikel/?ressort=wu&dig=2012%2F12%2F19%2Fa0076&cHash=63f8c9fbf40a8b3915977cd67abf8124 (accessed 02.10.2013).

4 Greenpeace (n.d.): Jaitapur nuclear power plant: www.greenpeace.org/india/en/What-We-Do/Nuclear-Unsafe/Nuclear-Power-in-India/Jaitapur-nuclear-power-plant/ (accessed 01.10.2013).

5 B. Viju (2011): "20 years, 92 quakes: Ground trembles beneath Jaitapur's feet", Times of India, 16 March: http://articles.timesofindia.indiatimes.com/2011-03-16/india/28699015_1_jaitapur-nuclear-power-plant-earthquake (accessed 02.10.2013).

6 Hindustan Times (2011): 1 dead in firing in Jaitapur N-plant protest, 19 April: www.hindustantimes.com/India-news/Mumbai/1-dead-in-firing-in-Jaitapur-N-plant-protest/Article1-686937.aspx (accessed 02.10.2013).

7 AREVA (2013): Our worldwide presence: www.AREVA.com/EN/maps-59/AREVA-worldwide-presence.html (accessed 01.10.2013).

"AREVA feels a strong sense of responsibility towards our neighbors on this planet and towards the generations that will succeed us."



▲
Mountain of uranium tailings in Niger
© Greenpeace International

over 40 years.⁸ AREVA plans to open a third uranium mine – Africa’s largest – in Niger in 2015.⁹

The long-term consequences of uranium mining are apparent in Niger. Uranium mining has been prevalent in Niger for over 40 years. According to Greenpeace’s 2010 report, water, air, and soil contamination levels in the mining towns of Arlit and Akokan exceed international limits.¹⁰ Furthermore, sludge produced through AREVA’s operations was haphazardly dumped into large piles allowing radioactive dust and radon gas to seep into the open air.

In May 2012, a French court ruled that AREVA had made an “inexcusable mistake” regarding a former employee’s death from lung cancer. The employee worked for seven years at a mine operated by Cominak, an AREVA subsidiary in Akokan, regularly inhaling uranium dust without adequate protective gear. The court ordered AREVA to pay €200,000 in damages to the employee’s family.¹¹

For 40 years, Comuf, an AREVA subsidiary, mined uranium in Mounana, southern Gabon. Scores of former Gabonese and French miners have consequently died.¹² Nearby residents have also suffered from life-threatening illnesses. Though operations at the Mounana mine were halted in 1999, a study commissioned by the European Parliament in 2010 acknowledged that “past mining activities continue to pose health risks to the local population and environment.”¹³ AREVA, amidst pressure from civil society to remedy the enduring public health hazards, launched a health and compensation initiative in 2010. However, the program failed to meet the needs of the local population, prompting NGOs to terminate their cooperation with AREVA saying, “[...] AREVA management had reduced the implementation of agreements to a publicity campaign.”¹⁴ Criticisms of the program included compensations given only to families of French workers, overlooking local miners. Furthermore, AREVA’s attempt at site cleanup was inadequate and poorly executed. Locals continue to be exposed to toxic levels of

8 NIAMEY. (2013, October 05). Audit of Areva mines in Niger to conclude this month: ambassador. Retrieved October 30, 2013, from Reuters: www.reuters.com/article/2013/10/05/us-niger-areva-idUSBRE99405V20131005

9 AREVA (2013): Update on AREVA’s activities in Niger, 11 March: www.AREVA.com/EN/news-9723/update-on-AREVA-s-activities-in-niger.html?idlist=activities|2596&urlreturn=activities|635&urllist=?xtmc=niger&xtr=5 (accessed 02.10.2013).

10 Greenpeace. (2010). Left in the dust: AREVA’s radioactive legacy in the desert towns of Niger. Retrieved October 29, 2013, from www.greenpeace.org/international/Global/international/publications/nuclear/2010/AREVA_Niger_report.pdf

11 Le Monde (2012): AREVA condamné après la mort par cancer d’un ex-salarié d’une mine d’uranium, 11 May: www.lemonde.fr/planete/article/2012/05/11/AREVA-condamne-apres-la-mort-par-cancer-d-un-ex-salarie-d-une-mine-d-uranium_1699804_3244.html (accessed 02.10.2013).

12 Res Gehriger (2004): “Gabon. Unregulated Mining Endangers Lives”, WISE/NIRS Nuclear Monitor, 616: www.wise-uranium.org/pdf/nm616ga.pdf (accessed 02.10.2013); France 24 English (2011): Gabon: The impact of AREVA’s uranium mining, video: www.youtube.com/watch?v=iw-igDQh8kY (accessed 02.10.2013).

13 European Parliament (2010): “Potential use of radioactively contaminated mining materials in the construction of residential homes from open pit uranium mines in Gabon and Niger”, Directorate B Policy Department Study, online available at: http://www.ecologic.eu/download/projekte/2610/Potential%20use%20of%20radioactively%20contaminated%20mining%20materials%20in%20Gabon%20and%20Niger_published.pdf (accessed 02.10.2013).

14 Khephren Fanga (2012): “Sherpa withdraws from AREVA Talks”, Gabonews, 19 December: en.gabonews.com/headlines-reader-en/items/sherpa-withdraws-from-AREVA-talks.html (accessed 02.10.2013).

“This kind of arrangement cannot contribute to poverty reduction and local development, as the transparent and broad participation of the local communities is neglected. This arrangement will, instead, lead to total forest and livelihood destruction.”

Golden Misabiko, Human Rights Activist from DRC



▲ ▶
Radiation measurements in Akokan, Niger
© Greenpeace International



radiation.¹⁵ Despite its unfinished business, AREVA has launched exploration campaigns in Gabon to renew its uranium mining operations in the country.¹⁶

AREVA's operations lack respect for the environment, human rights, and labor rights. The company faces significant opposition regarding its plans to expand its uranium mining operations. AREVA has obtained 28 uranium exploration licenses and is currently exploring an area of nearly 5,400 square miles in Mongolia. More than 300 herding families and 12 civil society groups are demanding independent testing of the exploration area and the cessation of uranium

exploration in the region. Locals fear that a mining boom will destroy the region's unique grassland ecosystem and their traditional way of life.¹⁷

Following two years of confidential negotiations, the government of the DRC granted AREVA uranium exploration and exploitation permissions for the entire country. Few details of the agreement have been released. AREVA, the French government, and the government of the DRC are all EITI (Extractive Industries Transparency Initiative) participants. Its confidential agreement is, therefore, in violation of the EITI's principle on transparency.¹⁸

→ Barbara Happe & Didrot Nguéjrou & Golden Misabiko

"The analysis ... show that the uranium contamination in four out of five water samples exceeds World Health Organisation safety limits. We found evidence of radon, a radioactive gas dissolved in water and also chemical elements. Even so, this water is still being distributed to the population and the workers for consumption"

Bruno Chareyron, CRIIRAD

15 Grégoire Allix (2012): "AREVA accusée de négliger l'impact de ses mines d'uranium en Afrique", Le Monde, 18 December: www.lemonde.fr/planete/article/2012/12/18/AREVA-accusee-de-negliger-l-impact-des-mines-d-uranium-en-afrique_1808021_3244.html (accessed 02.10.2013).

16 AREVA (n.d.): AREVA Gabon. Discovering new deposits: www.AREVA.com/EN/operations-585/AREVA-gabon-discovering-new-deposits.html (accessed 02.10.2013).

17 Michelle Tolson (2013): "In Mongolia's Gobi Desert, Increased Mining Activities Raise Pollution Fears", Earth Island Journal, 1 July: www.earthisland.org/journal/index.php/elist/eListRead/in_mongolias_gobi_desert_increased_mining_activities_raise_pollution_fears/ (accessed 02.10.2013).

18 Ecumenical Network Central Africa (2011): Uranium Mining in the DR Congo: A Radiant Business for European Nuclear Companies: www.nuclear-risks.org/fileadmin/user_upload/pdfs/Uranium_Mining_in_the_DRC_OENZ_June_2011.pdf (accessed 23.10.2013).

BAE Systems plc

Headquartered in the U.K., BAE Systems is one of the world's largest arms producers. Its products include fighter aircraft, warships, tanks, armored vehicles, artillery systems, missiles, and munitions. BAE caters to clients – 95% of which are military – in more than 100 countries. BAE has five “home markets” in the U.K., U.S., Saudi Arabia, Australia, and India. BAE ranked third in Sipri’s “Top 100 arms-producing and military services companies in the world excluding China, 2011” list.¹

In 2012, company sales totaled £17.8 billion (approx. €21 billion), down from £22.3 billion in 2010. Sales to countries outside the U.S. and U.K. increased to £11.2 billion (approx. €13 billion) constituting 62% of total sales in 2012.²

BAE is focused on increasing its sales to Asia and the Middle East. They recently closed a £2.5 billion (approx. €3 billion) deal to supply Eurofighter Typhoon and Hawk combat jets to Oman.³

They are also negotiating the supply of Eurofighter Typhoon jets to Bahrain and the United Arab Emirates.^{4,5} Their key market, however, is in Saudi Arabia. British Aerospace’s (later BAE Systems) mid-80s Al Yamamah deal was a record-breaking arms deal for the U.K.⁶ Later, the Salam Deal supplied 72 Eurofighter Typhoon

aircraft to the Royal Saudi Air Force.⁷ BAE also has contracts with the Saudi Arabian National Guard supplying military products like the Tactical armored vehicles that were used during Saudi Arabia’s March 2011 invasion of Bahrain. BAE maintains that its relations with Saudi Arabia are beneficial, that the Saudi Arabian society is becoming more open, and that conditions are improving. Despite these claims, Saudi Arabia is ranked 163rd out of 167 countries in the Economist Intelligence Unit’s “Democracy Index 2012” report.⁸

Corruption is a recurrent feature of BAE dealings. A multimillion-dollar “slush fund” during the Al Yamamah deal went towards entertaining prominent Saudi Arabian figures on their visits to the West.⁹ In 2006, Prime Minister Tony Blair forced his attorney-general to halt the Serious Fraud Office’s investigation into BAE activities abroad as they pertained to Saudi Arabia.¹⁰

In 2010, BAE pled guilty to conspiring to defraud the U.S. Government and was fined \$400 million by the U.S. Department of Justice. A U.K. court ordered a £30 million penalty for the controversial sale of military radar equipment to Tanzania.¹¹ The U.S. Department of State subse-

Estimated value of managed shares and bonds:

| | |
|---------------|-----|
| Allianz | 167 |
| Deutsche Bank | 140 |
| UBS | 67 |
| DZ Bank | 23 |
| Credit Suisse | 19 |

Estimated value of underwritten shares and bonds:

| | |
|---------------|-----|
| Credit Suisse | 187 |
| Deutsche Bank | 187 |
| BNP Paribas | 125 |

Turnover 2012: 20.308,90*

Net profit 2012: 1.305,50*

ISIN: GB0002634946

Top Financial Transactions in € million

*Currency rate 31.12.2012

1 SIPRI (2013): The SIPRI Top 100 arms-producing and military services companies in the world excluding China, 2011: www.sipri.org/research/armaments/production/Top100 (accessed 11.09.2013).

2 BAE Systems (2013): Investors. 2012 Results: bae-systems-investor-relations-v2.production.investis.com/2012-results.aspx

3 Rachel Cooper (2012): “BAE secures £2.5bn jet deal with Oman”, The Telegraph, 12 December: www.telegraph.co.uk/finance/newsbysector/industry/defence/9760059/BAE-secures-2.5bn-jet-deal-with-Oman.html (accessed 11.09.2013).

4 Rhys Jones (2013): “Bahrain in talks over possible Eurofighter deal. BAE”, Reuters, 7 August: www.reuters.com/article/2013/08/07/us-britain-typhoon-bahrain-idUSBRE9760KJ20130807 (accessed 11.09.2013).

5 Shehab Al Makahleh (2013): “UAE likely to buy 60 Eurofighter Typhoon jets”, Gulf News, 21 February: gulfnews.com/business/general/uae-likely-to-buy-60-eurofighter-typhoon-jets-1.1149180 (accessed 11.09.2013).

6 David Leigh and Rob Evans (2011): “The BAE Files. Secrets of al-Yamamah”, The Guardian: www.theguardian.com/baefiles/page/0,,2095831,00.html (accessed 11.09.2013).

7 Jones, R. (2012, April 03). UPDATE 1-BAE Systems signs Saudi-Eurofighter deal. Retrieved September 19, 2013, from Reuters: www.reuters.com/article/2012/04/03/baesystems-saudi-idUSL6E8F38YA20120403

8 Economist Intelligence Unit. (2013). Democracy index 2012: Democracy at a Standstill. Retrieved September 19, 2013, from The Economist Intelligence Unit: www.eiu.com/Handlers/WhitepaperHandler.ashx?fi=Democracy-Index-2012.pdf&mode=wp&campaignid=DemocracyIndex12

9 David Leigh and Rob Evans (2010): “BAE and the Saudis: How secret cash payments oiled £43bn arms deal”, The Guardian, 5 February: www.theguardian.com/world/2010/feb/05/bae-saudi-yamamah-deal-background (accessed 11.09.2013).

10 David Leigh and Rob Evans (2007): “How Blair put pressure on Goldsmith to end BAE investigation”, The Guardian, 21 December: www.theguardian.com/world/2007/dec/21/bae.tonyblair; (accessed 11.09.2013).

11 Leigh, D., & Evans, R. (2010, February 06). BAE admits guilt over corrupt arms deals. Retrieved September 19, 2013, from The Guardian: www.theguardian.com/world/2010/feb/05/bae-systems-arms-deal-corruption

“[BAE is] one of the leading and most ethical companies”.

Dick Olver, Chairman of BAE Systems



◀ Civil society protest against BAE Systems.
© CAAT

quently fined BAE \$79 million in May 2011 for violations of the Arms Export Control Act. BAE only narrowly escaped debarment from U.S. government contracts.¹²

Former international banker Terry Crawford-Browne claimed that loan agreements between Barclays and BAE covering a BAE arms deals were fraudulent, and that BAE paid bribes of £115 million in order to secure contracts.¹³

BAE attempted to clean up its image by commissioning the Woolf Committee to deliver a report on their ethics policies. However, the report said that BAE “failed to pay sufficient attention to ethical standards.”¹⁴ At BAE’s 2013 AGM, Chairman Dick Olver claimed that BAE was “one

of the leading and most ethical companies.”¹⁵ The Campaign Against Arms Trade (CAAT) has repeatedly probed BAE’s board of directors concerning the company’s ethics, allegations of corruption, their relationship with repressive and undemocratic governments, and the inherent ethical contradictions in manufacturing and selling weapons.

→ Kaye Stearma, CAAT

“We ridiculed the chairman’s claims that doing the right thing ‘is becoming an almost subconscious response’ by presenting him with a ‘Whitewasher of the Year’ award.”

CAAT spokesperson

12 U.S. Department of State (2011): BAE Systems plc Enters Civil Settlement of Alleged Violations of the AECA and ITAR and Agrees to Civil Penalty of \$79 million, 17 May: www.state.gov/r/pa/prs/ps/2011/05/163530.htm (accessed 11.09.2013).

13 17.07.2012 SAPA (2012): Call to probe Barclays links to arms deal, 17 July: mg.co.za/article/2012-07-17-call-to-probe-barclays-links-to-arms-deal (accessed 11.09.2013).

14 Gray, S., Leigh, D., & Evans, R. (2008, May 6). BAE paid too little heed to ethics, says report. Retrieved September 13, 2013, from the guardian: www.theguardian.com/business/2008/may/06/baesystemsbusiness.armstrade

15 Campaign Against Arms Trade (2013): BAE Systems: www.caat.org.uk/resources/companies/bae-systems/ (accessed 11.09.2013).



◀
Maganga Marko, 24, resident of Ikandilo, is suffering from a skin disease caused by the Ikandilo water source next to the Buzwagi mine.
© Katrin Krämer

Barrick Gold Corp.

Barrick Gold Corporation is a Canadian mining company and, with 27 mines in operation, the largest gold producer in the world. The company has regional business units in North America, South America, Australia, and Africa. Barrick Gold's subsidiary (73.9%), African Barrick Gold (ABG), is a publicly listed company (GB00B61D2N63).

Through implementation of the Voluntary Principles on Security and Human Rights, Barrick Gold has attempted to align its security policies with internationally recognized human rights principles.¹

Barrick Gold is also a participant of the UN Global Compact, which asks companies to support and respect the protection of internationally proclaimed human rights.²

To date, at least 10 financial institutions have excluded Barrick Gold from their investment portfolios due to the company's long history of security, environmental, and human rights related abuses.³

Barrick's controversial Pascua Lama Gold Project on the Chile-Argentine border received an OECD complaint in 2011 for water, air, and soil pollution.⁴ In May 2013, Chilean authorities fined Barrick \$16 million and ordered the project's suspension pending the construction of a wastewater management system.⁵ A subsequent July 2013 Chilean court ruling also ordered the suspension of the project citing environmental concerns.⁶ Chilean government officials described Barrick's Pascua-Lama environmental breaches as "very serious."⁷ In August 2013, Barrick Gold admitted to committing violations at the Pascua Lama Gold Project, saying it viewed the decision to halt Chilean operations as "rightful." The company claims to have submitted a compliance

Estimated value of managed shares and bonds:

| | |
|---------------|-----|
| Allianz | 536 |
| ING | 148 |
| Deutsche Bank | 111 |
| UBS | 74 |
| DekaBank | 30 |

Estimated value of underwritten shares and bonds:

| | |
|---------------|----|
| BNP Paribas | 72 |
| Deutsche Bank | 72 |
| UBS | 72 |

Loans

| | |
|---------------|-----|
| BNP Paribas | 225 |
| UBS | 216 |
| Deutsche Bank | 118 |
| ING | 107 |

Turnover 2012: 11.025,9*

Net profit 2012: -504,34*

ISIN: CA0679011084

Top Financial Transactions in € million

*Currency rate 31.12.2012

1 www.voluntaryprinciples.org/for-companies/

2 unglobalcompact.org/index.html

3 Norwegian Ministry of Finance (2009): Mining company excluded from the Government Pension Fund, 30 January: www.regjeringen.no/en/dep/fin/press-center/Press-releases/2009/mining-company-excluded-from-the-governm.html?id=543107 (accessed 10.09.2013); see also table at page 117

4 OECD Watch (2013): FOCO et al vs Barrick Gold: oecdwatch.org/cases/Case_221 (accessed 10.09.2013).

5 BBC News (2013): Chile fines Barrick Gold \$16m for Pascua-Lama mine, 24 May 2013: www.bbc.co.uk/news/world-latin-america-22663432 (accessed 10.09.2013).

6 Reuters (2013): Group seeks re-evaluation of Chile's Pascua-Lama project, 22 July: www.reuters.com/article/2013/07/22/us-chile-barrick-indigenous-idUSBRE96L0SS20130722 (accessed 10.09.2013).

7 See supra note 5

"Nothing is more important to Barrick than the safety, health and well-being of our workers and their families."



◀
Ikandilo water source next to the Buzwagi mine.
© Katrin Krämer

plan to the Chilean regulatory authorities to complete the water management system by 2014.⁸

Clashes during protests at Barrick Gold's Pueblo Viejo Mine in the Dominican Republic killed one protester and one police officer. Protesters were demonstrating for greater community benefits. Several injuries were reported following the protests.⁹ The Dominican Republic recently fined Barrick Gold \$23.2 million for falsifying customs declarations in their gold exports. The company reportedly circumvented customs duties on gold shipments worth an estimated \$850 million.¹⁰

Clashes were also reported at a Barrick gold mine located in the northern Peruvian Ancash region. Demonstrators, demanding the company operate nearby towns with water, clashed with police killing one and injuring at least four.¹¹

MiningWatch Canada was party to the 2011 OECD complaint against Barrick Gold for its human rights violations at the Porgera JV Mine in Papua New Guinea (see Dirty Profits I). While the complaint was successful and led a mediation process, Barrick's failure to implement the agreed-upon reforms drove MiningWatch Canada to withdraw from talks. MiningWatch Canada

criticized Barrick's grievance mechanisms, particularly those regarding women raped by PJV employees on mine property; the organization condemned the company's practice of requiring women to agree not to take legal action against the company in order to receive treatment.¹²

One of African Barrick Gold's newest projects, the Buzwagi open-pit mine, has been operating in northwest Tanzania since 2009 and is expected run through 2020. The mine was constructed in the Khandilo village without prior consultation to surrounding communities. Residents were given the option to move, however, many could not afford to abandon their fields. Those who agreed to move claim they were given a compensation of 700,000 Tanzanian Shillings (approx. €325). Those who chose to remain were subjected to the mine's blasting activities. Since then, more than 200 houses near the mine have collapsed into ruins; villagers still mourn a child killed in one such incident.¹³

→ Thomas Küchenmeister

"It has ruined our lives, destroyed our forest and contaminated our mango trees. People need compensation for their broken homes. When we report to the local government authority, nothing ever happens."

Generous Manyanda

8 Cecilia Jamasmie (2013): Barrick admits violations in Pascua Lama, vows to make 'things right', 27 August: www.mining.com/barrick-admits-violations-in-pascua-lama-vows-to-make-things-right-63547/?utm_source=digest-en-mining-130827&utm_medium=email&utm_campaign=digest (accessed 10.09.2013).

9 Observatorio Latinoamericano de Conflictos Ambientales (2013): Dos muertos y varios heridos en violentas protestas contra Barrick Gold, 23 April: olca.cl/articulo/nota.php?id=103073 (accessed 10.09.2013).

10 Servindi (2013): República Dominicana: Barrick Gold cometió cadena de fraudes para incrementar beneficios, 2 April: servindi.org/actualidad/84952 (accessed 10.09.2013).

11 BBC News (2012): Deadly clash at Peru protest over Barrick gold mine, 20 September: www.bbc.co.uk/news/world-latin-america-19669760 (accessed 10.09.2013).

12 OECD Watch (2013): MiningWatch Canada et al vs. Barrick Gold Corporation: oecdwatch.org/cases/Case_210 (accessed 10.09.2013)

13 Ilham Rawoot, Victoria Schneider, Katrin Krämer, Felix Karlsson (2013): Dirty Profits Exposed. The Report, p. 14. www.facing-finance.org/en/publikationen/dirty-profits-exposed/



◀ Elong Emmanuel at his father's grave in the former Mbonjo community graveyard.
© Isabelle Alexandra Ricq

Bolloré Group

Originally founded in 1822 under the trade name “Papeteries Bolloré,” the French Bolloré Group has established a global presence.¹ Bolloré now claims to be among the top 500 global business groups – particularly in recent years under Vincent Bolloré’s leadership.² Vincent Bolloré reportedly maintains close ties to politicians in the countries where his company operates.³ Bolloré was the recipient of Friends of the Earth France’s 2012 “Pinocchio Prize,” awarded to companies that “contradict the concept of sustainable development, despite boasting ‘green’ credentials.”⁴ Bolloré is a participant of the UN Global Compact, which asks companies to support and respect the protection of internationally proclaimed human rights.⁵

The company’s agricultural ventures are widely criticized for deforestation, land grabbing, chemical pollution, poor working conditions, degrading the social and economic conditions of local and indigenous populations, industry monopolization, and intimidating journalists and

the media.^{6,7,8} The majority of Africa’s rubber and palm oil plantations are located in the countries of Cameroon, Ivory Coast, Liberia, Sierra Leone, and Nigeria. Problems that are prevalent in Africa occur in Asia as well, (e.g., in Cambodia and Indonesia).

Since the World Bank-led privatization of Cameroon’s state owned companies in 2000, Bolloré controls several rubber and palm oil plantations, (e.g. SOCAPALM and SAFACAM with locations in Kienké, Dizangué, and Dibombari). The takeover has led to the forced evictions of local communities like the Bagyeli. The group’s day-to-day activities have become increasingly difficult due to the plantation’s annual expansion rate of approximately 1000 ha per year until 2013.⁹ The expansions have reduced their access to ancestral lands and vital resources. SOCAPALM offers limited job opportunities with abysmal living and working conditions.¹⁰

| Estimated value of managed shares and bonds: | |
|--|---|
| UBS | 4 |
| BlackRock Germany | 2 |
| Credit Suisse | 1 |
| DekaBank | 1 |

| Estimated value of underwritten shares and bonds: | |
|---|----|
| ING | 88 |

| Loans: | |
|-------------|-----|
| BNP Paribas | 280 |
| ING | 67 |

| | |
|----------------|------------|
| Turnover 2012: | 10.185,84* |
|----------------|------------|

| | |
|------------------|---------|
| Net profit 2012: | 669,41* |
|------------------|---------|

| | |
|-------|--------------|
| ISIN: | FR0000039299 |
|-------|--------------|

Top Financial Transactions in € million
*Currency rate 31.12.2012

1 African investments are incredibly dense in at least 43 countries: Frederic Mousseau (2012): Understanding land investment deals in Africa. Socfin land investment in Sierra Leone, Land Deal Brief, Oakland: The Oakland Institute: www.oaklandinstitute.org/sites/oaklandinstitute.org/files/OI_brief_socfin_agricultural_company.pdf (accessed 02.09.2013).

2 Bolloré (2006): Bolloré. 2005 Annual Report: globaldocuments.morningstar.com/documentlibrary/document/b54ea4ea2840acf0.msdoc/original (accessed 02.09.2013).

3 Survie.org (2000): Bolloré. monopoles services compris: survie.org/francafrique/diplomatie-business-et-dictatures/article/bolloré-monopoles-services-compris-170 (accessed 02.09.2013).

4 Les Amis de la Terre (2012): Lesieur, Bolera et Areva are the winners of the 2012 Pinocchio Prizes: www.prix-pinocchio.org/en/ (accessed 02.09.2013).

5 www.unglobalcompact.org/index.html

6 Global Research News (2013): Africa Land Grabs. Farmers in several African countries stand up against Bolloré, 5 June: www.globalresearch.ca/africa-land-grabs-farmers-in-several-african-countries-stand-up-against-bolloré/5337698 (accessed 02.09.2013).

7 Gontralpacific (2012): Conflit. Bolloré conteste une décision du gouvernement et refuse de payer une amende de 25 millions de FCFA, 21 September: www.gontralpacific.com/?p=1937 (accessed 02.09.2013).

8 Rue 89 (2013): Rue89 et Bastamag mis en examen sur plainte du groupe Bolloré, 1 August: www.rue89.com/2013/08/01/rue89-bastamag-mis-examen-plainte-groupe-bolloré-244686 (accessed 02.09.2013); World Rainforest Movement: Le groupe français Bolloré tente d’intimider les médias qui s’intéressent aux pratiques abusives dans ses plantations camerounaises: www.wrm.org.uy/countries/Cameroon/Bolloré_intimider.html (accessed 02.09.2013).

9 Marc Debels (2001): Le march des corps gras alimentaires: www.izf.net/pages/5020-cga/4729/ (accessed 02.09.2013).

10 World Rainforest Movement (2010): “French economic group Bolloré attempts to intimidate journalists who expose abusive practices on its plantations in Cameroon”, WRM Bulletin, 155: www.wrm.org.uy/bulletin/155/Bolloré.html (accessed 02.09.2013).

“In the village, we have young people [with] degrees who are unemployed. Socapalm only employs foreigners, as if we were nothing.”

François Kotto Mbelle, Planteur indépendant depuis 1998

“SOCFIN firmly believes in an environmental responsible management and cares about its social responsibilities.”

Furthermore, only 1/5 of SOCAPALM's employees receive social security benefits – self-proclaimed “SOCAPALM's slaves.”¹¹ Open dialogue initiatives by the company are used to discourage protests and/or to maintain village stability.¹²

In 2006, the United Nations Mission in Liberia (UNMIL) investigated human rights violations among the country's rubber plantations. Among those investigated was the Liberian Agriculture Company (LAC, 13,600 ha), owned by Bolloré's subsidiary, Socfinal.¹³ The investigation raised serious concerns over child labor, lack of protection from carcinogenic substances, the suppression of trade unions, arbitrary dismissals, the use of paramilitary forces for security purposes, the forced eviction of peasant farmers within the plantation's expansion area, and a lack of collective bargaining.¹⁴ The LAC denied these allegations, claiming they were exaggerated.¹⁵

Socfin Agricultural Company (12,000 ha) is also criticized in Sierra Leone for exploitative practices associated with large-scale land acquisitions.¹⁶ Landowners were reportedly coerced into giving their land to the company without adequate compensation. Large-scale plantations now control about 17% of the arable land in Sierra Leone.¹⁷

Bolloré's subsidiaries manage large-scale plantations throughout Africa in countries like Ivory Coast (21,900 ha), Nigeria (15,600 ha), and the Democratic Republic of Congo (5,000 ha).¹⁸

Socfin-KCD (12,000 ha) began clearing fields and forests in Cambodia in December 2008.

Hundreds of peasant farmers from the Bunong group demonstrated after Socfin failed to compensate them fairly for the loss of their traditional lands.¹⁹ In Indonesia, Socfin has land concessions of around 48,000 ha. A report commissioned by Brot für die Welt found labor rights violations (e.g., a lack of personal protective equipment, union suppression, and frequent peasant conflicts) at several Socfin oil palm plantations.²⁰

In December 2010, the NGOs Sherpa, CED, FOCARFE and MISEREOR challenged the Bolloré Group by filing an OECD complaint against SOCAPALM. The report claims that the firm has negatively impacted the traditional livelihoods of local communities and plantation workers. On June 3, 2013, the French National Contact Point released a statement acknowledging that, “all four companies [...] violated OECD guidelines,” and recommended that SOCAPALM and the other companies involved resolve these violations.²¹ Currently, an umbrella organization, ReAct, is helping workers from Cameroon, Ivory Coast, and Liberia to lobby for a direct bargaining process with the European directors of Socfin and Bolloré.²² During Bolloré's June 2013 shareholder meeting in Paris, African farmers delivered a letter of complaint to Bolloré asserting their concerns related to the company's controversial practices in their countries.²³

→ Didrot Nguépjou & Julia Dubstaff

11 Oakland Institute (2012): Press Release. A New Report Exposes French Tycoon's Land Grab in Sierra Leone, 2 April: www.oaklandinstitute.org/press-release-new-report-exposes-french-tycoons-land-grab-sierra-leone (accessed 02.09.2013).

12 ReAct (2010): Case Study. Conflict between Socapalm and the residents of oil-palm plantations in Cameroon: projet-react.org/files/standard/public/p43_5cd4ee17bb5b7785e613591a6c92b867caseBolloresocapalm.pdf, p. 2-3 (accessed 02.09.2013).

13 UN Mission in Liberia (2006): Human Rights in Liberia's Rubber Plantations: Tapping into the Future: www.refworld.org/docid/473dade10.html (accessed 02.09.2013).

14 Frederic Mousseau (2012): Understanding land investment deals in Africa. Socfin land investment in Sierra Leone, Land Deal Brief, Oakland: The Oakland Institute: www.oaklandinstitute.org/sites/oaklandinstitute.org/files/OL_brief_socfin_agricultural_company.pdf (accessed 02.09.2013), p. 9.

15 Socfin (2006): UNMIL's Report on Human Rights at Liberia Agricultural Company “LAC”. LAC's Version: socfin.officity.com/Files/media/News/INTERCULTURES_S.A./Unmill_Report_LACs_version.pdf (accessed 02.09.2013).

16 Green Scenery (2011): The Socfin Land Deal Missing Out On Best Practices. Report on Fact finding Mission to Malen Chiefdom, Pujehun District, Sierra Leone, 13 May: www.greenscenery.org/index.php?option=com_joomdoc&task=doc_download&gid=53&Itemid=25 (accessed 02.09.2013); Frederic Mousseau (2012): See supra note 14.

17 Oakland Institute (2012): Press Release. A New Report Exposes French Tycoon's Land Grab in Sierra Leone, 2 April: www.oaklandinstitute.org/press-release-new-report-exposes-french-tycoons-land-grab-sierra-leone (accessed 02.09.2013).

18 Frederic Mousseau (2012): See supra note 14., p.7.

19 International Federation for Human Rights (2011): “Cambodia Land Cleared for Rubber Rights Bulldozed. The impact of rubber plantations by Socfin-KCD on indigenous communities in Bousra, Mondulakiri”, FIDH Report, 574a: www.fidh.org/IMG/pdf/report_cambodia_socfin-kcd_low_def.pdf (accessed 02.09.2013), p. 7; Woxx (2011): Menschenrechtsverletzung via Luxemburg, 11 March: www.woxx.lu/id_article/5127 (accessed 02.09.2013).

20 Saurin P Siagian, Amin Siahhaan Buyung and Nur Khairani (2011): The Loss of Reason. Human Rights Violations in the Oil-Palm Plantations in Indonesia: www.niemandisstuersichallein.de/downloads/niemand-isst-fuer-sich-allein/loss-of-reason.pdf (accessed 02.09.2013), pp. 27-9; Saurin Siagian and Lentera Rakyat (2012): From Bad to Worst. Palm Oil Expansion Impacts, Indonesia Case, Presentation: www.eine-welt-netz-nrw.de/seiten/fileadmin/ewn/seiten/Lako_2012/Saurin.pdf (accessed 02.09.2013).

21 OECD Watch (2013): Issue. Environmental and labour violations at SOCAPALM in Cameroon: oecdwatch.org/cases/Case_203/@casesearchview?type=Issue&search=en_Environmental%20and%20labour%20violations%20at%20SOCAPALM%20in%20Cameroon (accessed 02.09.2013).

22 ReAct (2013): Alliance of Bolloré agribusiness residents and workers in Africa: en.projet-react.org/web/react_en/37-plantations-bollore.php (accessed 02.09.2013); Farmlandgrab.org (2013): West African farmers stand up against Bolloré, 5 June: farmlandgrab.org/post/view/22157 (accessed 02.09.2013).

23 Synaparcam, SoGB residents committee, Concern Union Citizen, and MALOA (2013): Letter to Vincent Bolloré: www.grain.org/media/BAhbBlsHOGZmSSlyMjAxMy8wNi8wNSwOF800F80N183NTJfT-GV0dGVyX3RvX0JvbGxvcmUucGRmBjoGRVQ (accessed 02.09.2013); ReAct (2013): Lettre des riverains des plantations contrôlées par la Socfin, elle-même détenue majoritairement par le groupe Bolloré au président de ce dernier: projet-react.org/web/63-lettre-commune-des-riverains-a-vincent-bollore.php (accessed 02.09.2013).

“We are the legitimate owners of the land taken by Socapalm, we have been expropriated, we want to reclaim our rights over the land that has been taken by Socapalm.”

Raymond Mpah Tombé, Chef de la commission de recensement des terres de Bomono



Protest against fracking.
© Andrzej Bąk

Chevron Corp.

The Chevron Corporation is a leader in oil and gas production and exploration. The company, headquartered in San Ramon, California, USA, employs around 61,900 employees worldwide.¹ Through implementation of the Voluntary Principles on Security and Human Rights, Chevron has attempted to align its security policies with internationally recognized human rights principles.²

Chevron is currently engaged in appeals to overturn a lawsuit holding them responsible for their subsidiary (acquired in 2001), Texaco Petroleum Co.'s, vast oil contamination of Ecuador's Amazon region.³ Chevron has drawn the suit out for over a decade, despite multiple Ecuadorian court rulings ordering Chevron to pay the highest ever environmental fine for damages and clean-up costs.⁴ Chevron refutes the judgments and refuses to pay the fines claiming a "lack of judicial integrity," fraud, and misconduct.⁵

More than 5,000 residents have filed a class-action suit against Chevron following an August 2012 fire at the company's Richmond, California refinery. The incident sent over 15,000 people to local hospitals. The plaintiffs claim the company

ignored recommendations and warnings from its inspectors placing the lives of its employees and the surrounding communities at risk.⁶

Chevron has operated in Tengiz, Kazakhstan, since 1993. Its activities have led to increases in cancer rates, morbidity, and decreased life expectancy in the surrounding communities. Worker deaths, reportedly attributable to hydrogen sulfide poisoning, are frequent occurrences, making worker safety a top concern for activists.⁷ Labor rights violations such as the dissolution of independent trade unions, prolonged work hours, and pay discrimination, abound.⁸ Chevron's activities have also led to groundwater contamination and increases in seismic activity.⁹

Shale gas exploration methods, like hydraulic fracturing, have received significant criticism. Chevron currently extracts shale gas in several regions: China, USA (Northeast and Texas), Canada, Argentina, and Eastern Europe (Ukraine, Poland and Romania).¹⁰

| Estimated value of managed shares and bonds: | |
|---|--------------|
| Credit Suisse | 760 |
| Deutsche Bank | 491 |
| UBS | 489 |
| UniCredit | 311 |
| Allianz | 283 |
| ING | 283 |
| Estimated value of underwritten shares and bonds: | |
| BNP Paribas | 124 |
| Deutsche Bank | 62 |
| ING | 9 |
| Loans: | |
| ING | 15 |
| Turnover/Sales: | 168.429,00 |
| Net Income: | 19.805,6 |
| ISIN: | US1667641005 |

Top Financial Transactions in € million
*Currency rate 31.12.2012,
source: oanda.com

1 www.chevron.com/about/leadership/

2 www.voluntaryprinciples.org/for-companies/

3 Business and Human Rights (2013): Case profile: Texaco/Chevron lawsuits (re Ecuador): www.business-humanrights.org/Categories/Lawlawsuits/Lawsuitsregulatoryaction/LawsuitsSelectedcases/TexacoChevronlawsuitsreEcuador (accessed 17.09.2013); ChevronToxico (n.d.), The True Story of Chevron's Ecuador Disaster, video: www.chevrontoxico.com (accessed 17.09.2013)

4 Business and Human Rights (2013): Case profile: Texaco/Chevron lawsuits (re Ecuador): www.business-humanrights.org/Categories/Lawlawsuits/Lawsuitsregulatoryaction/LawsuitsSelectedcases/TexacoChevronlawsuitsreEcuador (accessed 17.09.2013)

5 Business and Human Rights (2013): Allegations of lack of judicial integrity in Texaco/Chevron lawsuits (re Ecuador) - plaintiffs' lawyers respond: www.business-humanrights.org/Documents/CasselrefraudallegationsChevronEcuadorLawyers (accessed 23.09.2013)

6 Robert Rogers (2013): "Richmond. Thousands more sue Chevron over refinery fire", Contra Costa Times, 13 August: www.contracostatimes.com/west-county-times/ci_23853762/thousands-more-sue-chevron-over-richmond-refinery-fire (accessed 23.09.2013)

7 Crude Accountability (2013): Republic of Chevron - 20 Years in Kazakhstan, Report: www.crudeaccountability.org/wp-content/uploads/2013/06/20130604-Chevron20YrsInKazakhstan-en.pdf pp.17-19. (accessed 23.09.2013)

8 See supra note 5, p. 20

9 See supra note 5, p. 17

10 Chevron (2013): Where we operate. Developing Natural Gas From Shale Rock: www.chevron.com/deliveringenergy/naturalgas/shalegas/whereweoperate/ (accessed 19.09.2013)

"Our company's values drive us to provide [...] energy responsibly while protecting the environment and working with our partners to strengthen communities."

The “hydraulic fracturing” or “fracking” process taps natural gas and other underground resources that would be otherwise unreachable by traditional means of extraction. The process involves shooting highly pressurized water, silica sand, and some 596 chemicals (arsenic, radioactive material, etc.) into the ground creating horizontal fractures in the earth’s crust that release and channel resources into horizontal wells and storage tanks. Leaks are frequent and research shows that shale gas’s “climate advantage” over coal will eventually disappear.¹¹

Hydraulic fracking raises several environmental concerns, in particular, the possibility that chemicals and released substances from the fracking process could contaminate groundwater.¹² Water used for hydraulic fracturing endangers employees, the public, and the environment if not properly decontaminated and disposed of. Many claim that groundwater contamination is already occurring in regions that permit fracking. Health conditions stemming from this type of water contamination range from mild dizziness, headaches, and asthma to cancer and permanent brain damage.¹³

France has already outlawed hydraulic fracking.¹⁴ Other countries, like Lithuania, have imposed environmental regulations.¹⁵

According to Lech Kowalski’s documentary, *Drill Baby Drill*, companies frequently dump contaminated wastewater from hydraulic fracking

into community fields and streams as an alternative to paying for wastewater treatment. Employees who do not comply with the practice risk losing their jobs.¹⁶

Chevron began extracting shale gas in Poland in 2012.¹⁷ Residents in the community of Żurawłów protested against drilling in their district.¹⁸ The company failed to adequately inform landowners of the consequences of extraction.¹⁹ Chevron’s seismic research in the area caused houses to crack; the repetitive explosions also contaminated local water. In Otyń, Poland, drilling activities caused a local church to collapse.²⁰ Several communities have complained to the European Commission claiming that the company’s Polish operations are not in accordance with EU standards regarding environmental destruction and public participation.²¹

A recent study conducted by the Climate Accountability Institute ranked Chevron first in attributable worldwide carbon dioxide and methane emissions compared to global totals between 1751 and 2010.²²

→ Solange Merienne

11 Bard Plumer (2012): “Can the problems with fracking be fixed?”, The Washington Post Wonkblog: www.washingtonpost.com/blogs/wonkblog/post/the-big-question-mark-on-fracking/2012/02/28/gIQAebfxgR_blog.html 28.02.2012 (accessed 23.09.2013)

12 Journalist Resource (2013): Fracking, shale gas and health effects. Research roundup: www.journalistsresource.org/studies/environment/climate-change/fracking-shale-gas-health-effects-research-roundup#27.05.2013 (accessed 23.09.2013)

13 Josh Fox (2010): Gasland, Documentary, Lighthouse Home Entertainment.

14 Tara Patel (2011): “France Vote Outlaws ‘Fracking’ Shale for Natural Gas, Oil Extraction”, Bloomberg, 1 July: www.bloomberg.com/news/2011-07-01/france-vote-outlaws-fracking-shale-for-natural-gas-oil-extraction.html (accessed 23.09.2013)

15 Bryan Bradley (2013): “Lithuania Amends Shale-Gas Laws Ahead of Possible Chevron Deal”, Bloomberg, 30 May: www.bloomberg.com/news/2013-05-30/lithuania-amends-shale-gas-laws-ahead-of-possible-chevron-deal.html (accessed 23.09.2013)

16 Lech Kowalski (2013): Drill Baby Drill, Documentary: www.lechkowalski.com/en/video/item/5/drill-baby-drill (accessed 23.09.2013)

17 Chevron (2013): Where we operate. Developing Natural Gas From Shale Rock: www.chevron.com/deliveringenergy/naturalgas/shalegas/whereweoperate/ (accessed 19.09.2013)

18 Ejolt (2013): Fracking. Activists occupy Chevron in Poland, 14 June: www.ejolt.org/2013/06/fracking-activists-occupy-chevron-in-poland/ (accessed 23.09.2013); Occupy Chevron Poland (2013): Solidarity of Warsaw with Żurawłów. We are with you on our struggle against Chevron, 25 June: www.occupychevron.tumblr.com/page/6 (accessed 23.09.2013)

19 Lech Kowalski (2013): Drill Baby Drill, Documentary: www.lechkowalski.com/en/video/item/5/drill-baby-drill (accessed 23.09.2013)

20 Marek Kryda (2013): W holenderskiej TV - gaz łupkowy i walące się polskie kościoły: www.marekkryda.natemat.pl/66083,w-holenderskiej-tv-gaz-lupkowy-i-walace-sie-polskie-kościoły (accessed 23.09.2013)

21 European Parliament (2013): Parliamentary Questions. Subject. Chevron Poland’s violations of the law and of the property rights and civic rights of owners of farm land in the village of Żurawłów, 20 June: www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+WQ+P-2013-007335+0+DOC+XML+V0//EN (accessed 23.09.2013)

22 Heede, R. (2013, November 22). Tracing anthropogenic carbon dioxide and methane emissions to fossil fuel and cement producers, 1854–2010. *Climatic Change: An Interdisciplinary, International Journal Devoted to the Description, Causes and Implications of Climatic Change*. Retrieved November 25, 2013, from <http://link.springer.com/article/10.1007/s10584-013-0986-y/fulltext.html>.

“[Chevron’s] actions will lead to irreversible destruction of the area’s natural environment – eventual fines will not remove the damage.”

Community member statement

Eurasian Natural Resources Corp.

The Eurasian Natural Resources Corp. (ENRC) is a diversified natural resources group headquartered in the United Kingdom. ENRC's activities include mining, processing, energy, logistics, and marketing operations. ENRC has operations in Kazakhstan, China, Russia, Brazil, and Africa (DRC, Zambia, Mozambique, and South Africa).¹

In 2013, the U.K.'s Serious Fraud Office investigated ENRC on allegations of fraud, bribery, and corruption in Kazakhstan and Africa.² ENRC's "opaque concession trading" practices in the Democratic Republic of Congo alone have cost the country billions of dollars in potential revenues – funds that could have gone towards rejuvenating underfunded public budgets, such as those for education, the environment, and healthcare.^{3,4}

Between 2010 and 2012, the DRC sold a significant amount of their state-owned copper and cobalt assets to offshore companies. In many cases, the offshore companies bought the assets at a fraction of their commercial value then sold them at grossly inflated prices. Several of these suspicious deals involved ENRC.⁵ Corruption and a lack of transparency make it very difficult to

understand these deals; however, the systematic undervaluation of assets undeniably robs states like the DRC of much-needed revenue.⁶ The Africa Progress Panel's recent report, "Equity in Extractives," identifies specific cases where ENRC benefited from DRC concession deals.⁷

People are often the ultimate victims of company misconduct. In 2009, for example, Zambia's 500,000 mining employees paid more taxes than the mining companies that employed them.⁸ In May 2013, Rights and Accountability in Development (RAID) filed a complaint against ENRC for committing human rights and environmental violations in the DRC village of Kisankala.⁹ The village's only source of clean water has been disrupted for over ten months following a conflict between security guards and miners. Other issues, like the threat of forced eviction and an apparent lack of environmental and social monitoring, are also included in the complaint.¹⁰

→ Andreas Missbach, Berne Declaration

Estimated value of managed shares and bonds:

| | |
|---------------|----|
| Allianz | 12 |
| Deutsche Bank | 12 |
| ING | 7 |
| Credit Suisse | 1 |
| UBS | 1 |

Loans:

| | |
|---------------|-----|
| UniCredit | 103 |
| Deutsche Bank | 67 |
| ING | 65 |
| Credit Suisse | 37 |

Turnover: 4.848,73*

Net Income: 616,83*

ISIN: GB00B29BCK10

Top Financial Transactions in € million

*Currency rate 31.12.2012

1 ENRC (2012): About Us. At a Glance: www.enrc.com/about-us/glance (accessed 12.09.2013)

2 Serious Fraud Office (2013): ENRC Plc., 25 April: www.sfo.gov.uk/our-work/our-cases/case-progress/enrc-plc.aspx (accessed 12.09.2013)

3 Annan report blasts ENRC for costing Congo \$725m (2013, May 09). Retrieved October 02, 2013, from Financial Times: www.ft.com/intl/cms/s/0/e486f064-b8c0-11e2-869f-00144feabdc0.html#axzz2gVllc8He

4 Christopher Thompson and William Wallis (2013): "Progress Panel has Congo deals in its sights", Financial Times, 9 May: www.ft.com/cms/s/0/169d4c0c-b8c5-11e2-a6ae-00144feabdc0.html#axzz2gSnYWMCS (accessed 01.10.2013); Szu Ping Chan and Emma Rowley (2013): "Kofi Annan report criticises 'opaque' Congo deals by ENRC", The Telegraph, 10 May: www.telegraph.co.uk/finance/newsbysector/industry/mining/10048447/Kofi-Annan-report-criticises-opaque-Congo-deals-by-ENRC.html (accessed 01.10.2013).

5 Global Witness. (2012, June). Global Witness Q&A on ENRC in the Democratic Republic of Congo. Retrieved October 07, 2013, from Global Witness: www.globalwitness.org/sites/default/files/DRC-GW%20secret%20sales%20ENRC%20Q%26A%20June%2012%202012.pdf

6 William Wallis, Anousha Sakoui and Caroline Binham (2013): "Annan report blasts ENRC for costing Congo \$725m", Financial Times, 9 May: www.ft.com/intl/cms/s/0/e486f064-b8c0-11e2-869f-00144feabdc0.html#axzz2gSnYWMCS (accessed 01.10.2013)

7 Africa Progress Panel (2013): "Equity in Extractives. Stewarding Africa's natural resources for all", Africa Progress Report 2013: www.africaprogresspanel.org/wp-content/uploads/2013/08/2013_APR_Equity_in_Extractives_25062013_ENG_HR.pdf (accessed 18.09.2013).

8 William Wallis, Anousha Sakoui and Caroline Binham (2013): "Annan report blasts ENRC for costing Congo \$725m", Financial Times, 9 May: www.ft.com/intl/cms/s/0/e486f064-b8c0-11e2-869f-00144feabdc0.html#axzz2gSnYWMCS (accessed 01.10.2013).

9 OECD Watch (2013): RAID vs. ENRC, 13 May: oecdwatch.org/cases/Case_295 (accessed 19.09.2013).

10 RAID (2013): "OECD Complaint Filed against Eurasian Natural Resources Corporation (ENRC) Regarding DRC Mining Communities", Press Release, 13 May: raid-uk.org/docs/Press_Releases/PR_ENRC_Complaint_13_05_13.pdf (accessed 16.09.2013).

"Africa could dramatically improve the lives of its people if they can ensure that they get a fair share of the revenues generated by the extractive industries."

Kofi Annan, former UN Secretary General and Chair of the Africa Progress Panel

"Mining, if managed responsibly, can play a significant role in economic and social development."

