

Banks lack human rights standards

Financial alliances with companies supporting Sudan's oil income are only one, albeit grave, example of how banks can come into conflict with human rights. The resource sector is particularly vulnerable. Special representative of the UN Secretary-General, the American John Ruggie, added in his 2006 report: "Some companies have made themselves and even their entire industries targets by committing serious harm to human rights, labour standards, environmental protection, and other social concerns."

When Berne Declaration systematically examined the major Swiss banks' financial alliances with companies operating in the resource sector last year, the research unearthed over 60 cases of financial institutions financing resource companies which are involved in human rights abuses against the local population.

Financial commitments in China are likewise delicate involvements. Credit Suisse owns stocks in a company there which provides financial services for the China Poly Group (Poly). By its own account, Poly has a "leading role in the Chinese weapons trade". In response to concerned customers and shareholders, Credit Suisse stated this spring that weapons deals would account for less than 10% of the total revenue and profit to China Poly Group. Since human rights abuses can also be counted on an individual basis, such an "unproblematic percentage" strikes on as highly cynical. The response demonstrates, furthermore, that banks do not realise their complicity in human rights abuses when they cannot rule out the possibility that dubious activities are being co-financed because of their involvement. Due to the close financial, structural and personal integration between PetroChina and China National Petroleum Corporation, this is also true for UBS organising the underwriting of their IPO (initial public offering).

The fact that the subject of banks and human rights has become of public interest in the last years is in large part thanks to Berne Declaration and their co-founded NGO network "BankTrack". In 2003, over one hundred non-governmental organisations from all over the world had already signed the "Collectivo Declaration" which demanded six concrete steps from financial institutions in order to obtain their social licence to operate. And human rights were one of the central themes of the Declaration. "BankTrack" was also able to put forth their position at the UN talks on Business and Human rights during the financial sector hearing organised by John Ruggie. This should help to clarify the role of banks in preventing human rights abuses and enforcing human rights. BankTrack published a policy document for the hearing entitled "Human Rights, Banking Risks" (www.evb.ch/p25011847.html), in which banks were called upon to develop substantial, attainable and transparent human rights principles. To date there are, with the laudable exception of the Dutch Rabobank, a number of banks (for example, UBS) proposing little more than non-binding and vague declarations of intent.

The demands outlined in the BankTrack policy document therefore continue to be valid. Banks are to:

- Identify their human rights risk profile (regions, clients, critical business areas)
- Formulate categorical exclusion criteria
- Develop detailed actions to identify human rights risks (due diligence)
- Define a procedure for dealing with problematic customers
- Consult human rights experts and specialized NGOs
- Publish a human rights policy with clear standards and procedures
- Establish and implement a comprehensive and transparent management system for the implementation of these procedures.

The financing of oil businesses which fuel the genocide in Darfur demonstrates that Swiss banks must urgently take all necessary steps to discontinue their complicity in human rights abuses or risk comprising their credibility in other areas.

Translation