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“I was recently in Nigeria. If you went to the Niger Delta and realised the standard of oil extraction, none of you would refuel at the gas station of an oil firm extracting there.”

Gerd Müller, German Minister for Development Cooperation¹

“I have been urging companies like pension funds or insurance companies to reduce their investments in a fossil-fuel based economy [and shift] to renewable sources of energy.”

Ban Ki-Moon, UN Secretary General²

“The committee discussed the ethical investment criteria, and considered that the list of sectors in which the WCC does not invest should be extended to include fossil fuels.”

World Council of Churches³

“Substantial reductions in emissions would require large changes in investment patterns.”

IPCC – Climate Change 2014 Synthesis Report⁴

“People of conscience need to break their ties with corporations financing the injustice of climate change.”

Desmond Tutu⁵

1 FAZ (2014): Entwicklungsminister will Shell und Adidas boykottieren. “Ich war vor kurzem in Nigeria. Wenn Sie in das Nigerdelta gehen und dort den Standard der Ölförderung sehen, würde keiner von Ihnen an der Tankstelle der Ölfirma, die dort fördert, tanken.”: www.faz.net (accessed 05.11.2014)

2 350.org (2014): Ban Ki-moon urges pension funds to reduce investments in fossil fuels: <http://350.org> (accessed 05.11.2014)

3 World Council of Churches (2014): Report of the Finance Policy Committee www.oikoumene.org (accessed 05.11.2014)

4 IPCC (2014): Climate Change 2014: Synthesis Report www.ipcc.ch (accessed 05.11.2014).

5 The Guardian (2014): We need an apartheid-style boycott to save the planet: www.theguardian.com (accessed 05.11.2014)

Summary

The Dirty Profits Report is born of the conviction that financial institutions (FIs) and corporations have a responsibility to respect human and environmental rights. The report is based on contributions from 30 civil society researchers and analysts from 9 countries, focusing on 25 controversial globally active corporations and 24 major European commercial and public banks and insurance companies, as selected by Facing Finance.

Dirty Profits exposes the financial relations between these selected major European financial institutions (FIs) and multinational companies, across various sectors, that have consistently violated environmental and human rights standards. Between January 2012 and August 2014, loans between the 24 commercial and public banks and the 25 companies in this report totalled €39.2 billion; underwriting of shares and bonds around €39.8 billion; and management of shares and bonds €65.3 billion.

In 2013 global CO₂ emissions reached record highs. In acknowledgement of this, the third edition of the Dirty Profits report is therefore focused on climate change, most notably carbon emissions. It gives examples of FIs benefiting from financial relations to selected “carbon majors” – corporations responsible for the production of fossil fuels, which, through their use, have resulted in 63 per cent of the global cumulative emissions of industrial carbon dioxide and methane. Selected FIs are financially involved with these selected fossil fuel producers to the amount of €67 billion.¹

Other significant examples of controversial companies are provided from the pharmaceutical, mining and weapons industries – particularly in relation to labour rights, corruption and environmental abuses. The weapons industry covers selected weapon sales (e.g. supermarket) and production of controversial weapons (e.g. cluster munitions and nuclear weapons) in which selected FIs have €2.29 billion² invested. The financial links (€28.74 billion)³ to five mining companies have been investigated in relation to violence against local community members, forced displacement of people, severe environmental destruction (e.g. water, soil, and air contamination), destruction of community livelihoods, illegal deforestation, illegal acquisition of land, violation of labour rights, hazardous working conditions, union intimidation and unfair employee wages. The pharmaceutical industry has been shown to have ethical and legal failings, related to the large number of deaths and harm caused by poor clinical trials, bribery and corruption, off-label marketing and environmental harm.

The report also provides critical analysis of voluntary commitments made by corporations and FIs. It becomes apparent that despite making these commitments, organisations continue to violate these standards and largely corporations are not held to account for violation of these principles. Voluntary principles also often only apply to certain sectors of an organisation or FI, for example, the Equator Principles applies only to the financing of projects, but not to export and corporate finance and is criticised for its limited scope due to the lack of accountability mechanisms and transparency. FI’s self-commitments, which are intended to contribute to climate protection, are apparently ineffective, as the figures of this report show. Banks (Thun Group) finally are just beginning to delineate the human rights responsibilities of the financial sector as they are still heavily benefiting from human rights violations as this report shows.

The Dirty Profits report advocates for the development of procedures by corporations and FIs that bring an end to the negative impact of their activities on human and environmental rights. It calls on corporations and FIs to establish, improve and implement effective policies governing their investments. These policies should adhere to internationally accepted social and environmental norms and standards. States must guide and accompany this process to ensure the full enforcement of the “UN Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework”.

→ Thomas Küchenmeister, Facing Finance

1 Total investments in the form of shares and bonds holdings, shares and bonds underwritings and loans are estimates. The aggregated investment numbers may include double countings if a financial institution assists in the issuance of shares or bonds and subsequently manages a portion of these. See the Profundo-Methodology available on our website for further details.

2 Total investments in the form of shares and bonds holdings and loans

3 Total investments in the form of shares and bonds holdings, shares and bonds underwritings and loans

Methodology

This report exposes the financial ties between selected European financial institutions (FIs) and multinational companies spanning multiple sectors, notorious for their poor environmental and human rights records. The purpose of this report is to identify and record violations of social and environmental norms and standards, to raise awareness of these ties and to call on FIs to establish, improve and implement effective policies governing their investments.

The norms and standards screening approach is widely used throughout Europe as a means of identifying harmful companies. The Global Sustainable Investment Review gives the following definition of norms-based screening:

‘Screening of investments based on compliance with international norms and standards such as issued by ILO, OECD, UN, UNICEF etc. May include exclusions of investments that are not in compliance with norms or standards or over or under weighting’.¹

Facing Finance has adopted this recognised approach to illustrate selected companies not in compliance or in conflict with norms and standards, such as the International Bill of Human Rights, the ILO international labour standards, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, arms embargoes, and national laws (see Appendix A).

The companies included in this report were chosen from a wide range of companies benefitting from harmful business activities. They have been selected based on research into recent, persistent and / or severe violations of norms and standards that fall into these categories:

- ▶ Human rights violations (e.g., violations of community rights, child labour, forced labour, diminished access to land and/or fresh water, involuntary resettlements, or arbitrary detentions, illegal construction of permanent infrastructure on occupied territory)
- ▶ Labour rights violations (e.g., poor/hazardous working conditions, union discrimination)
- ▶ Violation of ethical principles governing clinical trials (Declaration of Helsinki)
- ▶ Environmental destruction and degradation
- ▶ Significant contribution to climate change
- ▶ The export of weapons to (non-democratic) countries disrespecting fundamental human rights or arms trade regulations or other relevant norms
- ▶ The manufacturing of controversial weapons² (or significant components thereof) that violate fundamental humanitarian principles (i.e. nuclear weapons or riot control weapons)
- ▶ Pervasive instances of corruption, and tax noncompliance

21 of the 25 companies selected have been excluded by (many) investors worldwide. This report particularly highlights decisions by the Norwegian Government Pension Fund Global (GPF³), considered to be a pioneer (and often referred to as the ‘Gold Standard’) in the field of responsible investing. Other companies in the report have had OECD complaint procedures brought against them⁴ or have been included in the RepRisk ‘Most Controversial Companies 2013’⁵. The fossil fuel companies selected have been scientifically identified as ‘carbon majors’, profiting from enormous CO₂ and methane emissions over the last 150 years.⁶ Four companies have been included in all three editions of Dirty

2 This edition of Dirty Profits does not focus on cluster munitions producers. For more information on investments in cluster munitions, please see IKV Pax Christi’s 2013 and 2014 edition of the ‘World Investments in Cluster Munitions: a Shared Responsibility.’

3 The Government Pension Fund Global (n.d.): Companies Excluded from the Investment Universe: www.regjeringen.no (accessed 18.11.2014)

4 OECD Watch: Case database: www.oecdwatch.org (accessed 18.11.2014)

5 RepRisk (2014): The Most Controversial Companies of 2013: www.reprisk.com (accessed 18.11.2014)

6 Heede, R., Climate Mitigation Services (2014): Carbon majors: Accounting for carbon and methane emissions 1854-2010, Methods & Results Report: www.climateaccountability.org, p.26 (accessed 18.11.2014)

1 Global Sustainable Investment Alliance (2013): 2012 Global Sustainable Investment Review: www.gsiareview2012.gsi-alliance.org, p.36 (accessed 18.11.2014)

Profits showing clear and consistent violations of environmental and human rights norms. By selecting examples of companies from these different sources, the report is able to demonstrate to FIs the availability of sources upon which they may base their ethical investment policies, including exclusion lists. Research into companies takes into account violations, complaints, as well as legal case outcomes over the previous two-year period, with a focus on recent events. This report therefore forms a compilation of information from news and media, industry journals, community organisations, (local) NGOs, legal records and other relevant sources. The report also shows where companies or financial institutions are listed on the Dow Jones Sustainability Index (DJSI), indicating possible issues in the measurement and methodology of the DJSI.

The FIs selected are well-known players in European financial markets active in Germany, the Netherlands, France, Switzerland, Belgium and the United Kingdom selected due to their importance as European financial centres. All these FIs are intricately connected to the companies in the report through providing corporate loans, by assisting companies with share- and bond issuances, and by (managing) investments in shares and bonds of these companies. It should be noted that share- and bond-holdings could be related to securities lending, customer orders or reference stocks for products on indices and that these transactions can be temporary holdings.

Facing Finance commissioned an independent research agency (Profundo) to conduct a financial analysis⁷ of the 25 controversial companies and 24 commercial and public banks and insurance companies, as determined by Facing Finance. Their report focuses on share and bond issuances, underwritings, and management, as well as corporate loans. Data was gathered from financial databases (Thomson ONE Banker, Bloomberg) on the loans, underwritings, shareholding and bondholding for the selected companies from January 2012 to August 2014. Facing Finance researchers gathered further financial data from company annual reports (including turnover and net profits), stock exchange activity analyses, financial/industry focused journals, and expert financial databases.

Lack of transparency in the financial and corporate sectors means 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 FIs and the controversial companies listed in this report constitutes a direct violation of international norms and standards, national laws or regulations. 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 given in the financial data was divided proportionally based on each bank's specific role in the transaction as either manager or participant. 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.

→ Thomas Küchenmeister, Facing Finance

⁷ Profundo (2014): Dirty Profits III. A study prepared for Facing Finance. Profundo's full note on methodology and the full data table can be downloaded from the Facing Finance website: www.facing-finance.org/dp3-profundo-fulldata



COMPANY PROFILES

Fracking – in areas where shale drilling/hydraulic fracturing is heavy, a dense web of roads, pipelines and well pads turn continuous forests and grassland into fragmented islands.

© Simon Fraser University



CBU 97/105 Sensor Fuzed Weapon
© Facing Finance

Alliant Techsystems Inc.

Estimated value of managed shares and bonds (in € mln):

Allianz	194.59
Prudential	13.30
AXA	11.66
Barclays	8.90
Deutsche Bank	8.75

Loans (in € mln):

BNP Paribas	15.15
ING Group	15.15

Revenues (in € mln): 3,472.47

Profit after tax (in € mln): 248.04

Tax-Share of Revenue: 3.5%

ISIN: US0188041042

Date and currency of company report:

31.03.2014, US\$ (exchange rate as of 31.03.2014, www.oanda.com)

ATK's core business is in the aerospace, defence and sport shooting markets.¹ The defence group, headquartered in Maryland, USA, is a producer of ammunition, precision and strike weapons, missile-warning solutions, and tactical rocket motors. ATK is not a participant of the UN Global Compact.²

More than 50 investors worldwide have excluded ATK, including the Norwegian Government Pension Fund Global (GPF) (view: Appendix Divesting from Companies).³ ATK was excluded from the GPF due to production of cluster munitions. GPF believe ATK no longer produce these munitions⁴, however, other sources such as PAX (formerly IKV Pax Christi) keep ATK on their red flag list because of the company's involvement in the production of key components for the

SFW cluster munition after May 2008.⁵ Other cluster munition types that were produced by ATK include the BLU 97.⁶

The GPF still excludes ATK as it produces components for nuclear weapons.⁷ ATK has been contracted to undertake the refurbishment programme of the 'Minuteman III' intercontinental ballistic missile, the prime nuclear deterrent for the US.⁸ ATK also produce the propulsion boost motor system for the Lockheed Trident II (aka Trident D5) missile. The D5 missile is launched from the nuclear powered Trident submarines.⁹

1 ATK (2014): About: www.atk.com (accessed 27.08.2014)

2 UN Global Compact (2014): What is the UN Global compact?: www.unglobalcompact.org (accessed 27.08.2014)

3 Norwegian Government Pension Scheme, Council on Ethics (2013): Recommendation concerning the exclusion of Alliant Techsystems Inc; May 2013: www.regjeringen.no (accessed 27.08.2014)

4 See supra note 3

5 "In August 2013, the Council on Ethics for the Norwegian Government Pension Fund Global decided to stop considering ATK a producer of cluster munitions because the company no longer advertises production of CBU-87/B cluster munitions and BLU-108 submunitions. However, ATK did not respond to our requests for information about its activities in relation to the SFW propulsion system. Despite removing information about its rocket motor for the SFW from its website, we keep ATK on the red flag list because there is evidence that the company has been manufacturing this key component for the SFW cluster munition after May 2008. The company confirmed this when its 2013 annual report referred to the SFW propulsion system as one of its sole-sourced contracts with the US government. ATK has, to our knowledge, not publicly stated that it will end its involvement with the rocket motor for the SFW within the coming 12 months." Pax (2014): Worldwide Investments in Cluster Munitions: a shared responsibility: www.paxforpeace.nl

6 See supra note 3

7 See supra note 3

8 ATK (2014): Minuteman III: www.atk.com (accessed on 27.08.2014)

9 ATK (2014): Trident II: www.atk.com (accessed on 27.08.2014)

"We are committed to conducting business in an ethically and socially responsible manner."



◀ Branislav Kapetanović is an ERW disposal expert living in Serbia. He was severely injured by a BLU-97 cluster munition on 9th November 2000 and survived only by luck. Today he is a spokesman of the International Campaign to Ban Cluster Munitions and is committed to a global prohibition of these weapons.
© Facing Finance

ATK is the largest supplier of depleted uranium munitions in medium and large calibre, producing over 18 million shells.¹⁰ ATK still advertise the M829A1 120mm and the M829A3.¹¹ Numerous international campaigns such as the 'International Coalition to ban Uranium' seek for depleted uranium to be banned due to serious health impacts and contamination concerns.¹²

The Transparency International "Defence Anti Corruption Index" scores ATK poorly.¹³ A fraud case was brought against a subsidiary of ATK, ATK Launch Systems, for defrauding the US government and was settled for €29 million in April 2012.¹⁴

→ Thomas Küchenmeister, Facing Finance

¹⁰ Alliant Action (2014): Target Depleted Uranium Munitions: www.alliantaction.org (accessed 27.08.2014)

¹¹ ATK (2014): 120mm M829A3 APFSDS-T Ammunition: www.atk.com (accessed 27.08.2014). ATK (2014): 120mm M829A1 APFSDS Ammunition: www.atk.com (accessed 25.09.2014)

¹² World Health Organisation (2001): Depleted Uranium: Sources, exposure and health effects: www.who.int (accessed 28.08.2014)

¹³ Transparency International (2013): Defence Anti-Corruption Index: www.companies.defenceindex.org (accessed 28.08.2014)

¹⁴ Phillips and Cohen (2012): ATK settles Phillips and Cohen Whistleblower case for 37 Million: www.phillipsandcohen.com (accessed 27.08.2014)

¹⁵ ATK (2014): Corporate Governance; www.atk.com (accessed 20.10.2014)

„The cluster bomb which wounded me was manufactured by Alliant Techsystems ... This cluster bomb type named BLU 97 belongs to the world's worst cluster bomb types at all ...”

Branislav Kapetanović at Deutsche Bank AGM, 26 May 2011



▲
Protestors March Against Destructive Dams In Turkey :
 Representatives of dam-affected communities and international organizations from South America, the Middle East, Europe, the US and Africa blocked the entrance to the construction site of the Ilisu Dam. The controversial development would flood Hasankeyf, a Bronze Age city and World Heritage site.
 © International Rivers

Andritz AG

Estimated value of managed shares and bonds (in € mln):

BNP Paribas	109.29
Allianz	30.99
UniCredit	13.03
Deutsche Bank	12.06
UBS	11.01

Estimated value of underwritten shares and bonds (in € mln):

UniCredit	174.93
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Revenues (in € mln): 5,710.80

Profit after tax (in € mln): 53.20

Tax-Share of Revenue: 0.5%

ISIN: AT0000730007

Date and currency of company report:
 31.12.2013, EUR

The Andritz Group, headquartered in Graz, Austria, is a worldwide supplier of plants, equipment and services for hydropower stations, the pulp and paper industry, the metal forming and steel industry, and solid/liquid separation.¹ Andritz is not a participant of the UN Global Compact, however, Andritz Hydro is a member of the Austrian business council for sustainable development, respACT².

Andritz' engagement in environmentally and socially harmful projects has led to divestment by a number of funds (view: Appendix Divestment). Andritz is an equipment supplier for the construction of the Ilisu Dam (Turkey). Save the Tigris Campaign (a coalition of NGOs from Iraq, Iran and Turkey) has claimed that the company fails to comply with international law. According to the Campaign, the dam construction will lead to the displacement of about 78,000 people in Turkey,

harm diverse ecosystems, threaten cultural and natural heritage and affect millions of people living downstream.³

Andritz supplies equipment to the highly controversial Belo Monte Dam in Brazil. For over 20 years, indigenous groups and social movements have been opposing the construction of the dam. The Belo Monte project intends to divert 80% of the flow of the Xingu River and devastate an extensive area of Brazilian rainforest, displacing over 20,000 people and threatening the survival of indigenous peoples and other traditional communities.⁴

Andritz provides operating technology to the Government of Laos for the Xayaburi Dam. Several communities and civil society groups filed a formal OECD complaint in 2014, related to Andritz'

1 Andritz Group: The Andritz Group at a glance; www.andritz.com (accessed 7.10.2014)

2 respACT: www.respect.at (accessed 20.10.2014)

3 Save the Tigris (2013): Open Letter Sent to Andritz Company Concerning its Engagement in the Construction of the Ilisu Dam: www.iraqicivilsociety.org (accessed 8.10.2014)

4 International Rivers (2012): Belo Monte – Massive dam project strikes at the heart of the Amazon: www.internationalrivers.org (accessed 8.10.2014)

“Our strong belief is that only businesses living up to their social, economic, and environmental responsibilities can be sustainable.”



▲
Xingu indigenous people protest against Belo Monte and Andritz.
© Riverwatch

involvement in Xayaburi.⁵ The dam project violates international standards and poses serious environmental and human rights risks affecting thousands of people in Laos, Thailand, Cambodia, and Vietnam.⁶ According to International Rivers, “the dam will cause irreversible and permanent damage to the river’s habitat and ecosystem, which in turn will impact the local communities” and “will forcibly displace 2,100 people and negatively affect an additional 202,000 people who have had no say in decisions about the project”.⁷

Andritz signed a €120 million contract with the Indonesian company Asia Pulp & Paper (APP) “to supply the world’s largest recovery boiler for OKI’s new kraft pulp mill in Indonesia”.⁸ According to ECA Watch Austria, “APP is one of the worst pulp

and paper producers worldwide” being regularly confronted with “allegations of corruption, human rights violations and illegal logging of primary rain forest”.⁹ Local affected communities fear the pollution of rivers, endangering fishery and agriculture. Impacts include loss of high conservation value forests and habitat, endangering threatened species, the loss of peat soils (which results in high levels of CO₂ being released).¹⁰

The Austrian NGO Network Social Responsibility (NeSoVe for its German abbreviation) awarded Andritz with the “Eyesore of the Year” in 2014 for their involvement in these mega-projects, all of which have “tremendous negative ecological and human rights impacts.”¹¹

→ Thomas Wenidoppler, ECA Watch Austria
→ Jan Schulz, Facing Finance

5 OECD Watch (2014): CSRD et al vs Andritz AG. 9 April: www.oecdwatch.org (accessed 8.10.2014)

6 FT Watch (2014): Austrian firm violates ethics guidelines in destructive Mekong Dam project, reported to home government; 9 April: www.ftwatch.at (accessed 8.10.2014)

7 Banktrack: Dodgy Deals: Xayaburi Dam Laos; www.banktrack.org (accessed 8.10.2014)

8 Andritz Group (2014): ANDRITZ to supply the world’s largest High Energy Recovery Boiler to OKI Pulp & Paper Mills, Indonesia; 17 February: www.andritz.com (accessed 8.10.2014)

9 ECA Watch Austria (2014): Andritz receives Austrian “Eyesore of the Year” award and signs on to yet another disastrous project. 21 February. www.schandfleck.or.at (accessed on 7.10.2014)

10 See supra note 2 and: Banktrack (2014): Dodgy Deals: OKI Pulp & Paper Mills Indonesia; Last update 2 October: www.banktrack.org (accessed 8.10.2014)

11 See supra note 9

12 Andritz Group: The Andritz Group Sustainability; www.andritz.com (accessed on 7.10.2014)

„We understand that Andritz has to look out for its business interests. But given that the company often operates in countries with poor governance structures, and given that it delivers key equipment without which these projects cannot go ahead, Andritz is in a position to demand the fulfillment of certain social and environmental standards. Andritz has so far proven to be unwilling to engage in a proper dialogue with civil society. As a first step Andritz should open up to such engagement and install a sustainability team that is able to investigate and when possible reduce the impacts of projects they get involved in.“

**Thomas Wenidoppler,
ECA Watch Austria**



▲ A standoff between mine security guards (blue uniforms) a Tanzanian police officer (green uniform) and a group of villagers at the North Mara Mine on Friday 31 August 2013. © Geoffrey York, Globe and Mail

◀ Police fired tear gas and rubber bullets at illegal miners and chased them out of the waste rock. "We are just going to collect waste", says one miner. "Why do they shoot at us?" © Plentys Paradox

Barrick Gold Corp.

Estimated value of managed shares and bonds (in € mln):

Allianz	672.26
ING Group	234.55
Prudential	113.45
AXA	110.91
Crédit Agricole	82.03

Estimated value of underwritten shares and bonds (in € mln):

Barclays	624.02
UBS	163.47
BNP Paribas	118.43
HSBC	118.43
Deutsche Bank	72.47

Loans (in € mln):

Barclays	731.25
BNP Paribas	108.98
Deutsche Bank	108.98
HSBC	108.98
Société Générale	108.98
UBS	108.98

Revenues (in € mln): 9,087.99

Loss after tax (in € mln): -7,702.02

Tax-Share of Revenue: 5.0%

ISIN: CA0679011084

Date of and currency of company report:
31.12.2013, US\$ (exchange rate as
of 31.12.2013, www.oanda.com)

Barrick Gold is a Canadian mining company, listed on the Toronto Stock Exchange. It was in 2013 the largest gold producer worldwide¹, with reserves of gold and other minerals in 31 mines and projects². Its subsidiary African Barrick Gold (ABG, 64% held by Barrick Gold)³ is also a public company, listed on the London Stock Exchange. Barrick Gold is not only a member of the UN Global Compact, but also of its Human Rights and Labour Working Group.⁴ It has committed to the Voluntary Principles on Security and Human Rights.⁵ Barrick Gold has been excluded by a variety of institutional investors, including the Norwegian Government Pension Fund Global that divested in 2009, due to severe environmental damage caused by its Porgera gold mine in Papua New Guinea.⁶ (view : Appendix Divestment from Companies)

- 1 Barrick Gold (2014): Why Invest in Barrick?: www.barrick.com (accessed 01.09.2014)
- 2 Williams, L. (2014): World top 10 gold producers- countries and companies; Mineweb, 8 May: www.mineweb.com (accessed 01.09.2014)
- 3 Barrick Gold (2014): Barrick Completes Partial Divestment of African Barrick Gold Holding plc: www.barrick.com (accessed 01.09.2014)
- 4 UN Global Compact, Human Rights and Labour Working Group (2014): List of Members: www.unglobalcompact.org (accessed 01.09.2014)
- 5 Voluntary Principles on Security and Human Rights (2014): For Companies: www.voluntaryprinciples.org (accessed 01.09.2014)
- 6 Norwegian Government (2014): Mining company excluded from the Government Pension Fund – Global due to contribution to serious environmental damage: www.regjeringen.no (accessed 01.09.2014); Norwegian Ministry of Finance (2014): Companies Excluded from the Investment Universe: www.regjeringen.no (accessed 01.09.2014)

An OECD complaint was lodged against Barrick Gold in 2011 concerning human rights abuses at the Porgera JV Mine. A mediation process with Barrick was not successful on all issues. Their remediation framework⁷ regarding victims of rape and human rights abuses was also criticised as it increased the legal burden for victims.⁸ At the Porgera Mine, conflict between security and local miners has been increasing. In late 2013, five people were reportedly killed on the mine site.⁹ In April 2014, the government again imposed a state of emergency on the region to regain control over the so-called illegal miners.¹⁰ A previous state of emergency resulted in evictions and people's houses being burnt.¹¹

- 7 Meri, O. And Raits, I. (2013): All women have rights, p.28; www.barrick.com (accessed 01.09.2014), Barrick Gold (2013): Porgera (95%): www.barrick.com (accessed 01.09.2014)
- 8 MiningWatch Canada (2013): Letter to UN High Commissioner for Human Rights: www.miningwatch.ca (accessed 01.09.2014)
- 9 Radio Australia (2014): State of Emergency for PNG's Porgera gold mine: www.radioaustralia.au (accessed 01.09.2014)
- 10 Poiya, J. (2014): PNG Government Declares State Of Emergency At Porgera Mine; Pacific Islands Development Program, 29 April: www.pidp.eastwestcenter.org (accessed 01.09.2014)
- 11 Schwertow, J. (2009): 300 homes destroyed near Barrick's Porgera mine; Intercontinentalcry, 5 May: www.intercontinentalcry.org (accessed 01.09.2014)

"We seek to act responsibly and work to improve human rights in every location where we operate."



▲
North Mara Gold Mine is located beside Nyamongo village in the Mara Region, northwest Tanzania. The wall in the background has been built recently, now surrounding most of the mine. Guard towers are scattered around the mine.

© Moses Matthews, Kenneth Solberg

At the North Mara gold mine in Tanzania, conflict between African Barrick Gold and the local communities is ongoing. Local miners pay the security personnel in order to look for gold in the mine waste dumps. Increasingly people get killed when they enter the site. In 2013, the British law firm Leigh Day filed a lawsuit on behalf of 12 villagers at the UK High Court against ABG for their complicity in the killing of at least six people.¹² At least four more people have been killed at the mining site in early 2014,¹³ and MiningWatch Canada alleged that in April and May 2014 at least ten people died from gunshots at the mine.¹⁴ Leigh Day noted human right defenders experienced violence and threats of violence.¹⁵ African Barrick Gold has also been accused of corruption in bribing Tanzanian officials to value their land.¹⁶

Barrick Gold's Pascua Lama gold project at the Chilean-Argentinean border was halted in late 2013 for an indefinite period of time.¹⁷ Barrick is currently involved in legal proceedings at the Chilean Supreme Court to appeal the highest-ever environmental penalty in Chile imposed on them in 2013 by the environmental supervisory authorities.¹⁸ Another lawsuit was filed in May 2014 against Barrick in Ontario for alleged misguidance of investors of the Pascua Lama project that are now seeking compensation.¹⁹

→ Julia Dubstaff, Facing Finance

12 Leigh Day (2013): Tanzanian villagers sue London-based African Barrick Gold for deaths and injuries: www.leighday.co.uk (accessed 01.09.2014)

13 Leigh Day (2014): African Barrick Gold reports North Mara mine 'had a fantastic year' despite deaths: www.leighday.co.uk (accessed 01.09.2014)

14 MiningWatch Canada (2014): Violence Ongoing at Barrick's Mine in Tanzania: MiningWatch Canada and RAID (UK) Complete Human Rights Assessment: www.miningwatch.ca (accessed 01.09.2014)

15 Ibid.

16 Antonioli, S. (2014): African Barrick denies unlawful payments to officials in Tanzania; Reuters, 19 June: www.reuters.com (accessed 01.09.2014)

17 Barrick Gold (2014): Pascua-Lama (Project): www.barrick.com (accessed 01.09.2014)

18 Koop, F. (2014): In focus: Pascua Lama remains in legal limbo; Buenos Aires Herald, 18 August: www.buenosairesherald.com (accessed 01.09.2014)

19 Paddon, D. (2014): Barrick named in class action suit over troubled Pascua Lama project; The Globe and Mail, 22 May: www.theglobeandmail.com (accessed 01.09.2014)

20 Leigh Day (2013): Tanzanian Villagers sue London Based African Barrick Gold for deaths and injuries; 30 July: www.leighday.co.uk (accessed 20.10.2014)

21 Barrick (2013): Responsibility Report: www.barrickresponsibility.com (accessed 10.10.2014)

"Unfortunately, [the killings] are not isolated incidents. We are aware of many other instances in which local people have reportedly been seriously injured or killed at ABG's mine."²⁰

**Leigh Day partner,
Richard Meeran**



▲ Recently cleared peatland and new drainage canals on a concession owned by PT Ladang Samil MS, a subsidiary of Bumitama.
© Greenpeace

Bumitana Agri Ltd.

Loans (in € mln):	
HSBC	36.12
Rabobank	34.23
Revenues (in € mln):	
	406.27
Profit after tax (in € mln):	
	98.17
Tax-Share of Revenue:	
	7.0%
ISIN:	
	SG2E67980267

Date and currency of company report:
31.12.2013, IDR (exchange rate as
of 31.12.2013, www.oanda.com)

Bumitama Agri Ltd. is an Indonesian company listed on the Singapore Stock Exchange. Operating over 204,000 hectares of oil palm plantations in Indonesia, Bumitama is one of many companies whose current practices take advantage of weak governance and lack of enforcement to contribute to widespread environmental and social devastation. Bumitama Agri operates its plantations through its subsidiary PT Bumitama Gunajaya Agro Limited (BGA),¹ as well as various other subsidiaries operating under different names.

Bumitama Agri has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2007, and sells to global palm oil traders including Wilmar International, Sinar Mas and Musim Mas. IOI Corp. engages in joint ventures with Bumitama Agri, but claims not to have sourced palm oil directly from them since 2009, although IOI are still a controlling shareholder of Bumitama Agri Ltd.² Environmental and human rights organisations have criticised the weakness of the voluntary RSPO initiative due to its lax regulations and inability to enforce regulations,³ and therefore

question if RSPO can stop the current problems in the palm oil sector, such as rainforest and peatland destruction and the illegitimate acquisition of land, which is casting a dark shadow over the palm oil industry.

Civil society organisations have campaigned against Bumitama because of its long list of illicit activities, including land grabbing, deforestation and management of illegal plantations.⁴ Friends of the Earth (FoE) groups started a campaign around Bumitama in 2013, alerting financiers, as well as Bumitama's clients, to the problems on Bumitama's plantations. In one of their subsidiaries, 500 hectares of peat forest, which was just marked down as High Conservation Value area, as well as being an orangutan habitat, was destroyed. The company responded to this and other campaigns by making several pledges to improve its operations, to no longer deforest and to operate with respect to RSPO guidelines. Sadly, the majority of these promises were breached within a very short timeframe.⁵

Friends of the Earth groups have actively reached out to Bumitama's financiers as well. Together with Rettet den Regenwald, Friends of

1 Bumitama (2013): Bumitama Annual Report 2012: www.bumitama-agri.com (accessed 20.10.2014)

2 Bumitama (2013): Bumitama Competitive Strengths: www.bumitama-agri.com (accessed 20.10.2014)

3 Greenpeace International (2013): Certifying Destruction: Why consumer companies need to go beyond the RSPO; September 2013: www.greenpeace.de (accessed 20.10.2014)

4 Friends of the Earth (2013): Commodity Crimes; 21 November: www.foe.org (accessed 20.10.2014) and Friends of the Earth (2014): Bumitama's Diary of Destruction; 28 March: www.foe.org (accessed 20.10.2014)

5 Friends of the Earth (2014): The broken promises of Wilmar and its financiers; 28 May: www.foe.org (accessed 20.10.2014)

"... to enhance shareholders' value, to improve the benefits and quality of life of our employees, to improve the welfare of local communities and the environment."



◀ Peatland forest clearance for palm oil. Concession owned by PT andalan Sukses Makmur, a subsidiary of Bumitama. © Greenpeace

the Earth Europe (FoEE) successfully called on Deutsche Bank to divest from Bumitama,⁶ and Germany's biggest bank announced that it had divested from Bumitama six months later.⁷

Milieudefensie / Friends of the Earth Netherlands and Friends of the Earth Europe also called on Rabobank to divest from Bumitama.⁸ However, Rabobank continued to finance the Indonesian company, despite its management of a plantation without the necessary permits (GY plantation), thereby bringing illegal palm oil into the supply chain. Friends of the Earth Europe and Milieudefensie / Friends of the Earth Netherlands then submitted a complaint at the Dutch National Contact Point of the OECD.⁹

Rabobank announced later that they would not divest, but would continue to pressure Bumitama to solve the problems.¹⁰ This has led to Bumitama ending the management contract with

the GY plantation in August 2014, and they also no longer purchase palm oil from that plantation. Bumitama has made further sustainability promises such as ending management contracts with other problematic plantations, entering into a partnership with Aidenvironment (a consultancy organisation) to achieve RSPO certification and 100% traceability,¹¹ and undertaking a High Carbon Stock Assessment for five subsidiaries in Kalimantan.¹²

Consequently there remains an obvious need to monitor these sustainability promises, and on a number of Bumitama's plantations problems still remain. Monitoring and awareness-raising should ensure that the financiers do not turn a blind eye to the Bumitama operations and ensure that Bumitama this time delivers on its sustainability promises.

→ Anne van Schaik, Friends of the Earth Europe

→ Jeff Conant, Friends of the Earth US

→ Anouk van Baalen, Milieudefensie / Friends of the Earth NL

6 Retten den Regenwald (2014): Deutsche Bank: Abholzen aus Leidenschaft; 20 May: www.regenwald.org (accessed 20.10.2014)

7 Friends of the Earth Europe (2014): Deutsche Bank divest from Bumitama; 26 May: www.foeeurope.org (accessed 20.10.2014)

8 Milieudefensie.nl (2014): Rabobank, stop financing illegal palm oil: www.milieudefensie.nl (accessed 20.10.2014)

9 The Organisation for Economic Cooperation and Development (OECD) receives complaints of breaches of its OECD Guidelines at the National Contact Points (NCPs). FoE and Milieudefensie submitted a complaint at the Dutch NCP against Rabobank for its financing of Bumitama for Multinational Enterprises by Rabobank: www.foeeurope.org

10 Rabobank (2014): Standpunt Rabobank inzake diensverlening aan Bumitama Agri ltd; 2 May: www.rabobank.com (accessed 20.10.2014)

11 Wakker, E. (2014): New technology pushes mapping exercise to the next level; Aiden Environment, 25 September: www.aidenenvironment.org (accessed 20.10.2014)

12 Bumitama (2014): News Release: Bumitama pilots high carbon stock assessment; 12 September: www.bumitama.com (accessed 20.10.2014)

13 Bumitama (2014): Vision, Mission, Values and Culture; www.bumitama.com (accessed 10.10.2014)

14 Friends of the Earth (2014): Bumitama 's Diary of Destruction; 28 March: www.foe.org (accessed 20.10.2014)

*"Friends of the Earth calls on financiers to cancel their loans, withhold other financial services, and publicly commit to a moratorium on loans and the purchasing of shares in Bumitama, or any company associated with it."*¹⁴

Friends of the Earth



▲ The destruction of primary rainforest by Duta Palma. West Kalimantan, Borneo. Cargill was a key purchaser of palm oil from this notorious rainforest destroyer up until 2008.
© David Gilbert, Rainforest Action Network

▲ Open burning in a newly cleared rainforest at Duta Palma's PT Ledo Lestari palm oil plantation. West Kalimantan, Borneo, 2009.
© David Gilbert, Rainforest Action Network

Cargill Inc.

Estimated value of managed shares and bonds (in € mln):

AXA	54.53
ING Group	39.15
UBS	16.12
Prudential	15.24
Crédit Suisse	14.54

Estimated value of underwritten shares and bonds (in € mln):

Barclays	266.50
BNP Paribas	266.50
HSBC	124.95
Deutsche Bank	124.95
Crédit Suisse	86.85

Loans (in € mln):

BNP Paribas	816.47
Barclays	644.04
Deutsche Bank	497.49
ING Group	372.08
HSBC	298.64

Revenues (in € mln): 105,223.58

Profit after tax (in € mln): 1,780.24

ISIN: N/A (only bond ISIN available)

Date and currency of company report:

31.05.2013, US\$ (exchange rate as of 31.05.2013, www.oanda.com)

Cargill is one of the world's largest commodities traders and food processors with revenues exceeding US\$134 billion (€ 104 billion) in 2014. America's largest privately held company, headquartered in Minnesota, USA, employs 143,000 people in 67 countries.¹ Cargill is not a signatory of the UN Global Compact, but is a member of the Consumer Goods Forum, the Tropical Forest Alliance, the RSPO, the Sustainable Palm Oil Manifesto (SPOM), and others. Cargill forms part of what is known as the 'ABCD', the four giant transnationals that dominate the global agricultural sector (ADM, Bunge, Cargill and Dreyfuss).²

Five of the world's largest palm oil companies, together with Cargill, set up the voluntary SPOM in July 2014 with the aim of "ensuring sustainability in the entire chain from cultivation to consumption"³. The members claim to enhance

the RSPO criteria. Greenpeace, Rainforest Network and others⁴ have heavily criticised SPOM due to the length of time it will take to be implemented, fearing severe deforestation will proceed over this time⁵ (in one year, 2012, the deforestation in Indonesia amounted to 840,000 hectares⁶). SPOM is non-binding and does not cover all operations, subsidiaries and third suppliers. Plans for implementation, monitoring or grievances are lacking.⁷

One of Cargill's palm oil suppliers, and one of the world's most significant palm oil suppliers, Kuala Lumpur Kepong (KLK) has been accused of widespread deforestation, forced and child

1 Cargill (2014): At a glance: www.cargill.com (accessed 24.09.2014).
2 Lawrence, F. (2011): The global food crisis: ABCD of food – how the multinationals dominate trade; The Guardian, 2 June: www.theguardian.com (accessed 24.09.2014)
3 Sustainable Palm Oil Manifesto (2014): www.musimmas.com (accessed 24.09.2014)

4 Forum Nachhaltiges Palmöl (2014): Sustainable Palmoil Manifesto (SPOM); 15 July: www.forumpalmoil.org (accessed 24.09.2014)
5 Greenpeace International (2014): Greenwash alert as palm oil companies sign onto continued deforestation; 11 July: www.greenpeace.org (accessed 24.09.2014)
6 Butler, R.A. (2014): Despite moratorium, Indonesia now has world's highest deforestation rate; Mongabay, 29 June: www.news.mongabay.com; Margono, B.A. et al. (2013): Primary forest cover loss in Indonesia over 2000-2012; Nature, 23 December: www.nature.com (accessed 24.09.2014)
7 Sutherland, L. (2014): New Palm Oil Talk and Log Initiative a Step Backward for Responsible Supply Chains; Rainforest Action Network, 11 July: www.ran.org (accessed 24.09.2014)

"We continue to find new ways to help farmers produce more food more sustainably."

labour, and the disregard of communities' right to free prior and informed consent on their oil palm plantations.⁸ Cargill denies any violations.⁹ One of KLK's subsidiaries was found guilty of causing widespread forest fires in Indonesia in summer 2013 and fined RP 15 billion (almost € 1 million).¹⁰

Cargill supports the "New Alliance for Food Security and Nutrition" which aims to lift 50 million people in Africa out of poverty by 2022, primarily through private investment.¹¹ The New Alliance has received fierce criticism from NGOs saying it favours the private sector and leaves partner countries vulnerable to the corporate purchase/takeover of land and commodities, and the commercial domination of seeds and fertilizers.¹² Existing Cooperation Frameworks have shown African countries making specific policy changes simplifying the purchase of land.¹³ Mozambique for example, has committed to "Systematically cease distribution of free and unimproved seeds".¹⁴ They will also establish regulations to "authorise communities to engage in partnerships through leases or sub-leases."¹⁵ Cargill has shown significant interest in these types of policy changes and has signed two Letters of Intent in Mozambique and Nigeria¹⁶, while highlighting the importance of effective land use and property rights in Africa to fight the food crisis¹⁷.

In Colombia, Cargill has been accused of illegal landgrabbing. By setting up a system of 36 subsidiaries appearing as independent companies, the company used the strategy of fragmented purchases in order to evade a law limiting access to uncultivated farmland.¹⁸ This law is in place to provide poor farmers with land. Cargill acquired more than 52 thousand hectares of land in the province of Vichada aiming to expand to 90 thousand. After the purchase of the land, these 36 companies were liquidated.¹⁹ Cargill's use of loopholes has been reported to the authorities, but no demands have been made of them. Cargill denied any wrongdoing²⁰ and their president, MacLennan, considered the land deals as an investment in the country²¹.

In Paraguay, 3.2 million hectares are cultivated with genetically modified soy, purchased by Cargill and other big traders. Critics say these companies put the food sovereignty of the people at risk since large and medium companies own 87% of this land, displacing smaller farmers.²²

In the US, Cargill is likely to face a lawsuit over child slave labour on Côte d'Ivoire cocoa plantations back in the 1990s. The plaintiffs are three men who claim they had to work 14 hours a day, 6 days a week on the plantations when they were between 12 and 14 years old. They say they were given leftover food, locked in at night and beaten by the guards.²³

→ Julia Dubslaff, Facing Finance

→ Paula Alvarez Roa, Colectivo Derechos Diversidad y Selvas

8 Conroy, J. (2014): Report: Child Labor, Land Grabbing and Deforestation Rampant Across Palm Oil Giant KLK's Operations; Rainforest Action Network, 2 April: www.ran.org; Rainforest Action Network (2013): Growing Evidence Reveals Child Labor in Cargill's Palm Oil Supply Chain; 3 August: www.truth-out.org (accessed 24.09.2014)

9 Skinner, E.B. (2013): Indonesia's Palm Oil Industry Rife With Human-Rights Abuses; Bloomberg Businessweek, 18 July: www.businessweek.com (accessed 24.09.2014)

10 Widhiarto, H. (2014): Malaysian firm fined, executives get prison for role in forest fires; Jakarta Post, 11 September: www.thejakartapost.com (accessed 24.09.2014)

11 New Alliance for Food Security and Nutrition (2014): About: Commitments: www.new-alliance.org (accessed 24.09.2014)

12 Global Policy Forum (2013); The Guardian (2014); Actionaid (2014); Oxfam (2014); FIAN et.al. (2014); World Development Movement (2014); Misereor (2013) etc.