▶ A Russian Coast guard officer is seen pointing a knife at a Greenpeace International activist as five activists attempt to climb the 'Prirazlomnaya', an oil platform operated by Russian state-owned energy giant Gazprom platform in Russia's Pechora Sea. This is one example of the disproportionate use of force by the Russian authorities during a peaceful protest. The activists are there to stop it from becoming the first to produce oil from the ice-filled waters of the Arctic.
© Denis Sinyakov / Greenpeace



Gazprom OAO

▶ Greenpeace protesting against drillings in the arctic sea by Gazprom
© Denis Sinyakov / Greenpeace

Estimated value of managed shares and bonds:

| | |
|---------------|-------|
| Allianz | 1,104 |
| Deutsche Bank | 296 |
| BNP Paribas | 209 |
| Credit Suisse | 146 |
| DZ Bank | 91 |

Estimated value of underwritten shares and bonds:

| | |
|---------------|-----|
| BNP Paribas | 897 |
| Deutsche Bank | 225 |

Loans:

| | |
|-------------|-----|
| ING | 727 |
| UniCredit | 591 |
| BNP Paribas | 368 |
| Commerzbank | 282 |
| DZ Bank | 146 |

Turnover: 118,235.00

Net Income: 29,348.40

ISIN: RU0007661625

Top Financial Transactions in € million
*Currency rate 31.12.2012

Gazprom and its wide range of subsidiaries and affiliates are active players in the oil and gas sectors, in the marketing divisions for thermal and electric power, in the media, and in the financial sector. Gazprom is headquartered in Moscow where the Russian government holds a 50.002% stake in the company.¹ Gazprom has not signed the UN Global Compact.

RepRisk, a corporate screening organization, criticized Gazprom for “a range of environmental, social and governance issues including pollution, impacts on indigenous people, corruption, and anti-competitive practices.”² Gazprom was also ranked seventh in The Earth Focus Foundation’s “top 20 carbon emitters” list, which evaluated the carbon output of 347 companies worldwide.³

Several of Gazprom’s gas and oil projects are criticized for having serious ecological and social impacts. For example, Greenpeace and other organizations have criticized Gazprom’s risky oil drilling activities in the Arctic Sea. The use of fossil fuel energy exacerbates the melting of arctic ice. However, an estimated 90 billion barrels of oil lie below the ice’s surface. Less ice makes it easier for oil and energy companies like Gazprom to operate

and exploit the area’s resources.⁴ Greenpeace asserts that Gazprom endangers the region’s marine ecosystem because it is not prepared to handle a potential spill in such an extreme climate region.⁵ Greenpeace recently carried out several protests hoping to raise awareness for the issue of arctic drilling and to prevent Gazprom from drilling in the area. On September 19th, 2013, the Russian Coast Guard arrested 28 Greenpeace activists and two journalists from aboard their vessel, the *Arctic Sunrise*. Greenpeace claims the protestors were demonstrating peacefully against oil drilling in the Arctic Sea in front of Gazprom’s Prirazlomnaya oil platform.⁶ The 30 protestors were held for over a month in detention centers in Murmansk. The activists were originally charged with piracy, which carries a maximum sentence of 15 years. Soon after, they were relocated to a jail in St. Petersburg. The Investigative Committee of Russia later downgraded the charges to hooliganism, which carries a maximum jail sentence of seven years. However, it has been reported that the Russian government has not officially withdrawn the piracy charges, but rather has added the hooliganism

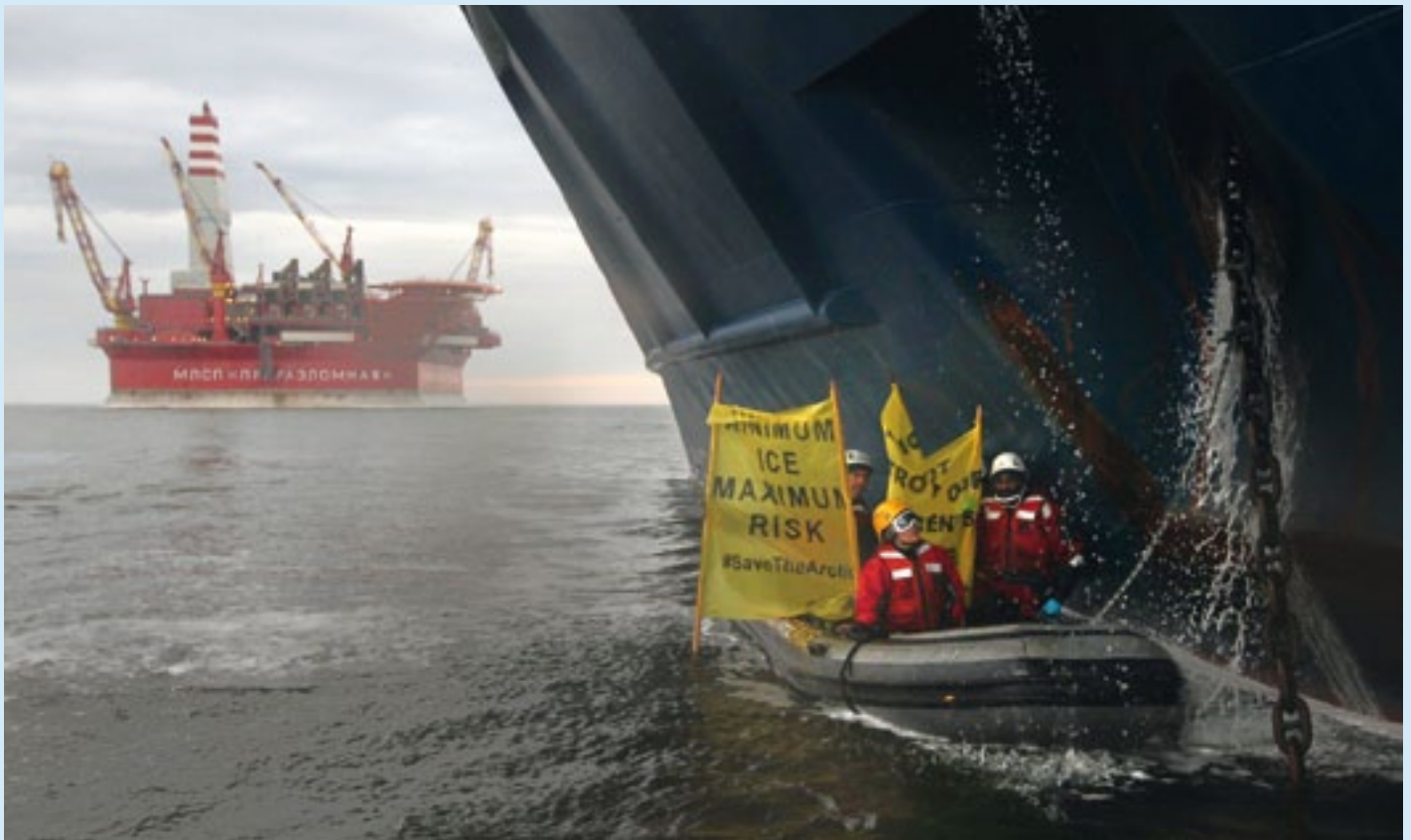
4 www.savethearctic.org/en/ (accessed 04.11.2013).

5 Anna Galkina with input from James Marriott, Louise Rouse and Charlie Kronick (2013): Russian Roulette. International oil company risk in the Russian Arctic, London: Greenpeace, Platform, ShareAction: www.greenpeace.org.uk/sites/files/gpuk/Investor_report_Arctic_risks_2013.pdf (accessed 27.08.2013).

6 Greenpeace. (2013, October 02). Piracy charge against Arctic activists ‘an assault on peaceful protest’ – Greenpeace. Retrieved November 25, 2013, from Greenpeace: www.greenpeace.org/international/en/press/releases/Piracy-charge-against-Arctic-activists-an-assault-on-peaceful-protest---Greenpeace/

1 Gazprom (2011): Shares: www.gazprom.com/investors/stock/ (accessed 15.08.2013).
2 Reprisk (2012): BRIC Report. The Most Controversial Companies in Brazil, Russia, India and China: www.reprisk.com/downloads/mccreports/27/MCC%20BRIC%20Report%20FINAL.pdf, p. 6 (accessed 06.06.2013).
3 John Moorhead (2013): Private Sector Scope 1 & 2 Carbon Emissions, Collonge Bellerive: Earth Focus Foundation: <http://earthfocuscarbon.files.wordpress.com/2013/02/earth-focus-private-sector-carbon-emissions-report4.pdf> (accessed 15.08.2013).

“Gazprom Group’s strategic approach in maintaining biodiversity and effective environmental management lies in successful implementation of international environmental standards.”



charges to the original charges.⁷ The Netherlands has filed a Provisional Measures request with the International Tribunal for the Law of the Sea in Hamburg, Germany, for the release of the *Arctic Sunrise* and its passengers.⁸

The Russian NGO coalition, Save Ukok, criticizes Gazprom's plans for the transnational Altai Gas Pipeline to China. The coalition believes the project poses a socio-economic threat to Southern Siberia and the Ukok Plateau – a sacred UNESCO World Heritage Site with a rich cultural and environmental legacy. Gazprom has failed to address sensitive issues and observable consequences like environmental impacts.⁹

Environmental groups like Sakhalin Environment Watch criticize Gazprom's (50%) subsidiary, the Sakhalin Energy Investment Company, for their Sakhalin II Oil and Gas Project, which reportedly has several negative social and environmental impacts in the region. In particular, the project threatens to destroy marine environments, thereby jeopardizing the fishing industry in the region.¹⁰

Prosecutors in Russia's Muravlenko region

7 www.greenpeace.org/international/en/press/releases/Russian-Authorities-fail-to-lift-piracy-charges-against-Arctic-30/ (accessed on 4.11.2013)

8 www.greenpeace.org/international/en/news/features/legal-experts-on-arctic-sunrise/ (accessed 04.11.2013).

9 The Altai Project (2011): Save Ukok Coalition: www.altaiproject.org/2011/02/save-ukok-coalition/ (accessed 06.06.2013).

10 Sakhalin II Oil and Gas Project: Introduction: www.sakhalin.environment.ru/en/ (accessed 19.08.2013).

recently lodged a criminal case against Gazprom over environmental contamination following an oil spill in September 2012.¹¹

Gazprom's relationship with key players in the Russian government and with current and former international representatives has led to accusations of bribery and corruption. Furthermore, Gazprom was recently accused of using anti-competitive practices in their business operations.¹² The European Commission recently launched a formal investigation to determine whether Gazprom violated anti-trust laws through unfair pricing schemes and the restriction of buyer's rights.¹³

A recent study conducted by the Climate Accountability Institute ranked Gazprom fifth in attributable worldwide carbon dioxide and methane emissions compared to global totals between 1751 and 2010.¹⁴

→ Jan Schulz

11 Reprisk (2013): Gazprom; OAO, Reprisk Company Profile, 11 July, offline.

12 Jürgen Roth (2012): *Gazprom – Das heimliche Imperium. Wie Verbraucher betrogen und Staaten erpresst werden*, Frankfurt am Main: Westend Verlag, pp. 12f.

13 James Kanter (2012): "Gazprom Objects to European Antitrust Inquiry", *New York Times*, 5. September: www.nytimes.com/2012/09/06/business/global/gazprom-objects-to-european-antitrust-inquiry.html?_r=0m (accessed 19.08.2013).

14 Heede, R. (2013, November 22). Tracing anthropogenic carbon dioxide and methane emissions to fossil fuel and cement producers, 1854–2010. *Climatic Change: An Interdisciplinary, International Journal Devoted to the Description, Causes and Implications of Climatic Change*. Retrieved November 25, 2013, from <http://link.springer.com/article/10.1007/s10584-013-0986-y/fulltext.html>.

“Arctic oil and gas exploration presents new and unique challenges to the oil industry. These challenges are compounded in the Russian Arctic by Gazprom’s [...] lack of experience of offshore projects at senior level, poor environmental and health and safety track records, a lack of transparency in company reporting and questionable corporate governance practices at board level.”

Greenpeace/Platform/ShareAction

Glencore Xstrata plc

Estimated value of managed shares and bonds:

| | |
|---------------|-----|
| Allianz | 149 |
| ING | 133 |
| Deutsche Bank | 99 |
| UBS | 94 |
| Credit Suisse | 83 |

Estimated value of underwritten shares and bonds:

| | |
|---------------|-------|
| Credit Suisse | 2,258 |
| BNP Paribas | 2,185 |
| ING | 499 |
| UBS | 372 |

Loans:

| | |
|---------------|-------|
| BNP Paribas | 1,564 |
| Deutsche Bank | 937 |
| ING | 746 |
| Credit Suisse | 708 |
| UBS | 708 |

Turnover: 164,516.00

Net Income: 770.27

ISIN: JE00B4T3BW64

Top Financial Transactions in € million
*Currency rate 31.12.2012

Glencore Xstrata plc is a Swiss-based diversified natural resources commodity company formed in May 2013 after Glencore's \$30 billion dollar acquisition of mining giant Xstrata.¹ Glencore Xstrata operates in three main areas: metals and minerals, energy products, and agricultural products.² Since the merger, Glencore Xstrata controls around 30% of the global trade in thermal coal and is the third largest producer of copper, the fourth largest of nickel, and the world's largest producer of zinc, lead, and ferrochrome.³ Glencore Xstrata is currently a "non-communicating" Global Compact signatory, meaning they have failed (as of September 2013) to submit a Communication on Progress (COP) reiterating their commitment to the goals of the UN Global Compact.⁴

Both Glencore and Xstrata have well-established reputations for human rights, environmental, and trade violations. Sagittarius Mines Inc. (SMI), a 62.5% subsidiary of Xstrata Copper, runs the Tampakan Copper-Gold Project on the Philippine island of Mindanao.⁵ Commercial production is set to begin in 2019. The project requires that 5,000 indigenous people be resettled, puts community livelihoods at risk, and threatens vital water sources. Despite ongoing community protests and a provincial ban on open pit mining, the Environmental Management Bureau (EMB) certified the project's environmental compliance

in February 2013.⁶ Earlier, in October 2012, soldiers killed an indigenous woman (Juvy Capion) and her two sons belonging to the B'laan, a tribal group that opposes the project.⁷ A court case against them was dismissed in October 2013.⁸ SMI reportedly funds military and paramilitary forces in several communities around the mine.⁹

A study conducted by the University of Duisburg-Essen's Institute for Development and Peace on behalf of Misereor, Bread for All, and Fastenopfer concluded that the Tampakan project did not safeguard the human rights of those affected by the project according to the UN Guiding Principles on Business and Human Rights. The organizations formally called on SMI to further investigate and adjust their operation to conform to international human rights standards.¹⁰ The company rejects these allegations.¹¹

The Peruvian community of Espinar is engaged in an ongoing dispute against Xstrata's Tintaya copper mine. Inhabitants allege that the mine has contaminated local water and soil with heavy

- 1 Ferreira-Marques, C. (2013, May 02). Glencore seen still hungry after swallowing Xstrata. Retrieved from Reuters: uk.reuters.com/article/2013/05/02/glencore-xstrata-idUKL6N0DI21M20130502
- 2 Glencore Xstrata. (2013). About Us: At A Glance. Retrieved July 30, 2013, from Glencore Xstrata: www.glencorexstrata.com/about-us/at-a-glance/
- 3 Chandrasekhar, C. (2012, February 09). A Glencore-Xstrata merger threatens the world's poorest. Retrieved from the Guardian: www.theguardian.com/commentisfree/2012/feb/09/glencore-xstrata-merger-world-poorest
- 4 United Nations Global Compact (2013, 07 13). Participant information Glencore Xstrata plc. Retrieved September 09, 2013, from United Nations Global Compact: unglobalcompact.org/participant/10216-Glencore-Xstrata-plc
- 5 Banktrack (2013): Dodgy Deals. Tampakan Copper and Gold Mine project, Philippines: www.banktrack.org/show/dodgydeals/tampakan_copper_and_gold_mine_project#tab_dodgydeals_main (accessed 03.09.2013); Mines and Communities (2013): Sagittarius Mines Inc.: www.minesandcommunities.org/list.php?r=726 (accessed 03.09.2013).

- 6 Erik de la Cruz (2013): Philippines clears Xstrata's \$5.9bn Tampakan mine, 19 February: www.mineweb.com/mineweb/content/en/mineweb-fast-news?oid=178353&sn=Detail (accessed 03.09.2013).
- 7 Philippines: Government reopens the doors to mining amid protests, 19 March: www.minesandcommunities.org/article.php?a=12187 (accessed 03.09.2013).
- 8 Marya Salamat (2013): Operations of Glencore-Xstrata mining linked to killings of indigenous people? 21 October: www.bulatlat.com/main/2013/10/21/operations-of-glencore-xstrata-mining-linked-to-killings-of-indigenous-people/ (accessed 23.10.2013)
- 9 Indigenous People Issues and Resources (2013): Philippines. Kiblawan Mayor Confirms Sagittarius Mines Link To Escalating Militarization In Tampakan, 25 February: indigenouspeoplesissues.com/index.php?option=com_content&view=article&id=17303:philippines-kiblawan-mayor-confirms-sagittarius-mines-link-to-escalating-militarization-in-tampakan&catid=32&Itemid=65 (accessed 03.09.2013);
- 10 Brigitte Hamm, Anne Schax and Christian Schepe (2013): "Human Rights Impact Assessment of the Tampakan Copper-Gold Project, Mindanao, Philippines", INEF Report: inef.uni-due.de/cms/files/studie_hria_engl_final.pdf (accessed 03.09.2013); Misereor (2013): Medienkonferenz. Tampakan. Human Rights Impact Assessment of the Tampakan Copper-Gold Project-Zusammenfassung, 12 June: www.misereor.de/fileadmin/redaktion/2013_Medienkonferenz_HRIA_Deutsch.pdf (accessed 03.09.2013).
- 11 Sagittarius Mines Inc. (2013): Response to INEF's Human Rights Impact Assessment for the Tampakan Copper-Gold Project, 12 June: www.smi.com.ph/EN/media/2013/SMI%20Tampakan%20response%20to%20INEF%20HRIA-20130612.pdf (accessed 03.09.2013).

"At Xstrata we are proud that our corporate culture and our approach are different from our peers."



▲ Protest against the Capion massacre.
© Arkibong Bayan 2012



► Protest against the Capion massacre.
© Arkibong Bayan 2012

metals.¹² People believe that this contamination is linked to a recent increase in farm animal deformities.¹³ Multiple studies by private and state entities found elevated levels of contaminants including aluminum, arsenic, copper, iron, lithium, and manganese in water and soil samples.¹⁴ A study conducted by Peruvian state authorities that included 12,500 samples concluded that 2.2% of the samples were severely contaminated and 52.71% contained at least one parameter that exceeded official thresholds. In response to these findings, Xstrata cited the “natural background mineralization present in the region.”¹⁵ Espinar’s mayor, Oscar Mollohuanca believes that the Tintaya mine is responsible for this contamination.¹⁶ Anti-mine protests in May/June 2012 resulted in two deaths and multiple injuries. Mayor Mollohuanca was

among those arrested for disturbing the public order. Peru’s prime minister, Oscar Valdes, labeled the protesters as extremists and declared a state of emergency in the region, stripping inhabitants of many of their basic rights for 30 days.¹⁷

In June 2013, a Peruvian Glencore Xstrata subsidiary (33.75%), the Antamina copper mine, was fined \$77,000 for spilling 45 tons of toxic slurry into the neighboring community of Cajacay.¹⁸ The spill, which occurred in July 2012, caused extreme damage to the environment and poisoned around 350 residents, many of whom were children.¹⁹ Local inhabitants are currently considering taking legal action against the Antamina mine.²⁰

Xstrata has held a 24.9% stake in the controversial British mining company, Lonmin, since 2008.²¹ In a decisive step towards consolidating power over Lonmin’s operations, Glencore Xstrata recently appointed Gary Nagle, (Glencore head of

12 Multiwatch (2013): Tintaya Peru: www.multiwatch.ch/de/f97000310.html (accessed 03.09.2013).

13 Canal 5 Espinar (2013): Videos of community members from Espinar on various issues of contamination, deformations, strikes, etc.: www.youtube.com/user/canal5espinar/videos (accessed 03.09.2013).

14 Eike Sophie Hümpel (2012): “Environmental monitoring of Xstrata Tintaya copper mine in Cusco, Peru”, EJOLT, 3 August: www.ejolt.org/2012/08/environmental-monitoring-of-xstrata-tintaya-copper-mine-in-cusco-peru/ (accessed 03.09.2013); Eike Sophie Hümpel (2011): “Partizipatives Wasser- und Bodenmonitoring in Peru”, Miseur Blog, 25 October: <https://www.miseur.de/blog/2011/10/25/partizipatives-wasser-und-bodenmonitoring-in-peru/#more-3772> (accessed 03.09.2013).

15 José Marún (2012): Letter of José Marún, Executive Vice President, South America Operations Division Xstrata Copper to Irene Pietropaoli, Researcher at Business & Human Rights Resource Centre: www.business-humanrights.org/media/120821_jose_marun_letter_business_and_human_rights_resource_centre.pdf (accessed 03.09.2013).

16 La Republice (2013): Contaminación grave por minería en Espinar solo se detectó en el 2.2% de muestras de monitoreo, 3 June: www.larepublica.pe/13-06-2013/en-el-22-de-muestras-tomadas-en-espinar-hay-contaminacion-preocupante (accessed 03.09.2013); José Víctor Salcedo (2013): “Alcalde de Espinar culpa a Xstrata de contaminación”, La Republica, 8 June: www.larepublica.pe/18-06-2013/alcalde-de-espinar-culpa-a-xstrata-de-contaminacion (accessed 03.09.2013).

17 Werner Marti (2012): “Zwei Tote bei Protesten in Peru. Konflikt um Kupfermine von Xstrata”, Neue Züricher Zeitung, 30 May: www.nzz.ch/aktuell/international/uebersicht/zwei-tote-bei-protesten-in-peru-1.17090863 (accessed 02.09.2013); The Guardian (2012): Peru declares state of emergency after two killed in mining protests. Protesters say the Tinaya copper mine owned by Xstrata plc is contaminating local water supplies and sickening animals, 29 May: www.theguardian.com/world/2012/may/29/peru-emergency-mining-protests (accessed 02.09.2013).

18 InfoMine (2013): Antamina Mine: www.infomine.com/minesite/minesite.asp?site=antamina (accessed 02.09.2013); Franklin Briceno (2012): “Peru villagers allege neglect after toxic spill”, The Associated Press, 4 September: bigstory.ap.org/article/peru-villagers-allege-neglect-after-toxic-spill (accessed 02.09.2013).

19 See supra note 17.

20 Peru Support Group (2013): Antamina faces threat of legal action for toxic mining spill: www.perusupportgroup.org.uk/news-article-657.html (accessed 02.09.2013).

21 Xstrata (2008): Xstrata purchase of Lonmin shares, 1 October: www.glencorexstrata.com/assets/Uploads/200810011304.en3.pdf (accessed 02.09.2013).

“Glencore and its subsidiary KML don’t seem to care about the economic, environmental and social impact of their mining activities. The criticism concerns in particular three areas: contracts, compliance with human rights and the environment standards and tax issues.”

Chantal Peyer, Brot für alle

alloys division), and Paul Smith, (Glencore head of strategy and communications), to Lonmin's board of directors in September 2013.²²

In August 2012, Lonmin was involved in one of the most deadly police clashes since the end of apartheid. The South African Police Services (SAPS) used violent force to subdue protestors at Lonmin's Marikana platinum mine, killing 34 and wounding 78.²³ Workers were protesting for higher wages. In September 2013, South Africa's Marikana Commission of Inquiry discovered inconsistencies and falsehoods in police accounts of the incident that suggested doctoring. The Commission is still performing its investigation, however, it has advised the South African Police Services to consult with their legal advisors. Thus far, no arrests have been made.²⁴

Glencore recently dismissed 1,000 workers across three mines near Steelpoort, South Africa, following a strike that involved up to 1,500 workers. Protests stemmed from a dispute involving an employee who was allegedly assaulted by his superior.²⁵

Xstrata received two OECD complaints in 2011. While the first was withdrawn, the second, lodged by the Center for Human Rights and Environment (CEDHA), remains unsettled. CEDHA claims that Xstrata's Argentinian operations have had severe environmental impacts on permafrost and glaciers in the area and will destroy rock glaciers and permafrost in the region by 2013 if the project progresses as planned. Xstrata denies the existence of any permafrost or glaciers in the area. The case has been transferred to the Argentinian court system where it has suffered extreme delays due to Xstrata's unwillingness to cooperate and setbacks within the court system.²⁶

The last edition of *Dirty Profits* stated that the European Investment Bank suspended loans to Glencore over governance concerns, particularly in connection with allegations of tax evasion at Glencore's Mopani Copper mine in Zambia. Although the investigation is complete, the EIB has restrained from publishing the results despite holding to its decision to let the loans remain frozen. Christian Aid, a British development charity, has been urging the EIB to make the results of their investigation into Mopani Copper mines public.²⁷

In March 2013, Reuters reported that Glencore possibly violated international trade restrictions by providing raw alumina to an Iranian firm that supplies Iran's nuclear program "in a manner that circumvents sanctions."²⁸ Glencore is also suspected of being involved in a price fixing scandal to artificially inflate the price of aluminum. The United States' Commodity Futures Trading Commission (CFTC) has issued a "do not destroy" order pending a formal investigation of these allegations.²⁹

Falcondo, an Xstrata subsidiary in the Dominican Republic, is accused of undervaluing the average price of nickel extracted from their Loma Peguera and Loma Ortega mine sites and failing to report their use of other metals, like iron and cobalt that make up their ferronickel alloy, thus dodging around \$100 million in tax dollars owed to the Dominican Republic since 2007.³⁰ A public complaint against Falcondo was filed in February 2013.³¹

Dominican Republic state officials halted another Xstrata mining project at the Loma Miranda site in June 2013 over environmental concerns.³²

→ Ruth Witt & Julia Dubstaff

22 Leftly, M. (2013, September 10). Glencore digs itself deeper in at Lonmin. Retrieved September 23, 2013, from The Independent: www.independent.co.uk/news/business/news/glencore-digs-itself-deeper-in-at-lonmin-8805876.html

23 South African Press Association (2013): Calls for end to Marikana bloodshed, 13 August: www.iol.co.za/news/crime-courts/calls-for-end-to-marikana-bloodshed-1.1561783#UgtrqUQYdYw (accessed 02.09.2013).

24 The Marikana Commission of Inquiry (2013, September 19). Marikana Commission Postpone Hearings To Further Examine SAPS Material. Retrieved September 23, 2013, from The Marikana Commission of Inquiry: www.marikanacomm.org.za/docs/20130919-ms-postpone-ment-saps-evidence.pdf

25 Reuters (2013): Glencore fires 1,000 workers over wildcat strikes in S.Africa, 3 June: www.reuters.com/article/2013/06/03/safrica-strikes-chrome-idUSL5N0EFOWG20130603 (accessed 02.09.2013).

26 OECD Watch (2011): CEDHA vs. Xstrata Copper, 1 June: oecdwatch.org/cases/Case_217 (accessed 02.09.2013).

27 Rob Davies (2013): "European Investment Bank is taxed by secret report into Glencore", The Daily Mail, 4 July: www.thisismoney.co.uk/money/markets/article-2356243/European-Investment-Bank-taxed-secret-report-Glencore.html (accessed 02.09.2013).

28 Louis Charbonneau and Michelle Nichols (2013): "Exclusive: Glencore, Trafigura deals with Iran may have skirted sanctions - U.N.", Reuters, 22 May: www.reuters.com/article/2013/05/22/us-iran-sanctions-un-idUSBRE94L17P20130522 (accessed 02.09.2013).

29 Jerin Mathew (2013): "Goldman Sachs and LME Face US Lawsuit Over Aluminium Hoarding", International Business Times, 5 August: www.ibtimes.co.uk/articles/496726/20130805/lme-goldman-sachs-superior-extrusion-aluminium.htm (accessed 02.09.2013).

30 Dominican Today (2013): Xstrata Nickel denies US\$100M tax dodge at Dominican mine, 26 February: www.dominicantoday.com/dr/local/2013/2/26/46821/Xstrata-Nickel-denies-US100M-tax-dodge-at-Dominican-mine (accessed 02.09.2013);

31 Rafael Puello Donamaria (2013): Informe fraude fiscal multimillonario cometido por Falcondo en perjuicio del estado Dominicano, 15 February: www.facing-finance.org/wp-content/blogs.dir/16/files/2013/08/Informe-Fraude-Fiscal-Falcondo-Completo-.pdf (accessed 02.09.2013).

32 Acento News (2013): Es oficial: Gobierno dominicano dice no a explotación de Loma Miranda, 3 June: www.acento.com.do/index.php/news/85721/56/Es-oficial-Gobierno-dominicano-dice-no-a-explotacion-de-Loma-Miranda.html (accessed 02.09.2013).



◀
New palm oil plantation at the Golden Veroleum concession in Sinoe County, Liberia
 © Rights and Resources Initiative / Dan Klotz

Golden Agri-Resources Ltd.

Golden Agri-Resources Ltd. (GAR) is part of the Sinar Mas Group from Indonesia, but headquartered and listed in Singapore. Their activities include the cultivation of oil palm trees, and the processing and refining of palm oil.¹ Golden Agri also owns a deep-sea port, oilseed-crushing plants, and food production capabilities in China. Fifty percent of GAR's shares are publicly owned.² GAR and its subsidiaries are criticized for environmental and social violations in several countries, including Liberia, Indonesia, and Malaysia.

In 2010, the Roundtable on Sustainable Palm Oil (RSPO) reviewed allegations concerning Golden Agri's non-compliance with RSPO regulations. Golden Agri reportedly used its subsidiary, Sinar Mas Agro Resources and Technology (SMART), to create the impression that GAR was committed to the RSPO sustainability guidelines.³ GAR resolved the conflict when it became member of the RSPO in April 2011.⁴

In 2013, the Sinar Mas Group publicly announced its intention to invest \$1.6 billion into

Liberian palm oil plantations over the next ten years. The deal is to be channeled through the Verdant Fund, (in which GAR is a major shareholder), to Golden Veroleum Inc., which has been receiving massive concessions (220,000 ha for palm oil plantations, etc.) from the Liberian government since 2010.⁵ Opponents claim that GAR is funding land grabs in Liberia and robbing local villages of their livelihoods.⁶

In November 2012, several Liberian communities released a joint declaration regarding the Liberian government's land concessions for palm oil producers. The communities claimed that they were not consulted prior to the government's leasing of their lands, and that palm oil plantations would negatively affect their livelihoods.⁷ A study conducted by The Forest Trust (TFT) in early 2013 confirmed these allegations, citing specific cases

| Estimated value of managed shares and bonds: | |
|--|----|
| Allianz | 66 |
| Argenta | 9 |
| Credit Suisse | 4 |
| UBS | 4 |
| KBC | 3 |

| Estimated value of underwritten shares and bonds: | |
|---|----|
| BNP Paribas | 79 |
| Credit Suisse | 79 |

Turnover: 4.655,17

Net Income: 315,11

ISIN: MU0117U00026

Top Financial Transactions in € million
 *Currency rate 31.12.2012

1 GAR (2013): About us: www.goldenagri.com.sg/about_overview.php (accessed 01.10.2013).

2 GAR (n.d): Ownership Structure: www.goldenagri.com.sg/ir_ownership_structure.php (accessed 01.10.2013).

3 RSPO (2010): Update: SMART and Golden Agri-Resources meet with RSPO Grievance Panel: www.rspo.org/news_details.php?nid=50 (accessed 01.10.2013).

4 RSPO (2012): Complaint on Golden Agri-Resources (GAR): www.rspo.org/en/status_of_complaint&cpid=3 (accessed 01.10.2013).

5 Mariel Grazella (2013): "Sinar Mas firm to invest \$1.6 billion in Liberian palm oil", The Jakarta Post, 26 March: www.thejakartapost.com/news/2013/03/26/sinar-mas-firm-invest-16-billion-liberian-palm-oil.html (accessed 01.10.2013).

6 Friends of the Earth International (2013, February 01). Land grabs and human rights violations exposed in Liberia ahead of global development summit. Retrieved October 08, 2013, from Friends of the Earth International: www.foei.org/en/media/archive/2013/land-grabs-and-human-rights-violations-exposed-in-liberia-ahead-of-global-development-summit

7 Friends of the Earth (2012): Statement and Declaration by Affected Community Members from Sime Darby and Golden Veroleum Concessions: www.foei.org/en/media/resources-for-journalists/sime-darby-and-landgrabs-in-liberia/Community%20statement.pdf view, p. 1 (accessed 01.10.2013).

"Golden Agri-Resources (GAR) takes its sustainability commitments seriously and will adopt these for all plantations that we own, manage or invest in regardless of the stake."

where land had been cleared without prior consultation, where drinking water had been polluted, and where cultural and spiritual sites had been destroyed by palm oil companies. Company compensation was also reportedly insufficient.⁸ Golden Veroleum's repeated breaches of the RSPO guidelines prompted the Green Advocates of Liberia to file a complaint with the RSPO in 2012 on behalf of affected communities.⁹ An analysis of the concession agreements between the Liberian government and Golden Veroleum concluded that the company "failed to ensure compliance with their corporate responsibility to respect human rights and their RSPO commitments."¹⁰

In June 2013, TFT acknowledged that Golden Veroleum made progress in terms of community involvement.¹¹ Greenpeace commended Golden Agri's establishment of Community Engagement and Forest Conservation policies but stressed that their implementation should be monitored.^{12,13}

The illegal use of fire to clear land for oil palm plantations in Indonesia caused devastating wildfires and record levels of haze across Indonesia, Singapore, and Malaysia in June 2013. Hospitals in Indonesia reported increases in lung, eye, and skin problems and the Malaysian government advised its citizens to remain indoors.¹⁴ SMART was blamed for the fires.¹⁵ Golden Agri denied any responsibility for the incident, but admitted to doing business with the companies in question.¹⁶

The Norwegian Government Pension Fund Global (GPF) sold its holdings in 23 palm oil producers (Golden Agri included) in 2012 after determining that many palm oil producers did not have sustainable long-term business models.^{17,18} In particular, the pension fund accused the companies of contributing to tropical deforestation in Indonesia and Malaysia.¹⁹

→ Julia Dubslaff

- 8 Richard Valdmanis (2013): "Largest Liberian palm oil project is failing locals. Study", Reuters, 22 March: www.reuters.com/article/2013/03/22/us-editor-liberia-veroleum-palmoil-idUSBRE92L0Y520130322 (accessed 01.10.2013).
- 9 RSPO (2013): Complaint on Golden Veroleum Liberia: www.rspo.org/en/status_of_complaint&cpid=24 (accessed 01.10.2013).
- 10 Tom Lomax (2012): Human rights-based analysis of the agricultural concession agreements between Sime Darby and Golden Veroleum and the Government of Liberia, Moreton-in-Marsh: Forest Peoples Programme: www.foei.org/en/media/resources-for-journalists/sime-darby-and-landgrabs-in-liberia/human-rights-based-analysis-of-the-agricultural-concession-agreements-between-sime-darby-and-golden-veroleum-and-the-government-of-liberia-tom/view, p. 31 (accessed 01.10.2013).
- 11 TFT (2013): Letter to The Forest Trust: www.rspo.org/file/2013-06-10-The_Forest_Trust_letter_June2013.pdf (accessed 01.10.2013).
- 12 GAR (2012): GAR's Sustainability Commitments: www.goldenagri.com.sg/sustainable_policies.php (accessed 01.10.2013).
- 13 Greenpeace (2013): Certifying Destruction. Why consumer companies need to go beyond the RSPO to stop forest destruction, online available at: <http://www.greenpeace.org/international/Global/international/publications/forests/2013/Indonesia/RSPO-Certifying-Destruction.pdf>, p. 5 (accessed 01.10.2013).

- 14 Huffington Post (2013): Singapore Air Pollution. Indonesia's President Formally Apologizes For Haze From Forest Fire Smoke, 24 June: www.huffingtonpost.com/2013/06/24/singapore-air-pollution-apology_n_3490810.html#slide=2600709 (accessed 01.10.2013).
- 15 The Sydney Morning Herald (2013): Fires cause worst haze in Singapore's history, 22 June: www.smh.com.au/environment/weather/fires-cause-worst-haze-in-singapores-history-20130622-2op40.html (accessed 01.10.2013).
- 16 TR Emeritus (2013): SG's Wilmar & Golden Agri admit doing business with companies burning land, 26 June: www.tremeritus.com/2013/06/26/sgs-wilmar-golden-agri-admit-doing-business-with-companies-burning-lands/ (accessed 01.10.2013).
- 17 Rainforest Foundation Norway (2012): World's largest sovereign wealth fund divests from palm oil companies: www.regnskog.no/en/rainforest-news/global/the-worlds-biggest-sovereign-wealth-fund-joins-battle-against-rainforest-destruction (accessed 01.10.2013).
- 18 Norwegian Ministry of Finance (2012): The Management of the Government Pension Fund in 2012, Meld. St. 27 (2012–2013) Report to the Storting (white paper): www.regjeringen.no/pages/38359835/PDFS/STM201220130027000EN_PDFS.pdf, p. 59 (accessed 01.10.2013).
- 19 Norwegian Ministry of Finance (2012): The Management of the Government Pension Fund in 2012, Meld. St. 27 (2012–2013) Report to the Storting (white paper): www.regjeringen.no/pages/38359835/PDFS/STM201220130027000EN_PDFS.pdf, p. 75 (accessed 01.10.2013); Reuters (2013): Norway drops Asian palm oil firms in show of green credentials, 8 March: www.reuters.com/article/2013/03/08/norway-forests-idUSL6N0C05AX20130308 (accessed 01.10.2013).

"Allocating large swathes of fertile agricultural land to foreign companies for several decades will push people further into poverty, as local income generating activities are curtailed and peoples' earning capacities become limited."

Silas Kpanan' Ayong Siakor,
Friends of the Earth Liberia
(SDI – Sustainable Development
Institute)



◀ Production line at Jabil Circuit Poland Sp. z o.o. in Kwidzyn
© Rafal Cybulski

Jabil Circuit Inc.

Founded in Detroit, Michigan, in 1966, Jabil has developed into a leading electronics manufacturing services (EMS) provider with full supply chain management capabilities.¹ Jabil employs over 165,000 workers across 65 factories in 33 countries and manufactures electronic equipment for customers from a range of industries, (e.g., aerospace, defense, health, and automotive).² Jabil's client list includes familiar names like Cisco, Hewlett Packard, Dell, and Apple. Criticisms against Jabil echo the emblematic controversies facing the electronic industry today, such as poor working conditions, low wages, trade union conflicts, and weak safety and health standards.

In September 2013, China Labor Watch criticized working conditions at a Chinese Jabil factory in Wuxi that manufactures phone cases for Apple. According to the report, employees at Jabil Green Point Wuxi are coerced into working 12-16 hour shifts with just a single break in order to meet company targets. Employee wages are very low, overtime work is not properly compensated, and the company makes illegal pay deductions for minor errors.³ Employees average around 100 overtime hours each month, a portion of which consistently goes uncompensated. This "voluntary" portion of overtime work totals \$8.3 million per year in unpaid wages. Jabil Wuxi also has an appearance- and age-based discriminatory selection process for potential employees –

female applicants must also submit to pregnancy tests. Such practices are against Apple's code of conduct.

The incidents in this factory are not isolated. China Labor Watch exposed a similar case involving a Jabil factory Shajing in 2012.⁴ Jabil was also accused of gender discrimination and coercion in 2010 after workers at a Mexican factory producing for RIM (Blackberry) filed a lawsuit to secure equal wages for equal work. Several employees involved in the case were dismissed shortly thereafter.⁵

Jabil has also caused several controversies in Central Europe. Although it has failed to meet the scale of investment originally promised to Polish authorities, Jabil continues to profit from Poland's special economic zoning privileges. Trade unions have reported severe working conditions and low wages in Jabil's Kwidzyn, Poland, factory that supplies companies like Sharp and LG. To cut costs, Jabil uses flexible employment policies that rely heavily on temporary work agencies and short-term contracts. Thus, the factory's 1,500 short-term contract workers labor under the constant threat of dismissal without warning or severance. Employees have reported increases in stress-related mental health issues stemming from their lack of job security.⁶

→ Grzegorz Piskalski

| Estimated value of managed shares and bonds: | |
|--|----|
| ING | 69 |
| Allianz | 62 |
| UBS | 24 |
| Munich Re | 12 |
| BNP Paribas | 10 |
| Credit Suisse | 10 |

| Estimated value of underwritten shares and bonds: | |
|---|----|
| BNP Paribas | 11 |

| Loans: | |
|-------------|----|
| BNP Paribas | 54 |

Turnover: 12,976.20

Net Income: 298.60

ISIN: US4663131039

Top Financial Transactions in € million
*Currency rate 31.12.2012

1 Hoover's. (2013). Jabil Circuit, Inc. Retrieved October 08, 2013, from Hoovers: www.hoovers.com/company/Jabil_Circuit_Inc/rjrcr1-1njhkk.html

2 Jabil. (2013). Jabil Overview. Retrieved October 08, 2013, from Jabil: http://www.jabil.com/about_us/jabil_overview/

3 China Labor Watch (2013): Chinese workers exploited by U.S.-owned iPhone supplier: An investigation of labor conditions at Jab, 5 September: www.chinalaborwatch.org/pro/proshow-182.html (accessed 01.10.2013).

4 China Labor Watch: Beyond Foxconn : Deplorable Working Conditions Characterize Apple's Entire Supply Chain: chinalaborwatch.org/pro/proshow-176.html (accessed 01.10.2013).

5 Plaintiff group of Jabil workers (2010): Workers defending their rights are sacked at Jabil Mexico, 3 December: goodelectronics.org/news-en/jabil-sacks-workers-that-demand-their-rights (accessed 01.10.2013).

6 CentrumCSR (2013): Jabil – niestabilna polityka zatrudniania, 24 June: www.centrumcsr.pl/jabil-niestabilna-polityka-zatrudniania/ (accessed 01.10.2013).

„During meal times, I took turns working and going to eat with another coworker, as is required by the factory, and my productivity certainly dropped as I was operating two machines at the same time.”

Worker at Jabil in Wuxi

“Everyone should be treated fairly, with dignity and respect. With employees in more than 25 countries, we value employee a free work environment, and to employee health and safety”.

Jindal Steel & Power Ltd.

Estimated value of managed shares and bonds:

| | |
|---------------|----|
| Deutsche Bank | 24 |
| UBS | 18 |
| UniCredit | 6 |
| BNP Paribas | 3 |

Loans:

| | |
|---------------|----|
| BNP Paribas | 23 |
| Deutsche Bank | 23 |

Turnover: 2,495.01*

Net Income: 545.50*

ISIN: INE749A01030

Top Financial Transactions in € million

Source Thomson One,

*Currency rate 31.12.2012)

Headquartered in New Delhi, India, Jindal Steel and Power Limited (JSPL) is a steel producer active in the mining, power generation, and infrastructure sectors. Currently, Jindal has exploration operations in India and mining operations in South Africa, Mozambique, Madagascar, Zambia, Tanzania, Oman, Indonesia, and Australia.¹

Jindal is a UN Global Compact participant, meaning they have committed to supporting, respecting, and protecting internationally proclaimed human rights.²

Jindal is widely criticized in Mozambique for partaking in human rights violations, environmental destruction, and corruption.³ In the Tete province of northwestern Mozambique, Jindal Mozambique Minerals operates the Chirodzi Coal Project. Jindal is one of only three companies with mining rights in the coal-rich Moatize region located in the Tete Province. Since its arrival in the country, Jindal has been responsible for violating

community rights, damaging the environment through open-pit mining, and abusing Mozambican workers.⁴

Over 2,500 people still reside near the Chirodzi Coal Project's open-pit mine. Despite the company's promise to resettle communities before mining commenced, resettlement has not taken place.⁵ The communities did not receive any form of compensation or substitute land for their sacrifices. Jindal continues to extract coal from land that is vital to the survival of residents and their families. The food insecurity that has resulted from Jindal's operations makes people vulnerable to poverty and hunger.⁶ Jindal uses dynamite to facilitate coal extraction at the site, resulting in coal dust clouds that severely impact the health of those living within a kilometer of the mine.⁷

The company has fenced in the area and hired private a security force to restrict community

1 Jindal Steel and Power (2013): Facilities and Technologies. Other Areas: www.jindalsteelpower.com/facilities/international/other-areas.aspx (accessed 09.09.2013).

2 UN Global Compact (2013): Jindal Stainless Limited: www.unglobalcompact.org/participant/12331-Jindal-Stainless-Limited (accessed 11.11.2013).

3 Rahul Tripathi (2013): "Naveen Jindal firms bribed MoS to get coal blocks. CBI", The Indian Express, 12 June: www.indianexpress.com/news/naveen-jindal-firms-bribed-mos-to-get-coal-blocks-cbi/1128011/ (accessed 10.09.2013).

4 Verdade (2012): Indianos violam Lei do Trabalho em Tete Terça, 20 November: www.verdade.co.mz/newsflash/32265-indianos-violam-lei-do-trabalho-em-tete (accessed 10.09.2013).

5 AFP (2013): Jindal latest to be caught in Mozambique land woes, 3 September: www.articles.economicstimes.indiatimes.com/2013-09-03/news/41726731_1_moatize-coal-mine-maputo (accessed 10.09.2013).

6 Jinty Jackson (2013): "Mozambique Villagers Exposed to Open-Pit Coal Mine", Voice of America News, 27 August: www.voanews.com/content/mozambique-villagers-exposed-to-open-pit-coal-mine/1737927.html (accessed 10.09.2013).

7 VOA (2013): Moçambique. Corrida ao carvão cria problemas de direitos humanos, 17 August: www.voaportugues.com/content/mocambique-corrida-ao-carvao-cria-problemas-de-direitos-humanos/1738049.html (accessed 10.09.2013). <https://ja4change.wordpress.com/2013/08/27/a-government-without-shame-a-people-without-hope/>. Date accessed 28 August 2013.

"JSPL endeavors to improve the quality of life of communities living in the area it operates in."



▲ A general view of the Jindal Power and Steel Ltd. complex is pictured at Nisha village in the eastern Indian state of Orissa March 27, 2012. Ten years after announcing the project, Jindal Power and Steel is still waiting to start digging for coal to fuel its \$3.1 billion steel and power complex in Orissa. Picture taken March 27, 2012.
© Rupak De Chowdhuri / Reuters

members from coming within the mine’s vicinity. There are several reports of security guards violently assaulting community members that pass through the gates on their way to their houses.⁸

Since early 2013, Jindal has been mining without an approved Environmental Impact Assessment (EIA), which is in direct violation of Mozambican Environmental Law.⁹ Nevertheless, Mozambique’s president, Armando Guebuza, inaugurated the mining project days after a large protest where community members physically attacked Jindal officials.¹⁰

Protests like those occurring in Mozambique are not new to the company. Communities in India have also spoken out against Jindal’s reckless community exploitations. In the Indian states of Odisha, Jharkhand, and Chattisgarh, where there

are large populations of indigenous tribal people, Jindal has been destroying farms and livelihoods for many years. In the Asanbani village in Jharkhand, houses of the Committee Against Displacement display signs in Hindi saying “Naveen Jindal go back! We will give our lives but we will not give our lands.”¹¹

→ Samuel Mondlane and Dipti Bhatnagar
(Justiça Ambiental Mozambique),
Field research done by JA staff, Borges Mafigo.

8 Violence Against Community Members (2013, Tete Province, Mozambique) witnessed by JA! staff member Samuel Mondlane, Humberto Ossemame of KEPA, and Rui Vasconcelos of AAAJA.

9 Mozambique (2004): Decree No. 45/2004 approving the Regulation on the Environmental Impact Assessment (EIA): www.faolex.fao.org/cgi-bin/faolex.exe?rec_id=050130&database=faolex&search_type=link&table=result&lang=eng&format_name=@ERALL (accessed 11.09.2013).

10 Justiça Ambiental (2013): A government without shame, a people without hope, 27 August, online available at: <https://ja4change.wordpress.com/2013/08/27/a-government-without-shame-a-people-without-hope/> (accessed 11.09.2013).

11 Panos South Asia (2008): Alchemy of Inequity. Resistance and Repression in India’s Mines. A photographic enquiry: www.panosouthasia.org/pdf/Mining-Final.pdf (accessed 11.09.2013).

“Jindal claims that the government hasn’t yet approved the compensation payment table and resettlement plan. The government claims they are doing the studies slowly and diligently. But Jindal is claiming they have deadlines and that is why they have already begun coal mining, even before the resettlement!”

Community members in Chirodzi



▲
Trident II D5 nuclear missile
© Lockheed Martin

Lockheed Martin Corp.

Estimated value of managed shares and bonds:

| | |
|---------------|-----|
| Allianz | 196 |
| Credit Suisse | 55 |
| Deutsche Bank | 49 |
| UBS | 35 |
| ING | 23 |

Estimated value of underwritten shares and bonds:

| | |
|-----|----|
| UBS | 57 |
|-----|----|

Loans:

| | |
|---------------|----|
| Deutsche Bank | 62 |
| UBS | 62 |
| BNP Paribas | 55 |

Turnover: 35,695.30

Net Income: 2,077.03

ISIN: US5398301094

Top Financial Transactions in € million

*Currency rate 31.12.2012

“Of the 14 nuclear weapons contractors tracked in this report, Lockheed Martin has been the biggest contributor to key members of Congress with influence over nuclear weapons spending.”

William D. Hartung & Christine Anderson, Center for International Policy Report: “Bombs Versus Budgets: Inside the Nuclear Weapons Lobby”

SIPRI placed Lockheed Martin at the top of their “Top 100 arms-producing and military services companies in the world excluding China, 2011” list.¹ The company has yet to sign the UN Global Compact.

According to Andrew Feinstein’s book, *Deadly Business*, the defense industry is responsible for more than 40 percent of global corruption – more than any other industry in the world. Feinstein claims that companies like Lockheed Martin, Boeing, and BAE Systems have reputations for bribing politicians across the world. This has prompted some, like the Indian MoD, to blacklist Lockheed Martin over suspicions of corruption.^{2,3}

Lockheed Martin weapon systems can be found aboard all U.S. Navy nuclear submarines and aircraft carriers deployed worldwide.⁴ The company produces a wide variety of nuclear weapons such as the Trident II D5 nuclear missiles found on American *Ohio*- and British *Vanguard*-class submarines.⁵ Lockheed Martin also contracts the new guided B61-12 TSA tail kit, which increases the accuracy of deployed, ground-penetrating bombs, or “mini-nuclear-bombs.”⁶

Government contracts and incomplete contractual obligations confirm that Lockheed Martin will continue providing cluster munitions to customers through 2013. More than 20 pension funds, asset management companies, and insurance companies have excluded Lockheed Martin from their investments because of their involvement in the production of nuclear arms and/or cluster munitions.⁷

In June 2013, the Council on Ethics for the Norwegian Government Pension Fund Global (GPF) recommended changes to its investment exclusion list regarding Lockheed Martin. The fund recommended changing their grounds for Lockheed Martin’s exclusion from “production of cluster munitions” to “production of key components for nuclear weapons.”⁸

→ Thomas Küchenmeister

1 www.sipri.org/research/armaments/production/Top100

2 25.06.2012 Sueddeutsche Zeitung

3 www.business-standard.com/article/opinion/ajai-shukla-no-thanks-you-re-blacklisted-109111700030_1.html

4 www.lockheedmartin.com/us/products/nuclearsands.html

5 www.dontbankonthebomb.com/wp-content/uploads/2012/02/DivestmentReport.pdf

6 www.fas.org/blog/ssp/2011/06/b61-12.php, Jane’s Weapons Handbook 2012/2013 – Air-launched Weapons, p. 417.

7 Those who have excluded Lockheed Martin from their investments include: The Norwegian Ministry of Finance, Delta Lloyd Asset Management, Danske Bank, Triodos, the Dutch Pensioenfondsen Zorg en Welzijn, New Zealand Superannuation Fund, AP4, APG, Birch, Ethias, KBC, KLP, Lloyds Banking Group, Aviva, Norges Bank, Pensioenfondsen UWV, Pensionsfonds (NL) PGB, PFA Pension (Denmark), PGGM, PFW, PNO Media, Robeco, Australian Future Fund, SNS Asset Management and Nordea. View also table on page 117.

8 Council on Ethics The Government Pension Fund-Global (2013): Recommendation concerning the exclusion of Lockheed Martin Corp. from the investment universe of the Government Pension Fund Global: www.regjeringen.no/pages/38433495/lm_e.pdf (accessed 05.11.2013).

“We are committed to the highest standards of ethical conduct in all that we do.”

Lockheed Martin Corp., Who we are. Ethics 2012



▲
Dhaka Savar Building Collapse.
© rijans, Wikicommons

LPP S.A.

LPP S.A. is a Polish clothing company active in various European markets.¹ The company went public on the Warsaw Stock Exchange (WSE) in 2001 with a share price of 48 PLN (\$11.70). Due to the company's dynamic growth and enormous success, the share price soared to over 6,800 PLN (\$2,125) over just 12 years, achieving a WSE record in July 2013.² LPP sells its products in more than 700 Polish retail shops under brand names like Reserved, Cropp, House, and Mohito.³ LPP has not signed the UN Global Compact.

LPP manufactures 19% of its products in Bangladesh. Recently, a factory manufacturing LPP products was involved in one of modern history's largest industrial catastrophes. On April 24, 2013, the Rana Plaza collapsed injuring nearly 2,000 and killing a total of 1,127 workers.⁴ Though originally designed as an office building, Rana

Plaza was converted into a central facility serving five garment factories – all with heavy machinery. Cracks were spotted in the walls just one day before the catastrophe. However, local management assured employees that it was safe to enter the buildings and to continue working, despite the fact that other shops nearby had been evacuated.⁵ One of LPP's brand labels, Cropp, was found among the remains of Rana Plaza following the catastrophe.⁶

Valued around \$20 billion, Bangladesh's garment industry constitutes 77% of the country's exports and is the strongest arm of its economy.⁷ Garment factories employ 40% of Bangladesh's workforce.⁸ Factories often employ inadequate safety standards while state authorities rarely enforce legal requirements. Many employees work

Estimated value of managed shares and bonds:

| | |
|-----------------|-----|
| ING | 160 |
| Allianz | 25 |
| UniCredit | 18 |
| DZ Bank | 7 |
| PKO Bank Polski | 5 |

Turnover: 790.36

Net Income: 86.40

ISIN: PLLPP0000011

Top Financial Transactions in € million
*Currency rate 31.12.2012

1 LPP S.A. (2012): Company: www.lpp.com.pl/company (accessed 02.09.2013).
2 Warsaw Stock Exchange (2013): LPP SA Share Price Development: www.money.pl/u/data_window/?smb=LPP&ht=0&refresh_time=20&send=Zmie%F1 (accessed 02.09.2013).
3 Wojciech Matusiak (2013): "Lepsze warunki pracy w Bangladeszu bez właściciela Cropp i Reserved", Gazeta Wyborcza, 9 July: wyborcza.pl/1,75248,14249926,Lepsze_warunki_pracy_w_Bangladeszu_bez_wlasciciela.html (accessed 09.07.2013).
4 Hisham Bin Mustafa (2013): "Brief History of the Rana Plaza Tragedy", Priyo News, 14 May: news.priyo.com/2013/05/14/end-savar-battle.html (accessed 03.09.2013).

5 Tom Watkins and Farid Ahmed (2013): "Report. Heavy machinery blamed for Bangladesh collapse", CNN, 4 May: edition.cnn.com/2013/05/03/world/asia/bangladesh-building-collapse/index.html?hpt=hp_t1 (accessed 03.09.2013).
6 Polskie Radio (2013): Polish firm ducks Bangladesh worker safety accord: www.thenews.pl/1/12/Artykul/140893,Polish-firm-ducks-Bangladesh-worker-safety-accord (accessed 14.11.2013).
7 See supra note 5.
8 Cheng, Jennifer (2013): Occupational Hazards: The Worst Industrial Disasters of 2013, online available at TIME World: <http://world.time.com/2013/06/05/occupational-hazards-the-worst-industrial-disasters-of-2013/slide/bangladesh-garment-factory-collapse/> (accessed 14.11.2013).

"We are not feeling guilty of the situation in any way. Therefore LPP is not feeling responsible for any compensation."

Vice-chairman of LPP, Dariusz Pachla



▲ Savar building collapse – missing board.
© Sharat Chowdhury

under deplorable conditions for the minimum wage, \$38 a month. Safety issues pose a constant threat to Bangladeshi garment industry workers. Fires and machinery explosions claim scores of lives every year (e.g. the Tazreen garment factory fire in November 2012 killing 112 people).⁹ In the last 11 years (excluding the Rana Plaza collapse), poor safety standards accounted for 730 deaths.¹⁰

Voluntary, non-legally binding initiatives attempting to improve garment factory safety standards arose from major tragedies in 2005 and 2010. However, the concerted efforts of community organizations and certain companies who chose to partially implement some of the new standards failed to bring about discernible improvements and ultimately failed in preventing the Rana Plaza disaster. After the Rana Plaza tragedy, over 80 clothing brands and retailers signed the “Accord

on Fire and Building Safety in Bangladesh.”¹¹ The Accord offers an opportunity for cooperation between community organizations, companies, and the government that could improve the current situation for many garment workers. LPP has yet (as of July 2013) to sign the Accord. LPP management has failed to claim any responsibility for the Rana Plaza victims or their families in terms of rehabilitation or compensation. The vice-chairman of LPP declared that he did not feel guilty for the Rana Plaza tragedy, and therefore did not feel there was a need to claim responsibility in the situation.¹²

→ Grzegorz Piskalski

“I began working in Bangladesh’s garment industry at the age of 12, making just \$3 a month. [...] I worked 23 days in a row, sleeping on the shop floor, taking showers in the factory restroom, drinking unsafe water and being slapped by the supervisor.”

Kalpona Akter, former child laborer, executive director of the Bangladesh Center for Worker Solidarity

9 Farid Hossain and Julhas Alsam (2012): “Walmart Admits Bangladesh Factory Was Making Clothing For Retailer Before Fire”, Huffington Post, 26 November: www.huffingtonpost.com/2012/11/27/walmart-bangladesh-factory-fire_n_2197441.html (accessed 03.09.2013).

10 Farida Akhter (2013): “Forced to Die. The Garment Workers at Rana Plaza”, Common Dreams, 28 April: <https://www.commondreams.org/view/2013/04/28-6> (accessed 03.09.2013).

11 Industriall Global Union (2013): Bangladesh Safety Accord implementation – moving forward: www.industrial-union.org/bangladesh-safety-accord-implementation-moving-forward (accessed 03.09.2013).

12 Wojciech Matusiak (2013): “Lepsze warunki pracy w Bangladeszu bez właściciela Cropp i Reserved”, Gazeta Wyborcza, 9 July: wyborcza.pl/1,75248,14249926,Lepsze_warunki_pracy_w_Bangladeszu_bez_wlasciciela.html (accessed 09.07.2013).



Greenpeace Action against GE soya beans from Monsanto in Louisiana.
© Greenpeace Kent Hardouin

Monsanto Co.

Monsanto is a U.S.-based multinational agricultural biotechnology corporation headquartered in St. Louis, Missouri, USA. Monsanto is the world's largest producer of genetically modified seeds and herbicides.¹ Monsanto is a member of the Roundtable on Sustainable Palm Oil (RSPO) which is promoting the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders.² Monsanto is also a UN Global Compact participant.³

NGOs and farmers worldwide criticize Monsanto's controversial business practices, its monopoly of the seed and food commodity markets, and its connections to the US government. RepRisk – an international screening organization – reported that Monsanto cleared hundreds of thousands of acres of land in order to plant genetically modified soybeans in South America. The report also states that Monsanto is responsible for instances of deforestation, violence, and displacements, as well as for using toxic herbicides that are detrimental to public health.⁴ Monsanto's reputation has earned

it a spot on the Global Exchange's 2012 list of "Most Wanted Corporate Criminals." This U.S. NGO accused the company of being "one of the most egregious abusers of the human rights of sovereignty, access to land, and health."⁵

NGOs criticize the wide use of Monsanto's herbicide, "Roundup", which contains glyphosate, a chemical that poses severe risks to human health and the environment. Glyphosate is toxic to any plant not genetically modified to resist it and can be fatal to humans. A study commissioned by Friends of the Earth Europe (FOEE) on the consequences of the use of glyphosate found traces of the herbicide in urine samples from people in all 18 European countries surveyed.⁶ Glyphosate can be toxic to human cells and can cause damage to the endocrine system. FOEE uncovered reports of glyphosate exposure taken from various South American soy-growing regions. The reports showed increased birth defects in Paraguay, increased rates of genetic abnormalities and miscarriage in Ecuador and Colombia, and increases in cancer rates in Argentina.⁷ In 2012, an Argentinian court found two soy farmers guilty of

| | |
|--|---------------------|
| Estimated value of managed shares and bonds: | |
| ING | 153 |
| Allianz | 147 |
| Credit Suisse | 113 |
| Deutsche Bank | 96 |
| BNP Paribas | 94 |
| Estimated value of underwritten shares and bonds: | |
| UniCredit | 6 |
| Loans: | |
| UniCredit | 93 |
| Turnover: | 10,211.80 |
| Net Income: | 1,547.13 |
| ISIN: | US61166W1018 |

Top Financial Transactions in € million
*Currency rate 31.12.2012

1 Monsanto Company (2013). Monsanto at a Glance. Retrieved September 3, 2013, from Monsanto: www.monsanto.com/whoweare/Pages/default.aspx

2 Friends of the Earth International does not regard the RSPO as a credible certification process as it is only a limited tool of technicality which is not able to adequately address the horrendous impacts of oil palm cultivation on forests, land and communities: www.foei.org/en/media/archive/2009/certified-palm-oil-not-a-solution (accessed 31.07.2013).

3 <http://unglobalcompact.org/index.html>

4 Reprisk (2013): Monsanto, Company Profile, 4 July, offline.

5 Global Exchange (2013): Top 10 Corporate Criminals Alumni: www.globalexchange.org/corporateHRviolators/alums (accessed 27.08.2013).

6 Medical Laboratory Bremen (2013): Determination of Glyphosate residues in human urine samples from 18 European countries: https://www.bund.net/fileadmin/bundnet/pdfs/gentechnik/130612_gentechnik_bund_glyphosat_urin_analyse.pdf (accessed 31.07.2013).

7 Friends of the Earth Europe (2013): Glyphosate – Media Briefing. Reasons for concern: www.foeeurope.org/sites/default/files/publications/foee_media_briefing_glyphosate.pdf (accessed 31.07.2013).

"[We are] protecting . . . natural resources, fighting hunger, improving nutrition, and providing economic benefits to everyone involved in an improved system of agriculture."



▲ Sign 'Round up ready soya beans' in field of genetically engineered soybeans.
© Greenpeace Alexandra Buxbaum

contaminating a community for violating regulations that banned spraying pesticides near residential areas.⁸

Pesticides and genetically modified crops also pose a threat to bee populations. A study conducted by Purdue University found that the use of neonicotinoid pesticides is strongly linked to the declining bee population.⁹ Neonicotinoid insecticides are found in some of Monsanto's seeds.¹⁰ A decline in the bee population could endanger the world's food supply. The European Commission has instituted a 2-year ban on neonicotinoid pesticides in response to these findings.¹¹

Monsanto is currently battling a lawsuit in the U.S. for testing genetically modified wheat on a farm in Oregon without authorization. The Center for Food Safety declared that Monsanto's tests put the food supply and export markets at risk. The price of wheat fell shortly after the discovery as Japan and South Korea restricted U.S. wheat imports.¹²

In 2013, a French court found Monsanto guilty of poisoning a farmer after he used Monsanto's herbicide, "Lasso".¹³

The European Commission announced that it would permit the import of the highly controversial, genetically engineered SmartStax corn in September/October 2013.¹⁴ Studies have found that SmartStax corn contains six different insecticides and therefore bears a high possibility of negative health effects.¹⁵

→ Jan Schulz

- 8 BBC News (2012): Argentina convicts two over illegal agrochemicals use, 22 August: www.bbc.co.uk/news/world-latin-america-19341093 (accessed 31.07.2013); Zukunftsstiftung Landwirtschaft (2012): Argentinien. Gericht bestraft Pestizid-Vergiftungen, 24 August: www.epo.de/index.php?option=com_content&view=article&id=8695:argentinien-gericht-bestraft-pestizid-vergiftungen&catid=14&Itemid=88, (accessed 31.07.2013).
- 9 Christian H. Krupke, Greg J. Hunt, Brian D. Eitzer, Gladys Andino and Krispn Given (2012): "Multiple Routes of Pesticide Exposure for Honey Bees Living Near Agricultural Fields", PLoS ONE, 7(1): www.moraybeedinosaurus.co.uk/neonicotinoid/routes%20of%20pesticide%20exposure%20for%20honey%20bees.pdf (accessed 31.07.2013).
- 10 David Jolly (2013): Hoping to Save Bees, Europe to Vote on Pesticide Ban, 14 March: www.nytimes.com/2013/03/15/business/global/hoping-to-save-bees-europe-to-vote-on-pesticide-ban.html?pagewanted=all (accessed 31.07.2013).
- 11 Elizabeth Grossman (2013): "Declining Bee Populations Pose A Threat to Global Agriculture", Environment360, Report, 30 April: http://e360.yale.edu/feature/declining_bee_populations_pose_a_threat_to_global_agriculture/2645/ (accessed 31.07.2013); European Commission (2013): "Commission Implementing Regulation (EU) No 485/2013 of 24 May 2013", Official Journal of the European Union, 25 May: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:139:0012:0026:EN:PDF> (accessed 31.07.2013).

- 12 Ian Berry (2013): "UPDATE. Farmers, Food Safety Group Sue Monsanto After Oregon Wheat Incident", Wall Street Journal, 6 June: <http://online.wsj.com/article/BT-CO-20130606-711940.html#> (accessed 31.7.2013).
- 13 Frankfurter Allgemeine Zeitung (2012): Gerichtsurteil in Frankreich Monsanto hat Landwirt vergiftet, 13 February: www.faz.net/aktuell/gesellschaft/umwelt/gerichtsurteil-in-frankreich-monsanto-hat-landwirt-vergiftet-11648854.html (accessed 31.7.2013).
- 14 Marlies Uken (2013): „Monsanto. Super-Genmais darf nach Europa“, 12 August: www.zeit.de/wirtschaft/2013-08/smartstax-eu-monsanto (accessed 15.08.2013).
- 15 Astrid Halder and Hendrik Loven (2013): "Frisch auf den Markt. Umstrittener Gen-Mais kommt nach Europa", Report München, 30 July: www.br.de/fernsehen/das-erste/sendungen/report-muenchen/videos-und-manuskripte/genmais100.html (accessed 27.07.2013).

"Monsanto's day-to-day operations have wreaked havoc on the environment and public health."

Food and Water Watch



▲ Advertisement for Nestlé's Pure Life
 © Urs Schnell / Res Gehriger, Bottled Life 2011

Nestlé S.A.

Nestlé, headquartered in Vevey, Switzerland, is the world's largest food and beverage company. Nestlé has a wide range of products including baby food, bottled water, coffee, and chocolate. Nestlé is a member of the Roundtable on Sustainable Palm Oil (RSPO) which is promoting the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders.¹ Aside from this Nestlé is a participant of the UN Global Compact which asks companies to support and respect the protection of internationally proclaimed human rights.² Despite having operations in 86 countries, Nestlé has attracted global criticism for its marketing and business practices, for violating human and labor rights, and for pollution. In 2010 TRIODOS classified Nestlé as not „eligible for

investment“ because of animal testing, environmental damage and genetic engineering.³

Nestlé owns over 70 brands worldwide and is a global leader in bottled water production and distribution.⁴ This has led to fierce criticism over its control of global water resources. Nestlé markets water obtained from natural groundwater resources for re-sale. It also actively works to suppress critics who represent communities suffering from Nestlé's business practices. A recent documentary, Bottled Life, revealed these negative effects of Nestlé's bottling practices on local communities and ecosystems. In Maine, U.S.A., local citizens have started a campaign against Nestlé for pumping millions of gallons of the region's groundwater for re-sale without considering claims from local critics or the potential ecological effects of its extraction

Estimated value of managed shares and bonds:

| | |
|---------------|-------|
| Credit Suisse | 2,062 |
| UBS | 1,927 |
| Deutsche Bank | 868 |
| DZ Bank | 328 |
| Allianz | 200 |

Estimated value of underwritten shares and bonds:

| | |
|---------------|-----|
| Deutsche Bank | 888 |
| Credit Suisse | 417 |
| BNP Paribas | 354 |
| UBS | 228 |

Loans:

| | |
|---------------|-----|
| BNP Paribas | 876 |
| Credit Suisse | 876 |
| Deutsche Bank | 876 |
| UBS | 876 |
| ING | 392 |

Turnover: 76,329.30

Net Income: 8,785.83

ISIN: CH0038863350

Top Financial Transactions in € million
 *Currency rate 31.12.2012

1 Friends of the Earth International does not regard the RSPO as a credible certification process as it is only a limited tool of technicality which is not able to adequately address the horrendous impacts of oil palm cultivation on forests, land and communities. www.foei.org/en/media/archive/2009/certified-palm-oil-not-a-solution

2 www.unglobalcompact.org/index.html

3 Triodos (2010): Company Engagement Report: www.triodos.com/downloads/investment-management/research/company-engagement-report-2010.pdf (accessed 05.09.2013)

4 Nestlé Waters (2013): Our Brands: www.nestle-waters.com/brands (accessed 05.09.2013).

“[We are] doing business in ways that specifically help address global and local issues in the areas of nutrition, water and rural development.”

processes.⁵ Such cases are, unfortunately, not unique. Various reports depict similar cases across the U.S. in states like Colorado, Florida, Michigan, and New York.⁶

Nestlé is criticized for depleting groundwater levels near its production plants, particularly when producing its Pure Life brand of bottled water in countries like Pakistan⁷, Nigeria,⁸ and South Africa.⁹ Nestlé's monopoly of local water resources has forced locals in these countries to choose between an unsanitary public water supply and an unaffordable bottled water.

Nestlé currently faces several critics, particularly proponents of human and labor rights. In 2012, human rights activists from the ECCHR and the Colombian trade union, Sinaltrainal, filed a lawsuit under the Swiss court system against Nestlé alleging the company's involvement in the murder of a Columbian union leader. However, the statute of limitations for the claim expired forcing the courts to dismiss the case.¹⁰ The following year, paramilitary groups murdered several Sinaltrainal union members working at a Nestlé factory in Bugalagrande, Colombia; many union

members continue to face death threats.¹¹ More recently, in November 2013, paramilitary troops shot and killed Oscar López, a union member and 25-year Nestlé employee, in Bugalagrande, Colombia. MultiWatch, a Swiss NGO, accused Nestlé of inciting conflict with Sinaltrainal through a negative publicity campaign. Such allegations put union members at very high risk of threats, attacks, or death.¹²

Nestlé has reportedly violated several international laws by barring workers in Indonesia and Pakistan from participating in trade unions.¹³

The Fair Labor Association (FLA) found evidence of child labor in Nestlé's Ivory Coast cocoa supply chain, not only violating ILO norms but also its own supplier code.¹⁴

In 2013, Canadian authorities investigated Nestlé, Mars, and several other companies in connection with a chocolate price fixing scandal.¹⁵ That same year, Swiss courts found Nestlé guilty of espionage after investigations proved that Nestlé sent undercover agents to infiltrate ATTAC, a human rights group working on a publication criticizing Nestlé's business practices.¹⁶

→ Jan Schulz

5 Bottled Life (2012): The Story: www.bottledlifefilm.com/index.php/the-story.html, Stop Nestle Waters, Fryeburg, ME, online available at stopnestlewaters.org/communities/fryeburg-me (accessed 05.09.2013); David Carkhuff (2013): "Fryeburg residents protest proposed Nestle Waters contract", The Portland Daily Sun, 13 June: www.portlanddaily-sun.me/index.php/newsx/local-news/9564-fryeburg-residents-protest-proposed-nestle-waters-contract (accessed 05.09.2013).

6 Bottled Life (2012): Nestlé's Water World: en.bottledlife.tv/nestleswaterworld.html (accessed 05.09.2013).

7 Oxfam (2013): "Behind the Brands. Food justice and the 'Big 10' food and beverage companies", Oxfam Briefing Paper, 166: www.oxfam.org/sites/www.oxfam.org/files/bp166-behind-the-brands-260213-en.pdf, p. 29, (accessed 05.09.2013); Handelszeitung (2013): Nestlé in der Kritik. Oxfam attackiert Lebensmittelfirmen, 26 February: www.handelszeitung.ch/unternehmen/nestle-der-kritik-oxfam-attackiert-lebensmittelfirmen (accessed 05.09.2013).

8 Bottled Life (2012): Nestlé's Water World: en.bottledlife.tv/nestleswaterworld.html (accessed 05.09.2013).

9 Das Erste (2013): Südafrika - Wem gehört das Wasser, 18 June: www.daserste.de/information/politik-weltgeschehen/weltspiegel/sendung/wdr/suedafrika-wasser-05052013-100.html (accessed 05.09.2013).

10 ECCHR (2013): Nestlé braucht Schweizer Justiz nicht zu fürchten, 7 Mai: www.ecchr.de/index.php/nestle.html (accessed 05.09.2013).

11 Sinaltrainal (2013): Nestlé. En Bugalagrande continúan asesinando personas amenazadas, 21 June: sinaltrainal.org/index.php/empresas20/nestle%3%A919/3232-en-bugalagrande-continuan-asesinando-personas-amenazadas 21.06.2013 (accessed 05.09.2013).

12 J. Revill, D. Molinski (2013): Nestlé Factory Worker Shot Dead in Colombia. The Wall Stree Journal, 11 November: www.online.wsj.com/news/articles/SB10001424052702303914304579192170207810230 (accessed 13.11.2013); Multiwatch (2013): Nestlé Gewerkschafter in Kolumbien ermordet. Multiwatch, 10 November: www.multiwatch.ch/de/p97001591.html (accessed 13.11.2013).

13 IUF (2013): Nestlé European Trade Unions Demand "Stop Nespressure" in Indonesia and in Pakistan!: cms.iuf.org/?q=node/1197 (accessed 05.09.2013).

14 Fair Labor Association (2012): Sustainable Management of Nestlé's Cocoa Supply Chain in the Ivory Coast – Focus on Labor Standards: www.fairlabor.org/sites/default/files/documents/reports/cocoa-report-final_0.pdf, p. 41 (accessed 05.09.2013).

15 BBC News (2013): Chocolate firms Nestle and Mars accused of price-fixing, 7 June: www.bbc.co.uk/news/business-22807887 (accessed 05.09.2013).

16 Taz (2013): Nestlé wegen Spitzelei verurteilt. Kleine Genugtuung für Attac, 19 January: www.taz.de/!109998/ (accessed 05.09.2013).

"Nestlé is using up precious natural water resources - to create and commercialize 'new' water."

Movie: **Bottled Life**



◀
Mass protest in Cajamarca, rally at mountain lake, May 31, 2012.
© Lien Merre

Newmont Mining Corp.

Based in Denver, Colorado, Newmont Mining is one of the largest gold producers in the world.¹ Newmont Mining has significant worldwide assets and operations, and is the principle shareholder of Minera Yanacocha S.R.L., a joint venture between Newmont (51.35%), the Peruvian Buenaventura (43.65%) company, and the World Bank's International Finance Corporation (5%).² Minera Yanacocha owns the Yanacocha mine located in Cajamarca (Peru). Spread across 600 sq. miles, it is the second largest and most profitable gold mine in the world.³ The open pit mine has generated several controversies since its launch in 1993, particularly for causing severe damage to local water resources.⁴

Newmont Mining is a participant of the UN Global Compact which asks companies to support and respect the protection of internationally proclaimed human rights.⁵ Furthermore through implementation of the Voluntary Principles on Security and Human Rights, Newmont Mining aligned its corporate policies and procedures with internationally recognized human rights principles in the provision of security for their operations.⁶

The familiar view of mining as a driver for local economic development proved false in Cajamarca:

after 20 years of mining activity, the region is still one of the poorest in the country.⁷ While the company claims to create opportunities for employment, many residents in the area have lost their livelihoods.⁸ Frequent water shortages, environmental destruction, and the disappearance of arable land in the region all indicate that that mining is irreconcilable with the dominant activities in the local economy (i.e. agriculture and tourism).⁹

Minera Yanacocha is planning a new gold mining project – the Conga project. The project would drastically alter Cajamarca's surface water drainage system and would affect multiple water sources, intensifying the community's existing environmental woes. Upon review, the Conga project's 9,000 page Environmental Impact Assessment (EIA) was described as "disorganized" and "inadequate" given the scale of investment. Conga's EIA recognizes only 32 communities in the mine's range of influence.¹⁰ However, Minas Conga is located at the convergence of five major river basins in the area. Therefore, pollution from the

Estimated value of managed shares and bonds:

| | |
|---------------|-----|
| Allianz | 219 |
| Deutsche Bank | 207 |
| ING | 141 |
| UBS | 138 |
| Credit Suisse | 128 |

Estimated value of underwritten shares and bonds:

| | |
|---------------|----|
| BNP Paribas | 72 |
| Deutsche Bank | 72 |
| UBS | 72 |
| Credit Suisse | 46 |

Loans:

| | |
|---------------|-----|
| UBS | 550 |
| BNP Paribas | 88 |
| Deutsche Bank | 88 |

Turnover: 7,465.58

Net Income: 1,368.59

ISIN: US651639106

Top Financial Transactions in € million
*Currency rate 31.12.2012

1 Newmont Mining Coproation (2013): About Newmont: www.newmont.com/about (accessed 02.09.2013).

2 Yanacocha (2010): Quiénes Somos: www.yanacocha.com.pe/la-compania/quienes-somos/ (accessed 02.09.2013).

3 Infomine (2010): Yanacocha Mine: www.infomine.com/minesite/minesite.asp?site=yanacocha (accessed 02.09.2013).

4 Cajamarca, Peru: www.nodirtygold.org/cajamarca_peru.cfm (accessed 02.09.2013); P. Marco Arana Zegarra (2004): Agua y minería en Cajamarca. Defendiendo el derecho al agua, Cajamarca: Grufides: es.scribd.com/doc/18111630/Impacto-de-Yanacocha-Sobre-Cajamarca (accessed 02.09.2013), p.12, 6-9.

5 www.unglobalcompact.org/index.html

6 www.voluntaryprinciples.org/for-companies/

7 Ángel Páez (2011): "Distritos del proyecto Conga siguen pobres a pesar del canon", La Republica, 20 December: www.larepublica.pe/20-12-2011/distritos-del-proyecto-conga-siguen-pobres-pegar-del-canon (accessed 02.09.2013); José De Echave and Alejandro Diez (2013): Más allá de Conga, Rio de Janeiro: Cooper Acción: celendinlibre.wordpress.com/2013/04/17/libro-mas-alla-de-conga-jose-de-echave-alejandro-diez/ (accessed 02.09.2013), p. 16.

8 New York Times (2010): Tangled Strands in Fight over Peru Gold Mine, 14 June: www.nytimes.com/2005/10/25/international/americas/25GOLD.html?pagewanted=all&_r=0 (accessed 02.09.2013).

9 P. Marco Arana Zegarra (2004): Agua y minería en Cajamarca. Defendiendo el derecho al agua, Cajamarca: Grufides: es.scribd.com/doc/18111630/Impacto-de-Yanacocha-Sobre-Cajamarca (accessed 02.09.2013).

10 Robert E. Moran (2012): The Conga Mine, Peru: Comments on the Environmental Impact Assessment (EIA) and Related Issues, Paper prepared for the Environmental Defender Law Center: denjustpeace.org/wordpress/wp-content/uploads/Peru-Conga-REM-Rept-English-March-84.pdf (accessed 02.09.2013).

"Yanacocha follows key principles such as: the contribution to the social and economic development."



Conga mine would put the region's waterways, livelihoods, and water rights at risk.¹¹ The mine would presumably destroy four lakes, affect 680 springs, and consume at least 228,000 liters of water per hour in a region already prone to water shortages.¹²

According to ILO Convention No. 169, ratified by the Peruvian government, potentially affected communities have the right to consultation on the Conga Project – something the Peruvian government failed to do. A survey by IPSOS APOYO published in August 2012 reported that 78% of the population in Cajamarca is against the Conga Project, with only 15% in favor of it.¹³

A formal complaint was filed with the Inter-American Commission on Human Rights (IACHR) in April 2012.¹⁴ Still, the company and the Peruvian government continue to move forward with the project. Protests have been occurring since November 2011. They are often violently suppressed by Peruvian police forces resulting in countless human rights violations. In July 2012, The Peruvian National Police suppressed a

demonstration wounding many and killing five.¹⁵ Police often arbitrarily detain or arrest peaceful demonstrators; the mine actively targets social leaders who speak out. In response to the protests, the Peruvian government declared a state of emergency and placed Cajamarca under a heavy military presence for three months.¹⁶ The Conga project has failed to implement acceptable CSR protocols and continues to operate without consent from the local population.

In 2012, The Department of Mines and Petroleum in Western Australia launched an investigation into Newmont Mining's Boddington Gold Mine site due to a series of reported safety violations.¹⁷

→ Catapa & Thomas Küchenmeister

"In many ways, it [the environmental impact assessment at Conga site] is an insult to the public and the regulators (...). It was disorganized and incoherent; the technical quality of the analysis would be unacceptable in a developed country; it was based on false assumptions and rosy projections; it failed to consider the experiences of countless similar mines around the world; liability for post-closure cleanup was ignored; and so on and so on for almost 30 bullet-pointed pages."

Bob Moran, hydro geologist and geochemist, specialist in impact of hard-rock mining

- 11 Bank Track (2013): Dodgy Deal. Minas conga mining project: www.banktrack.org/manage/ajax/ems_dodgydeals/createPDF/minas_conga_mining_project (accessed 02.09.2013)
- 12 Roxana Olivera (2013): "Standing up to big gold", The United Church Observer, 4 June: www.ucobserver.org/features/2013/06/big_gold/ (accessed 02.09.2013).
- 13 La Republica (2012): Ipsos Apoyo: 78% de cajamarquinos se opone al proyecto Conga, 22 August 22: www.larepublica.pe/22-08-2012/ipsos-apoyo-78-de-cajamarquinos-se-oponen-al-proyecto-conga (accessed 02.09.2013).
- 14 Reuters (2013): Peru faces human rights complaint over Newmont gold mine, 11 March: www.reuters.com/article/2013/03/12/peru-newmont-lawsuit-idUSL1N0C3GGS20130312 (accessed 02.09.2013); Cecilia Jamasmie (2013): Peruvians ask Washington-based human rights commission to halt Newmont's Conga project, 13 March: www.mining.com/peruvians-asks-washington-based-human-rights-commission-to-halt-newmonts-conga-project-20147/ (accessed 02.09.2013).

- 15 Coordinadora Nacional de Derechos Humanos (2013): Muertos por la intervención policial en contextos de protesta social enero 2011 – julio 2012: derechoshumanos.pe/informe_anual_2011_12/Muertos_por_la_intervencion_policial_en_contextos_de_protesta_social.pdf (accessed 02.09.2013); Amnesty International (2012): Peru. Appeal for calm after fatal violence at mine protest: <https://amnesty.org/en/news/peru-appeal-calm-after-fatal-violence-mine-protest-2012-07-05> (accessed 02.09.2013).
- 16 Coordinadora Nacional de Derechos Humanos (2013): Informe anual 2011-2012. Un año del gobierno de Ollanta Humala: derechoshumanos.pe/informe_anual_2011_12/Derechos_civiles_y_politicos.pdf (accessed 02.09.2013).
- 17 Trevor Paddenburg (2012): "Mine sites close over safety fears", The Sunday Times, 29 September, online available at: www.theaustralian.com.au/news/mine-sites-close-over-safety-fears/story-e6frg6n6-1226484359782 (accessed 02.09.2013).



◀ Advertisement for the “Assegai Series” of artillery ammunition – a joint venture between Rheinmetall and the Saudi Arabian MIC (Military Industrial Cooperation) at the IDEX 2013 weapons exhibition in Abu Dhabi.
© Facing Finance

Rheinmetall AG

Rheinmetall AG is a German defense company specializing in land systems, weapons and munitions, propellants, and air-defense systems. SIPRI ranked Rheinmetall 26th on its “Top 100 arms-producing and military services companies in the world excluding China, 2011” list.¹ The company has yet to sign the UN Global Compact.

Rheinmetall is accused of corruption, bribery, and selling weapons to countries that do not respect human rights. Delta Lloyd Asset Management, the independent investment subsidiary of the Dutch, Delta Lloyd Asset Management Group, recently excluded Rheinmetall from its investment portfolio due to their production of white phosphorus munitions.²

India blacklisted Rheinmetall Air Defence (RAD) in 2012 following corruption allegations.³ In 2013, a RAD official was arrested for allegedly bribing an Indian businessperson with \$5 million (of which, \$530,000 had been paid) to remove RAD’s name from India’s blacklist.

Rheinmetall recently received approval to export 104 military (Leopard 2) tanks to Indonesia.

Members of the German Parliament have opposed the export for fear that the Indonesian government could use the tanks against ethnic minorities.⁴ Indonesian security forces in Papua were recently accused of multiple human rights violations in Amnesty International’s 2013 annual report. The list of violations includes torture, excessive use of force and firearms, and possible unlawful killings. The report also states that Indonesia has been inefficient and unsuccessful at bringing perpetrators to justice, rehabilitating victims, and helping victims to seek reparations.⁵

Rheinmetall is planning to collaborate with Krauss-Maffei Wegmann to sell several hundred tanks, (i.e. Leopard 2), and armored vehicles, (i.e. GTK Boxer), to Saudi Arabia despite the country’s poor human rights record.⁶

In February 2013, the South Africa based Rheinmetall Denel Munitions (RDM) marketed the 155mm “Assegai family” of artillery ammunition at the IDEX weapon show in Abu Dhabi as part of a joint project with the Saudi Arabian Military Industries Corporation (MIC)(see photo). RDM offers the complete “155mm Assegai Artillery

| Estimated value of managed shares and bonds: | |
|--|---------------------|
| BlackRock Germany | 17 |
| DZ Bank | 14 |
| DekaBank | 12 |
| Deutsche Bank | 10 |
| UniCredit | 9 |
| Loans: | |
| Commerzbank | 88 |
| Deutsche Bank | 88 |
| UniCredit | 88 |
| Turnover: | 4,704.00 |
| Net Income: | 190.00 |
| ISIN: | DE0007030009 |

Top Financial Transactions in € million
*Currency rate 31.12.2012

1 SIPRI (2013): The SIPRI Top 100 arms-producing and military services companies in the world excluding China, 2011: www.sipri.org/research/armaments/production/Top100 (accessed 03.09.2013).

2 Delta Lloyd Asset Management (2013): Exclusions: www.deltalloydassetmanagement.nl/en-gb/about-us/mvo/exclusions/ (accessed 03.09.2013); Delta Lloyd Asset Management (2013): Exclusions. Controversial Weapons, Q3 2013: www.deltalloydassetmanagement.nl/media/305165/Controversial%20Weapons%20Exclusions%20Q3%202013.pdf (accessed 03.09.2013).

3 Anurag Kotok (2013): “India police charge Rheinmetall official with bribery”, Reuters, 7 June: www.nbcnews.com/id/52129074/ns/business-world_business/t/india-police-charge-rheinmetall-official-bribery/#.UguKOJlweSo (accessed 03.09.2013).

4 Hauke Friedrichs (2013): “Feuer Frei!”, Die Zeit, 16 May: www.zeit.de/2013/21/bundesregierung-panzer-verkaufe-indonesien (accessed 03.09.2013).

5 Amnesty International (2013): Amnesty International Report 2013. The State of the World’s Human Rights, London: Amnesty International: files.amnesty.org/air13/AmnestyInternational_AnnualReport2013_complete_en.pdf, pp. 122-125 (accessed 03.09.2013).

6 Handelsblatt (2012): Saudi-Arabien will hunderte Radpanzer in Deutschland kaufen, 2 December: www.handelsblatt.com/politik/deutschland/ruestungsexporte-saudi-arabien-will-hunderte-radpanzer-in-deutschland-kaufen/7467246.html (accessed 03.09.2013).

“The goal of Rheinmetall Division Combat Systems is refocusing its international business on the growth markets in the Middle East and Asia.”



▶
Leopard 2 tank.
© Facing Finance

Ammunition” series, which includes insensitive munition (IM), high explosive (HE), conventional HE, screening smoke, illumination, infrared illumination, and many other projectiles.⁷ Sources like the *Jane’s Ammunition Handbook* indicate that the 155mm Assegai family includes cluster munitions that have been banned by the Convention on Cluster Munitions.⁸ Amnesty International claims that Saudi Arabian security forces commit frequent human rights violations, which include the use of excessive force against protesters, and the ill-treatment and torture of prisoners and detainees.⁹

The German government recently condoned the sale of 62 tanks and 24 howitzers to Qatar in a €1.89 million deal. Rheinmetall’s total contribution to Qatari military systems is worth around €475 million.¹⁰ Amnesty International recently condemned Qatar for committing multiple human rights violations, particularly for placing constraints on people’s freedom of expression and cases of torture.¹¹ Rheinmetall reportedly plans to manufacture as many as 1,200 armored personnel vehicles over the next ten years in Algeria – where authorities continue to obstruct people’s right to protest and freedom of expression by suppressing demonstrations and harassing human rights defenders.¹²

The Campaign to Ban Killer Robots has also raised concerns regarding Rheinmetall’s involvement in the development of fully autonomous weapon systems (i.e., due to the high degree of automation already present in semi-automatic systems like the NBS MANTIS) which “would be unable to meet basic principles of international humanitarian law” and compromise legal and ethical checks on civilian deaths.¹³

The public prosecution office of Bremen is currently investigating Rheinmetall Defence Electronics and Atlas Elektronik (a subsidiary of EADS and ThyssenKrupp) for allegations of bribery and tax evasion. The companies are accused of bribing the Greek government for submarine defense deals to a sum of €9 million. Rheinmetall denies the accusations. After Thyssen Krupp and EADS bought Atlas Elektronik from BAE-Systems in 2006, they discovered suspicious payouts to a British postal company linked to a Greek corporation. Atlas informed the prosecution office of these activities in 2010, however an investigation was not opened until Rheinmetall’s 2012 audit.

→ Thomas Küchenmeisterr

7 Christopher F. Foss (2012): New mortar ammunition, 20 September: www.ihs.com/events/exhibitions/africa-aerospace-defence-2012/news/sept-20/New-mortar-ammunition.aspx (accessed 04.09.2013).

8 Leland S. Ness and Anthony G. Williams (2011): *Jane’s Ammunition Handbook 2011-2012*, Coulsdon: Janes Information Group, p. 752

9 See supra note 5, p. 224

10 Focus (2013): Umstrittene Rüstungsgeschäfte. Rheinmetall profitiert vom Waffen-Deal mit Katar, 18 June: www.focus.de/politik/ausland/nahost/ruerstung-mit-gewinn-rheinmetall-profitiert-vom-waffen-deal-mit-katar_aid_1018849.html (accessed 04.09.2013).

11 See supra note 5, p. 215

12 Der Spiegel (2012): „Panzer für Algerien“, Spiegel Magazin, 46: magazin.spiegel.de/reader/index_SP.html#j=2012&h=46&a=89571099 (accessed 04.09.2013), p. 15; Amnesty International, see supra note 5, p. 21

13 www.hrw.org/node/111291/section/10
www.hrw.org/reports/2012/11/19/losing-humanity-0

“Countries lagging in their respect for human rights like Saudi Arabia, Qatar, and Indonesia are predisposed towards violent suppression of political opposition.”

Dorothea Kerschgens,
Association of Critical
Shareholders

Rio Tinto Group

Having operations on six continents, Rio Tinto is the second largest mining company in the world. The company processes materials like aluminum, copper, diamonds, coal, uranium, gold, iron ore, and industrial minerals. Rio Tinto is notoriously lax in their concern for issues like safety, human rights, the environment, and tax laws.¹ A recent Earthworks report criticized Rio Tinto for their inability to provide environmentally and socially responsible minerals.² Rio Tinto is a UN Global Compact participant meaning that it agreed to embrace and incorporate the Compact's core values into its policies and operations. Through implementation of the Voluntary Principles on Security and Human Rights, Rio Tinto aligned its corporate policies and procedures with internationally recognized human rights principles in the provision of security for their operations.³

Rio Tinto's controversial business practices have prompted investors like the Government Pension Fund of Norway, NORGES bank, Birch Caring Capital, and the KLP to exclude Rio Tinto from their investment portfolios.^{4,5}

A recent Human Rights Watch (HRW) report, "What is a House without Food?" accuses coal mining companies of land grabbing and human rights violations in the Mozambican Tete province. Coal mining companies like Vale, Rio Tinto, and Riversdale have reportedly resettled around 1,429 households; many residents now lack access to food and water.⁶

In Madagascar, locals expelled from their land by Rio Tinto/QMM's mining project in Taolagnaro have been lobbying for fair compensation since

2010. In March 2013, fifteen Fagnomba organization members were arrested and imprisoned for speaking out against the mining activities.⁷ Fort-Dauphin residents expelled from their land protested the concessions the company received for its land acquisitions along with the company's employment policy at its mineral sands operation.⁸

Rio Tinto's African uranium mining ventures have also come under severe scrutiny. CRIRAD and Earthlife Namibia conducted research on the effects of Namibia's largest uranium mine, the Rössing uranium mine (Rio Tinto's 69% subsidiary), on the local environment, labor, and human rights. Their preliminary findings concluded that workers and residents from surrounding communities experienced health problems related to their exposure to radioactive waste and the inhalation of dust and radon gas produced by the mine. Rössing's health and safety protocols were shown to be outdated and inadequate.⁹ Recent measures indicated elevated levels of uranium in groundwater, soil, and sediment.¹⁰

In October 2011, a U.S. federal appeals court revived a lawsuit faulting Rio Tinto for multiple human rights violations and thousands of deaths linked to its subsidiary, the Panguna copper mine in Bougainville, Papua New Guinea. The lawsuit alleged that Rio Tinto violated international laws and was complicit to war crimes, genocide, human rights abuses, cultural devastation, and environmental destruction. The case was intertwined with a ten-year secessionist war in Papua New Guinea that claimed 20,000 lives.¹¹ In June 2013, the courts dismissed the case against Rio Tinto following a ruling in the April 2013 Kiobel v. Royal

Estimated value of managed shares and bonds:

| | |
|---------------|-----|
| Allianz | 433 |
| ING | 215 |
| Deutsche Bank | 187 |
| BNP Paribas | 180 |
| UBS | 177 |

Turnover: 38,554.00

Net Income: -2,256.49

ISIN: AU000000RIO1

Top Financial Transactions in € million
*Currency rate 31.12.2012

1 Andrew Duffy (2012): "Who are our most controversial miners?", Australian Mines, 17 October: www.miningaustralia.com.au/features/who-are-our-most-controversial-miners

2 EarthWorksAction (2013): More Shine Than Substance. How RJC Certification fails to create responsible jewelry: www.earthworkSACTION.org/files/publications/More-Shine-Than-Substance-FINAL.pdf (accessed 04.09.2013).

3 www.voluntaryprinciples.org/for-companies/

4 Norwegian Government Ministry of Finance (2008): The Government Pension Fund divests its holdings in mining company, Press release, 43, 09 September: www.regjeringen.no/en/dep/fin/Press-Center/Press-releases/2008/the-government-pension-fund-divests-its-.html?id=526030 (accessed 04.09.2013).

5 View table on page 117

6 Human Rights Watch press release (2013) "What is a House without Food?". Mozambique's Coal Mining Boom and Resettlements: www.hrw.org/news/2013/05/23/mozambique-mining-resettlements-disrupt-food-water (accessed 04.09.2013)

7 Ejolt (2013): Rio Tinto in Madagascar. 15 activists arrested, 19 March: www.ejolt.org/2013/03/rio-tinto-in-madagascar-15-activists-arrested/ (accessed 04.09.2013)

8 The Telegraph (2013): Rio Tinto threatens to exit Madagascar after CEO is trapped by protesters, 11 January: www.telegraph.co.uk/finance/newsbysector/industry/mining/9797182/Rio-Tinto-threatens-to-exit-Madagascar-after-CEO-is-trapped-by-protesters.html (accessed 04.09.2013).

9 Hilma Shindondola-Mote (2009): "Uranium Mining in Namibia. The mystery behind 'low level radiation'", LaRRI Study: somo.nl/publications-en/Publication_3061/at_download/fullfile (accessed 09.09.2013).

10 CRIIRAD (2012): Preliminary results of CRIIRAD radiation monitoring near uranium mines in Namibia, 11 April: www.criirad.org/actualites/dossier2012/namibie/CRIIRAD-namibia-press.pdf (accessed 09.09.2013).

11 ABC News (2011): Rio Tinto accused over Bougainville 'genocide', 26 October: www.abc.net.au/news/2011-10-26/us-court-revives-rio-tinto-lawsuit/3601136 (accessed 09.09.2013).

*"The biggest risk in the open pit
is silica dust"*

▶ Entrance of the Rössing Uranium Mine in Namibia.
© Katrin Krämer



▲ Rössing Uranium Mine pit in Namibia
© Katrin Krämer

Dutch Shell case, which limited the reach of U.S. law in overseas human rights cases.¹²

Mongolian herders claim that Rio Tinto's \$5 billion expansion of their Gobi desert Oyu Tolgoi copper and gold mine threatens hundreds of nomadic people's access to fresh water and the area's unique ecology.¹³ Mining has taken a heavy toll on the region. Gobi desert herders report that the mine, which guzzles an estimated 191,230 m³ of water daily, is drying up their traditional water sources - hand-dug wells. According to a 2010 World Bank water assessment of the Southern Gobi Region, the mine's water usage far surpasses that of local livestock herds (31,600 m³) and residents (10,000 m³).¹⁴ The nomadic population was neither consulted nor informed of the mine's establishment.

Mining activities led Salt Lake City to become the second most contaminated city in the U.S. Several organizations, (Utah Moms for Clean Air, Utah Physicians for a Healthy Environment, and WildEarth Guardians) filed a 2011 lawsuit against

Rio Tinto/Kennecott claiming that Rio Tinto/Kennecott operations were responsible for a disproportionate amount of Utah's air pollution and consistently violated pollution permits and EPA standards.¹⁵ An American Lung Association analysis suggested that at least one-third of Utah's population is vulnerable to pollution impacts. Youth and the elderly constitute slightly less than half of the population in Utah; 230,000 of which have asthma and nearly 494,000 suffer from cardiovascular disease.¹⁶

The Big Gossan Mine is located in the Grasberg Gold and Copper Mining Complex in Indonesia. Following a May 2013 collapse that reportedly killed 28 people, the Indonesian government suspended production pending an investigation. Critics claim that the parent companies, Freeport-McMoRan and Rio Tinto, should be held accountable for the accident.¹⁷

→ Charlotte Christiaens & Thomas Küchenmeister

12 PNG Post Courier, 01.07.2013 . David Lornie (2013): "Rio Tinto wins case. US Court dismisses class action", PNG Post Courier, 1 July: www.postcourier.com.pg/20130701/news.htm (accessed 09.09.2013).