13 Grain (2013): The G8 and land grabs in Africa; 11 March: www.grain.org (accessed 24.09.2014).

14 New Alliance for Food Security and Nutrition: Cooperation Framework Mozambique: www.new-alliance.org, Annex 1, p.4 (accessed 24.09.2014)

15 Ibid.

16 No details available; New Alliance for Food Security and Nutrition: Summary of New Alliance Letters of Intent 2012-2013: www.new-alliance.org, p. 10, 12 (accessed 24.09.2014)

17 Paul Conway, vice chairman of Cargill, in an interview with Al Jazeera, 16 September 2012, www.aljazeera.com, appr. minute 8 (accessed 24.09.2014)

18 Law 160, article 72, [9]: Ninguna persona podrá adquirir la propiedad sobre terrenos inicialmente adjudicados como baldíos, si las extensiones exceden los límites máximos para la titulación señalados por la Junta Directiva para las Unidades Agrícolas Familiares en el respectivo municipio o región. (1994): www.corteconstitucional.gov.co (accessed 24.09.2014)

19 Oxfam International (2013): Divide and Purchase; 27 September: www.oxfam.org, Farmlandgrab (2013): Questions surrounding the 52,000 hectares owned by the multinational Cargill; 29 June: www.farmlandgrab.org (accessed 24.09.2014)

20 Cargill (2014): Responding to Oxfam's report on Colombia land purchases: www.cargill.com (accessed 24.09.2014)

21 World Press Institute (2013): Colombianismos – Let's test Cargill; 10 January: www.worldpressinstitute.org (accessed 24.09.2014)

22 Trucchi, G. (2014): Soja transgénica y la violación de los derechos humanos; rel-uita, 12 August: www.rel-uita.org (accessed 24.09.2014)

23 intellivoire (2014): Esclavage des enfants: Une cour a rétabli une plainte contre des sociétés opérant en Côte d'Ivoire: www.intellivoire.net (accessed 24.09.2014)

24 Cargill (2014): Cargill's commitment to Corporate Responsibility: www.cargill.com (accessed 24.09.2014)

25 Shutter, O. de (2014): (2014): Broken food systems final diagnosis from the UN right to food expert: www.srfod.org (accessed 10.10.2014)

*"Wealthy countries must move away from export-driven agricultural policies and leave space instead for small-scale farmers in developing countries to supply local markets"*²⁵

Mr. Olivier De Schutter,
former UN Special Rapporteur
on the right to food

Chevron Corp.

Estimated value of managed shares and bonds (in € mln):

Deutsche Bank	1,328.49
UBS	1,105.12
AXA	1,042.28
Legal & General	862.09
Allianz	752.48

Estimated value of underwritten shares and bonds (in € mln):

Barclays	1,307.48
Deutsche Bank	343.97
UBS	83.33
BNP Paribas	51.52
HSBC	51.52
Société Générale	51.52

Loans (in € mln):

Deutsche Bank	159.73
ING Group	42.52
HSBC	42.52
Lloyds Banking Group	42.52
BNP Paribas	19.44

Revenues (in € mln): 159,921.32

Profit after tax (in € mln): 15,688.06

Tax-Share of Revenue: 6.5%

ISIN: US1667641005

Date and currency of company report:
31.12.2013, US\$ (exchange rate as of 31.12.2013, www.oanda.com)

Chevron, established in 1879, is one of the largest energy companies in the world, active in global oil and gas production and exploration.¹ Chevron faces harsh criticism as its numerous business activities are connected to serious environmental and social problems. The company itself claims to be committed to protecting the environment, respecting human rights and addressing climate change.² Chevron has not signed the UN Global Compact. At least 10 investors have excluded Chevron from their investment universe, including FDC (Fonds de compensation) in Luxemburg (view: Appendix Divestment from Companies). Chevron is currently not even listed in the Dow Jones Sustainability Index. In Australia, Chevron pays 33% of its revenues as income tax³ whereas this amounts to only 19% in the United States⁴ and only 10% in Argentina⁵. According to a study by the British Overseas Development Institute (ODI), Chevron invested 2,279 million US\$ in exploration of fossil fuels in 2013.⁶

Chevron's business activities have an undisputed impact on climate change. The World Meteorological Organization acknowledges man-made climate change and notes that greenhouse gas concentrations reached record

highs in 2013.⁷ Chevron claims to be addressing climate change and recognises that fossil fuels are "a contributor to an increase in greenhouse gases – (GHGs) mainly carbon dioxide (CO₂) – in the Earth's atmosphere".⁸ However, Chevron's "Policy Principles for addressing Climate Change" affirm the importance of fossil fuels for the energy supply and demands the recognition of the role of "these critical energy sources" by climate policy.⁹ Chevron has been ranked number one of the top twenty investor- and state-owned entities responsible for the highest cumulative and worldwide emissions of industrial carbon and methane between 1854 and 2010, emitting more than 51 billion tons of greenhouse gases over the period.¹⁰

For over 20 years, Chevron has been involved in a dispute regarding Texaco Petroleum Co.'s vast oil contamination of Ecuador's Amazon region. Texaco was acquired by Chevron in 2001, making Chevron legally responsible for rectifying Texaco's damage to the Amazon jungle between 1964 and 1992. Villagers claim to still suffer from environmental contamination. Chevron was fined US\$9.51 billion (€ 7.4 bill) in Ecuador for environmental contamination. Chevron refused to pay the fines claiming fraud and misconduct as

1 Chevron (2014): Our Business; www.chevron.com (accessed 13.10.2014)

2 Chevron (2014): Global issues; www.chevron.com (accessed 10.9.2014)

3 Shelagh Whitley and Shakuntala Makhijani (2014): Fossil fuel exploration subsidies: Argentina; www.odi.org (accessed 12.11.2014)

4 Shakuntala Makhijani (2014): Fossil fuel exploration subsidies: United States; www.odi.org (accessed 12.11.2014)

5 Shelagh Whitley and Shakuntala Makhijani (2014): Fossil fuel exploration subsidies: Argentina; www.odi.org (accessed 12.11.2014)

6 Bast, E., Makhijani, S., Pickard, S., Whitley, S. (2014): The fossil fuel bailout: G20 subsidies for oil, gas and coal exploration; Overseas Development Institute and Oil Change International, p44, November 2014; www.odi.org (accessed 11.11.2014)

7 World Meteorological Organization Greenhouse Gas Bulletin: The State of Greenhouse Gases in the Atmosphere – Based on Global Observations through 2013 (2014); www.wmo.int (accessed 10.9.2014)

8 Chevron (2014): Climate Change; www.chevron.com (accessed 13.10.2014)

9 Chevron (2014): Policy Principles for addressing Climate Change; www.chevron.com (accessed 10.09.2014)

10 Heede, Richard (2013): Carbon majors: Accounting for carbon and methane emissions 1854–2010, 7 November; www.climateaccountability.org, p 26 (accessed 24.11.2014)

"We conduct our business in a socially responsible and ethical manner. We respect the law, support universal human rights, protect the environment and benefit the communities where we work."



responsible for the judgement. A US federal judge barred the Ecuadorian clients from enforcing the judgment. Again, this decision is being appealed.¹¹

EarthRights International (ERI) accused Chevron and other oil companies in Nigeria of being responsible for gas flaring and thus contributing to climate change and serious environmental and health damages. Although gas flaring in Nigeria has been illegal since 1984¹², oil companies in Nigeria still flare the second highest volume of gas in the world.¹³

According to NGO reports, Chevron's Tengiz oil field in Kazakhstan has led to increases in cancer rates, morbidity, and decreased life expectancy in the surrounding communities. Chevron was also criticised for violating labour rights, providing unsafe workplaces and being responsible for workers' deaths. Allegations include contamination of groundwater and increasing seismic activity through its operations.¹⁴

Chevron is also making extensive use of shale gas exploration methods like fracking (hydraulic fracturing). Fracking is discussed very controversially throughout many countries as it raises severe environmental and climate concerns. Chevron holds shale gas concessions in several regions of the world, including the USA, Canada, China, Argentina, and in Eastern European countries like Ukraine, Poland and Romania.¹⁵ Opposition is already building to Chevron's shale gas ambitions in Argentina where the Mapuche claim Chevron's deal is illegal as they, the local community, were not consulted. Protests have already taken place in opposition.¹⁶

→ Jan Schulz, Facing Finance

11 Sullivan, C. (2014): Patton Boggs firm defends role reversal in Chevron pollution case; Reuters, 13 May: www.reuters.com (accessed 13.10.2014)

12 Mark, M. (2012): Nigeria Penalty for gas flaring will not curb emissions say campaigners; The Guardian, 31 May: www.theguardian.com (accessed 13.10.2014)

13 Herz, R. (2014): Chevron settles with Nigerian villagers seeking information on gas flaring harms; Earthrights International, 16 June: www.earthrights.org (accessed 13.10.2014)

14 Crude Accountability (2013): Republic of Chevron – 20 Years in Kazakhstan, Report; June 2013; pp17–19 : www.crudeaccountability.com (accessed 15.9.2014)

15 Chevron (2014): Natural gas, Shale gas: www.chevron.com (accessed 13.10.2014)

16 Gilbert, J. (2014): In Argentina, enormous fracking potential and opposition to match; 9 June: www.globalpost.com (accessed 12.10.2014)

17 Chevron (2014): The Chevron Way: www.chevron.com (accessed 10.10.2014)

18 See supranote 10

“The companies identified in the report hold the key to future fossil fuel production and emissions, and thus arguably, the future of the planetary climate system.”¹⁸

Richard Heede,
author carbon majors

►
 The Anpara thermal power plant in Uttar Pradesh, India, is a coal-fired power station operating with coal provided by Coal India
 © Sudhanshu Malhotra, Greenpeace



Coal India Ltd.

Estimated value of managed shares and bonds (in € mln):	
Société Générale	12.64
Estimated value of underwritten shares and bonds (in € mln):	
Deutsche Bank	173.32
Crédit Suisse	173.32
Revenues (in € mln):	9,489.09
Profit after tax (in € mln):	1,843.62
Tax-Share of Revenue:	10.0%
ISIN:	INE522F01014

Date and currency of company report:
 31.03.2014, INR (Exchange rate as
 of 31.03.2014, www.oanda.com)

India is both the world's 3rd largest coal producer and the world's 3rd largest coal importer.¹ In 2013, it produced 613 million tons of coal, and imported a further 180 million tons.² Just one company – Coal India Limited (CIL) – accounts for over 80% of the country's coal production. With 462 million tons annual production (mtpa)³, Coal India claims to be the world's biggest coal producer⁴. CIL was established in the 1970s when coal mining was nationalised in India⁵ and is 90% government-owned, with the remaining 10% held by international investors following an initial public offering (IPO) in 2010. Coal India has been a member of the UN Global Compact since 2010.⁶ The Norwegian sovereign wealth fund and the AMP-RIL-Fund have excluded Coal India from their investment universe (view: Appendix Divestment from Companies). Coal India is currently not even listed in the Dow Jones Sustainability Index (DJSI)⁷ and paid US\$1,402 million income taxes to governments, amounting to only 10% of its revenues.⁸

In 2013, Coal India was fined the equivalent of € 22 million by the Competition Commission of India for abusing its market dominance, including

high prices for low quality coal and non-transparent supplier contracts.⁹ The current Indian government is seeking to sell a further 10% stake in the company for about € 2.9 billion and at the same time open the market to other private companies, reducing Coal India's monopoly.¹⁰

In 2010, an investigation by the Haq Centre for Child Rights found children working in CIL's mining pits in Hazaribagh¹¹. In the North Karanpura coalfield, Coal India has been evicting indigenous tribal communities and riding roughshod over their concerns, while ignoring the national laws that accord these communities special protection. In order to break villagers' resistance, in July 2013, police opened fire on protestors, killing one.¹² There have also been demonstrations by tribal members in the Dhanbad province against Bharat Coking Coal mining¹³, amongst many others.

In September 2011, Coal India was found to be running two thirds of its mines without environment permits.¹⁴ In May 2012, the State Pollution Control Board served closure notices on 43 mines operated by CIL's subsidiary, Bharat Coking Coal.

- World Coal Association: Coal Statistics: www.worldcoal.org (accessed 9.10.2014)
- See supra note 1
- The Economic Times (2014): Coal India output at 462 MT; misses FY'14 target; 7 April: www.articles.economicstimes.indiatimes.com (accessed 27.10.2014)
- Coal India: Welcome to Coal India Career Portal: www.coalindia.in (accessed 27.10.2014)
- Urgewald, BankTrack, CEE Bankwatch Network, Polska Zielona Sieć (2013): Banking on Coal: www.urgewald.org, p. 51 (accessed 9.10.2014)
- UN Global Compact (2014): Participants & Stakeholders: Coal India: www.unglobalcompact.org (accessed 27.10.2014)
- RobecoSAM AG (2014): Sustainability Yearbook 2014: www.sustainability-indices.com
- ODI (2014): The fossil fuel bailout: www.odi.org (accessed 12.11.2014)

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- Gupta, A. (2013): Tribals force cancellation of public hearing for BCCLs Dhanbad Coal mines; 8 October: www.downtoearth.org.in (accessed 27.10.2014)
- The Economic Times (2011): Coal India operating 239 mines without environmental clearance; 9 September: www.articles.economicstimes.indiatimes.com (accessed 27.10.2014)

“Our future growth has to come from forest areas.”

S. Narsing Rao, CEO of Coal India Ltd., 2012²⁵



◀ Mysore Coal Man: A man sorting charcoal in Mysore India
© Adam Cohn

Also in the same month, Coal India's subsidiary Mahanandi Coalfields was fined approx. € 186 million for illegal coal extraction.¹⁵

In August 2014, Amnesty International India reported that around 5,000 people living near the Gevra open cast mine run by South Eastern Coalfields Limited (SECL), a subsidiary of CIL, are at risk of being forcibly evicted, including indigenous peoples like the Kavar, Gond and Korwa.¹⁶

Coal India's mines continue to have a terrible safety record and in 2011, CIL reported 52 fatalities in their mines and 250 serious injuries. In 2010 alone, CIL operations resulted in an official death toll of 95, with another 183 serious injuries.¹⁷ In 2013 a mine operated by Bharat Coking Coal collapsed killing 4 workers and risking the lives of a further 164.¹⁸

Coal India plans to raise its domestic production from 435 in 2011 to 615 mtpa in 2017.¹⁹ The company has already been awarded concessions for over 200,000 hectares, including 55,000

hectares of valuable forest land.²⁰ The majority of CIL's mines are open pit coal mines, and to increase its extraction CIL would have to either invest in deeper mining technology or seek expansion to new coal reserves. 57% of CIL's reserves are in heavily forested areas²¹, including areas with endangered species²². As a result, there is growing opposition from tribal communities and environmental groups to this encroachment.

This comes at a time where many development banks such as the European Investment Bank, United States Export Import Bank and the World Bank are adopting policies to minimise financing for coal fired generation, due to air pollution and carbon emissions.²³ Coal India, in a recent study was shown to be the largest carbon emitter of all coal producing companies over the last 150 years.²⁴

→ Barbara Happe, Urgewald

15 Greenpeace (2013): High risk, low return: www.greenpeace.org (accessed 27.10.2014)

16 Amnesty International (2014): Indigenous and Dalit communities at risk of forced evictions in Chhattisgarh; 4 September: www.amnesty.org (accessed 27.10.2014)

17 See supra note 15

18 Ranchi (2013): Four killed, narrow escape for 164 workers as roof of coal mine collapses; India Today, 11 November: www.indiatoday.com (accessed 23.10.2014)

19 The Economic Times (2012): Coal India targets 615 MT production by 2016-17; 6 June: www.economicstimes.indiatimes.com (accessed 27.10.2014)

20 Greenpeace India (2012): How Coal Mining is Trashing Tigerland; 2 July, p3: www.greenpeace.org (accessed 27.10.2014)

21 Greenpeace (2013): Coal India – running on empty; Greenpeace, September 2013: www.greenpeace.com (accessed 29.10.2014)

22 See supra note 20

23 See supra note 21

24 Heede, R. (2013): Tracing anthropogenic carbon dioxide and methane emissions to fossil fuel and cement producers, 1854–2010, *Journal of Climatic Change* (vol 122) (issue 1–2/01), pp229–241 <http://carbonmajors.org> (accessed 27.10.2014)

25 India Real Time (2012): Coal India Eyes Forests; 16 November: <http://blogs.wsj.com> (accessed 22.10.2014)

26 The Economist (2012): Energy in India – The future is black; 21 January: <http://www.economist.com> (accessed 22.10.2014)

“Energy in India: The future is black.”²⁶

Headline in “The Economist”, January 21, 2012

Elbit Systems Ltd.

Estimated value of managed shares and bonds (in € mln):	
Allianz	39.93
Revenues (in € mln):	2,124.83
Profit after tax (in € mln):	139.05
Tax-Share of Revenue:	0.9%
ISIN:	IL0010811243

Date and currency of company report:
31.12.2013, US\$ (exchange rate as
of 31.12.2013, www.oanda.com)

Elbit Systems Ltd. is an international defence electronics company based in Haifa, Israel, and part of the TA-25 and TA-100 index on the Tel Aviv stock exchange.¹ Its primary operations are in military and commercial aerospace, land and naval systems, intelligence surveillance and reconnaissance, unmanned aircraft systems, airborne warning systems, and military communications.² Arms are sold predominantly to the Israeli army but a large US market exists through the subsidiary Elbit US, based in Fort Worth Texas. In 2013, 29% of Elbit's revenues came from the US and 24% from Israel.³ Elbit Systems is not a signatory of the UN Global Compact.⁴

In September 2009, the Norwegian Government Pension Fund Global (GPF) excluded Elbit Systems due to its 'serious violations of fundamental ethical norms'. This is largely due to Elbit Systems' provision of the surveillance product 'Torch' for the separation wall built by Israel⁵. The wall isolates Palestinian communities and its construction is in 'breach of international humanitarian law and human rights instruments'.⁶ Deutsche Bank initially divested from Elbit Systems in 2009⁷ but has since reinvested⁸. Other investors such as Danske Bank, Sweden's largest pension fund⁹, the New Zealand Superannuation Fund¹⁰ and 19 others have divested from Elbit

(view: Appendix Divestment from Companies). In addition, in July 2014, Avaaz launched a petition to urge six investors, including Barclays and the Dutch pension fund ABP, to cease investment in projects and companies such as Elbit that finance illegal settlements and the oppressive occupation of the Palestinian people.¹¹

Various NGOs have called additionally for a boycott on companies profiting from the occupation of Palestinian territories, including Elbit Systems, until they comply with international law.¹² Elbit Systems and other weapons producers trading with Israel stand to gain financially from escalating tensions in Gaza. Since the fighting intensified on the 8th of July, Elbit's stock has increased in value 6.2%, the highest level since 2010.¹³

Elbit Systems also produce the unmanned aerial vehicles (drones) 'Skylark' and 'Hermes' 900 and 450.¹⁴ The Israeli army have armed and deployed these in Gaza for years, resulting in serious civilian casualties.¹⁵ Protests have taken place against Elbit Systems' UK subsidiary UAV Engines (which makes engines for the UAV drones) calling on the UK government to stop arming Israel.¹⁶ Elbit Systems has also been criticised for its role in selling drones to Brazil, facilitating privacy violations.¹⁷

Israel Aerospace Industries (IAI) and Elbit Systems Ltd. provide all-terrain field-proven autonomous unmanned ground systems (UGV) for example, 'Guardium'¹⁸ used for patrolling Israel's border with Gaza.¹⁹ It can carry lethal or nonlethal

1 Tel Aviv Stock Exchange (2014): Market Cap Indices; 23 September: www.tase.co.il (accessed 23.09.2014)

2 Elbit Systems (2014): Elbit Main: www.elbitsystems.com (accessed 24.09.2014)

3 Elbit Systems (2013): Elbit Systems 2013 Annual Report; p15: Table of revenues: www.elbitsystems.com (accessed 24.09.2014)

4 UN Global Compact (2014): Participants and Stakeholders: www.unglobalcompact.org (accessed 24.09.2014)

5 Government Pension Fund Global, Council of Ethics (2009): Recommendation to the Ministry of Finance: www.regjeringen.no (accessed 24.09.2014)

6 International Court of Justice (2004): Legal Consequences of the construction of a wall in the Occupied Palestinian Territory: www.icj-cij.org (accessed 24.09.2014)

7 Haaretz (2010): Germany's Deutsche Bank divests from Israel Frim linked to West bank separation fence; May 2010: www.haaretz.com (accessed 24.09.2014)

8 Nasdaq (2014): Elbit Systems Ltd. Institutional ownership: www.nasdaq.com (accessed 24.09.2014)

9 Danske Bank (2010): Excluded Companies: www.danskebank.com (accessed 24.09.2014) and Jerusalem Post (2010): Swedish Giant divests from Elbit: www.jpost.com (accessed 24.09.2014)

10 New Zealand Superannuation Fund (2012): New Zealand Superannuation Fund excludes three companies Responsible Investment Grounds; Dec 2012: www.nzsuperfund.co.nz (accessed 24.09.2014).

11 AVAAZ (2014): Israel Palestine this is how it ends: www.avaaz.org (accessed 09.02.2014)

12 UN News (2012): UN independent expert calls for boycott on businesses profiting from Israeli settlements: www.un.org (accessed 26/08/2014)

13 Coppola, G. (2014): Elbit gains as Gaza conflict seen fueling Defence tech; Business Week, 27 July: www.businessweek.com (accessed 25.09.2014)

14 Elbit Systems (2014): Hermes 900: Medium Altitude long endurance: www.elbitsystems.com (accessed 24.09.2014)

15 Drone War UK (2012): Gaza under drones; Global Research: www.globalresearch.ca (accessed 24.09.2014)

16 Miller, A. (2014): UK Activists shut weapons factory protest Israel's Assault on Gaza; Waging Nonviolence: www.wagingnonviolence.org (accessed 25.09.2014)

17 Cawley, M. (2014): Drone Use in Latin America: Dangers and opportunities; 18 April, Insight Crime: www.insightcrime.org (accessed 25.09.2014)

18 G-NIUS Unmanned Ground Systems (UGS) Ltd. (2014): Products: www.g-nius.co.il (accessed 09.02.2014)

19 Israeli Defense Forces (2012): Always Watching: The IDF unmanned ground vehicle: www.idfblog.com (accessed 24.09.2014)

"Conducting our business ethically is one of Elbit Systems' core values. Our policy is to follow best practice compliance standards applicable to the broad range of our global activities."



◀ Qalandiya checkpoint (East Jerusalem).
© Norbert Kron

payloads. ‘Guardium’ was designed to perform routine missions, such as programmed patrols along border routes, but also to autonomously react to unscheduled events, and can have autonomous mission execution.²⁰ Elbit also offers SOLTAM SPEAR, a 120mm autonomous soft recoil mortar system for light-wheeled platforms.²¹ The international NGO Campaign ‘Stop Killer Robots’ finds that lethal autonomous weapon systems would not be able to meet legal standards and would also undermine essential non-legal safeguards for civilians and therefore call for a ban of fully autonomous weapons.²²

Within the aerospace industry conflict minerals are used in many components.²³ While Elbit Systems has a conflict minerals policy, its

current due diligence acknowledges that conflict minerals are used. However, it has done nothing to evaluate how to stop this trade.²⁴ Elbit Systems also does not rank well in terms of the Transparency International Defence Companies Anti-Corruption Index.²⁵

→ Thomas Küchenmeister, Facing Finance

20 Human Rights Watch (2012): Losing Humanity – The Case against Killer Robots; 19 Nov 2012, p15. www.hrw.org (accessed 24.09.2014)

21 Elbit Systems (2014): Soltam Spear: www.elbitsystems.com (accessed 24.09.2014)

22 The Campaign to Stop Killer Robots (2014): www.stopkillerrobots.org (accessed 09.02.2014)

23 Aerospace Industries Association (2014): Conflict Minerals Snapshot: www.aia-aerospace.org/ (accessed 24.09.2014)

24 Elbit Systems (2014): Form SD Conflict Minerals Due Dilligence: www.elbitsystems.cm (accessed 25.09.2014)

25 Transparency International (2013): Defence Companies Corruption Index: <http://companies.defenceindex.org/> (accessed 02.09.2014)

26 Norwegian Ministry of Finance (2009): Supplier of surveillance equipment for the separation barrier in the West Bank excluded from the Government Pension Fund – Global; 3 September: www.regjeringen.no (accessed 02.09.2014)

27 Elbit Systems (2014): Ethics and Conduct: www.elbitsystems.com (accessed 23.09.2014)

“We do not wish to fund companies that so directly contribute to violations of international humanitarian law.”²⁶

Norwegian Minister of Finance Kristin Halvorsen’s statement on Elbit Systems, 03.09.2009



▲
Protest in Bangladesh against Gap and Walmart who did not sign the Bangladesh Safety Accord.
© Laura Gutierrez

Gap Inc.

Estimated value of managed shares and bonds (in € mln):

AXA	99.00
Deutsche Bank	96.11
UBS	68.81
Allianz	39.16
Legal & General	36.27

Loans (in € mln):

Deutsche Bank	32.49
HSBC	32.49

Revenues (in € mln): 11,933.37

Profit after tax (in € mln): 945.92

Tax-Share of Revenue: 5.0%

ISIN: US3647601083

Date and currency of company report:

01.02.2014, US\$ (exchange rate as of 01.02.2014, www.oanda.com)

Gap Inc., headquartered in San Francisco, USA, is one of the world's largest clothing retailers. In 2013, Gap's net sales amounted to over US\$16 billion (€11,9 bill) with net profit at US\$1.2 billion (€0.945 bill).¹ Gap's brands include GapKids, babyGap, GapMaternity, Banana Republic, Old Navy, Athleta, Piperlime, and INTERMIX. They are sold in over 3,500 stores around the world.²

Gap claims to be committed to ensuring workers within their global supply chain "are treated with fairness, dignity and respect".³ However, the reality in Bangladesh, Cambodia and other textile producing countries paints a different picture. The rapid growth of the sector comes at a massive cost for its more than 60 million workers worldwide. Unsafe working conditions, poverty wages, excessive overtime and union busting are the order of the day. Global brands such as Gap have failed to live up to their supply chain responsibility. Where adequate local safety standards exist, brands often fail to ensure their suppliers' compliance. Moreover, their sourcing practices put great pressure on factories and make it very hard if not impossible for them to ensure a safe working environment let alone living wages.

1 Gap Inc. (2013): 2013 Annual Report; p17: www.gap.com (accessed 27.08.2014)
2 Gap Inc. (2014): Key facts: www.gapinc.com (accessed 27.08.2014)
3 Gap Inc. (2014): Human rights: www.gapinc.com (accessed 27.08.2014)

In Bangladesh alone, more than 4 million people work in the textile and garment industry. 85 percent are women.⁴ Since the collapse of Rana Plaza in Bangladesh in April 2013, over 180 global brands have taken responsibility for their Bangladesh supply chain by signing the legally binding Accord on Fire and Building Safety. The Accord between brands and trade unions mandates independent inspections, requires brands to commit to ensuring sufficient funds for safety improvements, and empowers workers through training programs and complaint mechanisms.⁵ American fashion giant Gap, however, refuses to sign the Accord and instead chose to initiate a corporate-controlled program together with Walmart and a few other brands.⁶ The so-called Alliance for Bangladesh Worker Safety mimics the Accord rhetorically, but falls short as it lacks the very features of a meaningful agreement to ensure real worker safety.⁷

Gap's refusal to contribute to the much-needed reform is putting workers' lives at risk. Their track record when it comes to remediation is at odds with its commitment to "do more than sell

4 Accord Foundation Bangladesh (2014): Annual Report 2013; Pg3: www.bangladeshaccord.org (accessed 27.08.2014)
5 Ibid.
6 USAS and ILRF (2014): Gap deathtraps: <http://gapdeathtraps.com> (accessed 23.09.2014)
7 Clean Clothes Campaign (2013): Safety scheme Gap and Walmart only 'empty promises': www.cleanclothescampaign.org (accessed 27.08.2014)

"Gap Inc. has a long history of seeking to ensure that the people who work in our supply chain are treated with fairness, dignity and respect."



Workers in the Wool Tex Sweaters Limited in Shewrapara in Dhaka, Bangladesh is a major hub of global textile and clothing industries.
© Abir Abdullah, ADB

clothes”.⁸ In October 2013, a fire raged at Aswad Composite Mills, a Gap supplier near Dhaka, Bangladesh. The fire left seven dead and more than 50 injured. To date, Gap has refused to compensate the victims and their families.⁹ In May 2014, the small NGO ‘18 Million Rising’ launched a website parodying Gap’s “Do More” campaign, and as a hoax announced that Gap had finally agreed to compensate the Aswad fire victims.¹⁰ Gap had the website taken down and issued a statement saying that it was, in fact, not doing more.¹¹

In Cambodia, another country where Gap’s apparel is being produced, a coalition of garment workers’ unions is demanding that Gap and other brands pay higher prices to factories and support a wage increase. Cambodian workers sewing products for brands like Gap have been suffering malnourishment and mass fainting, symptoms of the unlivable minimum wage of US\$ 100 per month. When workers held protests in the fall of 2013 and early 2014 to demand a wage increase,

five workers were shot and killed by police and another 25 union activists were thrown in jail on criminal charges that still have not been dropped.¹²

In Uzbekistan, one of the largest cotton exporters in the world, the government forces over a million citizens to cultivate and pick cotton each year.¹³ Although Gap has signed the Cotton Pledge¹⁴ to “not knowingly source Uzbek cotton for the manufacturing of any of our products until the Government of Uzbekistan ends the practice”, it has not implemented the recommendations in the Daewoo Protocol, meaning the risk of forced labour remains.¹⁵

→ Silvie Lang, Berne Declaration

8 Gap Inc. (2014): Our commitment: www.gapinc.com (accessed 27.08.2014)

9 Clean Clothes Campaign (2013): Another deadly fire – despite early warnings: www.cleanclothes.org (accessed 27.08.2014)

10 18 Million Rising (2014): 18MillionRising.org (18MR) Pulls Hoax on Gap Inc., Corporation Responds by Shutting Down: www.18millionrising.org (accessed 27.08.2014); Gap does more (2014): Letter to Gap: www.gapdoesmore.com

11 Patriana, Z. (2014): GAP Announces It ‘Does More’ But Not For Its Workers; Global Exchange, 3 June: www.globalexchange.org (accessed 27.08.2014)

12 International Labor Rights Forum (2014): International day of solidarity with Cambodian workers: www.laborrights.org (accessed 23.09.2014)

13 Uzbek-German Forum for Human Rights (2014): Forced labor in Uzbekistan; May 2014: www.uzbekgermanforum.org (accessed 24.09.2014)

14 Responsible sourcing network (2012): Company Pledge Agreement Against Forced Child and Adult Labor in Uzbek Cotton; July 2014: www.sourcingsnetwork.org (accessed 24.09.2014)

15 Cotton Campaign (2014): The Daewoo Protocol: www.cottoncampaign.org (accessed 24.09.2014)

16 The Public Eye Awards (2014): Gap Inc.: <http://publiceye.ch> (accessed 27.08.2014)

17 Gap Inc. (2014): Human Rights, Bangladesh Updates: www.gapinc.com (accessed 27.08.2014)

“These Western retailers, they have a responsibility – not just with getting their merchandise. They also have a responsibility to give a safe working place to [the people] making clothes for them.”¹⁶

Kalpona Akter, former child garment worker and Executive Director of the Bangladesh Center for Worker Solidarity

Gazprom OAO

Estimated value of managed shares and bonds (in € mln):

Allianz	1,211.88
Deutsche Bank	325.51
BNP Paribas	187.44
HSBC	116.56
Crédit Suisse	104.54

Estimated value of underwritten shares and bonds (in € mln):

Crédit Agricole	2,527.64
BNP Paribas	1,404.73
Deutsche Bank	1,095.45
Crédit Suisse	634.03
UBS	589.30

Loans (in € mln):

Crédit Agricole	482.05
HSBC	417.06
ING Group	415.54
Deutsche Bank	361.80
BNP Paribas	307.71

Revenues (in € mln): 116,549.22

Profit after tax (in € mln): 28,823.35

Tax-Share of Revenue: 5.7%

ISIN: US3682872078

Date and currency of company report:

31.12.2013, RUB (exchange rate as of 31.12.2013, www.oanda.com)

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 Federation controls 50.23% stake in the company.¹ Gazprom has not signed the UN Global Compact. Currently seven investment and pension funds have divested from Gazprom (view: Appendix Divestment from Companies). Gazprom is currently not even listed in the Dow Jones Sustainability Index.² According to a study by the British Overseas Development Institute (ODI), Gazprom spent 1,336 million US\$ in 2013 on exploration of fossil fuels in Russia.³

The World Meteorological Organization acknowledges man-made climate change and shows that greenhouse gas concentrations in the atmosphere reached record highs in 2013.⁴ The 2013 carbon majors study puts Gazprom at number five of the 90 companies responsible for nearly two-thirds of the greenhouse gas emissions generated since the dawn of the industrial age and was classified as number one responsible for emissions attributed to natural gas.⁵

Gazprom started mining oil in the Arctic Barents Sea in December 2013. Greenpeace and other organisations heavily criticise these risky activities. The use of fossil fuel energy exacerbates the melting of the arctic ice. Less ice makes it easier for oil and gas companies like Gazprom

to operate and exploit the area's resources.⁶ Greenpeace asserts that Gazprom endangers the region's marine ecosystem by not being prepared to handle a potential spill in such an extreme climatic region.⁷ Gazprom's 'summary of oil spill prevention and recovery' for its oil platform Prirazlomnaya severely overestimates the effectiveness of oil spill mitigation techniques; and fails to take into account lessons from previous oil spill disasters.⁸ Greenpeace carried out several peaceful protests to prevent Gazprom from drilling and to raise awareness of the issue. 28 Greenpeace activists and 2 journalists were held in prison for three months before being released⁹ but the criminal investigation continued until September 2014.

Gazprom received the Public Eye Award in 2014 by the Declaration of Berne and Greenpeace for its controversial operations in the Arctic Sea. This included claims that it has violated federal safety and environmental standards¹⁰; and has been responsible for 206 oil spills across 6 of its land operations.¹¹ Official records claim Gazprom is responsible for about 1,000 onshore spills a year; but the number is likely to be much higher.¹² Greenpeace Russia additionally accuses Gazprom of being "involved in an offshore drilling disaster

6 Greenpeace International (2014): Save the Arctic: www.savethearctic.org (accessed 16.9.2014)

7 Galkina, A. et al. (2013): Russian Roulette. International oil company risk in the Russian Arctic; Greenpeace (2013): www.greenpeace.org.uk (accessed 16.9.2014)

8 Greenpeace (2014): Gaps in the oil spill prevention and response plan for the operational area of the Prirazlomnaya offshore ice-resistant stationary platform of Gazprom Neft Shelf; 4 April: www.greenpeace.org (accessed 7.10.2014)

9 Greenpeace International (2014): Updates from the Arctic Sunrise activists; 1 August: www.greenpeace.org (accessed 16.9.2014)

10 Greenpeace International (2014): Public Eye Award: www.publiceye.ch (accessed 15.9.2014)

11 Ibid.

12 Greenpeace Russia (2014): Газпром и GAP признаны самыми безответственными корпорациями года. 23 January: www.greenpeace.org/russia/ru/ (accessed 7.10.2014)

1 Gazprom (2014): Gazprom today: www.gazprom.com (accessed 6.10.2014)

2 RobecoSAM AG (2014): Sustainability Yearbook 2014: www.sustainability-indices.com

3 ODI (2014): The fossil fuel bailout: www.odi.org, p 45 (accessed 12.11.2014)

4 World Meteorological Organization (2014): WMO: Greenhouse gas Bulletin. No 10, 9 September 2014: www.wmo.int (accessed 10.9.2014)

5 Heede, Richard (2013): Carbon majors: Accounting for carbon and methane emissions 1854–2010, 7 November: www.climateaccountability.org, p 21, p 26 (accessed 24.11.2014)

"Preserving the natural resources of our planet is a mainstay of the Gazprom Environmental Policy."



that killed 53 people in December 2011, when the Kolskaya jack-up rig capsized during towing”.¹³

Gazprom plans to deliver natural gas from Russia to China through the transnational ‘Altai Gas Pipeline’. A coalition of Russian NGOs (Save Ukok) say Gazprom has failed to address environmental impacts¹⁴ and the project poses a socio-economic and environmental threat to Southern Siberia and the Ukok Plateau, a UNESCO World Heritage Site comprising a rich cultural and environmental legacy sacred to its indigenous inhabitants. Gazprom declared recently that the pipeline would not be built in 2014–2015. This delay is welcomed by NGOs, but Gazprom has not yet cancelled the project and there are ongoing discussions around major oil and gas infrastructure projects in the region.¹⁵

Gazprom is involved in the Sakhalin II Oil and Gas Project, which has been criticised by Sakhalin Environment Watch for its negative social and environmental impacts in the region.¹⁶

13 See supra note 7

14 The Altai Project (2011): Save Ukok Coalition: www.altaiproject.org (accessed 16.9.2014)

15 Ibid.

16 Sakhalin Environment Watch: Sakhalin II Oil and Gas Project: Introduction. www.sakhalin.environment.ru/en/ (accessed 16.09.2014)

The Swiss Federal Prosecutor’s office is currently investigating a case of fraud, falsification of documents, money laundering and bribery in connection with one former and one current Gazprom manager.¹⁷

Since 2012 EU regulators have investigated Gazprom related to “suspected anti-competitive behaviour, including over-charging customers and blocking rival suppliers”.¹⁸ The case has been suspended because of the crisis in Ukraine, but is not yet closed. Furthermore, Lithuania’s competition authority has fined Gazprom US\$48 million (€37.5 million) for preventing competition in the country.¹⁹

→ Jan Schulz, Facing Finance

17 Neue Zürcher Zeitung (2014): Bundesanwaltschaft bestätigt Korruptionsverfahren im Zusammenhang mit Gazprom; 6 October: www.nzz.ch (accessed 6.10.2014)

18 Foo, Y. C., (2014): EU’s Gazprom antitrust probe suspended, but case not closed; Reuters, 19 September: www.uk.reuters.com (accessed 6.10.2014)

19 Reuters (2014): Lithuania competition watchdog fines Gazprom US\$48 mln; 10 June: www.reuters.com (accessed 6.10.2014)

20 Gazprom (2014): Gazprom Environmental protection: www.gazprom.com (accessed 6.10.2014)

21 See supra note 10

“In December 2013, Gazprom became the first company in the world to start mining oil in the Arctic Barents Sea. Since the drilling began, the corporation has already violated several federal safety and environmental regulations.”²¹

Greenpeace



▲
 Doctor administering tablets in Sri Lanka.
 © GSK 2003

GlaxoSmithKline plc

Estimated value of managed shares and bonds (in € mln):

Legal & General	3,679.50
Lloyds Banking Group	3,008.52
AXA	1,532.49
Deutsche Bank	569.65
HSBC	566.89

Estimated value of underwritten shares and bonds (in € mln):

Deutsche Bank	1,003.18
Barclays	784.28
HSBC	641.80
UBS	569.28
Crédit Suisse	207.90

Revenues (in € mln): 31,747.69

Profit after tax (in € mln): 6,741.22

Tax-Share of Revenue: 3.8%

ISIN: GB0009252882

Date and currency of company report:

31.12.2013, GBP (exchange rate as of 31.12.2013, www.oanda.com)

GlaxoSmithKline (GSK) is a global health-care company with a broad range of products in the three primary areas of pharmaceuticals, vaccines and consumer healthcare. They are headquartered in London, United Kingdom and have operations in more than 150 countries.¹ GlaxoSmithKline is a signatory of the UN Global Compact.

Although GSK has strong internal anti-bribery and corruption² policies, the company has breached its own principles in more than one instance.³ Accordingly, four investors have currently excluded GSK from their investment portfolios (view: Appendix Divestment from Companies).

In September 2014, after a 15-month investigation, GSK was fined the equivalent of approx. €390 million by the Chinese authorities, and five employees including the country manager were given suspended prison sentences.⁴ GSK was accused of bribing doctors and hospitals and channelling illicit kickbacks through travel agencies of up to US\$480 million (€375 mill) to

favour the use of GSK products over competitors.⁵ Chinese state-run media also accused GSK of tax evasion⁶ and manipulating drug prices.⁷ Following internal and external investigations, GSK is currently facing similar corruption allegations in Syria⁸, Poland⁹, Lebanon and Jordan¹⁰, and Iraq.¹¹

In 2012 the US Department of Justice penalised GSK US\$3 billion (US\$1 billion in criminal fines and US\$2 billion in a civil suit), the largest ever payment by a pharmaceutical company at the time, for a multidimensional healthcare fraud. This fine was levied due to GSK failing to report safety data and introducing misbranded (off label promotion of) drugs. GSK did not disclose the dangerous side-effects (such as increased risk of congestive heart failure) of their diabetes drug

1 GlaxoSmithKline (n.d): What we do: www.gsk.com (accessed 25.08.2014)
 2 GlaxoSmithKline (n.d): Policy on Preventing Corrupt Practices and Maintaining Standards of Documentation: www.gsk.com (accessed 25.08.2014)
 3 GlaxoSmithKline (2013): Corporate Responsibility Report 2013: www.gsk.com [PDF (S.35)] (accessed 25.08.2014)
 4 Bradsher, K. (2014): China fines GlaxoSmithKline nearly US\$500 million in bribery case; New York Times, 20 September: www.nytimes.com (accessed 13.10.2014)

5 Ridley, K. (2014): UK fraud office liaising with China on GSK bribery case; Reuters, 23 July: www.reuters.com (accessed 25.08.2014)
 6 Jourdan, A., Wee, S., & Shao, X. (2014): GSK dodged millions in China drug tax scam: state media. Reuters, 19 May: www.reuters.com (accessed 25.08.2014)
 7 Bloomberg News (2014): Glaxo China Accused of Tax Evasion by Country's Legal Newspaper; Bloomberg, 19 May: www.bloomberg.com (accessed 25.08.2014)
 8 Hirschler, B. (2014): Exclusive: GlaxoSmithKline faces fresh drug bribery claims in Syria; Reuters, 11 August: www.reuters.com (accessed 25.08.2014)
 9 Neate, R. (2014): GlaxoSmithKline accused of bribing doctors in Poland; The Guardian, 15 April: www.theguardian.com (accessed 25.08.2014)
 10 Goodley, S. (2014): GlaxoSmithKline says it is investigating bribery claims in Jordan and Lebanon; The Guardian, 16 April: www.theguardian.com (accessed 25.08.2014)
 11 Hirschler, B. (2014): Drugmaker GSK investigates alleged bribery in Iraq; Reuters, 7 April: www.reuters.com (accessed 25.08.2014)

“Nowhere is our commitment to ethical conduct more evident than in the area of corruption prevention and detection. At GSK, our attitude towards corruption in all its forms is simple: it is one of zero tolerance.”

Avandia. This crucial data was withheld from the US Food and Drug Administration between 2001 and 2007. Since then it has been estimated that it could have caused up to 100,000 heart attacks in the US. GSK paid doctors to promote their antidepressant Paxil for under aged patients (side-effect: increased risk of suicidal thoughts) although it was not approved for patients under age 18. In a further case of off-label promotion, GSK paid for vacations of medical practitioners willing to promote the drug Wellbutrin (approved as a treatment for depression) 'off-label' as a treatment for weight loss, sexual dysfunction, drug addiction and ADHD.¹² Despite a fine being levied of US\$3 billion (€2.3 bill) this only represents a small share of the estimated revenues of around US\$10.4 billion for Avandia, US\$11.6 billion for Paxil and US\$5.9 billion for Wellbutrin over the years covered by the settlement.¹³

In a public interest litigation in 2013 it was brought to light that in India, between 2009 and 2010, GSK allegedly tested cervical cancer vaccinations on girls from disadvantaged groups without obtaining the consent of the parents. During this trial seven girls died and no measures were taken to prevent their deaths.¹⁴ In 2012 in Argentina, GSK was fined for conducting pneumonia vaccine trials between 2007 and 2008, which supposedly caused the death of 14 babies.¹⁵ Moreover, the company was condemned for using the illiteracy of some parents to their advantage in order to gain the authorisation needed to conduct clinical trials.