13 Rupert Neate (2013): "Rio Tinto accused of environmental and human rights breaches. Native Mongolian herders angry that copper and gold mine is threatening fresh water supply and ecology", The Guardian, 18 April: www.guardian.co.uk/business/2013/apr/18/rio-tinto-environmental-human-rights-breaches (accessed 04.09.2013); Puck Lo (2012): "Mongolian Nomadic Herders Worry About Impact of Rio Tinto's Gold Mine", CorpWatch Blog, 24 September: www.corpwatch.org/article.php?id=15785 (accessed 04.09.2013).

14 The World Bank (2010): Mongolia. Groundwater Assessment of the Southern Gobi Region: www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2012/06/05/000356161_20120605021723/Rendered/PDF/627890REPLACEMENT07018020110Box361493B.pdf (accessed 05.09.2013); Michelle Tolson (2013): "River Diversion Project Spells Disaster", IPS News, 19 July: www.ipsnews.net/2013/07/river-diversion-project-spells-disaster/ (accessed 05.09.2013).

15 environews.tv/tag/utah-moms-for-clean-air/ EnviroNews Utah (2011): Dr Brian Moench Announces a Joint Lawsuit Against Rio Tinto-Kennecott, video: environews.tv/dr-brian-moench-announces-a-joint-lawsuit-against-riotinto-kennecott/#sthash.x0Ksb6f.dpuf (accessed 05.09.2013).

16 Judy Fahys (2013): "Air pollution in Utah gets 'F' grades from American Lung Association", The Salt Lake Tribune, 24 April: www.sltrib.com/sltrib/news/56208839-78/pollution-utah-association-lung.html.csp (accessed 05.09.2013).

17 Reprisk (2013): Top Ten Currently Most Controversial Projects: www.reprisk.com/downloads/specialreports/33/130813%20Top%2010%20Most%20Controversial%20Projects_RepRisk.pdf, p. 4 (accessed 05.09.2013).

"The uranium mine brought jobs, that's why everyone liked it. Jobs over everything. I am still young but I am thinking about seeing a private doctor because of the stories of the pensioners...when they are retrenched, two months later they die."
Rössing worker who doesn't want to be named



◀ Fisherman showing effect of oil pollution in local creek.
© Milieudefensie

Royal Dutch Shell plc

Royal Dutch Shell is a group of international energy and petrochemical companies headquartered in the Netherlands. They employ approximately 87,000 people in more than 70 countries, including Canada, Malaysia, Nigeria, and Brazil. Shell supports the Extractive Industries Transparency Initiative and is a UN Global Compact participant.¹ In 1997, Shell publicly announced their commitment to respecting human rights. Through their implementation of the Voluntary Principles on Security and Human Rights, Shell has attempted to align its security policies with internationally recognized human rights principles.² However, NGOs, academics, government authorities, and communities worldwide claim that Shell continues to violate this pledge.

Shell is a major contributor to the industrialization of the Arctic's vulnerable ecosystem. While drilling for oil in the Arctic Ocean off the coast of Alaska, the Anglo-Dutch company encountered multiple embarrassing and costly safety problems confirming the inadequacy of their spill prevention and clean up protocols.³

A recent study conducted by the Climate Accountability Institute ranked Shell sixth in attributable worldwide carbon dioxide and methane emissions compared to global totals between 1751 and 2010.⁴

In 2013, Shell received a \$390,000 penalty related to the grounding of the Kulluk Drilling Platform in the Beaufort Sea,⁵ and environmental fines worth \$710,000 from the EPA for the activities of their Noble Discoverer in the Chukchi Sea.⁶

At Shell's 2013 annual general meeting, shareholders urged the company to reconsider its operations in Alaska. Critics doubted the company's ability to drill safely in the Arctic Ocean. Local Inuit communities backed these concerns, stating that oil spills could affect their food security.⁷

Shell also joined forces with Gazprom. In April 2013, following cooperation talks between President Putin and Dutch Prime Minister Mark Rutte, Gazprom signed a deal granting Shell a 33% share in its arctic drilling projects.⁸ Despite these doubts and problems, Shell announced to resume drilling activities in July 2014, contracting Transocean Ltd.⁹

In July 2012, residents living near the Prigorodnoye Production Complex – a liquefied natural gas plant with oil and gas export terminals – on Russia's Sakhalin Island filed a complaint against Royal Dutch Shell claiming the company violated OECD Guidelines for Multinational Enterprises. The group's grievances included risks to public health,

Estimated value of managed shares and bonds:

| | |
|---------------|-----|
| Allianz | 713 |
| BNP Paribas | 563 |
| Deutsche Bank | 526 |
| ING | 420 |
| UBS | 389 |

Estimated value of underwritten shares and bonds:

| | |
|---------------|-----|
| Deutsche Bank | 937 |
|---------------|-----|

Turnover: 361,936.13

Net Income: 20,602.68

ISIN: GB00B03MLX29

Top Financial Transactions in € million
*Currency rate 31.12.2012

1 For further information, please refer to the norms and standards section in the report, p. 98

2 www.voluntaryprinciples.org/for-companies/

3 Alaska Newsreader (2012): Shell's spill containment dome was 'crushed like a beer can' in Sept. testing, 3 December: www.adn.com/2012/12/03/2711746/shells-spill-containment-dome.html, consulted on 04-07-13 (accessed 28.08.2013).

4 Heede, R. (2013, November 22). Tracing anthropogenic carbon dioxide and methane emissions to fossil fuel and cement producers, 1854–2010. *Climatic Change: An Interdisciplinary, International Journal Devoted to the Description, Causes and Implications of Climatic Change*. Retrieved November 25, 2013, from <http://link.springer.com/article/10.1007/s10584-013-0986-y/fulltext.html>.

5 www.sfgate.com/business/energy/article/EPA-fines-Shell-1-1M-for-Arctic-air-violations-4790840.php

6 Guy Chazan (2013): "Shell board grilled on Alaska oil project", *Financial Times*, 21 May: www.ft.com/intl/cms/s/0/393f0dd4-c218-11e2-8992-00144feab7de.html#axzz2dG02Qv6o (accessed 28.08.2013).

7 Ibid.

8 Olga Zhermeleva (2013): "Putin opens Russian-Dutch year admid protest", *Russia beyond the Headlines*, 11 April: rbth.ru/international/2013/04/11/putin_opens_russian-dutch_year_amid_protest_24895.html (accessed 28.08.2013); Anna Galkina with input from James Marriott, Louise Rouse and Charlie Kronick (2013): *Russian Roulette. International oil company risk in the Russian Arctic*, London: Greenpeace, Platform, ShareAction: www.greenpeace.org.uk/sites/files/gpuk/Investor_report_Arctic_risks_2013.pdf (accessed 27.08.2013).

9 Reuters (2013): "Transocean's Alaska rig contract with Shell starts 2014", 18 November: www.reuters.com/article/2013/11/18/shell-alaska-transocean-idUSL2N0J324C20131118 (accessed 20.11.2013)

"[We] continue to operate in economically, environmentally and socially responsible ways".

the food supply, and the environment.¹⁰

Shell is largely responsible for the millions of barrels of oil spilled in Nigeria since the 1950's. Recurrent oil spills have brought disastrous consequences to inhabitants, wildlife, and the environment. Most of the leaks in the Niger Delta are due to poor maintenance (corrosion, worn-out materials, etc.) and inadequate security around the pipelines (which run uncovered through villages). Shell blames the majority of spills on sabotage by oil thieves. However, organizations like Amnesty International and Friends of the Earth International have concluded that Shell exaggerated and substantiated this claim through flawed internal investigations in order to skirt responsibility for spills.¹¹

On 30 January 2013, a Dutch judge ruled in favor of four Nigerian farmers and Friends of the Earth Netherlands in their joint case – lodged in 2008 – against Shell Nigeria and its parent company Royal Dutch Shell. The court found Shell guilty of negligence and ordered the company to compensate residents in one of three affected villages that suffered severe oil contamination due to its operations. However, the court failed to hold Royal Dutch Shell accountable for the actions of its subsidiary, Shell Nigeria, in two accompanying cases concerning affected communities. Friends of the Earth Netherlands filed appeals to these decisions in May 2013.¹²

The European Commission is currently investigating Shell over allegations of oil price manipulation. Investigators suspect that Shell has been manipulating trade in spot and futures markets since 2002 by reporting false and/or misleading oil trade information. The EC believes that several companies cooperated to manipulate oil prices in violation of European anti-trust laws. This manipulation could potentially have had a “huge impact” on oil and petrol prices.¹³

The Brazilian Ministry of Labour and several workers' associations filed a lawsuit against Shell Brazil and BASF in 2007. The plaintiffs alleged that Shell and BASF were responsible for a spike in cancer rates among workers employed at, and residents living near the companies' pesticide plant. Workers and residents suffered from increased rates of cancers and other severe health problems due to land and groundwater contamination around the plant. After 6 years of litigations, Shell and BASF were found guilty and ordered to pay the medical fees of all of its former employees and their families. The parties agreed on a final settlement of about €240 million in March 2013.¹⁴

The Nigerian government uncovered evidence pointing to Eni and Shell's involvement in a corruption scandal concerning their acquisition of the offshore OPL245 oil block. An investigation by Nigeria's Economic and Financial Crimes Commission uncovered fraudulent dealings, however, high-ranking officials have discouraged further investigation into the matter.¹⁵

As part of an ongoing crackdown on tax evasion, Indian authorities have sent notices to several multinational companies, including Shell, demanding they pay more taxes. Authorities claim the companies undervalued transactions ranging from share transfers to sales.¹⁶

In 2010, Shell was excluded from the Dow Jones Sustainability Index because of their continued oil pollution in Nigeria.^{17,18} Similarly, TRIODOS excluded Shell from their investments due to Shell's ongoing human rights abuses in the region.¹⁹

→ Leen Schmücker & Thomas Küchenmeister

10 OECD Watch (2012): Complaint Seeks Resettlement and Just Compensation from Royal Dutch Shell and UK Banks for damage caused by Sakhalin II Oil and Gas Project, 31 July: oecdwatch.org/news-en/complaint-seeks-resettlement-and-just-compensation-from-royal-dutch-shell-and-uk-banks-for-damage-caused-by-sakhalin-ii-oil-and-gas-project (accessed 28.08.2013); Sakhalin II Oil and Gas Project: Introduction: www.sakhalin.environment.ru/en/index.php (accessed 28.08.2013).

11 Amnesty International (2013): Nigeria. Oil giant Shell criticized over Niger Delta pipelines 'sabotage' claims, 19 June: www.amnesty.org/en/for-media/press-releases/nigeria-oil-giant-shell-criticized-over-niger-delta-pipelines-sabotage-clai (accessed 28.08.2013); Rob Davies (2013): "Shell under fresh pressure over reports of the size of its Niger Delta oil spills", Daily Mail, 19 June: www.thisismoney.co.uk/money/news/article-2344018/Shell-fresh-pressure-Niger-Delta-oil-spills.html (accessed 28.08.2013).

12 Friends of the Earth Netherlands (2013): Information for the Press. Shell Courtcase on Oil Leaks in Nigeria: www.milieudefensie.nl/english/shell/oil-leaks/courtcase/press (accessed 28.08.2013).

13 Emily Gosden (2013): "BP, Shell and Statoil investigated over suspected oil price manipulation", The Telegraph, 14 May: www.telegraph.co.uk/finance/newsbysector/energy/10057017/BP-Shell-and-Statoil-investigated-over-suspected-oil-price-manipulation.html (accessed 28.08.2013); Caroline Binham (2013): "Oil groups hit by US class action on benchmark manipulation", Financial Times, 24 May: www.ft.com/intl/cms/s/0/97bc2f0e-c466-11e2-9ac0-00144feab7de.html#axzz2dH7TpDcv (accessed 28.08.2013).

14 Business and Human Rights Resource Centre (2013): Case profile: Shell/BASF lawsuit (re Brazil): www.business-humanrights.org/Categories/Lawlawsuits/Lawsuitsregulatoryaction/LawsuitsSelectedcases/ShellBASFlawsuitreBrazil (accessed 28.08.2013).

15 The Economist (2013): Oil companies in emerging markets. Safe sex in Nigeria, 15 June: www.economist.com/news/business/21579469-court-documents-shed-light-manoeuvrings-shell-and-eni-win-huge-nigerian-oil-block (accessed 28.08.2013).

16 Wall Street Journal; The: Nokia's India Tax Troubles Widen, 29 May 2013: online.wsj.com/article/SB10001424127887324412604578512521596124236.html (accessed 02.09.2013)

17 The Dow Jones Sustainability Indexes (DJSI) launched in 1999, are a family of indexes evaluating the sustainability performance of the largest companies listed on the Dow Jones Global Total Stock Market Index. They are the longest-running global sustainability benchmarks worldwide and have become the key reference point in sustainability investing for investors and companies alike. (DJSI (2013): DJSI Family Overview: www.sustainability-indices.com/index-family-overview/djsi-family.jsp (accessed 28.08.2013).

18 Friends of the Earth Netherlands (2010): Shell excluded from Dow Jones Sustainability Index because of oil pollution in Nigeria: www.milieudefensie.nl/english/shell/news/shell-excluded-from-dow-jones-sustainability-index-because-of-oil-pollution-in-nigeria (accessed 28.08.2013).

19 www.triodos.com/downloads/investment-management/research/company-engagement-report-july-dec2009.pdf (accessed 28.08.2013).

"Drilling in the Arctic can never be made safe for polar bears, whales and ice seals or the fragile ecosystems where they live."

Rebecca Noblin, Alaska director and Staff Attorney for the Center for Biological Diversity.



◀ An oil worker turns a spigot at an oil processing facility in Palouge oil field in Upper Nile state February 21, 2012, following a dispute with Sudan over transit fees. South Sudan will refuse to do any business in the future with oil trader Trafigura if it is proven that the firm bought oil from neighbouring Sudan in the knowledge that the cargo was seized southern crude, its oil minister told Reuters. © REUTERS/Hereward Holland, Photographer: Stringer

Trafigura Beheer B.V.

Trafigura Beheer B.V. is a privately owned Dutch registered multinational commodity trading and logistics company that was founded in 1993. The company, managed from Switzerland, trades in energy – including oil and coal – raw materials, and metals.¹ Trafigura is criticized for damaging the environment, tax avoidance, corruption, price fixing, and for supporting autocratic regimes.

One Trafigura's most infamous controversies involved an environmental scandal in Ivory Coast. In 2006, Trafigura refined large amounts of coker naphtha (unrefined gasoline) aboard the Probo Koala producing more than 500m³ of difficult-to-dispose toxic waste. Unable to find a cost efficient way to dispose of the waste, Trafigura contracted an unlicensed local company that dispersed the waste across several public landfills in the Ivory Coast city of Abidjan. Following the incident, fifteen people died and over 100,000 more sought medical treatment for respiratory difficulties, nausea, and other symptoms consistent with exposure to toxic substances.² Trafigura was never held criminally liable, but did face other legal consequences including a \$195 million settlement to the Ivory Coast and a \$45 million settlement for a victims' class action suit filed in the U.K. A lawsuit was also filed in the Netherlands regarding Trafigura's illegal trafficking of the waste material.

1 Trafigura (2013): The Group: www.trafigura.com/about-us/the-group/ (accessed 10.10.2013).

2 Amnesty International and Greenpeace Netherlands (2012): The toxic truth. About a company called Trafigura, a ship called the Probo Koala, and the dumping of toxic waste in Côte d'Ivoire: www.amnesty.org/en/library/asset/AFR31/002/2012/en/7336d72a-6b14-453a-bc1e-afd1e1117bde/af310022012eng.pdf (accessed 08.10.2013), p. 2.

The company has yet to compensate many of the victims affected by the disaster and furthermore has failed to complete clean-up efforts at several dumping sites.³ Despite these and other hurdles, Trafigura still practices the caustic washing technique that produces this type of waste.⁴

In February 2013 the Swiss NGO Berne Declaration accused Trafigura of “contributing to the enrichment of a caste of autocratic rulers” to the “detriment of the Angolan people who are amongst the poorest in the world.”⁵ Their report, “Trafigura's Business in Angola,” sheds light on Trafigura's opaque business ties with corrupt Angolan government officials.⁶

Trafigura is also involved with Omar al-Bashir and the Sudanese government. In 2012, Trafigura upset relations between Sudan and South Sudan after purchasing oil from Sudan that allegedly came illegally from South Sudan.⁷

Several U.S. state-run retirement funds (e.g., in Kansas, Iowa, Colorado, and South Dakota) have excluded Trafigura from their investment portfolios due to the company's ties to the Sudanese government, citing the Sudan Accountability and

| | |
|--------------------|---------------------|
| Loans: | |
| BNP Paribas | 893 |
| ING | 386 |
| Credit Suisse | 204 |
| Turnover: | 89,717.80 |
| Net Income: | 821.36 |
| ISIN: | XS0500175673 |

Top Financial Transactions in € million
*Currency rate 30.9.2011

3 Ibid, p. 9f.

4 Roos van Os, Katrin McGauran and Indra Römogens (2013): “Private Gain, Public loss. Mailbox companies, tax avoidance and human rights”, SOMO Report, 6: www.somo.nl/publications-en/Publication_3975, p. 42 (accessed 10.10.2013).

5 Maka Angola (2013): Angola: Swiss NGO Report Exposes Trafigura's Dealings in Angola, 4 February: allafrica.com/stories/201302051107.html (accessed 09.10.2013).

6 The Berne Declaration (2013): Trafigura's business in Angola: www.evb.ch/cm_data/DB_Report_Trafigura_Angola_February_2013_E_2.pdf (accessed 09.10.2013).

7 Rupert Neate (2012): “Trafigura in South Sudan oil row”, The Guardian, 8 February: www.theguardian.com/world/2012/feb/08/trafigura-in-south-sudan-oil-row (accessed 09.10.2013).

“We always seek to ensure that our activities make a positive contribution to the lives of those affected by our operations.”

Divestment Act of 2007.⁸ The act authorizes “State and local governments to divest assets in companies that conduct business operations in Sudan...” and prohibits “... government contracts with such companies ...”⁹ The Iowa Judicial Retirement System, for example, “[imposes] restrictions on Sudan related investments ... [i]n response to the ongoing human rights situation in the Darfur region.”¹⁰ It requires funds to divest from companies that provide the Sudanese government with, e.g., power production, mineral extraction, oil, or military equipment.¹¹ Through their divestment, states acknowledge Trafigura’s contribution to the region’s ongoing conflict and instability.

Trafigura also has ties to the Iranian nuclear program. Trafigura confirmed having traded raw alumina with Iralco – which also provides the Iranian nuclear program with aluminum – in exchange for aluminum in October 2011. Both companies claimed to have suspended their business agreements in response to the stricter European sanctions introduced in December 2012.¹² However, in May 2013, U.N. experts described the Iralco deal as “a means of flouting restrictions on trade with Iran.”¹³

In February 2013, the Maltese energy corporation, Enemalta, banned Trafigura from bidding in fuel tenders due to their alleged involvement in a

corruption scandal.¹⁴ The Maltese Public Accounts Committee (PAC) is currently investigating this matter.¹⁵

Trafigura’s business in Zambia has attracted additional corruption allegations. In August 2012, Trafigura allegedly bribed Wynter Kabimba, director of Midland Energy Zambia and the country’s justice minister, to secure a \$500 million fuel contract. In December 2012, Zambia’s Anti-Corruption Commission asked Kabimba to respond to allegations that he collected the bribe money in Lebanon on behalf of Midland Energy Zambia.¹⁶ The hearing was suspended due to protests by Kabimba supporters. Zambia’s president, Michael Sata, ultimately ordered the Anti-Corruption Commission to halt their investigation.¹⁷

Trafigura is also reportedly engaged in tax evasion. According to a SOMO report, Trafigura’s corporate legal structure is consistent with tax planning functions in the Netherlands.¹⁸ Trafigura also makes use of tax havens and mailbox companies.¹⁹

→ Andreas Missbach, Berne Declaration & Marieke Knussmann

8 See Table 117

9 US Congress (2007): Sudan Accountability and Divestment Act of 2007, S. 2271: www.gpo.gov/fdsys/pkg/BILLS-110s2271enr/pdf/BILLS-110s2271enr.pdf (accessed 09.10.2013).

10 Iowa Judicial Retirement System (2012): Annual Report on Sudan Divestment. For the Fiscal Year Ended June 30, 2012, online available at: <https://www.legis.iowa.gov/APPS/AR/DOCS/Published/6814c620-e38a-4e60-bd0f-5ff442cc0585/Public%20Fund%20Sudan%20Divestment%20Report%20FY12.pdf>, p. 1 (accessed 11.09.2013).

11 Ibid.

12 Emma Farge (2013): “Second trading firm says it supplied Iranian firm linked to atomic work”, Reuters, 4 March: www.reuters.com/article/2013/03/04/us-iran-sanctions-trafigura-idUSBRE9230XV20130304 (accessed 08.10.2013).

13 Louis Charbonneau and Michelle Nichols (2013): “Exclusive: Glencore, Trafigura deals with Iran may have skirted sanctions – U.N.”, Reuters, 22 May: www.reuters.com/article/2013/05/22/us-iran-sanctions-un-idUSBRE94L17P20130522 (accessed 08.10.2013).

14 Malta Today (2013): Trafigura and Total barred from Enemalta fuel tenders, 21 February: www.maltatoday.com.mt/en/newsdetails/news/elections2013/Trafigura-and-Total-barred-from-Enemalta-fuel-tenders-20130221 (accessed 08.10.2013).

15 Miriam Dalli (2013): “MPs to summon Trafigura oil trader in hearings on Enemalta fuel procurement”, Malta Today, 13 August: www.maltatoday.com.mt/en/newsdetails/news/national/Government-seeks-55-witnesses-on-PAC-s-fuel-procurement-review-20130813 (accessed 08.10.2013).

16 Simon Goodley and Mark Hollingsworth (2012): “Zambian minister under investigation over Trafigura contract”, The Guardian, 3 December: www.theguardian.com/world/2012/dec/03/trafigura-zambia-bribery-allegations (accessed 08.10.2013).

17 Peter Adamu (2013): “Zambia. Kabimba’s Fingers in Oil Scandal Evident”, Zambia Reports, 27 June: <http://allafrica.com/stories/201306270860.html> (accessed 08.10.2013); see also: Lusaka Times (2013): Government backs its Trafigura Oil deal, 5 June: www.lusakatimes.com/2013/06/05/government-backs-its-trafigura-oil-deal/ (accessed 09.10.2013).

18 See supra note 4, p. 64.

19 Ibid., p. 64ff..

“When I arrived, I noticed that my children were suffering from ocular irritation, cough and thoracic pain. The odours were quite simply oppressive. They burned my throat and caused abdominal pain. My eyes itched, and I very quickly began to suffer the same symptoms as my family.”

A doctor in Abidjan, interviewed by Amnesty International

Vale is the second largest mining company in the world. It is headquartered in Rio de Janeiro, Brazil, and operates in 38 countries worldwide.

Vale is known for its poor environmental and human rights record. In 2012, Vale's harmful business practices earned it the Public Eye People's Award, given annually to the company that shows the greatest disregard for human rights and the environment.^{1,2}

Vale has chosen to continue the Moatize Coal Project in the Tete province of Mozambique despite several legal complaints regarding operational irregularities and community rights violations. The Mozambican NGO Justiça Ambiental (JA!) is still awaiting decisions on government complaints against Vale that they submitted in December 2011.³

Between 2009 and early 2010, Vale's operations in the Tete province displaced more than 1,360 families living in and around the Chipanga, Mithete, and Malabwe communities. The resettled communities suffer from widespread poverty and hunger. Many families have lost their means of subsistence and now live under appalling conditions.⁴

The construction of Moatize coalmine cost nearly 800 brickmakers (oleiros) their livelihoods. In April 2013, protestors, unhappy with the company's compensation, blockaded road and rail access to the mine.⁵ Vale summoned local authorities who, according to local witnesses, dispersed the crowd by shooting protestors with

rubber bullets.⁶ Following the blockade, Vale's refusal to acknowledge the oleiros' demands incited new rounds of protests. During one such protest, police arrested three oleiros and charged them with disturbing the peace and making death threats to a Brazilian Vale employee. However, the latter charge was dropped after the employee failed to identify any alleged perpetrators.⁷ Much of the local population and civil society organizations believe the charges brought upon the protestors are unjustly severe and suggest collusion between the Mozambican authorities and Vale. Witnesses claim that the police repeatedly target and arrest certain oleiros leaders. Several protestors who believe they were illegally detained filed an additional complaint against Vale, but have not received a response.⁸ Another peaceful demonstration was held on August 31, 2013, to elicit a response from the government and the company regarding their lack of regard for the plight of the oleiros.⁹

Vale is a frequent violator of labor rights in Mozambique. The company endangers employee health by exposing them to compounds known to have adverse health effects. Recently, Vale terminated several employees without providing fair grounds for their dismissal. The employees, however, all sought to preserve their rights while employed.¹⁰

In Argentina, Vale's Rio Colorado potassium project threatens to contaminate a river basin where approximately 25,000 people subsist. It also threatens a considerable amount of local plant and wildlife.¹¹

The International Movement of People Affected by Vale released a report that linked Vale's charcoal producing unit in Açailândia, Brazil, to life-threatening respiratory illnesses. The unit's 70 charcoal ovens produce a significant amount of

| Estimated value of managed shares and bonds: | |
|---|--------------|
| Allianz | 601 |
| Credit Suisse | 431 |
| BNP Paribas | 406 |
| Deutsche Bank | 192 |
| UBS | 160 |
| Estimated value of underwritten shares and bonds: | |
| Deutsche Bank | 313 |
| BNP Paribas | 141 |
| Loans: | |
| BNP Paribas | 390 |
| Deutsche Bank | 146 |
| Credit Suisse | 35 |
| Turnover: | 36,195 |
| Net Income: | 3,767 |
| ISIN: | BRVALEACNOR0 |

Top Financial Transactions in € million
*Currency rate 31.12.2012

1 Public Eye (2012): Hall of Shame. Vale: www.publiceye.ch/en/hall-of-shame/vale/ (accessed 02.10.2013).

2 International Movement of People Affected by Vale (2012): The Vale 2012 Unsustainability Report: www.usw.ca/admin/workplace/campaigns-news/files/Relatorio-Insustentabilidade-Vale-2012_en.pdf (accessed 02.10.2013); Carolina Herrmann Coelho-de-Souza (2013): "The resistance against the giant Vale mining company is growing worldwide", EJOLT, 15 April: www.ejolt.org/2013/04/the-resistance-against-the-giant-vale-mining-company-is-growing-worldwide/ (accessed 02.10.2013).

3 Samuel Mondlane, September 16, 2013, e-mail message to Julia Dubslaff

4 Human Rights Watch (2013): Mozambique: Mining Resettlements Disrupt Food, Water. Government and Mining Companies Should Remedy Problems, Add Protections, 23 May: www.hrw.org/news/2013/05/23/mozambique-mining-resettlements-disrupt-food-water (accessed 02.10.2013); Justiça Ambiental (2012): Notes from the Field: Vale-displaced communities in Cateme, 10 October: <https://ja4change.wordpress.com/2012/10/10/notes-from-the-field-vale-displaced-communities-in-cateme/> (accessed 02.10.2013).

5 Keith Campbell (2013): Vale's Moatize mine hit by compensation protest, 26 April: www.miningweekly.com/article/vales-moatize-mine-hit-by-compensation-protest-2013-04-26 (accessed 02.10.2013).

6 Oleiros Protest (April 2013, Moatize, Mozambique) witnessed by JA! staff member Samuel Mondlane.

7 Justiça Ambiental (2013): The Three Brickmakers, 20 May: <https://ja4change.wordpress.com/2013/05/20/the-three-brickmakers/> (accessed 02.10.2013).

8 Letter from JA! to Vale, 2013.

9 Protest (August 31st, 2013, Moatize, Mozambique) witnessed by Tete-based journalist Fungai Caetano.

10 Interviews with former Vale workers, by author Samuel Mondlane, Mozambique.

11 International Movement of People Affected by Vale (2012): The Vale 2012 Unsustainability Report: www.usw.ca/admin/workplace/campaigns-news/files/Relatorio-Insustentabilidade-Vale-2012_en.pdf, p. 9 (accessed 02.10.2013).

"Vale advanced in topics such as commitment to zero harm, eradication of educational deficit and building high-quality relationship based on trust with employees and the community."



◀ Protest against Belo Monte Dam in Brazil
© Amazon Watch / Atossa Soltani / SpectralQ

smoke that endangers worker and public health in the region. The company has refused to acknowledge any responsibility for health problems linked to their operation.¹²

For over 20 years, plans to construct dams along the Xingu River have been met with worldwide opposition seeking to preserve the land and livelihoods of thousands of indigenous Amazonians. Not immune to such criticism is the Belo Monte dam since plans for its construction were launched in 2002.¹³ Vale joined this mega-project in 2011 and now holds 9% of the project's shares. Vale is invested in nine additional Brazilian dams. Vale plans to reap the returns of these various investments by diverting hydroelectric power from the dams to export-oriented mining operations, like its Carajás iron ore mine.¹⁴

The Belo Monte Dam will destroy over 400 square kilometers of Brazilian rainforest and threatens to displace between 20,000 and 40,000 people. Thus far, 850 families have been evicted without any form of compensation.¹⁵ The dam's

construction has already damaged the land and livelihoods of thousands residing in and around the river basin, including indigenous populations.

Belo Monte has faced fierce resistance from social movements and indigenous peoples for over 10 years. Independent studies confirm that the dam is socially, environmentally, technologically, and economically unsustainable.¹⁶ Furthermore, lawsuits, many of which have reached Brazil's Supreme Court, have repeatedly brought the project's legality into question.¹⁷ Despite concerted efforts, the project has made significant advancements over the last two years, receiving government approval to begin construction, as well as an unprecedented loan from Brazil's National Development Bank covering 80% of the \$16 billion project.¹⁸

→ Samuel Mondlane, Dipti Bhatnagar (Justiça Ambiental, Mozambique) & Barbara Happe

12 International Movement of People Affected by Vale (2012): The Vale 2012 Unsustainability Report: www.usw.ca/admin/workplace/campaigns-news/files/Relatorio-Insustentabilidade-Vale-2012_en.pdf, p. 11 (accessed 02.10.2013).

13 BankTrack (2013): Belo Monte Dam Brazil: www.banktrack.org/show/dodgydeals/belo_monte_dam#tab_dodgydeals_basics (accessed 02.10.2013).

14 Zachary Hurwitz (2011): "Mining Giant Joins Belo Monte Dam", International Rivers Blog, 2 May: www.internationalrivers.org/blogs/258/mining-giant-joins-belo-monte-dam (accessed 02.10.2013).

15 Christian Russau (2013): "Aktionärsversammlungen (3): Proteste gegen die Münchener Rück und deren Beteiligung am Belo Monte-Staudamm", Taz Blogs, 25 April: blogs.taz.de/latinorama/2013/04/25/aktionarsversammlungen-3-proteste-gegen-die-munchener-ruck-und-deren-beteiligung-am-belo-monte-staudamm/ (accessed 02.10.2013).

16 International Rivers (2009): Experts Panel Assesses Belo Monte Dam Viability, October: www.internationalrivers.org/files/attached-files/exec_summary_english.pdf (accessed 02.10.2013).

17 Amazon Watch (2013): Brazil's Belo Monte Dam. Sacrificing the Amazon and its Peoples for Dirty Energy: amazonwatch.org/work/belo-monte-dam (accessed 02.10.2013); Christian Russau, see supra note 15.

18 Amazon Watch, see supra note 17.

"Here in this hand is the fruit of history. It feels so meaningless and destroying everything so rapidly when I remember how hard I struggle to build my home and community."

Élio Alves da Silva, fisherman in Santo Antonio

VF Corporation

VF Corporation is a market leader in brand name apparel manufacturing jeanswear, sportswear, outdoor products, and more. Popular VF brands include Eastpak, Wrangler, The North Face, and Vans.¹ VF Corporation received an overall grade of C+ in Baptist World Aid's August 2013 release of "The Australian Fashion Report," which ranks companies based on their CSR policies and practices. The report revealed that 93% of retailers, VF included, were unaware of where the raw materials for their garments are sourced from – meaning that companies are grossly overlooking instances of child labor, forced labor, and exploitation in the supply chain.²

VF Corporation is accused of numerous labor rights violations in its supply chain. A 2012 study by the Centre for Research on Multinational Corporations and the India Committee of the Netherlands revealed inadequate safety standards in the Eastman Exports Global Clothing factory located in Tamil Nadu, South India. The factory is a supplier for VF brands like Timberland. During the investigation, workers only received personal protective equipment like earplugs during inspections and did not demonstrate knowledge as to why such equipment is necessary. During peak seasons, workers were required to work 24-hour shifts without overtime pay, sometimes being woken up in the middle of the night to perform work. The investigation concluded that a welfare committee exists for the benefit of the employees; however, workers claim it has not provided help of any kind. The investigation also reported an overall lack of trade union presence in the factory.³

In March 2013, five activists from the Clean Clothes Campaign (CCC) were detained in Cambodia for participating in labor rights protests outside one of VF's suppliers, the E-Garment

factory. The activists traveled to Cambodia to meet with a trade union, the C.CADWU, to discuss an incident involving E-Garment's dismissal of 41 workers after they attempted to form a labor union. The workers, who had been striking since January, reported repeated brutalities – including being attacked with sticks covered in nails – perpetrated by local police and E-Garment's hired thugs.⁴

After the Rana Plaza disaster in April 2013 (see chapter on LPP), over 80 companies worldwide signed the "Accord on Fire and Building Safety in Bangladesh." Despite receiving goods from multiple Bangladeshi suppliers, VF still has not signed the accord.⁵ VF continues to employ factories that have been banned by other retailers. For example, a Liz Apparels factory in Bangladesh that produces Wrangler shirts for VF was recently eliminated from Wal-Mart and Inditex SA's supplier lists after their inspectors discovered cracks in the factory's supporting walls. Both companies immediately severed ties with the factory and requested that a government audit be performed. However, upon being inspected by the VF Corporation, the factory was cleared for "normal operations."⁶ Similar faults were found in another Bangladeshi Wrangler factory, Monde Apparels. Undercover CBS reporters discovered a dangerous lack of fire extinguishers and emergency exits that were blocked by stacks of boxes. They also confirmed that children as young as 12 were employed in the factory using false documentation.⁷

→ Ruth Witt & Christian Wanninger

Estimated value of managed shares and bonds:

| | |
|---------------|-----|
| UBS | 134 |
| Credit Suisse | 55 |
| ING | 44 |
| Deutsche Bank | 42 |
| Allianz | 26 |

Estimated value of underwritten shares and bonds:

| | |
|-------------|----|
| BNP Paribas | 12 |
| ING | 12 |

Loans:

| | |
|---------------|----|
| Credit Suisse | 80 |
| ING | 80 |

Turnover: 8,144.97

Net Income: 821.61

ISIN: US9182041080

Top Financial Transactions in € million

*Currency rate 31.12.2012

1 VF Corporation (2013): Our Brands: www.vfc.com/brands (accessed 04.09.2013).

2 Gershon Nimbalkar, Claire Cremen and Haley Wrinkle (2013): The Truth behind the Barcode. The Australian Fashion Report, Frenchs Forests/Leichard: Baptist World Aid Australia/Not For Sale Australia: <https://www.baptistworldaid.org.au/news-and-blogs/australianfashionreport/>, p. 4 (accessed 04.09.2013).

3 Gerard Oonk, Pauline Overeem, Marijn Peepcamp, Martje Theuws (2012): Maid in India. Young Dalit Women Continue to Suffer Exploitative Conditions in India's Garment Industry, Amsterdam/Utrecht: SOMO/ICN: somo.nl/publications-en/Publication_3783/at_download/fullfile, pp.23–25 (accessed 04.09.2013).

4 Coalition of Cambodian Apparel Workers' Democratic Union and Clean Clothes Campaign (2013): European activists detained by Cambodian police at garment protest: www.business-humanrights.org/media/e-garment-press-release-ccc-mar-13.pdf (accessed 04.09.2013).

5 Katie Smith (2013): Who has signed the Bangladesh safety accord – update, 5 August: www.just-style.com/analysis/who-has-signed-the-bangladesh-safety-accord-update_id117856.aspx

6 Reuters (2013): Banned RMG factory still makes Wrangler shirts, 20 May: www.dhakatribune.com/bangladesh/2013/may/20/banned-rmg-factory-still-makes-wrangler-shirts (accessed 04.09.2013).

7 Holly Williams (2013): "CBS News goes undercover in a Bangladesh clothing factory", CBS News, 22 May: www.cbsnews.com/8301-18563_162-57585804/cbs-news-goes-undercover-in-a-bangladesh-clothing-factory/ (accessed 04.09.2013).

"Last month, I worked 20 days, but they only paid me for 11. If I question them, they yell at me."

Worker at Monde Apparel factory, Bangladesh

"At VF, integrity never goes out of fashion."

FEATURES



View in tent, in which two relocated people live.
Their huts were replaced by the Geita Gold Mine.
© Katrin Krämer

Features

Food for Thought: New Trends in Food Speculation

Research into the effects of investment in food speculation has produced a divergence of opinion concerning its effects on price volatility, world hunger, and poverty. Research has shown that increases in food speculation following the market deregulation of commodity exchanges in the United States and Europe in 2000 exacerbated price volatility and world hunger, contributing to global food price crises in 2007-8 and 2010-11. Financial institutions argue that investment in food commodity speculation protects farmers from such price fluctuations.¹ As this issue continues to unravel, financial institutions are approaching a crossroads: to respond to civil society's calls, or to wait. Major factors influencing these decisions include their acceptance or rejection of civil society backed research and the emerging question of character put into play by civil society groups.

Denial

Many banks and investors believe that the recent increases in food speculation bring much-needed investment capital to the agricultural sector.² Deutsche Bank, Allianz, and Goldman Sachs are some notable proponents of this claim.³ Deutsche Bank challenges the idea that soft commodity speculation leads to price volatility. However, Foodwatch, a nonprofit organization that works to protect consumer rights as they pertain to the food industry, uncovered DB internal research documents stating that "...there may be grave consequences if speculators drive prices to a level that is no longer in harmony with the fundamentals."⁴ Allianz concluded over multiple investigations that "speculation at least supports excessive price developments..."⁵ Despite these findings, Allianz, Deutsche Bank, and Goldman Sachs all continue to invest in food and agricultural speculation.

Peer Pressure

Successive world food crises have brought a significant amount of bad press to food speculators. While most financial institutions maintain that their investments do not pose any threat to world food prices, others have begun to quietly step back from the practice. This demonstrates the success of civil society campaigns in raising public awareness. As financial institutions come under fire from civil society, many have chosen to cease speculation in food commodities rather than face the growing wave of outrage. BNP Paribas announced that, "Despite the absence of any clear-cut conclusions regarding the relationship between financial instruments and the volatility of food commodity prices, we decided to [...] suspend subscriptions to the [two funds]."⁶ Other industry leaders, like Barclays and Morgan Stanley, have also begun to pull out of their investments in agricultural soft commodities.^{7,8} Multiple German financial institutions, including Landesbank Berlin, Landesbank Baden-Württemberg, Bayerische Landesbank, Commerzbank, DekaBank, and DZ Bank have already publically stepped back from food speculation. Two German pension fund providers, Sparkasse Pensionskasse AG and RWE, also deny any ties to the practice; though, their claims cannot be substantiated as Facing Finance was not given access to their financial records.^{9,10}

1 Allianz. (2013, November 06). Food security and financial services. Retrieved 2013, from Allianz: https://www.allianz.com/en/sustainability/topics/food_security.html

2 Deutsche Bank. (2013). Commodity speculation and food prices. Retrieved November 06, 2013, from Deutsche Bank Responsibility: <https://www.db.com/cr/en/concrete-commodity-speculation.htm>

3 Hesse, M., Schiessl, M., & Seith, A. (2013, January 31). Risks and Rewards: Deutsche Bank Returns to Commodities Speculation. (C. Sultan, Trans.) SPIEGEL ONLINE 2013. Retrieved June 18, 2013, from www.spiegel.de/international/business/deutsche-bank-decides-to-get-back-into-the-commodities-business-a-880312.html

4 foodwatch e.V. (2013, 02 24). Rising prices, disrupted markets, grave consequences: research results of Deutsche Bank and Allianz on the effects of excessive agricultural speculation. Berlin: foodwatch. Retrieved June 18, 2013, from foodwatch: www.foodwatch.org/uploads/media/2013-02-24_DB_Allianz_Research_on_food_speculation_EN.pdf

5 Ibid.

6 Newlands, C. (2013, 02 17). BNP Paribas loses appetite for food. Financial Times. Retrieved June 18, 2013, from www.ft.com/intl/cms/s/0/4f269a28-7794-11e2-9e6e-00144feabd0.html#axzz2X8xc8ey

7 Kelleher, E. (2013, 03 03). Food price speculation taken off the menu. Financial Times. Retrieved June 18, 2013, from www.ft.com/intl/cms/s/0/c4813446-7f5e-11e2-97f6-00144feabd0.html#axzz2MVksCbVR

8 Agrimoney.com. (2013, June 20). Morgan Stanley quits ags in commodities retreat. Agrimoney.com. Retrieved June 24, 2013, from www.agrimoney.com/news/morgan-stanley-quits-ags-in-commodities-retreat--5965.html

9 Cosima Bockelmann, e-mail message to Thomas Küchenmeister, June 13 2013

10 Silke Doelofs, e-mail message to Thomas Küchenmeister, June 11 2013

Features

Recent Developments

In June 2013, six NGOs, (Oxfam Solidarité, 11.11.11., CNCD, SOS Faim, Réseau Financement Alternatif, and FairFin), published a joint report revealing major Belgian financial institutions' involvement in food speculation. The report assessed 10 Belgian institutions and valued their involvement in food speculation to be as much as €948 million.¹¹ Although that figure appears modest, a similar report from Oxfam Germany accused German financial institutions of investing approximately €11.5 billion in the practice.¹² MEPs also met in June to discuss the MiFID II, a legislative proposal attempting to regulate financial markets. Civil society organizations resoundingly condemn the proposal for leaning towards corporate interests.¹³

Conclusion

Civil society has been the impetus for the withdrawal from food speculation. Changes in public opinion have led financial institutions to reconsider their roles in vulnerable markets. Though important financial institutions still reject civil society claims, they acknowledge the importance of maintaining a positive public image. There is need for more research, more lobbying, and more pressure on financial institutions to end, or at least suspend the practice until the topic can be thoroughly investigated. Unfortunately, the main hurdle to a thorough investigation is quite simply a lack of information. The opacity of financial institutions' investment practices impedes in-depth study into this topic. Therefore, greater transparency in the financial sector must be achieved before researchers can gain insight into the effects of food speculation on world hunger and poverty.

→ Ruth Witt, Facing Finance

Investments in Agricultural Commodities

| Financial Institution* | Amount (€) | In | Out/Decreased |
|---|-----------------|----|---------------|
| Allianz ^a | €6.7 billion | x | |
| Deutsche Bank ^a | €3.79 billion | x | |
| BlackRock ^b | - | x | |
| Bayern LB ^a | €23 million | | x |
| Lupus Alpha ^a | €45.5 million | x | |
| ING ^c | €60.12 million | x | |
| AXA ^c | €80.67 million | x | |
| UBS ^d | - | x | |
| UniCredit (Pioneer Funds) ^d | €311 million | x | |
| CommerzBank ^a | €22.38 million | | x |
| DekaBank ^a | €90.05 million | | x |
| Munich Re ^d | - | | x |
| DZ Bank ^e | - | | x |
| Landesbank Baden-Württemberg ^a | - | | x |
| Landesbank Berlin ^a | - | | x |
| Union Investment ^{a,d} | €938.93 million | | x |
| Universal investment ^a | €6.82 million | | x |
| BNP Paribas ^c | €841.14 million | x | |
| Österreichische Volksbanken ^f | - | | x |
| Crédit Agricole (Amundi) ^f | - | | x |
| Barclays ^g | - | | x |
| Morgan Stanley ^g | - | | x |

* Numbers current as of May/June 2013

- a Hachfeld, D. (2013). Hungerroulette Wie viel deutsche Finanzinstitute durch Nahrungsmittelspekulation einnehmen. Berlin: Oxfam Deutschland. Retrieved June 2013, 24, from www.oxfam.de/sites/www.oxfam.de/files/20130507_hungerroulette.pdf
- b Main, A. (2013, 04 27). Investors hungry for agriculture. The Australian . Retrieved June 18, 2013, from <http://farmlandgrab.org/post/view/22001>
- c Desgain, Stéphane; Kesteloot, Thierry; Marchand, Arnaud; Pissoort, Virginie; Bensusan, Celine; Van de Poe, Jan; Vanaerschot, Frank (2013). La complicité des banques belges dans la spéculation sur l'alimentation. Brussels: CNCD-11.11.11;11.11.11; SOS Faim; Oxfam-Solidarité;RFA; FAIRFIN. Retrieved June 24, 2013, from www.cultivons.be/uploads/assets/294/1371564319593-La_complicite_des_banques_final.pdf
- d Buxton, A., Campanale, M., & Cotula, L. (2012). Farms and funds: investment funds in . The International Institute for Environment and Development. Retrieved June 2013, 26, from <http://pubs.iied.org/pdfs/17121IIED.pdf>
- e hg/rc (Reuters, dpa). (2013, May 27). Germany's DZ Bank ends food speculation trading. Deutsche Welle. Retrieved May 30, 2013, from www.dw.de/germanys-dz-bank-ends-food-speculation-trading/a-16839350
- f Kelleher, E. (2013, 03 03). Food price speculation taken off the menu. Financial Times. Retrieved 06 18, 2013, from www.ft.com/intl/cms/s/0/c4813446-7f5e-11e2-97f6-00144feabdc0.html#axzz2MVksCbVR
- g Agrimoney.com. (2013, June 20). Morgan Stanley quits ags in commodities retreat. Agrimoney.com. Retrieved June 24, 2013, from www.agrimoney.com/news/morgan-stanley-quits-ags-in-commodities-retreat--5965.html

- 11 Desgain, S., Kesteloot, T., Marchand, A., Pissoort, V., Bensusan, C., & Van de Poe, J., Vanaerschot, F. (2013). La complicité des banques belges dans la spéculation sur l'alimentation. Brussels: CNCD-11.11.11;11.11.11; SOS Faim; Oxfam-Solidarité;RFA; FAIRFIN. Retrieved June 24, 2013, from www.cultivons.be/uploads/assets/294/1371564319593-La_complicite_des_banques_final.pdf
- 12 Hachfeld, D. (2013). Hungerroulette Wie viel deutsche Finanzinstitute durch Nahrungsmittelspekulation einnehmen. Berlin: Oxfam Deutschland. Retrieved June 2013, 24, from www.oxfam.de/sites/www.oxfam.de/files/20130507_hungerroulette.pdf
- 13 Concord Denmark, Corporate Europe Observatory, Foodwatch, Friends Of The Earth Europe, Oxfam, Somo, World Development Movement. (2013, June 21). EU ministers leave the door open for harmful food speculation. Oxfam International. Retrieved June 24, 2013, from www.oxfam.org/en/grow/pressroom/pressrelease/2013-06-21/eu-ministers-leave-door-open-harmful-food-speculation

Controversies Surrounding Polish Electronics

Central and Eastern European countries, particularly Poland, the Czech Republic, Slovakia, and Hungary have become increasingly attractive to foreign investors since the early 1990's; mainly due to their inexpensive, yet skilled, workforce, and their close proximity to larger, Western European markets. Governments, desperate to tackle the high unemployment rate, began offering incentives to attract foreign investment. Poland established economic zones offering long-term tax cuts on land pre-equipped with industrial infrastructure. As a result, investment in the Polish electronics industry has boomed. Poland has become a leading European television manufacturer, producing over 20 million TVs in 2012 alone.¹ The five largest companies in this sector recorded revenues of nearly €8 billion in 2010.² Poland maintains factories for many leading electronics manufacturing services (EMS) companies (Flextronics, Jabil Circuits, Sharp, LG) and sub-contractors.

Taking advantage of the severe economic situation

Despite Poland's European Union membership, Polish electronic factory workers face difficulties similar to those experienced by workers in developing countries. Management is generally concerned with profits, leaving workers with little job stability. Polish electronics factory workers typically earn low wages and have little job security.

Factories are typically found in rural areas with high unemployment rates. Electronics factories are often the largest and most significant source of employment in a region. Consequently, many employees feel too vulnerable to speak up for their rights out of fear for losing their jobs. Despite the presence of a Sharp factory in the northern Polish Kujawsko-Pomorskie region, unemployment is more than 19% rising.³

Another electronics manufacturer located in Poland's economic incentive zone is Jabil Circuit Inc.; the region's economic standing is also on the decline. Jabil Circuit prefers to hire temporary workers to avoid long-term commitments. The number of factory employees at any given time is thus highly flexible. In 2012, for example, Jabil decided revoke the contracts of two thousand of its temporary workers. However, since the company did not officially reduce the factory's workforce, they were able to circumvent procedures for collective severance payments.⁴ Therefore, all of the workers were dismissed without any financial safeguards.

1 Forsal (2013): Kupujemy więcej telewizorów, a produkcja spada, 17 March, online available at: www.forsal.pl/artykuly/688771,kupujemy_wiecej_telewizorow_a_produkcja_spada.html (accessed 09.09.2013).

2 Łukasz Jaeszke (2011): Ranking producentów TV w Polsce 2011, 7 November, online available at: www.evertiq.pl/news/6854 (accessed 09.09.2013).

3 Urząd Statystyczny w Bydgoszczy (2013): Stopa bezrobocia w województwie kujawsko-pomorskim, online available at: www.stat.gov.pl/bydgosz/69_599_PLK_HTML.htm (accessed 09.09.2013).

4 Orkwiszewska, Grazyna. 2013. Phone interview by author. 21 June.

Features

Job insecurity leading to mental health problems

Long-term, fair-minded contracts are extremely rare in the factories having been gradually replaced by more flexible, short-term – some as little as 2-weeks – contracts. Lack of job security has had a negative effect on worker mental health. Problems have been reported in at least two factories (Jabil and Sharp). During one of Jabil's lay-off periods, multiple overwhelmed workers sought psychiatric assistance to cope. The duration of treatment, including pharmacological treatments, for the workers lasted anywhere from a few weeks to a few months. Similarly, workers at a Sharp facility sought psychiatric help to cope with the persistent threat of lay-offs and the accompanying stressful work atmosphere this threat created.⁵

Misdeeds concerning temporary workers

Short-term workers often suffer degrading or unfair treatment. In a Chung-Hong factory, workers were coerced into signing contracts that they were not given the opportunity to read. Some employees work despite not having valid work contracts, thus forfeiting their right to union representation.⁶ There is perpetual uncertainty surrounding worker contracts. Lack of job security compels many workers to work overtime, on weekends, or on holidays. In a move that appalled unions and labor rights groups, a Flextronics factory laid off approximately one hundred temporary workers by seizing their badges at the entry gate as they arrived to begin their shifts. Workers were not even allowed on the premises to return their passes or take their belongings.⁷

Denial of freedom of association

Many Polish companies are at odds with their trade union counterparts. Workers, fearing negative ramifications from factory management, are hesitant to join unions. Trade unions report a tense and unpleasant work atmosphere due to the looming threat of dismissal.

Workers in a Chung-Hong factory formed a union following repeated benefit cuts and production goal increases.⁸ Union activists suffered from various forms of persecution following the establishment of the union. A strike ensued after negotiations with company management proved fruitless. Factory management declared the strike illegal and dismissed many of the strikers.⁹ Union members filed a case with the Polish labor court demanding compensation for the illegal dismissals. In retaliation, the factory sued workers for losses incurred from the strike. The outcome of the case is still pending.¹⁰

Trade unionist Aldona Murawska was fired for attempting to establish a trade union in a Polish Sharp factory. Other factories in the region refused to hire her following her dismissal leaving her jobless and without income for nearly a year. She is now an active participant in the struggle for better factory working conditions. Her first-hand experiences revealed several accounts of ambulances rushing to help factory women who fainted due to the stifling factory heat. Some of her other grievances included cursory breaks and the humiliating practice of recording time spent in the bathroom.¹¹

→ Grzegorz Piskalski

5 Phone interview with the President of the company Sharp Trade Union Beata Arbat, April 2013

6 Małgorzata Maciejewska (2012): Raport z badań Think Tanku Feministycznego i Uniwersytetu Wrocławskiego w ramach projektu o warunkach pracy w specjalnych strefach ekonomicznych, online available at: www.ekologiasztuka.pl/think.tank.feministyczny/readarticle.php?article_id=461 (accessed 09.09.2013). (10.06.2013), p. 3 and p. 22.

7 Wawrzyniec Mocny (2011): "Prosto na bruk. Nocny szlaban we Flextronics", Gazeta Tczewska, 4 October, online available at: <http://www.old.portalpomorza.pl/aktualnosci/15/17169> (accessed 09.09.2013).

8 Adam Leszczyński (2012): "Zarabiający po 1600, łączcie się", Gazeta Wyborcza, 29 August, online available at: http://wyborcza.pl/magazyn/1,128592,12385534,Zarabiajacy_po_1600_laczcie_sie.html (accessed 09.09.2013).

9 Polska Agencja Prasowa (2012): Związkowcy: firma Chung Hong nielegalnie zwolniła strajkujących, 17 July, online available at: www.wnp.pl/wiadomosci/174695.html (accessed 09.09.2013).

10 Ozzip (2013): Przed sądem we Wrocławiu - film, 28 June (10.08.2013), online available at: www.ozzip.pl/teksty/informacje/item/1580-przed-sadem-we-wroc%C5%82awiu (accessed 09.09.2013).

11 Małgorzata Oberlan (2009): Walczyła o innych, została na lodzie, 16 March, online available at: http://www.nowosci.com.pl/look/article_druk.tpl?IdLanguage=17&IdPublication=2&NrIssue=1226&NrSection=1&NrArticle=131879&IdTag=18 (accessed 09.09.2013).

Tax Evasion and Poverty

Tax havens and their architects

While the financial crisis forced many countries to make cutbacks in social spending, the offshore leaks scandal of 2013 shed quite a different light on the debt crisis and the supposed need for public budget reductions in areas like development aid. Confidential documents published by the International Consortium of Investigative Journalists (ICIJ)¹ in April 2013 exposed the inner workings of the offshore industry² as “the economic equivalent of an astrophysical black hole.”³ James S. Henry, senior advisor to the Tax Justice Network, estimated the size of the 2010 offshore economy to be between \$21 and 32 trillion.⁴ The Organization for Economic Co-operation and Development (OECD) recently published two reports (one in February and one in July 2013) in an attempt to address and reform the policy loopholes that allow multinationals to engage in tax noncompliance.⁵

What is wrong with fiscal black holes? Neoliberal globalization created a market where states compete for foreign investment and capital by offering ever-lower tax rates and special tax agreements. The architects of this market – bankers, lawyers, and accountants – work continuously to comprehend and navigate the complexities of these tax havens. By using techniques that take advantage of tax rate differences, these tax haven architects assist companies and individuals in various forms of tax noncompliance, including tax evasion and tax avoidance.

1 ICIJ (2013): ICIJ Offshore Leaks Database, online available at: <http://offshoreleaks.icij.org/> (accessed 02.10.2013).

2 There are many terms in use: tax haven, offshore centres, offshore industry, etc.

3 James S. Henry (2012): “The Price of Offshore Revisited. New estimates for “missing” global private wealth, income, inequality, and lost taxes”, Tax Justice Network Report: www.taxjustice.net/cms/upload/pdf/Price_of_Offshore_Revisited_120722.pdf (accessed 02.10.2013), p. 3.

4 See supra note 3, p. 5.

5 OECD. (2013). Base Erosion and Profit Shifting. Retrieved November 05, 2013, from OECD: www.oecd.org/ctp/beps.htm

Features

While the methods used to siphon money from public coffers into the black hole are vast and complicated, it is surprisingly easy to identify those in control of the offshore industry. Henry explains that the “Big Four”(Price Waterhouse Coopers, KPMG, Ernst & Young, and Deloitte) still dominate global accounting; a limited number of “capital city” and haven-based law firms are the predominant navigators of legal codes; and less than 50 multinational banks dominate global private banking.⁶ ICIJ’s offshore leaks page lists many opaque offshore companies set up by major financial institutions like BNP Paribas and Crédit Agricole to conceal their business activities.⁷ European banks like ING and ABN AMRO have registered dozens of companies in areas like the British Virgin Islands, the Cook Islands, and the Malaysian island of Labuan.⁸ Days before the Belgian state took over the Dexia Bank in 2011, Jos Clijsters, now CEO of Belfius (formerly Dexia) Bank, extended offshore contracts with subsidiaries in Ireland and Barbados.⁹ Likewise, Deutsche Bank, Germany’s leading financial institution and a predominant offshore tax haven architect, maintains at least 300 secret offshore companies and trusts for its clients.¹⁰

How do low taxes and the offshore businesses of bankers, lawyers, and consultants combine to form a tax haven? Tax havens do not necessarily refer to physical locations anymore. According to James S. Henry, a tax haven often emerges as a temporary construction of “networks of legal and quasi-legal entities and arrangements.”¹¹ Markus Henn refers to these collectively as “harmful tax haven practices.”¹² These practices have three features: (1) Little to no taxes; (2) lax regulations regarding the legal status of companies, foundations, or trusts; and (3) secrecy.¹³

Taxes – and how to avoid them

Offshore tax havens allow around 50 percent of global trade to go virtually untaxed – mostly legally. This is made possible by the residency standard – the standard principle for asserting business tax liability. This means, roughly, that a person pays taxes in the country where they are registered rather than where they generate their income.¹⁴ Thus, diverting tax liability from one country to another is often as simple as putting a brass plate on a letterbox.

Many offshore enterprises are mere facades for individuals wanting to hide their money. Ronen Palan, author of *The Offshore World*, believes most multinational corporations and banks are deeply immersed in tax havens.¹⁵ As mentioned above, most multinational banks run offshore subsidiaries that facilitate trading. Together with service providers specialized in the offshore economy, they help clients set up offshore corporations, or “letterbox-companies.” Portcullis TrustNet, an offshore service provider, can register an offshore corporation in less than 48 hours.¹⁶ Businesses can call on UBS Nominees, a UBS subsidiary specialized in furnishing nominee directors for offshore corporations, to set up a fictitious company proprietor.¹⁷ Special Purpose

⁶ See supra note 3, p. 13.

⁷ Anne Michel (2013): “French Banks Traded in Secrecy”, ICIJ, 6 April: www.icij.org/offshore/french-banks-under-palm-trees (accessed 02.10.2013).

⁸ Joop Bouma and Martijn Roessingh (2013): “Dutch Banking Giants Helped Clients Go Offshore”, ICIJ, 10 April: www.icij.org/offshore/dutch-banking-giants-helped-clients-go-offshore (accessed 02.10.2013).

⁹ RTL info (2013): Scandale belge lié à Offshore Leaks: Dexia a eu recours à des paradis fiscaux: www.rtl.be/info/economie/belgique/995778/scandale-belge-lie-a-offshore-leaks-dexia-a-eu-recours-a-des-paradis-fiscaux (accessed 02.10.2013).

¹⁰ Christoph Heinze, Lena Guertler, Mareike Fuchs, Bastian Brinkmann and Christoph Giesen (2013): “Deutsche Bank Helped Customers Maintain Hundreds of Offshore Entities”, ICIJ, 4 April: www.icij.org/offshore/deutsche-bank-helped-customers-maintain-hundreds-offshore-entities (accessed 02.10.2013).

¹¹ See supra note 3, p. 9.

¹² Markus Henn (2013): “Tax Havens and the Taxation of Transnational Corporations”, FES Dialogue on Globalization, June, online available at: <http://library.fes.de/pdf-files/iez/global/10082.pdf> (accessed 02.10.2013), p. 1.

¹³ See supra note 12, p. 7.

¹⁴ Ronen Palan (2003): *The Offshore World. Sovereign Markets, Virtual Places, and Nomad millionaires*, New York: Cornell University Press, p. 41.

¹⁵ Ibid, pp. 42-45.

¹⁶ Anne Michel (2013): “French Banks Traded in Secrecy”, ICIJ, 6 April, online available at: www.icij.org/offshore/french-banks-under-palm-trees (accessed 02.10.2013).

¹⁷ Ibid.



▲
CT Corporation office, 1209 North Orange Street, Wilmington, DE 19801-1120. It is home to over 6,500 corporations, and more than 200,000 businesses hold addresses at the location. By Davidt8 (Own work) [Public domain], via Wikimedia Commons

Vehicles (SPVs) are also popular. SPVs are temporary legal entities, limited companies, or limited partnerships. Companies can use SPVs to transfer debt. Banks often use them to turn loans into tradable financial products. For example, a bank that puts mortgage loans into an SPV legally separates itself from the loans. The bank further removes itself from the risk of those loans by selling them to investors as mortgage-backed securities (financial products based on the repayments of mortgage loans). Investor's difficulty in judging the value and risk attached to these products became one of the main impetuses of the financial crisis by distancing mortgage payers from investor attitudes towards their supposedly stable, AAA-rated financial products.

Multinational corporations also establish offshore entities in order to facilitate transfer mispricing. Transfer pricing refers to the prices negotiated between different entities of one company that trade with one another. The basic mechanism behind transfer mispricing for tax avoidance purposes is twofold: costs are shifted to affiliates in high-tax countries, while profits are shifted to affiliates in low-tax countries.¹⁸ Since international tax law permits companies to deduct costs from their tax bills, companies strive to shrink their taxable profits or declare losses in high-tax countries.

¹⁸ See *supra* note 12, p. 4.

Features

Multinationals and taxes

In 2011, Starbucks announced a \$40 million profit across its Europe, Middle East, and Africa (EMEA) region. According to Reuters, Starbucks only paid \$1.2 million of the estimated \$11 million it would have owed if its profits would have been declared in Europe. In addition to its \$9.8 million tax break, Starbucks declared losses of \$60 million in the U.K., Germany, and France.¹⁹ Though the branches were successful, inter-company royalty fees equal to 6 percent of their overall turnover went to their counterpart in the Netherlands. Why did Starbucks Netherlands receive inflated royalties (6 percent is unusually high) for a brand developed in the United States? Furthermore, why is the company taxed less than the standard Dutch corporation tax of 25 percent; and why is the exact rate confidential? In short, all of this is legal. In 2011, Google reported a tax rate of only 3.2% for its overseas profits while General Electric (GE) didn't pay taxes at all. That same year these companies earned respective profits of 10 and 14 billion dollars. OECD Secretary-General, Angel Gurría, said that such results were devastating and reveal the deficiency of international tax laws.²⁰

Creative minds or evil acts?

Tax haven architects and those who profit from offshore enterprises often present their activities as legitimate competitive practices. In May 2013, Thomas Leysen, current CEO of the KBC bank, applauded multinationals for using creative tax reduction schemes. Leysen claims that lawmakers, not multinationals, should be blamed for tax law loopholes.²¹ Thomas Eigenthaler, Chairman of the German Tax Union, believes that people should no longer allow companies to pass off tax noncompliance as a clever accounting.²² Rather, it is important to acknowledge the criminal nature of these actions and their impacts on poverty, inequality, and the global economy.

The reverberations of corporate tax noncompliance are especially felt by developing economies in the Southern Hemisphere. Henry explains that the "accumulated offshore wealth stock owned by developing country residents was worth at least \$6.2 trillion by 2007," which points to stark intranational class disparities. Unreported revenues cost developing countries

\$120-\$160 billion per year, "more than the entire global total foreign aid from OECD countries."²³

Tax noncompliance poses major threats to European social protection and justice. According to Leonardo Palumbo of the European Public Health Alliance, "research has shown tax dodging in the EU is worth[...] more than the combined health care budgets across all member states. If the Commission was serious about tackling the problem, it could pay off the deficit in under nine years and would no longer need to impose its painful austerity policies [...]"²⁴ Politicians often defend social spending cuts by claiming that everybody has to contribute in order to tackle this crisis. However, such policies hollow out Europe's social protection systems, lead to job cuts, and will ultimately intensify the crisis, rather than solve it. The "everybody" these politicians refer to does not include the individuals and corporations that hide their wealth offshore.

The tax haven architects that assist the offshore industry intensify the public debt crisis, poverty, and wealth disparity. A socially just solution to the debt crisis must also tackle the problem of tax noncompliance. However, this is easier said than done. Bankers, accountants, and lawyers can be very efficient navigators of tax haven loopholes, and they grossly outnumber government tax auditors. This makes it extremely difficult to (a) distinguish legal from illegal practices; (b) quantify in detail the size of the offshore economy; and (c) identify which individuals and firms are noncompliant. Why don't politicians recoup their lost income and strengthen public finances by hiring extra staff to close tax loopholes?

Global political leaders such as the G-20, the European Commission, and the U.S. have all stated their willingness to tackle the issue of corporate tax noncompliance and have slowly begun to make changes to their tax laws. However, the majority of the changes are merely cosmetic.

Corporate lobbyists comprise some of the fiercest opponents to tax code reform and often have a predisposition for targeting European institutions. European initiatives on taxation such as the Platform for Tax Good Governance are clearly "dominated by the same stakeholders who have been so effective in evading and avoiding tax, as well as those who have successfully invented new ways for their clients to do so." The platform's constituency is dominated by major industry associations such as Business Europe and the Federation of German Industries (BDI) whose solution to tax dodging is to further reduce corporate taxes. The platform also relies on the expertise of the "Big Four" accounting networks mentioned above for tax advice. Thus, as long as the European Commission and other political entities continue to put "foxes in charge of the hen house," the offshore economy will be the only world economy to prosper.²⁵

→ Martina Schwab & Frank Vanaerschot

19 Tom Bergin (2012) "Special Report. Starbucks's European tax bill disappears down \$100 million hole", Reuters, 1 November: www.reuters.com/article/2012/11/01/us-starbucks-tax-europe-idUSBRE8A00DP20121101

20 Facing Finance. (2013, February 14). OECD - Report: Multinational Companies Pay Marginal Taxes. Retrieved November 05, 2013, from Facing Finance: www.facing-finance.org/en/2013/02/oecd-report-multinational-companies-pay-almost-no-taxes-oecd-bericht-multinationale-konzerne-zahlen-so-gut-wie-keine-steuern/

21 MO (2013): "Groeï moet prioritair naar armere landen gaan". Thomas Leysen over crisis, groei en de verantwoordelijkheid van de financiële sector, 25 May: www.mo.be/en/ opinie/groeï-moet-prioritair-naar-armere-landen-gaan (accessed 02.10.2013).

22 Handelsblatt (2013): Recepte gegen die Steuertricks der Multis, 15 February: www.handelsblatt.com/politik/international/amazon-apple-und-co-recepte-gegen-die-steuer-tricks-der-multis/7791172.html (accessed 02.10.2013).

23 See supra note 3, p. 19.

24 CEO (2013): Commission accused of putting foxes in charge of the hen house when tackling tax dodging, 10 June, online available at: <http://corporateeurope.org/pressreleases/2013/commission-accused-putting-foxes-charge-hen-house-when-tackling-tax-dodging> (accessed 02.10.2013).

25 Ibid.

Nuclear Weapons – The business of mass destruction

Twelve of the nineteen financial institutions investigated in this report invest in, or have financial ties to companies that produce nuclear weapons or their key components. A recent report entitled “Don’t Bank on the Bomb” sheds light on financial connections involving 298 financial institutions’ and 27 nuclear weapons producers between 2010 and 2012.^{1,2}

Financial links between nuclear weapon producers and financial institutions typically occur through at least one of the following financial transactions: loans, investment banking, and asset management. Loans can be either project-related or used for general corporate purposes. In each case, banks are tacitly condoning companies’ illicit activities by lending them money and profiting from the interest their loans accrue. In investment banking, financial institutions help companies to sell shares and bonds to other investors. For example, a company requires a financial institution to underwrite a certain number of its bonds in order to be able to issue them at all. The institution then either sells the bonds to their customers or retains them. Asset management refers to the share and bond holdings owned by financial institutions (e.g., in their managed funds). It is difficult to ascertain whether banks acquire these assets from a third party or of their own accord. This also makes it difficult to draw direct lines of investment from financial institutions to nuclear weapons producers and explains why financial relationships can only be described as indirect forms of financial support.³

Globally, an estimated €235 billion is invested in nuclear weapons/component producers identified in the “Don’t Bank on the Bomb” report. 12 of the financial institutions analyzed in the Dirty Profits report have financial ties totaling €15.8 billion to producers of nuclear weapon technologies and/or launching systems. Many of these institutions have policies that bar them from directly financing the manufacture, maintenance, and trade of controversial weapons. However, these policies are not strong enough to prevent them from investing in, or providing capital to such companies. The financial institutions examined in this report were most heavily invested in ThyssenKrupp, EADS, and BAE Systems.⁴ The table below ranks financial institutions based on their financial involvement with nuclear weapons producers.

→ Marieke Knussmann

1 Such as banks, pension funds, asset managers and insurance companies.

2 Definition: Companies that are “involved directly in the development, testing, production, maintenance or trade of nuclear weapons related technology, parts, products or services.” IKV PAX CHRISTI; ican (2013): Don’t Bank on the Bomb. A Global Report on the Financing of Nuclear Weapons: www.dontbankonthebomb.com/wp-content/uploads/2013/10/DBOTB2013-FINAL.pdf (accessed 29 October 2013), p. 4. A complete list of the identified companies and their activities can be found here: *Ibid.*, pp. 30–57.

3 *Ibid.*, pp. 83f.

4 The “Don’t Bank on the Bomb” report criticizes Thyssen Krupp for producing nuclear weapon launching systems. However, according to SIPRI, weapons only constitute 3% of Thyssen Krupp’s total sales.

Features

Financial Institutions' involvement in nuclear weapons producers⁵

| Rank | Financial Institution | Total (in € million) | Asset Management: Shares (in € million) | Asset Management: Bonds (in € million) | Loans (in € million) | Investment Banking (in € million) | Top Financially Supported Company |
|--------------|---|-------------------------|--|---|-------------------------|---|--|
| 1 | BNP Paribas ¹ | 4.020,48 | - | 11,37 | 2.863,97 | 1.145,15 | Fluor |
| 2 | Deutsche Bank ² | 3.569,51 | 1.263,48 | 15,65 | 749,13 | 1.541,25 | Northrop Grumman |
| 3 | UBS ³ | 2.479,10 | 1,018.26 | 8,59 | 502,94 | 950,06 | EADS |
| 4 | Commerzbank ⁴ | 1.774,79 | 324,34 | - | 547,14 | 903,31 | ThyssenKrupp |
| 5 | Allianz | 1.100,85 | 690,01 | 410,84 | - | - | Northrop Grumman |
| 6 | UniCredit ⁵ | 1.070,70 | 63,55 | - | 186,78 | 820,37 | ThyssenKrupp |
| 7 | Credit Suisse | 972,13 | 24,02 | - | 336,77 | 611,35 | Huntington Ingalls Industries |
| 8 | ING | 492,40 | 103,23 | 68,74 | 309,20 | 11,24 | Fluor |
| 9 | KfW | 124,89 | - | - | 124,89 | - | EADS |
| 10 | Deka Bank ⁶ (Sparkassen- finanzgruppe) | 88,18 | 88,18 | - | - | - | ThyssenKrupp |
| 11 | DZ Bank | 83,46 | - | - | 83,46 | - | EADS |
| 12 | KBC | 54,32 | - | - | 54,32 | - | Serco |
| Total | | 15.830,81 | 3.575,07 | 515,19 | 5.758,6 | 5.982,73 | |

Source: IKV PAX CHRISTI; ican 2013: Don't Bank on the Bomb

- 1 BNP Paribas is ranked second in the European Top 3 most heavily invested financial institutions. See *Ibid.*, p. 81. The bank has a policy on controversial weapons, stating that it won't make capital available or invest in companies that produce, trade or store these weapons. See *Ibid.*, pp. 114f.
- 2 Deutsche Bank is ranked third in the European Top 3 most heavily invested financial institutions. See *Ibid.*, p. 81. The bank has an internal guideline prohibiting direct transactions concerning controversial weapons: Deutsche Bank (2012): Sustainability at Deutsche Bank, Presentation: https://www.db.com/ir/de/download/JD_SRI_Roadshow_New_York_Boston_25_27_June_2012_final.pdf (accessed 08.10.2013), p. 15.
- 3 The UBS total has been updated to exclude a loan to Boeing that has expired in November 2010.
- 4 Commerzbank has an official policy on arms deals which interdicts financial transactions affiliated to controversial weapons: Commerzbank (2011): Richtlinien und Positionen: Rüstungsgeschäfte, online: <https://www.nachhaltigkeit.commerzbank.de/internetportal/governance/interne Richtlinien/rstungsgeschfte/rstungsgeschfte.html> (accessed 08.10.2013).
- 5 The UniCreditGroup published a position paper on the defense industry stating that they will abstain from financial transactions with nuclear weapons: UniCredit (n.d.): UniCredit Position Statement on Defense / Weapons Industry: https://www.unicreditgroup.eu/content/dam/unicreditgroup/documents/en/sustainability/our-vision-of-a-sustainable-bank/UniCredit_Position_Statement_On_Defence_English_new.pdf (accessed 31.10.2013).
- 6 In order to gain information on Deka Bank, we used the Don't Bank on the Bomb numbers of "Sparkassenfinanzgruppe". DekaBank is part of this group.

⁵ Calculated from USD to EUR with a factor of 0,7492. Deviances are caused by truncation.

The Good, the Bad and the ING

In June 2012, ING Bank agreed to pay a \$619 million fine to the U.S. Department of Justice and the New York County District Attorney's Office for violating U.S. sanctions against countries like Cuba and Iran.¹ U.S. foreign policy and the justification behind such sanctions plays significant role in how multinationals are able to conduct business. However, the case of ING is an example of a wider phenomenon, which is the culture of fraud emerging within and among influential players in the financial sector.

Court documents dating from the early 1990s through to 2007 show that ING Bank illegally moved more than \$2 billion that were subject to U.S. economic sanctions through the U.S. financial system via more than 20,000 transactions on behalf of Cuban and Iranian entities.² According to Ronald C. Machen, U.S. Attorney for the District of Columbia, "ING intentionally manipulated financial and trade transactions to remove references to Iran, Cuba and other sanctioned countries and entities."³

ING Bank provided U.S. dollar trade finance services to sanctioned entities through misleading payment messages, shell companies, and the misuse of their internal suspense account. More specifically, ING processed payments on behalf of Cuban customers for its Cuban banking operations through its branch in Curaçao by omitting the origins of the payments. French ING Bank managers also supplied fraudulent endorsement stamps for Cuban banks to process U.S. travelers' checks.⁴

1 US Department of Justice Office of Public Affairs (2012): ING Bank N.V. Agrees to Forfeit \$619 million for Illegal Transactions with Cuban and Iranian Entities, 12 June: www.justice.gov/opa/pr/2012/June/12-crm-742.html (accessed 09.10.2013).

2 Ibid.

3 Ibid.

4 Karen Freifeld (2012): "ING to pay \$619 million over Cuba, Iran sanctions", Reuters, 12 June: www.reuters.com/article/2012/06/12/us-ing-sanctions-idUSBRE85B19Y20120612 (accessed 09.10.2013).

Features

ING deliberately eliminated payment data that would have exposed its involvement with sanctioned countries and entities. Moreover, they threatened to punish employees if they failed to take specified steps to remove references to entities affected by sanctions in payment messages. ING also advised clients affected by sanctions on how to conceal their U.S. dollar transactions. ING Bank branches in France and Belgium omitted identifying information while a Netherlands branch routed payments through other corporate clients. ING's office in Belgium set up a U.S. dollar account for the Central Bank of Iran that was used for oil purchase proceeds from the National Iranian Oil Company.⁵

This conduct occurred in various ING Bank business units and approval, and encouragement of senior corporate managers, legal departments, and compliance departments. Although, several employees brought the aforementioned violations to the attention of ING management over the years, their concerns were never addressed.

After the \$619 million fine was agreed upon, former ING Chief Executive Jan Hommen released a statement saying, "The violations that took place until 2007 are serious and unacceptable."⁶ Hommen served on (and in 2007 became chairman of) ING's Supervisory Board between 2005 and 2009.⁷ The Board's chief responsibility is to supervise management performance and to advise the executive board. The Supervisory Board's disregard for the severe and widespread violations over such an extended period demonstrates how deficient ING's internal control mechanisms are in ensuring the bank's compliance with US laws.

ING's breaches resemble several other instances of systematic fraud occurring within large financial institutions (e.g. Barclays and the Libor scandal). The Center for Research on Socio-Cultural Change (CRESC) analyzed bank business models in a report submitted to Great Britain's Parliamentary Commission on

Banking Standards. The report's findings provide insight into how scandals can occur on this scale. The report posits that a bank's irresponsible and dysfunctional behavior is related to organizational characteristics within its business model (e.g., excessive informality, loose federal structures, and permeable boundaries around the firm). These characteristics represent a deliberate form of "misorganization," i.e., informality and permeability result when a firm is dominated by senior employees. Such weaknesses promote a structure that prioritizes the benefit and financial gain of high-level employees over the interests of shareholders and the public. The CRESC report concludes: "Under existing business models, banks have become loosely controlled federations of money making franchises in which the pursuit of reward by senior executives has overridden both the interests of shareholders and the wider social obligations to which banks, like all businesses, should be subject."⁸

While U.S. embargoes are not the conclusive authority on what constitutes a 'good' or 'bad' country, ING's violation of these embargoes demonstrates the value they place on turnover versus their respect for the law. Unfortunately, a \$619 million fine does not solve the underlying problem. The prospect of immeasurable monetary incentives combined with faulty internal control mechanisms will continue to foster a profit-focused bank culture that neglects social obligations as long as states fail to regulate their internal organization.

→ Frank Vanaerschot

⁵ Ibid.

⁶ ING (2012): ING Bank reaches agreement with US Authorities, 12 June: www.ing.com/Our-Company/Press-room/Press-release-archive/PressRelease/ING-Bank-reaches-agreement-with-US-Authorities.htm (accessed 09.10.2013).

⁷ ING Groep N.V. (2001-2013). Jan H.M. Hommen. Retrieved November 11, 2013, from ING: www.ing.com/Our-Company/About-us/Corporate-Governance/Executive-Board/Members/Jan-H.M.-Hommen.htm

⁸ Centre for Research on Socio-Cultural Change (2012): "Banking Standards", UK Parliament, Session 2012-12, 22 September: www.publications.parliament.uk/pa/jt201213/jtselect/jtpebs/writev/banking/bs05.htm (accessed 09.10.2013).

HARMFUL INVESTMENTS

A photograph showing a woman sitting in the middle of a destroyed building. The walls are crumbling and the ground is covered in rubble. In the background, there are green trees under a clear sky. The overall scene depicts the impact of mining on local communities.

Generous Manyanda, 40, from Ikandilo, has lost two houses due to blasting of the Buzwagi open pit mine which is located in the Kahama district, Northwest Tanzania.
© Katrin Krämer

Harmful Investments

Financial Institutions and their Harmful Investments

Between January 2011 and September 2013, loans between the 19 financial institutions and 26 companies investigated in this report totaled €20 billion; underwritings of shares and bonds around €13 billion; and management of shares and bonds €27 billion.

In 2012, the companies analyzed in this report earned combined revenues of at least €1.24 trillion and net profits of more than €90 billion.¹ All of these companies have been cited for human rights violations, environmental destruction, and/or irresponsible business practices. While it is impossible to calculate the extent to which these unethical activities contribute to the financial success of these companies, it is possible to determine the parties involved in perpetuating such corporate behavior. Financial institutions (FIs) play a key role in supporting these companies and their activities by providing them with corporate loans, as well as managing, underwriting, and/or assisting with the issuance of company shares and bonds.

While many financial institutions' investment policies prohibit direct investment in controversial products or projects, most do not restrict investment in the companies that carry out these violations. Due to the lack of transparency in the financial and corporate sectors, it is impossible to determine whether the funds provided by these institutions directly contributed to the violations in question. Furthermore, not every business transaction between financial institutions (FIs) and the controversial companies listed in this report constitutes a direct violation of international norms and standards. This report, therefore, does not provide detailed, quantitative assessments regarding financing intended specifically for controversial projects. Such straightforward relationships are rarely found, as FIs often provide financial support via broader channels (e.g. through general corporate loans).² However, by not requiring companies to adhere to international standards in order to receive financial support, FIs quietly condone and benefit from business practices that breach human rights and environmental regulations.

BNP Paribas, Deutsche Bank, Credit Suisse, UBS, and Allianz managed shares of almost every company analyzed in our study. Based on our estimates, Allianz controls the highest value of combined share and bond holdings in controversial companies, followed by Deutsche Bank and UBS.³ While FIs emphasize that it is important to differentiate between holdings they retain versus holdings that are acquired on behalf of clients, they do not provide detailed numbers regarding these transactions, making it difficult to determine their exact level of financial benefit from harmful businesses and operations. Nevertheless, FIs profit from these investments alongside their clients, even if they don't own the investments, (i.e., through client fees).

The easiest way for companies to obtain capital is to borrow money. In most cases, money is borrowed from commercial banks. The top lenders to controversial companies in this study were BNP Paribas, Deutsche Bank, and UBS.⁴

Selling company shares and bonds to pension funds, insurance companies, asset management companies, and private investors is another important way to gain capital. Banks ensure that there are sufficient buyers for those shares and bonds and that the companies receive the best possible returns for their business operations. Compared to the other FIs in this analysis, BNP Paribas leads in share and bond underwritings for controversial companies, followed by Deutsche Bank and Credit Suisse.⁵

Two Polish financial institutions in this investigation, (Getin Holding and Kulczyk Investments), showed no involvement with the profiled companies. Another Polish bank, PKO Bank Polski holds nominal stakes in five of the controversial companies listed in this report.

1 Financial data for all companies taken from: Thomson One Banker. (2011, September 30). Retrieved from <http://banker.thomsonone.com>

2 Kuepper, Umaña et al. *Dirty Profits II: A Research Paper Prepared for Facing Finance*. Amsterdam: Profundo Research and Advice, 2013. p.4

3 Ibid, p.ii-iii.

4 Ibid.

5 Ibid.

Where the money goes: Investments in controversial companies (€ million)

| Financial institution | Country | Shareholdings | Bondholdings | Share issuances | Bond issuances | Loans |
|-----------------------|-------------|---------------|--------------|-----------------|----------------|---------------|
| Allianz | Germany | 2,962 | 2,931 | | | |
| Argenta | Belgium | 30 | | | | |
| Belfius | Belgium | 282 | 44 | | | |
| BlackRock Germany | Germany | 750 | | | | |
| BNP Paribas | France | 1,817 | 90 | 1,093 | 3,525 | 5,119 |
| Commerzbank | Germany | 236 | | 97 | 281 | 1,142 |
| Credit Suisse | Switzerland | 3,998 | 318 | 1,071 | 2,107 | 2,313 |
| DekaBank | Germany | 770 | 100 | | | |
| Deutsche Bank | Germany | 3,720 | 357 | | 3,334 | 2,829 |
| DZ Bank | Germany | 1,139 | 144 | | | 460 |
| Getin Holding | Poland | | | | | |
| ING | Netherlands | 1,445 | 678 | 104 | 512 | 2,761 |
| KBC | Belgium | 198 | 71 | | 4 | 432 |
| KfW | Germany | | | | | 455 |
| Kulczyk Investments | Poland | | | | | |
| Munich Re | Germany | 13 | 152 | | | |
| PKO Bank Polski | Poland | 10 | | | | |
| UBS | Switzerland | 3,614 | 342 | 97 | 930 | 2,787 |
| UniCredit | Italy | 806 | 94 | | 131 | 1,597 |
| Totals | | 21,790 | 5,321 | 2,462 | 10,824 | 19,895 |

Kuepper, Umaña et al. Dirty Profits II: A Research Paper Prepared for Facing Finance.
Amsterdam: Profundo Research and Advice, 2013.

Harmful Investments

Allianz SE

Financial Information (in € million)

| | 2012 | 2011 |
|------------------|------------|-----------|
| Sales | 100,268.00 | 94,193.00 |
| Net Income | 5,169.00 | 2,545.00 |
| Operating Income | 10,566.00 | 6,895.00 |

Based in Munich, Allianz SE is among the top insurance providers and asset managers in the world.² Its investment arm, Allianz Global Investors (AGI), is a diversified asset manager catering to private investors, institutional investors, and pension funds, as well as to the company itself.

Allianz SE is a UN Global Compact participant, meaning it has committed to the Compact's principles regarding respect for human rights, labor standards, and the environment.³ Furthermore, it has signed the Principles for Responsible Investment (PRIs), which aims to incorporate environmental, social, and corporate governance (ESG) issues into investment decision-making processes.⁴ Allianz's policies claim to allocate financial resources for sustainable social contributions; properly address climate change and; "devote corporate skills and resources to help local communities."⁵ However, disregarding cluster munitions, Allianz has yet to establish clear guidelines and policies for its investments in sensitive sectors. In the last year, Allianz has received stark criticism for its investments in food commodities.

While several leading financial institutions have decided to stop speculating in agricultural commodities, Allianz continues the practice, arguing that there is not enough evidence to connect food speculation with global food prices and world hunger.⁶

Allianz is highly invested in companies that damage the environment and do not respect human or labor rights. Allianz has financial ties to almost every company (23 of 26) analyzed in this report.⁷ However, in response to these results, Allianz denied holding any proprietary investments in nine of these companies.⁸ Allianz Group manages assets valued at € 1.85 trillion (total assets under management, as of 31.12.2012), € 1.44 trillion is managed on behalf of third parties.

Although Allianz emphasizes its role in financing a low-carbon economy and promoting green products and services, it is still heavily invested in carbon-intensive industries and in fossil fuel and mining companies.

Allianz's investment portfolio includes companies like Vale, Rio Tinto, Royal Dutch Shell, Gazprom, and Barrick Gold. These companies are infamous for their negative environmental impacts, their significant contributions to climate change, and their extensive violations of human rights. For example, Vale has had repeated violent clashes with community members that were displaced to make way for their coal mines in Mozambique.⁹ Shell has, for decades, committed similar violations in its Niger Delta operations.

1 Thomson One Banker. <http://banker.thomsonone.com>.

2 Allianz (n.d.): Fact Sheet: https://www.allianz.com/v_1369215187000/media/about_us/who_we_are/documents/1305_Factsheet_E_final_revised.pdf (accessed 11.11.2013).

3 UN Global Compact (2013): Allianz SE: www.unglobalcompact.org/participant/497-Allianz-SE (accessed 11.11.2013).

4 UN Principles for Responsible Investment (2013): Signatories: www.unpri.org/signatories/signatories/ (accessed 11.11.2013).

5 Allianz (2011): Highlights: Sustainability Performance 2011: https://www.allianz.com/v_1339668674000/media/responsibility/documents/sdreport_en_final_singlepages.pdf (accessed 11.11.2013).

6 Nicolai Kwasniewski, 15.10.2013: www.spiegel.de/wirtschaft/unternehmen/allianz-wehrt-sich-gegen-vorwuerfe-der-nahrungsmittel-spekulationen-a-928029.html

7 See supra note 2. Note: Allianz has nominal (less than € 10 million) investments in two of these companies. See also: Appendix

8 Allianz ESG Office representatives, e-mail message to *urgewald*, 20 November 2013.

9 *Justiça Ambiental* (2013): The Cruel Curse of Coal: <http://justicaambiental.org/index.php/en/campaigns-2/vale/51-mozambique-the-cruel-curse-of-coal> (accessed 11.11.2013).

Shell has received seven OECD complaints covering a multitude of violations.¹⁰ Allianz manages shares and bonds valued at €601 million of Vale and €713 million of Shell.¹¹

Gazprom and Shell both have plans to begin drilling for oil in the Arctic Sea.¹² Any accident in this unique and vulnerable ecological system would likely have devastating and hard-to-remedy environmental impacts due to the region's harsh conditions. In order to actively demonstrate its commitment to the environment and green technology, Allianz should divest from companies such as Shell, Gazprom, and Vale and invest in renewable energies or other environmentally friendly industries.

In 2011, AGI Europe announced that the “mutual funds of Allianz Global Investors Europe do not invest in companies that manufacture cluster bombs or anti-personnel mines.”^{13, 14} Allianz also claims to abstain from investing in companies with ties to controversial weapons, including anti-personnel landmines, cluster bombs, and biological and chemical weapons.¹⁵ This, however, does not bar Allianz from investing in companies that produce nuclear weapons. Allianz's official policy regards nuclear weapons as “politically desired and generally accepted parts of the defense strategy of the Western alliance.”¹⁶ Allianz manages shares and bonds of several nuclear weapons producers, including Northrop Grumman, and Honeywell International.¹⁷

Largest Financial Transactions (in € million): *

| Management of S/B** | |
|---------------------|-------|
| Gazprom | 1,104 |
| Royal Dutch Shell | 713 |
| Vale | 601 |

* Kuepper, Umaña et al. *Dirty Profits II: A Research Paper Prepared for Facing Finance*. Amsterdam: Profundo Research and Advice, 2013.

** S/B = Shares & Bonds

10 OECD Watch (2013): Search Results: Royal Dutch Shell: http://oecdwatch.org/search?portal_type=Case&SearchableText=royal+dutch+shell (accessed 11.11.2013).

11 See supra note 2

12 Greenpeace. (2013, September). Northern Exposure – Gazprom and oil exploration in the Russian Arctic. Retrieved November 12, 2013, from Greenpeace: www.greenpeace.org/international/Global/international/briefings/climate/Gazprom-Media-Brefing-Sep-2013-final.pdf

13 IKV Pax Christi (2012): Worldwide investments in Cluster Munitions, a shared responsibility: www.ikvpaxchristi.nl/media/files/worldwide-investments-in-clustermunitions-a-shared-responsibility-juni-2012.pdf (accessed 11.11.2013).

14 Allianz Press release 24.01.2011 https://www.allianzglobalinvestors.de/web/main?page=/cms-out/ueber-uns/press/releases/2011/PM_20110124_01.html

15 Allianz (2011): Sustainability in proprietary investments, online available at: https://www.allianz.com/oneweb/cmmsgid/edit/AZDE-XML:CONTENT:0f8d1db7-eb4c-4f96-a91d-aa6c653f008/proprietary_investments.html (accessed 11.11.2013).

16 Taz.de (2012): Lukrative aber tödlicher Allianz: www.taz.de/!89330/ (accessed 11.11.2013).

17 Don't Bank on the Bomb (2013): Don't Bank on the Bomb: www.dontbankonthebomb.com/2013/10/10/2013-dont-bank-on-the-bomb/ (accessed 11.11.2013).

Harmful Investments

BNP Paribas S.A.

BNP Paribas operates in 78 countries and has four main domestic markets in Belgium, France, Italy, and Luxembourg.

| | | |
|-------------|--------|--------|
| | 2012 | 2011 |
| Revenues: | € 39.1 | € 43.3 |
| Net Income: | € 6.6 | € 6.0 |

(€ billion, BNP Paribas (2013) 2012 Annual Report)¹

Formed through the merger of Banque Nationale de Paris (BNP) and Paribas in 2000, BNP Paribas is now one of Europe's largest banks. In the years immediately following the merger, BNP Paribas took over the Belgian Fortis Bank SA/NV (now BNP Paribas Fortis). During this takeover, the Belgian state maintained a 25% share hold in BNP Paribas Fortis, which was later sold to BNP Paribas in November 2013. BNP Paribas is now the principle shareholder in BNP Paribas Fortis.¹ The Belgian state still holds its 10.28% share hold in the BNP Paribas Group.²

BNP Paribas claims to carry out "... its operations in full compliance with universal rights and principles."³ The bank's most noteworthy commitments are to the UN Global Compact and to the Equator Principles. BNP Paribas is a member of the UN Global Compact Steering Committee in France and, as such, has committed to integrating socially and environmentally responsible criteria into all aspects of its business.⁴ BNP Paribas was re-elected to the Equator Principles (EP) Steering

Committee in December 2012, and was active in formulating the EP III Update.⁵ Since 2010, BNP Paribas has published policies based on the EP framework that address four main environmentally vulnerable sectors. One of those sectors is the palm oil industry.⁶ BNP Paribas has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2011.⁷ However, the bank has several ties to controversial palm oil producers analyzed in this report, including the Bolloré Group and Golden Agri-Resources (see Bolloré and Golden Agri-Resources Ltd.). BNP Paribas also manages shares and bonds valued at €563 million of Royal Dutch Shell, which has received multiple OECD complaints.⁸

BNP Paribas similarly acknowledges the "major environmental issues arising from mining."⁹ However, strong links between the bank and the recently merged mining companies Glencore and Xstrata - which share a common history of human rights, environmental, and trade violations - contradict this claim. BNP Paribas issued shares

1 dSDe Standaard. (2013, November 13). BNP Paribas Fortis volledig in Franse handen. Retrieved November 13, 2013, from dSDe Standaard: www.standaard.be/cnt/dmf20131113_00837136

2 BNP Paribas. (2013, September 30). Share Ownership. Retrieved November 13, 2013, from BNP Paribas: <http://invest.bnpparibas.com/en/pid5811/share-ownership.html>

3 BNP Paribas (2013): "Commitments by a responsible bank, proof through action", 2012 Corporate Social Responsibility Report: <http://invest.bnpparibas.com/en/pid5860/environmental-and-social-responsibility.html> (accessed 02.10.2013), p. 26, 85.

4 BNP Paribas (2010): Statement of continued support for the United Nations Global Compact, 3 December: http://unglobalcompact.org/system/commitment_letters/1375/original/2010_12_03_UN_Pacte_Mondial_COP_10_EN_version_MP.pdf?1291798541 (accessed 02.10.2013).

5 BNP Paribas (2013): Reporting on Equator Principles Implementation for the year 2012: www.bnpparibas.com/sites/default/files/ckeditor-upload/files/PDF/Nous%20Connaitre/Banque%20Responsable/EN_2012_Equator%20Principles%20Implementation.pdf (accessed 02.10.2013).

6 BNP Paribas (2013): "Financing Policy Commitments in Sensitive Sectors", 2012 Corporate Social Responsibility Report: <http://media.bnpparibas.com/rse/rapport2012en/92.html#pageNumber=92> (accessed 22.10.2013), p. 90.

7 Roundtable on Sustainable Palm Oil. (2012). BNP Paribas. Retrieved October 23, 2013, from Roundtable on Sustainable Palm Oil: www.rspo.org/en/member/820/bnp-paribas

8 Kuepper, Umaña et al. Dirty Profits II: A Research Paper Prepared for Facing Finance. Amsterdam: Profundo Research and Advice, 2013; See Appendix

9 BNP Paribas Corporate Social Responsibility Department. (2013). Commitments by a Responsible Bank, Proof Through Action: 2012 Corporate Social Responsibility Report. Retrieved October 23, 2013, from BNP Paribas: <http://media.bnpparibas.com/rse/rapport2012en/#pageNumber=94>

and bonds of Glencore Xstrata worth an estimated €2.185 billion. BNP Paribas also provided Glencore Xstrata with an estimated €1.564 billion in loans. In fact, BNP Paribas is more monetarily involved with Glencore Xstrata than any other financial institution examined in this report.¹⁰

In 2012, BNP Paribas renewed its commitment to being a responsible bank. In its 2012 savings brochure, BNP Paribas claimed to have eliminated all companies with unethical practices from its savings products.¹¹ The brochure also assured that each of its savings products respected social and environmental concerns.¹² When given the opportunity to respond to the results of this report, BNP Paribas reiterated its policy of “financ[ing] the real economy in an ethical and transparent way [...] lead[ing] BNP Paribas to exclude companies with

records of poor environmental, social and governance practices.” BNP further claimed that its CSR teams rejected 30 of the 275 transactions that were reviewed in 2012.¹³ These claims are in stark contrast to the bank’s financial activities: BNP Paribas has financial ties to every controversial company (26 of 26) examined in this report.¹⁴ As long as BNP Paribas continues to invest in these companies, people will continue to search in vain for ethical BNP Paribas products.

Largest Financial Transactions (in € million): *

| Loans: | |
|------------------|-------|
| Glencore Xstrata | 1,564 |
| Trafigura | 893 |
| Nestlé | 876 |

Underwritings of S/B:**

| | |
|------------------|-------|
| Glencore Xstrata | 2,185 |
| Gazprom | 897 |
| Anglo American | 380 |

Management of S/B:**

| | |
|-------------------|-----|
| Royal Dutch Shell | 563 |
| Vale | 406 |
| Gazprom | 209 |

* Kuepper, Umaña et al. *Dirty Profits II: A Research Paper Prepared for Facing Finance*. Amsterdam: Profundo Research and Advice, 2013.

** S/B = Shares & Bonds

10 Kuepper, B., Umaña, M., Kroes, H., & von Gelder, J. W. (2013). *Dirty Profits II: A research paper for Facing Finance*. Amsterdam: Profundo.

11 “Courant 2012, tous les produits d’ épargne BNP Paribas excluront les entreprises ayant des pratiques non éthiques” (translation), in: BNP Paribas (2012): *Transparence et responsabilité: épargner avec BNP Paribas*: <http://media.bnpparibas.com/rse/responsabilite/> (accessed 02.10.2013), p. 3.

12 “En tant que client(e) de BNP Paribas, quel que soit le produit d’ épargne que vous choisissez, il intègre les dimensions environnementales et sociales” (translation), in: BNP Paribas (2012): *Transparence et responsabilité: épargner avec BNP Paribas*: <http://media.bnpparibas.com/rse/responsabilite/> (accessed 02.10.2013), p. 2.

13 BNP Paribas, letter to Fairfin, 06 November 2013.

14 Reuters (2013): *UPDATE 1-Belgium considers sale of BNP Paribas shares* -paper: www.reuters.com/article/2013/09/18/bnp-belgium-idUSL5N0HE0PQ20130918 (accessed 21.10.2013).

Harmful Investments

Commerzbank AG

Financial Information (in € million):¹

| | 2012 | 2011 |
|--------------|------------|------------|
| Sales | 19,720.00 | 24,529.00 |
| Total assets | 632,863.00 | 657,609.00 |
| Net income | 6.00 | 638.00 |

Commerzbank is Germany's second-largest bank.² Its main activities include commercial banking, retail banking, and mortgage banking. The bank has around 1,200 branch offices throughout Europe.³

Commerzbank has joined several international voluntary initiatives, including the UN Global Compact, the Carbon Disclosure Project, and the Global Reporting Initiative.^{4,5,6} Commerzbank is also a corporate member of Transparency International.⁷ The bank has developed guidelines and policies regarding food speculation, human rights, conflict zones, fossil fuels, power generation, indigenous peoples, agriculture, forestry, mining, and toxic substances.⁸ In the last year, Commerzbank publicly clarified its position concerning the nuclear energy sector, declaring that it does not finance nuclear power plants or uranium mines.^{9,10}

Commerzbank has financed 5 of the 26 companies analyzed in this report. Additionally, it manages shares of 13 of the 26 analyzed companies.¹¹ When given the opportunity to respond to these figures, Commerzbank stated that any involvement in these 13 companies was limited and highlighted the sale of its asset management branch, Cominvest, to Allianz in 2009.¹² Commerzbank finances corporate clients such as Glencore Xstrata, Trafigura, Anglo American, and Gazprom.

Two of these clients, Anglo American and Glencore Xstrata, are criticized for having controversial mining projects in countries such as Zambia, Colombia, Ghana, South Africa, the Democratic Republic of Congo, Peru, Brazil, and the Philippines.^{13,14} Glencore Xstrata is at the center of a number of controversies, including violent conflicts with indigenous groups, extrajudicial killings by military personnel, and excessive pollution.^{15,16} Glencore Xstrata, along with BHP Billiton

1 Thomson One Banker. <http://banker.thomsonone.com>.

2 Commerzbank (2013): Positions and Directives: https://www.commerzbank.de/en/hauptnavigation/verantwortung/engagement/positions_richtlinien/positionen___richtlinien.html (accessed 12.11.2013).