In June 2013 it came to light that GSK had been improperly conducting clinical trials for a multiple sclerosis drug at their research centre in Shanghai without concluding the necessary animal testing beforehand.¹⁶

GSK attempted to overcharge for its over the counter pain and fever medication 'Cocine Advance' tablets in India, thereby exceeding price controls that exist to ensure access to 'essential medicine', as based on the WHO Essential Medicines list. GSK was fined approximately €5.5 million in May 2014.¹⁷

In April 2013, the UK Office of Fair Trading accused GSK of violating the competition law by paying rivals to put off the release of their similar but cheaper products in order to keep the price of Seroxat high and stable.¹⁸

GlaxoSmithKline was sentenced to pay US\$ 105 million (€81 mill) to 44 US states to settle allegations of off-label marketing, between 1999 and 2010. GSK allegedly used lavish payments and incentives for salesmen and doctors to promote its medicines beyond their approved purpose.¹⁹

In September 2014, GSK accidentally disposed water contaminated with the polio virus in a water treatment plant in Belgium. The contaminated water then entered into a river. Apparently the drinking water supply was not endangered.²⁰

→ Lisa Krauss, Facing Finance

12 United States Department of Justice (2012): GlaxoSmithKline to Plead Guilty and Pay US\$3 Billion to Resolve Fraud Allegations and Failure to Report Safety Data; 2 July: www.justice.gov (accessed 15.10.2014)

13 Thomas, K., Schmidt, M. (2012): Glaxo Agrees to Pay US\$3 Billion in Fraud Settlement; The New York Times, 2 July: www.nytimes.com (accessed 25.08.2014)

14 Reprisk (2014): Insight - ESG Risk in the Corporate World - Issue #06 Pharmaceuticals; Reprisk, July: www.reprisk.com (accessed 25.08.2014)

15 Tajan, J. C. (2012): GSK fined over vaccine trials; 14 babies reported dead. - Buenos Aires Herald, 3 January: www.buenosairesherald.com (accessed 25.08.2014)

16 See supra note 14

17 Dey, S. (2014): GSK Consumer fined for overcharging; Business Standard, May 28: www.business-standard.com (accessed 25.08.2014)

18 Neville, S., Rankin, J. (2013): GlaxoSmithKline accused of paying rivals to delay generic medicine; The Guardian, April 19: www.theguardian.com (accessed 15.10.2014)

19 Calia, M. (2014): GlaxoSmithKline to pay US\$105 million in multistate settlement; Wall Street Journal, 4 June: www.wsj.com (accessed 15.10.2014)

20 Der Spiegel (2014): Polioviren in einem Fluss in Belgien; 6 September: www.spiegel.de (accessed 15.10.2014)

21 GSK (2014): GSK anti-corruption booklet: www.gsk.com (accessed 23.10.2014)

22 Financial Times (2013): Vaccination scandal taints reputation of India drug trials; 18 November: www.ft.com (accessed 23.10.2014)

*"The safety and rights of the children in this vaccination project were highly compromised and violated."*²²

Indian parliamentary Committee Report August 2013

Glencore plc

Estimated value of managed shares and bonds (in € mln):

Legal & General	648.94
Lloyds Banking Group	502.07
UBS	345.53
Allianz	233.55
Crédit Agricole	198.24

Estimated value of underwritten shares and bonds (in € mln):

BNP Paribas	1,130.35
Crédit Suisse	986.93
Barclays	703.47
ING Group	676.75
Lloyds Banking Group	676.75

Loans (in € mln):

BNP Paribas	2,214.89
Deutsche Bank	1,808.64
ING Group	1,209.40
Lloyds Banking Group	1,081.58
Société Générale	1,038.90

Revenues (in € mln): 169,028.92

Net Profit: -5,301.27

Tax-Share of Revenue: 0.1%

ISIN GB0031411001

Date and currency of company report:
31.12.2013, US\$ (exchange rate as
of 31.12.2013, www.oanda.com)

Glencore is a diversified producer and trader of natural resource commodities based in Zug, Switzerland. Previously known as Glencore Xstrata, in May 2014 Glencore dropped Xstrata from their name.¹ The three main areas of activity are metals and minerals, energy products and agricultural products. Glencore is a participant of the UN Global Compact.² Human rights violations, environmental damages and governance concerns have led at least 12 investors and pension funds to divest from Glencore (view: Appendix Divestment from Companies).

In August 2014, Glencore was brought before the UN Human Rights Council related to claims surrounding its Tampakan gold and copper mine in the Philippines, including the killings of activists, arbitrary arrests, displacements, the denial of local indigenous people's right to free prior and informed consent, and environmental damages.³

In Colombia, the Wayúu indigenous people continue to face eviction from their land by the Cerrejón coal mine⁴, and critics blame the mine's high water extraction rates and contamination of water sources for the drought in the La Guajira region in summer 2014⁵. The Colombian Prodeco coal mine is accused of complicity in murder and forced evictions by paramilitary troops and the weakening of trade unions in the decade of 1996 to 2006⁶, as well as tax avoidance.⁷

In Zambia, in August 2014, protests broke out due to claims that seven people had been hospitalized from the sulfur dioxide emissions from the Mufulira mine. Measurements showed pollutant values that exceeded the World Health Organization's limits by 30 times.⁸ Police forces deployed tear gas to disperse the protesters.⁹ Allegations of tax avoidance have also not been resolved yet. Glencore is accused of using its subsidiary system to defraud the Zambian government of tax incomes of approx. €97 million.¹⁰ The European Investment Bank (EIB) suspended further loans to Glencore due to "serious concerns" in 2011¹¹ but never published the report. The EIB argued it had been informed by Glencore "that the Zambian Revenue Authorities had completed an audit and that all outstanding issues were satisfactorily resolved." However, the EIB did not get any details on this from the Zambian authorities themselves.¹² NGOs urgently called on the EIB for transparency.¹³

In the Democratic Republic of Congo, Glencore's subsidiaries Kamoto Copper Company (KCC, part of Katanga Mining) and Mutanda Mining (MUMI, part of Kansuki Mining) continue to be accused of water pollution, breaches of human rights by security forces (including the killing of two men between January 2013 and February 2014), disregard for local communities, and tax

1 Glencore Xstrata (2014): Results of the 2014 AGM; Glencore, 20 May: www.glencore.com (accessed 30.09.2014)

2 UN Global Compact: Participants & Stakeholders: Glencore; UN Global Compact: www.unglobalcompact.org (accessed 30.09.2014)

3 Sambalud, M.D. (2014): Swiss-owned mining firm to face int'l HR tribunal for rights violations; Davao Today, 2 August: www.davaotoday.com (accessed 30.09.2014)

4 López Zuleta, D. (2014): La comunidad Wayúu que será desalojada por Cerrejón; Las 2 Orillas, 22 September: www.las2orillas.co (accessed 30.09.2014)

5 Urrea, D. (2014): The thirst of coal; london mining network, 12 September: www.londonminingnetwork.org (accessed 30.09.2014)

6 Pax Christi (2014): PAX Netherlands issues Report on "The Dark Side of Coal": www.paxchristi.net (accessed 30.09.2014)

7 Murphy, H., Acosta, L.M. (2014): Colombia asks Glencore to merge ops, pay more to extend contract; Reuters, 16 July, www.reuters.com (accessed 30.09.2014)

8 Swiss Television (SRF) (2014): Glencore-Xstrata und die Asthma-Toten von Mufulira, www.srf.ch (accessed 22.11.2014)

9 Davis, R. (2014): Glencore hit by rioters at Zambian copper plant over sulphur dioxide pollution; This is money, 26 August: www.thisismoney.org (accessed 30.09.2014)

10 Villioth, J. (2014): How Switzerland helps commodity companies dodge billions in taxes; ejolt, 4 July: www.ejolt.org (accessed 30.09.2014)

11 BBC (2011): EIB freezes Glencore lending on governance concerns; BBC, 1 June: www.bbc.co.uk (accessed 30.09.2014)

12 European Investment Bank (2014): Update on the status of the EIB loan for the Mopani Copper Project, Zambia; European Investment Bank, 25 July: www.eib.org (accessed 30.09.2014)

13 Christian Aid (2014): Christian Aid urges George Osborne to intervene on secret bank tax report; Christian Aid, 5 August: www.christianaid.org.uk (accessed 30.09.2014)

"We believe that our global presence and economic strength have a predominantly positive impact on the communities in which we operate."



◀ Demonstration at Glencore and Xstrata Headquarters in Zug, July 11, 2012
© Cherisse Fredricks, IndustriALL Global Union

evasion.¹⁴ The purchase of Congolese mining companies such as Katanga Mining is also claimed to involve opaque systems of off-shore firms, secret loans and loss-making deals.¹⁵

RepRisk named Lonmin's Marikana Platinum Mine in South Africa the most controversial mining project between 2012 and 2014.¹⁶ In August 2014 the deaths of 44 miners shot in the head and upper back¹⁷ by police forces after an escalated strike, were commemorated at the mine site. Thousands of employees were again on strike from January to June 2014 demanding a higher salary.¹⁸ Without urgency, Glencore seeks to sell its Lonmin stake.¹⁹

The Permanent People's Tribunal, an independent body that responds to cases of human rights

violations, condemned Glencore in a special session in summer 2014 for human rights abuses in the above mines, as well as the Antapaccay mine in Peru.²⁰

The expansion of the Loma Miranda nickel mine (Falconda) received tacit approval, when the Dominican president recently vetoed the creation of a national park in the area.²¹ This has fueled protests and increased conflict in various regions due to local opposition.

In Australia, local residents protest against the expansion of the Bulga coal mine for fears of air pollution²², while Glencore also faces accusations of tax avoidance²³.

→ Julia Dubslaff, Facing Finance

14 Peyer, Ch., Feeney, P., Mercier, F. (2014): PR or Progress? Glencore's Corporate Responsibility in the Democratic Republic of the Congo; Bread for all, RAID, Fastenopfer, June 2014: www.breadforall.ch (accessed 30. 09. 2014)

15 Global Witness (2014): Glencore pumped president's friend with cash as it took over prize Congo mine; Global Witness, 19 May: www.globalwitness.org (accessed 30.09.2014)

16 RepRisk (2014): RepRisk Releases Report on Most Controversial Mining Projects; RepRisk, 27 August: www.reprisk.com (accessed 30. 09. 2014)

17 SABC (2014): Police criticised for using live ammunition in Marikana; SABC, 4 September: www.sabc.co.za (accessed 30. 09. 2014)

18 Mahomed, F. (2014): Lonmin begins its post-strike rebuilding process; CNBC Africa, 25 July: www.cnbc.com (accessed 30. 09. 2014)

19 McGroarty, P., Flynn, A. (2014): Glencore CEO Says No Rush to Exit Lonmin; The Wall Street Journal, 3 September: www.online.wsj.com (accessed 30. 09. 2014)

20 Stop Corporate Impunity (2014): International jury rules in favour of binding laws for transnational Corporations; 26 June: www.stopcorporateimpunity.org (accessed 30.09.2014)

21 TelesurTV (2014): Loma Miranda Defense Movement's Leader Meets Dominican Police; TelesurTV, 9 September: www.telesurtv.net (accessed 30. 09. 2014)

22 Hagemann, B. (2014): PAC hearing into Glencore's Bulga coal expansion continues; Mining Australia, 26 June: www.miningaustralia.com.au (accessed 30. 09. 2014)

23 Beams, N. (2014): Top Australian firms avoid billions in tax; World Socialist Web Site, 30 September: www.wsws.org (accessed 30. 09. 2014)

24 Glencore (2014): Our Approach to sustainability; www.glencore.com (accessed 23.10.2014)

25 Stop Corporate Impunity (2014): International jury rules in favour of binding laws for transnational Corporations; 26 June: www.stopcorporateimpunity.org (accessed 30.09.2014)

*"Due to resistance from the Bla'an People, military and para-military forces have been deployed in the area, causing human rights violations and killings of anti-mining Indigenous Peoples leaders."*²⁵

Gillarme Joy Pelino,
representative of the Bla'an
indigenous peoples

Goldcorp Inc.

Estimated value of managed shares and bonds (in € mln):

Crédit Agricole	103.24
UBS	101.07
Allianz	88.86
Deutsche Bank	68.76
Legal & General	55.73

Estimated value of underwritten shares and bonds (in € mln):

HSBC	399.34
Crédit Suisse	45.93

Loans (in € mln):

HSBC	76.89
Crédit Suisse	76.89

Revenues (in € mln): 2,678.24

Loss after tax (in € mln): -1,967.82

Tax-Share of Revenue: 8.5%

ISIN: CA3809564097

Date and currency of company report:

31.12.2013, US\$ (exchange rate as of 31.12.2013, www.oanda.com)

Goldcorp, based in Vancouver, Canada, is one of the world's largest and fastest growing gold producers. Goldcorp's operating assets include four mines in Canada and the U.S., three mines in Mexico, and three in Central and South America.¹ Goldcorp is a UN Global Compact participant (Appendix Norms and Standards).

The Marlin silver and goldmine was permitted in 2003 with a US\$45 million sponsorship from the World Bank (provided to Montana Explorada).² Goldcorp began operations here in 2005.³ The mine was supposed to bring economic development to the region but the Mam and Sipakapense people have seen their living conditions deteriorate⁴ due to limited job opportunities, environmental damage, water and health problems, as well as increasing tensions within the community.

Goldcorp and the Guatemalan government were found to have violated ILO Convention 169⁵, ratified by Guatemala in 1996, by not gaining the communities' free, prior and informed consent.⁶ A referendum on the mine, held by the people of San Miguel Ixtahuacán and Sipakapa, resulted in an overwhelming no (98%) to the mine, yet, this was recognised neither by the government nor the mining company.

A 2010 environmental health study showed higher levels of lead, mercury, arsenic, zinc and copper in the urine of those living near the mine.⁷ Exposure to these metals can cause severe health problems, and a further study was undertaken by the IACHR (Inter-American Commission on Human Rights) in 2010. The severity of these results caused the Guatemalan government to suspend operations at the Marlin mine, develop measures to prevent environmental contamination and to take steps to protect the health of the local

population.⁸ However, the government did not act and the measures were later revised.⁹

The mine has caused severe tensions, and crime and social disharmony have increased. Those who oppose the mine face criminalisation by Goldcorp¹⁰, including threats against local activists, forced disappearances and murders. In 2009 a man involved in the anti-mining struggle died after being set on fire by workers of the Marlin mine.¹¹ But while the people are scared of expressing their views, a peaceful resistance movement is still present.^{12 13}

In summer 2014, a Guatemalan court ruled in favour of the indigenous people over transnational mining in the region of the Marlin mine, noting that 'the mining permit named "Los Chocoyos" is illegal, and should be withdrawn'.¹⁴

In 2014 the Chilean Supreme Court withdrew the environmental permit for development of Goldcorp's gold and copper project El Morro. The indigenous Diaguita group had brought forward serious environmental concerns, and claimed their right to free prior and informed consent had been neglected by the company.¹⁵

In Mexico, the El Filo mine operations (gold, silver, zinc and copper) had to be halted for one month as local landowners held an indefinite strike outside the mine due to environmental and health damages and low rental prices.¹⁶ The suspension of the mining activities was lifted after the company promised to implement measures against the harmful impacts of its operations.¹⁷

1 Goldcorp: About us: www.goldcorp.com (accessed 22.09.2014)

2 Fulmer, A.M., Godoy, A.S., Neff, P. (2008): Indigenous Rights, Resistance, and the Law: Lessons from a Guatemalan Mine; Latin American Politics and Society, p93: www.washington.edu (accessed 22.09.2014)

3 Sandberg, C. (2014): Guatemalan court rules in favour of indigenous people over Goldcorp mining in Sipacapa; upsidedownworld.org, 30 July: www.upsidedownworld.org (accessed 22.09.2014)

4 See supra note 2

5 On Common Ground Consultants (2010): Human Rights Assessment of Goldcorp's Marlin Mine; May 2010: www.hria-guatemala.com (accessed 23.10.2014)

6 International Labour Organization: Guatemala: www.ilo.org (accessed 22.09.2014)

7 Physicians for Human Health (2010): Toxic metals and indigenous peoples near the Marlin Mine in Western Guatemala; May 2010: www.physiciansforhumanrights.com (accessed 23.10.2014)

8 Organization of American States: Communities of the Maya People (Sipakapense and Mam) of the Sipacapa and San Miguel Ixtahuacán Municipalities in the Department of San Marcos, Guatemala: www.oas.org (accessed 22.09.2014)

9 Mercer, D. (2012): Gold mine drives wedge in Guatemala community; Al Jazeera, 25 October: www.aljazeera.com (accessed 22.09.2014)

10 Pérez, C. (2012): Poisoned Rights. Testimony of the Criminalization of Resistance to Goldcorp in San Miguel Ixtahuacán (Guatemala); Radio Mundo Real, 16 November: www.radiomundoreal.fm (accessed 22.09.2014)

11 Hill, D. (2014): Welcome to Guatemala: gold mine protester beaten and burnt alive; The Guardian, 12 August: www.theguardian.com (accessed 22.09.2014)

12 See supra note 3

13 Mercer, D. (2012): Gold mine drives wedge in Guatemala community; Al Jazeera, 25 October: www.aljazeera.com (accessed 22.09.2014)

14 See supra note 3

15 Lopez, E.: (2014): Goldcorp's El Morro mine halted by Chile Supreme Court; Reuters, 7 October: www.reuters.com (accessed 8.10.2014)

16 Negotiating Team for the Ejido of Carrizalillo (2014): Local Landowners to Shut Down Goldcorp Operations at Los Filos, Guerrero Following Breakdown in Land Rental Negotiations; Mining Watch Canada, 1 April: www.miningwatch.ca (accessed 8.10.2014)

17 Pigeonutt, V. (2014): Reinicia minera canadiense trabajos en Carrizalillo; El Universal, 5 May: www.eluniversal.com (accessed 8.10.2014)

"Responsible mining is a company-wide commitment that's at the core of every business decision we make."



◀ Marlin Mine site, South-western highlands of Guatemala. The Marlin mine has attracted significant international attention, yet Goldcorp continues to operate. Organisations such as MiningWatch Canada, Oxfam America, Rights Action and the Halifax Initiative Coalition have all drawn attention to the Marlin Mine.
© Eric Gruloos



◀ "Goldcorp makes me sick". Protest against Goldcorp in Zacualpan, Mexico.
© Movimiento MesoAmerica

In 2008 Entre Mares, a subsidiary of Goldcorp, closed the San Martín mine in Honduras. It has since been facing criticism and law suits from the local people, who claim the open-pit mine caused the drying-up or pollution of water sources, health problems and deformations of new-born babies. Studies showed elevated levels of heavy metal in blood samples of tested patients. Local communities still demand the mitigation of environmental damage and compensation of affected people for health impacts and displacement.¹⁸ An environmental activist, temporarily arrested in 2011, claims he still faces threats and intimidation.¹⁹ In 2012, authorities opened criminal investigations against two managers of the companies.²⁰ In another lawsuit, a local court fined the company 35 million Lempira (€1.3 million).²¹

In Guatemala, Goldcorp's subsidiary (40%) Tahoe Resources started operating its Escobal silver mine in January 2014 despite communities having voted several times against the mining project on environmental and social grounds and submitting a list of complaints. Protests against the mine²² led to a military state of emergency in April 2013.²³ According to an Appeal court's ruling from July 2013, the license was not legitimately granted because the complaints from local communities had not been considered.²⁴ People who took part in this protest filed a civil lawsuit against the company in June 2014 in Vancouver.²⁵ The plaintiffs claim that the security personnel of Escobal fired tear gas and rubber bullets at them during their peaceful protest²⁶.

→ Sarah Teppema and Charlotte Christiaens, Catapa
→ Julia Dubsclaff, Facing Finance

18 Trucchi, G. (2014): Actividad minera en región de Honduras deja rastro de enfermedades, destrucción ambiental y desempleo; *Kaos En La Red*, 8 September: www.kaosenlared.net (accessed 8.10.2014)

19 Meza, D. (2014): Environmentalist and communicator from the Siria Valley, Honduras denounces threats; *MiningWatch Canada*, 17 February: www.miningwatch.ca (accessed 8.10.2014)

20 CAFOD (2012): Goldcorp staff face criminal charges over mine pollution after CAFOD investigation; *CAFOD* 12 June: www.cafod.org.uk (accessed 8.10.2014)

21 La Tribuna (2012): Condenan a Entremares a pagar 35 millones de lempiras; *La Tribuna*, 30 March: www.latribuna.hn (accessed 8.10.2014)

22 Goldcorp Out of Guatemala (Blog, 2014): Sixteen-year old girl murdered in violence associated with Tahoe Resources' mine, Canada Pension Plan urged to divest; 8 May: www.goldcorpoutofguatemala.com (accessed 8.10.2014)

23 MiningWatch Canada (2014): Background: Tahoe Resources, Goldcorp and Mining Conflict in Guatemala; *MiningWatch Canada*, 18 June: www.miningwatch.ca (accessed 8.10.2014)

24 Mining.com (2013): Guatemalan appeals court challenges Tahoe's Escobal mine license; 24 July: www.mining.com (accessed 8.10.2014)

25 Canadian Centre for International Justice (2014): CCIJ's Public Cases and Interventions: Tahoe Resources Inc.; CCIJ, 18 June: www.ccij.ca (accessed 8.10.2014)

26 Amnesty International (2014): Guatemala: Mining in Guatemala: Rights at Risk; p.12, September 2014: www.amnesty.ca (accessed 8.10.2014)

27 Goldcorp: Responsible Mining: www.goldcorp.com (accessed 22.09.2014)

28 Moyles, T. (2014): Indigenous farmers confront Canada's Goldcorp; Briar Patch, 1 September: www.briarpatch.com (accessed 11.11.2014)

"In truth the mine has brought a lot of conflict here; it has brought very many social and environmental conflicts."²⁸

Jimenez, Maya-Mas, Guatemala

Hyundai Motor Group

Estimated value of managed shares and bonds (in € mln):

UBS	358.81
Allianz	339.06
Deutsche Bank	268.61
BNP Paribas	211.35
Prudential	123.98

Estimated value of underwritten shares and bonds (in € mln):

BNP Paribas	650.64
HSBC	602.32
Société Générale	374.77
Barclays	342.78
UBS	304.94

Loans (in € mln):

BNP Paribas	103.84
Crédit Agricole	64.43
HSBC	39.79
ING Group	35.77

Revenues (in € mln): 155,522.97

Profit after tax (in € mln): 13,622.91

ISIN: USY384721251

Date and currency of company report:
31.12.2013, US\$ (exchange rate as
of 31.12.2013, www.oanda.com)

Hyundai Motor Group, together with its affiliates Hyundai Motor Company and Kia Motors, is one of the largest vehicle manufacturers in the world. Hyundai Motor Company is a participant of the UN Global Compact,¹ which asks companies to support and respect the protection of internationally proclaimed human rights. Hyundai Motor Company has drawn a lot of criticism because of violations of labour rights, especially in its handling of union matters and industrial disputes. Hyundai has been excluded from the investment universe of at least 8 different investors and pension funds, for example, ATP, the Danish Pension Fund (view: Appendix Divestment from Companies).

IndustriALL Global Union has criticised Hyundai Motor Group for violating union and labour rights at its affiliates and lagging behind international standards, based on investigations in South Korea, India, Germany, USA, and the Czech Republic.² IndustriALL provides evidence of an anti-democratic management culture globally at Hyundai, and particularly, precarious employment in South Korea.

According to IndustriALL, in South Korea Hyundai illegally hires irregular workers under inadequate working conditions who are paid low wages and can be dismissed at any time. This is contrary to South Korean law and several workers who lost their jobs have committed or attempted suicide.³ IndustriALL additionally accuses Hyundai of exposing female employees to sexual harassment at work⁴, blacklisting trade unionists, and not hiring workers who had previously worked at unionised companies⁵.

In 2010 Hyundai workers went on strike demanding permanent employment and a statement by the company regarding suppression of union activists. Hyundai Motor Group filed 16 lawsuits against its workers between 2011 and 2013.⁶ In late 2013 the district court ruled unions had to compensate the company with payments totalling 12 billion Won (€8.9 million).

1 UN Global Compact (2014): Hyundai Motor Company; www.unglobalcompact.org (accessed 15.10.2014)

2 Hübner, C. (2014): Unfair Play – Labour Relations at Hyundai – A critical review; IndustriALL Global Union: www.industriall-union.org (accessed 1.10.2014)

3 Ibid. pp. 15

4 Ibid. pp. 16

5 Ibid. pp. 19

6 Nam, H. (2013): Hyundai union workers told to pay W9 billion; Korea Times, 19 December: www.koreatimes.co.kr (accessed 1.10.2014)

“... we create a new future and realize
the dream of human society.”

Hyundai Motor Group Slogan¹⁵



▲ Hyundai Workers' Protest in South Korea
© MJ Jin Lee

In 2014, the German metalworkers' union IG Metall filed a complaint with the OECD⁷ claiming the Hyundai Technical Center in Rüsselsheim, Germany⁸ was in violation of the German Workers Constitution Act by disregarding the rights to information and decision of the works committee and of even undertaking salary cuts for committee members.⁹

Industrial accidents in South Korea are a concern, and Hyundai sites have a particularly bad record. At Hyundai Heavy Industries eight people died from work related incidents between March and May 2014.¹⁰ Since 2012, 10 people have died at Hyundai's steel plant in Dangjin. According to RepRisk, the Korean Ministry of Labour and

Employment lists Hyundai Motor's Ulsan Plant "as the site with the highest number of occupational incidents in South Korea".¹¹ At a Kia Motor plant 431 injuries and 1 death were reported between 2012 and 2013.¹²

Hyundai Engineering and Construction, another affiliated company of the Hyundai Motor Group¹³, received criticism from Amnesty International referring to precarious working conditions at the FIFA 2022 World Cup construction sites in Qatar.¹⁴

→ Jan Schulz, Facing Finance

7 IG Metall (2014): Press Release: IG Metall issues OECD complaint due to conflicts with Hyundai; 4 April: www.igmetall.de (accessed 15.10.2014)

8 Handelsblatt (2014): IG-Metall legt Beschwerde gegen Hyundai ein, 4 April: www.handelsblatt.com (accessed 01.10.2014)

9 HR-online (2014): Hyundai zermürbt systematisch Betriebsräte; 4 April: www.hr-online.de (accessed 01.10.2014)

10 Lee, S.-J., Kim, H.-Y. (2014): Fatal industrial Accidents are Rising; Korea Jangoon Daily, 14 May: www.koreajoongangdaily.com (accessed 15.10.2014)

11 RepRisk company profile (2014): Hyundai Corporation; as at 16 July 2014, provided to Facing Finance

12 Ibid.

13 Hyundai Engineering Co (2014): About our major affiliates: <https://eng.hec.co.kr> (accessed 15.10.2014)

14 Amnesty International (2013): Qatar: The dark side of the migration: spotlight on Qatars construction sector ahead of the World Cup; 18 November: www.amnesty.org (accessed 15.10.2014)

15 Hyundai (2014): About us: www.hyundai.com (accessed 23.10.2014)

16 Hübner, C. (2014): Unfair Play – Labour Relations at Hyundai – A critical review; IndustriALL Global Union: www.industriall-union.org (accessed 1.10.2014)

"Hyundai is 'one of the world's most anti-union automotive corporations'."¹⁶

Helmut Lense, IndustriALL



▲ Lockheed Martin booth at Eurosatory 2014
© Facing Finance

Lockheed Martin Corp.

Estimated value of managed shares and bonds (in € mln):

Allianz	407.97
Prudential	293.86
Legal & General	181.85
AXA	172.57
UBS	156.65

Loans (in € mln):

BNP Paribas	54.86
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Revenues (in € mln):	32,948.05
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Profit after tax (in € mln):	2,165.40
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Tax-Share of Revenue:	2.7%
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ISIN:	US5398301094
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Date and currency of company report:

31.12.2013, US\$ (exchange rate as of 31.12.2013, www.oanda.com)

Lockheed Martin is a global security and aerospace company headquartered in Bethesda, Maryland. Business sectors include missile and fire control, information systems and integrated air and missile defense systems.¹

SIPRI has once again placed Lockheed Martin at the top of their “Top 100 arms-producing and military services companies in the world excluding China, 2012” list. 76% of the company’s sales are military, worth US\$ 36 billion (€28 bill).² The company has yet to sign the UN Global Compact.

More than 40 banks, pension funds, asset management companies, and insurance companies have excluded Lockheed Martin due to their involvement in the production of nuclear arms and/or cluster munitions (view: Appendix Divestment from Companies). In June 2013, the Norwegian Government Pension Fund Global

(GPF) recommended changing their grounds for Lockheed Martin’s exclusion from “production of cluster munitions” to “production of key components for nuclear weapons”.³

According to Lockheed Martin, their nuclear instrumentation and control 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 US Ohio- and British Vanguard-class submarines.⁵ Lockheed Martin forms part of the consortium AWE, which manages the UK nuclear warhead system, Trident.⁶ The US Department of

1 Lockheed Martin (2014): Who we are: www.lockheedmartin.com (accessed 23.09.2014)

2 SIPRI (2012): The SIPRI Top 100 arms-producing and military services companies in the world excluding China, 2012: www.sipri.org (accessed 23.09.2014)

3 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; 13 June: www.regjeringen.no (accessed 23.09.2014)

4 Lockheed Martin (2014): Nuclear Systems and Solutions: www.lockheedmartin.com (accessed 23.09.2014)

5 IKV Pax Christi (2013): Don’t Bank on the Bomb: Lockheed Martin; October 2013: www.dontbankonthebomb.com (accessed 23.09.2014)

6 AWE (2014): The Trident Weapons System: www.awe.co.uk (accessed 23.09.2014)

*“Do what’s right; respect others;
perform with excellence.”*

Lockheed Martin ‘Our Values’¹⁷

Defense budget currently includes 561 Trident II missiles, worth US\$65 million (€50 mill) each, excluding research and development costs, totalling US\$35 billion (€27 bill).⁷ Lockheed Martin has been contracted to maintain and develop the Minuteman III nuclear missile system through to 2022, at a price of US\$452 million (€353 mill).⁸

Lockheed Martin has over the past year been contracted to provide nuclear weapon security systems to the US Navy⁹; to develop the new guided B61-12 TSA tail kit, which increases the accuracy of deployed, ground-penetrating bombs, or “mini-nuclear-bombs”¹⁰; and renewed their contract to manage and operate the National Nuclear Security Administration plants (including weapons life extension programs)¹¹.

In 2013, Lockheed Martin “successfully” tested the GMLRS-Alternative Warhead Program (AWP) to create a GMLRS variant designed to achieve the same (indiscriminate) area-effects as older submunitions warheads banned under the Convention on Cluster Munitions. The Alternative Warhead is being developed by ATK under subcontract to Lockheed Martin.¹²

Lockheed Martin offers multiple unmanned weapons systems for air, land and sea, including a recently revealed ultra high speed UAV (unmanned aerial vehicle) project, drone SR-72. According to Lockheed Martin this would be both a spy and a strike aircraft, but will not be ready to fly until 2030.¹³ Lockheed Martin has developed a fully autonomous surveillance and target-acquisition system combining a ground robotic vehicle and an unmanned helicopter (the SMSS acting as the ground segment and the K-MAX unmanned air vehicle).¹⁴ Lockheed Martin is also a producer of autonomous weapons which are under strong criticism to be indiscriminate and violate International Humanitarian Law. Armed with a proven penetrator and blast-fragmentation warhead, LRASM (Long Range Anti-Ship Missile) cruises autonomously, day or night, in all weather conditions.¹⁵

Lockheed Martin is also a key supplier of arms to Israel, supplying them with F-16 fighter jets, Longbow Hellfire missiles and AH-64 Apache Longbow helicopter parts. These are some of the main weapons used in the attacks on Gaza.¹⁶

→ Thomas Küchenmeister, Facing Finance

7 24/7 Wall Street (2012): The 10 Most Expensive Weapons in the World; 9 January: www.247wallstreet.com (accessed 23.09.2014)

8 Avery, G. (2014): Lockheed Martin Space Systems land nuke missile contract for up to US\$452 million; Denver Business Journal, 10 June: www.bizjournal.com (accessed 23.09.2014)

9 Seffer, G.I. (2013): Lockheed Martin to provide Nuclear Weapon Security Equipment; Signal Online, 22 July: www.afcea.org (accessed 23.09.2014)

10 Kristensen, H.M. (2011): B61 LEP: Increasing NATO Nuclear Capability and Precision Low-Yield Strikes; FAS, 15 June: www.fas.org (accessed 23.09.2014), Jane's Weapons Handbook 2012/2013 – Air-launched Weapons, p. 417

11 Defence Talk (2014): Lockheed Martin Resume Transition of US Nuclear Facility Management; 12 March: www.defencetalk.co.za (accessed 23.09.2014)

12 Defense Update (2013): GMLRS Completes Engineering Development Flight Tests with Alternative Warhead Configuration; 27 October: www.defense-update.com (accessed 23.09.2014)

13 Weinberger, S. (2014): The ultra-lethal drones of the future; New York Post, 17 May: www.nypost.com (accessed 23.09.2014)

14 Defense Update (2014): US Army, Lockheed Martin Test Collaborative Robotics at Ft Benning; 18 August: www.defense-update.com (accessed 23.09.2014)

15 Lockheed Martin (2014): LRASM, www.lockheedmartin.com

16 American Friends Service Committee (2014): US corporations complicit in current attacks on Gaza: www.afsc.org (accessed 23.09.2014)

17 Lockheed Martin (2014): Who we are: www.lockheedmartin.com (accessed 23.09.2014)

18 See supra note 3

“The Fund’s ethical guidelines state that the Fund’s assets shall not be invested in companies which themselves or through entities they control produce weapons that violate fundamental humanitarian principles through their normal use.”¹⁸

Norwegian Government Pension Fund Global, 2013

Rheinmetall AG

Estimated value of managed shares and bonds (in € mln):	
Deutsche Bank	29.91
Allianz	10.10
Loans (in € mln):	
Crédit Agricole	42.79
Deutsche Bank	42.79
Barclays	42.79
UniCredit	42.79
Commerzbank	42.79
Revenues (in € mln):	4,613.00
Profit after tax (in € mln):	22.00
Tax-Share of Revenue:	0.3%
ISIN:	DE0007030009

Date and currency of company report:
31.12.2013, EUR mln

Rheinmetall AG produces automotive components and defence equipment, including land systems, weapons and munitions, propellants, and air defence. It is headquartered in Düsseldorf, Germany, and has numerous subsidiaries including Rheinmetall Denel Munitions in South Africa, Rheinmetall Hellas in Greece, and Rheinmetall Defence UK.¹ Rheinmetall AG has not signed the UN Global Compact. Currently at least 10 investors and pension funds have divested from Rheinmetall, including three Dutch Pension Funds (view: Appendix Divestment from Companies).

In the latest Transparency International Defence Anti Corruption Index, which evaluates defence companies internal and public policies related to corruption, Rheinmetall ranks lowest of all the defence companies in this report.² Rheinmetall, along with Atlas Elektronik, is currently under investigation for bribing the Greek Government with up to €9 million to attain submarine defence deals.³ Despite this, a €50 million contract to deliver ammunition for the Greek army's Leopard 2 battle tanks remains unaffected by these investigations.⁴

India has blacklisted Rheinmetall Air Defence (RAD) for a period of 10 years due to corruption allegations.⁵

Rheinmetall has developed a reputation for selling arms to countries accused of multiple human rights violations. On several occasions the German Government has blocked these contracts due to public pressure. These included the sale of Leopard 2 Tanks to both Indonesia⁶ and Saudi Arabia⁷ (more on this in Dirty Profits II). In principle, weapons trades with anyone other than NATO and NATO – equivalent countries are forbidden, but the Federal Security Council of Germany may grant exceptions. Rheinmetall 'is seeking to gain a stronger foothold in Asia, South America and the MENA region'.⁸ And in pursuit of this, Rheinmetall was in June 2014 due to sign a €2.7 billion deal to manufacture 980 Fuchs 2 armoured vehicles in Algeria. The German government has reportedly approved this contract⁹, despite the fact that Amnesty International has confirmed that the human rights situation in Algeria remains poor.

Rheinmetall subsidiary, Rheinmetall Denel Munitions, has signed a deal with PT Pindad, an Indonesian government owned company, to produce ammunition. This deal would focus on medium calibre ammunition (30–105mm) and make the Indonesian factory the biggest ammunition production facility in South East Asia.¹⁰ Amnesty International views Indonesia as a country facing human rights concerns.¹¹ In terms of artillery, both Rheinmetall Denel Munitions and

- 1 Rheinmetall (2014): Corporate Sectors; www.rheinmetall.com (accessed 01.10.2014)
- 2 Transparency International (2013): Defence Companies anti corruption index: Rheinmetall; June: www.transparency.org (accessed 01.10.2014)
- 3 Matussek, K. (2013): Rheinmetall, Atlas probed for bribing Greek officials; Bloomberg, 26 August: www.bloomberg.com (accessed 01.10.2014)
- 4 Pressebox (2014): Rheinmetall to furnish Greek tanks with ammunition worth over €50 million: initial supply for Leopard 2 tanks; 15 August: www.pressebox.com (accessed 01.10.2014)
- 5 Security Risks Monitor (2014): Security trends South Asia – India Defence- blacklisting of companies India Blacklist; 19 July: www.security-risks.com (accessed 01.10.2014)

- 6 Friedrichs, H. (2013): FeuerFrei; Die Zeit, 16 May: www.zeit.de (accessed 01.10.2014)
- 7 Wilson, N. (2014): Is Saudi Arabia's deal for hundreds of German tanks about to bomb?; International Business Times, 14 April: www.ibtimes.com (accessed 01.10.2014)
- 8 Rheinmetall Defence (2014): Opening the door to new markets and new business opportunities: www.rheinmetall-defence.com (accessed 01.10.2014)
- 9 Seythal, T. (2014): Germany approves Rheinmetall's plant delivery to Algeria; Reuters, 24 August: www.reuters.com (accessed 01.10.2014)
- 10 Defence web (2014): Rheinmetall and pindad sign Indonesia ammunition deal; 11 August: www.defenceweb.co.za (accessed 01.10.2014)
- 11 Amnesty International (2013): Annual report Indonesia; www.amnesty.org (accessed 01.10.2014)

“Providing friendly forces with the best-possible protection – that is our mission.”



◀ Selling “Leo” to the World: Rheinmetall and Krauss Maffei presenting their battle tank Leopard2 at the Eurosatory 2014 exhibition in Paris.
© Facing Finance

Rheinmetall AG¹² have marketed their production of the 155mm “Assegai family” of artillery ammunition both at the IDEX weapon show in Abu Dhabi, 2013 and as part of Eurosatory in Paris, 2014. Rheinmetall offers the complete “155mm Assegai Artillery Ammunition” series, which includes insensitive munition (IM), high explosive (HE), conventional HE, screening smoke, illumination, infrared illumination, and many other projectiles.¹³ Sources like the Jane’s Ammunition Handbook indicate that the 155mm Assegai family include cluster munitions that have been banned by the Convention on Cluster Munitions.¹⁴

Rheinmetall also offers a comprehensive range of ammunition including non-lethal crowd or riot control applications.¹⁵ Activists in Bahrain have been posting pictures of 40mm tear gas canister manufactured by Rheinmetall Denel Munition (Pty) Ltd (South Africa).¹⁶ Bahraini and Saudi police and security forces have been systematically using tear gas ‘unlawfully and disproportionately’ against protestors on an unprecedented

scale.¹⁷ Physicians for Human Rights documented tens of cases of maiming, blinding, and even killing of civilian protesters in Bahrain as a result of tear gas attacks.¹⁸

South Africa’s Rheinmetall Denel Munitions’ newfound success is based on the export market¹⁹, particularly in the Middle East. There have been concerns voiced at the South African National Convention Arms Control Committee²⁰ as to whether reporting structures and export regulations and restrictions are being adhered to. South African NGOs have also raised concerns surrounding illegal and unethical exports.²¹ South African MPs are currently looking into whether Rheinmetall Denel Munitions may have illegally exported riot control products, including tear gas and flash-bangs, to certain countries in the Middle East.²²

→ Thomas Küchenmeister, Facing Finance

12 Rheinmetall Defence (2014): Rheinmetall comprehensive competence in weapon systems and ammunition; 16 June: www.rheinmetall-defence.com (accessed 01.10.2014)

13 Foss, C.F. (2012): New mortar ammunition; IHS, 20 September: www.ihs.com (accessed 04.09.2013)

14 Ness, L., Williams, A. (2011): Jane’s Ammunition Handbook 2011–2012, Coudsdon: Janes Information Group, p. 752

15 NIOA (2014): Rheinmetall 40mm ammunition; lem.noia.com.au (accessed 02.10.2014); NIOA (2014) Rheinmetall hand thrown grenades; lem.noia.com.au (accessed 02.10.2014)

16 Bahrain Watch (2014): Bahrains police use South African tear gas from German controlled company; 29 January: www.bahrainwatch.com (accessed 02.10.2014)

17 Fahim, K. (2013): Rights Group warns against tear gas abuse by Bahrain; 22 Oct, New York Times: www.nytimes.com (accessed 10.09.2014)

18 Corporate Watch (2013): Lethal non lethal weapon; 3 July: www.corporatewatch.org (accessed 02.10.2014)

19 Rheinmetall Denel (2011): State of Affairs: Denel presentation to the Joint Standing Comitee of Defense; 2 June; www.denel.co.za (accessed 11.11.2014)

20 Parliamentary Monitoring Group (2012): 2011 National Conventional Arms Control Committee (NCACC), Annual Report; March 2012: www.pmg.org.za (accessed 01.10.2014)

21 Ceasefire (2010): South African Arms exports 2000–2009: A dossier: www.ceasefire.org.za (accessed 01.10.2014)

22 Hartley, W. (2014): Exports drive Denel’s turnaround; 6 February, Business day live: www.bdlive.co.za (accessed 01.10.2014)

23 Rheinmetall (2014): Corporate Sectors; www.rheinmetall.com (accessed 01.10.2014)

24 Dorothea Kerschgens (2012): Statement of Dorothea Kerschgens at the AGM of Deutsche Bank; 15 May: www.kritischeaktionaeere.de (accessed 21.11.2014)

“Exporting tanks supports a regime that is involved in international terrorism, suppresses all oppositional forces inside the country, and withholds basic rights from women. After their delivery, the tanks will allow Saudi–Arabia to further intervene militarily in neighboring states.”²³
Dorothea Kerschgens
Association of Ethical Shareholders Germany

Royal Dutch Shell plc

Estimated value of managed shares and bonds (in € mln):

Lloyds Banking Group	6,020.08
Legal & General	5,854.40
AXA	2,005.81
UBS	1,934.15
Crédit Suisse	1,925.11

Estimated value of underwritten shares and bonds (in € mln):

Barclays	1,612.40
Deutsche Bank	1,600.30
BNP Paribas	662.42
HSBC	662.42

Loans (in € mln):

Crédit Agricole	390.81
Crédit Suisse	364.36
Lloyds Banking Group	320.96
Barclays	278.38
HSBC	278.38

Revenues (in € mln): 333,852.71

Profit after tax (in € mln): 12,004.49

Tax-Share of Revenue: 3.7%

ISIN: GB00B03MLX29

Date and currency of company report:

31.12.2013, US\$ (exchange rate as of 31.12.2013, www.oanda.com)

The Anglo-Dutch company Royal Dutch Shell, headquartered in the Netherlands, is amongst the biggest oil and gas producers worldwide.¹ Shell is a founding- and board member of the Extractive Industries Transparency Initiative (EITI)² and supports the UN Global Compact³. Currently at least nine investors and pension funds have divested from Royal Dutch Shell on human rights and environmental grounds (view: Appendix Divestment from Companies). Shell is a DJSI Sustainability yearbook 2014 member.⁴ Shell pays 10% of its revenues as income-tax in Germany⁵ and 38% in Italy⁶ whereas it receives tax repayments in the UK and Canada due to negative profits in 2013, amounting to 2% of its revenues in the UK⁷ and 11% in Canada⁸. According to a study by the British Overseas Development Institute (ODI), Shell invested 6,105 million US\$ in exploration of fossil fuels in 2013.⁹

In 2008 Shell's Trans-Niger-pipeline ruptured twice over the course of only a few days in Bodo/Ogoniland, spilling thousands of gallons of oil, polluting fishing grounds, and destroying

livelihoods.¹⁰ The Niger Delta is now one of the most polluted areas in the world, with millions of barrels spilled but not cleaned up since Shell's oil field discovery in 1956. In 2011 the United Nations Environment Programme (UNEP) investigated the Ogoniland pollution, issuing recommendations to Shell and the Nigerian government, and estimating it would take 30 years to clean.¹¹ Subsequent investigations have shown that the recommendations have not been implemented.¹² Affected communities joined forces with NGOs to hold Shell accountable for pollution. In 2008, FoE Netherlands and four Nigerian farmers instituted legal proceedings against Shell in the Netherlands, with Shell Nigeria being sentenced to pay damages in one of the cases. Shell claims the major causes for oil spills are vandalism, theft or sabotage by militants – a claim that is questioned by FoE and others.¹³ Shell now has a pipeline under construction, the Trans-Niger-Pipeline-Loopline, which would bypass the old pipeline.

Shell's operations in the Arctic and sub-Arctic regions have been beset by several operational failings including the running aground of the drilling rig Kulluk in 2012.¹⁴ In August 2014, Shell announced it would continue its explorations in the Alaskan Arctic. Both the US Coast Guard (April 2014) and the US Department of the Interior (March 2013) criticised Shell's risk management practices and contractor oversight, saying Shell

1 Shell (2014): About Shell – at a glance; www.shell.com (accessed 27.10.2014)

2 Shell (2014): Payments to governments; www.shell.com (accessed 20.10.2014)

3 Shell (2014): UN Global Compact – reporting; www.shell.com (accessed 24.10.2014)

4 RobecoSAM AG (2014): Sustainability Yearbook 2014: www.sustainability-indices.com

5 Shakuntala Makhijani (2014): Fossil fuel exploration subsidies: Germany: www.odi.org (accessed 12.11.2014)

6 Shakuntala Makhijani (2014): Fossil fuel exploration subsidies: Italy: www.odi.org (accessed 12.11.2014)

7 Shakuntala Makhijani (2014): Fossil fuel exploration subsidies: United Kingdom: www.odi.org (accessed 12.11.2014).

8 Shakuntala Makhijani (2014): Fossil fuel exploration subsidies: Canada: www.odi.org (accessed 12.11.2014).

9 Bast, E., Makhijani, S., Pickard, S., Whitley, S. (2014): The fossil fuel bailout: G20 subsidies for oil, gas and coal exploration; Overseas Development Institute and Oil Change International, p.44, November 2014: www.odi.org (accessed 11.11.2014)

10 Vidal, J. (2010): Nigeria's agony dwarfs the Gulf oil spill but Europe and the US ignore it; the observer, 30 May: www.theguardian.com (accessed 23.10.2014)

11 United Nations Environment Program (UNEP) (2011): Environmental Assessment of Ogoniland: www.unep.com (accessed 24.09.2014)

12 Friends of Earth Europe, Amnesty International, Environmental Rights Action, Platform and the Centre for Environment, Human Rights and Development (2014): No Progress. An evaluation of the implementation of UNEP's environmental assessment of Ogoniland, Three years on: www.foeeurope.org (accessed 24.09.2014)

13 Ibid.

14 Alaska Dispatch News (2013): Coverage of Shell's troubled Kulluk drill rig; The Alaska Dispatch News; 30 May: www.adn.com (accessed 21.10.2014)

“We operate responsibly, investing to satisfy growing global energy demand and to help build a cleaner energy system for the future.”



◀ Child standing in oil polluted river in Goi, Nigeria
© Dijl, Milieudefensie

are “demonstrating a lack of respect for the unique risks inherent in Alaskan operations”.¹⁵

In 2014, Gazprom and Shell decided to move on with the expansion plans for Sakhalin II in far eastern Russia. Shell acknowledges the technical challenges related to the Sakhalin plant, including arctic conditions and seismic activity. A scientific report by the Hydrometeorological Centre of Russia and others point out the specific problems related to oil-spills in icy conditions: “The performance of all known technologies for spill response in ice conditions is such that even when detecting a massive oil accumulation it can not be rapidly collected”¹⁶. This becomes especially important considering the world’s last Western Gray Whales live in this area. According to the International Union for Conservation of Nature (IUCN) an oil spill would of course be devastating to the whale population.¹⁷

Shell’s controversial oil sand projects in Canada are unlikely to meet promised targets for reducing toxic wastes, according to Lorraine

Mitchelmore from Shell Canada.¹⁸ The process of separating clay, sand and silt from bitumen leaves behind an extremely toxic by-product, which the Alberta government regulates through Directive 74.¹⁹ In addition to the problems with the toxic waste, oil sands projects face financial feasibility issues and create massive carbon emissions. Oil sand projects demand a massive initial investment and are profitable only if crude oil prices stay above 95 dollar per barrel.²⁰

Royal Dutch Shell is number six on the list of major carbon emitting companies over the last 150 years.²¹ Shell acknowledged in its 2004 Sustainability Report²² its products were responsible for 3.6% of global emissions but since then Shell has not continued providing data on its products emissions.

→ Martina Schwab, FairFin

15 Rouse, L. (2014): As Shell gears up to drill the Arctic, investors must ask serious questions; The Guardian, 2 September: www.theguardian.com (accessed 25.09.2014)

16 WWF (2012): Modeling of potential oil spill behavior when operating Prirazlomnaya OIFP; www.wwf.ru (accessed 27.09.2014)

17 Western Gray Whale Advisory Panel (2014): Distribution and abundance of gray whales in northeast Sakhalin waters in July–November 2013; www.iucn.org (accessed 25.09.2014)

18 Dawson, C. (2014): Shell Canada: Oil-Sands Mines May Not Meet Waste Targets; The Wallstreet Journal, 27 August: www.wsj.com (accessed 25.09.2014)

19 Healing, D. (2014): Shell challenged to meet tailings pond targets; 27 August, Calgary Herald: www.calgaryherald.com (accessed 23.10.2014)

20 Carbon Tracker (2014): New report casts doubt over economic benefits of keystone pipeline for candain oil sands investments; 14 September: www.carbontracker.org (accessed 27.10.2014)

21 Heede, R. (2014): Tracing Anthropogenic carbon dioxide and methane emissions to fossil fuel and cement producers; Journal of Climatic Change (vol 122: pg 229-241) January 2014: www.springer.com (accessed 10.9.2014)

22 Shell (2004): “The Shell Report 2004”; www.reports.shell.com (accessed 27.09.2014)

23 Schäfers, M. (2014): Entwicklungsminister will Shell und Addidas boykottieren; 9 October: www.faz.net

24 Shell (2013): Shell Sustainability Report: Introduction; www.shell.com (accessed 23.10.2014)

“I was recently in Nigeria. If you went to the Niger Delta and realised the standard of oil extraction, none of you would refuel at the gas station of an oil firm extracting there.”²⁷

Gerd Müller, the German Minister of Economic Cooperation and Development stated after visiting the region



▲ Brown Coal Surface Mine Garzweiler
© Bert Kaufmann

► Garzweiler II, Jüchen,
Nordrhein-Westfalen, Germany
© Bert Kaufmann

RWE AG

Estimated value of managed shares and bonds (in € mln):

UBS	311.81
Commerzbank	248.16
Allianz	146.90
Deutsche Bank	129.22
Crédit Suisse	107.63

Estimated value of underwritten shares and bonds (in € mln):

Barclays	359.98
Société Générale	252.64
Lloyds Banking Group	244.61
UBS	200.40
Crédit Agricole	190.76
UniCredit	190.76

Loans (in € mln):

Société Générale	659.01
Deutsche Bank	566.89
Crédit Suisse	218.09
Barclays	218.09
HSBC	218.09
BNP Paribas	218.09
UniCredit	218.09

Revenues (in € mln): 51,393.00

Loss after tax (in € mln): -2,443.00

Tax-Share of Revenue: 1.9%

ISIN: DE0007037129

Date and currency of company report:
31.12.2013, EUR

RWE AG, headquartered in Germany, is amongst Europe's leading energy and gas companies. It operates predominantly in Germany, the UK (through RWE npower), the Netherlands, Belgium and Eastern Europe.¹ In 2013, for the first time in 60 years, RWE's net income amounted to a net loss of €2.8 billion. RWE noted that changing European policy – particularly renewable energy subsidies – caused margins to decline.² The company participates in the UN Global Compact and has based its own “Better Coal” on the International Labour Organisation (ILO), the performance standards of the International Finance Corporation (IFC), the OECD Guidelines, and the Initiative for Responsible Mining Assurance (IRMA).³ Divestments from RWE are currently limited (view: Appendix Divestment from Companies). RWE was deleted from the DJSI Europe list in 2012 but was Yearbook member in the DJSI Yearbook 2013 (01/2013) and ranked “Silver Class” in 2014.⁴ In Germany, RWE pays 13% of its revenues as income-tax.⁵ Considering the total income taxes paid to governments, RWE only pays 1.9% of its revenues as taxes (as of 2012).⁶

RWE operates three nuclear power plants, all located in Germany (Emsland, Grundremmingen, Biblis). The use of nuclear energy in Germany is being phased out by 2022. RWE has filed a lawsuit against the government of Hessen and the federal

government of Germany to claim losses related to the shutdown orders for its power-plant in Biblis.⁷ The reduction in nuclear is to be compensated by an increase in renewable energy. As coal is cheaper than gas in Europe and in order to compete with renewables, many utilities companies are turning to coal, the most polluting source of electricity, to improve their margins. RWE is one of these.⁸ Coal also provides a profitable alternative as the cost of pollution is not accounted for. ‘Emission certificates’ were introduced to combat this but were priced too low, and are often used as another way of creating profit. RWE proudly proclaims itself as one of Europe's leaders for all tradable commodities in the energy sector, including “CO₂ emission certificates”. In 2013 RWE traded 626 million of those certificates.⁹

RWE is continuing to invest heavily in coal power plants, currently operating 15 (11 in Germany, 2 in the UK and 2 in the Netherlands).¹⁰ Many of these are more than 40 years old¹¹ and 11 of them burn lignite, which creates more carbon emission than hard coal.¹² RWE is also building a new coal fired power plant in Hamm, North Rhine Westphalia and another in Eemshaven in the Netherlands.¹³ RWE has built two new units for the lignite-fueled

1 RWE (2014): Country activities: www.rwe.com (accessed 20.10.2014)
 2 RWE (2014): Annual report 2013: www.rwe.com (accessed 20.10.2014)
 3 RWE (2013): Our Responsibility. Report 2013: www.rwe.com (accessed 20.10.2014)
 4 RobecoSAM (2012): DJSI 2012 Review Results: www.sustainability-indices.com p.16. RobecoSAM AG (2014): Sustainability Yearbook 2014: www.sustainability-indices.com
 5 Shakuntala Makhijani (2014): Fossil fuel exploration subsidies: Germany: www.odi.org (accessed 12.11.2014).
 6 ODI (2014): The fossil fuel bailout: www.odi.org (accessed 12.11.2014).

7 RWE (2014): Moratoriumsverfügungen: RWE reicht Klage ein; 25 August: www.rwe.com (accessed 28.09.2014)
 8 The Economist (2013): The unwelcome renaissance; 5 January: www.economist.com (accessed 20.10.2014)
 9 RWE (2013): Our Responsibility. Report 2013: www.rwe.com (accessed 20.10.2014)
 10 RWE (2014): Locations: www.rwe.com (accessed 28.09.2014)
 11 Herman, H., Harthan, R.O. (2014): CO₂-Emissionen aus der Kohleverstromung in Deutschland: www.oeko.de (accessed 04.10.2014)
 12 Volkner (2003): Specific Carbon dioxide emissions of various fuels: www.volkner-quasching.de (accessed 20.10.2014)
 13 The Economist (2013): The unwelcome renaissance; 5 January: www.economist.com (accessed 20.10.2014)

*“Politicians are responsible for the framework,
we are responsible for our success.”*



plant in Neurath, Germany in 2014 and is pressing ahead with plans to build another in Niederrhein close to the German border with Belgium.¹⁴ Lignite is mainly produced in opencast mines, which demands the opening up of large areas. This has a devastating impact on the environment and in many cases whole villages need to be resettled.

This continued investment in coal impacts on carbon emissions. The 2014 Intergovernmental Panel on Climate Change (IPCC) report states that amongst the different conventional and renewable energy sources, it is still the burning of coal that causes the highest CO₂ emissions.¹⁵ According to the Carbon Disclosure Project, RWE ranks in the global top 10 utilities with the highest carbon emissions¹⁶ and one of the highest in Europe.¹⁷ Other research has classified RWE as number six responsible for emissions attributed to coal and as number 11 with regard to cumulative global industrial emissions between 1751 and 2010,

being Germany's CO₂ emitter number 1.¹⁸

In addition to environmental issues, the sourcing and supply chain related to coal often involves human rights and labour violations. RWE, among other European coal companies, source their coal from Drummond and Prodeco in Colombia implicated in providing financial and logistical support to paramilitaries responsible for killings and massacres, enforced disappearances and forced displacements resulting in a severely traumatised local population.¹⁹

This destructive behaviour of continuing to pursue profit despite the obvious environmental harm shows a clear unwillingness to diversify away from fossil fuels. Of RWE's total energy production, only 2% stems from renewables.²⁰ Chief Executive of RWE, Peter Terium, illustrates his lack of climate thinking by noting RWE was "late entering into the renewables market – possibly too late."²¹

→ Martina Schwab, FairFin

14 Andresen, T. (2014): Coal Returns to German Utilities Replacing Lost Nuclear; Bloomberg; 15 April: www.bloomberg.com (accessed 10.10.2014)

15 IPCC (2014): Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change; Cambridge University Press, (Chapter 7; Table 7.6, p. 35): <http://report.mitigation2014.org>

16 Carbon Disclosure Project (2013): Global 500: Climate change report 2013: pg 39, 51: www.cdp.net (accessed 20.10.2014)

17 Reuters (2014): RWE's power output Q1 falls 17%, hedging rate slips; 14 May: www.reuters.com (accessed 20.10.2014)

18 Heede, Richard (2013): Carbon majors: Accounting for carbon and methane emissions 1854–2010, 7 November: www.climateaccountability.org (accessed 24.11.2014)

19 Moor, M., Van de Sandt, J. (2014): The Dark Side of Coal: PAX; June 2014: www.urgewald.org (accessed 04.10.2014)

20 RWE (2012): Power and Heat generation; www.rwe.com (accessed 20.10.2014)

21 Andresen, T. (2014): Coal Returns to German Utilities Replacing Lost Nuclear; Bloomberg, 15 April: www.bloomberg.com (accessed 04.10.2014)

22 RWE (2013): Annual Report 2013: www.rwe.com (access 20.10.2014)

23 Urgewald (2014): Die dunkle Seite der Importkohle, <https://urgewald.org>

„RWE's 'Better Coal' initiative is a meaningless PR strategy of the coal industry to increase the reputation of coal.“²³
Sebastian Rötters,
Coal Expert, PowerShift

Samsung Group

Estimated value of managed shares and bonds (in € mln):

Deutsche Bank	607.26
UBS	543.99
AXA	332.34
BNP Paribas	290.89
Allianz	254.09

Loans (in € mln):

ING Group	39.77
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Revenues (in € mln):	208,400.00
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Profit after tax (in € mln):	20,300.00
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Tax-Share of Revenue:	3.4%
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ISIN:	KR7005930003
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Date and currency of source:
31.12.2013, EUR

The Samsung Group is a South Korean conglomerate with around 369,000 employees.¹ It's best-known branch, Samsung Electronics, is the world's largest producer of mobile phones and one of the biggest suppliers of memory chips and touch screens.

In 2012, the independent non-profit organisation China Labor Watch (CLW) unearthed child labour at Samsung's Chinese suppliers HEG Electronics² and HTNS Shenzhen Co., both in Huizhou.³ They found violations in six other Samsung factories. On this basis, three French non-governmental organisations, Peuples Solidaires, Sherpa and Indecosa-CGT, filed a lawsuit against Samsung for false advertisement in France.⁴ In July 2013, the court opened preliminary proceedings on the case.⁵

In December 2013, CLW exposed primary ethical and legal violations at Samkwang Science & Technology Co., another Samsung supplier. They were found to discriminate in their hiring process, make employees work at an intense rate for 10 to 11 hours a day, and do 86 to 148 hours of overtime per month.⁶ In 2012 Samsung Electronics admitted that labour conditions were a concern and promised to reduce employee

overtime and have suppliers eliminate child labour⁷ by 2014.⁸

Despite Samsung's zero tolerance policy regarding child labour⁹, CLW found children under 16 working in two supplier factories in June and August 2014: Dongguan Shinyang Electronics¹⁰ and again HEG Electronics¹¹. Dongguan Shinyang Electronics is also accused of further breaches of their workers' rights regarding safety measures, unions, excessive overtime, and work contracts. Samsung reacted to these allegations and temporarily suspended business relations with the Dongguan Shinyang Electronics company¹² as well as implementing their own inquiries and promising to carry out joint audits with CLW.¹³

In May 2014, the Philippine NXP Semiconductors Cabuyao (NXPSCI), a Samsung supplier, illegally dismissed 24 union members. The workers union believe that the main issue behind the layoffs was due to workers requesting better wages and NXP attempting to dismiss their collective bargaining power.¹⁴ On June 16th 2014

1 Samsung (2010): About Samsung: <http://gsg.samsung.com> (accessed 24.09.2014).

2 China Labor Watch (2012): Samsung Factory Exploiting Child Labor: 8 August: www.chinalaborwatch.org (accessed 11.09.2014)

3 China Labor Watch (2012): Investigative Report of HTNS Shenzhen Co., Ltd. (Huizhou Branch): 14 December: www.chinalaborwatch.org (accessed 11.09.2014)

4 Essers, L. (2013): French NGOs file complaint against Samsung over Chinese labor practices; Computerworld, 27 February: www.computerworld.com.au (accessed 24.09.2014)

5 Sherpa (2013): Ouverture d'une enquête préliminaire suite à la plainte déposée contre Samsung France; 16 July: www.asso-sherpa.org (accessed 24.09.2014)

6 China Labor Watch (2013): Investigative Report of Samkwang Science & Technology Co., Ltd.: 4 December: www.chinalabourwatch.org (accessed 24.09.2014)

7 Samsung (2014): Corrective measures of working conditions at Supplier Factories in China; 26 November: <http://global.samsungtomorrow.com> (accessed 15.10.2014)

8 Arthur, C. (2012): Samsung unearths illegal work practices at Chinese suppliers; The Guardian, 26 November: www.theguardian.com (accessed 11.09.2014).

9 Samsung: Samsung Announces Child Labor Prohibition Policy in China: www.ccrsc.com (accessed 24.09.2014)

10 China Labor Watch (2014): Another Samsung supplier factory exploiting child labor: 10 July: www.chinalaborwatch.org (accessed 11.09.2014)

11 China Labor Watch (2014): Investigative Report on HEG Technology (Huizhou) Co., Ltd.: 27 August: www.chinalaborwatch.org (accessed 11.09.2014)

12 Barboza, D. (2014): Samsung Contractor Suspended Over Child Labor Allegations; The China blog of the New York Times - Sinosphere, 14 July: www.nytimes.com (accessed 11.09.2014)

13 Der Standard (2014): Samsung weist neuerliche Vorwürfe über Kinderarbeit zurück; 28 August: www.derstandard.at (accessed 11.09.2014)

14 Salamat, M. (2014): NXP workers' struggle belies Labor Dept. claims of respecting union rights; Bulatlat, 18 June: www.bulatlat.com (accessed 24.09.2014)

"We devote our talent and technology to create superior products and services that contribute to a better global society."



◀ Dongguan Shinyang Electronics's factory
© China Labor Watch

the workers dissatisfaction led to a protest outside the Labour Department's main office in Manila by a number of groups including the Kilusang Mayo Uno (KMU), Anakbayan, Courage, Migrante, Kadamay and others.¹⁵

In further supply chain problems, Samsung admitted in 2013 to sourcing tin from Bangka Island, Indonesia. This came after pressure by Friends of the Earth, following their investigation showing that unregulated tin mining depends on child labour, devastates the environment and kills an estimated 150 miners every year.¹⁶

In India, Samsung disregarded the Extended Producer Responsibility (EPR) under the state's electronic waste rules. Samsung did not create a well functioning system for collecting e-waste from consumers over the two-year time period given.¹⁷ The development of an e-waste recycling programme is critical, as about 50 million tons of e-waste is produced each year and most of it ends up in countries like India. The dismantling of e-waste has impacts on the environment and the health of workers in the informal sector as it contains high levels of toxic substances such as lead.¹⁸

In the beginning of September 2014, Samsung and others were charged a penalty of € 138 million

by the European Union for the involvement in a price-fixing scheme for chips used in mobile SIM cards, passports and bank cards between 2003 and 2005. Samsung received a fine of € 35.12 million.¹⁹

Samsung Techwin, a subsidiary of Samsung Group, is involved in the development and production of autonomous weapons systems, so called 'killer robots'. Questions have been raised on the compliance of these weapons with international human rights and humanitarian law. South Korea plans to purchase Samsung's SGR-A1 to control its border to Northern Korea.²⁰ The SGR-A1 has cameras, heat and motion sensors and carries various weapon systems²¹ and has an automatic mode that enables the robot to fire autonomously.²²

→ Lena Reschke, Earthlink

15 Labog, E. (2014): Electronics Workers, supporters picket DOLE, hold caravan to laguna; Kilusang Mayo Uno, 16 June: www.kilusangmayouno.org (accessed 24.09.2014)

16 Hodal, K. (2013) : Samsung admits its phone may contain tin from area mined by children; The Guardian, 25 April: www.theguardian.com (accessed 15.10.2014)

17 Sharma, V. (2014): Top firms perform dismally on e-waste management: Report; The Tribune, 25 June: www.tribuneindia.com (accessed 25.09.2014)

18 Galagher, S. (2014): India: the rising tide of ewaste; Pulitzer Centre, 16 January: www.pulitzercenter.org (accessed 15.10.2014)

19 Chee, F. (2014): EU regulators fine Infineon, Samsung, Philips 138 million euros; Reuters, 3 September: www.reuters.com (accessed 24.09.2014)

20 Deutsche Mittelstands Nachrichten (2014): Roboter: Südkorea entwickelt ersten Terminator; 2 October: www.deutsche-mittelstands-nachrichten.de (accessed 13.10.2014)

21 Crane, D. (2014): Samsung SGR-A1 Armed/Weaponized Robot Sentry (or 'Sentry Robot') Remote Weapons Station (RWS) Finally Ready for Prime Time? 17 September: www.defensereview.com (accessed 13.10.2014)

22 See supra note 20

23 Chen, M. (2014): Did child labour build your smartphone?; The Nation, 11 July; www.thenation.com (accessed 12.11.2014)

24 Samsung (2014): Sustainability Report 2014 – Global Harmony: www.samsung.com (accessed 24.11.2014)

"The factory can just borrow real identification cards from other factories to register us. And the system for checking employees as they enter the factory is not that strict."²³

**Teenage Worker
interviewed by the Times**

Saudi Aramco

Estimated value of underwritten shares and bonds (in € mln):
Deutsche Bank 389.84

Loans (in € mln):
HSBC 217.03
Deutsche Bank 60.07
Barclays 51.83
BNP Paribas 51.83
Crédit Agricole 51.83

Revenues (in € mln): n/a

Profit after Tax (in € mln): n/a

ISIN: SAXXXARAMCOX

Date and currency of company report: n/a
Currency exchange rate: n/a

Saudi Aramco is the state owned petroleum and chemicals company of the Kingdom of Saudi Arabia. In 2013 their daily crude production was 9.4 million barrels per day.¹ Saudi Arabia and thus Saudi Aramco is the world's largest holder of proved oil crude reserves (16% of global reserves)² and was the largest exporter of petroleum liquids in 2013. With most of Saudi Arabia's largest oil projects nearing completion, it is now expanding its natural gas, refining, petrochemicals and electric power industries. Saudi Aramco is currently not even listed in the Dow Jones Sustainability Index.³ According to a study by the British Overseas Development Institute (ODI), Saudi Aramco annually invests 17 billion US\$ in fossil fuel exploration and extraction.⁴

Saudi Aramco has been the third largest cumulative carbon emitter over the last century and was classified as the world's number one responsible for emissions attributed to combustion of oil products.⁵ A study undertaken in 2013 analysed 90 of the largest oil and gas companies' contribution to the current levels of carbon in the atmosphere. The companies in this study, including Saudi Aramco, have contributed to severe environmental damage while amassing huge profits from these resources. The World Meteorological Association has also shown that current global emissions in 2013 have actually increased, despite severe concern over climate change.⁶

Saudi Aramco has been exploiting hydrocarbon reserves for over 75 years⁷ and have discovered over 100 oil and gas fields. 'Ghawar' is the world's largest onshore oil field and 'Safaniya' is the world's largest offshore oil field⁸. Saudi Aramco have recently invested with Royal Dutch Shell in the Motiva Port Arthur Refinery. This

1 Saudi Aramco (2014): Who we are. www.saudiaramco.com (accessed 01.10.2014)

2 US Energy Information Administration (2014): Saudi Arabia Energy Profile: 16% of World's proved energy reserves. Eurasia review, 11 September: www.eurasiareview.com (accessed 01.10.2014)

3 RobecoSAM AG (2014): Sustainability Yearbook 2014: www.sustainability-indices.com

4 Bast, E., Makhijani, S., Pickard, S., Whitley, S. (2014): The fossil fuel bailout: G20 subsidies for oil, gas and coal exploration; Overseas Development Institute and Oil Change International, p.33, November 2014: www.odi.org (accessed 11.11.2014)

5 Heede, Richard (2013): Carbon majors: Accounting for carbon and methane emissions 1854–2010, 7 November: www.climateaccountability.org, p 26, (accessed 24.11.2014)

6 World Meteorological Association (2014): WMO Greenhouse gas bulletin. No10, 9 September 2014: www.wmo.int (accessed 01.10.2014)

7 Saudi Aramco (2014): Our story. www.aramco.com (accessed 01.10.2014)

8 Aramco Overseas (2014): About Saudi Aramco: A world leader in oil and gas. www.aramcooverseas.com (accessed 01.10.2014)

„We never lose sight of our responsibilities to the people of Saudi Arabia and to energy consumers around the globe.”



◀ Ras Tanura Refinery, Saudi Arabia: Ras Tanura Refinery is surrounded by a heavily guarded security fence.
© Chris Evans

refinery has very recently been expanded, costing over US\$10 billion (€7.8 bill). Situated in the Gulf of Mexico, the refinery is perfectly positioned for the Keystone XL Pipeline, a controversial oil pipeline proposed to run from Alberta to Nebraska, linking the Canadian oil sands to refineries in the US⁹. This pipeline would give Motiva access to some of the dirtiest and most carbon intensive crude oil in the world, from the Canadian tar sands. Markets for oil sands would then be increasingly globally accessible, including to Europe.^{10 11}

With domestic energy use increasing in Saudi Arabia, and the economy dependent on the export of crude oil, Saudi Aramco is looking

towards ‘fracking’ for natural gas to provide energy for crude oil extraction as well as domestic energy,¹² despite concerns over water scarcity.

A report on the transparency of oil and gas companies¹³ in 2011, ranked Saudi Aramco 36th out of 44 companies in terms of ‘reporting on anti-corruption’. In 2012 Saudi Aramco was implicated in a bribery case related to Swiss based company Tyco.¹⁴

→ Lesley Burdock, Facing Finance

9 Trans Canada (2014): about the project: A proposed oil pipeline from Alberta to Nebraska: www.keystone-xl.com (accessed 01.10.2014)

10 Colarulli, K. et al. (2013): Fail: how the keystone XL pipeline flunks the climate test. p21: <http://priceofoil.org>

11 US Energy Information Administration (2014): Saudi Arabia Energy Profile: 16% of World’s proves energy reserves. Eurasia review, 11 September 2014; www.eurasiareview.com (accessed 01.10.2014)

12 Mahdi, W. (2014): Saudi Aramco to pump tight natural gas at equal cost to US. Bloomberg 7 July: www.bloomberg.com (accessed 01.10.2014)

13 Transparency International (2011): Transparency reporting on oil and gas companies. 1 March: www.transparency.org (accessed 01.10.2014)

14 Forden, S. (2012): Tyco to pay US\$26mill to resolve US bribery case. Bloomberg. 24 September: www.bloomberg.com (accessed 01.10.2014)

15 Saudi Aramco (2014): At a glance: www.saudiaramco.com (accessed 01.10.2014)

16 Oil Change International (n.d): The price of oil global warming; www.priceofoil.org (accessed 11.11.2014)

“Oil provides 40 to 43 percent of all energy used by the world. Oil and coal each account for 40 percent of global warming emissions from fossil fuels worldwide.”¹⁶

Oil Change International

Sesa Sterlite Ltd.

Estimated value of managed shares and bonds (in € mln):

HSBC	213.54
Deutsche Bank	93.58
UBS	51.83
Société Générale	22.18
Crédit Suisse	19.35

Loans (in € mln):

Barclays	172.08
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Revenues (in € mln):	8,323.56
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Profit after tax (in € mln):	1,261.40
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Tax-Share of Revenue:	-1.2%
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ISIN:	US78413F1030
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Date and currency of company report:

31.03.2014, INR (exchange rate as of 31.03.2014, www.oanda.com)

Sesa Sterlite, formed in 2013 and based in India, is a mining company created by the merger of Sterlite Industries, Sesa Goa, Vedanta Aluminium (VAL) and Malco, all of which are former subsidiaries of the British metals and mining company Vedanta Resources Ltd.¹ Vedanta, itself continuously criticised for environmental, health and safety, indigenous, and human rights issues², controls a 58.3 % ownership interest in Sesa Sterlite.³ According to the company's website, Sesa Sterlite "is one of the world's largest diversified natural resources majors", focusing on zinc, lead, silver, copper, iron ore, oil and gas.⁴ Sesa Sterlite is a participant of the UN Global Compact.⁵

In 2014 the Norwegian Pension Fund Global (GFPG) excluded Sesa Sterlite from its investment universe as its operations in India represent an "unacceptable risk of environmental damage and serious violations of human rights".⁶ Many other investors have also chosen to exclude Sesa Sterlite and its predecessors (view: Appendix Divestment from Companies).

Previous human rights and environmental abuses by Sesa Goa, Sterlite Industries and Malco⁷ are now, due to the merger, intertwined under the Sesa Sterlite name. Sesa Goa in particular faced several legal challenges related to environmental destruction, for example, in Navelim, villagers protested against harmful levels of water, air and noise pollution from Sesa Goa coke plants⁸, as a result of which, the coke plant was temporarily shut down in August 2012⁹. In September 2012 all mining licences in the state of Goa were suspended for 18 months,¹⁰ due to illegal mining, deliber-

- 1 Business Wire (2013): All Share Merger of Sesa Goa and Sterlite Industries becomes effective: www.businesswire.com (accessed 01.10.2014)
- 2 Amnesty International (2012): Vedanta's Perspective Uncovered: www.amnesty.ca (accessed 29.09.2014)
- 3 Vedanta Resources (2014): Annual Reports and Accounts FY2014: Pg 4 www.vedantaresources.com (accessed 1.9.2014)
- 4 Sesa Sterlite (2014): Our Story: www.sesasterlite.com and Sesa Sterlite (2014): Key facts: www.sesasterlite.com (accessed 1.9.2014)
- 5 UN Global Compact (2014): Sesa Sterlite Ltd.: www.unglobalcompact.org (accessed 9.9.2014)

- 6 Council on Ethics, Government Pension Fund Global (2013): Recommendation to exclude Sesa Sterlite from the investment universe of the Government Pension Fund Global: www.regjeringen.no (accessed 1.9.2014)
- 7 Council on Ethics, Government Pension Fund Global (2007): Recommendation of 15th May 2007: www.regjeringen.no (accessed 01.10.2014)
- 8 Hindu Business Line (2012): Goa Villagers protest pollution by Sesa Goa plant: August 2012: www.thehindubusinessline.com (accessed 29.09.2014)
- 9 Mayenkar, S (2012): India orders Sesa Goa to shut Coke unit on pollution: Reuters, 28 August: www.reuters.com (accessed 01.10.2014)
- 10 Reprisk (2014) and Venkatesan, J. (2014): "SC lifts Goa mining ban, but caps annual output"; The Hindu, 23 April: www.thehindu.com (accessed 11.9.2014)

"We aim to manage our operations to minimise the risk of harm to people and the environment throughout the lifecycle of our projects."



◀ An Aerial view of the Zuari river in Goa, India. It is an important transport channel for the mining industry that use barges to take iron ore for processing and shipment.
© Abhisek Sarda

ate concealment of environmental information, pollution and corruption by top companies, including Sesa Goa.¹¹ Sesa Sterlite is currently seeking to regain these mining rights.¹² Sterlite Industries has also been engaged in illegal behavior, receiving a fine of the equivalent of €14 million from the Indian Supreme Court related to its copper smelter in Tamil Nadu, for severe environmental pollution.¹³ No acknowledgement is given of improved environmental or human rights standards for the newly created company. In August 2014 police forces raided the offices of Sesa Sterlite in Karnataka (South West India) on grounds of suspicion over illegal iron ore exports from mines in Bellary, Karnataka.¹⁴

A 2012 Human Rights Watch report¹⁵ on mining in India comes to the conclusion that India's mining industry lacks responsible behavior while

carrying out its operations, often conducting "illegal mining" with no legal rights to exploit resources. The report criticises a "dangerous mix of bad policies, weak institutions, and corruption"¹⁶ leading to lawlessness, chaos and corruption, and threatening "the health, livelihoods and environments of entire communities".¹⁷ On these grounds the merger to create Sesa Sterlite, India's largest diversified natural resources company,¹⁸ is unlikely to result in enhanced environmental oversight.

→ Jan Schulz, Facing Finance

11 Nanjapa, V. (2012): Detailed report of Brazen illegal mining in Goa: Rediff, 08 December: www.rediff.com (accessed 01.10.2014)

12 Business Standard (2014): Supreme court lifts ban on iron ore mining in Goa, 22 April 2014: www.business-standard.com (accessed 01.10.2014)

13 Economic Times (2013): Supreme Court imposes Rs100 crore fine on Sterlite industries for flouting green norms: 2 April: www.economicstimes.com (accessed 01.10.2014)

14 Times of India (2014): Karnataka SIT raids Sesa Sterlite, Salgaocar Mining in illegal ore exports cases, 13 August: www.indiatimes.com (accessed 01.10.2014)

15 Human Rights Watch (2012): Out of Control – Mining, Regulatory Failure, and Human Rights in India, 14 June: www.hrw.org (accessed 01.10.2014)

16 Ibid, p.1

17 Ibid, p.2

18 Lyeki, M. (2013): Indian Billionaire restructures his natural resources companies, NYSE exchanges, 28 August: www.exchanges.nyx.com

19 Sesa Sterlite (2014): Sustainable Development Community; www.sesasterlite.com (accessed 23.10.2014)

20 See supra note 6

"Sesa Sterlite is ... responsible for severe environmental damage and systematic human rights violations."²⁰

Government Pension Fund Global, Norway

SodaStream International Ltd.

Estimated value of managed shares and bonds (in € mln):

Barclays	7.44
Allianz	2.79
Commerzbank*	2.71
UBS	1.44
Deutsche Bank	1.28

Revenues (in € mln): 413.43

Profit after Tax (in € mln): 30.88

Tax-Share of Revenue: 0.8%

ISIN: IL0011213001

Date and currency of company report:

31.12.2013, US\$ (exchange rate as of 31.12.2013, www.oanda.com)

*According to Commerzbank these shareholdings are temporary and related to securities lending, customer orders or reference stocks for products on indices. Commerzbank also points out that to date (20th November 2014) and with reference to its trading book, there are no shareholdings in Soda Stream any more.

Commerzbank (2014):

Email to Facing Finance, 21st November.

SodaStream, founded in 1991 by Peter Wiseburgh under the original name Soda Club¹, is a manufacturer of home beverage carbonating devices. Since 1996, its main manufacturing facility has been located in the industrial zone of Mishor Adumim, an Israeli settlement in the illegally occupied West Bank.²

SodaStream markets its products in 45 countries. Over the past decade it has sold 8.5 million carbonating devices.³ The products are sold in more than 65,000 stores worldwide, including retailers such as Macy's, Bed, Bath and Beyond, John Lewis, Woolworths, Kmart, Coop, Media Market, Carrefour, Edeka, Walmart, and Migros.⁴ 48% of company sales are in Western Europe. The SodaStream devices are especially popular in Sweden where it is estimated that one of every five Swedish households owns a SodaStream device.⁵

As part of its growth strategy, SodaStream is registered on NASDAQ. Since the third of November 2010, the company has traded under the symbol SODA and at the end of 2013 it reported revenues of US\$ 562.7 million⁶ (approx. €453 million). However, falling sales and mounting public criticism over its presence in the occupied West Bank led to a dramatic decline in the SodaStream shares. Since the beginning of 2014 the company's stock has lost half its market value, plunging from US\$ 55 a share in January to US\$ 21 in October.⁷

SodaStream's main factory is located in Occupied Palestinian Territory, in the Mishor Adumim industrial zone. The occupation is in violation of international law, including Article 49 of the Fourth Geneva Convention⁸ and the UN Security Council Resolution 465⁹. International

law prohibits an occupying power from constructing permanent infrastructure on occupied territory¹⁰, unless it is for military use or serves the interests of the occupied population. This industrial zone directly serves the nearby settlement of Ma'ale Adumim as a source of revenue and employment, where the settlement receives SodaStream's municipal tax payments. The particularly strategic location of the settlement and its industrial zone strengthens Israeli influence over the West Bank by ensuring continuous Israeli control between the settlement neighbourhoods of East Jerusalem and the Jordan Valley.¹¹

However, land confiscation is not the only factor behind the high profitability of production in the settlements. SodaStream's success is based, in part, on the structural advantages of production in Israeli settlements and on the exploitation of Palestinian workers as cheap labour. Settlement production benefits from low rent, special tax incentives, and lax enforcement of environmental and labour protection laws.¹² It also relies heavily on the exploitative nature of employment under occupation.

Palestinians employed in the settlement's industrial zones suffer from severe restrictions of movement and organisation. Their dependence on permits from the Israeli security forces in order to work within the settlements limits their employment options and makes organising almost impossible. Thus, 93% of Palestinian workers in settlements are not unionised.¹³ Israeli labour laws have been extended to Palestinian workers in the settlements, but not in full. With hardly any governmental enforcement or protection, most Palestinian workers earn less than the Israeli minimum wage and suffer from routine violations of labour rights.¹⁴

According to Kav LaOved (an NGO committed to protecting labour rights), between 2008-2010

1 Bunder, L. (2006): Get busy with Israeli fizzy; Something Israeli: www.somethingisraeli.com (accessed 10.11.2014) and SodaStream (2014): Milestones; www.sodastream.com (accessed 11.11.2014)

2 UN (2013): Independent UN inquiry urges halt to Israeli settlements in occupied Palestinian territory; 31 January: www.un.org (accessed 31.20.2014)

3 SodaStream's annual report to US Securities and Exchange Commission (SEC), April 30, 2014, page 17. <http://sodastream.investorroom.com>

4 Ibid, p.19-20

5 SodaStream's annual report, April 30, 2014, page 30; SodaStream's Registration Statement to the US Securities and Exchange Commission (SEC), October 19, 2010, page 4. See the full statement: www.sec.gov

6 See supra note 3, p.17

7 Tadeo, M. (2014): The bubble bursts for Sodastream; The Independent, 31 October 2014: www.independent.co.uk (accessed 31.10.2014)

8 UN (2013): Independent UN inquiry urges halt to Israeli settlements in occupied Palestinian territory; 31 January: www.un.org (accessed 31.20.2014)

9 UN Security Council (1980): Resolution 465; 1 March: www.un.org (accessed 10.11.2014)

10 ICRC "Business and International Humanitarian Law," 2006. See also, for example, article 3 common to the Geneva Conventions of 1949; articles 32 and 34, Geneva Convention IV; Article 75(2) Additional Protocol I; Article 4(2) Additional Protocol II.

11 Who Profits (2011): Production in the Settlements – The Case of SodaStream; January: www.whoprofits.org (accessed 11.10.2014)

12 Ibid.

13 Sbeih, M. (2011) Palestinian Wage Workers in Israeli Settlements in the West Bank – Characteristics and Work circumstances, The Democracy and Workers' Rights Center in Palestine in cooperation with the Palestinian Ministry of Labor. Unpublished.

14 Kav LaOved (2012): Employment of Palestinians in Israel and the Settlements: Restrictive Policies and Abuse of Rights, August: www.kalaoved.org (accessed 11.11.2014)

"The boycott is a nuisance, but does not cause serious financial damage. We are not giving in to the boycott. We are Zionist."



◀ SodaStream factory in Mishor Adumim, West Bank. Logo showing original name of 'Soda Club'.
© Who Profits

the workers in the SodaStream factory suffered from harsh working conditions, low wages, and 'revolving door' employment policies.¹⁵ In April 2008, SodaStream fired a group of 17 Palestinian workers, who protested their work conditions and low wages.¹⁶ Following the publication of the story in the Swedish press and the intervention of Kav LaOved, they were rehired under better conditions, dismissed for the second time in 2010, and rehired again.¹⁷ However, two leaders of this struggle lost their jobs permanently.