3 Commerzbank (2013): Commerzbank at a glance: https://www.commerzbank.de/en/hauptnavigation/konzern/commerzbank_im__berblick/commerzbank_ueberblick.html (accessed 12.11.2013).

4 UN Global Compact (2013): Commerzbank AG: www.unglobalcompact.org/participant/2345-Commerzbank-AG (accessed 12.11.2013).

5 Carbon Disclosure Project (2013): Commerzbank AG: <https://www.cdproject.net/en-US/Results/Pages/Company-Responses.aspx?company=3599> (accessed 12.11.2013).

6 Commerzbank (2012): Corporate Responsibility Status Report 2012: https://www.commerzbank.com/media/unser_verantwortung/engagement/2012_CR_Status_Report_en_pp.pdf (accessed 12.11.2013).

7 Commerzbank (2013): Corporate Governance and CR Governance: https://www.commerzbank.de/en/hauptnavigation/verantwortung/engagement/corporate_governance_cr-governance/corporate_governance.html (accessed 12.11.2013).

8 See supra note 2.

9 Urgewald (2013): Was haben Deutsche Banken aus Fukushima gelernt?: http://urgewald.org/sites/default/files/briefingfukushima_9.3.2013.pdf (accessed 12.11.2013).

10 Commerzbank. (2013). Positions and Directives. Retrieved November 12, 2013: https://www.commerzbank.de/en/hauptnavigation/verantwortung/engagement/positions_richtlinien/positionen___richtlinien.html

11 Kuepper, Umaña et al. Dirty Profits II: A Research Paper Prepared for Facing Finance. Amsterdam: Profundo Research and Advice, 2013. Note: Commerzbank has nominal (less than €10 million) investments in eight of these companies. See Also: Appendix

12 Commerzbank ESG Office representatives, e-mail message to urgewald, 13 November 2013.

13 Mattered, Philip (2012): Anglo American: Corporate Rap Sheet, online available at Corporate Research Project: www.corp-research.org/Anglo-American (accessed 12.11.2013).

14 Business Insider (2013): The Extremely Controversial History of Commodities Giant Glencore: www.businessinsider.com/what-is-glencore-2013-7#glencore-mines-and-trades-commodities-like-oil-coal-and-copper-with-150-mines-they-encompass-every-link-in-the-supply-chain-last-year-glencore-netted-236-billion-in-revenue-1 (accessed 12.11.2013).

15 Salamat, Marya (2013): Operations of Glencore-Xstata mining linked to killings of indigenous peoples?, online available at Bulatlat: <http://bulatlat.com/main/2013/10/21/operations-of-glencore-xstrata-mining-linked-to-killings-of-indigenous-people/> (accessed 12.11.2013).

16 From Money to Metal (2013): Glencore: Mine all mine!: <http://moneytometal.org/index.php/Glencore> (accessed 12.11.2013).

and Anglo American run the controversial El Cerrejón mining project in Colombia. This open-pit coal mine has displaced local communities and is causing massive environmental damage.¹⁷

In 2011, the European Investment Bank (EIB) froze all new loans to Glencore and its subsidiaries, citing serious concerns over the group's corporate governance.¹⁸

As an UN Global Compact participant, Commerzbank has committed itself to respecting and protecting human rights through its operations. This also applies to financing companies that partake in such abuses, like Trafigura. Commerzbank granted Trafigura loans amounting to €113 million despite the company's alleged ties to controversial regimes in Iran, Sudan, and Angola.^{19, 20, 21} Additionally, Gazprom, which is suspected of bribery, corruption, and anti-competitive business practices, received loans totaling €282 million from Commerzbank.^{22, 23}

Commerzbank states in its corporate policy that it is not involved in financial transactions related to controversial weapons, including nuclear weapons. Furthermore, its arms trade guideline

prohibits direct participation in the provision of weapons or military equipment to areas of conflict and tension.²⁴ However, these regulations only apply to the direct financing of specific ventures and fail to exclude the companies that carry out such schemes, with the exception of cluster munitions producers.²⁵ Commerzbank's policies allowed them to provide loans totaling €88 million to Rheinmetall – a German defense company that manufactures and sells the Leopard 2 battle tank to countries committing systematic human rights violations, including Saudi Arabia and Indonesia.^{26, 27} Commerzbank also has financial connections to producers of nuclear weapon systems.²⁸

Largest Financial Transactions (in € million): *

| Loans: | |
|-------------------------|-----|
| Glencore Xstrata | 521 |
| Gazprom | 282 |
| Anglo American | 137 |
| Underwritings of S/B:** | |
| Anglo American | 281 |
| Glencore Xstrata | 97 |
| Management of S/B:** | |
| Chevron | 100 |
| Newmont Mining | 57 |
| Monsanto | 37 |

* Kuepper, Umaña et al. *Dirty Profits II: A Research Paper Prepared for Facing Finance*. Amsterdam: Profundo Research and Advice, 2013.

** S/B = Shares & Bonds

17 Balch, Oliver (2013): *Cerrejón mine in Colombia: can it address human rights risks?*, online available at the Guardian: www.theguardian.com/sustainable-business/cerrejon-mine-colombia-human-rights (accessed 12.11.2013).

18 www.theguardian.com/business/2011/may/31/eib-halts-loans-to-glencore

19 Charbonneau, Louis and Michelle Nichols (2013): *Glencore, Trafigura deals with Iran may have skirted sanctions-UN*, online available at Reuters: www.reuters.com/article/2013/05/22/us-iran-sanctions-un-idUSBRE94L17P20130522 (accessed 12.11.2013).

20 Farge, Emma (2013): *Update 2- Trafigura Signs Oil Export Deal with South Sudan*, online available at Reuters: <http://uk.reuters.com/article/2013/03/27/trafigura-southsudan-idUKL5NOCJ1BR20130327> (accessed 12.11.2013).

21 All Africa (2013): *Angola: Swiss NGO Report Exposes Trafigura's Dealings in Angola*, online available at: <http://allafrica.com/stories/201302051107.html> (accessed 12.11.2013).

22 Aslund, Anders (2012): *Why Gazprom resembles a crime syndicate*, online available at Moscow Times: <http://www.themoscowtimes.com/opinion/article/why-gazprom-resembles-a-crime-syndicate/453762.html>

23 See supra note 11.

24 See supra note 2.

25 Commerzbank (2012): *Corporate Responsibility Status Report 2012*, online available at: https://www.commerzbank.com/media/unsere_verantwortung/engagement/2012_CR_Status_Report_en_pp.pdf (accessed 12.11.2013).

26 See supra note 11.

27 Army-Technology (2013): *Rheinmetall receives approval to export used German tanks to Indonesia*: www.army-technology.com/news/newsrheinmetall-receives-approval-export-used-german-tanks-indonesia (accessed 12.11.2013).

28 IKV PAX CHRISTI; ican (2013): *Don't Bank on the Bomb*: www.dontbankonthebomb.com/wp-content/uploads/2013/10/DBOTB2013-FINAL.pdf (accessed 12.11.2013).

Harmful Investments

Credit Suisse Group AG

Credit Suisse has four divisions: Investment Banking, Private Banking, Asset Management, and a Shared Services Group.

| | 2012 | 2011 |
|--------------|------------|------------|
| Total assets | 759,417.00 | 861,300.00 |
| Net income | 864.464 | 1,357.91 |
| Sales | 30,738.40 | 34,769.1 |

(€ million, exchange rate of 31.12.12, oanda.com)^{1,2}

Credit Suisse Group AG is a multinational financial services company headquartered in Zurich. It is one of the world's largest multinational banks. Credit Suisse provides investment banking and asset management services to private clients (Private Banking), and institutional clients (Asset Management).

Credit Suisse is a UN Global Compact participant, but has not signed the Principles for Responsible Investment (PRI) Initiative.^{3,4} Credit Suisse has financial ties to 23 of the 26 controversial companies analyzed in this report.⁵ They also manage shares and bonds of Royal Dutch Shell a recipient of repeated OECD complaints valued at € 226 million.⁶ When presented with these figures, Credit Suisse claimed that they were not responsible for client-selected investment portfolios. They could not disclose the proportions of client-selected versus bank-selected investments.⁷

In May 2011, Credit Suisse and several other prominent international banks constituting the Thun Group began working on an initiative aimed at creating a practical application guide setting out the challenges and best practice examples of operationalizing the UN Guiding Principles on Business and Human Rights.⁸ Their discussion

paper was released in October 2013.⁹ While NGOs viewed this as a significant step towards incorporating human rights into banks' core business models, they noted that the Thun Group failed to address certain key areas of the UN Guiding Principles.¹⁰

In recent years, Credit Suisse has developed sector-specific guidelines for high-risk industries like forestry, mining, oil, and gas, as well as for products such as palm oil, hydropower, anti-personnel mines, and cluster munitions. Credit Suisse has released summaries of these guidelines. They are limited in their scope and application.¹¹ For example, Credit Suisse stated that it does not directly finance the development, manufacture, or acquisition of nuclear weapons, biological weapons, chemical weapons, antipersonnel mines, or cluster munitions. However, this report revealed that Credit Suisse holds shares of Lockheed Martin (€55 million) and has underwritten and issued bonds for BAE systems (€187 million), both of which are involved in the production of nuclear weapons systems.¹² The Norwegian Government Pension Fund Global (GPF) has excluded Lockheed Martin from its investment portfolio for manufacturing key nuclear weapons components.¹³

1 Credit Suisse Annual Report 2012, p. 51.

2 Thomson One Banker. <http://banker.thomsonone.com>.

3 UN Global Compact (2013): Credit Suisse: www.unglobalcompact.org/participant/2647-Credit-Suisse (accessed 28.10.2013).

4 Principles for Responsible Investment (2013): Signatories to the Principles for Responsible Investment: www.unpri.org/signatories/signatories/ (accessed 28.10.2013)

5 See supra note 2. Note: Credit Suisse has nominal (less than € 10 million) investments in eight of these companies.

6 See supra note 2; See Appendix

7 ESG Office representatives, e-mail message to Facing Finance, 08 November 2013.

8 Barclays, Credit Suisse, UBS and Uni Credit (2011): Statement by the Thun Group of banks on the "Guiding principles for the implementation of the United Nations 'protect, respect and remedy' framework" on human rights: www.menschenrechte.uzh.ch/index/Thun_Group_Statement_Final.pdf (accessed 28.10.2013).

9 The Thun Group of Banks. (2013, October). UN Guiding Principles on Business and Human Rights Discussion Paper for Banks on Implications of Principles 16 21. Retrieved November 07, 2013, from Credit Suisse: https://www.credit-suisse.com/responsibility/doc/thun_group_discussion_paper.pdf

10 BankTrack (2013): BankTrack welcomes Thun Group paper on banks and human rights. Call for access to remedy for victims bank-financed human rights abuses: www.banktrack.org/show/news/banktrack_welcomes_thun_group_paper_on_banks_and_human_rights (accessed 28.10.2013).

11 Credit Suisse (2013): Summary of Credit Suisse's Sector Policies and Guidelines: https://www.credit-suisse.com/responsibility/doc/policy_summaries_en.pdf (accessed 28.10.2013).

12 Kuepper, Umaña et al. Dirty Profits II: A Research Paper Prepared for Facing Finance. Amsterdam: Profundo Research and Advice, 2013.

13 Council on Ethics (2013): Recommendation concerning the exclusion of Lockheed Martin Corp. from the investment universe of the Government Pension Fund Global, 13 June: www.regjeringen.no/pages/38433495/lm_e.pdf (accessed 28.10.2013).

The limited scope of its policy explains Credit Suisse's continued involvement in companies such as Arch Coal, Glencore Xstrata, Anglo American, and Vale.

Credit Suisse claims that it will not directly finance or provide advice on operations to extract coal or other resources where mountaintop removal mining practices are used.¹⁴ However, the clause is deliberately worded to allow Credit Suisse to offer financial support to Arch Coal – a company that practices mountaintop removal – in other ways, such as through general corporate loans, or through share/bond issuances.

Credit Suisse's mining sector policy does not allow them to finance or advise company operations that require the resettlement of substantial numbers of people.¹⁵ Despite this, they have significant financial ties to mining companies in countries like Colombia (AngloAmerican and Glencore Xstrata) and Mozambique (RioTinto and Vale) whose operations have displaced thousands of residents.^{16, 17, 18}

Unfortunately, Credit Suisse policies barring investment in companies with unethical practices are not concrete enough to ensure responsible investment. For example, Credit Suisse also claims that it will not finance or advise mining companies against which there is credible evidence of involvement in human rights abuses.¹⁹ Credit Suisse has granted approximately € 37 million in loans and has a € 0.7 million share hold in ENRC a highly controversial mining company which recently received an OECD complaint for disrupting the water supply of a DRC village.^{20, 21} The company's actions violate the fundamental human right to water under international law.²²

Largest Financial Transactions (in € million): *

| Loans: | |
|------------------|-----|
| Nestlé | 876 |
| Glencore Xstrata | 708 |
| Trafigura | 204 |

Underwritings of S/B:**

| | |
|------------------|-------|
| Glencore Xstrata | 2,258 |
| Nestlé | 417 |
| BAE Systems | 187 |

Management of S/B:**

| | |
|---------|-------|
| Nestlé | 2,062 |
| Chevron | 760 |
| Vale | 432 |

* Kuepper, Umaña et al. *Dirty Profits II: A Research Paper Prepared for Facing Finance*. Amsterdam: Profundo Research and Advice, 2013.

** S/B = Shares & Bonds

14 See supra note 11, p. 3.

15 See supra note 11, p. 3.

16 Vidal, John (2013): Colombian miners hit out at Anglo American, available online at The Guardian: www.theguardian.com/environment/2013/apr/15/mining-mining (accessed 31.10.2013).

17 Gardner, Leah (2013): Colombian town forcibly relocated due to air-contamination from open-pit coal mining- community takes on multinationals in fight for rights, available online at Le Blogue: www.asfcanda.ca/fr/blogue/billet/colombian-town-forcibly-relocated-due-to-air-contamination-from-open-pit-coal-mining-community-takes-on-multinationals-in-fight-for-rights/216 (accessed 31.10.2013).

18 Lopes, Marina (2013): Miner Vale, Rio Tinto accused of neglecting displaced Mozambicans, available online at Reuters: www.reuters.com/article/2013/05/23/mozambique-mining-idUSL6N0E33W420130523 (accessed 31.10.2013).

19 See supra note 11, p. 3.

20 Ibid.

21 Lee, Richard (2013): ENRC Under Fire over Congo Mines, available online at OSISA: www.osisa.org/economic-justice/drc/enrc-under-fire-over-congo-mines (accessed 31.10.2013)

22 United Nations General Assembly. (2010, August 03). Resolution adopted by the General Assembly on 28 July 2010: 64/292. The human right to water and sanitation. Retrieved November 07, 2013, from United Nations: www.un.org/ga/search/view_doc.asp?symbol=A/RES/64/292

Harmful Investments

Deutsche Bank AG

Financial Information (in € million):¹

| | 2012 | 2011 |
|--------------|--------------|--------------|
| Sales | 53,316.00 | 53,860.00 |
| Total Assets | 2,004,611.00 | 2,155,366.00 |
| Net Income | 237.00 | 4,132.00 |

Headquartered in Frankfurt am Main, Germany, Deutsche Bank AG leads global foreign exchange business as measured by market share.² Deutsche Bank has faced strong public criticism in recent years for its involvement in food commodity speculation, manipulating Libor rates, and committing carbon tax fraud.³

Deutsche Bank Group has committed itself to a large number of voluntary initiatives, including the UN Global Compact, the UNEP-FI Declaration of Sustainable Development, the World Bank standards, the OECD Guidelines for Multinational Enterprises, the International Labor Organization (ILO) standards, the Principles for Responsible Investment, and the Wolfsberg Principles.^{4,5,6} The bank has a “Guidance Note” pertaining to the areas of agriculture, forestry, chemicals, defence equipment, infrastructure, metals and mining, oil and gas, utilities, and other high carbon intensity activities. However, this note is not disclosed to the public.⁷

In spite of its commitments, Deutsche Bank continues to finance companies that repeatedly violate human rights and environmental standards. Deutsche Bank provided loans to and/or issued bonds for 17 of the 26 companies analyzed in this report. Deutsche Bank also manages shares or bonds of 24 of the 26 analyzed companies.⁸

In 2011, Deutsche Bank announced its decision to cease financing cluster munitions producers. It also stated that it would abstain from “any involvement in transactions connected with specific types of weapons, in particular antipersonnel landmines, cluster bombs, or ABC weapons.”⁹ However, this policy only prevents Deutsche Bank from investing in specific weapons transactions – not the weapons-producing companies themselves. Deutsche Bank still finances Lockheed Martin and issues bonds for BAE Systems, both of which are involved in the production of nuclear weapons systems. A study released by the International Campaign to Abolish Nuclear Weapons (ICAN) shows that Deutsche Bank is among the top nuclear weapons industry financiers in the world. Deutsche Bank’s corporate clients in this sector include companies like Northrop Grumman and Honeywell International.¹⁰

Deutsche Bank has also provided loans to Rheinmetall, a German defense company that manufactures and exports the Leopard 2 battle tank to areas with systematic human rights violations, including Saudi Arabia and Indonesia.¹¹

1 Thomson One Banker. <http://banker.thomsonone.com>

2 Euromoney Institutional Investor (2013): Surveys and Awards: www.euromoney.com/Poll/3301/PollsAndAwards/Foreign-Exchange.html (accessed 13.11.2013).

3 SPIEGEL Staff (2013): A Reputation in Ruin: Deutsche Bank Slides into a Swamp of Scandal: www.spiegel.de/international/business/deutsche-bank-reputation-at-stake-amid-a-multipitude-of-scandals-a-873544.html (accessed 13.11.2013). See Also: Miriam Ross (2013): Five banks made £2.2 billion from food speculation in 2010-2012. World Development Movement: www.wdm.org.uk/food-and-hunger/five-banks-made-%C2%A32.2-billion-food-speculation-2010-2012 (accessed 13.11.2013).

4 Deutsche Bank (2012): Corporate Responsibility Report 2012: www.db.com/cr/en/docs/CR_Report_2012.pdf (accessed 13.11.2013).

5 UNEP Finance Initiative (n.d.): Our Members: Deutsche Bank AG: [www.unepfi.org/signatories/index.html?tx_phpadd_pi1\[orgid\]=67](http://www.unepfi.org/signatories/index.html?tx_phpadd_pi1[orgid]=67) (accessed 13.11.2013).

6 Wolfsberg AML Principles (2012): Wolfsberg AML Principles: www.wolfsberg-principles.com/ (accessed 13.11.2013).

7 Dieckmann, Julia and Sabine Miltner (2012): Sustainability at Deutsche Bank: https://www.db.com/ir/de/download/JD_SRI_Roadshow_New_York_Boston_25_27_June_2012_final.pdf (accessed 13.11.2013).

8 Kuepper, Umaña et al. Dirty Profits II: A Research Paper Prepared for Facing Finance. Amsterdam: Profundo Research and Advice, 2013. Note: seven of these investments are considered nominal investments (less than €10 million). See also: Table 4 Appendix.

9 See supra note 4.

10 IKV PAX CHRISTI; ican (2013): Don’t Bank on the Bomb: www.dontbankonthebomb.com/wp-content/uploads/2013/10/DBOTB2013-FINAL.pdf (accessed 13.11.2013).

11 Army-Technology (2013): Rheinmetall receives approval to export used German tanks to Indonesia: www.army-technology.com/news/newsrheinmetall-receives-approval-export-used-german-tanks-indonesia (accessed 12.11.2013).

Deutsche Bank established guidelines in its Environmental and Social Reputational Risk Framework for its activities in a variety of sectors. In the nuclear power sector, Deutsche Bank states that it will continue to support civil nuclear power projects and companies, but that it will implement stricter criteria for this sector.^{12,13} However, this new guideline has not prevented Deutsche Bank from financing companies like Areva – a French nuclear power company with multiple controversial nuclear projects around the world, (e.g. uranium mining operations in Africa).¹⁴

Deutsche Bank states that it “regards the responsible treatment of the environment as an integral part of its corporate identity [...] In addition to complying with the legal provisions relating to environmental protection, we undertake to protect natural resources such as air, water, and soil.”¹⁵ Nonetheless, Deutsche Bank continues to finance controversial companies like Vale, Newmont Mining, Barrick Gold, AngloGold Ashanti, and Royal Dutch Shell.¹⁶ Vale and Shell both received Public Eye Awards (dishonorable titles given to companies displaying the greatest disregard for human rights and the environment) in 2012 and 2013, respectively. Moreover, Shell has received seven OECD complaints.^{17,18} Deutsche Bank continues

to invest in companies that, due to their controversial activities, have been excluded from other public investors’ portfolios.¹⁹

Deutsche Bank has committed itself to the UN Global Compact and ILO standards, both of which take a strong stance against child labor.²⁰ The Fair Labor Association (FLA) found evidence of child labor at Nestlé cocoa plantations in the Ivory Coast.²¹ Yet, Deutsche Bank has given loans to Nestlé totaling €876 million, and issued Nestlé shares and bonds worth €888 million since January 2011. Deutsche Bank manages Nestlé shares and bonds valued at €868 million.²²

Deutsche Bank also invests in Glencore Xstrata, a company infamous for its severe human rights and environmental breaches. One of its subsidiaries, Sagittarius Mines Inc. (SMI), is developing a copper and gold project in the Philippines. In 2012, military troops (partially funded by SMI) killed a woman and her two children as part of a military operation aimed at the woman’s husband.²³ Glencore Xstrata, having secured €937 million-worth in loans from the bank since 2011, continues to have a strong financial relationship with Deutsche Bank.²⁴

Deutsche Bank failed to submit a comment upon being presented with the results of this report.²⁵

Largest Financial Transactions (in € million): *

| Loans: | |
|-----------|-----|
| Glencore | 937 |
| Nestlé | 876 |
| Trafigura | 182 |

Underwritings of S/B:**

| | |
|-------------------|-----|
| Royal Dutch Shell | 937 |
| Gazprom | 888 |
| AngloGold Ashanti | 352 |

Management of S/B:**

| | |
|-------------------|-----|
| Nestlé | 868 |
| adidas | 622 |
| Royal Dutch Shell | 526 |

* Kuepper, Umaña et al. *Dirty Profits II: A Research Paper Prepared for Facing Finance*. Amsterdam: Profundo Research and Advice, 2013.

** S/B = Shares & Bonds

12 See supra note 4, p. 15.

13 Urgewald (2013): Was haben deutsche Banken aus Fukushima gelernt?: www.urgewald.org/sites/default/files/briefingfukushima_9.3.2013.pdf (accessed 13.11.2013).

14 Meyer, Cordula (2010): Uranium Mining in Niger: Tuareg Activist Takes on French Nuclear Company: www.spiegel.de/international/world/uranium-mining-in-niger-tuareg-activist-takes-on-french-nuclear-company-a-686774.html (accessed 13.11.2013).

15 See supra note 7.

16 See supra note 8.

17 The Public Eye Awards (2013): Hall of Shame: www.publiceye.ch/en/hall-of-shame/ (accessed 13.11.2013).

18 OECD Watch (2013): Search Results: Royal Dutch Shell: www.oecdwatch.org/search?portal_type=Case&SearchableText=royal+dutch+shell (accessed 13.11.2013).

19 See Divestment Table 3, Appendix.

20 Deutsche Bank (2013): Labor Rights: Respecting the rights of employees: <https://www.db.com/cr/en/concrete-labor-rights.htm> (accessed 13.11.2013).

21 Hawksley, Humphrey (2012): Nestlé ‘failing’ on child labour abuse, says FLA report: www.bbc.co.uk/news/world-africa-18644870 (accessed 13.11.2013).

22 See supra note 8.

23 Sarmiento, Bong S. (2013): A year after, still no justice for family killed in Tampakan mine site, online available at: <http://www.mindanews.com/top-stories/2013/10/18/a-year-after-still-no-justice-for-family-killed-in-tampakan-mine-site/> (accessed 13.11.2013).

24 See supra note 8.

25 urgewald, e-mail message to Deutsche Bank ESG office, 04 November 2013.

Harmful Investments

DZ Bank Group

Financial Information (in € million)¹

| | | |
|------------------|--------|--------|
| | 2012 | 2011 |
| Operating Profit | 1,846 | 719 |
| Net Profit | 969 | 609 |
| Investments | 59,792 | 61,690 |

(Thomson data not available)

The DZ Bank Group is part of a network of 1,100 local cooperative banks and is one of Germany's largest private-sector financial services organizations in terms of total assets. DZ Bank AG is Germany's fourth-largest bank and the central bank, corporate bank, and parent holding company of the DZ Bank Group.² It is the central institution for more than 900 savings and cooperative banks and maintains an annual balance of more than €400 billion.³

DZ Bank is a UN Global Compact participant, a signatory of the Equator Principles, and follows the Global Reporting Initiative's sustainability reporting framework.^{4,5,6} The bank also claims to have sector guidelines that apply to forestry, extractives, reservoir projects, and maritime industries – though they are not disclosed to the public.⁷ The DZ Bank Group and its investment arm, Union Investment, have recently withdrawn from speculation in food commodities.⁸

Although DZ Bank's activities are primarily oriented towards local and regional economy it nonetheless provided loans to 3 of the 26 controversial companies analyzed in this report.⁹ Nevertheless, loans given to Glencore and Gazprom amounted to €297 million and €146 million respectively.¹⁰ Glencore's (now Glencore Xstrata) opaque and disreputable business practices earned it the distinction of "worst (Swiss) company in the world" at the 2008 Public Eye Awards.¹¹ Since then, the company's sustainability performance has not improved. Glencore and its subsidiaries have committed countless breaches of human rights and environmental standards in Colombia, Peru, the Philippines, South Africa, Zambia, and the Democratic Republic of Congo. They are also allegedly involved in violations of international sanctions through their Iranian transactions, tax evasion, and corruption.^{12,13} In 2011, the

1 DZ Bank (2012): 2012 Annual Report: https://www.dzbank.com/content/dam/dzbank_com/en/home/profile/investor_relations/pdf_dokumente/Berichte_2012/1367303347DZ_BANK_Group_Annual_Report_2012.pdf

2 Teevs, Christian (2013): 'Taking Responsibility': German Banking Giant Quits Food Speculation, online available at Spiegel Online International: www.spiegel.de/international/business/large-german-bank-quits-agricultural-commodities-speculation-a-902151.html (accessed 12.11.2013).

3 The DZ Bank Group (2013): Portrait of the DZ Bank Group: https://www.dzbank.com/content/dzbank_com/en/home/DZ_BANK/dz_bank_group.html (accessed 12.11.2013).

4 UN Global Compact (2013): DZ Bank AG: www.unglobalcompact.org/participant/3041-DZ-BANK-AG (accessed 12.11.2013).

5 Equator Principles (2013): Members and Reporting: www.equator-principles.com/index.php/members-reporting/members-and-reporting (accessed 12.11.2013).

6 DZ Bank (2013): GRI Content Index: https://www.nachhaltigkeit.dzbank.de/content/nachhaltigkeit/de/home/daten_und_fakten/standards/gri_content_index.html (accessed 12.11.2013).

7 DZ Bank (2013): Nachhaltigkeitsmanagement: https://www.nachhaltigkeit.dzbank.de/content/nachhaltigkeit/de/home/nachhaltiges_wirtschaften/nachhaltigkeitsverstaendnis/nachhaltigkeitsmanagement.html (accessed 12.11.2013).

8 Christian Teevs (2013): Umstrittenes Geschäft: Volksbanken stoppen Spekulation mit Nahrungsmitteln, online available at Spiegel Online: www.spiegel.de/wirtschaft/unternehmen/volksbanken-steigen-aus-nahrungsmittelspekulation-aus-a-901672.html (accessed 12.11.2013).

9 Kuepper, Umaña et al. Dirty Profits II: A Research Paper Prepared for Facing Finance. Amsterdam: Profundo Research and Advice, 2013.

10 Ibid.

11 Reiner, Karen (2011): Spotlight on: GLENCORE INTERNATIONAL, online available at RepRisk: www.reprisk.com/downloads/mccrepor-19/110415%20Spotlight%20on%20Glencore.pdf (accessed 12.11.2013).

12 Business Insider (2013): The Extremely Controversial History of Commodities Giant Glencore: www.businessinsider.com/what-is-glencore-2013-7#glencore-mines-and-trades-commodities-like-oil-coal-and-copper-with-150-mines-they-encompass-every-link-in-the-supply-chain-last-year-glencore-netted-236-billion-in-revenue-1 (accessed 12.11.2013).

13 Charbonneau, Louis and Michelle Nichols (2013): Glencore, Trafigura deals with Iran may have skirted sanctions-UN: www.reuters.com/article/2013/05/22/us-iran-sanctions-un-idUSBRE94L17P20130522 (accessed 12.11.2013).

European Investment Bank (EIB) froze all new loans to Glencore and its subsidiaries, citing “serious concerns over the group’s corporate governance.”¹⁴

Recent studies show that DZ Bank remains invested in large energy provider and mining companies in Germany and abroad.¹⁵ In addition to financing such ventures, DZ Bank also holds shares and bonds of 17 of the 26 companies analyzed in this report.¹⁶ DZ Bank manages shares and bonds of carbon-intensive energy and fossil fuel mining companies like Shell, Chevron, and Gazprom. Shell is responsible for decades of environmental destruction in the Niger Delta and is now planning to begin drilling for oil in the Arctic Sea alongside Gazprom.^{17,18,19} Shell has received a total of seven OECD complaints.²⁰ Chevron, as its intercontinental

fracking projects demonstrate, is also involved in unconventional and detrimental extraction techniques.²¹ Chevron is involved in several legal disputes pertaining to decades of environmental abuses inflicted on the Ecuadorian Amazon by its subsidiary, Texaco.²²

DZ Bank manages Nestlé shares and bonds valued at €328 million. Nestlé is accused of using child labor at its cocoa plantations in Ivory Coast and Ghana.^{23,24} Nestlé is also criticized for hoarding groundwater resources for its beverages in countries like Pakistan and Nigeria.²⁵

DZ Bank also manages adidas shares and bonds valued at €156 million.²⁶ Several adidas garment supply factories are allegedly committing severe labor violations in countries like Indonesia and China.^{27,28} Notable breaches include excessive overtime, health damages, trade union suppression, short-term contracts, and low wages.

Largest Financial Transactions (in € million):*

| Loans: | |
|----------------------|-----|
| Glencore Xstrata | 297 |
| Gazprom | 146 |
| Vale | 17 |
| Management of S/B:** | |
| Nestlé | 328 |
| Royal Dutch Shell | 212 |
| Chevron | 176 |

* Kuepper, Umaña et al. *Dirty Profits II: A Research Paper Prepared for Facing Finance*. Amsterdam: Profundo Research and Advice, 2013.

** S/B = Shares & Bonds

14 Goodley, Simon (2011): European Investment Bank halts loans to Glencore, online available at the Guardian: www.theguardian.com/business/2011/may/31/eib-halts-loans-to-glencore (accessed 12.11.2013).

15 Urgewald (2012): Ist meine Bank ein Klimakiller?: <http://urgewald.org/kampagne/meine-bank-klima-killer> (accessed 12.11.2013).

16 See supra note 9.

17 Center for Constitutional Rights (n.d.): Factsheet: Shell’s Environmental Devastation in Nigeria: <http://ccrjustice.org/learn-more/faqs/shell%2526%2523039%3Bs-environmental-devastation-nigeria> (accessed 12.11.2013).

18 Jacobson, Rebecca (2013): Controversy Over Shell’s Oil Exploration in the Arctic Continues, online available at PBS Newshour: www.pbs.org/newshour/run/2013/09/controversy-over-shells-oil-exploration-in-arctic-continues.html (accessed 12.11.2013).

19 RT (2013): Gazprom could get Arctic shelf sites by end of 2013: <http://rt.com/business/gazprom-arctic-shelf-2013-517/> (accessed 12.11.2013).

20 OECD Watch (2013): Search Results: Royal Dutch Shell: http://oecdwatch.org/search?portal_type=Case&SearchableText=royal+dutch+shell (accessed 11.11.2013).

21 Dale-Harris, Luke (2013): Chevron suspends shale gas exploration plan in Romanian village after protest, online available at the Guardian: www.theguardian.com/environment/2013/oct/21/chevron-shale-gas-exploration-omanian-pungesti (accessed 12.11.2013).

22 Chevron Toxic (2013): The True Story of Chevron’s Ecuador Disaster: <http://chevrontoxico.com/> (accessed 12.11.2013).

23 See supra note 9.

24 Hawksley, Humphrey (2012): Nestle ‘failing’ on child labour abuse, says FLA report: www.bbc.co.uk/news/world-africa-18644870 (accessed 12.11.2013).

25 Bottled Life (2013): The Story: www.bottledlifefilm.com/index.php/the-story.html (accessed 12.11.2013).

26 See supra note 9.

27 Cave, Anthony (2013): Colleges cut ties with Adidas amid labor violations, online available at USA Today: www.usatodayeducate.com/staging/index.php/sports/colleges-cut-ties-with-adidas-amid-labor-violations (accessed 12.11.2013).

28 China Labor Watch (2010): A Case Study: Adidas and Yueyuen: http://chinalaborwatch.org/upfile/2010_11_2/20101130143496.pdf (accessed 12.11.2013).

Harmful Investments

ING Groep N.V.

ING operates in more than 40 countries and is active in retail, investment banking, insurance, and retirement services.

| | 2012 | 2011 |
|--------------|-----------|-----------|
| Sales | 1,521.80 | 54,838.80 |
| Net Income | 2,441.20 | 3,437.61 |
| Total Assets | 1,159,460 | 1,245,120 |

(€ million, exchange rate of 31.12.12)

ING is a bank group based in the Netherlands and is the fourth largest commercial bank in Belgium.² In terms of assets, it is the 9th largest bank in Europe.³ ING claims to address its societal impact through the companies it finances by subjecting its investments to certain guidelines.

ING is a signatory of the Equator Principles and a UN Global Compact participant.^{4,5} It is also a member of the Thun Group of banks, which released a discussion paper for banks on the implications of the UN Guiding Principles on Business and Human Rights in October 2013.^{6,7} In this paper, the Group acknowledged the importance of human rights to their businesses. While NGOs viewed this as a significant step towards incorporating human rights into banks' core business models, they noted that the Thun Group failed to address certain key areas of the UN Guiding Principles, particularly the implementation of complaint and remedy mechanisms.⁸ ING's

participation in and commitment to initiatives for responsible business practices poses an important question: to what degree do these engagements translate into the bank's actual investment decisions?

ING maintains a number of internal policies and guidelines to ensure best practices are used in client transactions. Yet, these policies contain significant loopholes in terms of their scope and activities. ING distances itself from responsibility for its engagements with a disclaimer included in its Sustainability Report 2012 and the ESR framework stating that:

"All policies, procedures, guidelines, statements or anything similar that have been mentioned in this document are intended for ING internal purposes only [...] In assessing compliance with any of the policies and guidelines, the standards applied are subjective and any decision in relation thereto remains within ING's discretion. ING does not accept liability for whatever consequences may result from its not adhering to these policies, procedures, criteria, instructions, statements and guidelines."⁹

Such lenient internal policies helped to make ING one of the most controversial companies in 2012, according to RepRisk.¹⁰

1 Thomson One Banker. <http://banker.thomsonone.com>.

2 Banks Around the World (2013): Banks in Belgium: www.relbanks.com/europe/belgium (accessed 05.11.2013).

3 Banks Around the World (2013): The Largest European Banks 2013: www.relbanks.com/top-european-banks/assets (accessed 05.11.2013).

4 The Equator Principles (2013): Members and Reporting: www.equator-principles.com/index.php/members-reporting (accessed 05.11.2013).

5 UN Global Compact (2013): ING Group: www.unglobalcompact.org/participant/5218-ING-Group (accessed 05.11.2013).

6 Comprises Barclays, BBVA, Credit Suisse, ING Bank, RBS Group, UBS AG and UniCredit

7 Thun Group of Banks (2013): Statement by the Thun Group of Banks "The Guiding Principles: an interpretation for banks". A Discussion Paper for banks on Principles 16 – 21 of the UN Guiding Principles on Business and Human Rights, 2 October: www.business-humanrights.org/media/documents/thun_group_statement_final_2_oct_2013.pdf (accessed 28.10.2013).

8 BankTrack (2013): BankTrack welcomes Thun Group paper on banks and human rights. Call for access to remedy for victims bank-financed human rights abuses: www.banktrack.org/show/news/banktrack_welcomes_thun_group_paper_on_banks_and_human_rights (accessed 28.10.2013).

9 Overview of ESR and Sustainability policies: ING Group (2013): ING Group Sustainability Report 2012. ING in Society: www.ingforsomethingbetter.com/pdf/ING_Sustainability_Report_2012.pdf (accessed 28.10.2013), p. 93; ING Group (2013): ING Environmental and Social Risk Framework: www.ingforsomethingbetter.com/pdf/ESR_Framework_EN.pdf (accessed 28.10.2013).

10 Reprisk (2013): The Most Controversial Companies of 2012: www.reprisk.com/reprisk-releases-report-on-most-controversial-companies-of-2012/ (accessed 28.10.2013).

ING has invested in 24 of the 26 controversial companies included in this report.¹¹ The bank gave loans to 10 controversial companies totaling € 2.761 billion, managed shares and bonds of 24 such companies totaling € 2.123 billion, and issued shares and bonds of 5 companies totaling € 616 million.¹² Furthermore, ING has invested € 420 million in Shell, which has received seven OECD complaints.

ING is heavily invested in the mining of fossil fuels. Glencore Xstrata, for example, apparently “demonstrate[d] to the satisfaction of ING” its “compliance with applicable environmental and social legislation” as required in ING’s ESR policy framework.¹³ The bank granted loans worth € 746 million to Glencore Xstrata and underwrote shares and bonds valued at € 499 million. It also held shares and bonds in the company, worth € 133 million.¹⁴

Royal Dutch Shell, Chevron, Gazprom, and others also convinced ING of their legal compliance. ING held shares of Shell worth € 420 million and of Chevron worth € 283 million, and granted loans to Gazprom worth € 727 million.¹⁵

In addition to financing controversial companies, ING, after repeated violations of U.S. laws occurring over years, ultimately agreed to pay a \$619 million fine.¹⁶ This demonstrates that when financial institutions like ING are allowed to self-regulate their business transactions and investment practices, societies are left without institutional levers to ensure their money is being allocated in useful ways.

ING did not submit a response after being presented with the results of this report.¹⁷

Largest Financial Transactions (in € million): *

| Loans: | |
|------------------|-----|
| Glencore Xstrata | 746 |
| Gazprom | 727 |
| Nestlé | 392 |

Underwritings of S/B:**

| | |
|------------------|-----|
| Glencore Xstrata | 499 |
| Bolloré | 88 |
| VF Corp | 12 |

Management of S/B:**

| | |
|-------------------|-----|
| Royal Dutch Shell | 420 |
| Chevron | 283 |
| LPP | 160 |

* Kuepper, Umaña et al. *Dirty Profits II: A Research Paper Prepared for Facing Finance*. Amsterdam: Profundo Research and Advice, 2013.

** S/B = Shares & Bonds

11 Kuepper, Umaña et al. *Dirty Profits II: A Research Paper Prepared for Facing Finance*. Amsterdam: Profundo Research and Advice, 2013. Note: ING has nominal (less than € 10 million) investments in seven of these companies.

12 See supra note 11.

13 ING (n.d.): *ING Environmental and Social Risk Framework*: www.ingforsomethingbetter.com/our-approach/business/ (accessed 05.11.2013).

14 See supra note 11.

15 See supra note 11.

16 Fair Fin (2011): *Banken op de beklagdenbank: handel met schurken I*, 03 August: www.fairfin.be/actueel/nieuws/2011/08/banken-op-de-beklaagdenbank-handel-met-schurken-i (accessed 09.10.2013).

17 E-mail message to ING ESG Office, 30 October 2013.

Harmful Investments

UBS AG

UBS AG provides investment banking, asset management, and wealth management services for private, corporate, and institutional clients. They have offices in over 50 countries and employ more than 60,000 people across the globe.¹

| | 2012 | 2011 |
|--------------|--------------|--------------|
| Sales | 32,698.30 | 33,773.80 |
| Net Income | -2,079.09 | 3,443.62 |
| Total Assets | 1,035,890.00 | 1,168,000.00 |

(€ million, exchange rate of 31.12.12, oanda.com)²

UBS managed assets totaling CHF1.25 trillion in 2012 and is the world's largest private bank.^{3,4} UBS was heavily involved in subprime lending, which led to their downfall during the 2008 financial crisis. They received bailouts from the Swiss government and the Swiss National Bank in 2008.^{5,6} In 2009, UBS was ordered to reveal the details of over 4,500 U.S. client accounts to US authorities.⁷

UBS is a UN Global Compact participant and has signed the Principles for Responsible Investment (PRI) Initiative.⁸ In May 2011, UBS and several other prominent international banks constituting the Thun Group began working on an initiative aimed at creating a practical application guide setting out the challenges and best practice examples of operationalizing the UN Guiding Principles on Business and Human Rights.⁹ Their

discussion paper was released in October 2013.¹⁰ While NGOs viewed this as a significant step towards incorporating human rights into banks' core business models, they noted that the Thun Group failed to address certain key areas of the UN Guiding Principles.¹¹

Although UBS has issued a statement on human rights, it fails to reference any compliance with fundamental human rights standards like the UN Guiding Principles on Business and Human Rights or the Universal Declaration of Human Rights. UBS has attempted to disperse its responsibility for human rights violations among its clients by using broad, vague statements that are devoid of concrete parameters, such as, "Our ability to promote and respect human rights standards depends on the nature of our relationship with the various stakeholders with which we engage [...] our level of influence is limited with our clients."¹²

In 2009, UBS developed internal industry guidelines for the following sectors: chemistry; forestry products and biofuels; infrastructure; mining and metals extraction; oil and gas; and utilities.¹³ In February 2013, following Switzerland's ratification of the Convention on Cluster Munitions, UBS announced that it would be divesting from companies that are involved in

1 UBS. (1998-2013). UBS in a few words. Retrieved November 07, 2013: www.ubs.com/global/en/about_ubs/about_us/ourprofile.html

2 Thomson One Banker. <http://banker.thomsonone.com>.

3 See supra note 2.

4 Bart, Katharina and Louise Heavens (2013): UBS Once Again the World's Largest Private Bank as Assets Surge, online available at Reuters: www.reuters.com/article/2013/07/09/us-wealth-ubs-idUSBRE9681BA20130709 (accessed 04.11.2013).

5 The Local (2013): UBS Settles US Subprime Mortgage Lawsuit: www.thelocal.ch/20130722/ubs-settles-us-subprime-mortgage-lawsuit (accessed 04.11.2013).

6 Werdigier, Julia (2013): Fund Set Up for UBS Bailout Repays Loan, online available at Dealbook: <http://dealbook.nytimes.com/2013/08/16/ubs-repays-loan-it-received-during-bailout/> (accessed 04.11.2013).

7 Mathiason, Nick (2009): US tax investigators win fight to force UBS to disclose accounts worth \$18 billion, online available at the Guardian: www.theguardian.com/business/2009/aug/19/tax-avoidance-ubs-us-economy (accessed 04.11.2013).

8 Principles for Responsible Investment (2013): Signatories to the Principles for Responsible Investment: www.unpri.org/signatories/signatories/ (accessed 28.10.2013); UN Global Compact (2013): UBS AG: <http://unglobalcompact.org/participant/9585-UBS-AG> (accessed 28.10.2013).

9 Barclays, Credit Suisse, UBS and Uni Credit (2011): Statement by the Thun Group of banks on the "Guiding principles for the implementation of the United Nations 'protect, respect and remedy' framework" on human rights: www.menschenrechte.uzh.ch/index/Thun_Group_Statement_Final.pdf (accessed 28.10.2013).

10 The Thun Group of Banks. (2013, October). UN Guiding Principles on Business and Human Rights Discussion Paper for Banks on Implications of Principles 16-21. Retrieved November 07, 2013, from Credit Suisse: https://www.credit-suisse.com/responsibility/doc/thun_group_discussion_paper.pdf

11 BankTrack (2013): BankTrack welcomes Thun Group paper on banks and human rights. Call for access to remedy for victims bank-financed human rights abuses: www.banktrack.org/show/news/banktrack_welcomes_thun_group_paper_on_banks_and_human_rights (accessed 28.10.2013).

12 UBS (2013): UBS Statement on Human Rights: www.ubs.com/global/en/about_ubs/corporate_responsibility/commitment_strategy/policies_guidelines/human_rights.html (accessed 04.11.2013).

13 UBS (2013): Environmental and Social Risk Framework: www.ubs.com/global/en/about_ubs/corporate_responsibility/cr_in_banking/cr_risk.html (accessed 04.11.2013).

the development, production, or transfer of these controversial weapons.¹⁴ Despite its change in policy, UBS still manages Lockheed Martin shares, and is furthermore invested in BAE systems, a recognized nuclear weapons manufacturer.

UBS has not published its industry sector guidelines; therefore, it remains unclear if their internal policies reflect the commitments declared in their Statement on Human Rights.

UBS continues to finance controversial companies.¹⁵ It has financial ties to 24 of the 26 companies highlighted in this report, among them Nestlé, Glencore Xstrata, Newmont Mining, Chevron, Royal Dutch Shell (recipient of multiple OECD complaints), and AngloAmerican.¹⁶ These companies are controversial because of their disregard for the environment and human rights. UBS has more financial ties to Nestlé than any other company examined in this report. There are

several cases of child labor in Nestlé's cocoa supply chain. This does not bar the bank from investing in Nestlé's general activities. Other companies with tainted human rights records that UBS funds include: AngloGold Ashanti, Barrick Gold, Jindal, and Vale.

UBS declined the opportunity to comment in detail on the results of this report, however emphasized that most of their holdings result from customer transactions.¹⁷

Largest Financial Transactions (in € million):*

| Loans: | |
|------------------|-----|
| Nestlé | 876 |
| Glencore Xstrata | 708 |
| Newmont Mining | 550 |

Underwritings of S/B:**

| | |
|------------------|-----|
| Glencore Xstrata | 372 |
| Nestlé | 228 |
| Anglo American | 220 |

Management of S/B:**

| | |
|-------------------|-------|
| Nestlé | 1,927 |
| Chevron | 489 |
| Royal Dutch Shell | 389 |

* Kuepper, Umaña et al. Dirty Profits II: A Research Paper Prepared for Facing Finance. Amsterdam: Profundo Research and Advice, 2013.

** S/B = Shares & Bonds

14 UBS (2013): UBS amends its policies pertaining to controversial weapons, 8 January: www.ubs.com/global/en/about_ubs/corporate_responsibility/news_display_page_corporate_responsibility.html/en/2013/01/07/20130107b.html (accessed 28.10.2013).

15 Kuepper, Umaña et al. Dirty Profits II: A Research Paper Prepared for Facing Finance. Amsterdam: Profundo Research and Advice, 2013.

16 See supra note 16. Note: UBS has nominal (less than €10 million) investments in five of these companies. See also: Appendix.

17 E-mail message to UBS ESG Office, 07 November 2013.

Harmful Investments

UniCredit Group

Financial Information (in € million)¹

| | 2012 | 2011 |
|--------------|--------------|------------|
| Sales | 42,775.07 | 42,749.29 |
| Total Assets | 2,910,288.56 | 914,108.01 |
| Net Income | 819.10 | -9,378.70 |

UniCredit Group's core markets are in Italy, Austria, and Germany.² UniCredit is a market leader in Central and Eastern Europe (CEE) where it ranks among the top five banks for 11 countries. In 2012, the CEE region accounted for 26.2% of the Group's revenues.³ The UniCredit Group operates under the names UniCredit Bank AG and HypoVereinsbank in Germany.⁴ Pioneer Investment, the Group's asset management firm offers financial products and services to clients around the world.⁵

The UniCredit Group has committed to several international initiatives including the UN Global Compact, UNEP-FI, and UN-PRI. In 2003, UniCredit Bank AG was among the first to sign the Equator Principles (EPs).⁶ The EPs are guidelines for financial institutions to help manage the environmental and social risks related to the projects they finance.⁷

UniCredit is also a member of the Thun Group of banks, which, in October 2013, released a discussion paper for banks on the implications of the UN guiding principles on business and human rights.^{8,9} In this paper, the group acknowledged the

importance of respecting human rights in their business practices and decisions. NGOs welcomed the Thun paper, but noted that the Group failed to address key areas of the UN Principles, particularly the implementation of complaint and remedy mechanisms.¹⁰

In 2011, UniCredit Group released its Human Rights Commitment, which aims to avoid causing or contributing to adverse human rights impacts through its own activities, and address such impacts when they occur.¹¹ This commitment is based on the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social and Cultural Rights (ICESCR), and ILO standards.¹²

UniCredit has also published Position Statements regarding the defense, nuclear energy, mining, and water infrastructure industries.¹³ However, these policies are limited in scope and only apply to the direct financing of certain operations – not to the companies that engage in them.

Since 2011, UniCredit has given loans to and/or issued bonds of 8 of 26 companies analyzed in this report. In addition, it manages shares or bonds of 25 of the 26 companies analyzed in this report.¹⁴ Most of UniCredit's involvements (of the sectors analyzed in this report) went towards energy and extractive companies like Gazprom, Glencore, and

1 Thomson One Banker. <http://banker.thomsonone.com>.

2 UniCredit. (2007, September 20). UniCredit Group to Introduce New International Branding Strategy. Retrieved November 14, 2013: www.unicreditbank.lv/eng/news/?doc=273

3 UniCredit (2012): 2012 Sustainability Report: https://www.unicreditgroup.eu/content/dam/unicreditgroup/documents/en/sustainability/reporting-and-metrics/reporting-and-metrics-ita/2012_Sustainability_Report/Sustainability2012.pdf (accessed 13.11.2013). P.9.