As an international campaign calling to boycott SodaStream's products grew in Europe and the US, the media started inquiring into the mis-labelling of the company products as "Made in Israel" and working conditions in the factory. In response to the criticism, the company repeatedly claimed to be an ethical employer and the sole provider of income for 5,000 Palestinian workers and their families. Furthermore, the Mishor Adumim plant was presented as an oasis of coexistence and a bridge for peace.¹⁸

Despite SodaStream's statement that all workers "work side by side with equal wages, equal benefits and equal opportunities",¹⁹ the discriminatory and exploitative working conditions in the company's facilities continue. On July 2014, SodaStream fired 60 Palestinian workers, who complained about receiving insufficient food to

break the Ramadan fast.²⁰ SodaStream stated that "... The entire termination process was done legally, there was a hearing, and the workers were not deprived of compensation payments. ..."²¹ Erez Wagner, coordinator of the trade union WAC-MAAN representing the plant's Palestinian workers responded: "Sixty workers, who are prohibited from bringing food from home because of Jewish dietary laws, found themselves without enough food after the 16-hour fast, [...]"²²

In September 2014, Bedouin women employees at SodaStream's new factory in the Negev (within Israel proper) complained that they are required to toil 12-hour shifts.²³

In recent years the company has published contradicting statements regarding the possibility of future withdrawal from the Occupied Palestinian Territories, at the same time it has constructed a new factory within Israel. Still, for the moment, SodaStream's main production facility continues to operate in the settlement industrial zone of Mishor Edomim.

→ Who Profits Research Center

15 Ibid.

16 See supra note 11

17 See supra note 14

18 SodaStream (2014): About the Plant; www.sodastream.com (accessed 10.10.2014)

19 Ibid.

20 Bior, H. (2014): Ramadan dispute leads to SodaStream dismissals; Haaretz, 24 July 24: www.haaretz.com (accessed 11.11.2014) and See supra note 21

21 Hachlili, N. (2014): How does SodaStream treat its Palestinian workers when the media isn't looking?; 972 Magazine, 24 July: www.927mag.com (accessed 11.11.2014)

22 See supra note 21

23 Heruti-Sover, T. (2014): SodaStream in spat over working hours for Bedouin women; Haaretz, 12 September: www.haaretz.com (accessed 11.11.2014)

24 See supra note 20

25 Coren, O. (2014): SodaStream to decide whether to shut down controversial West Bank plant; Haaretz, 27 August: www.haaretz.com (accessed 11.11.2014)

"SodaStream's CEO, Daniel Birnbaum, likes to present his company as an oasis of coexistence between [Jews and Arabs], but in reality he acts totally differently."²⁴

Erez Wagner,
WAC-MAAN's Jerusalem
coordinator

Vattenfall AB

Estimated value of managed shares and bonds (in € mln):

Lloyds Banking Group	17.05
Crédit Suisse	12.07

Estimated value of underwritten shares and bonds (in € mln)*:

Barclays	1,071.43
Société Générale	1,071.43
BNP Paribas	1,071.43
ING Group	1,071.43
Deutsche Bank	1,071.43
Commerzbank	1,071.43

Revenues (in € mln): 19,245.78

Loss after tax (in € mln): -1,518.17

Tax-Share of Revenue: -1.0%

ISIN: DE0006012008

Date and currency of company report:

31.12.2013, SEK (exchange rate as of 31.12.2013, www.oanda.com)

* announced

Vattenfall, headquartered in Sweden, is amongst Europe's leading energy companies. Most of Vattenfall's power plants are located in Sweden, Finland, Denmark, Germany and the Netherlands¹ and the company is seeking to increase its marketshare in the UK.² Vattenfall is 100% owned by the Swedish state.³ The company is not listed on the stock market and finances itself through external loans mainly in the form of corporate bonds. Vattenfall bases its sustainability framework on the UN Global Compact.⁴ The company's electricity generation consists mainly of fossil fuels (48%), predominantly in Germany, the Netherlands and UK, and nuclear power (29%), predominantly in the Nordics.⁵ Vattenfall is currently not even listed in the Dow Jones Sustainability Index.⁶

Vattenfall sources the uranium for its 10 nuclear reactors from mines in Australia, Canada and Namibia⁷, including Rio Tinto's Rössing mine in Namibia⁸ that has been implicated in severe environmental and human rights abuses as well as outdated and inadequate safety measures.⁹ Germany has made a decision to phase out nuclear power by the end of 2022. Vattenfall has three reactors in Germany, Brokdorf¹⁰, Brunsbüttel and Kümmel. This brings to the fore, the issue of decommissioning of nuclear power plants. Firstly the decommissioning process is a costly one, in Germany the four operators have put aside €36 billion. However, this will not cover all the costs and in response to the Brunsbüttel and Krümmel shutdowns, Vattenfall filed a complaint against Germany with the International Center for Settlement of Investment Disputes (ICSID) in Washington seeking compensation of up to €3.7 billion.¹¹ The dismantling of Brunsbüttel will start earliest 2017, but an early examination of 631 vats

1 "Since 1 July 2009, the Dutch energy company is owned by Vattenfall": NV Nuon Energy (2014): Organisation: www.nuon.com (accessed 20.10.2014)

2 Vattenfall (2014): Markets: www.vattenfall.com (accessed 20.10.2014)

3 Vattenfall (2014): About Vattenfall: www.vattenfall.com (accessed 15.10.2014)

4 Vattenfall (2014): Policies and Management: www.vattenfall.com (accessed 15.10.2014)

5 Vattenfall (2014): Half Year 2014 Report: www.vattenfall.com (accessed 15.10.2014)

6 RobecoSAM AG (2014): Sustainability Yearbook 2014: www.sustainability-indices.com

7 Vattenfall (2014): Fuel procurement; Vattenfall: www.corporate.vattenfall.com (accessed 20.10.2014)

8 For further information on Rössing, please refer to Dirty Profits 2, Rio Tinto

9 Swedwatch (nd): Import of Uranium from Namibia to Swedish Nuclear Power Plants: www.swedwatch.org (accessed 20.10.2014); see also Dirty Profits II

10 "Brokdorf is owned by Eon (80%) and Vattenfall (20%)": (Eon 2014): Kernkraftwerk Brokdorf: www.eon.com (accessed 20.10.2014)

11 The Economist (2014): The arbitration game; 11. October: www.economist.com (accessed 12.10.2014)

"Lignite is the only cheap, domestic source available in great quantities in Germany that delivers power around the clock."

Stefan Dohler, head of asset optimization and trading at Vattenfall¹⁸



◀
Lignite mine at Jänschwalde, Germany,
near the German Polish border.
© GuenterHH

of nuclear waste, stored in Brunsbüttel's underground caverns, revealed that they are in a disastrous condition. Almost every third vat of the examined 335¹² is severely damaged. Some of the vats are corroded to such an extent that they are leaking, turning the ground into pulp that is contaminated with the nuclear material, Caesium 137. The vats were not intended to be stored long term at Brunsbüttel but the final storage facility at 'Konrad' mineshafts has faced severe delays and will not now be complete until earliest, 2020.¹³

With 48% of its total energy production stemming from fossil fuels, Vattenfall is one of the largest CO₂ emitters in Europe.¹⁴ Vattenfall sources most of its coal from Colombia (raising problems, as with RWE), Russia, Poland and USA. It admits that it sources some of its coal through screen trade where it is impossible to tell which mine the coal has come from. Vattenfall is running five open-cast mines located in the Lausitz – the second biggest lignite mining area in northeast Germany. Lignite mining requires large tracts of land and has resulted in the displacement of villages and the burning of lignite has a large impact on carbon emissions.

Vattenfall is apparently investigating the possible sale of these mines.¹⁵ "The company's future must lie in the development of renewable energies, and not in coal and gas," it said in a statement to the Social Democrats.¹⁶

Vattenfall has been criticised for its involvement in the development of two lignite-fired power plants in Kosovo, funded with the aid of the German governmental KfW bank.¹⁷

→ Martina Schwab, FairFin

12 Vattenfall (2014): "Kaverneninspektion in Brunsbüttel wird fortgesetzt" October 2014, www.corporate.vattenfall.de (accessed 13.10.2014)

13 The Local (2014): One in three nuclear waste barrels damaged; 10 October: www.thelocal.de (accessed 20.10.2014)

14 WWF (2014): Europe's Dirty 30: how the EUs coal fired power plants are undermining its climate efforts, July: www.wwf.com (accessed 20.10.2014)

15 Spiegel (2014): Vattenfall bereitet den Ausstieg aus deutscher Braunkohle vor; 30 October: www.spiegel.de (accessed 30.10.2014)

16 Ibid.

17 Petz, K. (2013): KfW and coal financing – climate damaging finance by a green bank; April 2013: www.urgewald.org (accessed 20.10.2014)

18 Mengenwein, J. (2014): Merkel's Taste for Coal to Upset US\$130 Billion Green Drive; Bloomberg, 22 September: www.bloomberg.com (accessed 06.10.2014)

19 Greenpeace (2012): Vattenfall's dirty business in Lausitz in Germany. November: www.greenpeace.org (accessed on 24.11.2014)

*"Acting like this, Vattenfall won't be able to reach the emission target for 2020 and it is also a clear signal that they don't want to abandon climate destructive coal operations."*¹⁹

Greenpeace, Vattenfall's dirty business in Lausitz in Germany

Wal-Mart Stores Inc.

Estimated value of managed shares and bonds (in € mln):

Allianz	791.20
AXA	716.94
UBS	538.50
Deutsche Bank	534.78
Prudential	502.55

Estimated value of underwritten shares and bonds (in € mln):

HSBC	813.98
Barclays	731.30
BNP Paribas	731.30
Crédit Suisse	385.72
Deutsche Bank	225.06

Loans (in € mln):

Barclays	4,125.71
HSBC	4,125.71
BNP Paribas	697.25
UBS	697.25

Revenues (in € mln): 349,933.20

Profit after tax (in € mln): 12,265.82

Tax-Share of Revenue: 1.7%

ISIN: US9311421039

Date and currency of company report:

31.01.2014, US\$ (exchange rate as of 31.01.2014, www.oanda.com)

Wal-Mart Stores Inc., operates in the retail and wholesale market in the US and internationally. The world's largest sales company¹ is headquartered in Providence, Rhode Island, USA, and it has over 11,000 retail units under 71 banners in 27 countries. Walmart employs 2,2 million people worldwide.

Amongst other initiatives, Walmart is a member of The Sustainability Consortium (TSC), and the Consumer Goods Forum (CGF)² but not a member of the UN Global Compact. According to its 2014 Corporate Report, Walmart is committed to responsible sourcing,³ however, Walmart has been implicated in various incidences of human rights and labour violations both related to suppliers and in its own operations. Due to this, currently at least 25 diverse investors and pension funds have chosen not to invest in Walmart, including the Norwegian Pension Fund Global⁴ (view: Appendix Divestment for Companies).

In June 2014, a Walmart supplier, CP Foods, was linked to forced labour in the Thai fishing industry. CP Foods, the worlds largest prawn supplier, was investigated and linked to conditions of slavery, human trafficking and inhumane conditions on Thai fishing boats or 'ghost ships'.⁵ Prior to this, in 2012, at another Walmart supplier, Phatthana Seafood Co (PTT), workers went on strike to protest working conditions, human trafficking, low wages, cramped living environment amongst other concerns. The fact that this occurred in 2012, followed by a very similar case in 2014 shows a clear lack of policy implementation, transparency and ethical conduct on the part of the discount retailer.^{6 7}

In Bahrain in June 2014, 2,000 Bangladeshi and Indian employees of MRS Fashions went on strike amid allegations of withheld salaries, unfair deportations, poor working conditions, withholding passports, and mistreatment.⁸ Workers were threatened with deportation if they did not return to work and some were illegally imprisoned. Approximately 60% of the garments produced by MRS Fashion are for Walmart and JC Penny stores.⁹

In Indonesia, in a two day public hearing, a jury of the Indonesian People's Tribunal established that there was evidence of 'systemic violation of the fundamental right to life lived with human dignity' in the Indonesian garment industry and pressed for urgent action by companies such as Walmart. Walmart did not make a statement.¹⁰ Supply chain issues also occur close to home. Walmart, in May 2014, settled with the workers at Schneider Logistics, in Southern California, providing a settlement of US\$21 Million (€16.4 Million) to address wage and labour violations.¹¹

Within its own organisation Walmart has dealt with protests and numerous lawsuits, many of them class actions.¹² Recurring issues are low wages, inflexible-working schedules which are difficult to combine with private life, forcing ill employees to work or leave the company, unpaid overtime and most of all, blocking attempts at unionisation.¹³ In October 2014, Walmart announced it would reduce costs by cutting health care for 30,000 part time workers and raise premiums for its other employees in the wake of the federal health-care law.¹⁴

1 Forbes (2014): The World's biggest Public Companies: www.forbes.com (accessed 20.10.2014)

2 Walmart (2014): Walmart 2014 Global Responsibility Report: www.walmart.com (accessed 20.10.2014)

3 Walmart (2014): Responsible Sourcing: www.walmart.com (accessed 20.10.2014)

4 Norwegian Pension Fund Global (2005): Council on Ethics recommendation on Walmart; 15 November: www.regjeringen.no (accessed 20.10.2014)

5 Hoda, K., Kelly, C. (2014): Revealed Asian Slave labour producing prawn for UK and US supermarkets; The Guardian, 10 June: www.theguardian.com (accessed 20.10.2014)

6 Sifton, J. (2012): Walmart's Human Trafficking Problem; World Policy Blog, 17 September: www.worldpolicyblog.org (accessed 20.10.2014)

7 Making change at Walmart (2012): Wal-Mart's labor problem: Limits to the low-road business model: www.makingchangeatwalmart.org (accessed 27.09.2014)

8 Halligan, N. (2014) : Bahrain workers face deportation over strike action; Arabian Business, 16 June: www.arabianbusiness.com (accessed 20.10.2014)

9 Global Labour Rights (2014): Human Trafficking in Bahrain: 14 workers still imprisoned at MRS fashions factory; 18 June: www.globallabourrights.org (accessed 20.10.2014)

10 Clean Clothes Campaign (2014): Indonesian Wage trial: human rights violations 'systemic'; 24 June: www.cleanclothescampaign.org (accessed 20.10.2014)

11 Lopez, R. (2014): Workers reach US\$21 Million settlement with Walmart; LA Times, 14 May: www.latimes.com (accessed 15.10.2014)

12 Boudway, I. (2012): 'Labor Disputes, the Walmart Way'; Business Week: www.businessweek.com (accessed 13.10.2014)

13 Making change at Walmart (2012): What happened to Sam Walton's creed of Respect the Associate: www.changingwalmart.org (accessed 15.10.2014)

14 Banjo, S., Wilde Mathews, A., Francis, T. (2014): Wal-Mart to end Health Insurance for some part-time employees; Wall Street Journal: www.wsj.com (accessed 14.10.2014)

"But the work we do to help people live better goes far beyond our store walls. It extends into our communities and around the world and affects the lives of people we will never meet."



◀ 29 June 2013 protest in front of Rana plaza
© Laura Gutierrez



◀ SigSauer booth at Eurosatory 2014
© Facing Finance

In 2012 Walmart was involved in a serious corruption scandal in Mexico, bribing local officials to build a store adjacent to the historical pyramids of Teotihuacán, despite local opposition.¹⁵

Walmart is the largest seller of guns and ammunition in the US offering different assault weapons including semiautomatic assault rifles like Bushmaster AR-15 and the German Sig Sauer M400. Walmart has been criticised by gun-control groups who say it makes weapons too easily accessible. In 2012 Walmart removed a website listing for a semiautomatic assault rifle similar to the gun used in the Newtown school massacre where 27 people – amongst which 20 children – were killed¹⁶. However, the German Sig Sauer M400 assault rifle is still available at Walmart’s online shop.¹⁷

In 2013 a two-year-old girl was shot dead by her five-year-old brother with a small rifle made specifically for children. Walmart originally advertised the gun (called Cricket and Chipmunk) on a “Kid’s Corner” on the company’s website (it has since been removed), which showed children firing them at rifle ranges and on hunting trips.¹⁸

Walmart points out it is part of the Responsible Firearms Retailer Partnership that goes beyond what the law requires.¹⁹

Walmart’s business model “packaged a new ideology of cheapness into a brand that was meant to appeal to the financially stressed American working and lower-middle classes. In conjunction with its fierce proscription of trade unions, it became a bulwark of keeping prices low and of extending to its long suffering working-class customers a sense of satisfaction for having shared in the exploitation of the (mostly foreign) producers of the goods in their shopping basket. It imported the Third World into American towns and regions and exported jobs to the Third World (through outsourcing).”²⁰

→ Frank Vanaerschot, FairFin
→ Thomas Küchenmeister, Facing Finance

15 Barstow D, & von Bertrab A. X. (2012): The bribery aisle: how Wal-Mart got its way in Mexico: Ney York Times: www.nytimes.com (accessed 13.10.2014)
16 The Wall Street Journal (2012): Wal-Mart Takes An Assault Rifle Off Its Virtual Shelves: <http://blogs.wsj.com>; The Nation (2012): Five Assault Weapons You Can Pick up at Walmart: www.thenation.com
17 Walmart Online Shop (2014): Sig Sauer M400 with Prismatic Scope: www.walmart.com (accessed 31.10.2014)
18 Business & Human Rights Resource Centre (2014): USA: Petition calls on Walmart to stop selling firearms marketed to children due to risk of death & injuries: <http://business-humanrights.org>

19 Business & Human Rights Resource Centre (2014): WALMART, <http://business-humanrights.org>
20 Philip Pilkington, interview with Yanis Varoufakis (2012) The Global Minotaur: an interview with Yanis Varoufakis: www.nakedcapitalism.com (accessed 27.09.2014)
21 <http://corporate.walmart.com>
22 www.worldpolicy.org

“A company like Walmart can play an outside role in setting standards in labour markets overseas. Walmart has systems in place to do so. It can vigorously enforce them.”²²
Human Rights Watch

Zijin Mining Group Co. Ltd.

Estimated value of managed shares and bonds (in € mln):	
Deutsche Bank	3.46
Crédit Suisse	1.97
HSBC	1.25
Revenues (in € mln): 2,403.58	
Profit after Tax (in € mln): 484.76	
Tax-Share of Revenue: 4.8%	
ISIN:	CNE10000502

Date and currency of company report:
31.12.2013, RMB = CNY (exchange rate as
of 31.12.2013, www.oanda.com)

Zijin Mining Group Co. is a state-owned gold and mineral mining company located in Shanghang (Fujian Province, China). The company has 20 subsidiaries in China and operates in seven other countries.¹ It is the largest producer of gold in China and second in copper production.² Zijin Mining has not signed the UN Global Compact.

Since Zijin Mining's purchase of Monterrico Metals in 2007, it has operated³ the controversial Rio Blanco Mine in Peru, rejected by the community and surrounded by conflict.⁴ In 2011 Zijin Mining Group paid a settlement deal to 33 Peruvians who claimed they were detained, beaten and shot at for protesting against the company's Rio Blanco project in 2005.⁵

In 2010 two major environmental disasters occurred involving the Zijinshan Gold and Copper Mine and the Xinyi Yinyan Tin Mine, operated by the Zijin Mining Group.

In July 2010 an estimated 9,100 cubic meters of acid copper solution flooded from the Zijinshan Gold and Copper Mine into the Tingjiang River in Fujian province. After nine days the company finally reported the spill, claiming the cause to be heavy rains. The company was accused of bribing journalists not to report the spill.⁶ The toxic water polluted the river, killing approximately 1.98 million kilograms of fish (enough to feed 72,000 residents for a year) and polluted the drinking water of 210,000 people in a nearby city.⁷ The toxic water reached Guangdong province, threatening fish farming in the area. A second leakage from the mine occurred a few weeks later⁸. The leaks were found to be due to poor maintenance and negligence⁹ and Fujian Province fined the chairman of Zijin Mining Group, Chen Jinghe, and vice president Zou Laichang a combined sum of approx. €140,000 for the two waste spills in July¹⁰. In May 2011, the Company was ordered to pay €3.5 million for the damage caused by the two July spills.¹¹ Despite a court ruling to clear the pollution¹², months later the water of the Tingjiang River was still contaminated to the degree that people in contact with it got blisters. It was unsafe to drink and fish and

- 1 Zijin Mining Group Co.Ltd.(2014): About us – At a glance: www.zijinmining.com (accessed 25.08.2014).
- 2 Zijin Mining Group Co. Ltd. (2012): Social Responsibility Report, The Corporate Library: www.public.thecorporatelibrary.net (accessed 25.08.2014)
- 3 Monterrico Metals plc (2007): Corporate Info: www.monterrico.com (accessed 26.08.2014)
- 4 BankTrack (2011): Rio Blanco Mine: www.banktrack.org (accessed 25.08.2014)
- 5 Bowcott, O. (2011): Mining firm pays compensation to Peruvian mine protesters; The Guardian, 20 July: www.theguardian.com (accessed 25.08.2014)

- 6 Meidong, H. (2010): Zijin Group admits vain attempt to bribe; China Daily, 28 August: www.chinadaily.com.cn (accessed 26.08.2014)
- 7 Bloomberg News (2010): Zijin Closes Copper Smelter at Zijinshan that Polluted River, Shares Fall: www.bloomberg.com (accessed 26.08.2014)
- 8 Meidong, H. (2010): Zijin Group admits vain attempt to bribe; China Daily, 28 August: www.chinadaily.com (accessed 26.08.2014)
- 9 Wei, T., XinXing, Z. (2010): Sewage leakage kills slew of fish; Paragon Waters, 13 July: www.paragonwater.com (accessed 13.10.2014)
- 10 Sun, H. (2010): Zijin Mining officials fines 1.16 million yuan for waste spills in Fujian; Bloomberg, 28 December: www.bloomberg.com (accessed 13.10.2014)
- 11 Kurtenbach, E. (2011): China's Zijin Mining fined US\$4.6M for toxic spill; Businessweek, 4 May: www.businessweek.com (accessed 26.08.2014)
- 12 Hornby, L. (2010): China's Zijin fined US\$1.4 million for toxic leaks; Reuters, 7 October, www.reuters.com (accessed 26.08.2014)

“Zijin Mining always upholds its banner of ‘Life comes first and Environment stays as the priority’ for it sees safety and environmental protection as the lifeblood for survival and development.”



◀ Fishermen load bags of dead fish onto a forklift at the Mian Hua Tan reservoir in Yongding county, Fujian province, July 13, 2010. A sewage leak from a copper mine owned by Zijin Mining Group Co., whose shares were suspended from trading in Hong Kong on Monday, has polluted a river and reservoir in Fujian province, Xinhua news agency reported. Xinhua cited environmental authorities as saying the leak from a plant of the Zijinshan Copper Mine had killed or poisoned about 1.89 million kg of fish. © REUTERS/China Daily

wildlife were severely impacted.¹³ A related issue is the increase in incidences of cancer in villages closest to the mine area. The area has a tenfold higher cancer rate than the China average.¹⁴

The second incident occurred on September 21, 2010, when the tailings dam at Zijin Mining's Xinyi Yinyan tin mine in Guangdong province collapsed as the company did not comply with the necessary regulations and laws ensuring a safe workplace¹⁵. The collapse of the tailing dam led to the death of 22 people, the complete destruction of 523 houses and damage to a further 815, as well as the destruction of farmland.¹⁶ A total of 2,499 lawsuits have been filed and the company's subsidiary was sued for the equivalent of €3.9 million.¹⁷ In 2011 Zijin Mining settled with 21 plaintiffs from five lawsuits paying them a

compensation of €400,000 for the loss of their relatives.¹⁸ Zijin Mining donated €5.8 million to the reconstruction of homes in the Xinyi neighbourhood.¹⁹

In October 2013 the Norwegian Government Pension Fund Global (GPF) excluded Zijin Mining from its investment portfolio on the grounds of severe environmental damage.²⁰ They believe the possibility of another catastrophe remains high due to Zijin Mining's lax compliance with what are normally binding regulations and the law. The company has been excluded from the investment portfolio of several other investors (view: Appendix Divestment from Companies).²¹

→ Lisa Krauss, Facing Finance

13 Chuanmin, Y. (2011): Toxic mine spill was only latest in long history of Chinese pollution; The Guardian, 14 April: www.theguardian.com (accessed 26.08.2014)

14 Ibid.

15 Ibid.

16 China Daily (2011): Zijin Mining settles with dam collapse victims: www.chinadaily.com.cn (accessed 26.08.2014)

17 Ibid.

18 Ibid.

19 AsiaOnenews (2010): China's Zijin Mining makes donation over deadly dam collapse; 28 December: www.asiaone.com (accessed 13.10.2014)

20 Ministry of Finance, Norway (2014): Companies Excluded from the Investment Universe: www.regjeringen.no (accessed 26.08.2014).

21 NZ Super Fund (2014): Exclusion list: www.nzsuperfund.co.nz (accessed 26.09.2014)

22 Zijin Mining Group Co.Ltd.(2014): About us – At a glance: www.zijinmining.com (accessed 25.08.2014)

23 Chuanmin, Y. (2011): Toxic mine spill was only latest in long history of Chinese pollution; The Guardian, 14 April: www.theguardian.com (accessed 26.08.2014)

"Your hands start to itch as soon as you come into contact with the river water."²³

**Bitian village secretary,
Huang Jingxin**

FEATURES

RAN's rainforest agribusiness team investigates
palm oil controversy in Indonesia
© Rainforest Action Network

Features

Palm oil land grab – The Wilmar case: Friendly giant or greedy monster?

Palm oil can be found in nearly half of the world’s packaged supermarket products, including shampoo, biscuits and detergent. Communities throughout Asia and Africa are losing land to companies seeking to profit from a growing palm oil industry.

Investments in agriculture often occur without the “free prior and informed consent”¹ of hereditary communities and indigenous people, with no consideration of the social and environmental impacts of the conversion from subsistence farming to large scale, mono-cultural, commercial agriculture, and without ensuring that the profits are shared with these local communities. Against this background, each year more indigenous people resist palm oil companies. The fight they are facing in protecting their land appears to be a fight for their very survival. Under the UN Declaration of the Rights of Indigenous People (UNDRIP), companies must have the “free, informed and prior consent” of indigenous groups before operating on land they live on. UNDRIP also underlines that indigenous people must be adequately compensated for all the resources taken from them and that the land they occupy must be protected by the government.

In December 2013 one of the largest palm oil companies, Wilmar, published their “No deforestation, No Peat, No Exploitation Policy”.² Regarding the timeline for implementation, the policy states “Wilmar expects all of its suppliers to be fully compliant by December 31, 2015.” That is to say, Wilmar’s sustainability policy may impact its future operations, but regarding the previous years of deforestation, as a company representative told Friends of the Earth, “You can’t bring a dead fish back to life by throwing it in the river.” Company representatives have explained that Wilmar is developing management processes and establishing structures to implement its new policy. One year after the publication of the policy – and years after many of these cases have been raised with Wilmar, national governments, international financiers and other relevant bodies – no significant progress has been made in resolving the following cases.

Nigeria

Wilmar International is expanding its operations in Cross River State in south-eastern Nigeria. The company has acquired a total of 30,000 hectares of land since 2011 and has plans to expand its operations to 50,000 hectares, including the construction of a refinery to process palm fruit.³

The Nigeria-based civil society organisations Rainforest Resource and Development Centre and Environmental Rights Action/Friends of the Earth Nigeria contend that Wilmar is not complying with Nigerian laws,⁴ resulting in human rights violations, environmental destruction, fraud and land grabbing. In April 2014, Wilmar grabbed forestland in the vicinity of Afi Wildlife Sanctuary, close to the Oguango National Park. This territory is a buffer zone to the wildlife sanctuary of the National Park and Afi Forest reserve. The Nigeria case violates Wilmar’s commitment not to clear High Carbon Stock forest.

¹ Further information: Oxfam Guide to Free Prior and Informed Consent available at: www.oxfam.com

² Wilmar (2013): No Deforestation, no peat, no exploitation policy; 5 December: www.wilmar.com (accessed 20.10.2014)

³ Bank Track (2014): Wilmar Group; 22 October: www.banktrack.org (accessed 20.10.2014)

⁴ Letter from Rainforest Resource and Development Centre (2013): Information pertaining to compliance to the Laws of the Federal Republic of Nigeria (LFRN) and cross river state of Nigeria; 5 February 2013; addressed to Roundtable on Sustainable Palm Oil, Malaysia. (accessed 20.10.2014) www.forestpeoples.org

Features

Uganda

Wilmar is developing palm oil plantations in the highly biodiverse Kalangala islands in Lake Victoria, Uganda. The project is a partnership between Wilmar, the Government of Uganda, the International Fund for Agricultural Development (IFAD) and the Kenyan oilseeds company Bidco. The agreement commits them to planting 40,000 hectares of palm oil in total. Some communities in Kalangala where land was acquired for oil palm plantations have been displaced, often with little or no compensation or alternative livelihood options. A large proportion of the palm oil plantations are in areas previously covered by natural forest. An estimated 3,600 hectares of forest have been destroyed to make way for palm oil plantations.⁵ In addition to severe environmental and climate impacts, this deforestation has dispossessed a large number of islanders who depend on the forest for their food, medicine, and livelihoods.⁶ Communities complain of rising food insecurity on the island as large areas that previously produced food crops for local consumption have been converted to grow oil palm. Similar problems are ongoing in Buvuma District, also in Lake Victoria.⁷

Indonesia

Wilmar is involved in many problematic operations throughout Indonesia. Of the many cases of concern, a few of particular note include PT. Sawindo Cemerlang and its subsidiary PT. Sawit Tiara Nusa, which cleared primary forest belonging to indigenous communities in 24 villages in the West Popayato subdistrict of Gorontalo Province in the island of Sulawesi, up until spring 2014.⁸ This is in violation of Wilmar's commitment not to clear High Carbon Stock forests. Wilmar affiliate PT. Sawindo Cemerlang took over land owned by PT. Delta Subur Permai in the Batui Banggai subdistrict, in the midst of active land conflict. Residents of nearby Honbola village opposed the company's permit application because they had previously filed an application for a Community Forest Permit at that location. Wilmar's actions prevented the community from engaging in forest restoration.



▲
Deforestation of peat swamp forest for oil palm plantation
in Indragiri Hulu, Riau Province, Sumatra
© Aidenvironment

The role of financiers

American and European financiers hold €371 million worth of shares in Wilmar, and have €1.1 billion in loans outstanding to Wilmar including ING, HSBC, BNP Paribas, Rabobank and Deutsche Bank. When Friends of the Earth filed complaints against palm oil companies, many financiers failed to provide information on follow-up procedures, leaving the implementation and monitoring of their relevant environmental, social and governance policies entirely non-transparent, unenforceable and dependent on voluntary actions by the financiers and companies.

Accordingly, Wilmar's financiers have been called upon by Friends of the Earth to use their influence to resolve current land grabbing cases or cut their financial ties with Wilmar until the company has resolved its ongoing problems in practice – not merely on paper (view also Appendix: Demands and Recommendations).

→ Anne van Schaik, Friends of the Earth Europe
→ Jeff Conant, Friends of the Earth US
→ Anouk van Baalen, Milieudefensie / Friends of the Earth Netherlands

5 Friends of the Earth interviews with communities, primary research, 2013

6 Friends of the Earth interviews with communities, primary research

7 Milieu Defensie (2013): Land grabbing for Palm oil in Uganda; 10 May: www.milieudefensie.nl (accessed 20.10.2014)

8 Research by Walhi-Friends of the Earth Indonesia

How do we stop land grabbing?

Why voluntary sustainability commitments are not enough and why we need regulation of the European financial institutions

The global rush for land – driven by increasing demand for fuel, food, raw materials and speculation – is wreaking social and environmental havoc across the world. Land, as territory, is the ultimate finite resource. Since 2000, at least 49 million hectares of land, equivalent to more than 12 times the size of the Netherlands, in developing countries have been leased to companies, or are under negotiation.¹ Land grabbing has the potential to violate human rights; destroy local food security, livelihoods, forests and sensitive habitats; and further impoverish some of the poorest and most powerless communities on earth.

Organisations like Friends of the Earth, Greenpeace, Global Witness and Oxfam have been campaigning since 2001 to target the European financiers who are financing land grabbing companies outside Europe. As a response to these campaigns, European financiers, mostly pension funds and banks, started to adopt policies to address the environmental, social and governance impacts. Although there is a wide variety in the adopted criteria in these policies, all require companies to adhere to the local and national laws and regulation. In addition, some require producers of specific commodities to apply further safeguards, for example requiring that palm oil companies adopt the Roundtable on Sustainable Palm Oil criteria.²

Companies themselves have also adopted sustainability policies. The most recognised example is from palm oil company Wilmar,³ but also other palm oil companies, such as Sime Darby Plantation, Musim Mas Group, Kuala Lumpur Kepong Berhad, IOI Group Corporation Bhd, Cargill and Asian Agri/APICAL have formed the Sustainable Palm Oil Manifesto and announced new environmental criteria for palm oil production.⁴

While these policies are a step in the right direction, the question remains as to whether they are actually helping – whether these sustainability policies, either introduced by agribusiness companies or by their financiers, are sufficient to stop the current land grabbing and environmental degradation in the South.

Evidence suggests that they are not. Civil society organisations hear new reports of cases on an almost weekly basis from groups they work with in countries like Cambodia, Papua New Guinea, Indonesia, Myanmar, Nigeria and Uganda. These cases involve the same companies that have adopted the abovementioned principles, who have made similar sustainability pledges in another country, or who receive investment from financial institutions who have made such commitments. Since there is no accountability mechanism in place for most of these commitments, there is no financial or legal incentive for companies or financiers to follow through on their sustainability promises.

This means that European financial institutions are supporting a significant proportion of what are in fact land grabs, through their financial investments in agribusiness projects.

FERN, Global Witness and Friends of the Earth Europe, together with other civil society organisations in Europe, have therefore come to the conclusion that binding regulations for European financiers with extra-territorial reach are needed because the current system of national laws, unilateral company commitments and industry-based commodity round tables are proving wholly ineffective. The civil society organisations above are working on current and upcoming legislation on financial regulation that can be used to integrate environmental, social and governance criteria. These binding regulations should be supported by enforcement and transparent reporting structures to ensure accountability. A rapid introduction of legislation is needed to ensure that investments by banks, pension funds and other investors are not financially supporting companies that are operating illegally or are engaged with land grabbing.

→ Megan MacInnes, Campaign Leader Land at Global Witness
→ Anne van Schaik, Accountable Finance Campaigner, Friends of the Earth Europe

1 Based on the most up to date information available in the Land Matrix database: www.landmatrix.org

2 The Round Table on Sustainable Palm Oil (RSPO) was established in 2004 as a multi-stakeholder initiative to promote production and use of sustainable palm oil. See: www.rspo.org. After 10 years it appears difficult to settle disputes between local communities and RSPO-certified palm oil producers. See for an overview of problems with RSPO: <http://aseed.net/>

3 Wilmar (2013): No deforestation, no peat, no exploitation; 5 December: www.wilmar-international.com (accessed 20.10.2014) – and Friends of the Earth International Response to this statement (2013): Bowing to civil society pressure, palm oil giant promises to end forest destruction; 9 December: www.foei.org (accessed 20.10.2014)

4 Sime Darby (nd): Sustainable palm oil Manifesto; www.simedarby.com (accessed 20.10.2014) and critical response by NGOs: Mongabay (2014): New palm oil sustainability manifesto met with criticism from NGOs; 11 July: www.mongabay.com (accessed 20.10.2014)

Features

Bad Bank: BNP Paribas

In July 2014, BNP Paribas received a fine of nearly US\$9 billion¹ for violations of US sanctions regulations against Sudan, Cuba and Iran. The issue caused a commotion in Europe and the US; the United States were accused of punishing European banks with high fines to give American banks a competitive advantage, but there were also many indignant reactions to the fact that BNP Paribas had aided the regime in Sudan for years – including during the Darfur crisis – allowing the Sudanese government access to the US financial system and in this way significantly undermining the US sanctions. It was revealed that BNP Paribas and other large banks chose commercial interests over respecting the law on a large scale.²

The US Department of Justice’s file on BNP Paribas demonstrates that the bank “knowingly, intentionally and willfully” breached embargoes against Cuba, Iran and Sudan for years.³ BNP processed thousands of US dollar transactions with sanctioned entities to a value in excess of US\$8.8 billion. To ensure that these payments entered the US unnoticed, payment data was falsified and systems were constructed to conceal the fact that the money came from a country under embargo. These systems are only possible with the help of other financial institutions, illustrating the banks involved are not isolated cases.

The case file also shows irregularities behind the scenes at BNP Paribas. There is an abundance of evidence of correspondence amongst BNP staff, mostly from the compliance department. The compliance department is responsible for controlling whether transactions and customers are in compliance with regulations. Employees questioned the transactions concerned, but were ignored or requested by the management not to intervene. Especially remarkable is a report of a meeting of the management in Paris in July 2006, after external juridical advice had been

provided to the bank noting that their processes were in breach of US sanctions. The report of the meeting concluded as follows: “[the relationship with this body of counterparties is a historical one and the commercial stakes are significant. For these reasons, Compliance does not want to stand in the way of maintaining this activity for ECEP [Energy Commodities Export Project] and [BNPP Geneva] ...”⁴.

This type of case is not isolated to BNP Paribas. Such outright neglect of compliance has also occurred at HSBC.⁵ For instance, former chief compliance officer David Bagley admitted before the US senate to not having any power in the company. His ex-colleague Paul Thurston, who was responsible for the retail banking department of the bank, went even further by saying HSBC’s decentralised business model stood in the way of exerting effective control: “Branch managers operated as local franchise owners, with considerable autonomy and a focus on business development, reinforced by an incentive compensation scheme which rewarded new accounts and growth, not quality controls.”⁶

In 2012, when HSBC received a fine of US\$1.9 billion for similar practices to those of BNP Paribas (plus drug money laundering and tax evasion), the slogan ‘Too big to jail’ was coined. The US Department of Justice was convinced that if it effectively condemned HSBC, this would jeopardise the continuation of its operations and the stability of financial markets. The US opted for making an arrangement with the bank and not going to court.

1 Mijnheer, D. (2014): BNP Paribas maakt kennis met “La terreur de Wall Street”; Follow The Money: www.ftm.nl (accessed 22.07.2014)

2 US Department of Justice (2014): United States vs BNP Paribas – Statement of facts; www.justice.gov (accessed 31.10.2014)

3 Ibid.

4 Ibid.

5 Rankin, J. (2014): BNP Paribas braced for US\$8.9 bill fine; The Guardian, 30 June: www.theguardian.com (accessed 31.10.2014)

6 CRESC (2014): Banking standards: Written evidence submitted by the Centre for Research on Socio-Cultural Change (CRESC (S005); UK Parliament: www.parliament.uk (accessed 24.07.2014)

BNP's fine is significantly higher and the bank pleaded guilty, but the case did not go to court and nobody will be jailed. BNP Paribas also face a temporary ban on being able to conduct transactions in US dollars⁷ and some staff members have been forced to resign, amongst them the CEO of BNP Genève. The fine and other measures are stronger than the bank expected and it has been reported that BNP tried to use the financial stability argument to obtain a lower fine⁸. However, as financial markets are more stable than in 2012, the American Department of Justice dared to be firm. In its communication it highlighted a deterrence effect, and the attorney general warned banks breaching US embargoes would be punished. But even if the fine is high, no specific measures were implemented to ensure future oversight of BNP. The case file also ends on a weak note: "BNP also has now taken several corrective measures to enhance its sanctions compliance."⁹

The Belgian state too plays a role in this story. As a consequence of the crisis in 2008, the Belgian state acquired 10.3 % of BNP's shares and became the largest shareholder of the French bank. With this, it was allowed to propose board members who would have to be accepted by the board and approved by the other shareholders. However, when the BNP Paribas fine went public, the Belgian government had to admit to not being aware of the bank's practices relating to Sudan.

This raises the question of how to ensure democratic oversight of major banks dependent on tax payers' money since the financial crisis and the resultant bail out.¹⁰ In 2014 the Belgian board members at BNP Paribas, Emiel Van Broekhoven and Michael Tilmant told the press that they were on the board as independents, under their own name and therefore did not report to the Belgian Finance Minister or the state holding FPIM.¹¹ In an interview with 'De Standaard' in July 2014, Mr Broekhoven affirmed that French company legislation did not allow an independent board member to share information.¹²



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Former Belgian Finance Minister Koen Geens approached the affair as a mere shareholder. His first reaction on the scandal was relief because BNP had reassured investors "profit and dividend would remain intact"¹³. Later, when he was called to parliament to answer questions on the issue, he said "BNP's biggest mistake was to have waited too long with halting the illegal transactions that occurred between the second half of 2006 and the first half of 2007"¹⁴. The US case file, however, shows very clearly that the bank was fully aware that the transactions were illegal, but gave priority to commercial interests. The minister concluded BNP Paribas deserved a second chance because they pleaded guilty. The former Belgian Minister of Finance was equally silent on the ineffectiveness of having Belgian board members and the lack of societal control over the bank as the US Department of Justice.

Just like the crisis of 2008, and many other bank scandals that have come to light since, this case shows the need for greater reform of the banking system, and increased societal input and oversight of banks. Governments that have become shareholders of banks since the financial crisis have been shown to not provide this control. Nevertheless societal control will have to run through public institutions to be effective and to ensure an environmentally and socially responsible approach.

→ Frank Vanaerschot, FairFin

7 Gershman, J. (2014): BNP Paribas US sanctions settlement- read the documents; Wall Street Journal blog, 30 June: www.wsj.com (accessed 31.10.2014)

8 Sebastian D., Schumaker L. (2014): U.S. seeks US\$10 billion penalty from BNP over sanctions probe; Reuters, 29 May: www.reuters.com (accessed 19.07.2014)

9 The United States Department of Justice (2014): Statement of facts: p.34: www.justice.gov (accessed 22.07.2014)

10 Bienstman M., Verpoest B. (2014): Reynnders spot met het parlement; MO Magazine: www.mo.be (accessed 22.07.2014)

11 Clapsun, C. (2014): Belgium cant dictate to BNP Paribas; Flanders news, 8 July: www.flandersnews.be (accessed 10.11.2014)

12 Tanghe, N. (2014): BNP Paribas kon toch niet zomaar uit Soedan wegwandelen?; De Standaard, 9 July: www.standaard.be (accessed 23.10.2014)

13 De Standaard (2014): Geens: Winst en dividend niet aangetast door boete; De Standaard, 1 July: www.standaard.be (accessed 23.10.2014)

14 De Morgen (2014) Koen Geens: "BNP Paribas blijft goede investering voor België"; De Morgen, 17 July: www.demorgen.be (accessed 23.10.2014)

Features

Change your shoes – European shoe imports and labour conditions

Everyone wears them, everyone needs them: Shoes. They say a lot about people and people can therefore demonstrate their choices through the shoes that they wear – whether they are Timberland, Deichmann or Bata – they are a lifestyle statement. In recent years, consumers have benefitted from declining prices and increasing diversity in shoe collections. But few people are aware of the problematic social and ecological conditions around shoe production. Although two thirds of all consumers in Europe find sustainable production important, clear and transparent information is missing to enable consumers to make a conscious buying decision.

If the shoe fits...

The shoe industry is a significant global industry with enormous potential to change the lives of hundreds of thousands of workers and their extended families. The largest market for footwear worldwide is the EU, representing one third of total global market share. On average every European citizen buys 4.2 pairs of shoes a year. 75% of European imported shoes are produced in China, Vietnam, India, and Indonesia.¹ Europe only accounts for 5% of global shoe production, predominantly from Italy, Germany, Spain and Portugal.²

Leather production

The supply chain for shoes includes the leather tanneries where toxic chemicals are used to produce the leather. Almost 95% of the leather used for shoes is tanned with chromium, which forms the main ecological and health problem in leather production in developing countries.³ The release of hexavalent chromium causes severe health problems for the workers in the tanning factories. They can inhale chromium or can be exposed to it through dermal contact due to improper handling. Hexavalent chromium is known to cause lung cancer, liver failure, kidney damage, and premature dementia.⁴ Throughout South Asia an estimated 1,147,400 people are exposed to hexavalent chromium.⁵

Besides the harmful impact on workers' health, the environment in developing countries undertaking these activities is severely endangered due to lack of environmental management systems. The toxic waste from tanneries is dumped into rivers, poisoning agricultural land, which in turn pollutes the water table impacting on food security and the health of whole communities. The toxic chemicals also cause air pollution, which contributes to accelerating global warming.⁶ However, it is not only workers in developing countries who are affected by the use of the chromium – consumers are as well. In a 2013 test of leather products by the German consumer organisation 'Stiftung Warentest', hexavalent chromium was found in one of five children's shoes⁷. For consumers these chemicals can cause severe allergies and eczema.⁸

Working Conditions

In the footwear factories themselves, glue and other chemicals are used during many different steps in the production process. In high quantities, these organic solvents can lead to respiratory problems, headaches, dizziness and problems with vision.

Workers in footwear factories often earn half of a living wage or even less than that.⁹ With the wages they are earning, workers can hardly buy food, pay the rent, pay for healthcare, clothing, transportation and education, not to speak of a small amount of savings for when something unexpected happens. For many workers, the lack of a living wage means they must work long hours and cannot risk refusing work due to unsafe working conditions or taking time off for ill health. Certain illnesses are also more prevalent in footwear factories due to exposure to chemicals. Exhaustion due to long hours is a concern, too. In India, children were found working in the tanneries as well as in the shoe manufactories¹⁰

1 Centre for Research on Multinational Corporations – SOMO (2012): Where the shoe pinches; June 2012: www.indianet.nl (accessed 03.11.2014)

2 Ibid.

3 Richards, M., et al, "Leather for Life", Future Fashion White Papers, Earth Pledge Foundation

4 Blacksmith Institute (n.d): Kanpur Groundwater Pollution; www.blacksmithinstitute.org (accessed 05.10.2014)

5 Worst Polluted (2011): Top ten toxic pollution problems 2011: Tannery operations; www.worstpolluted.org (accessed 05.11.2014)

6 Ibid.

7 Stiftung Warentest (2013): Chromium (IV) immer noch ein Risiko; 27 June: www.test.de (accessed 05.11.2014)

8 Bundesinstitut für Risikobewertung (2007): Chromium (VI) in leather clothing or shoes problematic for allergy sufferers; 2 July: www.bfr.bund.de (accessed 05.11.2014)

9 See supra note 1

10 See supra note 1



▲ Workers at one of Kanpur's four hundred tanneries, the city's primary industry, load hides into well-used tumblers. Treating leather in this manner is a multi-step process requiring chemicals such as chromium and copious amounts of water. After the water is used, and thus highly polluted to human and animal use, it is more often than not piped back to the Ganges without any treatment.

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One of the insights after thirteen years of the Millennium Development Goals is that “working together is not just a moral obligation to help those less fortunate but is an investment in the long-term prosperity of all”.¹¹ Thus, the implementation of a living wage and a healthy and safe working environment in the shoe production industry is highly relevant. Policy changes such as a ban on the use of chromium, and stricter regulations on shoe and leather imports should be considered to bring about substantial change to the industry.

→ Michaela Königshofer, Südwind

11 High-Level Panel of Eminent Persons on the Post-2015 Development Agenda (2013): A New Global Partnership: Eradicate Poverty and Transform Economies through Sustainable Development: www.un.org, p. 10 (accessed 03.11.2014)

Features

Unhealthy profits – Making money with diseases and human guinea pigs

The global pharmaceutical industry is currently worth an estimated US\$1 trillion¹, in which 10 companies, all headquartered in the US and Europe, dominate a third of this global market, making individual profits exceeding US\$10 billion per year². These profits are expected to increase, with growing demand from an aging population, increasing rates of cancer and heart disease and an upward demand in emerging economies, where many countries are implementing reforms to ensure universal health coverage³. The dominance of these 10 companies within the industry and the value of the market mean that the power and influence wielded is extensive. Not only is their joint power alarming but the competitiveness of the industry has shrouded its manufacturing and testing processes in secrecy. This power and secrecy has led to serious ethical flaws with companies engaging in increasingly duplicitous behaviour. While these companies are of course subject to the laws of the countries they operate within and numerous ethical guidelines have been established to oversee all elements of the drug industry including research and development, clinical trials, communication, and sales, the industry has nonetheless been entangled in scandals for decades. Since 2009 in the US alone 'Big Pharma' have paid over US\$13 billion in fines resulting from bribery and corruption, mislabelling of drugs, off-label promotion, and intent to defraud and mislead.⁴

Bribery and corruption

The UK Bribery Act and the US Foreign Corrupt Practices Act are two pieces of legislation expressly designed to regulate corruption, including in the pharmaceutical industry. Despite these and other pieces of regulation, the pharmaceutical industry has been directly involved in bribery and corruption on a global scale.

It is against the law for manufacturers to promote a drug for any other use than that for which it was tested and approved. However, doctors, both in Europe and the US, are able to prescribe drugs outside of the indications (off-label) due to their expertise. This has led to pharma companies attempting to influence doctors

financially through speaking fees, luxury travel and other financial incentives, to promote off-label use to increase sales of their drugs.⁵ For example, in November 2013, Johnson and Johnson were fined US\$2.2 billion related to the marketing of two anti-psychotic drugs. The company paid millions of dollars in kick-backs to Omnicare Inc, the country's largest pharmacy for nursing homes, to use the drugs off-label to treat anxiety and aggression, despite it only being registered to treat schizophrenia. They also aggressively promoted this drug to doctors to use on children with ADHD.⁶

In addition GSK, Merck, Sanofi-Aventis, Elli-Lilly, Astra-Zeneca, Pfizer and others have in the last 4 years all been found guilty of off-label promotion and aggressive marketing. The use of drugs off-label has severe consequences for patient health, particularly when these drugs are also prescribed at a much higher dosage, exposing patients to risks of, for example, kidney, skin and heart risks.⁷ Pharmaceutical companies have also in some instances falsified research, failed to mention dangerous side effects and hired doctors to ghostwrite articles in medical journals to increase the popularity of a drug.⁸

Human guinea pigs

As with all industries, pharmaceutical companies have joined the global trend of outsourcing to reduce costs, with clinical trials in the developing world such as India and South East Asia typically costing less than a tenth of the cost in the US.⁹

In September 2013, India's Supreme Court fired a warning shot at the industry saying tighter regulations were required on pharmaceutical trials in the country.¹⁰ This comes as a result

1 IMS Institute (2013): Global Use of Medicines Outlook to 2017; November 2013: www.imshealth.com (accessed on 21.08.2014)

2 Drug Watch (2014): Big Pharma; August 2014: www.drugwatch.com (accessed on 21.08.2014)

3 Beck, E. (2013): IMS Health: Global Market Outlook Developing Economies; September 2013: www.apteka.ua (accessed 13.10.2014)

4 Groeger, L. (2014): Big Pharma's Big fines; ProPublica, 24 February: www.propublica.org (accessed 22.08.2014)

5 European Federation and Pharmaceutical Industries and Associations (2011): Promotion of off-label use of medicines by European healthcare bodies in indications where authorized medicines are available; November 2013: www.efpia.eu (accessed 25.08.2014)

6 Ingram, D., Krasney, R. (2013): Johnson & Johnson to pay US\$2.2 Billion to end US drug probes; Reuters, 4 November: www.reuters.com (accessed 13.08.2014)

7 Harris, G. (2009): Pfizer pays US\$2.3 billion to settle marketing case; The New York Times, 3 September: www.nytimes.com (accessed 28.08.2014)

8 Shukhija, S. (2013): Recent 6 Big pharma frauds; Biospectrum, 6 August: www.biospectrum.com (accessed 13.10.2014)

9 Glickman, S., et al (2009): Ethical and Scientific Implications of the Globalisation of Clinical Trials; New England Journal of Medicine, (360: pp 816-823) 19 February 2009: www.nejm.com (accessed 21.08.2014)

10 Sahmita, L. (2013): Badly run trials behind Indian testing freeze; New Scientist, 17 October: www.newscientist.com (accessed on 20.08.2014)

of the large number of deaths and harm caused by poor clinical trials. In India, more than 2,686 deaths were recorded between 2005 and 2012 in government approved drug trials by large US and European drug companies.¹¹ The large pharmaceutical companies appear to see India as an easy place to undertake trials, with lax legal restrictions and a large population. Instances of test patients being recruited from slums or tribal communities, often illiterate, are ubiquitous throughout India.¹² There have also been many children engaged in trials without the necessary parental consent, as was the case of the tribal girls injected with the vaccine against the Human Papilloma Virus (see company profile on GSK). The Declaration of Helsinki¹³ provides ethical principles governing clinical trials, however, as with other guidance it puts the onus on physicians rather than the company undertaking the trial to ensure compliance.

Profits before patients

One of the legal manoeuvres that pharmaceutical companies use to increase their profits is to pay off companies producing the generic version of the drug to delay the release, known as 'pay for delay'. Example cases include Astra Zeneca (2005), Lundbeck, J&J (2013). When pharmaceutical companies first release drugs they are able to sell them at a premium while they are under patent. Once this patent expires, generic drug makers can legally sell a cheaper version. Through this 'pay for delay', pharma companies can sell a more expensive drug, often for years, requiring government healthcare systems (including those in developing countries), individuals, and NGOs or private organisations to buy the drug at an inflated price, severely limiting access to those in need.¹⁴

Orphan Drugs

In 2013 an article in the Lancet Journal of medicine evaluated 'neglected diseases' such as Tuberculosis, Malaria and respiratory infections, and found that less than 4% of pharmaceutical companies R&D is spent on the development of drugs for these diseases.¹⁵ This is an increase from the 1% spent in 2001 but is inconsequential compared to that spent on drugs for western diseases. Drugs for these neglected diseases are often called 'orphan drugs' as there is little hope of companies making money on them, however, they do receive tax breaks and other incentives. The latest example of this can be seen in the Ebola Epidemic in West Africa. Drug giants have known about Ebola for years but there was no 'business case' to develop a drug, partly as those in the affected area were too poor and wouldn't be able to afford the medicine.¹⁶

Many NGOs have taken a strong stance in lobbying pharmaceutical companies to promote the development of these important drugs, including 'Doctors without Borders', 'BUKO' and others. Access to health, including medical care, is enshrined within the Universal Declaration of Human Rights, but is to some extent reliant upon the pharmaceutical companies in providing this.

Water Security

The World Economic Forum has noted the water supply crisis as belonging to the top 3 global risks. Pharmaceutical companies are also exposed to water insecurity, both directly and indirectly, as they require permanent access to high quality water for their production process. However, the pharma industry has failed to understand the trends (rapid economic growth, climate change, increased food demand, etc.) impacting upon water security for other users. As the drug manufacturing process allows chemicals to enter ground through sewerage, the WHO has declared pharmaceuticals to be "chemicals of emerging concern" to the public because of their potential to reach drinking water supplies.¹⁷

The pharmaceutical industry is shown to operate first and foremost for profit, rather than prioritising public interests. This is accompanied by pressure to perform to fully meet stakeholders' expectations, which is leading to greater exposure to environmental, social and governance risk.¹⁸ The significant power and lobbying influence of the pharma industry means legal change is challenging. However, cases of divestment from pharma have created significant impact. For example in 2003 GlaxoSmithKline was urged to cut the cost of anti-AIDS drugs in Africa, this was eventually achieved largely due to pressure from the California Public Employees Retirement System, the largest US pension fund¹⁹. Most financial institutions see pharmaceuticals as a safe bet due to their consistently high returns, with even ethical and sustainable financial institutions continuing to invest.²⁰ The current deterrent used to curb the corrupt behaviour of the industry is to levy fines, however, these are often minimal in comparison to the profits companies make and do not serve to dissuade²¹. The pharmaceutical industry has lost the trust of the public due to its corruption and unethical behaviour. In order to heal this self-inflicted wound and improve its reputation the industry must become more transparent respecting human rights, the rule of law and endeavouring to 'first do no harm'.

→ Lisa Krauss, Facing Finance

11 See supra note 10

12 Buncombe, A. (2011): Without consent: how drugs exploit Indian guinea pigs; The Independent, 14 November: www.independent.co.uk (accessed 22.08.2014)

13 World Medical Association (2013): WMA declaration of Helsinki-Ethical principles for medical research involving human subjects: www.wma.net (accessed 13.10.2014)

14 Taylor Wessing (2013): Pay for Delay case; April 2013: www.taylorwessing.com (accessed 13.10.2014)

15 Pedrique B. et al (2013): The drug and vaccine landscape for neglected diseases (2000-11): a systematic assessment.; The Lancet Global Health (vol 1: 6) pp 371-379; Early Online Publication www.thelancet.com

16 Cooper, C. (2014): Ebola outbreak: Why has big pharma failed deadly virus victims?; The Independent, 7 September: www.independent.co.uk (accessed 13.10.2014)

17 RepRisk Insight (2014): ESG Risk in the Corporate World, ISSUE #06 Pharmaceuticals: pg3 www.reprisk.com (accessed 14.10.2014)

18 RepRisk Insight (2014): ESG Risk in the Corporate World, ISSUE #06 Pharmaceuticals: www.reprisk.com (accessed 14.10.2014)

19 Aids Healthcare Foundation (2013): Calpers to reopen GSK aids, November 2003: www.aidshealth.org (accessed on 25/08/2014)

20 Birch, S. (2010): Ethical investments – clean, green but not yet mainstream; The Guardian, 6 November: www.theguardian.com (accessed 31.10.2014)

21 McCallister, T. (2012): Pharma overtakes arms industry to top the league of misbehaviour; The Guardian, 8 July: www.theguardian.com (accessed 25.08.2014)

Features

Unconventional fossil fuels, fracking and finance

In 2013, global CO₂ emissions reached a new record high of 36 billion tons of carbon, leading to the highest concentration of greenhouse gases in the atmosphere in 800,000 years.¹ Despite the risks of global climate change, demand for and investment in fossil fuels continues to rise. It is predicted that global demand for energy will increase by 56% between 2010 and 2040, 80% of which will be met by fossil fuels². Multinational oil and gas companies³ are betting on the side of increasing extraction, and seeking ever more carbon and resource intensive oil and gas known as ‘unconventional oil and gas’⁴, this includes fracking for shale oil and gas. While governments believe that shale gas is likely to have a greenhouse gas footprint no worse than conventional fossil fuels, independent scientific analysis shows that abundant gas would squeeze out renewable energy and likely increase overall carbon emissions.⁵

Environmental impacts of fracking for oil and gas

To extract either shale oil or natural gas (predominantly the hydrocarbon, methane)⁶ requires ‘fracturing’ the shale rock using a mix of 90% water with chemicals and sand (‘fracking fluid’), pumped at high pressure into the rock⁷ to release the oil or gas. Water is the main concern related to fracking, in terms of contamination (particularly of drinking water)⁸, pollution from wastewater and water security. The American Petroleum Institute notes that ‘a significant challenge of fracking operations is securing water supplies.’⁹ This is because of the large amount of water

required for the fluid, and the resultant wastewater being difficult to treat due to its chemical, radioactive nature. While it is possible to treat the wastewater and return it to rivers or use it in agriculture, the infrastructure for treatment is currently very limited.¹⁰ The wastewater can be reused for fracking; stored in open pits; or pumped and stored deep below the surface (although this can lead to earthquakes in certain areas)¹¹. In the creation of fracking fluid, companies in the US have used approximately 250 billion gallons of water since 2005 and in the process created billions of gallons of toxic wastewater.¹² Up to 72% of all shale gas resources are in arid, water stressed areas; drought prone areas; and areas of high seasonal variability.¹³ The largest global shale deposits are also located in countries facing high water stress like China, Mexico and South Africa.¹⁴

Shale oil and gas fracking goes global

“This dash for unconventional fossil fuels is taking place at the expense of the interests of local communities, workers and the environment.”

Friends of the Earth Europe¹⁵

Many shale oil and gas reserves are located in developing countries¹⁶ without the current infrastructure or regulations for natural gas extraction^{17,18}. In order to exploit their resources, countries will need to rely on major oil and gas enterprises.

1 Der Spiegel (2013): Prognose: CO₂-Ausstoß erreicht 2013 Rekordwert: www.spiegel.de (accessed 13.11.2014)

2 US Energy Information Administration (2013): International Energy Outlook 2013; 25 July: www.eia.gov (accessed 10.09.2014)

3 Kusnetz, N. (2011): Who are America’s top 10 gas drillers; ProPublica, 1 September: www.propublica.org (accessed 12.09.2014)

4 Unconventional oil and gas includes some of the most controversial extraction types known as oil shale, shale oil and gas (fracking), as well as oil sands which all take far more energy to extract than conventional sources.

5 Department of Energy & Climate Change (2014): Fracking UK shale: climate change, February 2014. The Guardian (2014): Fracking boom will not tackle global warming, analysis warns, www.theguardian.com

6 Union of Concerned Scientists (2014): Shale gas and other unconventional sources of natural gas: www.ucsusa.org (accessed 10.09.2014)

7 UK Department of Energy and Climate Change (2013): About shale gas and hydraulic fracturing; December 2013: www.gov.uk (accessed 13.10.2014)

8 Perkins, S. (2011): Methane threat to Drinking Water; Nature, 9 May: www.nature.com (accessed 10.09.2014)

9 Energy from Shale (2014): Water Use; www.energyfromshale.org (accessed 09.09.2014)

10 International Energy Agency (2012): Golden Rules for the Golden Age of gas. 29 May: www.worldenergyoutlook.org (accessed 09.09.2014)

11 Cho, R. The fracking facts; State of the Planet Blog, 6 June: <http://blogs.ei.columbia.edu> (accessed 09.09.2014)

12 Environment America (2013): Fracking by the Numbers. October 2013: www.environmentamerica.org (accessed 15.09.2014)

13 World Resources Institute (2014): Global Shale Gas Development; September 2014: www.wri.org (accessed 09.09.2014)

14 Ibid.

15 Friends of the Earth Europe (2014): Shalegas heading South: the dash for unconventional fossil fuels in Argentina; May 2014: www.foeeurope.org (accessed 15.09.2014)

16 US Energy Information and Administration (2013): Technically recoverable shale oil and shale gas resources: an assessment of 137 shale formations in 41 countries; 10 June: www.eia.gov (accessed 15.09.2014)

17 Blake, M. (2014): How Hillary Clinton’s state department sold fracking to the world; Mother Jones, September: www.motherjones.com (accessed 15.09.2014)

18 Jackson, R. (2014): NC needs to look at Poland for fracking reality check; New Observer, 30 June: www.newobserver.com (accessed 10.10.2014)

Friends of the Earth Europe has illustrated these concerns in relation to the shale gas industry in Argentina, where companies such as Shell, Chevron and Total are disregarding environmental regulations and communities' interests to develop shale gas operations in the Vaca Muerta.¹⁹ Governments in developing countries are also prioritising economy and jobs over environmental and social harm, for example despite severe water stress, countries such as Mexico (and in South Africa's Karoo region²⁰) a moratorium on fracking has been lifted opening the oil and gas lands to private and foreign investment where Royal Dutch Shell and ExxonMobil²¹ are expected to enter²².

Carbon impacts of fracking

“Without global climate policies... new fossil fuel exploitation is likely to lead to an increase in cumulative Greenhouse gas emissions and the risk of climate change.”

UK former DECC chief scientist David Mackay²³

Burning natural gas produces 50%–60% less carbon emissions than burning coal, therefore it is often touted as a clean energy source. But the drilling and extraction of the gas (and shale oil) results in the release of methane, a far more potent greenhouse gas²⁴. This occurs due to leaks from fracking wells and due to excess methane being vented, often for safety.²⁵ This reduces the ability of natural gas to be seen as ‘clean fuel’.²⁶ The extent of the emissions depend on the leakage rate of the methane, but in 2012 natural gas exploration was the second largest cause of methane emissions in the US.²⁷ There are competing views as to whether it is even possible for regulation to reduce the amount of methane released.²⁸

Shale gas, in the burning and extraction process does produce less GHG emission than coal²⁹, but may only be seen as low carbon where methane leaks are kept to a very strict minimum, and where natural gas replaces coal or dirtier energy sources rather than simply adding to the mix. Many governments, including the European Council, see natural gas as a bridge to renewables³⁰. In this relation the EU Horizon 2020 fund has been created to ‘encourage competitive low carbon energy’. The intention is for this fund to promote innovation, but it has been severely criticised as it provides funds for gas companies to explore and produce shale gas in Europe, enabling them to receive subsidies totalling €113 million.³¹ This continued investment in fossil fuels has been shown to reduce investment in renewables^{32 33}.

Unconventional oil and gas extraction is risky, increasingly energy intensive, and costly. The extraction of shale oil and gas is approx. twice as energy intensive as conventional oil. On the other hand, oil shale and oil sands production is even less efficient.³⁴ Some estimates of the Canadian oil sands indicate that the energy that goes in (using lifecycle analysis) is almost equal to the oil that is extracted, and there is no debate about the enormous greenhouse gas emissions from the oil sands.³⁵ Companies like Royal Dutch Shell have invested heavily in the tar sands, making it one of the world's most carbon intensive companies.³⁶ The impact of the currently unapproved Keystone XL Pipeline (delivering tar sand oil to refineries in the US) on carbon emissions has also

19 Friends of the Earth Europe (2014): new Report: the dash for shale gas Argentina; 19 June: www.foeeurope.org (accessed 15.09.2014)

20 Cropley, E. (2013): Insight – Water, Wealth and Whites – South Africa's potent anti-fracking mix; Reuters, 28 October: www.reuters.com (accessed 15.09.2014)

21 Estevez, D. (2014): Fracking: Could Mexico's water scarcity render its energy sector reforms self defeating; Forbes, 6 November: www.forbes.com (accessed 15.09.2014)

22 Miroff, N. (2014): The fracking divide: Mexico's oil frontier beckons US drillers in the wake of new law; The Washington Post, 19 April: www.washingtonpost.com (accessed 10.10.2014)

23 Evans, S. and Hope, M. (2014): Fracking in the UK- the Carbon brief summary; Carbon brief blog, 15 August: www.carbonbrief.org (accessed 15.09.2014)

24 Union of Concerned Scientists (2014): Environmental impacts of natural gas: www.ucsusa.org (accessed 10.09.2014)

25 Golden, M. (2014): underestimated methane emissions negate fracked gas benefits; Ecowatch, 14 February: www.ecowatch.com (accessed 10.10.2014)

26 Brandt et al (2014): Methane leaks from North American Natural Gas systems. Science Journal, 14 February: Vol. 343 no. 6172 pp. 733-735, www.sciencemag.org

27 Cho, R. The fracking facts; State of the Planet Blog, 6 June: <http://blogs.ei.columbia.edu> (accessed 09.09.2014)

28 Mooney, C. (2014): Why the scientific case against fracking keeps getting stronger; Grist, 15 August: www.grist.org (accessed 15.09.2014)

29 Louwen, A. (2011): Comparison of the lifecycle greenhouse gas emissions of shale gas, conventional fuels and renewable energy from a Dutch perspective; ebn and University of Utrecht, 2 September 2011: www.ebn.com (accessed 13.10.2014)

30 Official Journal of the European Community (2013): Council Decision: establishing the specific programme implementing Horizon 2020; 3 December: www.ojec.com (accessed 15.09.2014)

31 EurActive (2014): EU slated for ‘cynical’ €113 million shale gas subsidy; 13 June: www.euractive.com (accessed 15.09.2014)

32 International Energy Agency (2012): Golden Rules for the Golden Age of gas. 29 May: www.worldenergyoutlook.org (accessed 09.09.2014)

33 Bajak, A. (2014): Abundant natural gas may do little to reduce US emissions study suggests; Science Insider, 24 September: www.sciencemag.org (accessed 15.09.2014)

34 Gruber, J. (2014): Why shale oil boosters are Charlatans in disguise; Forbes, 26 January: www.forbes.com (accessed 10.08.2014)

35 Nuwer, R. (2013): Oil Sands mining uses up almost as much energy as it produces; Inside Climate News, 19 February: www.insideclimateneews.com (accessed 15.09.2014)

36 Nikiforuk, A. (2009): how the tar sands are fuelling the global climate crisis; Greenpeace, September: www.greenpeace.org (accessed 15.09.2014)

Features



Fracking fluid and other drilling wastes are dumped into an unlined pit located right up against the Petroleum Highway.
© Sarah Craig

recently been shown to have four times greater carbon impacts than originally estimated, as the expansion of the oil sands was not initially taken into account.³⁷ The Keystone XL pipeline will open the tar sands up to more refineries in the Gulf of Mexico and undoubtedly increase tar sands exports to Europe. In 2011 the European Union agreed to label oil from the tar sands as high carbon, but it has recently changed its plans.³⁸

Divesting from 'unconventional oil and gas'

To divest from unconventional oil and gas alone is complex, as all major oil and gas companies are heading toward some form of unconventional extraction.³⁹ Some banks and pension funds have sought to do this, for example Storebrand, which has excluded 13 coal producers and six oil sands companies, and Rabobank, which does not invest in 'unconventional oil and gas'.⁴⁰ Triodos bank removed Repsol and BP Group, which have operations in the US and Argentina and the US and Australia respectively from the sustainable investment universe. In addition to divestment, other investors like Allianz (see Harmful Investments) believe renewable energy technologies can be seen as a long term and stable investment that contributes to climate change mitigation.⁴¹

→ Lesley Burdock, Facing Finance

37 Ericson, P., Lazarus, M. (2014): Stolimpacts of the keystone XL pipeline on global oil markets and greenhouse gas emission; Nature Climate Change, 10 August: www.sei-international.org (accessed 10.10.2014)

38 Jamasmie, C. (2014): Crude from oil sands not dirty: European union; mining.com, 7 October: www.mining.com (accessed 15.09.2014)

39 Wagg, O. (2013): Investors backing away from fossil fuel assets and fracking; The Guardian, 18 July: www.guardian.com (accessed 15.09.2014)

40 Ibid.

41 Allianz Global Investors (2012): Renewable Energies investing against climate change. Allianz: www.allianzglobalinvestors.de (accessed 15.09.2014)

Regulatory Framework Europe

"I really believe that fracking does pose a danger for European water deposits. We do not have technology that would eliminate the danger of having water contaminated through the process."

Richard Seeber,
President, European Parliament Water Group, January 2014

The EU Commission on the 22 January 2014 issued a communication on the 'minimum principles for exploration and production of hydrocarbons'. This advocates for the disclosure of chemicals and concentrations as well as the undertaking of Environmental Impact Assessments, amongst other principles. This guidance is voluntary and to have any weight will need to be applied by each member state individually.⁴²

Europe has no binding regulations on fracking, due in part to the UK and Poland who lobbied strongly for less regulation, as well as lobby groups such as the European Energy Forum and Business Europe which both have ties to oil and gas companies including Shell, ExxonMobil, Chevron and BP. However, Europe is considered to have relatively strong environmental regulations to protect natural areas and water reserves.⁴³

Due to the perceived risks and environmental harm some countries in Europe have banned fracking, such as France, while others such as Germany have implemented a moratorium. The German government said in July 2014 it seeks to implement a ban at depths less than 3km and in water protected areas. Many fracking opponents claim that this is not sufficient. The Dutch government has recently extended their moratorium on fracking.

"It's a familiar story: energy companies are exploiting legal loopholes and misusing their power to gain access to ever-more extreme and dangerous fossil fuels. And as usual, it's communities and the environment who suffer."

Antoine Simon, shale gas campaigner
for Friends of the Earth Europe

42 European Commission (2014): Environmental aspects on unconventional fossil fuels; 22 January: www.ec.europa.eu (accessed 19.11.2014)

43 Policy Review (2014): The shale gas lobbys backroom assault on fracking regulation in Brussels; www.policyreview.eu (accessed 19.11.2014)

HARMFUL INVESTMENTS



Smoke from man made forest fires in the Amazon.
Forest fires are used to clear land for farming and cattle.
© Daniel Beltrá, Greenpeace

Harmful Investments

Financial institutions and their harmful investments

by Sarah Guhr, Facing Finance

Between January 2012 and August 2014, loans between the 24 commercial and public banks and the 25 companies in this report totalled €39.2 billion; underwriting of shares and bonds around €39.8 billion; and management of shares and bonds €65.3 billion.

In 2013, the companies analysed in this report earned combined revenues of at least €4,195.6 billion and net profits of more than €449.9 billion. All of these companies have been cited for human rights violations, environmental destruction, and/or irresponsible business practices. The fossil energy companies in this report have been classified as carbon majors, responsible for the largest global carbon emissions. These carbon majors often receive excessive tax subsidies, with the income-tax share of revenue varying from 2% (Royal Dutch Shell in the UK) to 38% (Royal Dutch Shell in Italy), and the mean lying in the lower double-digit range.¹ 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, if available, prohibit direct investment in some controversial products or projects, most do not restrict investment in the companies that carry out these violations. 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.

Deutsche Bank was financially connected to all 25 companies in this report, Crédit Suisse, HSBC and UBS to 23. This report also shows that 23 of the 24 FIs in this report are invested in the reported fossil fuel companies with the largest carbon emissions² (carbon majors). 19 of the 24 FIs investigated have financial ties with the reported weapon manufacturers.³ 23 out of the 24 FIs investigated in this report have financial ties with the mining and commodity corporations.⁴

The easiest way for companies to obtain capital is to borrow money. In most cases, money is borrowed from commercial banks. The proceeds of these corporate loans can be used for general business of the company. The top lenders to controversial companies in this study were Barclays and HSBC. Deutsche Bank was the top provider of loans to 'carbon majors', followed by HSBC. BNP Paribas was the top provider of loans to both weapons companies and the mining and commodities sector.

Allianz, Crédit Suisse, Deutsche Bank and UBS managed shares or bonds of almost every company analysed in this study. Legal and General controls, by far, the highest value of combined share and bond holdings in controversial companies, followed by Lloyds and Allianz. Legal and General is also the top holder of shares and bonds in the 'carbon majors'. Allianz is the top holder of shares and bonds in both mining and weapons sectors.

Selling company shares and bonds to pension funds, insurance companies, asset management companies, and private investors is another important way to increase equity. Banks ensure that there are sufficient buyers for those shares and bonds and that the companies receive the best possible return on investment. For this reason investment banks are critically important in this process. Compared to other FIs in this analysis, Barclays leads in share and bond underwritings for controversial companies, followed by Deutsche Bank and BNP Paribas. Barclays and Deutsche Bank were the top underwriters of shares to 'carbon majors'. Barclays was also the top underwriter of shares in the mining and commodities sector.

While FIs emphasise that it is important to differentiate between own investments they retain versus holdings that are acquired on behalf of clients, they usually 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).

¹ ODI (2014): Fossil fuel exploration subsidies: Country Studies: www.odi.org (accessed 18.11.2014)

² These are Chevron, Coal India, Gazprom, Royal Dutch Shell, RWE, Saudi Aramco and Vattenfall

³ These are ATK, Elbit Systems, Lockheed Martin and Rheinmetall

⁴ Barrick Gold, Glencore, Goldcorp, Sesa Sterlite and Zijin Mining

Where the money goes: Financial ties with controversial companies (€ million)

Financial institution	Country	Bondholdings	Shareholdings	Share Issuances	Bond Issuances	Loans
Allianz SE	Germany	2,532.3	4,803.0			27.4
Argenta Group	Belgium		7.3			
AXA SA	France	350.8	6,101.3			
Barclays plc	UK	19.4	480.7	581.5	7,591.0	7,479.5
Belfius Bank NV	Belgium	6.3				159.4
BNP Paribas SA	France	140.5	1,799.8	46.0	6,182.4	4,860.4
Commerzbank AG	Germany	17.6	464.0		1,279.8	1,127.8
Crédit Agricole SA	France	109.9	1,237.6		2,825.9	1,988.9
Credit Suisse AG	Switzerland	344.5	3,472.2	219.3	2,545.5	1,638.2
Deutsche Bank AG	Germany	407.6	4,771.1	281.3	6,222.5	3,890.8
HSBC plc	UK	97.7	2,861.1	46.0	4,006.6	6,903.9
ING Group	Netherlands	924.9	724.3		1,894.0	2,256.2
Julius Bär Group	Switzerland	100.8	18.1			
KBC Group	Belgium	102.4	290.8			397.6
Legal & General plc	UK	78.4	11,896.1			
Lloyds Banking Group plc	UK	258.1	9,846.1		942.2	1,749.3
Munich Re AG	Germany	226.3	63.0			
Prudential plc	UK	2,019.4	698.7			
Rabobank Group	Netherlands		5.7			1,120.1
Société Générale SA	France	22.6	987.4		2,377.0	2,476.3
Swiss Re AG	Switzerland	128.6				
UBS AG	Switzerland	403.5	5,673.0	91.0	2,135.1	1,964.8
UniCredit S.p.A.	Italy	157.3	385.7		553.2	1,116.8
Zurich Insurance Group	Switzerland	243.2	64.6			
Totals		8,692.10	56,651.6	1,265.1	38,555.2	39,157.4

The full data table is available here: www.facing-finance.org/?p=19500

Harmful Investments

Allianz SE

Financial Information (in € million):

	2013	2012
Revenues	108,681	108,311
Profit after Tax	6,344	5,558
Total Assets	711,530	694,447

Date and currency of company report: 31.12.2013, EUR

Allianz SE is the market leader for insurance in Germany and among the top insurance providers worldwide, as well as constituting one of the world's biggest asset managers.¹ It is a participant of the UN Global Compact, the Principles for Responsible Investment (PRI) and since February 2014 to the Principles for Sustainable Insurance (PSI). With its involvement in the UN PRI, the company commits to consider social, environmental and governance (ESG) issues in investment processes to create a sustainable financial system beneficial for investors and societies.² With its recent entry into the UN PSI, Allianz SE is extending this commitment also to its insurance business in response to their clients increasing awareness of these controversial issues.³ In accordance with the principles formulated by the UN PRI, UN PSI and Global Compact, Allianz SE has introduced new sustainability policies in 2013 regarding the management and issuance of shares and bonds in sensitive business segments such as defence, infrastructure and mining.⁴ Comprehensive risk assessments for business investments in these areas should minimise potential risks related to ESG issues and thus improve the performance of the investment and insurance business of the company, with the ESG principles being applicable to "all insurance businesses globally"⁵. This commitment allegedly "supports our core business strategy, ensures we live up to our values, and demonstrates responsibility in our decision-making and interactions with stakeholders in society"⁶. Furthermore, Allianz has been ranked

the world's leading sustainable insurer in the Dow Jones Sustainability Index of 2013 and receives widespread external recognition for its participation in sustainability initiatives.⁷

Yet, despite these commitments to ESG principles, the actual investment and insurance activities of Allianz SE stand in stark contrast to these principles and rankings, as the newly developed sustainability guidelines leave room for the approval of profitable but controversial investments.^{8,9} Consequently, Allianz SE is invested in 22 of the 25 companies investigated in this report, managing shares and bonds totalling €7.4 billion.¹⁰ These companies are infamous for labour rights violations and environmental destruction as well as contributing to global climate change.

Despite promoting its commitment to "playing a leading role in supporting the development of a low-carbon economy" in its Climate Change Strategy¹¹, Allianz manages shares and bonds for fossil fuel energy providers including Gazprom and Royal Dutch Shell. For instance, the value of bonds and shares managed for Shell have increased from €713 million in 2013 to €1,552 million in 2014. Gazprom and Shell signed a joint agreement on oil exploration in the Russian Arctic shelf in 2013, disregarding studies confirming the unpredictable hazards of oil exploration in the arctic.^{12,13} Despite several incidents in

1 Allianz (2014): At a glance: www.allianz.com (accessed 06.10.2014)

2 UN Principles for Responsible Investment (2014): About the PRI Initiative: www.unpri.org (accessed 06.10.2014)

3 Presseportal.ch (2014): UN Principles for Sustainable Insurance (PSI) - Allianz unterzeichnet UN-Initiative: www.presseportal.ch (accessed 06.10.2014)

4 Allianz (2014): Our ESG approach: www.allianz.com (accessed 07.10.2014)

5 Allianz (2014): Underwriting: www.allianz.com (accessed 07.10.2014)

6 Allianz (2014): Our ESG approach: www.allianz.com (accessed 07.10.2014)

7 Allianz (2014): Dow Jones Sustainability Index: www.allianz.com (accessed 06.10.2014)

8 Pro Regenwald (2014): Die Allianz kann es (noch) nicht - Grüner Versicherer sein: www.pro-regenwald.de (accessed 07.10.2014)

9 Die Zeit (2014): Wie böse ist die Allianz?: www.zeit.de (accessed 07.10.2014)

10 Profundo (2014): Dirty Profits III. A study prepared for Facing Finance: www.facing-finance.org/?p=19500

11 Allianz (2014): Climate Change Strategy: www.allianz.com (accessed 20.10.2014)

12 Greenpeace (2012): The dangers of Arctic oil: www.greenpeace.org (accessed 07.10.2014)

13 Gazprom (2013): Gazprom and Shell agree to jointly develop Arctic shelf and produce shale oil in Khanty-Mansiysk Autonomous Area: www.gazprom.com (accessed 07.10.2014)

its Alaskan drilling operations and criticism for a lack of appropriate risk mitigation strategies, Shell is committed to oil exploration in the Alaskan Arctic shelf.¹⁴ In the meantime, Gazprom has been the first company to extract and export oil from the Arctic in December 2013, while Greenpeace activists have been jailed on repeated occasions for their protests against their drilling operations in this sensitive environment.¹⁵

Furthermore, Allianz has been criticised for its involvement in the controversial construction of the Belo Monte Dam in Brazil. Besides insuring the construction site, Allianz is invested in a range of companies that participate in the financing of the dam.¹⁶ The insurer justifies its involvement claiming the extensive environmental benefits that will be generated through the construction of the dam.¹⁷ Allianz' sustainability policies include the importance of community engagement in business projects, which are supposed to "bring benefits to local communities and support them in tackling social and environmental issues"¹⁸. Yet, severe human rights violations have accompanied the project, including the forced resettlement of 40,000 people (Company Profile: Andritz).¹⁹ Moreover, Allianz manages shares and bonds of Wal-Mart, a company that has been associated with severe human and labour rights violations. These include extensive child labour, the violation of labour rights in terms of payment, working hours and the right to strike and form unions as well as disregarding health and safety issues.²⁰

Furthermore, other politically charged areas such as investments in the defence industry are not sufficiently considered in terms of their social, environmental and governance aspects in Allianz' business operations. Despite its policy commitment towards excluding investments in weapons that fall under international conventions (anti-personnel landmines, biological and chemical weapons and cluster munitions), the insurer is one of the main German financial institutions with ties to producers of nuclear weapons and cluster munitions, managing shares and bonds of (major) weapon manufacturers and exporters such as Lockheed Martin²¹, ATK, Elbit Systems²² and Rheinmetall²³ totalling over €650 million.^{24,25} According to Allianz, "the ability to apply this exclusion policy varies for some types of investments"²⁶, explaining the continued shareholdings in ATK as manufacturer of cluster munition components and nuclear weapons²⁷.

These examples show that despite Allianz' newly introduced sustainability guidelines and its participation in the UN PRI, PSI and Global Compact, the actual investment strategy shows no adherence to these commitments. Regardless of Allianz' claims that the company actively seeks contact with environmental NGOs in the development of its sustainability standards, binding minimum requirements have to replace the current negotiable guidelines for investment decisions in sensitive business areas.

Largest Financial Transactions (in € million):

Loans:	
Glencore	27.35
Management of S/B:	
Royal Dutch Shell	1,552.02
Gazprom	1,211.88
Wal-Mart Stores	791.20
Chevron	752.48
Barrick Gold	672.26

14 See Company Profile for Royal Dutch Shell on p. 40

15 See Company Profile for Gazprom on p. 26

16 GegenStrömung (2013): Wem gehört Belo Monte?: www.rosalux.de (accessed 07.10.2014)

17 Amerika21 (2013): Besetzung von Belo Monte Baustelle beendet: <https://amerika21.de> (accessed 07.10.2014)

18 Allianz (2014): www.allianz.com (accessed 20.10.2014)

19 See supra note 7

20 Workplacefairness (2014): The Good, the Bad, and Wal-Mart: www.workplacefairness.org (accessed 07.10.2014). View also the company profile of Wal-Mart in this report.

21 Lockheed is referred to as the largest weapons manufacturer and exporter worldwide. www.sipri.org

22 See Company Profile for ELBIT p.22

23 See Company profile Rheinmetall p.38

24 International Campaign to Abolish Nuclear Weapons (2012): Don't bank on the bomb: www.ipnww.de (accessed 20.10.2014); View also PAX (2014): Worldwide Investments in Cluster Munitions; a shared responsibility by PAX (formerly IKV Pax Christi), November 2014

25 Allianz (2014): Sustainability in proprietary asset management: www.allianz.com (accessed 20.10.2014)

26 Ibid.

27 International Campaign to Abolish Nuclear Weapons (2014): Don't bank on the bomb: www.dontbankonthebomb.com

Harmful Investments

AXA SA

Financial Information (in € million):

	2013	2012
Revenues	91,249	90,126
Profit after Tax	4,786	4,187
Total Assets	757,143	761,862

Date and currency of company report: 31.12.2013, EUR

Based in Paris, France, AXA SA is one of the largest insurance companies worldwide and in 2013, managed assets worth €1,113 billion.¹ It has been ranked the Best Green Brand in the insurance industry for its environmental performance and attempts to address climate change by promoting sustainability in its insurance and investment operations.² Claiming to commit to environmental and social standards as well as “showing the highest ethical standards”³, AXA is a participant of the UN Principles for Responsible Investment and the United Nations Global Compact, besides being a founding member of the UN Principles for Sustainable Insurance.⁴

To live up to these commitments, AXA has integrated an evaluation of the environmental, social and governance (ESG) performance of businesses into its investment process.⁵ This screening process encourages fund managers to take into account the carbon intensity of businesses as well as the ESG performance of selected corporations to be able to reduce risks related to these issues and report on sustainability criteria.⁶ AXA identifies improved Corporate Responsibility as a key driver of growth, profitability, risk management and brand image, while claiming that the company “has always had a noble purpose that extends beyond our financial interests.”⁷ The ESG related policies of the group define minimum criteria for investments

in the following sensitive sectors: controversial weapons, palm oil, agricultural land, forestry and timberland industries as well as food commodity derivatives.⁸ Yet, these environmental and human rights concerns are only considered “when appropriate or relevant”⁹, thus constituting non-binding investment guidelines.

For instance, disregarding the Group’s divestment and exclusion policy for controversial weapons, AXA manages shares and bonds of manufacturers of nuclear weapons. This also refers to autonomous weapons and drones which are currently the focus of criticism.¹⁰ While claiming that “AXA has taken steps to terminate business ties with manufacturers of these weapons and/or key components”¹¹, the insurer still manages shares and bonds of Lockheed Martin, ATK and Elbit Systems totalling €185 million.¹² Altogether “... AXA currently has an estimated US\$ 3,614.44 million invested or available for the nuclear weapons producers...”¹³

Furthermore, AXA is highly invested in carbon-intensive companies such as Royal Dutch Shell and Chevron. This contradicts its Environmental Group Policy, which states that “Where relevant, environmental aspects are taken into account for the development of new products as well as included in the criteria we use for investment decisions”¹⁴.