4 UniCredit (2013): History: <https://www.unicreditgroup.eu/en/banking-group/our-identity/history.html> (accessed 13.11.2013).

5 UniCredit (2013): Our responsible investment products: <https://www.unicreditgroup.eu/en/sustainability/responsible-investing/our-products.html> (accessed 13.11.2013).

6 See supra note 2, p. 12.

7 Equator Principles (2011): About the Equator Principles: www.equator-principles.com/index.php/about-ep (accessed 13.11.2013).

8 Comprised of Barclays, BBVA, Credit Suisse, ING Bank, RBS Group, UBS AG and UniCredit.

9 The Thun Group of Banks (2013): UN Guiding Principles on Business and Human Rights: Discussion Paper for Banks on Implications of Principles 16-21: www.business-humanrights.org/media/documents/thun-group-discussion-paper-final-2-oct-2013.pdf (accessed 13.11.2013).

10 BankTrack (2013): BankTrack welcomes Thun Group paper on banks and human rights: www.banktrack.org/show/news/banktrack_welcomes_thun_group_paper_on_banks_and_human_rights (accessed 13.11.2013).

11 UniCredit (2011): Human Rights Commitment: https://www.unicreditgroup.eu/content/dam/unicreditgroup/documents/en/sustainability/our-vision-of-a-sustainable-bank/governance-and-sustainability/Human_Rights_Commitment.pdf

12 Ibid.

13 UniCredit (2013): Policies & Guidelines: <https://www.unicreditgroup.eu/en/sustainability/our-vision-of-a-sustainable-bank/policies---guidelines.html> (accessed 13.11.2013).

14 Kuepper, Umaña et al. Dirty Profits II: A Research Paper Prepared for Facing Finance. Amsterdam: Profundo Research and Advice, 2013. Note: ten of these investments are considered nominal investments (under € 10 million). See Also: Appendix.

Trafigura – all of which are reportedly involved in environmental destruction, corruption, and tax noncompliance.^{15, 16, 17}

UniCredit has given Glencore € 403 million in loans since 2011 despite the European Investment Bank’s (EIB) suspension of new loans to the company for serious concerns over the group’s corporate governance.^{18, 19} UniCredit also granted € 591 million and € 175 million in loans to Gazprom and Trafigura, respectively.²⁰

UniCredit Group provided loans to Rheinmetall, a German defense company that produces and exports the Leopard 2 battle tank to areas of systematic human rights violations, including Saudi Arabia and Indonesia.²¹ Furthermore, UniCredit financed several producers of nuclear weapon systems.²²

As mentioned above, UniCredit’s policy regarding nuclear energy remains limited in scope and lacks concrete exclusion criteria.²³ Thus, UniCredit

continues to provide loans to the French state-owned nuclear company, Areva. The company has multiple controversial nuclear projects around the world.^{24, 25}

Instead of divesting from the company or demanding its adherence to ILO standards, UniCredit provided adidas with € 50 million in loans and underwrote bonds of the company worth € 125 million since 2011. Adidas faces severe criticism over the widespread use of exploitation along its supply chain.²⁶

Chevron is one of the most notorious companies in terms of environmental destruction in UniCredit Group’s asset management portfolio. UniCredit manages Chevron shares worth € 311 million despite the company’s widespread use of hydraulic fracturing and its ongoing legal battle over the decades of environmental destruction caused by their subsidiary, Texaco, in the Ecuadorian Amazon.^{27, 28, 29}

UniCredit failed to submit a comment upon being presented with the results of this report.³⁰

Largest Financial Transactions (in € million):*

| Loans: | |
|------------------|-----|
| Gazprom | 591 |
| Glencore Xstrata | 403 |
| Trafigura | 175 |

Underwritings of S/B:**

| | |
|----------|-----|
| adidas | 125 |
| Monsanto | 6 |

Management of S/B:**

| | |
|-----------|-----|
| Chevron | 311 |
| Nestlé | 83 |
| Rio Tinto | 81 |

* Kuepper, Umaña et al. Dirty Profits II: A Research Paper Prepared for Facing Finance. Amsterdam: Profundo Research and Advice, 2013.

** S/B = Shares & Bonds

15 RepRisk (2012): Glencore named Russia’s most notorious company (English): www.reprisk.com/rt/ (accessed 13.11.2013)

16 Reiner, Karen (2011): Spotlight on: GLENCORE INTERNATIONAL, online available at RepRisk: www.reprisk.com/downloads/mccreports/19/110415%20Spotlight%20on%20Glencore.pdf (accessed 13.11.2013).

17 Changsorn, Pichaya (n.d.): Trafigura not new to scandal, online available at The Nation: www.nationmultimedia.com/home/Trafigura-not-new-to-scandal-6865.html (accessed 13.11.2013).

18 Goodley, Simon (2011): European Investment Bank halts loans to Glencore, online available at the Guardian: www.theguardian.com/business/2011/may/31/eib-halts-loans-to-glencore (accessed 12.11.2013).

19 See supra note 14.

20 Ibid.

21 Army-Technology (2013): Rheinmetall receives approval to export used German tanks to Indonesia: www.army-technology.com/news/newsrheinmetall-receives-approval-export-used-german-tanks-indonesia (accessed 12.11.2013).

22 Don’t Bank on the Bomb (2013): Don’t Bank on the Bomb: www.dontbankonthebomb.com/wp-content/uploads/2013/10/DBOTB2013-FINAL.pdf (accessed 13.11.2013).

23 UniCredit (n.d.): UniCredit’s Position Statement concerning Nuclear Energy: https://www.unicreditgroup.eu/content/dam/unicreditgroup/documents/en/sustainability/our-vision-of-a-sustainable-bank/policies-and-guidelines/Nuc_Statement.pdf (accessed 13.11.2013).

24 Meyer, Cordula (2010): Uranium Mining in Niger: Tuareg Activist Takes on French Nuclear Company: www.spiegel.de/international/world/uranium-mining-in-niger-tuareg-activist-takes-on-french-nuclear-company-a-686774.html (accessed 13.11.2013).

25 Hindustan Times (2011): 1 dead in firing in Jaitapur N-plant protest, 19 April: www.hindustantimes.com/India-news/Mumbai/1-dead-in-firing-in-Jaitapur-N-plant-protest/Article1-686937.aspx (accessed 02.10.2013).

26 Cave, Anthony (2013): Colleges cut ties with Adidas amid labor violations, online available at USA Today: www.usatodayeducate.com/staging/index.php/sports/colleges-cut-ties-with-adidas-amid-labor-violations (accessed 12.11.2013).

27 See supra note 14.

28 Chevron (2013): Natural Gas From Shale: www.chevron.com/deliveringenergy/naturalgas/shalegas/ (accessed 13.11.2013).

29 Chevron Toxic (2013): The True Story of Chevron’s Ecuador Disaster: <http://chevrontoxico.com/> (accessed 12.11.2013).

30 E-mail message to UniCredit ESG Office, 04 November 2013.

RECOMMEN- DATIONS AND DEMANDS

In March 2012, while attending to his grazing cattle in the fields surrounding the Williamson mine, shepherd Mike Ngusa unintentionally entered onto mine property. Security guards subsequently shot him in the stomach with stones, rupturing his spleen.

© Katrin Krämer

Recommendations and Demands

This report calls on financial institutions (FIs) to acknowledge their accountability and to reform their investment policies in order to eliminate human rights abuses, environmental destruction, and tax evasion. It is imperative for FIs to implement policies that bar investment in companies that violate international norms and standards. FIs, as significant shareholders in many of these companies, play a crucial role in necessitating environmentally and socially conscious policies from their corporate clients. It is vital that FIs, as financial service providers that cater to corporate clients, attach conditions to their financial services that uphold international norms and standards.

In recent years, several financial institutions have endorsed human rights and environmental regulations by issuing non-binding policy statements and by committing to voluntary initiatives such as the United Nations Global Compact, the Principles for Responsible Investment, the Equator Principles, etc.¹ Nevertheless, a large gap still exists for financial institutions between stating these commitments and actually implementing them.

FIs continue to benefit from financial transactions involving controversial companies that commit serious human rights and/or environmental violations. Such violations include unregulated land acquisitions (e.g., land grabbing), forced displacements, inadequate compensations, restricted access to basic necessities, contamination of drinking water, destruction of livelihoods, and suppression of rights (e.g., freedom of assembly). Binding regulations for financial institutions are therefore necessary in order to adequately address these environmental and human rights issues.

States and other decision makers need to enhance oversight, inspection criteria, and sanctions in order to effectively regulate financial institutions and prevent them from further violations. Meanwhile, financial institutions need to take a proactive role in developing and implementing binding and transparent standards of practice.

“By exposing the true nature of these financial institutions, we hope to set the stage for a race to the top where they compete to clean up their portfolios and stop making investments that contribute to human rights violations and environmental destruction. We want financial institutions to act and we want them to act now.”

Barbara Happe, *urgewald*

Such standards of practice should incorporate:

→ **A Commitment to a Binding Sustainability Approach**

FIs must implement an approach to social and environmental sustainability that thoroughly takes into account the impacts of their business and investment decisions. Such a commitment should not simply repeat the countless nonbinding and ineffective commitments that are already in effect. Rather, FIs should rectify controversial issues in sensitive sectors by defining their social and ecological core values and accordingly developing and implementing transparent and sincere investment policies. For example, a verifiable and credible policy against investment in controversial weapons should mention explicitly which weapons producers fall under such a policy, and which are excluded.

Policies must apply to EVERY relevant area of business, not just to unproblematic areas.

FIs should terminate all direct and indirect business ties to companies with business practices that are not in line with international norms and standards.

→ **A Commitment to “Do No Harm”**

FIs should cease investment in socially and environmentally harmful activities and/or companies.

Recommendations and Demands

→ A Commitment to Accountability and Transparency

FIs must be more transparent in their stakeholder interactions. Commercial confidentiality should no longer be a universal excuse to deny stakeholders the information they need and are entitled to. Through their financial ties to controversial companies, FIs take on a level of responsibility for the repercussions that can occur when companies fail to uphold international standards. FIs should, therefore, implement a system of oversight for companies, projects, and countries they finance (e.g., in their CSR policies). Transparency measures can also serve the interests of FIs by enabling public concerns regarding their financial activities to be voiced and resolved before conflicts occur. Multilateral development banks like the IFC have, for this reason, adopted accessible information policies that, while still inadequate, provide basic data on pending transactions. Such policies demonstrate that it is possible to overcome client confidentiality concerns while still achieving overall transparency.

→ A Commitment to Remedy

FIs should require their corporate clients to implement reliable consultation and grievance mechanisms in order to ensure that the needs and opinions of affected communities are respected. FIs could use methods similar to those developed by the IFC as a guide. Such policies should contain project assessment and consultation processes with solid mitigation and compensation measures, particularly when considering the rights of indigenous peoples.² Given that FIs bear a certain responsibility for the negative effects of their financed activities, they should also be required to compensate for environmental damages and/or human and labor rights violations. Lastly, in order to ensure that FIs take their social and environmental responsibilities seriously, there should be a voluntary verification fund subject to collective, independent oversight (e.g., by the UN).

Other ways for banks to attain higher ethical, social, and environmental standards through their investments include offering shareholder proposals; initiating/maintaining company dialogue and/or contact with regulatory authorities (particularly abroad); aiding in the development of legal instruments; and reforming investor relations.

Listed below are products and business activities that should be excluded from investment and financing. This list does not claim to be all-encompassing, but it outlines the most controversial and harmful technologies, industries, and processes related to human rights and environmental violations mentioned in this study.

FIs should divest from companies that are involved in:

→ The manufacture and trade of controversial weapons

Military expenditures burden budgets, diminish social and developmental resources, and impede the achievement of the UN Millennium Development Goals (MDGs) in many countries.³ FIs should expand their weapons policies to exclude companies that produce key components of weapons that violate fundamental humanitarian principles. Furthermore, investments in Life Extension Programs (LEPs) for nuclear warheads are contrary to governments that are simultaneously working towards a nuclear weapon-free world and trying to reduce public budgets. Thus, investors should reject investments that conflict with State obligations under international law (e.g., investments in cluster munitions and/or anti-personnel mines). Lastly, investments in arms trades to areas of conflict and countries that do not recognize human rights contributes to poverty and instability and, thus, should be completely forbidden by FIs.⁴

Why Killer Robots Need Financial Brakes

Over the last decade, the use of unmanned aerial vehicles (UAVs), or drones, has dramatically changed warfare, inciting new legal and humanitarian challenges. A number of companies, including KAI (Korea Aerospace Industries Ltd.), Samsung Techwin, IAI and Elbit Systems from Israel, BAE Systems, Rheinmetall, Finmeccanica, Lockheed Martin, or HDT Robotics, iRobot, QinetiQ and Northrop Grumman, are hard working to meet future military requirements – the development of fully autonomous weapons, also known as “killer robots.” These weapons would be programmed to select and attack targets without the need for human input or command thus posing a sincere and imminent threat to humanity and crossing legal and ethical boundaries.

Modern weapons technology is a profitable business; therefore, many NGOs are calling for a pre-emptive ban on fully autonomous weapons before these weapons can be developed. States parties of the Convention on Conventional Weapons have scheduled talks to discuss questions related to Lethal Autonomous Weapons (LARs) for May 2014. Lucrative in the success of a ban is civil society’s role in raising awareness amongst financial institutions and other financial stakeholders. Since there is no legal framework for the prohibition of these autonomous weapons, financial institutions need to develop policies barring investment in companies developing these controversial weapon systems.

³ UN Information Officer (2009): Millennium Development Goals, Not Military Spending, Must be at Heart of National Security, Speakers Tell DPI/NGO Conference Roundtable, online available at United Nations: www.un.org/News/Press/docs/2009/ngo680.doc.htm (accessed 20.11.2013).

⁴ Oxfam International (2008): Irresponsible arms transfers wrecking attempts to reduce poverty: www.oxfam.org/en/pressroom/pressrelease/2008-10-08/irresponsible-arms-transfers-wrecking-attempts-reduce-poverty (accessed 20.11.2013).

² International Finance Corporation (2012): IFC Sustainability Framework: www.ifc.org/wps/wcm/connect/b9d4acb004a73e7a8a273fff998895a12/IFC_Sustainability_Framework.pdf?MOD=AJPERES (accessed 20.11.2013).



◀ Unmanned ground vehicle (UGV) manufactured by Emirates Advanced Research and Technology Holding (EARTH).
© Facing Finance

→ The extraction of fossil fuels

For example, mining for lignite (low quality coal), highly controversial and destructive technologies like fracking and mountaintop removal mining, as well as unconventional oil extraction or production methods that require the extraction of hydrocarbons (e.g., oil/tar sands). Greenhouse gas emissions caused by the use of fossil fuels, especially coal, are among the leading causes of climate change.

These technologies and methods severely damage the environment. Financial institutions need to stop financing outdated mineral extraction and processing technologies that do not meet modern standards. Attention should also be paid to the mining industry since the extraction of raw materials like gold and coltan often leads to severe environmental damages and violations of human rights, (e.g., during mine tailings disposal).^{5,6} FIs, therefore, need to implement a system of regulatory oversight for mining companies to assist in identifying and excluding companies with inadequate business practices. In general, they need to increase attention to the environmental, social, and human rights violations of the mining industry as a whole.

5 Amnesty International (2013): Profits and loss: Mining and human rights in Katanga, Democratic Republic of the Congo: www.amnestyusa.org/research/reports/profits-and-loss-mining-and-human-rights-in-katanga-democratic-republic-of-the-congo (accessed 20.11.2013).

6 Tailings.info (n.d.): What Are Tailings? – Their nature and production: www.tailings.info/basics/tailings.htm (accessed 20.11.2013).

Thirsty Coal: Coal-to-Liquids

Coal-to-liquids (CTL) technology, also known as coal liquefaction, was first developed in Germany in the 1920s. The CTL process first converts coal into a hydrogen-rich synthesis gas, then condenses it into liquid and wax products that are refined into synthetic fuels.¹ CTL fuels are versatile, but expensive to produce, therefore, few countries have chosen to implement CTL technology. However, in light of rising oil prices, many countries are beginning to view CTL fuel production as a viable oil alternative.²

Currently there are CTL projects in South Africa, Asia, and Australia. ThyssenKrupp Uhde currently runs a project in Mongolia and plans to open another in Mozambique. Vale, Clean Carbon Industries, and Geotec Rohstoffe are all planning CTL projects in Mozambique's Tete province.

CTL is attractive for countries seeking oil independence. However, the CTL conversion process is extremely energy intensive, inefficient (Coal loses around half of its inherent energy during the CTL conversion process), and requires large quantities of water – a scarce resource in the Tete province.^{3,4} Furthermore, the CTL process emits approximately 2.8 times more carbon emissions than conventional crude oil processes.⁵ Coal is already one of the most significant threats to global climate. The commercial use of CTL fuels would drastically increase world coal consumption and threaten global climate. CTL is therefore an unsuitable oil alternative and should not be seen as an investment opportunity by financial institutions.

1 Bailey, B. (2013, September 12). Coal to Liquids - An Explanation. Retrieved October 22, 2013, from University of Kentucky Center for Applied Energy Research: www.caer.uky.edu/catalysis/coal-to-liquids.shtml

2 Finanzen.net (2013): Ölpreis: www.finanzen.net/rohstoffe/oelpreis (accessed 02.10.2013).

3 Das RP-Energie-Lexikon (2012): Kohleverflüssigung: www.energie-lexikon.info/kohleverfluessigung.html (02.10.2013).

4 Lars Fischer (2009): Mit Kohleverflüssigung weg vom Erdöl?, SciLogs, 10 August: www.scilogs.de/wblogs/blog/fischblog/technik/2009-08-10/mit-kohleverfl-ssigung-weg-vom-erd-l (accessed 02.10.2013).

5 René Schuster (2007): Zur Zukunft der Lausitzer Braunkohle Kohlebedarf des konventionellen Kraftwerkparks sowie Folgen für den Klimaschutz und die Inanspruchnahme von Siedlung, Studie im Auftrag von die LINKE im Bundestag: www.lausitzer-braunkohle.de/Texte/Studie%20Lausitzer%20Braunkohle_2007_03_26.pdf (accessed 02.10.2013), p. 5.

Recommendations and Demands

→ **The nuclear industry (including uranium mining)**

Nuclear power is the most controversial and dangerous form of energy production.

→ **Environmental destruction and/or refusal to adequately compensate for, or restore, areas where company operations resulted in environmental destruction**

This includes logging and deforestation operations in protected areas, vulnerable areas, or areas that carry a high conservation value.

→ **Projects that lead to forced displacements or that disregard the land or human rights of local communities and/or indigenous people**

→ **Disrespect for fundamental international labor and human rights standards**

This includes companies that fail to prevent child labor, forced labor, and discrimination, along their labor and supply chains, as well as companies that restrict or deny people's rights within the workplace (e.g., denying people's freedom of association, right to collective bargaining, right to a safe and healthy workplace, fair wages, and decent work duration).

→ **Corruption, illegal activities, or that invest in areas of conflict**

→ **Tax noncompliance practices**

FIs should not assist companies or individuals in tax evasion or avoidance. Tax evasion costs governments worldwide \$280 billion every year.⁷ This amount, if harnessed, would be more than sufficient to fill the financing gap identified by the UN Millennium Development Goals to cut world poverty in half by 2015.⁸

Food vs. Fuel

Biofuels are derived from various forms of biomass conversion. They are becoming increasingly controversial due to the severe environmental and human rights violations occurring along their production chain.

Many large agro-industrial companies purchase large tracts of inexpensive land in developing countries to grow fast-growing crops.^{1,2} Such operations often expel people from their land without compensation or consent. These people are resettled on substandard land that fails to meet their basic needs, forcing them to buy food to subsist. In many cases, companies also overuse, divert, or contaminate water sources. Furthermore, they endanger local biodiversity and soil quality through land-clearing forest fires and monoculture farming.

Recent studies have found that, due to the carbon and energy intensive processes involved in clearing, growing, harvesting, and converting biomass, biofuels do not actually reduce greenhouse gas emissions and, thus, fail in fulfilling their purpose.³ Therefore, crops grown for use as energy biomass, including those certified by the Round Table on Sustainable Biomaterials (RSB), should be avoided by investors.^{4,5}

1 Land Matrix (2013): Global Map on Investments: www.landmatrix.org/get-the-idea/global-map-investments/ (accessed 28.10.2013).

2 Such as jatropa, oil palms, soya, sugar cane, maize, bamboo, pine or eucalyptus.

3 An overview of these reports can be found here: Biofuelwatch (2013): Resources on Biomass: www.biofuelwatch.org.uk/resources-on-biomass/ (accessed 28.10.2013).

4 Roundtable on Sustainable Biomaterials (2013): About Us: <http://rsb.org> (accessed 28.10.2013).

5 ActionAid (2013): Broken promises. The impacts of Addax Bioenergy in Sierra Leone on hunger and livelihoods, September: www.actionaid.org/eu/publications/broken-promises (accessed 28.10.2013).

→ **Speculative Investments**

FIs should halt speculation in food commodities and related investments that affect the global food chain, including land deals (e.g., where land grabbing cannot be excluded ex-ante), and complex financial products based on food commodity derivatives or agricultural land.

Banks still have a long way to go to restore the decades of human rights and environmental abuses that they helped to fund. Since the 2008 financial crisis, FIs have increased their emphases on sustainability issues in an effort to regain credibility. However, this study shows that many of these initiatives still lack effective and comprehensive frameworks to address unsustainable and irresponsible business practices. FIs can only regain their integrities by developing and implementing clear and binding investment criteria. Furthermore, as self-regulation has proved to be ineffective, FIs require stronger government oversight and regulation to ensure that these policies are implemented.

7 www.handelsblatt.com/politik/international/weltweite-studie-steuerhinterziehung-verschlingt-280-milliarden-dollar/6906708.html

8 Millennium Project (2006): Expanding the financial envelope to achieve the Goals: www.unmillenniumproject.org/reports/costs_benefits2.htm (accessed 20.11.2013).



▲
In June 2013 haze from fires in Indonesia were blanketing Singapore. Many of over 800 fires burning appeared to be the concession areas of some of the world's largest palm oil and pulp and paper companies. Although it is illegal for companies in Indonesia to start forest or land fires, several companies have used fires for land clearing in the past. Office workers wearing masks make their way to work in Singapore's central business district. The smoke drove air quality to "hazardous" levels and disrupted business and travel in the region.
© REUTERS/Edgar Su, June 21, 2013.



◀
Socfin oil palm nursery near Sahn Malen,
Sierra Leone
© Joan Baxter

Appendix A

Relevant International Norms and Standards

Note: For the sake of brevity, many principles have been condensed only to contain clauses which pertain directly to this document. Please refer to the table in Appendix B for a list of company and financial institution commitments.

Convention on Cluster Munitions (CCM)

The Convention on Cluster Munitions (CCM) is an international treaty that prohibits the use, stockpiling, production, and transfer of cluster munitions. The various articles in the Convention address victim's assistance, clearance of contaminated areas, destruction of stockpiles, and transparency measures as well as guidance to address possible compliance issues. As of May 3rd, 2013, 112 states have joined the convention: 83 as state parties and 29 as signatories. The treaty became binding international law when it entered into force on August 1, 2010.¹

—
Goal: The Convention on Cluster Munitions aims to put an end to the suffering and casualties caused by cluster munitions and ensure the rights of cluster munition victims.

Relevant Clauses:²

Article 1: General obligations and scope of application

1. Each State Party undertakes never under any circumstances to:
 - a) Use cluster munitions;
 - b) Develop, produce, otherwise acquire, stockpile, retain or transfer to anyone, directly or indirectly, cluster munitions;
 - c) Assist, encourage or induce anyone to engage in any activity prohibited to a State Party under this Convention [...]
3. This Convention does not apply to mines.

Equator Principles III

Article 2: Definitions

2. "Cluster munition" means a conventional munition that is designed to disperse or release explosive submunitions each weighing less than 20 kilograms, and includes those explosive submunitions. It does not mean the following:
- A munition or submunition designed to dispense flares, smoke, pyrotechnics or chaff; or a munition designed exclusively for an air defence role;
 - A munition or submunition designed to produce electrical or electronic effects;
 - A munition that, in order to avoid indiscriminate area effects and the risks posed by unexploded submunitions, has all of the following characteristics:
 - Each munition contains fewer than ten explosive submunitions;
 - Each explosive submunition weighs more than four kilograms;
 - Each explosive submunition is designed to detect and engage a single target object;
 - Each explosive submunition is equipped with an electronic self-destruction mechanism;
 - Each explosive submunition is equipped with an electronic self-deactivating feature;

Article 21: Relations with States not party to this Convention

- Each State Party shall encourage States not party to this Convention to ratify, accept, approve or accede to this Convention, with the goal of attracting the adherence of all States to this Convention.

The Equator Principles are voluntary guidelines adopted by financial institutions when funding major infrastructure and industrial projects. They apply to Project Finance and Project Finance Advisory services valued at or above \$10 million, for Bridge Loans, and for Project-Related Corporate Loans valued at or above \$100 million. They are used for assessing and managing the social and/or environmental risks in project financing, particularly in emerging markets. EPFIs, or Equator Principle Financial Institutions, are financial institutions that have made a commitment not to lend money towards any project that does not uphold these principles. The principles themselves are non-binding, and financial institutions that refuse to implement them, or choose only to partially implement them, do not suffer recourse of any kind. The third, revised edition of the Equator Principles, (EP III), went into effect on June 4th 2013.

—
Goal: The goal of the Equator Principles is for financial institutions to have oversight and input in the projects they finance to ensure that they are developed in a socially and environmentally responsible manner.

Relevant Clauses:¹

Project-Related Corporate Loans must meet all of the following criteria:

- [...] the loan is related to a single Project over which the client has Effective Operational Control (either direct or indirect).
- The total aggregate loan amount is at least US\$100 million.
- The EPFIs individual commitment [...] is at least US\$50 million.
- The loan tenor is at least two years.

Project Finance Advisory Services and Bridge Loans

- [...] The EPFI will request that the client communicates to the EPFI its intention to adhere to the [...] Equator Principles when subsequently seeking long term financing. The EPFI will guide and support the client [...] leading to the [ir] application.
- [...] the EPFI will confirm that the client will undertake an Environmental and Social Assessment (Assessment) process [...]

Principle 1: Review and Categorisation

- Category A – Projects with potential significant adverse environmental and social risks [...]
- Category B – Projects with potential limited adverse environmental and social risks [...]
- Category C – Projects with minimal or no adverse environmental and social risks [...]

Principle 2: Environmental and Social Assessment

- For all Category A and Category B Projects, the EPFI will require the client to conduct an Assessment process to address [...] the relevant environmental and social risks and impacts [and] propose measures to minimise, mitigate, and offset adverse impacts [...]
- [It]...will be an adequate, accurate and objective evaluation [...]

¹ DIPLOMATIC CONFERENCE FOR THE ADOPTION OF A CONVENTION ON CLUSTER MUNITIONS. (2008, May 30). Retrieved July 8, 2013, from Convention on Cluster Munitions: www.clusterconvention.org/files/2011/01/Convention-ENG.pdf

² UN Secretary General. (2008, May 19-30). Convention on Cluster Munitions. Retrieved September 11, 2013, from Convention on Cluster Munitions: www.facing-finance.org/wp-content/blogs.dir/16/files/2012/05/CCM_3sprachig.pdf

Appendix A

Principle 3: Applicable Environmental and Social Standards

- For [...] Non-Designated Countries, the Assessment process evaluates compliance with [...] IFC Performance Standards on Environmental and Social Sustainability (Performance Standards) and the World Bank Group Environmental, Health and Safety Guidelines (EHS Guidelines) [...].²
- For [...] Designated Countries, the Assessment process evaluates compliance with relevant host country laws [...]

Principle 4: Environmental and Social Management System and Equator Principles Action Plan

- For all Category A and Category B Projects, the EPFI will require the client to develop or maintain an Environmental and Social Management System (ESMS).

Principle 5: Stakeholder Engagement

- [...] EPFI will require the client to demonstrate effective Stakeholder Engagement as an ongoing process in a structured and culturally appropriate manner with Affected Communities and [...] Other Stakeholders [...]
- [...] client will conduct an Informed Consultation and Participation process. [...] will tailor its consultation process to: the risks and impacts of the Project; the Project's phase of development; the language preferences of the Affected Communities; their decision-making processes; and the needs of disadvantaged and vulnerable groups. [...] free from external manipulation, interference, coercion and intimidation.
- [...] make the appropriate Assessment Documentation readily available to the Affected Communities, and where relevant Other Stakeholders, in the local language and in a culturally appropriate manner.
- [...] take account of, and document, the results of the Stakeholder Engagement process, including any actions agreed resulting from such process.

- [...] Projects affecting indigenous peoples will be subject to a process of Informed Consultation and Participation, and will need to comply with the rights and protections for indigenous peoples contained in relevant national law, including those laws implementing host country obligations under international law.
- Projects with adverse impacts on indigenous people will require their Free, Prior and Informed Consent (FPIC).

Principle 6: Grievance Mechanism

- The grievance mechanism is required to be scaled to the risks and impacts of the Project and have Affected Communities as its primary user.

Principle 7: Independent Review

Project Finance

For all Category A and, as appropriate, Category B Projects, an Independent Environmental and Social Consultant [...] will carry out an Independent Review of the Assessment Documentation [...]

Project-Related Corporate Loans

An Independent Review by an Independent Environmental and Social Consultant is required for Projects with potential high risk impacts including [...]

- Adverse impacts on indigenous peoples
- Critical Habitat impacts
- Significant cultural heritage impacts
- Large-scale resettlement.

Principle 8: Covenants

- the client will covenant in the financing documentation to comply with all relevant host country environmental and social laws, regulations and permits [...]
- Furthermore for all Category A and Category B Projects, the client will covenant [...]:
 - a) to comply with the ESMPs and Equator Principles [...] during the construction and operation of the Project [...]; and

- b) to provide periodic reports [...] prepared by in-house staff or third party experts, that i) document compliance [...], and ii) provide representation of compliance with relevant local, state and host country environmental and social laws, regulations and permits; and
- c) to decommission the facilities [...] in accordance with an agreed decommissioning plan.

Principle 9: Independent Monitoring and Reporting

Project Finance/Project-Related Corporate Loans

[...] the EPFI will, for all Category A and [...] Category B Projects, require the appointment of an Independent Environmental and Social Consultant, or [...] qualified and experienced external experts [...]

Principle 10: Reporting and Transparency

For all Category A and, as appropriate, Category B Projects:

- The client will ensure that, at a minimum, a summary of the ESIA is accessible and available online.
- The client will publicly report GHG emission levels [...] for Projects emitting over 100,000 tonnes of CO₂ equivalent annually [...]

1 The Equator Principles. (2013, June). The Equator Principles III. Retrieved June 26, 2013, from www.equator-principles.com/resources/equator_principles_III.pdf

2 The Equator Principles defines Non-Designated Countries as countries that are not on the "designated Countries" list. The Equator Principles define Designated Countries as those countries with established environmental and social standards sufficient for regulating project practices: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Israel, Japan, Korea, Rep., Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom, and the United States.

Guiding Principles on Business and Human Rights

The Guiding Principles on Business and Human Rights are the UN's international established standards governing business practices. The guidelines apply to all states and business enterprises and are aimed at eliminating human rights violations that result from certain business operations. The Human Rights Council endorsed the Guiding Principles on 16 June 2011.

—
Goal: The goal of the principles is to recognize and realize the following principles:

- a) States' existing obligations to respect, protect and fulfil human rights and fundamental freedoms;
- b) The role of business enterprises as specialized organs of society performing specialized functions, required to comply with all applicable laws and to respect human rights;
- c) The need for rights and obligations to be matched to appropriate and effective remedies when breached.

Relevant Clauses:¹

I. The State Duty to Protect Human Rights

A Foundational principles

1. States must protect against human rights abuse within their territory and/or jurisdiction by third parties, including business enterprises. [...]
4. States should take additional steps to protect against human rights abuses by business enterprises that are owned or controlled by the State, or that receive substantial support and services from State agencies [...]

II. The Corporate Responsibility to Respect Human Rights

11. Business enterprises should respect human rights. [...]
12. The responsibility of business enterprises to respect human rights refers to internationally recognized human rights [...] as those expressed in the International Bill of Human Rights and the [...] International Labour Organization's Declaration on Fundamental Principles and Rights at Work.
13. The responsibility to respect human rights requires that business enterprises:
 - a) Avoid causing or contributing to adverse human rights impacts [...], and address such impacts when they occur;
 - b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.
14. The responsibility of business enterprises to respect human rights applies to all enterprises [...]
15. [...] business enterprises should have in place policies and processes appropriate to their size and circumstances, including:
 - a) A policy commitment [...] to respect human rights;
 - b) A human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;
 - c) Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.
22. Where business enterprises [...] have caused or contributed to adverse impacts, they should provide for [...] remediation through legitimate processes.

¹ United Nations Office of the High Commissioner for Human Rights. (2013). *Guiding Principles on Business and Human Rights*. Retrieved August 26, 2013, from [New Guiding Principles on Business and Human Rights endorsed by the UN Human Rights Council: www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

ILO (International Labour Organization) Conventions

The ILO is the United Nations international organization responsible for creating and overseeing international labour standards. The ILO does not impose sanctions; rather, it registers complaints against entities that are violating international rules. It brings together representatives of governments, employers, and workers to shape policies and programmes promoting Decent Work for all.¹ The ILO uses conventions and recommendations to set international standards. There are eight fundamental conventions.

—
Goals: Promote and realize standards and rights at work; Create greater opportunities for women and men to decent employment and income; enhance the coverage and effectiveness of social protection for all, and Strengthen tri-partisan and social dialogue.²

Relevant Clauses:³

Discrimination

- **C111 - Discrimination (Employment and Occupation) Convention, (1958)⁴**
Article 2:
[...] equality of opportunity and treatment in respect of employment and occupation, with a view to eliminating any discrimination in respect thereof.

Freedom of Association/Collective Bargaining

- **C087 - Freedom of Association and Protection of the Right to Organise⁵**
Article 2:
Workers and employers...shall have the right to establish and [...] join organisations of their own choosing [...]
Article 3:
 1. Workers' and employers' organisations shall have the right to draw up their constitutions [...] elect their representatives [...] organise their administration and activities and [...] programmes.
 2. [...] public authorities shall refrain from any interference which would restrict [...] lawful exercise thereof.

Appendix A

Article 4:

Workers' and employers' organisations shall not be liable to be dissolved or suspended by administrative authority.

Article 5:

Workers' and employers' organisations [...] have the right to establish and join federations and confederations and [...] to affiliate with international organisations [...]

→ C098 - Right to Organise and Collective Bargaining⁶

Article 1:

[...] adequate protection against acts of anti-union discrimination [...]

Article 2:

[...] adequate protection against any acts of interference by each other or each other's agents or members [...]

Forced/Child Labour

→ C182 - Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour⁷

Article 1:

[...] prohibition and elimination of the worst forms of child labour [...]

Article 3:

- all forms of slavery or practices similar to slavery [...]
- the use, procuring or offering of a child for prostitution [...] pornography or for pornographic performances;
- the use, procuring or offering of a child for illicit activities [...]
- work which [...] is likely to harm the health, safety or morals of children.

→ C138 - Concerning Minimum Age for Admission to Employment⁸

Article 2:

- The minimum age specified [...] shall not be less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years.

Article 3:

- The minimum age for admission to any type of employment or work which [...] is likely to jeopardise the health, safety or morals of young persons shall not be less than 18 years.

→ C029 - Forced Labour Convention concerning Forced or Compulsory Labour⁹

Article 1:

- Each Member of the International Labour Organisation which ratifies this Convention undertakes to suppress the use of forced or compulsory labour in all its forms [...]

→ C105 - Abolition of Forced Labour Convention, 1957 (No. 105)¹⁰

Article 1:

[...] to suppress and not to make use of any form of forced or compulsory labour [...]

→ C100 - Equal Remuneration Convention, 1951 (No. 100)¹¹

Article 2:

- Each Member shall [...] ensure the application to all workers of the principle of equal remuneration for men and women workers for work of equal value.

- 1 International Labour Organization. (2012). Retrieved from www.ilo.org/global/about-the-ilo/lang--en/index.htm
- 2 International Labour Organization. (2012, April 11). Retrieved from www.ilo.org/global/about-the-ilo/mission-and-objectives/lang--en/index.htm
- 3 "Subjects covered by International Labour Standards." International Labour Organization. International Labour Organization (ILO), n.d. Web. 8 Nov. 2012: www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/lang--en/index.htm.
- 4 C111 - Discrimination (Employment and Occupation) Convention, 1958 (No. 111). International Labour Organization. (2012). Retrieved from International Labour Organization: www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312256:NO
- 5 C087 - Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87). International Labour Organization. (2012). Retrieved from International Labour Organization: www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312232:NO
- 6 C098 - Right to Organise and Collective Bargaining Convention, 1949 (No. 98). International Labour Organization. (2012). Retrieved from International Labour Organization: www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312243:NO
- 7 C182 - Worst Forms of Child Labour Convention, 1999 (No. 182). International Labour Organization. (2012). Retrieved from International Labour Organization: http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312327:NO
- 8 C138 - Minimum Age Convention, 1973 (No. 138). International Labour Organization. (2012). Retrieved from International Labour Organization: www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312283:NO
- 9 C029 - Forced Labour Convention, 1930 (No. 29). International Labour Organization. (2012). Retrieved from International Labour Organization: www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312174:NO
- 10 C105 - Abolition of Forced Labour Convention, 1957 (No. 105). International Labour Organization. (2012). Retrieved from International Labour Organization: www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312250:NO
- 11 C100 - Equal Remuneration Convention, 1951 (No. 100). International Labour Organization. (2012). Retrieved from International Labour Organization: www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312245:NO

International Covenant on Civil and Political Rights (ICCPR)

The Covenant on Civil and Political Rights is an official internationally recognized treaty that puts into legal terms the principles of the Universal Declaration of Human Rights. It is the counterpart to the UN Covenant on Economic, Social, and Cultural Rights. The ICCPR outlines traditional human rights as they appear throughout various historic documents. On 16 December 1966, both Covenants were adopted by the General Assembly without any abstentions.¹

—
Goal: To legalize and extend the Universal Declaration of Human Rights from declaration to action.

Relevant Clauses:²

→ Part I

Article 1

- [...] In no case may a people be deprived of its own means of subsistence.

→ Part III

Article 6

- Every human being has the inherent right to life. [...] No one shall be arbitrarily deprived of his life.

Article 7

- No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment. [...] no one shall be subjected without his free consent to medical or scientific experimentation.

Article 8

- No one shall be held in slavery; slavery and the slave-trade in all their forms shall be prohibited;
- No one shall be held in servitude;
- No one shall be required to perform forced or compulsory labour;

Article 9

- Everyone has the right to liberty and security of person. No one shall be subjected to arbitrary arrest or detention. [...]

Article 19

- Everyone shall have the right to freedom of expression; this right shall include freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media of his choice.

Article 21

- The right of peaceful assembly shall be recognized. No restrictions may be placed on the exercise of this right [...]

Article 22

- Everyone shall have the right to freedom of association with others, including the right to form and join trade unions for the protection of his interests. [...]

Article 26

- [...], the law shall prohibit any discrimination and guarantee to all persons equal and effective protection against discrimination [...]

Article 27

- In those States in which ethnic, religious or linguistic minorities exist, [...] minorities shall not be denied the right, [...] to enjoy their own culture, to profess and practise their own religion, or to use their own language.

International Covenant on Economic, Social and Cultural Rights (ICESCR)

The Covenant on Economic, Social and Cultural Rights is the counterpart to the UN Covenant on Civil and Political Rights (ICCPR). It is an international treaty and constitutes the second half of the legal transformation of the Universal Declaration of Human Rights into legal action. The ICESCR focuses on Economic, Social, and Cultural rights of all people.

—
Goal: to extend and legalize the Universal Declaration of Human Rights from declaration to action.

Relevant Clauses:¹

→ Part I

Article 1

1. [...] right of self-determination. [...] freely determine their political status and freely pursue their economic, social and cultural development.
2. All peoples may [...] freely dispose of their natural wealth and resources [...] In no case may a people be deprived of its own means of subsistence.

→ Part II

Article 3

1. [...] equal right of men and women to the enjoyment of all economic, social and cultural rights set forth in the present Covenant.

→ Part III

Article 6

1. The States Parties [...] recognize the right to work, which includes the right of everyone to the opportunity to gain his living by work which he freely chooses or accepts, and will take appropriate steps to safeguard this right.

¹ International Covenant on Civil and Political Rights - Main Page. (n.d.). United Nations - Office of Legal Affairs. Retrieved from <http://untreaty.un.org/cod/avl/ha/iccpr/iccpr.html>

² United Nations General Assembly (n.d.). International Covenant in Civil and Political Rights. Retrieved from Office of the High Commissioner for Human Rights: www.ohchr.org/Documents/ProfessionalInterest/ccpr.pdf

Appendix A

2. [...] a State [...] shall include technical and vocational guidance and training programmes, policies and techniques to achieve steady economic, social and cultural development and full and productive employment under conditions safeguarding fundamental political and economic freedoms to the individual.

Article 7

The States Parties [...] recognize the right of everyone to the enjoyment of just and favourable conditions of work which ensure [...]:

- a) Remuneration which provides all workers with:
 - i Fair wages and equal remuneration for work of equal value [...]
 - ii A decent living for themselves and their families [...]
- b) Safe and healthy working conditions;
- c) Equal opportunity for everyone to be promoted to an appropriate higher level; [...]
- d) Rest, leisure, limitation of work hours, periodic holidays with pay, and remuneration for public holidays.

Article 8

1. The States Parties to the present Covenant undertake to ensure:
 - a) The right of everyone to form trade unions and join the trade union of his choice, [...] No restrictions may be placed on the exercise of this right [...]
 - b) The right of trade unions to establish national federations or confederations and [...] to form or join international trade-union organizations;
 - c) The right of trade unions to function freely [...]
 - d) The right to strike [...]

Article 9

[...] the right of everyone to social security, including social insurance.

Article 11

1. The States Parties [...] recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions. The States Parties will [...] ensure the realization of this right [...]
2. The States Parties [...] recognizing the fundamental right of everyone to be free from hunger, shall [...]:
 - a) To improve methods of production, conservation and distribution of food by making full use of technical and scientific knowledge, by disseminating knowledge of the principles of nutrition and by developing or reforming agrarian systems in such a way as to achieve the most efficient development and utilization of natural resources;
 - b) [...] ensure an equitable distribution of world food supplies in relation to need.

Article 12

1. [...] right of everyone to the enjoyment of the highest attainable standard of physical and mental health.
2. The steps to be taken by the States [...] for:
 - a) The provision for the reduction of the stillbirth-rate and of infant mortality and for the healthy development of the child;
 - b) The improvement of all aspects of environmental and industrial hygiene;
 - c) The prevention, treatment and control of epidemic, endemic, occupational and other diseases;
 - d) The creation of conditions which would assure to all medical service and medical attention in the event of sickness.

Article 13

1. The States Parties to the present Covenant recognize the right of everyone to education.

CCPR General Comment No. 14: Nuclear weapons and the right to life

CCPR General Comment No. 14: Nuclear weapons and the right to life is a commentary made by the Human Rights Committee of the United Nations on Article 6 of the International Covenant on Civil and Political Rights, which enunciates the right to life of all human beings. The comment was written in 1984 and expands upon this right to life to include those endangered by war, other armed conflicts, and, in particular, nuclear weapons. It is essentially a set of recommendations directed towards the United Nations and its member states.

—
Goal: The goal of the Comment is to protect the human right to life from Weapons of Mass Destruction and to call [...] upon all States, whether Parties to the Covenant or not, to take urgent steps, unilaterally and by agreement, to rid the world of this [nuclear weapons] menace [...]

Relevant Clauses:¹

2. [...] it is the supreme duty of States to prevent wars [...]
3. [...] representatives from all geographical regions have expressed their growing concern at the development and proliferation of increasingly awesome weapons of mass destruction, which not only threaten human life but also absorb resources that could otherwise be used for vital economic and social purposes, particularly for the benefit of developing countries, and thereby for promoting and securing the enjoyment of human rights for all.
4. The Committee associates itself with this concern. It is evident that the designing, testing, manufacture, possession and deployment of nuclear weapons are among the greatest threats to the right to life which confront mankind today. This threat is compounded by the danger that the actual use of such weapons may be brought about, not only in the event of war, but even through human or mechanical error or failure.

¹ Office for the High Commissioner for Human Rights. (1976, January 3). International Covenant on Economic, Social and Cultural Rights. Retrieved August 22, 2013, from www.ohchr.org/Documents/ProfessionalInterest/cescr.pdf

OECD Guidelines for Multinational Enterprises

5. Furthermore, the very existence and gravity of this threat generates a climate of suspicion and fear between States, which is in itself antagonistic to the promotion of universal respect for and observance of human rights and fundamental freedoms in accordance with the Charter of the United Nations and the International Covenants on Human Rights.
6. The production, testing, possession, deployment and use of nuclear weapons should be prohibited and recognized as crimes against humanity.

The OECD Guidelines for Multinational Enterprises are a set of recommendations directed from governments to businesses that are intended to provide businesses with a framework for operating internationally in a socially responsible manner. The Guidelines are a part of the Organisation for Economic Cooperation and Development's Declaration on International Investment and Multinational Enterprises. They are a set of voluntary guidelines aiming to ensure that businesses operate in a legal manner that builds mutual trust and confidence between businesses and the countries in which they operate.

—
Goal: The goal of the Guidelines is to [...] ensure that the operations of [...] enterprises are in harmony with government policies, to strengthen the basis of mutual confidence between enterprises and the societies in which they operate, to help improve the foreign investment climate and to enhance the contribution of sustainable development made by multinational enterprises.

Relevant Clauses:¹

II. General Policies

Enterprises should take fully into account established policies in the countries in which they operate and consider the views of other stakeholders. [...] enterprises should:

1. Contribute to economic, social and environmental progress with a view to achieving sustainable development.
2. Respect the human rights of those affected by their activities [...]
5. Refrain from seeking or accepting exemptions [...] related to environmental, health, safety, labour, taxation, financial incentives, or other issues.
10. Encourage, where practicable, business partners, including suppliers and sub-contractors, to apply principles of corporate conduct compatible with the Guidelines.
11. Abstain from any improper involvement in local political activities.

IV. Employment and Industrial Relations

Enterprises should, within the framework of applicable law, regulations and prevailing labour relations and employment practices:

1. a) Respect the right of their employees to be represented by trade unions [...] and engage in constructive negotiations [...]
- b) Contribute to the effective abolition of child labour.
- c) Contribute to the elimination of all forms of forced or compulsory labour.
- d) Not discriminate against their employees with respect to employment or occupation on such groups as race, colour, sex, religion, political opinion, national extraction or social origin [...]
4. b) Take adequate steps to ensure occupational health and safety in their operations.

V. Environment

Enterprises should take due account of the need to protect the environment, public health and safety, and generally conduct their activities in a manner contributing to the wider goal of sustainable development. In particular, enterprises should:

2. a) provide the public and employees with adequate and timely information on the potential environment, health and safety impacts of the activities of the enterprise [...]
- b) engage in adequate and timely communication and consultation with the communities directly affected by the environmental, health and safety policies of the enterprise and by their implementation.

VI. Combating Bribery

Enterprises should not, directly or indirectly, offer, promise, give, or demand a bribe or other undue advantage to obtain or retain business or other improper advantage. Nor should enterprises be solicited or expected to render a bribe or other undue advantage [...]

1 United Nations Human Rights Committee (1984). General Comment No. 14: Nuclear weapons and the right to life. Retrieved October 14, 2013, from United Nations Human Rights Website: www.unhcr.ch/tbs/doc.nsf/0/9c882008fd898da7c12563ed004a3b08?Opendocument

Appendix A

VII. Consumer Interests

When dealing with consumers, enterprises should act in accordance with fair business, marketing and advertising practices and should take all reasonable steps to ensure the safety and quality of the goods or services they provide. In particular they should:

1. Ensure that the goods or services they provide meet all agreed or legally required standards for consumer health and safety, including health warnings and product safety and information labels.
4. Not make representations or omissions, nor engage in any other practices that are deceptive, misleading, fraudulent, or unfair.

IX. Competition

Enterprises should, within the framework of applicable laws and regulations, conduct their activities in a competitive manner. In particular, enterprises should:

1. Refrain from entering into or carrying out anti-competitive agreements among competitors [...]
2. Conduct all of their activities in a manner consistent with all applicable competition laws [...]

X. Taxation

It is important that enterprises contribute to the public finances of host countries by making timely payment of their tax liabilities. In particular, enterprises should comply with the tax laws and regulations in all countries in which they operate and should exert every effort to act in accordance with both the letter and spirit of those laws and regulations.

Principles for Sustainable Insurance

The United Nations Environment Programme Finance Initiative's Principles for Sustainable Insurance is currently the largest collaborative initiative between the UN and the insurance industry. The principles constitute a "global sustainability framework tailored for the insurance industry that takes into account the fundamental economic value of natural capital, social capital and good governance."¹ The principles are guided by the belief that taking environmental, social, and governance (ESG) concerns into account will foster sustainable economic and social development, which will in turn benefit risk managers, carriers, and investors.