1 AXA (2014): AXA is the 1st global insurance brand: www.axa.com (accessed 13.10.2014)

2 AXA (2014): AXA Group Environmental Policy: www.axa.com (accessed 13.10.2014)

3 See supra note 1

4 UN Global Compact (2013): AXA Group UN Global Compact Communication on Progress 2013: www.unglobalcompact.org (accessed 13.10.2014)

5 AXA (2014): Responsible Investment expertise, products and services: www.axa.com (accessed 13.10.2014)

6 See supra note 4

7 AXA (2013): Our Corporate Responsibility – Facts at-a-glance: www.axa.com (accessed 13.10.2014)

8 See supra note 7

9 AXA (2014): ESG risks: www.axa.com (accessed 13.10.2014).

10 Campaign to Stop Killer Robots (2014): www.stopkillerrobots.org

11 AXA (2013): AXA Group Policy on Controversial Weapons: www.axa.com (accessed 20.10.2014).

12 Profundo (2014): Dirty Profits III. A study prepared for Facing Finance: www.facing-finance.org/?p=19500

13 International Campaign to Abolish Nuclear Weapons (2014): Don’t bank on the bomb: www.dontbankonthebomb.com

14 AXA (2014): AXA Group Environmental Policy: www.axa.com (accessed 13.10.2014).

In addition to the definition of guidelines for sensitive business areas, AXA has committed to avoid causing or contributing to human rights violations and to actively prevent or mitigate any adverse impacts caused directly or indirectly through its operations.¹⁵ Based on an assessment of which human rights can be influenced by AXA's business operations, a list of "applicable" human rights has been produced that have to be considered in its insurance, investment and procurement decisions. Acknowledging that "this does not exclude that adverse impacts on other Human Rights than the ones presented could also arise from our business activities"¹⁶, nine Human Rights have to be respected in AXA's insurance and investment decisions, among them the right of protection for the child, the right to life, liberty and security of a person and the right to enjoy just and favorable conditions of work.¹⁷

Yet, among the Top 5 investments in harmful companies investigated in this report, AXA manages shares and bonds for companies that are heavily associated with the violation of human rights as well as issues of corruption and bribery. Especially noteworthy in this context is AXA's investment in GlaxoSmithKline (GSK). GSK has been accused of disregarding ethical standards in clinical trials with a vaccine for the Human Papilloma Virus in India, where no prior consent had been sought for female under-age clinical trials.¹⁸ Following the trials, several deaths have occurred and sparked rumors about unethical practices of pharmaceutical concerns in India that exploit the loose regulations and disregard concerns for the health and safety of

the participants.¹⁹ GSK has also been found guilty of bribery to increase its sales volumes and drug prices in China as well as forging the results of clinical trials to promote the efficiency of their products.²⁰ These practices reduce the access to affordable health care and constitute a violation of the UN Human Rights Guidelines for Pharmaceutical Companies in relation to Access to Medicines.²¹

AXA further manages shares and bonds for Wal-Mart Stores, a company connected with the violation of the rights to association, non-discrimination, privacy and the right to enjoy just and favorable conditions of work and arms trade.²² Having affiliations with 20 of the 25 companies investigated in this report, AXA's ESG policies clearly constitute non-binding decision criteria that have not yet been put into practice to sufficiently comply with social, environmental and governance standards. Thus, urgent action has to be taken to reduce investments in controversial companies and exert control to promote a change in the business practices of these companies.

**Largest Financial Transactions
(in € million):**

Management of S/B:	
Royal Dutch Shell	2,005.81
GlaxoSmithKline	1,532.49
Chevron	1,042.28
Wal-Mart Stores	716.94
Samsung Group	332.34

15 AXA (2014): Our commitment to Human Rights: www.axa.com (accessed 13.10.2014)

16 AXA (2014): AXA Group Human Rights Policy: www.axa.com (accessed 13.10.2014)

17 See supra note 16

18 See Company Profile for GlaxoSmithKline on p. 28

19 The Independent (2011): Without consent: how drug companies exploit Indian 'guinea pigs': www.independent.co.uk (accessed 13.10.2014)

20 See Company Profile for GlaxoSmithKline on p. 28

21 World Health Organization (2010): Drug companies should be held more accountable for their Human Rights responsibilities: www.who.int (accessed 13.10.2014).

22 See Company Profile for Wal-Mart Stores on p. 54

Harmful Investments

Barclays plc

Financial Information (in € million):

	2013	2012
Revenues	44,207	42,603
Profit after Tax	1,554	221
Total Assets	1,571,833	1,819,787

Date and currency of company report: 31.12.2013, GBP (exchange rate as of 31.12.2013/2012, www.oanda.com)

Barclays, headquartered in London, UK, is a globally operating bank engaged in retail, corporate and investment banking.¹ Whereas Barclays is not a participant of the UN Global Compact nor the UN Principles for Responsible Investment, the bank is committed to the Equator Principles (EP) and has been actively involved in their formulation. Hence, Barclays plc has been reelected to the EP Steering Committee and participates among others in the 'Climate Change' and 'Social Risks' working groups.² Their commitment to the Equator Principles obliges them to conduct environmental and social impact assessments for project financings exceeding certain threshold criteria.³

Barclays has financial ties to 21 out of 25 corporations investigated in this report, leading the list of investors presented in this report with the highest amount of loans, shares and bonds issued for harmful companies. These investments concentrate on fossil fuel companies such as Royal Dutch Shell, Chevron, Vattenfall and mining corporations like Glencore and Barrick Gold. Additionally, the bank is heavily invested in Wal-Mart Stores.

Barclays has issued sector specific lending guidance for sensitive sectors such as mining, oil and gas, power generation and pharmaceuticals on how to mitigate risks in their business operations, but specific details of these are not published.⁴ Furthermore, while Barclays asserts that it continues to "integrate environmental considerations into business decisions in line with our commitment to environmental sustainability"⁵, the bank limits this commitment to "all applicable environmental legislation"⁶ in the country it operates in. This reflects its involvement in the issuance of shares and bonds for fossil energy providers, with almost €4 billion of newly issued shares and bonds for Royal Dutch Shell, Chevron and Vattenfall since January 2012. According to the World Development Movement, Barclays has been participating in the financing of coal projects totaling £3.1 billion since 2005, thus contributing to environmental degradation and climate change.⁷ Also it has ongoing lending activities with mining corporations such as Glencore and Barrick Gold that are infamous for causing environmental damage in their business operations through pollution, high water extraction rates and inappropriate disposal of waste products⁸ as well as being the Number 1 financier of mountain top removals for coal extraction worldwide.⁹

1 Barclays (2014): Annual Report 2013: www.barclays.com (accessed 13.10.2014)

2 Barclays (2013): Citizenship Report: www.barclays.com (accessed 14.10.2014)

3 Equator Principles (2014): The Equator Principles Working Groups: www.equator-principles.com (accessed 14.10.2014)

4 Barclays (2014): Environmental and Social Risk Assessment in Lending: www.barclays.com (accessed 13.10.2014)

5 Barclays (2012): Environmental Sustainability: www.barclays.com (accessed 13.10.2014)

6 See *supra* note 5

7 World Development Movement (2014): Barclays, stop bankrolling coal: www.wdm.org.uk (accessed 14.10.2014)

8 See Company Profiles for Barrick Gold and Glencore in this report on p. 12

9 World Development Movement (2014): Barclays AGM: Protestors to target Barclays for bankrolling coal: www.wdm.org.uk (accessed 14.10.2014)

Furthermore, concerning investments in the defense industry, Barclays intends to “ensure that defense exports financed by Barclays are not used by foreign authorities either to oppress their own populations or to support unjustified external aggression”¹⁰. In addition, the policy states that trade in, or the manufacturing of, nuclear, chemical, biological and other mass destruction weapons are not financed, besides abolishing business affiliations with the manufacturers of landmines, cluster bombs and cluster munitions.¹¹ Yet, Barclays manages shares and bonds customers for other major players of the weapon industry, such as Lockheed Martin, ATK and Elbit Systems, companies that produce nuclear weapons, cluster munitions or other weapons under criticism, like drones and lethal autonomous weapon systems which violate ethical norms.¹²

Altogether Barclays currently has an estimated US\$ 3,401.00 million invested or available for nuclear weapons producers.¹³ Barclays has financial affiliations with Rheinmetall, who has been associated with weapon exports/production to/in countries that violate human rights, including tanks, artillery ammunition and riot-control weapons and which has recently announced the opening of a tank factory in Algeria.¹⁴ Thus, Barclays lacks a stringent approach in the implementation of its defense policy in its business operations.

With regards to Human Rights, Barclays has stated that the application of its Human Rights principles are merely “aspirational”, with the

bank having the “desire to respect and promote human rights within our sphere of influence”¹⁵. The statement further contends that awareness has to be raised in countries where local laws and customs disregard human rights and that divestment from or constructive engagement with companies violating human rights will be sought.¹⁶ Yet, the investment portfolio of Barclays showcases that these codes of conduct are not upheld in the regular business activities of the bank. This is unmistakably revealed by its involvement in Wal-Mart Stores (€4,125 million in loans and €731 million in underwritings of shares and bonds), a major weapon dealer and violator of human rights in its own labor force and throughout its supply chain.¹⁷ Also the mining operations of Glencore and Barrick Gold have been associated with severe human rights violations on repeated occasions, including the displacement and disregard of indigenous peoples.¹⁸

Hence, Barclays as one of the major financier of controversial companies investigated in this report, shows a clear lack of defining and implementing binding policies to ensure the consideration of environmental, social and governance issues in its business operations. Directly controllable investments through loans and the underwriting of shares and bonds are currently not affected by the sustainability policies of the bank, rendering Barclays a major financier of global corporations that violate human rights and destroy the environment.

Largest Financial Transactions (in € million):

Loans:	
Wal-Mart Stores	4,125.71
Glencore	1,002.04
Barrick Gold	731.25
Cargill	644.04
Royal Dutch Shell	278.38

Underwritings of S/B:	
Royal Dutch Shell	1,612.40
Chevron	1,307.48
Vattenfall	1,071.43
GlaxoSmithKline	784.28
Wal-Mart Stores	731.30

Management of S/B:	
Chevron	218.35
Wal-Mart Stores	101.26
Lockheed Martin	71.33
Royal Dutch Shell	36.92
Barrick Gold	25.70

10 Barclays (2014): Barclays Statement on the Defence Sector: www.barclays.com (accessed 13.10.2014)

11 See supra note 10

12 See Company Profiles for ATK, Elbit Systems and Lockheed Martin in this report

13 International Campaign to Abolish Nuclear Weapons (2014): Don't bank on the bomb: www.dontbankonthebomb.com

14 Handelsblatt (2014): Deutsche Panzerfabrik in Algerien vor dem Start: www.handelsblatt.com (accessed 14.10.2014). See also Company Profile for Rheinmetall.

15 Barclays (2010): Barclays Group Statement on Human Rights: www.barclays.com (accessed 13.10.2014)

16 See supra note 15

17 See Company Profile for Wal-Mart Stores on p. 54

18 See Company Profiles for Barrick Gold and Glencore in this report

Harmful Investments

BNP Paribas SA

Financial Information (in € million):

	2013	2012
Revenues	91,852	95,773
Profit after Tax	5,439	7,318
Total Assets	1,800,139	1,907,200

Date and currency of company report: 31.12.2013, EUR

The French BNP Paribas is a leading provider of retail, investment and corporate banking services on the European market, claiming to base its business on economic, social, civic and environmental responsibility.¹ The Group is a participant of the UN Global Compact, the UN Principles for Responsible Investment and becomes actively involved in the Equator Principles III Review Process.² Yet, BNP Paribas has financial ties with 22 out of the 25 companies investigated in this report, constituting one of the major providers of loans and underwriter of shares and bonds for controversial companies investigated in this report.

Acknowledging its environmental responsibility deriving from its direct and indirect business activities, BNP has “drawn up detailed criteria relating to financing and investment in sensitive fields of industry and trade”³. Consistent with the Equator Principles, environmental, social and governance (ESG) impact assessments are applied to all project financing exceeding US\$ 10 million, complemented by sector-specific policies that are supposed to mitigate risks and “ensure that the Bank only supports environmentally responsible projects”^{4,5}.

As the Equator Principles only apply to financing of projects, but not to export and corporate finance and as the Equator Principles lack accountability mechanisms and transparency, they are criticised for their limited scope⁶. Thus members of the Equator Principles should

not rely on this instrument to adequately include ESG criteria in their investment activities.

This report has found that BNP Paribas is heavily invested in fossil energy providers, heavy industries and mining operators associated with environmental destruction and climate change. Since January 2012, BNP Paribas has issued loans to Gazprom, Royal Dutch Shell and RWE totalling €777 million, accompanied by the issuance of shares and bonds for Gazprom, Vattenfall and Shell amounting €3,138 million. The combined values of shares and bonds managed for the fossil energy providers Shell, Chevron and Gazprom exceed €896 million. These numbers illustrate the heavy investment of BNP Paribas in fossil fuels, disregarding its claim that the bank “has made combating climate change the cornerstone of its environmental responsibility”⁷ and corroborating BNP Paribas’ rating among the Top 20 “Climate Killer Banks” by BankTrack.⁸ Besides issuing policies on nuclear energy, oil sands and some other sectors, no specific guidelines have been issued to prove this commitment towards combating climate change and the Group’s financing and investment guidelines concerning power-generation are only applicable to coal-fired electricity generation.⁹ Providing financial services for Vattenfall, who has recently been critiqued on its plans to open a coal-fired power plant in Germany¹⁰, is approved under the Group’s policy on coal-fired power generation. This policy states that “BNP Paribas, as a provider of financial services, may support companies / countries that wish to develop their coal-fired power capacities”¹¹.

1 BNP Paribas (2014): Annual Report 2013: www.bnpparibas.com (accessed 20.10.2014)

2 BNP Paribas (2012): Reporting on Equator Principles Implementation: www.bnpparibas.com (accessed 20.10.2014)

3 BNP Paribas (2014): BNP Paribas’ Charter: www.bnpparibas.com (accessed 20.10.2014)

4 BNP Paribas (2014): Sectoral Policies: www.bnpparibas.com (accessed 20.10.2014)

5 BNP Paribas (2014): Being a responsible bank: www.bnpparibas.com (accessed 20.10.2014)

6 BankTrack (2012): Tiny steps forward on the outside job: www.banktrack.org (accessed 12.11.2014)

7 BNP Paribas (2014) – 2013 Corporate Social Responsibility Report: www.bnpparibas.com (accessed 20.10.2014)

8 BankTrack (2011): A look into the portfolios of the world’s largest banks: www.banktrack.org (accessed 20.10.2014)

9 See supra note 5

10 See Company Profile for Vattenfall on p. 52

11 BNP Paribas (n.d.): Corporate Social Responsibility Sector Policy – Coal-fired power generation: www.bnpparibas.com (accessed 20.10.2014)

Additionally, BNP has pledged to comply with the UN Guiding Principles on Human Rights “within its sphere of influence”¹², expecting its customers and clients to “avoid direct contribution to adverse human rights impacts”¹³. However, BNP has issued loans exceeding €2 billion and underwrote shares and bonds valuing €1.1 billion for Glencore since 2012, a mining corporation that has been repeatedly associated with human rights violations.¹⁴ These financial activities further contradict the Group’s policy on mining, which states that “BNP Paribas expects Mining Companies to comply, and Mining Projects to be developed and operated in accordance, with existing local laws and licensing arrangements as well as with international conventions ratified by the countries in which they operate and/or are developed”¹⁵. Important aspects such as effects on the local population, water use and pollution as well as air emissions and waste disposal – issues that have posed continuous problems in Glencore’s mining operations – constitute only non-binding evaluation criteria.¹⁶ Aggravatingly, these investment decisions are mainly based on information provided by the prospective bankrolled company.¹⁷

In its corporate policy regarding financial ties to the defence sector and involvement in weapons trade, BNP “acknowledges that the defence sector presents specific risks related to the status of certain weapons, their potential end use and the risk of corruption”¹⁸. The policy applies to BNP Paribas’ business activities

worldwide and controversial weapons such as cluster weapons and anti-personnel mines as well as chemical, biological and nuclear weapons and depleted uranium munitions.¹⁹ The policy is applicable to all new financing agreements that are closed after the release of the policy in 2010, yet since January 2012 BNP Paribas has issued loans to and manages shares of Lockheed Martin and ATK, manufacturers of nuclear weapons.²⁰ These business affiliations contradict their statement that “BNP Paribas does not wish to be involved in the financing of transactions involving controversial weapons”²¹ or the “provision of financial products and services or investments in companies involved in the manufacture, trade or storage of ‘controversial weapons’”²². Additionally, BNP Paribas holds shares of Rheinmetall even though the company exports weapons to countries such as Algeria and Saudi Arabia, which should fall under the bank’s definition of ‘sensitive countries’ due to their known human rights violations.²³

Evidently, BNP Paribas lacks a stringent commitment to existing Group policies besides needing to implement binding investment criteria to avoid participating in human rights violations and environmental destruction through the provision of financial services for controversial companies.

Largest Financial Transactions (in € million):

Loans:	
Glencore	2,214.89
Cargill	816.47
Wal-Mart Stores	697.25
Gazprom	307.71
Royal Dutch Shell	251.93

Underwritings of S/B:	
Gazprom	1,404.73
Glencore	1,130.35
Vattenfall	1,071.43
Wal-Mart Stores	731.30
Royal Dutch Shell	662.42

Management of S/B:	
Royal Dutch Shell	370.53
Chevron	338.11
Samsung Group	290.89
Hyundai Motor Group	211.35
Gazprom	187.44

12 BNP Paribas (2014): Compliance with the UN Guiding Principles Concerning Human Rights: www.bnpparibas.com (accessed 20.10.2014)

13 BNP Paribas (n.d.): Corporate Social Responsibility – BNP Paribas & Human Rights: www.bnpparibas.com (accessed 20.10.2014)

14 See Company Profile for Glencore on p. 30

15 BNP Paribas (n.d.): Corporate Social Responsibility Sector Policy – Mining: www.bnpparibas.com (accessed 20.10.2014)

16 See supra note 15

17 See supra note 15

18 BNP Paribas (n.d.): Corporate Social Responsibility Sector Policy – Defense: www.bnpparibas.com, p.2 (accessed 20.10.2014)

19 See supra note 18

20 See Company Profiles for ATK and Lockheed Martin in this report

21 See supra note 18

22 BNP Paribas (n.d.): Corporate Social Responsibility Sector Policy – Defense: www.bnpparibas.com, p.4 (accessed 20.10.2014)

23 See Company Profile for Rheinmetall in this report on p.38

Harmful Investments

Deutsche Bank AG

Financial Information (in € million):

	2013	2012
Revenues	42,683	49,474
Profit after Tax	681	316
Total Assets	1,611,400	2,022,275

Date and currency of company report: 31.12.2013, EUR

Deutsche Bank is the leading German provider of financial services including retail, corporate and investment banking as well as asset and wealth management world-wide.¹ The bank is a participant of the UN Global Compact and the UN Principles for Responsible Investment, yet it is not a signatory to the Equator Principles.² Deutsche Bank is the second largest provider of financial services for the companies investigated in this report, having financial affiliations with all of the 25 controversial companies. Deutsche Bank especially assists these companies through the underwriting of shares and bonds.

In 2013, less than 1% of the bank's assets under management – €5.1 billion out of €923 billion – incorporated environmental, social and governance aspects and have thus been subject to monitoring and assessment.³ Deutsche Bank states that environmental and social (ES) risks are assessed through its 'Environmental and Social Risk Framework' in potential business transactions, accompanied by assessment guidelines for critical sectors such as oil and gas, defence, mining and some carbon-intensive industries.⁴ Yet, Deutsche Bank contends that as a globally active bank engaging in a variety of business sectors, it is "not always feasible to eliminate all environmental and social risks from our business"⁵. Nevertheless Deutsche Bank has been listed in the Dow Jones Sustainability Index since the index began in 1999.⁶

Deutsche Bank has been repeatedly criticised by NGOs and in media reports for food price speculation, leading to rising commodity prices and contributing to the global food crisis.⁷ Yet, the bank asserts that "financial instruments are not responsible for higher staple food prices, Deutsche Bank elects to continue offering products based on agricultural commodities"⁸, leading the bank to lift the previously self-imposed ban on agricultural hedging products.⁹ This is further reflected in its ongoing business operations with globally active producers of agricultural commodities, based on the argument that these companies are an important growth provider for emerging markets.¹⁰ For instance, Deutsche Bank has issued loans worth almost €500 million to Cargill, one of the world's largest commodity trader and food processors.¹¹ Deutsche Bank has formulated investment guidelines for monocultural farming and palm oil defining that "clients active in this sector are required to provide a certification plan for their plantation or mill in accordance with the Roundtable on Sustainable Palm Oil (RSPO) criteria"¹². Yet, the RSPO has been criticised as an insufficient standard, since it does not prohibit forest conversion or limit greenhouse gas emissions associated with the development of palm oil plantations, besides the fact that sustainability principles are not applied throughout the supply chain.¹³ Cargill has further been associated with deforestation, forced labour and insufficient consultation processes throughout its palm oil

1 Deutsche Bank (2014): Fact Sheet: www.db.com (accessed 20.10.2014)

2 Deutsche Bank (2014): Corporate Responsibility 2013: www.db.com (accessed 21.10.2014)

3 See supra note 2

4 Deutsche Bank (2014): Our social and environmental risk framework: www.db.com (accessed 20.10.2014)

5 See supra note 4

6 RobecoSAM AG (2014): Sustainability Yearbook 2014: www.sustainability-indices.com

7 EurActiv (2014): Deutsche Bank clashes with NGOs over food speculation: www.euractiv.com (accessed 21.10.2014). Foodwatch (2014): Deutsche-Bank-Chef kommt mit leeren Händen: www.foodwatch.org

8 See supra note 2

9 See supra note 7

10 Deutsche Bank (2014): Monocultural farming / Palm oil: www.db.com (accessed 20.10.2014).

11 View also the Company Profile of Cargill on p. 16

12 See supra note 7

13 Greenpeace (2013): Certifying Destruction: www.greenpeace.de (accessed 20.10.2014).

supply chain, besides endangering food security and food sovereignty through land grabbing and the cultivation of genetically modified soy.¹⁴ Evidently, the bank's position on human rights, stating that Deutsche Bank has "integrated human rights considerations in the due diligence processes required by our ES Risk Framework"¹⁵, cannot be regarded as sufficient to ensure environmental and social business operations. This also explains the ongoing financial relations of Deutsche Bank with other corporations that have repeatedly been associated with human rights violations, such as Glencore¹⁶ (€1,808 million in loans, underwriting €275 million in shares and bonds and €150 million in managed shares and bonds) and GlaxoSmithKline¹⁷ (€1,003 million in underwritings of shares and bonds and €570 million in managed shares and bonds).

In 2013, Deutsche Bank was ranked the 7th greenest bank worldwide based on the bank's "continued clean energy and infrastructure financing leadership"¹⁸. This stands in blatant contrast to its ongoing financial relations to carbon-intensive industries, with loans issued to fossil energy providers since January 2012 totalling €1.4 billion (RWE, Gazprom, Royal Dutch Shell, Chevron and Saudi Aramco) and the shares and bonds issued for Shell, Gazprom, Vattenfall, Saudi Aramco, Chevron and Coal India valuing at €4.7 billion. Deutsche Bank justifies its ongoing investment in coal mining operations on the grounds that "it is currently not possible to fulfil the substantial energy requirements worldwide solely with renewable energies"¹⁹.

Despite the bank's claim that it "has not provided direct funding for cluster munitions since 2009"²⁰ and that no manufacturers of such weapons have been financed since 2011, the bank nevertheless manages shares of Hanwha, ATK and Textron that still manufacture cluster munitions or components, totalling more than US\$ 39 million.²¹ Furthermore, Deutsche Bank is invested in Rheinmetall (€40 million in loans) as well as managing shares and bonds of (major) weapon producers and exporters like Lockheed Martin²², Rheinmetall²³ and Elbit Systems²⁴ totalling €126 million. The recent ICAN Report "Don't Bank on the Bomb" identified 14 financial relationships by Deutsche Bank with producers of nuclear weapons on the order of €3.1 billion.²⁵

The ongoing financial relations of Deutsche Bank with the controversial companies investigated in this report illustrate that the Group's commitment to respect environmental, social and governance criteria in its investment processes are not far-reaching enough to avoid or mitigate adverse effects of its business operations on society and the environment.

Largest Financial Transactions (in € million):

Loans:	
Glencore	1,808.64
RWE	566.89
Cargill	497.49
Gazprom	361.80
Royal Dutch Shell	251.93

Underwritings of S/B:	
Royal Dutch Shell	1,600.30
Gazprom	1,095.45
Vattenfall	1,071.43
GlaxoSmithKline	1,003.18
Saudi Aramco	389.84

Management of S/B:	
Chevron	1,328.49
Royal Dutch Shell	782.21
Samsung Group	607.26
GlaxoSmithKline	569.65
Wal-Mart Stores	534.78

14 See Company Profile for Cargill on p. 16

15 Deutsche Bank (2014): Human rights: www.db.com (accessed 20.10.2014)

16 View also the Company Profile of Glencore in this report on p. 30

17 View also the Company Profile of GlaxoSmithKline in this report on p. 28

18 Deutsche Bank (2013): Deutsche Bank on 7th position of the world's „greenest“ banks: www.db.com (accessed 20.10.2014)

19 Deutsche Bank (2014): Coal and coal-fired power: www.db.com (accessed 20.10.2014)

20 See supra note 2

21 PAX (2014): Worldwide Investments in Cluster Munitions; a shared responsibility" by PAX (formerly IKV Pax Christi), November 2014

22 Lockheed is referred to as the largest weapons manufacturer and exporter worldwide: www.sipri.org (accessed 21.10.2014)

23 View also the Company Profile of Rheinmetall in this report on p. 38

24 View also the Company Profile of Elbit in this report on p. 22

25 International Campaign to Abolish Nuclear Weapons (2014): Don't bank on the bomb: www.dontbankonthebomb.com

Harmful Investments

HSBC Holdings plc

Financial Information (in € million):

	2013	2012
Revenues	70,845	81,350
Profit after Tax	12,930	11,602
Total Assets	1,940,445	2,037,174

Date and currency of company report: 31.12.2013, US\$ (exchange rate as of 31.12.2013/2012, www.oanda.com)

H SBC, based in London, provides financial services through retail banking and wealth management, commercial banking and private banking and is the world's third largest bank.¹ The bank is a participant of all of the major voluntary commitments for financial institutions, namely the UN Global Compact, the UN Principles for Responsible Investment, the UN Principles for Sustainable Insurance and the Equator Principles (EP).² It has been actively involved in the formulation of the EPIII and asserts that it "would support strengthening the Principles even further"³.

Yet, the Group has financial affiliations with 23 out of the 25 controversial companies investigated in this report and is the third largest provider of loans, shares and bonds for said companies. With regard to its environmental, social and governance commitment, HSBC has formulated sustainability risk policies for sensitive business sectors such as agricultural commodities, defence, energy, forestry and mining.⁴ Yet these policies are only applicable to selected financial services and not extended to the Group's asset management business.⁵

As HSBC acknowledges the burning of fossil fuels as a significant contributor to global climate change, the Group asserts to "adopt a cautious approach to activities which contribute significantly to climate change"⁶. The bank's energy policy is applicable to lending activities and the provision of financial assistance (i.e. the underwriting of shares and bonds) for oil and gas exploration and production as well as power generation from coal, oil, gas and nuclear sources and energy distribution.⁷ Yet, no clear criteria are set out as to what projects or corporations cannot be financed, leaving the investment decisions on a case-by-case basis. Therefore, HSBC is still the biggest financier in the UK of fossil fuel providers⁸ and has financial affiliations with all major fossil energy companies in this report, including Gazprom, Royal Dutch Shell, RWE, Saudi Aramco and Chevron through the provision of loans totalling €1,173 million and the underwriting of shares and bonds valuing at €1,039 million.

Emblematic of its financing of natural resource extraction worldwide, HSBC has been indirectly involved in the financing of the Cerrejón coal mine in Colombia by financing Glencore's business operations. The exploitation of these coal resources has been associated with the eviction of indigenous people as well as water contamination and droughts subsequent to excessive water extraction.⁹ Moreover, HSBC manages more than €200 million worth of shares and bonds of Sesa Sterlite, a natural resources major that has been related to severe human rights and environmental abuses in its operations¹⁰. This is

1 HSBC (2014): Annual Report 2013: www.hsbc.com (accessed 21.10.2014)

2 HSBC (2014): Sustainability Report 2013: www.hsbc.com (accessed 21.10.2014)

3 See supra note 2

4 See supra note 2

5 See supra note 2

6 HSBC (2011): Energy Sector Policy: www.hsbc.com (accessed 21.10.2014)

7 See supra note 6

8 World Development Movement (2013): HSBC and fossil fuel finance: www.wdm.org.uk (accessed 21.10.2014)

9 See Company Profile for Glencore on p. 30, as well as Glencore's company profiles in the Dirty Profits reports 1 and 2

10 See Company Profile for Sesa Sterlite on p. 48

complemented by the bank underwriting shares and bonds for Goldcorp totalling almost €400 million, the corporation that runs the highly controversial Marlin Mine in Guatemala.¹¹ Yet, despite its heavy investments in the mining industry and the proven controversial nature of mining operations, HSBC's sector policy does not set out clear assessment and monitoring criteria for conventional mining projects and indeed only exempts a few mining operations from finance.¹² Despite the claim that HSBC "has a restricted appetite for supporting individual operating sites where ... there are credible allegations of human rights violations"¹³, this commitment is not extended to providing financial services for mining corporations.

In addition, HSBC has provided loans to Bumitama Agri, implicated in illegal forest clearings as part of palm oil plantation developments in Indonesia and Malaysia. This has destroyed Orangutan habitat and has continued despite a complaint filed with the Roundtable on Sustainable Palm Oil (RSPO)¹⁴. Yet, despite the failure of the RSPO scheme, HSBC asserts that "independent certification of forestry and palm oil operations is the most effective way of ensuring that our customers demonstrate that their behaviour is consistent with these principles"¹⁵. The lack of minimum standards and ineffective application of the HSBC Forest Policy to forestry and palm oil businesses has also been found in a review by Proforest, criticising the "lack of clarity in terms of prohibitions" and a lax application of the sustainability principles, leading to a

re-formulation of the policy in 2014.¹⁶ A second review further contended that "deviations from approved certification schemes or inability of client to meet HSBC's sustainability threshold should be subject to approval"¹⁷.

Besides these environmentally and socially abusive investments, HSBC is heavily invested in Wal-Mart Stores and the Hyundai Motor Group, both companies that have violated human and labour rights. This is in addition to the Group's involvement in GlaxoSmithKline and its ethically controversial business practices.¹⁸ Regarding financial services to the defence sector, HSBC has stated in 2010 "to withdraw progressively from financing the manufacture and sale of weapons"¹⁹, thus prohibiting anti-personnel mines and cluster bombs. Yet, HSBC does "not believe that our customers want us to restrict their choice of investments"²⁰, thus exempting the management of shares and bonds from the application of this policy and providing for its involvement in Rheinmetall and Lockheed Martin. HSBC currently has an estimated US\$ 4 billion invested or available for nuclear weapons producers²¹.

These findings show that HSBC has so far made no serious commitment towards introducing binding lending guidelines in sensitive business sectors. Therefore, its business practices support controversial companies and indirectly violate human rights as well as harming the environment.

Largest Financial Transactions (in € million):

Loans:	
Wal-Mart Stores	4,125.71
Glencore	1,012.15
Gazprom	417.06
Cargill	298.64
Royal Dutch Shell	278.38
Underwritings of S/B:	
Wal-Mart Stores	813.98
Royal Dutch Shell	662.42
GlaxoSmithKline	641.80
Hyundai Motor Group	602.32
Goldcorp	399.34
Management of S/B:	
Royal Dutch Shell	950.14
GlaxoSmithKline	566.89
Chevron	401.12
Sesa Sterlite	213.54
Wal-Mart Stores	212.40

11 See Company Profile for Goldcorp on p. 32

12 HSBC (2007): Mining and Metals Sector Policy: www.hsbc.com (accessed 21.10.2014)

13 See supra note 12

14 Environmental Investigation Agency (2013): Banking on Extinction – Oil Palm, Orangutans and the Certified Failure of HSBC's Forest Policy: www.eia-international.org (accessed 21.10.2014)

15 HSBC (2014): HSBC Statement on Forestry and Palm Oil: www.hsbc.com (accessed 21.10.2014)

16 Proforest (2014): HSBC Forest Policy Review: www.hsbc.com (accessed 21.10.2014)

17 PwC (2014): HSBC Forestry Policy Compliance Review: www.hsbc.com (accessed 21.10.2014)

18 See Company Profiles in this Report.

19 HSBC (2010): Defence Equipment Sector Policy: www.hsbc.com (accessed 21.10.2014)

20 See supra note 19

21 International Campaign to Abolish Nuclear Weapons (2014): Don't bank on the bomb: www.dontbankonthebomb.com

Harmful Investments

Legal & General Group plc

Financial Information (in € million):

	2013	2012
Revenues	54,396	49,688
Profit after Tax	1,073	976
Total Assets	434,998	423,422

Date and currency of company report: 31.12.2013, GBP (exchange rate as of 31.12.2013/2012, www.oanda.com)

Legal & General, headquartered in London, is one of the world's largest insurance and investment companies. Its investment arm, Legal & General Investment Management (LGIM), managed assets totalling £465 billion as of March 2014.¹ Legal & General is the biggest insurer in terms of 'shares and bonds managed' investigated in this report and has financial ties with 21 of the 25 companies presented herein, mostly through LGIM. While the Legal & General Group is a participant of the UN Global Compact², LGIM supports the UN Principles for Responsible Investment (PRI)³. It is not a signatory to the UN Principles for Sustainable Insurance that aspire to incorporate social, environmental and governance criteria in global insurance operations.⁴

Acknowledging the magnitude of its investment operations, Legal & General Group state that they "are a significant influence in how these businesses improve their Environmental, Social and Governance performance"⁵. LGIM claims to approach this responsibility through an active engagement with companies via its voting rights, thus participating in decisions on board structure, mergers and acquisitions and sustainability considerations in business operations.⁶ In 2011, they held 238 meetings with investees covering environmental, social and governance (ESG) topics.⁷ In this regard, the Group has clearly stated that the exclusion of assets as a way of changing corporate behaviour is not seen as an adequate option.⁸ Besides being a signatory to the PRI, which set out ESG principles, LGIM has not formulated any publicly available sector specific investment policies.⁹ Yet, key engagement topics covering the environment (e.g. climate change, biodiversity) and society (e.g. human rights, corruption and bribery) have been defined in order to be able to better assess ESG related risks and their effects on the investment.¹⁰ Based on these environmental and social impacts, LGIM requires "companies to demonstrate that sustainability is effectively integrated into the company's long term strategy"¹¹.

1 Legal & General (2014): Corporate Profile 2014: www.legalandgeneralgroup.com (accessed 21.10.2014)
2 United Nations Global Compact (n.d): Participant Search; www.unglobalcompact.org (accessed 11.11.2014)
3 United Nations PRI (nd): About PRI; www.unpri.org (accessed 11.11.2014)
4 United Nations Environment Programme Finance Initiative (2014): The PSI Initiative: www.unepfi.org (accessed 21.10.2014)

5 Legal & General (2014): Corporate Governance: www.legalandgeneralgroup.com (accessed 22.10.2014)
6 Legal & General Investment Managers (2011): Communicating our views: www.lgim.com (accessed 22.10.2014)
7 See supra note 6
8 Legal & General Group (2014): Ethics Principles: csr.legalandgeneralgroup.com (accessed 22.10.2014)
9 Legal & General Investment Management (2014): Policies: www.lgim.com (accessed 22.10.2014)
10 Legal & General Investment Management (2014): Corporate Governance & Responsible Investment Policy: www.lgim.com (accessed 22.10.2014)
11 See supra note 10

These claims of taking environmental and sustainability criteria into account stand in stark contrast to the actual investment operations of Legal & General. Whereas the insurer asserts to “understand and exert influence on the indirect environmental impacts that result from our investment decisions”¹², its investment arm LGIM manages shares and bonds of companies that have been repeatedly associated with environmental abuses in their business operations. Among these are Glencore, Goldcorp and Barrick Gold, whose mining operations are reportedly responsible for excessive water consumption, water pollution and inadequate waste disposal besides severe human rights violations.¹³ The divestment of Royal Dutch Shell due to its operations in several countries associated with human rights violations only applies to the Group’s ethical trust.¹⁴ In fact, the company continuously manages shares of Shell amounting to €5,854 million.

Furthermore, Legal & General is engaged in GlaxoSmithKline and Wal-Mart Stores, two companies that disrespect human and labour rights and are accused of unethical business practices.¹⁵ Yet, Legal & General asserts that “through our ... investments, our objective is to promote and respect internationally accepted human rights standards and principles”¹⁶. Furthermore, it manages shares and bonds of weapon manufacturers, with those for Lockheed Martin totalling €181 million.

Lockheed Martin is the largest arms-producing and military services company worldwide and produces nuclear weapons.¹⁷ Even though several banks, funds and insurance companies worldwide have divested from Lockheed Martin due to its controversial products¹⁸, Legal & General has not formulated a specific position towards an involvement in the arms industry at all and currently has an estimated US\$ 2,208.95 million invested or available for the nuclear weapons producers.¹⁹

Considering that Legal & General strongly argues that it can have significant impacts on the companies it is invested in through its customers, its participation in controversial companies such as Royal Dutch Shell, GlaxoSmithKline, Chevron, Glencore and Wal-Mart Stores have to be seen as all the more questionable. This is clearly highlighted through the divestment from Shell for human rights issues, but which is not extended to the overall investment portfolio of Legal & General. Hence, there is a clear need for the definition of guidelines at Legal & General that incorporate minimum ESG criteria in investment decisions, especially with regard to sensitive business sectors.

**Largest Financial Transactions
(in € million):**

Management of S/B:	
Royal Dutch Shell	5,854.40
GlaxoSmithKline	3,679.50
Chevron	862.09
Glencore	648.94
Wal-Mart Stores	464.84

12 Legal & General Group (2013): Group Environmental Policy: csr.legalandgeneralgroup.com (accessed 22.10.2014)

13 See Company Profiles in this report

14 Legal & General (2014): Who’s in and who’s out: www.legalandgeneral.com (accessed 21.10.2014)

15 See Company Profiles in this report

16 Legal & General Group (2013): Our code of ethics: csr.legalandgeneralgroup.com (accessed 22.10.2014)

17 See Company Profile for Lockheed Martin on p. 36.

18 See Appendix: Divestment from Companies

19 International Campaign to Abolish Nuclear Weapons (2014): Don’t bank on the bomb: www.dontbankonthebomb.com

Harmful Investments

Lloyds Banking Group plc

Financial Information (in € million):

	2013	2012
Revenues	63,717	68,700
Loss after Tax	-961	-1,696
Total Assets	1,014,573	1,142,272

Date and currency of company report: 31.12.2013, GBP (exchange rate as of 31.12.2013/2012, www.oanda.com)

Lloyds is a globally operating provider of financial services headquartered in London. In March 2014, the British Government reduced its stake in the bank by £4.2 billion to 24.9% after it became initially involved in 2008, when the Group required a £20 billion bailout during the financial crisis.^{1,2} Even though the UK Government initially aimed for a complete withdrawal from Lloyds by 2015, these plans have been postponed until after the 2015 general election due to market volatility and geopolitical uncertainty.³

The bank is a participant of the United Nations Principles for Responsible Investment (PRI) and the Equator Principles (EP) in its business operations. Regarding project financings applicable to the EP, Lloyds claims to “recognise the importance of climate change, biodiversity and human rights. We believe that, wherever possible, we should avoid the negative impacts on ecosystems, communities and the environment. Where these impacts are unavoidable, they must be appropriately minimised, mitigated or offset”⁴. Yet, from the data in Lloyds’ “Responsible Business Report 2013” it becomes evident that only eight projects financed in 2013 were assessed under the EPIII principles, totalling £688 million. This has to be contrasted with loans issued to the controversial companies investigated in this report, which amount to almost €1,750 million since January 2012.

Hence, it becomes evident that a commitment to the Equator Principles alone is not sufficient to ensure responsible business activities at Lloyds.

Besides applying the Equator Principles to project finance, Lloyds has developed an ‘Environmental Risk Screening Tool’ to assess the implications of the bank’s lending activities, accompanied by a dedicated Environmental Risk team, providing sector-specific environmental briefings.⁵ As part of their commitment to the UN Principles for Responsible Investment, Lloyds state that they are “actively encouraging other businesses to sign up to the Principles, by using our voting rights and meeting with around 120 businesses in 2013 alone to encourage them to ensure their corporate governance and environmental risk management processes are in line with best practice.”⁶ However, Lloyds Banking Group still has financial ties with 20 out of the 25 controversial companies presented in this report. Despite committing to “take account of environmental risks in our lending and investment businesses and actively seek to provide finance to enable the transition to a more environmentally sustainable economy”⁷, Lloyds has provided finance to Royal Dutch Shell, RWE, Chevron and Gazprom as major fossil energy providers. Furthermore, the bank has participated in two bond issuances for RWE since 2012, besides managing a significant amount of shares and bonds for Shell, Chevron, RWE, Gazprom and Vattenfall. This is further aggravated by its financial involvement in the mining industry.

1 The Guardian (2014): Government abandons Lloyds Banking Group public share sale plan for now: www.theguardian.com (accessed 22.10.2014)

2 UK Government (2014): Government reduces its stake in Lloyds Banking Group to below 25%: www.gov.uk (accessed 22.10.2014)

3 See supra note 1

4 Lloyds Banking Group (2014): Responsible Business Report 2013: www.lloydsbankinggroup-cr.com (accessed 22.10.2014)

5 See supra note 4

6 See supra note 4

7 Lloyds Banking Group (2013): Lloyds Banking Group Environmental Statement: www.lloydsbankinggroup.com (accessed 22.10.2014)

Lloyds has provided loans totalling €1,081 million to Glencore and underwritten bonds for the same company valuing €677 million. Considering the environmentally destructive track-record of Glencore, this investment behaviour stands in stark contrast to the bank's claim that "where we finance industries with inherent social and environmental risks – such as mining, oil and gas, power generation, construction, chemicals and forestry – we take account of the risks, and support their efforts to manage them effectively"⁸.

Moreover, no clear lending guidelines for such sensitive sectors are publicly available from Lloyds. Yet, the bank states that it adheres to all International Conventions ratified by the UK government, thus not providing credit or investment finance to businesses involved in the manufacturing of cluster munitions and landmines. It states: "For investment activities, the exclusion of cluster bomb and landmine companies applies to both our own investment assets, and to those we manage on behalf of our customers in funds where we determine the fund investment policies."⁹ As Lockheed Martin officially ceased to manufacture cluster munitions and Lloyds has no official statement towards investments in nuclear weapons, the Banking Group currently has an estimated US\$ 2,326.48 million invested or available for the nuclear weapons producers.¹⁰

Also Lloyds' financial ties to the agricultural commodity major Cargill can be seen as controversial. Cargill has been accused of human rights violations throughout its supply chain, including forced labour, child labour and disregarding local communities' rights.¹¹ Despite the Banking Group's claim to "take the actions necessary to mitigate the violation as swiftly and effectively as possible"¹², this commitment to Human and Labour rights evidently does not apply to all of its business operations.