—
Goal: The principles aspire to build on the sustainable aspects of society in order to foster a society in which "people are aligned and incentivised to adopt sustainable practices."²

Relevant Principles:

- **Principle 1:** We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.
- **Principle 2:** We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.
- **Principle 3:** We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.
- **Principle 4:** We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

Report by the Federal Republic of Germany on its Policy on Exports of Conventional Military Equipment in 2011 (2011 Military Equipment Export Report)

Germany regularly publishes reports outlining its policies regarding arms exports. The 2011 edition of this report was last updated in 2013. This report contains information regarding policies and official protocols governing Germany's trafficking of military equipment. In particular, the German government's "Adopted Principles" limit the dispersal of weapons to countries where human rights violations are suspected.

—
Goals: Germany aims to maintain a so-called "restrictive" policy of export regarding arms exports while safeguarding peace and human rights and encouraging sustainable development through the arms trade.

Relevant Clauses:¹

Executive Summary

All applications for export licences are decided on a case-by-case basis following careful consideration in particular of the arguments in terms of foreign policy, security policy and human rights. Important criteria for each decision include conflict prevention and the upholding of human rights in the country of destination.

I. The German Control System for Military Equipment Exports

2. Application of the "Political Principles"
 - The observance of human rights is of special importance for every export decision, regardless of the potential consignee country. Military equipment exports are [...] not approved where there is "sufficient suspicion" of the involved military equipment's misuse for internal repression or other ongoing and systematic violations of human rights. The human rights situation in the consignee country plays an important role in connection with this question. [...]

Annex I

Political Principles Adopted by the Government of the Federal Republic of Germany for the Export of War Weapons and Other Military Equipment

1 Organisation for Economic Co-operation and Development (2008). OECD Guidelines for Multinational Enterprises. Retrieved October 14, 2013, from OECD: www.oecd.org/corporate/mne/1922428.pdf

1 United Nations Environment Programme Finance Initiative. (2012). Publications. Retrieved July 03, 2013, from UNEP Finance Initiative: www.unepfi.org/publications/insurance/index.html

2 United Nations Environment Programme Finance Initiative. (2012, June). Principles for Sustainable Insurance. UNEP F. Geneva: UNEP F. Retrieved July 03, 2013, from UNEP Finance Initiative: www.unepfi.org/fileadmin/documents/PSI_document-en.pdf

I. General Principles

2. [...] respect for human rights in the countries of destination and end-use is a key factor in deciding whether or not to grant licences for the export of war weapons and other military equipment.
3. [...] export licences for war weapons and other military equipment shall not be granted where there are reasonable grounds to suspect that they will be used for internal repression as defined in the EU Code of Conduct on Arms Exports or the sustained and systematic abuse of human rights [...]

II. NATO countries, EU member states, countries with NATO-equivalent status

4. The Federal Government will raise objections [...] against such exports [...]:
 - exports to countries involved in armed conflict,
 - exports to countries where an outbreak of armed conflict is imminent or where exports may stir up, perpetuate or exacerbate latent tensions and conflicts,
 - exports where there are reasonable grounds to suspect they may be used for internal repression as defined by the EU Code of Conduct on Arms Exports or the sustained and systematic abuse of human rights.

III. Other countries

5. No licences will be granted for the export of war weapons and other military equipment related to war weapons to countries
 - involved in armed conflict or where armed conflict is imminent,
 - where the outbreak of armed conflict is imminent or where such exports would stir up, perpetuate or exacerbate latent tensions and conflicts [...]

Annex 2

EU Council Common Position (2008/944/CSFP) of 8 December 2008 defining common rules governing control of exports of military technology and equipment

4. Member States are determined to prevent the export of military technology and equipment which might be used for internal repression or international aggression or contribute to regional instability.
5. The European Council adopted in December 2003 a strategy against the proliferation of weapons of mass destruction [...]

Article 2 Criteria

- 1) **Criterion 1:** Respect for the international obligations and commitments of Member States [...].

An export licence shall be denied if approval would be inconsistent with, inter alia:

- a) the international obligations of Member States and their commitments to enforce United Nations, European Union and Organisation for Security and Cooperation in Europe arms embargoes;
- b) the international obligations of Member States under the Nuclear Non-Proliferation Treaty, the Biological and Toxin Weapons Convention and the Chemical Weapons Convention;
- c) the commitment of Member States not to export any form of anti-personnel landmine;
- d) the commitments of Member States in the framework of the Australia Group, the Missile Technology Control Regime, the Zangger Committee, the Nuclear Suppliers Group, the Wassenaar Arrangement and The Hague Code of Conduct against Ballistic Missile Proliferation.

- 2) **Criterion 2:** Respect for human rights in the country of final destination as well as [...] of international humanitarian law. [...] Member States shall:

- a) deny an export licence if there is a clear risk that the military technology or equipment to be exported might be used for internal repression;

- b) exercise special caution [...] taking account of the nature of the military technology or equipment, to countries where serious violations of human rights have been established [...]
- c) deny an export licence if there is a clear risk that the military technology or equipment [...] might be used in the commission of serious violations of international humanitarian law.

- 3) **Criterion 3:** [...] deny an export licence for military technology or equipment which would provoke or prolong armed conflicts or aggravate existing tensions or conflicts [...]

- 4) **Criterion 4:** Preservation of regional peace, security and stability. Member States shall deny an export licence if there is a clear risk that the intended recipient would use the military technology or equipment to be exported aggressively against another country or to assert by force a territorial claim

- 6) **Criterion 6:** Behaviour of the buyer country with regard to the international community, as regards in particular its attitude to terrorism, the nature of its alliances and respect for international law. Member States shall take into account [...] the record of the buyer country with regard to:

- b) its compliance with its international commitments, in particular on the non-use of force, and with international humanitarian law;
- c) its commitment to non-proliferation [...] arms control and disarmament [...]

¹ Federal Ministry of Economics and Technology (BMWi) Public Relations. (2013). Report by the Government of the Federal Republic of Germany on Its Policy on Exports of Conventional Military Equipment in 2011. Federal Ministry of Economics and Technology. Berlin: Federal Ministry of Economics and Technology (BMWi) Public Relations. Retrieved August 22, 2013, from Federal Ministry of Economics and Technology: www.bmwi.de/English/Redaktion/Pdf/exports-of-conventional-military-equipment-2011,property=pdf,bereich=bmwi2012,sprache=en,rwb=true.pdf

Appendix A

Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria for the Production of Sustainable Palm Oil (2013)

The Principles and Criteria for the Production of Sustainable Palm Oil identifies practices that are consistent with the sustainable production of palm oil. The document lists criteria and ways that palm oil farmers, millers, and auditors can identify compliance practices. The updated, 2013 edition is the result of a yearlong review to improve the relevance and effectiveness of the 2007 Principles and Criteria for the Production of Sustainable Palm Oil. Changes to the document include new criteria for reporting, documenting, and measuring GHG (greenhouse gas) emissions. The document is effective as of May 2013. The RSPO is committed to following the United Nations Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

—
Goal: The RSPO aims to transform markets to make sustainable palm oil production the norm (Roundtable on Sustainable Palm Oil, 2012).

Relevant Clauses:²

Principle 1: Commitment to transparency

1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues [...] in appropriate languages and forms to allow for effective participation in decision making.

Principle 2: Compliance with applicable laws and regulations

2.1 [...] compliance with all applicable local, national and ratified international laws and regulations.
2.2 The right to use the land is demonstrated, and is not legitimately contested by local people [...]
2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.

Principle 3: Commitment to long-term economic and financial viability

Principle 4: Use of appropriate best practices by growers and millers

4.4 Practices maintain the quality and availability of surface and ground water.

Principle 5: Environmental responsibility and conservation of natural resources and biodiversity

5.1 Aspects of plantation and mill management [...] that have environmental impacts are identified, and plans to mitigate the negative [...] are made, implemented and monitored [...]

5.2 The status of rare, threatened or endangered species and other High Conservation Value habitats [...] shall be identified and operations managed to best ensure that they are maintained and/or enhanced.

5.5 Use of fire for preparing land or replanting is avoided [...]

Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and millers

6.5 Aspects of plantation and mill management that have social impacts [...] are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored [...]

6.6 [...] open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.

6.7 [...] mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.

6.11 Children are not employed or exploited.

6.17 Growers and millers respect human rights.

Principle 7: Responsible development of new plantings

7.17 A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.

7.3 New plantings since November 2005 have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.

7.4 Extensive planting on steep terrain, and/or marginal and fragile soils, including peat, is avoided.

7.5 No new plantings are established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their free, prior and informed consent.

7.6 Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.

7.7 No use of fire in the preparation of new plantings other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.

¹ Roundtable on Sustainable Palm Oil. (2012). Vision and Mission. Retrieved July 02, 2013, from Roundtable on Sustainable Palm Oil: www.rspo.org/en/vision_and_mission

² RSPO Executive Board for the Extraordinary General Assembly. (2013, April 25). Principles and Criteria for the Production of Sustainable Palm Oil. Retrieved July 02, 2013, from Roundtable on Sustainable Palm Oil: www.rspo.org/file/PnC_RSPO_Rev1.pdf

UN Declaration on the prohibition of the use of nuclear and thermo-nuclear weapons

The UN Declaration on the prohibition of the use of nuclear and thermo-nuclear weapons is resolution number 1653 passed by the United Nations General Assembly in its 16th Session in 1961. As such, it is not binding as international law for member states, but serves as a set of principles to prevent the use of nuclear and thermo-nuclear weapons.

—
Goal: The goal of the Declaration is to prevent any human deaths or suffering that would result from the use of nuclear or thermo-nuclear weapons, in light of the fact that disarmament has not always been successful and that nuclear weapon detonation would have a negative effect on all of mankind.

Relevant Clauses:¹

1. b) The use of nuclear and thermo-nuclear weapons would exceed even the scope of war and cause indiscriminate suffering and destruction to mankind and civilization and, as such, is contrary to the rules of international law and to the laws of humanity;
- c) The use of nuclear and thermo-nuclear weapons is a war directed not against an enemy or enemies alone but also against mankind in general, since the peoples of the world not involved in such a war will be subjected to all the evils generated by the use of such weapons;
- d) Any State using nuclear and thermo-nuclear weapons is to be considered as violating the Charter of the United Nations, as acting contrary to the laws of humanity and as committing a crime against mankind and civilization

UN Millennium Development Goals (MDG's)

The UN Millennium Development Goals are eight goals established by a summit of world leaders with the aim of reducing poverty and promoting the rights of all humans to health, education, shelter, and security. They were established in 2000 with a proposed completion year of 2015 and serve as both an agreement and a partnership between the supporting countries.

—
Goal: While each MDG represents a different goal to be strived for by the world community, the overall goal of the UN Millennium Project is focused on promoting development and eradicating poverty and its effects, with the aim of fostering human rights for all people.

Relevant Clauses:¹

Goal 1:
Eradicate Extreme Hunger and Poverty

Goal 2:
Achieve Universal Primary Education

Goal 3:
Promote Gender Equality and Empower Women

Goal 4:
Reduce Child Mortality

Goal 5:
Improve Maternal Health

Goal 6:
Combat HIV/AIDS, Malaria and other diseases

Goal 7:

Ensure Environmental Sustainability

- **Target 9.** Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources
- **Target 10.** Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation
- **Target 11.** Have achieved by 2020 a significant improvement in the lives of at least 100 million slum dwellers

Goal 8:

Develop a Global Partnership for Development

- **Target 12.** Develop further an open, rule-based, predictable, nondiscriminatory trading and financial system [...]
- **Target 13.** Address the specific needs of the Least developed Countries [...]
- **Target 15.** Deal comprehensively with the debt problems of developing countries [...]
- **Target 16.** In cooperation with developing countries, develop and implement strategies for decent and productive work for youth

¹ UN Millennium Project (2006). Goals, targets & indicators. Retrieved October 11, 2013: www.unmillenniumproject.org/goals/gti.htm

¹ United Nations General Assembly (1961). 1653 (XVI) Declaration on the prohibition of the use of nuclear and thermo-nuclear weapons. Retrieved October 14, 2013, from General Assembly Resolutions 16d Session: <http://daccess-dds-ny.un.org/doc/RESOLUTION/GEN/NR0167/06/IMG/NR016706.pdf?OpenElement>

Appendix A

UN Principles for Responsible Investment

The United Nations Environment Programme Financial Initiative (UNEP FI) along with the UN Global Compact and a group of the world's largest institutional investors jointly developed the Principles for Responsible Investment, a set of initiatives for investors, particularly institutional investors, to pursue. The principles are founded on the premise that considering social, environmental, and corporate governance issues throughout the investment process can yield rewards for both investors and societies. To date, the principles have over 1,100 investment and/or institutional signatories from around the world.

—
Goal: The PRI Initiative wishes to contribute to the creation of a sustainable financial system by making social, environmental, and corporate governance considerations standard practice for investment.

Relevant Clauses:¹

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

¹ PRI Association. (n.d.). The six Principles. Retrieved July 03, 2013, from Principles for Responsible Investment: www.unpri.org/about-pri/the-six-principles/

United Nations Convention Against Corruption

The Convention Against Corruption is the UN's set of guidelines, standards, and rules for handling corruption internationally and within states' domestic spheres. The Convention is legally binding for all signing countries and aims to fight corruption through the strengthening of states' internal structures, as well as through increasing the cooperation between states with regards to international incidences of corruption. The Convention was adopted by the UN General Assembly on October 31, 2003 and was opened for signatures in December of 2003. The convention has 140 signatories and 168 parties.

—
Goal: The goal of the Convention is to fulfill the following purposes:

- a) To promote and strengthen measures to prevent and combat corruption more efficiently and effectively;
- b) To promote, facilitate and support international cooperation and technical assistance in the prevention of and fight against corruption, including asset recovery;
- c) To promote integrity, accountability and proper management of public affairs and public property.

Relevant Clauses:¹

13. Participation of Society

1. Each State Party shall take appropriate measures [...] to promote the active participation of individuals and groups outside the public sector [...] in the prevention of and the fight against corruption [...]. This participation should be strengthened by such measures as:
 - a) Enhancing the transparency of and promoting the contribution of the public to decision-making processes;
 - b) Ensuring that the public has effective access to information;
 - d) Respecting promoting and protecting the freedom to seek, receive, publish and disseminate information concerning corruption [...]

32. Protection of witnesses, experts and victims

1. Each State party shall take appropriate measures [...] to provide effective protection from potential retaliation or intimidation for witnesses and experts who give testimony concerning offences established in accordance with this Convention [...]
4. The provisions of this article shall also apply to victims insofar as they are witnesses.
5. Each State Party shall [...] enable the views and concerns of victims to be presented and considered at appropriate stages of criminal proceedings against offenders [...]

33. Protection of reporting persons

Each State Party shall consider incorporating into its domestic legal system appropriate measures to provide protection against any unjustified treatment for any person who reports in good faith [...] any facts concerning offences established in accordance with this Convention.

35. Compensation for damage

Each State Party shall take such measures [...] to ensure that entities or persons who have suffered damage as a result of an act of corruption have the right to initiate legal proceedings against those responsible for that damage in order to obtain compensation.

¹ United Nations Office on Drugs and Crime. (2004). United Nations Convention Against Corruption. Retrieved October 8, 2013, from United Nations Office on Drugs and Crime: www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf

United Nations Declaration on the Rights of Indigenous Peoples

The United Nations Declaration on the Rights of Indigenous Peoples establishes standards of treatment for indigenous peoples to combat discrimination and marginalization from society. It is not a legally binding instrument, however, establishes international norms for the equal treatment and inclusion of indigenous peoples. It was adopted by the General Assembly on September 13th 2007.

—
Goal: To establish a standard of equality between indigenous peoples and wider society in order to avoid and eliminate discrimination and human rights violations against these groups.

Relevant Clauses:¹

Article 8

1. Indigenous peoples and individuals have the right not to be subjected to forced assimilation or destruction of their culture.
2. States shall provide effective mechanisms for [...]:
 - a) Any action which has the aim or effect of depriving them of their integrity [...] or of their cultural values or ethnic identities;
 - b) Any action which has the aim or effect of dispossessing them of their lands, territories or resources;
 - c) Any form of forced population transfer which has the aim or effect of violating or undermining any of their rights;
 - d) Any form of forced assimilation or integration;

Article 10

Indigenous peoples shall not be forcibly removed from their lands or territories. No relocation shall take place without the free, prior and informed consent of the indigenous peoples concerned and after agreement on just and fair compensation and, where possible, with the option of return

Article 25

Indigenous peoples have the right to maintain and strengthen their distinctive spiritual relationship with their traditionally owned [...] occupied and used lands, territories, waters and coastal seas and other resources [...]

Article 26

1. Indigenous peoples have the right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired.
2. Indigenous peoples have the right to own, use, develop and control the lands, territories and resources that they possess by reason of traditional ownership or other traditional occupation or use, as well as those which they have otherwise acquired.
3. States shall give legal recognition and protection to these lands, territories and resources. Such recognition shall be conducted with due respect to the customs, traditions and land tenure systems of the indigenous peoples concerned.

Article 29

2. States shall take effective measures to ensure that no storage or disposal of hazardous materials shall take place in the lands or territories of indigenous peoples without their free, prior and informed consent.

¹ United Nations General Assembly. (2007, September 13). United Nations Declaration on the Rights of Indigenous Peoples. Retrieved August 2013, 28, from United Nations Permanent Forum on Indigenous Issues: http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf

United Nations Global Compact

The United Nations Global Compact (UNGC) is a UN policy initiative encouraging businesses worldwide to adopt sustainable and socially responsible policies. With over 10,000 participants, it is the largest corporate citizenship and sustainability initiative in the world.¹ The UNGC asks companies to embrace, support, and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment, and anti-corruption. It achieves this by aligning businesses with ten core principles pertaining to human rights, labor, the environment, and anti-corruption. The UNGC seeks to ensure that business and development move forward in a globally sustainable manner that benefits societies and economies.

—
Goal: The UN Global Compact seeks to incorporate its core principles into business strategies and operations around the world. It aims to encourage businesses to support UN goals through collaboration and collective action.

Relevant Clauses:²

Human Rights

- **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- **Principle 2:** make sure that they are not complicit in human rights abuses.

Labour

- **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- **Principle 4:** the elimination of all forms of forced and compulsory labour;
- **Principle 5:** the effective abolition of child labour; and
- **Principle 6:** the elimination of discrimination in respect of employment and occupation.

Appendix A

Environment

- **Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- **Principle 8:** undertake initiatives to promote greater environmental responsibility; and
- **Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

Universal Declaration of Human Rights

The Universal Declaration of Human Rights (UDHR) is a document within the International Bill of Human Rights that outlines the fundamental rights of people everywhere. It was adopted in Paris following the events of the Second World War on December 10th, 1948 by the UN General Assembly. Modern day human rights law is said to stem from this declaration.

—
Goal: This document aims to establish a common standard of achievement for people and nations establishing inherent and enduring human rights for all people.

Relevant Clauses:¹

Article 1:
All human beings are born free and equal in dignity and rights.

Article 3:
Everyone has the right to life, liberty and security of person.

Article 5:
No one shall be subjected to [...] cruel, inhuman or degrading treatment or punishment.

Article 8:
Everyone has the right to an effective remedy by the competent national tribunals [...]

Article 9:
No one shall be subjected to arbitrary arrest, detention or exile.

Article 11:
2) [...] Nor shall a heavier penalty be imposed than the one that was applicable at the time the penal offence was committed.

Article 17:
2) No one shall be arbitrarily deprived of his property.

Article 19:
Everyone has the right to freedom of opinion and expression [...]

Article 20:

- 1) Everyone has the right to freedom of peaceful assembly and association.
- 2) No one may be compelled to belong to an association.

Article 23:

- 1) Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
- 2) Everyone, without any discrimination, has the right to equal pay for equal work.
- 3) Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity [...]
- 4) Everyone has the right to form and to join trade unions [...]

Article 24:

Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.

Article 25:

- 1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family [...] and the right to security in the event of unemployment, sickness, disability [...] or other lack of livelihood in circumstances beyond his control.

1 United Nations Global Compact. (2013, May 29). UN Global Compact Participants. Retrieved July 03, 2013, from United Nations Global Compact: www.unglobalcompact.org/ParticipantsAndStakeholders/index.html

2 United Nations Global Compact. (n.d.). The Ten Principles. Retrieved July 03, 2013, from United Nations Global Compact: www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html

1 The Universal Declaration of Human Rights. (2013). Retrieved July 8, 2013, from United Nations: www.un.org/en/documents/udhr/

Voluntary Principles on Security and Human Rights

The Voluntary Principles on Security and Human Rights are a set of guidelines created to address the protection of human rights and promote corporate social responsibility. The Principles were established in 2000 by the Governments of the United States, the United Kingdom, the Netherlands and Norway, companies in the extractive and energy sectors, and non-governmental organizations. As their name suggests, the Principles are not legally binding but are intended to serve as a set of guidelines for companies to develop practices and maintain operations in a way that ensures respect for human rights.

—
Goal: The goal of the principles is to [...] guide Companies in maintaining the safety and security of their operations within an operating framework that ensures respect for human rights and fundamental freedoms.

Relevant Clauses:¹

Risk Assessment

[...] accurate, effective risk assessments should consider the following factors:

- Potential for violence [...] should examine patterns of violence in areas of Company operations for educational, predictive, and preventative purposes.
- Human rights records. Risk assessments should consider the available human rights record of public security forces, paramilitaries, local and national law enforcement, as well as the reputation of private security. Awareness of past abuses and allegations can help Companies avoid recurrences as well as to promote accountability [...]
- Conflict analysis [...] as well as the level of adherence to human rights and international humanitarian law standards [...]
- Equipment transfers. When Companies provide equipment [...] they should consider the risk of such transfers [...] and the feasibility of measures to mitigate foreseeable negative consequences,

including adequate controls to prevent misappropriation or diversion of equipment which may lead to human rights abuses [...]

Interactions Between Companies and Public Security

[...] Companies have an interest in ensuring that actions taken by governments [...] are consistent with the protection and promotion of human rights.

Security Arrangements

- Companies should consult regularly with host governments and local communities about the impact of their security arrangements on those communities.
- Companies should communicate their policies regarding ethical contact and human rights to public security providers, and express their desire that security be provided in a manner consistent with those policies by personnel with adequate and effective training.

Deployment and Conduct

- The primary role of public security should be to maintain the rule of law, including safeguarding human rights [...]
- Companies should use their influence to promote the following principles with public security:
 - a) individuals credibly implicated in human rights abuses should not provide security services for companies;
 - b) force should only be used when strictly necessary and to an extent proportional to the threat;
 - c) the rights of individuals should not be violated while exercising the right to exercise freedom of association and peaceful assembly, the right to engage in collective bargaining, other related rights of Company employees [...]

Responses to Human Rights Abuses

- Companies should record and report any credible allegations of human rights abuses by public security in their areas of operation to appropriate host government authorities [...]
- Every effort should be made to ensure that information used as the basis for allegations of human rights abuses is credible and based on reliable evidence [...]

Interactions Between Companies and Private Security

1. Private Security should observe the policies of the contracting Company regarding ethical conduct and human rights, the law and professional standards of the country in which they operate; [...] and the observance of international humanitarian law.
3. Private Security should act in a lawful manner. They should exercise restraint and caution in a manner consistent with applicable international guidelines regarding the use of force [...]

Appendix A

5. All allegations of human rights abuses by private security should be recorded. Credible allegations should be properly investigated [...]
6. Consistent with their function, private security should provide only preventative and defensive services and should not engage in activities exclusively the responsibility of state military or law enforcement authorities [...]
7. Private security should
 - a) not employ individuals credibly implicated in human rights abuses to provide security services;
 - b) use force only when strictly necessary and to an extent proportional to the threat;
 - c) not violate the rights of individuals while exercising the right to exercise freedom of association and peaceful assembly, to engage in collective bargaining, or other related rights of Company employees [...]

1 Voluntary Principles on Security and Human Rights. (2000). The Voluntary Principles on Security and Human Rights. Retrieved October 9, 2013, from Voluntary Principles on Security and Human Rights: www.voluntaryprinciples.org/what-are-the-voluntary-principles/

See Also ...

Other relevant international initiatives include:

- the Arms Trade Treaty (ATT),
- the Convention on Biodiversity,
- the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions,
- the Convention on the Elimination of All Forms of Discrimination Against Women
- the Convention on the Rights of the Child (CRC),
- the World Commission on Dams' (WCD) report: "Dams and Development: A New Framework for Decision-Making",
- the Principles for Sustainable Insurance,
- the Protocol on Preparedness, Response and Co-operation to Pollution Incidents by Hazardous and Noxious Substances, 2000 (OPRC-HNS Protocol),
- the ECOFIN Council's "Code of conduct for business taxation",
- the Protocol on Preparedness, Response and Co-operation to Pollution Incidents by Hazardous and Noxious Substances, 2000 (OPRC-HNS Protocol), and
- the United Nations Convention Against Corruption (UNCAC).

Descriptions and relevant clauses of these, and many other international initiatives, are available in the "Norms and Standards" database at www.facing-finance.org

Appendix B

Table 1

Company Commitments

| | UN Global Compact | The Voluntary Principles on Security and Human Rights | Number of OECD complaints |
|-----------------------------------|-------------------|---|---------------------------|
| adidas | x | | 2 |
| Anglo American | ✓ | ✓ | 1 |
| AngloGold Ashanti | x | ✓ | |
| Arch Coal | x | | |
| Areva | ✓* | | |
| BAE Systems | x | | 1 |
| Barrick Gold | x | ✓ | 2 |
| Bolloré Group | ✓ | | 1 |
| Chevron | x | ✓ | 1 |
| ENRC (Eurasian Natural Resources) | x | | 1 |
| Gazprom / Neft | x | | |
| Glencore Xstrata | ✓* | | 2 |
| Golden Agri-Resources** | x | | |
| Jabil Circuit | x | | |
| Jindal Steel & Power | ✓ | | |
| Lockheed Martin | x | | |
| LPP SA | x | | |
| Monsanto | ✓ | | |
| Nestle** | ✓ | | |
| Newmont Mining | ✓ | ✓ | |
| Rheinmetall | x | | |
| Rio Tinto | ✓ | ✓ | 1 |
| Royal Dutch Shell | ✓ | ✓ | 7 |
| Trafigura | x | | |
| Vale | x | | |
| VF Corp | x | | |

* Non communicating member

** Member of the Roundtable on Sustainable Palm Oil

Appendix B

Table 2

Financial Institution Commitments

| | UN Global Compact | PRI (Principles for Responsible Investment) | Equator Principles | PSI (Principles for Sustainable Insurance) |
|-----------------------|-------------------|--|--------------------|---|
| Allianz | ✓ | ✓ ³ | × | × |
| Argenta | × | × | × | × |
| Belfius | × | × | × | × |
| BlackRock Deutschland | × | ✓ | × | × |
| BNP Paribas | ✓ | ✓ ⁷ | ✓ | × |
| Commerzbank | ✓ | × | × | × |
| Credit Suisse | ✓ | × | ✓ | × |
| DekaBank | ✓ | ✓ ⁴ | ✓ | × |
| Deutsche Bank | ✓ | ✓ ⁵ | × | × |
| DZ Bank | ✓ | × | ✓ | × |
| Getin Holding | × | × | × | × |
| ING | ✓ | ✓ ¹ | ✓ | ✓ |
| KBC | ✓ | × | ✓ | × |
| KfW | × | ✓ | ✓ ⁶ | × |
| Kulczyk Investments | × | × | × | × |
| Munich Re | ✓ | ✓ | × | ✓ |
| PKO | × | × | × | × |
| UBS | ✓ | ✓ ² | × | × |
| UniCredit | ✓ | × | ✓ | × |

1 ING Groenbank NV and ING Investment Management

2 UBS Global Asset Management

3 Allianz Global Investors and Allianz SE

4 Deka Investment GmbH Deutschland

5 Deutsche Asset and Wealth Management – DWS

6 KfW IPEX-Bank

7 BNP Paribas Investment Partners; BNP Paribas Real Estate Investment Management France

Table 3

Divestment from Companies

| Company | Divesting Entity | Reason for Exclusion |
|-----------------------|--|---|
| adidas | 9 American Universities; United Students Against Sweatshops | Labor rights |
| Areva | Indiana State Teachers' Retirement Fund; Iowa Judicial Retirement System | Human rights (Sudan Divestment Bill); Doing business with Sudan's government |
| BAE Systems | Birch Caring Capital B.V. (Dutch Company); Ethias (Belgian Insurance Company); FDC (Luxembourgian Pension Fund); Nordea (Scandinavian Bank, central offices in Norway, Sweden, Denmark, Finland); PGGM+PFZW; PNO Media; SNS Asset Management (Dutch); UWV (Dutch Pension Fund) | Nuclear weapons; Nuclear weapons with association to Nuclear weapon programs; ABC weapons; Severe and reoccurring violation of the Fundamental Investment Principles; No improvement of ESG policies and performance |
| Barrick Gold | Birch Caring Capital B.V. (Dutch Company); Desjardins Environment Fund (Canadian); FDC (Luxembourgian Pension Fund); KLP (Norwegian Insurance Company); New Zealand Superannuation Fund; Norges Bank (Norwegian); Norwegian Pension Fund; PGB (Dutch Pension Fund); SNS Asset Management; Stiftung "Erinnerung, Verantwortung und Zukunft" | Serious damages to the environment; Damages to the environment in Papua New Guinea; Environmental Destruction; Human Rights issues; Mining Activities; Severe and reoccurring violation of the Fundamental Investment Principles; No improvement of ESG policies and performance |
| Bolloré | Colorado PERA; Indiana State Teachers' Retirement Fund | Human Rights (Sudan Divestment Bill) |
| Chevron | AP7 (Swedish Pension Fund); Ethias (Belgian insurance company); FDC (Luxembourgian Pension Fund); KLP (Norwegian insurance company); PGB (Dutch Pension Fund) | Human rights violations in Nigeria; Environmental offenses in the Amazon; Environmental damage to the Amazon jungle in Ecuador; Environmental destruction; Pollution |
| Gazprom | New York State Common Retirement Fund | Involvement in conflict and genocide |
| Glencore | Ethos Fund (Swiss Foundation); Colorado PERA; PGB (Dutch Pension Fund) | Human rights violations; Tax fraud; Environmental damage; Human rights (Sudan Divestment); Corruption |
| Glencore Xstrata | Iowa Judicial Retirement System | Doing business with Sudan's government |
| Golden Agri-Resources | Norwegian Pension Fund | Deforestation |
| Lockheed Martin | AP4 (Swedish Pension Fund); APG Asset Management (Dutch); Australian Future Fund; Aviva (UK Insurance Company); Birch Caring Capital B.V. (Dutch Company); Danske Bank; Ethias (Belgian Insurance Company); KBC Asset management (Belgian); KLP (Norwegian Insurance Company); Lloyds Banking Group (through its investment arm Scottish Widows); New Zealand Superannuation Fund; Nordea (Scandinavian Bank); Norges Bank (Norwegian); Pensionsfonds (NL) PGB; PFA Pension (Denmark); PGGM (leading Dutch pension administrator)+PFZW (leading Dutch pension fund); PNO Media; SNS Asset Management; The Co-operative; UWV (Dutch Pension Fund) | Cluster weapons; Cluster munitions manufacturing and marketing; Association with nuclear weapons programs; controversial weapons; Nuclear explosive devices; Anti-personnel mines; ABC weapons; Severe and reoccurring violation of the Fundamental Investment Principles; No improvement of ESG policies and performance |
| Monsanto | UUCEF (Unitarian Universalists Common Endowment Fund) | Genetic manipulation; Privatization of seeds |
| Nestlé | Triodos | Animal testing; Environmental damage; Factory farming; Genetic engineering; Labor rights; WHO Code |
| Rheinmetall | Mahindra Defense Systems; SNS Asset Management | Bribery scandal; Severe and reoccurring violation of the Fundamental Investment Principles; No improvement of ESG policies and performance |
| Rio Tinto | Birch Caring Capital B.V. (Dutch Company); FDC (Luxembourgian Pension Fund); KLP (Norwegian insurance company); Legal and General (UK); Norges Bank (Norwegian); Norwegian Pension Fund; SNS Asset Management | Serious damages to the environment; Environmental destruction; Human rights issues; Severe and reoccurring violation of the Fundamental Investment Principles; No improvement of ESG policies and performance |
| Royal Dutch Shell | Legal and General (UK); Stiftung "Erinnerung, Verantwortung und Zukunft"; Triodos | Human rights issues; Human rights issues in Nigeria |
| Trafigura | Colorado PERA; Iowa Judicial Retirement System | Human rights (Sudan Divestment); Doing business with Sudan's government |

Source: Norm based exclusions of companies – A research paper by Facing Finance, September 2013.
www.facing-finance.org/?attachment_id=10140

Appendix B

Table 4

Shares and Bonds Managed by Selected Financial Institutions (€ million)

| | Allianz | | Argenta | Belfius | | BlackRock Germany | BNP Paribas | | Commerzbank | Credit Suisse | | DekaBank | |
|-----------------------------|---------|-------|---------|---------|----|-------------------|-------------|----|-------------|---------------|-----|----------|-----|
| | S | B | | S | B | | S | B | | S | B | | |
| adidas | 164 | 3 | 5 | 5 | | 364 | 11 | 4 | 1 | 33 | 4 | 123 | 1 |
| Anglo American ¹ | 83 | 292 | 0 | 3 | 10 | 23 | 23 | 10 | | 29 | 8 | 25 | 14 |
| AngloGold Ashanti | 43 | 148 | | | | | 1 | | 2 | 20 | 1 | | |
| Arch Coal | | 206 | | | | | 0 | 1 | 0 | 1 | 1 | | |
| Areva | | 3 | | | 4 | | 0 | 10 | | | 1 | | 10 |
| BAE Systems | 82 | 85 | | 6 | | 15 | 3 | | | 18 | 1 | 4 | |
| Barrick Gold | 335 | 201 | | 0 | | | 10 | | 18 | 15 | 5 | 30 | |
| Bolloré Group | | | | | | 2 | 0 | | | 1 | | 1 | |
| Chevron | 257 | 26 | 1 | 18 | | 17 | 186 | | 100 | 757 | 3 | 82 | |
| ENRC | 12 | | 0 | | | 0 | 0 | | | 1 | | | |
| Gazprom ² | 40 | 1,064 | | 3 | 2 | 0 | 203 | 6 | | 131 | 15 | 51 | 33 |
| Glencore Xstrata | 24 | 125 | 1 | 1 | 10 | 34 | 3 | 15 | | 32 | 51 | 1 | 35 |
| Golden Agri-Resources | 61 | 5 | 9 | 0 | 1 | | 2 | | | 2 | 2 | 0 | |
| Jabil Circuit | 61 | 1 | | | | | 10 | | 1 | 10 | | | |
| Jindal Steel & Power | | | | 0 | | | 3 | | | | | | |
| Lockheed Martin | 192 | 4 | | | | 8 | 3 | | 10 | 55 | 0 | 0 | |
| LPP | 25 | | | | | | 0 | | | | | | |
| Monsanto | 104 | 43 | | 0 | | | 94 | | 37 | 113 | | 25 | |
| Nestlé ³ | 190 | 10 | 2 | 77 | 2 | 150 | 118 | 12 | | 1,912 | 150 | 157 | 2 |
| Newmont Mining | 93 | 126 | 1 | 0 | 2 | | 15 | 8 | 57 | 110 | 18 | 15 | |
| Rheinmetall | 3 | | 3 | | | 17 | 1 | | | 7 | | 12 | |
| Rio Tinto ⁴ | 268 | 175 | 3 | 73 | 2 | 39 | 177 | 3 | 0 | 83 | 14 | 66 | 3 |
| Royal Dutch Shell | 642 | 71 | 4 | 91 | 3 | 78 | 561 | 2 | 0 | 195 | 31 | 167 | |
| Trafigura | | | | | | | | | | | 0 | | |
| Vale ⁵ | 275 | 326 | | 4 | 9 | | 386 | 20 | 4 | 419 | 13 | 8 | 2 |
| VF Corp | 7 | 19 | | 0 | | | 5 | | 6 | 55 | | 2 | |
| Number of companies | | 23 | 11 | | 17 | 13 | | 25 | 13 | | 24 | | 19 |
| Total amount (€ million) | 2,962 | 2,931 | 30 | 282 | 44 | 750 | 1,817 | 90 | 236 | 3,998 | 318 | 770 | 100 |

S Shares B Bonds

Kuepper, Umaña et al. Dirty Profits II: A Research Paper Prepared for Facing Finance. Amsterdam: Profundo Research and Advice, 2013.

| Deutsche Bank | | DZ Bank | | ING | | KBC | | Munich Re | | PKO Bank Polski | | UBS | | UniCredit | |
|---------------|-----|---------|-----|-------|-----|-----|----|-----------|-----|-----------------|---|-------|-----|-----------|----|
| S | B | S | B | S | B | S | B | S | B | S | B | S | B | S | B |
| 605 | 17 | 150 | 6 | 6 | | 27 | 2 | 2 | | | | 39 | | 49 | |
| 26 | 54 | 44 | 11 | 10 | 21 | 3 | 1 | 0 | 0 | | | 20 | 24 | 22 | 2 |
| 7 | 3 | | | | 25 | | | | | 0 | | 7 | 2 | 3 | 24 |
| 3 | 1 | | | 5 | 7 | | | | | | | 2 | 18 | 3 | |
| | 0 | 4 | 4 | | | 0 | | | 0 | | | | | | 17 |
| 136 | 4 | 23 | | 4 | 1 | 3 | | | | | | 64 | 3 | 1 | |
| 107 | 4 | 20 | | 47 | 101 | 1 | | 0 | 21 | | | 66 | 8 | 11 | 0 |
| 0 | | | | | | 0 | | | | | | 4 | | | |
| 489 | 2 | 176 | | 264 | 19 | 35 | | 3 | 8 | | | 480 | 9 | 311 | |
| 12 | | | | 7 | | 0 | | | | 0 | | 1 | | 0 | |
| 192 | 104 | 45 | 46 | 57 | 19 | 15 | 28 | 1 | 10 | 4 | | 28 | 12 | 54 | 3 |
| 42 | 57 | 2 | 49 | 10 | 123 | 4 | 19 | | 0 | | | 12 | 82 | 2 | 29 |
| 2 | | | 1 | 0 | | 1 | 2 | | | | | 4 | | 0 | |
| 2 | 5 | | | 60 | 9 | 0 | | 2 | 10 | | | 4 | 20 | 0 | 0 |
| 3 | 21 | | | 0 | | 1 | | | | | | 18 | | 0 | 6 |
| 49 | 0 | | | 18 | 5 | 0 | | | | | | 35 | | 0 | 1 |
| | | 7 | | 160 | | 1 | | | | 5 | | | | 18 | |
| 96 | 0 | 16 | | 144 | 9 | 3 | | | 17 | | | 66 | 0 | 68 | |
| 848 | 20 | 312 | 16 | 111 | 2 | 40 | 3 | 2 | | | | 1,873 | 54 | 83 | |
| 181 | 26 | 1 | 3 | 54 | 87 | 1 | 2 | 0 | | 1 | | 103 | 35 | 27 | 1 |
| 10 | 0 | 11 | 3 | 0 | | | | | | | | 0 | | 4 | 5 |
| 165 | 22 | 73 | 3 | 99 | 116 | 18 | 1 | 1 | 38 | | | 162 | 15 | 81 | 0 |
| 523 | 3 | 211 | 1 | 328 | 92 | 28 | 13 | 1 | 22 | | | 361 | 28 | 30 | 1 |
| | | | | | | | | | | | | | | | |
| 179 | 13 | 45 | 1 | 25 | 35 | 12 | 1 | 2 | 25 | | | 127 | 33 | 35 | 4 |
| 42 | 0 | | | 36 | 8 | 4 | | | | | | 134 | | 3 | 0 |
| | | | | | | | | | | | | | | | |
| | 24 | | 17 | | 23 | | 22 | | 14 | 5 | | | 23 | | 24 |
| 3,720 | 357 | 1,139 | 144 | 1,445 | 678 | 198 | 71 | 13 | 152 | 10 | | 3,614 | 342 | 806 | 94 |

- 1 incl. Anglo American and its separately listed subsidiary Anglo American Platinum
- 2 incl. Gazprom and its separately listed subsidiary Gazprom Neft
- 3 incl. Nestlé and its separately listed subsidiaries Nestlé India, Nestlé Nigeria and Nestlé Pakistan
- 4 incl. Rio Tinto plc and its separately listed subsidiary Rio Tinto Ltd.
- 5 incl. Vale and its separately listed subsidiary Vale Indonesia

Appendix B

Table 5

Underwritings of Shares and Bonds per Selected Financial Institution (€ million)

| | BNP Paribas | | Commerzbank | | Credit Suisse | | Deutsche Bank | | ING | | KBC | | UBS | | UniCredit | |
|--------------------------|-------------|-------|-------------|-----|---------------|-------|---------------|-----|-----|---|-----|-----|-----|-----|-----------|-----|
| | S | B | S | B | S | B | B | S | B | B | S | B | S | B | B | |
| adidas | | | | | | | 125 | | | | | | | | | 125 |
| Anglo American | | 380 | | 281 | | | | | | | | | | 220 | | |
| AngloGold Ashanti | | | | | | | 352 | | | | | | | | | |
| Arch Coal | | | | | 18 | 73 | | 6 | | | | | | 5 | | |
| Areva | | 125 | | | | 100 | 100 | | | | | | | | | |
| BAE Systems | | 125 | | | | 187 | 187 | | | | | | | | | |
| Barrick Gold | | 72 | | | | | 72 | | | | | | | 72 | | |
| Bolloré Group | | | | | | | | | 88 | | | | | | | |
| Chevron | | 124 | | | | | 62 | | 9 | | | | | | | |
| ENRC | | | | | | | | | | | | | | | | |
| Gazprom | | 897 | | | | | 225 | | | | | | | | | |
| Glencore Xstrata | 1,053 | 1,132 | 97 | | 1,053 | 1,205 | | 97 | 402 | | | | 97 | 275 | | |
| Golden Agri-Resources | | 79 | | | | 79 | | | | | | | | | | |
| Jabil Circuit | | 11 | | | | | | | | | | | | | | |
| Jindal Steel & Power | | | | | | | | | | | | | | | | |
| Lockheed Martin | | | | | | | | | | | | | | 57 | | |
| LPP | | | | | | | | | | | | | | | | |
| Monsanto | | | | | | | | | | | | | | | | 6 |
| Nestlé | | 354 | | | | 417 | 888 | | | 4 | | | | 228 | | |
| Newmont Mining | | 72 | | | | 46 | 72 | | | | | | | 72 | | |
| Rheinmetall | | | | | | | | | | | | | | | | |
| Rio Tinto | | | | | | | | | | | | | | | | |
| Royal Dutch Shell | | | | | | | 937 | | | | | | | | | |
| Trafigura | | | | | | | | | | | | | | | | |
| Vale | | 141 | | | | | 313 | | | | | | | | | |
| VF Corp | | 12 | | | | | | | 12 | | | | | | | |
| Number of companies | | 13 | | 2 | | 7 | 11 | | 5 | | 1 | | | 7 | | 2 |
| Total amount (€ million) | 1,093 | 3,525 | 97 | 281 | 1,071 | 2,107 | 3,334 | 104 | 512 | 4 | 97 | 930 | 131 | | | |

S Shares B Bonds

Kuepper, Umaña et al. Dirty Profits II: A Research Paper Prepared for Facing Finance. Amsterdam: Profundo Research and Advice, 2013.

Table 6

Participation of Selected Financial Institutions in Loans (€ million)

| | BNP Paribas | Commerzbank | Credit Suisse | Deutsche Bank | DZ Bank | ING | KBC | KfW | UBS | UniCredit |
|--------------------------|-------------|-------------|---------------|---------------|---------|-------|-----|-----|-------|-----------|
| adidas | | | | 50 | | | | | | 50 |
| Anglo American | 137 | 137 | 137 | | | | | | 137 | |
| AngloGold Ashanti | | | | 48 | | | | | 48 | |
| Arch Coal | | | 190 | | | 176 | | | 5 | |
| Areva | 94 | | 45 | 45 | | | | | | 94 |
| BAE Systems | | | | | | | | | | |
| Barrick Gold | 225 | | | 118 | | 107 | | | 216 | |
| Bolloré Group | 280 | | | | | 67 | | | | |
| Chevron | | | | | | 15 | | | | |
| ENRC | | | 37 | 67 | | 65 | | | | 103 |
| Gazprom | 368 | 282 | | 97 | 146 | 727 | | 43 | 28 | 591 |
| Glencore Xstrata | 1,564 | 521 | 708 | 937 | 297 | 746 | 274 | 394 | 708 | 403 |
| Golden Agri-Resources | | | | | | | | | | |
| Jabil Circuit | 54 | | | | | | | | | |
| Jindal Steel & Power | 23 | | | 23 | | | | | | |
| Lockheed Martin | 55 | | | 62 | | | | | 62 | |
| LPP | | | | | | | | | | |
| Monsanto | | | | | | | | | | 93 |
| Nestlé | 876 | | 876 | 876 | | 392 | | | 876 | |
| Newmont Mining | 88 | | | 88 | | | | | 550 | |
| Rheinmetall | | 88 | | 88 | | | | | | 88 |
| Rio Tinto | | | | | | | | | | |
| Royal Dutch Shell | | | | | | | | | | |
| Trafigura | 893 | 113 | 204 | 182 | | 386 | 158 | 18 | 157 | 175 |
| Vale | 390 | | 35 | 146 | 17 | | | | | |
| VF Corp | | | 80 | | | 80 | | | | |
| Number of companies | 13 | 5 | 9 | 14 | 3 | 10 | 2 | 3 | 10 | 8 |
| Total amount (€ million) | 5,119 | 1,142 | 2,313 | 2,829 | 460 | 2,761 | 432 | 455 | 2,787 | 1,597 |

Berlin, November 2013. The Facing Finance campaign calls on investors not to invest in companies which benefit from human rights violations, environmental pollution, corruption or the production and export of (controversial) weapons. Facing Finance has striven to achieve the highest level of accuracy in this reporting. However, there is still a lack of official information publicly available. Therefore, the information in this report reflects the publicly available official information known to Facing Finance, its member organisations and researchers. If you believe you have found an inaccuracy in our report or if you can provide additional information, please contact us at kontakt@facing-finance.org.

Responsible publisher:

Thomas Küchenmeister, Coordinator Facing Finance,
Schönhauser Allee 141, Hinterhaus 2, D-10437 Berlin

Editor:

Ruth Witt

Authors and researchers:

Dr. Andreas Missbach (Berne Declaration)
 Dr. Barbara Happe
 Barbara Kuepper, Profundo (Netherlands)
 Charlotte Christiaens (Catapa)
 Christian Wanninger (earthlink)
 David Verstockt (Catapa)
 Didrot Nguemjio
 Dipti Bhatnagar (Justiça Ambiental)
 Frank Vanaerschot (FairFin)
 Golden Misabiko
 Grzegorz Piskalski (CentrumCSR)
 Hassel Kroes, Profundo (Netherlands)
 Ilham Rawoot
 Ilona Hartlief (Catapa)
 Jan Schulz
 Jan Willem van Gelder, Profundo (Netherlands)
 Janine Dersin
 Johannes Remy
 Julia Dubslaff
 Leen Schmücker (FairFin)
 Kaye Stearman (Campaign Against Arms Trade / CAAT)
 Kimberley La Fronz
 Konrad Konarski
 Marieke Knussmann
 Dr. Marcela Umaña, Profundo (Netherlands)
 Martina Schwab (FairFin)
 Milan Berger
 Ruth Witt
 Samuel Mondlane (Justiça Ambiental)
 Solange Merienne
 Thomas Küchenmeister
 Victoria Schneider

Editor:

Ruth Witt

Proofreader:

Kimberley La Fronz

Layout:

Ole Kaleschke, www.olekaleschke.de

Cover photo:

Eric Dooh at home in Goi village (Ogoniland) showing oil pollution.
 © Marten van Dijk/Milieudedefensie

Photographers:

Katrin Krämer, Andrzej Bał, Denis Sinyakov, Henna Hakkarainen, Isabelle Alexandra Ricq, Joan Baxter, Lien Merre, Paul Corbit Brown, Rafal Cybulski, Rijans, Sharat Chowdhury, Kent Hardouin, Dan Klotz, Felix Karlsson, Thomas Küchenmeister, Alexandra Buxbaum, Edgar Su, Jenni Roth, Stringer

A publication by:
 FACING FINANCE

FACING FINANCE consortium members are:

- ▶ Solidarity international (Solidaritätsdienst-international e.V.)
- ▶ Urgewald e.V.
- ▶ EarthLink e.V.
- ▶ FairFin
- ▶ CentrumCSR.PL
- ▶ JA! Justiça Ambiental



Gefördert durch



Brot für die Welt -
 Evangelischer
 Entwicklungsdienst



“This document has been produced with the financial assistance of the European Union. The content of this document are the sole responsibility of Facing Finance and can under no circumstances be regarded as reflecting the position of the European Union.”

Funded by Brot für die Welt, Friedrich Ebert Foundation and grassroots foundation

Special thanks to:

- Amazon Watch
- Arkibong Bayan
- Atossa Soltani
- Berne Declaration
- Earthlife Namibia (Bertchen Kohrs)
- CAAT (Campaign Against the Arms Trade)
- Catapa
- FIAN
- Friends of the Earth Europe
- Greenpeace
- Günter Wippel
- IKV Pax Christi
- Keepers of the Mountain
- Milieudedefensie
- Rafael Puello Donamaria
- Rights and Resources Initiative
- SpectralQ
- United Students Against Sweatshops



▲ German weapons to the front: IDEX 2013 booth of the Saudi Arabian company MIC which produces and sells German G 36 rifles under license from Heckler&Koch. German exports of small arms have more than doubled compared to the year 2011, in which 55% of the small arms export licenses were issued to non-NATO countries.
© Jenni Roth

earthlink
people & nature network

FAIRFIN
meer dan geld

FUNDACJA
CENTRUMCSR.PL



SODI!

urgewald