These findings highlight the apparent lack of binding minimum guidelines applied at Lloyds Banking Group to incorporate social, environmental and governance issues in its lending and investment activities worldwide.

Largest Financial Transactions (in € million):

Loans:	
Glencore	1,081.58
Royal Dutch Shell	320.96
Cargill	149.91
RWE	125.97
Chevron	42.52

Underwritings of S/B:	
Glencore	676.75
RWE	244.61
Cargill	20.83

Management of S/B:	
Royal Dutch Shell	6,020.08
GlaxoSmithKline	3,008.52
Glencore	502.07
Chevron	151.75
Samsung Group	110.68

8 Lloyds Banking Group (2013): Code of Business responsibility: www.lloydsbankinggroup.com (accessed 22.10.2014)

9 See supra note 4

10 International Campaign to Abolish Nuclear Weapons (2014): Don't bank on the bomb: www.dontbankonthebomb.com

11 See Company Profile for Cargill on p. 16

12 Lloyds Banking Group (n.d.): Group Human Rights Policy: www.lloydsbankinggroup.com (accessed 22.10.2014)

Harmful Investments

UBS AG

Financial Information (in € million):

	2013	2012
Revenues	28,662	29,427
Profit after Tax	2,758	-1,868
Total Assets	823,844	1,043,364

Date and currency of company report: 31.12.2013, CHF (exchange rate as of 31.12.2013/2012, www.oanda.com)

UBS, based in Switzerland, is the world's largest private bank and the largest private lender worldwide with invested assets totalling almost €2 trillion.^{1,2} The bank is a participant of the UN Global Compact and the UN Principles for Responsible Investment, as well as being a founding member of the Thun Group that aims to incorporate the UN Guiding Principles on Business and Human Rights into the banking sector.³ The Thun Group and its work represent an important step towards socially responsible banking, however, it has been criticised for insufficiently addressing the variety of human rights violations occurring through the operations of financial institutions as well as falling short of defining specific criteria that can be incorporated into the decision-making processes.⁴ Recently UBS was exposed to "... allegations of misconduct at its precious metals trading business, as well as supposed collusion and manipulation in the foreign exchange market..."⁵.

The bank has financial ties to 23 of the 25 controversial companies investigated in this report, yet it states, "[we] have placed societal considerations at the heart of all our advisory, research, investment, financing and ownership processes"⁶. According to the bank, 24% of all asset investments at UBS incorporate sustainable and socially responsible investment criteria, ensured by an "industry-leading environmental and social risk screening process"⁷ and the for-

mulation of its Environmental & Human Rights Policy. UBS has defined both 'controversial activities' where the bank will refrain from business related to 'severe environmental and social damage'⁸ and 'areas of concern' where "UBS will only do business under stringent criteria"⁹. These areas of concern encompass agricultural commodities as well as power generation and extractive industries. For instance, with regards to Arctic drilling, UBS states that "transactions involving oil and gas exploration and development in the Arctic (onshore and offshore) are also assessed against the company's safety management capacity and track record as well as adequacy of the company's spill response plans"¹⁰. Yet, UBS has provided more than €250 million in loans to Royal Dutch Shell since January 2012, disregarding Shell's record of incidents in its Alaskan Arctic drilling efforts.¹¹ Furthermore, the bank has direct financial affiliations with all the major fossil fuel providers in this report, through the provision of loans and the underwriting of share and bond issuances, and the managing of shares and bonds. UBS' climate change commitment¹² merely states that the bank aims to support innovative technologies and increase the energy efficiency of its clients' operations, it does not commit to refrain from financing fossil fuel companies active in coal-fired power generation.

1 Reuters (2014): UBS cements lead as largest private bank, assets near US\$ 2 trillion: www.reuters.com (accessed 27.10.2014)

2 UBS (2014): Annual Report 2013: www.ubs.com (accessed 27.10.2014)

3 UBS (2014): Corporate Responsibility: www.ubs.com (accessed 22.10.2014)

4 Righting Finance (2014): Banks and human rights – Assessing strengths and weaknesses of the Thun Group's approach: www.rightingfinance.org (accessed 22.10.2014)

5 Mining.com (2014): Swiss UBS faces fine over alleged precious metals trading wrongdoing; 9 November: www.mining.com (accessed 22.10.2014)

6 UBS (2014): Our clients: www.ubs.com (accessed 22.10.2014)

7 UBS (2014): CR Factsheet: www.ubs.com (accessed 22.10.2014)

8 UBS (2014): Our Environmental & Social Risk Management Framework: www.ubs.com (accessed 27.10.2014)

9 See supra note 8

10 See supra note 8

11 The New York Times (2014): Shell submits a plan for new exploration of Alaskan Arctic oil: www.nytimes.com (accessed 07.10.2014)

12 UBS (2014): Our climate change commitment: www.ubs.com (accessed 27.10.2014)

For instance, RWE, who has received €125 million in loans and €200 million in bond underwritings through UBS, has turned towards extending its coal-fired energy provision.¹³ Thus, RWE continues to invest in its out-of date coal power plants as well as continuing to source coal from controversial mining corporations in Colombia.¹⁴ Hence, in its climate change strategy UBS asserts the following: “We recognise the transition will take time and that fossil fuels will be the dominant energy source for some time to come”¹⁵.

Furthermore, despite UBS’ leading role in the Thun Group and its formulation of an Environmental & Human Rights Policy, the bank has been repeatedly been accused of involvement in investments violating human rights.¹⁶ For instance, UBS has provided loans and underwriting services to the mining corporations Glencore and Barrick Gold, both associated with killings, forced evictions, violent protests and severe environmental pollution.¹⁷ Moreover, the investment portfolio of UBS contains other companies associated with human rights violations and controversial business practices such as Wal-Mart Stores and GlaxoSmithKline.¹⁸ Concerning investments in controversial weapons (cluster munitions, anti-personnel mines and nuclear weapons), “UBS does not directly or indirectly finance the development, production or purchase of controversial weapons of such companies determined to fall within the law [Swiss Federal Act on War materials]”¹⁹. Thus, UBS restricts lending activities or the provision of capital

market activities for companies involved in the development, production or purchase of cluster munitions and anti-personnel mines and claims not to “include securities of affected companies in its actively-managed retail and institutional funds”.²⁰ This report found that UBS has neither provided loans nor underwriting services to the controversial weapon companies investigated herein, but “... UBS Hana Asset Management, in which UBS holds a 51%-share, owned or managed 0.12% of the bonds issued by Hanwha Corporation valued at US\$2.7 million...”²¹

UBS also manages shares of Lockheed Martin and ATK, involved in the production of nuclear weapons. UBS currently has an estimated US\$ 3,350.69 million currently invested or available for the nuclear weapons producers worldwide.²² Beyond cluster munitions and landmines, UBS’ weapon policy does not comprise any restriction on other controversial weapons such as nuclear or lethal autonomous weapon systems.

These investments show UBS’ business operations lack a definition of binding environmental, social and governance (ESG) assessment criteria. The publication of the bank’s environmental and social risk framework in October 2014²³ has been an important step towards improving transparency, but there is a clear need to define minimum standards for ESG risks and publish internal sector guidelines for risk the assessments of controversial sectors.

Largest Financial Transactions (in € million):

Loans:	
Glencore	752.36
Wal-Mart Stores	697.25
Royal Dutch Shell	251.93
RWE	125.97
Barrick Gold	108.98

Underwritings of S/B:	
Gazprom	589.30
GlaxoSmithKline	569.28
Hyundai Motor Group	304.94
Glencore	258.33
RWE	200.40

Management of S/B:	
Royal Dutch Shell	1,934.15
Chevron	1,105.12
Samsung Group	543.99
Wal-Mart Stores	538.50
GlaxoSmithKline	381.43

13 See Company Profile for RWE on p. 42

14 Süddeutsche Zeitung (2014): Dunkle Energie aus Kolumbien: www.sueddeutsche.de (accessed 27.10.2014)

15 See supra note 8

16 Banken und Menschenrechte (2014): UBS: <http://bankenundmenschenrechte.ch> (accessed 22.10.2014)

17 See Company Profiles for Barrick Gold on p. 12 and Glencore on p. 30

18 See Company Profiles for GlaxoSmithKline on p. 28 and Wal-Mart Stores on p. 54

19 UBS (2014): Environmental & social risk management: www.ubs.com (accessed 27.10.2014)

20 See supra note 19

21 IKV PAX CHRISTI (2013): Worldwide Investments in Cluster Munitions; a shared responsibility” by PAX (formerly IKV Pax Christi), November 2013

22 International Campaign to Abolish Nuclear Weapons (2014): Don’t bank on the bomb: <http://www.dontbankonthebomb.com>

23 UBS (2014): UBS publishes comprehensive document on its environmental and social risk framework: www.ubs.com (accessed 27.10.2014)

RECOMMEN- DATIONS AND DEMANDS

An aerial photograph of the Frankfurt skyline. The foreground shows traditional European architecture with gabled roofs and a prominent brick church with a green dome. The middle ground is filled with a dense cluster of modern skyscrapers, including the Commerzbank Tower. The background shows more skyscrapers under a blue sky with scattered white clouds. A large red construction crane is visible in the lower right corner.

Frankfurt Skyline
© barnyz

Recommendations and Demands

A recent Sustainalytics report states that most banks disclose some form of ethical policy, but relevant themes are not always adequately addressed. For example, 144 of 366 banks investigated by Sustainalytics do not disclose an (anti-) bribery and corruption policy. 155 banks (43 percent) investigated have lending rules, but only 31 banks (ten percent) apply ESG standards to all industries as well as exclusion criteria.¹

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 violating international norms and standards. FIs play a pivotal role in necessitating environmentally and socially conscious policies, not only in their own operations but the operations of other industries, through their corporate clients. It is vital that FIs, as financial service providers catering to corporate clients, attach conditions to their financial services and products that uphold international norms and standards and in this way set a precedent for their clients.

This report demonstrates that despite bank's commitments to voluntary ESG initiatives such as the United Nations Global Compact, the Principles for Responsible Investment, the Equator Principles, Principles for Sustainable Investment or the legally non-binding UN Guiding Principles, their financial ties to controversial companies continue. Therefore the implementation of these commitments has varied widely between FIs and, although they have provided overarching ESG principles, they leave a wide gap for investment decision-making and ownership practices.

FIs continue to benefit from financial transactions involving companies that have a poor track record of adhering to human rights and environmental standards; as well as providing products and services to governments or state owned enterprises with challenging human rights conditions. Violations include land acquisitions (e.g., land grabbing), forced displacements, inadequate compensation, restricted access to basic necessities, contamination of drinking water (water security), harmful clinical trials, mislabelling of drugs, unregulated excessive anthropogenic emissions of greenhouse gases, destruction of livelihoods, suppression of rights (e.g., freedom of assembly), export and production of weapons and bribery and corruption.

In addition to introducing binding regulations on the financial industry to address unethical and harmful investments, states and other decision makers need to enhance oversight, inspection criteria, monitoring and sanctions in order to effectively regulate financial institutions and prevent them from funding further violations. FIs need to take a proactive role in developing and implementing binding and transparent standards of practice. FIs are able to strengthen business' approaches to Environmental, Social and Governance (ESG) performance and should push for greater disclosure of companies' non-financial performance. FIs must also actively engage with companies via their voting rights, participation in decisions on the executive management structure, acquisitions and mergers inclusion of ESG standards in all business operations. In particular, bank's syndicated loan deals are viewed as an excellent starting point for investor engagement.²

Such standards of practice should incorporate:

► **A Commitment to a Binding ESG Approach**

FIs must implement an approach to social and environmental sustainability that thoroughly takes into account the impacts of their business and investment decisions across the organisation. Such a commitment should not simply repeat the countless non-binding 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 and lending policies. For example, a verifiable and credible policy against investment in controversial weapons should mention explicitly and transparently which weapons producers fall under such a policy, and which are excluded.

Policies must be consistently applied to ALL types of products and services; including client and other business relationships, transactions, projects, products, operational decisions, strategy and planning.

FIs should terminate all direct AND indirect business ties to companies with business practices that are not in line with international norms and standards.

1 Sustainalytics (2014): Sector Report Banks – Like a Phoenix from the Ashes?, p.6

2 Ibid. p.6

Recommendations and Demands

► A commitment to "Do no Harm"

FIs should cease investment in socially and environmentally harmful activities and/or companies as defined by the accepted norms and standards.

► A commitment to accountability and transparency

FIs must be more transparent with their stakeholders. 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/ESG guidelines). These measures should be linked to accepted norms and standards and must provide a robust form of evaluation of companies' actions. 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, alongside the implementation of grievance mechanisms. Multilateral development banks like the IFC have, for this reason, adopted accessible information policies that, although 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.³ 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 labour 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: improving ESG communication channels within their organisation; undertaking ESG capacity building throughout their organisation; 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 report.

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) and post 2015 objectives in many countries.⁴

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 government goals of simultaneously working towards a nuclear weapon-free world and a reduction in 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 countries either in conflict or that do not recognise human rights contribute to poverty and instability and, thus, should be completely forbidden by FIs.⁵

FIs should expand their weapons policies to exclude companies involved in the development / production of LAWS (Lethal Autonomous Weapon Systems)⁶ as they pose a fundamental challenge to compliance with international human rights and humanitarian law. Thus, financial institutions need to develop policies barring investment in companies developing these controversial weapon systems.

4 UN Information Officer (2009): Millennium Development Goals, Not Military Spending, Must be at Heart of National Security, Speakers Tell DPI/NGO Conference Roundtable: www.un.org (accessed 20.11.2013)

5 Oxfam International (2008): Irresponsible arms transfers wrecking attempts to reduce poverty: www.oxfam.org (accessed 20.11.2013)

6 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 HRT 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".

3 International Finance Corporation (2012): IFC Sustainability Framework: www.ifc.org (accessed 20.11.2013)

Attention should also be paid to the development, production and export of so called non/less-lethal “Riot-Control-Weapons/Agents” as the use of riot-control agents as a method of warfare is prohibited by the Chemical Weapons Convention and applies to all conflicts. According to the ICRC, the US takes the position that this prohibition applies to international as well as internal armed conflict.⁷

► **The extraction of fossil fuels**

The extraction of fossil fuels often leads to severe environmental damage and human rights violations, not least of these the damage caused by greenhouse gas emissions through the combustion of fossil fuels. (See also Box Fossil Fuel Divestment)

Unconventional oil and gas production and mining for coal and lignite (low quality coal) are among some of the most environmentally destructive mining processes.

► **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 or high carbon stock value.

► **Disrespect for fundamental international labour and human rights standards**

This includes companies that evidently fail to prevent child labour, forced labour, and discrimination, along their labour 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 investment in areas of conflict**

► **Tax noncompliance practices**

FIs should not assist companies or individuals in tax evasion or avoidance. Tax evasion costs governments worldwide several hundred billion US\$ every year.

► **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.

► **Business in Occupied Palestinian Territory (OPT)**

FIs should ensure that the companies they have financial relationships with, fully respect the relevant international laws and standards which provide an internationally accepted agreement for upholding human rights in view of business activities related to Israeli settlements in the Occupied Palestinian Territory, including East Jerusalem.

► **Projects that lead to forced displacements, or that disregard the land or human rights of local communities and/or indigenous people**

Especially with regard to palm oil, FIs must stop investments in companies until they end deforestation, adhere to national laws in the countries where they operate, and apply the Free Prior and Informed Consent (FPIC) in all of their operations, including returning land acquired without communities’ consent. Governments have to ensure that companies are in full compliance with all relevant legislation pertaining to land acquisition and operations, and they should implement and enforce environmental protection and should respect and defend people’s rights to their land and resources, including ensuring that FPIC procedures are strictly adhered to, and preventing corruption in permitting processes, land leases, and other administrative procedures.

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 report shows that many of these initiatives still lack effective and comprehensive frameworks to address unsustainable and irresponsible business practices. FIs will regain client trust only 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.

→ Thomas Küchenmeister, Facing Finance

7 ICRC (2014): Rule 75. Riot Control Agents, www.icrc.org

Fossil Fuel Divestment

Oil, gas and coal companies form one of the world's largest asset classes. The current value of the 1,469 listed oil and gas firms is US\$4.65 trillion; 275 coal firms are worth US\$233 billion.⁸ However, in 2014 investors have begun to examine fossil fuels as an investment risk and the fossil fuel divestment movement has increased worldwide, faster than any previous divestment campaign. Over 800 global investors such as the Rockefeller foundation, healthcare organizations, cities and universities have stated they will withdraw US\$50 billion from fossil fuel investments. In addition, the World Council of Churches, representing 590 million people in 150 countries, also withdrew from fossil fuel investments.⁹ The movement to divest from fossil fuels has progressed to the wider market and includes pension funds such as a Norwegian pension fund, Storebrand.

The latest report by the Intergovernmental Panel on Climate Change (IPCC) stresses the "human influence on the climate system" and underlines that "recent anthropogenic emissions of greenhouse gases are the highest in history"¹⁰. The IPCC warns that "[i]f left unchecked, climate change will increase the likelihood of severe, pervasive and irreversible impacts for people and ecosystems."¹¹ Emissions from CO₂ contributed about nearly 80% of the overall greenhouse gas emissions between 1970 and 2010, the report says.¹² Effective reductions of greenhouse gas emissions are therefore crucial to reduce the risks of climate change. Climate change is also likely to disproportionately affect the developing world.

Climate change will affect all sectors of the economy, and is relevant to investors and financial institutions. This means that FIs must change their patterns of investment considerably, adopt effective policies for the energy sector and clearly abstain from financing new extraction and infrastructure projects, particularly since "unconventional" methods of fossil fuel extraction such as mountain-top removal, ultra deep water drilling, coal liquidation, tar sands, fracking for shale gas and oil, or Arctic drilling pose high risks to the environment. To reduce such risks and to meet the internationally agreed goal of an increase in global warming by a maximum of 2 degrees Celsius, fossil fuel investments must be redirected to investments in low-carbon energy and energy efficiency. The IPCC points out that to only stabilize the amount of emissions and to raise the rate of low-carbon energy supply and efficiency accordingly, annual investments have to increase by several hundred billion dollars per year before 2030.¹³

But it is not only financial institutions that play an important role. States should also stop subsidising fossil fuel exploration and extraction which they have done through tax breaks, public financing and state-owned companies, amounting to yearly 88 billion US\$ in the G20 alone.¹⁴

→ Julia Dubsclaff, Facing Finance

8 Bloomberg (2014): Fossil Fuel Divestment: A US\$5 Trillion Challenge, Aug 26, 2014

9 Huffington Post (2014): World Council Of Churches Divests From Fossil Fuels, www.huffingtonpost.com

10 IPCC (2014): Climate Change 2014, Synthesis Report; 1 November: www.ipcc.ch (accessed 12.11.2014)

11 IPCC (2014): Press Release; 2 November: www.ipcc.ch (accessed 12.11.2014)

12 See supra note 10, p.5

13 See supra note 10, p.20

14 Bast, E., Makhijani, S., Pickard, S., Whitley, S. (2014): The fossil fuel bailout: G20 subsidies for oil, gas and coal exploration; Overseas Development Institute, November 2014: www.odi.org (accessed 12.11.2014)

Appendix A

Applicable international norms and standards

Core norms and standards

Arms Trade Treaty (ATT)
CCPR General Comment No. 14: Nuclear weapons and the right to life
Convention on Cluster Munitions
Equator Principles III
Geneva Conventions (I-IV and additional protocols)
Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework
International Covenant on Civil and Political Rights (ICCPR)
International Covenant on Economic, Social and Cultural Rights (ICESCR)
International Labour Organization (ILO) Conventions
OECD Guidelines of Multinational Enterprises
Report by the Federal Republic of Germany on its Policy on Exports of Conventional Military Equipment in 2013
Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria for the Production of Sustainable Palm Oil
UN Convention against Corruption (UNCAC)
UN Convention to Combat Desertification
UN Declaration on the Prohibition of the Use of Nuclear and Thermo-Nuclear Weapons
UN Declaration on the Rights of Indigenous Peoples (DRIPS)
UN Framework Convention on Climate Change
UN Global Compact
UN Human Rights Guidelines for Pharmaceutical Companies in relation to Access to Medicines
UN Millennium Development Goals (MDGs)
UN Principles for Responsible Investment (PRI)
Universal Declaration of Human Rights
Voluntary Principles on Security and Human Rights

Other norms and standards

Biological and Toxin Weapon Convention
Chemical Weapons Convention
Code of Conduct for Business Taxation
Convention on Biological Diversity
Convention on the Elimination of All Forms of Discrimination Against Women
Convention on the Rights of the Child (CRC)
ECOFIN Council's "Code of Conduct for Business Taxation"
IFC Sustainability Framework
OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions
Protocol on Preparedness, Response and Co-operation to Pollution Incidents by Hazardous and Noxious Substances 2000 (OPRC-HNC-Protocol)
The Principles for Responsible Agricultural Investment (PRAI)
UN Treaty on the Non-Proliferation of Nuclear Weapons
Voluntary Guidelines on the responsible Governance of Tenure of land, fisheries and forests in the Context of national food security
World Commission on Dam's (WCD) report: "Dams and development: A New Framework for Decision-Making"
UNEP Principles for Sustainable Insurance
Vienna Convention on the Protection of the Ozone Layer
WMA Declaration of Helsinki – Ethical principles for medical research involving human subjects.

Descriptions and relevant clauses of these international initiatives are available at www.facing-finance.org/en/database/norms-and-standards

Appendix A

Table 1

Divestment from Companies

Company	Divesting Entity	Reasons for Exclusion
Andritz AG	FDC (Luxembourgian Pension Fund); Iowa Public Employee's Retirement System*	Breaching World Bank environmental and social standards (Turkey); Doing business with Sudan's government (Sudan Divestment Bill)
Alliant Techsystems Inc.	ABP (Dutch Pension Fund); AEGON (British Fund); ACTIAM (Dutch Investment Company); AP1-4 (Swedish Pension Fund); APG (Dutch Investment Company), ATP (Danish Pension Fund); Australian Future Fund; Aviva (British Insurance Company); British Property Federation; BPMT (Dutch Pension Fund); California State Teachers Retirement System; California Public Employee's Retirement System; Chicago Teacher's Pension Fund; Chicago Municipal Employee's Annuity and Benefit Fund; The Co-op Bank; Connecticut Retirement Plans and Trust Funds; Danske Bank; Delta Lloyd Asset Management; Ethias (Belgian Insurance Company); FDC; Fonds de Reserve (French); KBC (Belgian Investment Company); KLP (Norwegian Insurance Company); National Pensions Reserve Fund (Irish Pension Fund); Nycredit (Danish); Methodist Church USA; MN Investment Management (British Investment Company); New Zealand Superannuation Fund; Nordea (Scandinavian Bank); Norwegian Petroleum Fund; Norwegian Pension Fund (GPF+GPFN); NYC Employee's Retirement System; NYC Teachers Fund; NYC Police Pension Fund; NY State Common Retirement Fund; Pensionsfonds Horeca+Catering (Dutch); Pensioenfonds Vanvoer (Dutch); PME (Dutch Pension Fund); PFA (Danish Pension Fund); PFZW (Dutch Pension Fund); PGB (Dutch Pension Fund); Philadelphia Board of Pensions and Retirement; Philadelphia Gas Works Retirement Reserve; PKA (Danish Pension Fund); PNO Media (Dutch); Presbyterian Church USA; Public Transport Pension Fund (Dutch); Royal Bank of Scotland; Rhode Island State Investment Commission; Scottish Widows (Part of the Lloyds Banking Group); SEB (Swedish Investment Company); SNS Asset Management; SPMS (Dutch Pension Fund); USCD students; UWV (Dutch Pension Fund)	Cluster munitions; Sandy Hook Principles; Nuclear weapons; Production of key components of nuclear weapons; Breach of international and humanitarian law (Engagement in Palestine); Controversial weapons
Barrick Gold Corp.	ACTIAM; AP7; APG**; Caringcapitalgroup (Dutch Investment Company); Delta Lloyd Asset Management; Des Jardins Environmental Fund (Canadian); Ethias; FDC; KLP; New Zealand Superannuation Fund; Norwegian Pension Fund (GPF+GPFN); Norges Bank; Pensionsfonds Horeca+Catering; PGB; PKA; PKZH (Swiss Pension Fund); SNS Asset Management; SNS Bank; Stiftung EVZ (German)	Human rights violations; Serious environmental damages; Negative environmental impact (Mining); Negative impact on local communities; Extensive environmental degradation (Porgera mine in Papua New Guinea)
Bumitama Agri Ltd.	APG**; Deutsche Bank	Environmental pollution; Land grabbing activities; Deforestation
Cargill Inc.	k.A.	
Chevron Corp.	AP7; Church of England**; Delta Lloyd Asset Management; Ethias; FDC; Hunter Hall (Australian Investment Company); KLP; PGB; PKA	Environmental pollution (Ecuador)
Coal India Ltd.	AMP-RIL- Fund (Australian Fund); Norwegian Sovereign Wealth Fund; Children Investments's Fund (UK)	Environmental pollution
Elbit Systems Ltd.	AP 3+4; BPMT; Danske Bank; Delta Lloyd Asset Management; Ethias; FDC; Folio Investing; KLP; Methodist Church USA; MN Investment Management; New Zealand Superannuation Fund; Norwegian Pension Fund (GPF+GPFN); Pensionsfonds Horeca+Catering; PKZH; PFZW; PFA; PKA; PME; Presbyterian Church USA; Public Transport Pension Fund	Involved in supplying electronic equipment in conflict with human rights norms; Cluster munitions; Production of white phosphorous; Violation of ethical norms
Gap Inc.	n.d.	
Gazprom OAO	APG**; Illinois State Board of Investment; New Jersey Investment Division; NY State Common Retirement Fund; Pennsylvania Public Funds; Pera, Colorado; Schroders**	Environmental pollution; Doing business with Iran (Iran Act)
GlaxoSmithKline plc	Church of England**; Legal and General (Ethical Trust); Presbyterian Church USA; Schroders**	Violation of biblical standards; Human rights violations; Health and safety
Glencore plc	APG**; Church of England**; Employees Retirement System Hawaii; Ethias; Ethos Fund (Swiss Foundation); Iowa Public Employee's Retirement System; Itochu and Sumitomo (Japanese Trading Houses)***; Methodist Church (UK); Pera, Colorado; PGB; Schroders**; Stiftung EVZ	Corporate governance; Transparency/Accountability problems; Doing business in Sudan (Sudan Divestment Bill); Human rights violations; Health and safety; Environmental damages; Corruption

Company	Divesting Entity	Reasons for Exclusion
Goldcorp Inc.	AP1-AP4**; APG**; Ethias; PFA; SNS Bank; Stiftung EVZ	Environmental and human rights violations
Hyundai Motor Group (including Hyundai Motor Company, Hyundai Heavy Industries, Hyundai E&C)	ATP; CalPERS***; Danske Bank; Department of Insurance's Iran Divestment Program California; Ethias; Illinois State Board of Investment; New Jersey Investment Division; Pera, Colorado	Corruption; Doing business in Iran (Iran Act)
Lockheed Martin Corp.	ABP; AEGON; Actiam; AP1-4,7; APG; ATP; Australian Future Fund; Aviva; British Property Federation; Caringscapitalgroup; The Co-op Bank; Danske Bank; Delta Lloyd; Ethias; FDC; Fonds de Reserve; Folio Investing; KBC; KLP; Methodist Church USA; National Pensions Reserve Fund; Nordea; Norwegian Pension Fund (GPF+GPFN); Norges Bank; Norwegian Petroleum Fund; New Zealand Superannuation Fund; Nycredit; Pensionsfonds Horeca+ Catering; Pensionsfonds Vervoer; PFA; PFZW; PGB; PKA; PME; PNO Media; PGGM; Presbyterian Church USA; Public Transport Pension Fund; Royal Bank of Scotland; Schroders**; Scottish Widows; SEB; SNS Asset Management; SNS Bank; SPMS; UWW	Cluster munitions; Nuclear weapons; Association with nuclear weapons programmes; controversial weapon supply (Israeli Military); severe and recurring violation of the fundamental investment principles;
Rheinmetall AG (including Rheinmetall Air Defence)	Actiam; ATP; BPMT; Delta Lloyd Asset Management; Indian Defense Ministry; MN Investment Management; PME; Public Transport Pension Fund; SPMS; SNS Asset Management	Cluster munitions, Nuclear weapons; Production of white phosphorous; controversial arms sales and corruption.
Royal Dutch Shell plc	AP7; APG**; Church of England**; Legal and General (Ethical Trust); NY State Common Retirement Fund; Pera, Colorado; Schroders**; Stiftung EVZ; Triodos	Serious environmental damages; Human rights violations (Nigeria); Health and Safety; Transparency/ Accountability; Doing business in Iran (Iran Act)
RWE AG	Church of England**	
Samsung Group (including Samsung Construction & Trading, Samsung Techwin, Samsung Electronics)	APG**; Ethias; Pensionsfonds Horeca+ Catering; PKZH; PNO Media; Schroders**	Cluster munitions (Samsung Techwin); Human Rights, Violations of labour standards (APG**)
Saudi Aramco	n.d.	
Sesa Sterlite Ltd. (including mother company Vedanta, and Sesa Goa, Sterlite Industries)	Actiam; APG**; ATP; Church of England**; Danske Bank; Delta Lloyd Asset Management; DJ Norway Oil Fund; Ethias; FDC; KLP; Norwegian Pension Fund (GPF+GPFN); Pensionsfonds Horeca+ Catering; PFZW; PGB; PGGM; PKA; SNS Bank; SNS Asset Management; UWW	Human rights violations; Environmental damages and contributing to human and labour rights violations
Soda Stream International Ltd.	George Soros Fund; Loyola University Chicago; Pension Fund TIAA-CREF	Violation of fundamental Ethical norms; Profiting from illegal occupation as per Genva Convention Article IV etc.
Vattenfall AB	n.d.	
Wal-Mart Stores Inc. (including Walmart Mexico)	ABP; Actiam; AP 1-4,6,7; APG; ATP; BPMT; Candriam Investors Group; Delta Lloyd Asset Management; Ethias; FDC; KLP; NYC Pension Fund; Pensionsfonds Horeca+Catering; PFA; PFZW; PGB; Philadelphia Board of Pensions and Retirement, Philadelphia Gas Works Retirement Reserve; PKA; PME; PNO Media; Public Transportation Pension Fund; SNS Asset Management; Stiftung EVZ	Violation of UN Global Compact Principles; ILO violations; Labour rights violations; Human rights violations; Corruption; Violations of Freedom of Association; Sandy Hook Principles
Zijin Mining Group Co. Ltd.	calPERS; Delta Lloyd Asset Management; Ethias; KLP; New Zealand Superannuation Fund; Norwegian Pension Fund (GPF+GPFN); Pensionsfonds Horeca+Catering; PGB; UWW	Human rights violations; Severe environmental damages; limited safety standards.

* as of 30.06.2015
** in dialogue
*** only coal mines
**** on monitoring list

A full version of this document including sources can be found online: www.facing-finance.org/?p=19534

Appendix A

Table 2

Company commitments

	UN Global Compact	The Voluntary Principles on Security and Human Rights	Number of OECD Complaints
Andritz AG	x	x	1
ATK (Alliant Techsystems Inc.)	x	x	
Barrick Gold Corp.	✓	✓	
Bumitama Agri Ltd.	x	x	1
Cargill Inc.	✓ ¹	x	
Chevron Corp.	x	✓	1
Coal India Ltd.	✓	x	
Elbit Systems Ltd.	x	x	
GAP Inc.	✓	x	1
Gazprom OAO	x	x	
GlaxoSmithKline plc	✓ ²	x	
Glencore plc	✓	x	3
Goldcorp Inc.	✓	x	1
Hyundai Corp.	✓ ³	x	1
Lockheed Martin Corp.	x	x	
Rheinmetall AG	x	x	
Royal Dutch Shell plc	✓	✓	5
RWE AG	✓	x	3
Samsung Group	x	x	
Saudi Aramco	x	x	
Sesa Sterlite Ltd.	✓	x	
Soda Stream International Ltd.	x	x	
Vattenfall AB	✓	x	1
Wal-Mart Stores Inc.	x	x	
Zijin Mining Group Ltd.	x	x	

1 Cargill Ceylon PLC

2 GlaxoSmithKline plc., GlaxoSmithKline Pakistan Limited

3 Engineering Co Ltd., E&C, Motor Company, Hysco, Steel Company

Table 3

Financial institution commitments

	UN Global Compact	PRI (general)	PRI (Asset Owners)	PRI (Investment Managers)	Equator Principles	PSI (Principles for Sustainable Insurance)
Allianz SE	✓	✓	✓	✓ ¹²	x	✓
Argenta Group	x	x	x	x	x	x
AXA SA	✓	✓	✓	✓ ¹³	x	✓
Barclays plc	x	x	x	x	✓	x
Belfius Bank NV	x	x	x	x	x	x
BNP Paribas SA	x	✓ ¹	x	✓ ¹⁴	✓	x
Commerzbank AG	✓	x	x	x	x	x
Crédit Agricole SA	x	✓	✓ ⁹	x	✓ ²⁴	x
Credit Suisse AG	x	✓ ²	x	✓ ¹⁵	✓	x
Deutsche Bank AG	✓	x	x	x	x	x
HSBC plc	✓	✓ ³	x	✓ ¹⁶	✓	✓
ING Group	✓	✓ ⁴	✓ ¹⁰	✓ ¹⁷	✓	✓
Julius Bär Group	x	x	x	x	x	x
KBC Group	✓	x	x	x	✓	x
Legal & General plc	x	✓ ⁵	x	✓ ¹⁸	x	x
Lloyds Banking Group plc	x	✓	✓	x	✓	x
Prudential plc	✓	✓ ⁶	x	✓ ¹⁹	x	x
Rabobank Group	✓	✓	✓ ¹¹	✓ ²⁰	✓	x
Société Générale SA	✓	x	x	x	✓	x
Swiss RE AG	✓	✓	✓	✓ ²¹	x	✓
Triodos Bank NV	x	✓ ⁷	x	✓ ²²	x	x
UBS AG	✓	✓ ⁸	x	✓ ²³	x	x
UniCredit S.p.A.	✓	x	x	x	✓	x
VDK Spaarbank NV	x	x	x	x	x	x
Zurich Insurance Group	✓	✓	✓	x	x	x

1 BNP Paribas Investment Partners, BNP Paribas Real Estate Investment Management France

2 Credit Suisse Private Banking Wealth Management

3 HSBC Global Asset Management

4 ING Investment Management, ING Gorenbank NV

5 Legal & General Investment Management Limited

6 Prudential Portfolio Managers, Prudential Real Estate Managers

7 Triodos Investment Management BV

8 UBS Global Asset Management

9 Crédit Agricole Assurances

10 ING Gorenbank NV

11 Rabobank Pensioenfond

12 Allianz Global Investors

13 AXA Investment Managers

14 BNP Paribas Investment Partners, BNP Paribas Real Estate Investment Management France

15 Credit Suisse Private Banking Wealth Management

16 HSBC Global Asset Management

17 ING Investment Management

18 Legal & General Investment Management Limited

19 Prudential Portfolio Managers, Prudential Real Estate Managers

20 Rabo FARM

21 Swiss Alpha

22 Triodos Investment Management BV

23 UBS Global Asset Management

24 Crédit Agricole Corporate and Investment Bank

Appendix B

Table 4 – Part 1/2

Shares and bonds managed by selected financial institutions (€ million)

	Allianz		Argenta	AXA		Barclays		Belfius Bank	BNP Paribas	
	S	B		S	B	S	B		S	B
Andritz	26.93	4.06		0.83					109.29	
ATK	185.51	9.08		11.23	0.43	2.53	6.37		1.75	
Barrick Gold	493.47	178.79		32.08	78.83	25.66	0.04		12.57	1.01
Bumitama Agri										
Cargill		1.45			54.53			6.31		3.64
Chevron	712.91	39.57	0.61	1,030.21	12.07	218.35			338.11	
Coal India				0.17					9.07	
Elbit Systems	39.93			1.26		2.22				
Gap	39.16			96.88	2.12	7.80			19.94	0.40
Gazprom	37.63	1,174.25		51.79	12.11	0.14	0.52		150.80	36.64
GlaxoSmithKline	414.26	141.45	3.86	1,504.10	28.39	4.74			123.03	13.07
Glencore	23.59	209.96		105.48	42.35	0.01	0.02		8.21	54.78
Goldcorp	44.49	44.37		30.95		2.80	3.34		11.55	
Hyundai Motor Group	167.65	171.41		88.26	17.75				206.33	5.02
Lockheed Martin	407.52	0.45		172.57		71.33			24.18	
Rheinmetall	1	0.10							0.90	
Royal Dutch Shell	1,390.30	161.72	0.95	1,996.90	8.91	36.92			364.93	5.60
RWE	6.74	140.16		17.07	5.33	0.19	2.02		39.10	17.16
Samsung	254.09		1.69	332.34		1.32			290.89	
Sesa Sterlite	1.16					0.20	4.89		1.19	0.32
Soda Stream International	2.79			0.08		7.44			0.12	
Vattenfall		9.11			0.22					2.89
Wal-Mart Stores	544.82	246.38	0.18	629.14	87.80	99.05	2.21		87.83	
Zijin Mining	0.06									
Number of companies	20	16	5	18	13	16	8	1	19	11
Total amount (€ million)	4,803	2,532	7	6,101	351	481	19	6	1,800	141

S Shares B Bonds

Commerzbank		Crédit Agricole		Credit Suisse		Deutsche Bank		HSBC		ING	
S	B	S	B	S	B	S	B	S	B	S	B
4.13		5.79		4.76		12.06		0.33		0.38	0.50
				1.93		7.63	1.12				
30.82		80.82	1.21	50.24	3.82	55.01	2.63	18.26	0.94	109.91	124.64
		1.66				0.45					
			10.30		14.54		4.71		10.58		39.15
97.91		188.51		546.14	4.59	1,327.25	1.24	400.27	0.85	81.90	63.36
		2.00		2.30		9.92		3.26		5.73	
				0.28		0.42					
5.05		31.44		21.66		96.11		11.89		27.16	0.37
	1.70	13.70	44.86	53.41	51.13	158.41	167.10	93.02	23.54	59.39	25.60
0.33		70.25		95.62	12.86	569.37	0.28	562.74	4.15	7.63	129.24
	1.70	161.21	37.03	35.64	63.24	60.34	89.31	138.79	33.99	43.89	151.49
17.86		103.24		34.43		62.73	6.03	23.94		30.31	18.87
		39.78		86.20	32.52	267.13	1.48	68.03		28.60	3.02
8.70		13.05		93.58	0.05	93.58	2.25	50.76			1.60
		0.81		6.70		29.11	0.80	3.16	3.46	0.16	
	1.30	290.36	7.02	1,891.44	33.67	780.25	1.96	948.36	1.78	165.43	162.42
237.95	10.21	32.39	0.75	63.51	44.12	93.74	35.48	6.64	12.58	12.85	0.14
		72.82		197.26		607.26		107.44		105.31	
		2.35	0.68	5.16	14.19	15.27	78.31	213.54		0.90	
2.71				0.30		1.28		0.56			
	1.90				12.07		0.44		2.30		0.48
58.52	0.80	126.98	8.00	280.28	57.14	522.20	12.58	208.91	3.49	44.69	203.00
		0.47		1.41	0.56	1.56	1.90	1.25		0.07	1.02
10	6	19	8	21	14	22	17	19	11	17	16
464	18	1,238	110	3,472	344	4,771	408	2,861	98	724	925

Appendix B

Table 4 – Part 2/2

Shares and bonds managed by selected financial institutions (€ million)

	Julius Bär		KBC		Legal & General		Lloyds		Munich RE	
	S	B	S	B	S	B	S	B	S	B
Andritz		2.25	1.00		1.66		10.33		6.36	
ATK					1.47					
Barrick Gold	2.54	2.25	0.59		8.42	5.83			4.29	19.59
Bumitama Agri										
Cargill						0.12				
Chevron	5.19		99.80	5.24	855.39	6.70	151.75		15.41	20.21
Coal India			1.40		0.98		0.68			
Elbit Systems					0.02					
Gap		3.12	15.10	0.03	36.27		6.00		3.61	
Gazprom	2.40	33.03	7.48	26.19	15.30	0.13	15.93	7.35	0.42	1.65
GlaxoSmithKline		6.97	17.88	8.25	3,663.03	16.47	2,966.28	42.24	5.81	19.91
Glencore		24.00	5.08	2.34	632.05	16.89	423.66	78.41	0.85	39.77
Goldcorp			0.90		55.73		0.11		4.98	
Hyundai Motor Group	0.32	3.94	20.89		39.51		39.50			
Lockheed Martin			0.16		180.23	1.62	22.44			
Rheinmetall							0.43			
Royal Dutch Shell	4.00	3.95	28.59	2.83	5,854.40		6,020.08		1.30	59.03
RWE	1.51	12.69	11.15	35.49	8.69	2.93	4.78	93.35	0.85	0.20
Samsung	1.25		48.88		94.95	5.03	110.68		0.80	
Sesa Sterlite			0.17		2.54		1.05			
Soda Stream International										
Vattenfall		1.90		9.07		2.83		17.05		0.20
Wal-Mart Stores	0.84	6.44	31.52	12.99	445.00	19.84	72.37	19.68	18.28	65.69
Zijin Mining		0.28	0.24		0.43		0.03			
Number of companies	8	12	17	9	19	11	17	6	12	9
Total amount (€ million)	18	101	291	102	11,896	78	9,846	258	63	226

S Shares B Bonds

*Total amounts have been rounded up

Prudential		Rabobank		Société Générale		Swiss RE		UBS		UniCredit		Zurich Insurance	
S	B	S	S	B	B	S	B	S	B	S	B	S	B
			2.47			11.01		13.03					
1.48	11.82		0.55			7.68							
0.42	113.03	4.52	18.11	3.74	17.29	39.74	3.22	9.03	16.69			5.29	
	15.24						16.12		1.00				6.89
185.75	329.28		141.34		19.09	1,088.94	16.18	61.82					35.03
3.61			12.64			0.51		1.59					
						0.37							
0.01	4.02		10.09			68.81							
6.84	52.29		86.20		5.16	26.30	60.93	55.05	37.15				
2.34	297.76		88.23	4.86	20.50	357.81	23.62	38.09	7.84	25.49		23.48	
0.07	155.17		64.20	8.02	11.32	247.73	97.80	6.59	46.68				4.15
0.26	1.65	0.39	9.19		5.98	91.52	9.55	10.83	4.29				
119.98	4.00		49.41		0.12	317.88	40.93	23.88	19.93				8.42
102.89	190.97		29.77		4.05	154.84	1.81	0.15					9.94
0.45			3.02			2.20		0.79	2.65				
11.54	375.14		179.57	5.98	24.53	1,899.28	34.87	74.20	7.44	39.06		70.70	
0.02	0.50		75.79			283.93	27.88	0.92	12.56				
203.12	14.57		112.24			543.80	0.19	52.95					
9.49	1.65		22.18			1.73	50.10	1.76					
						1.44							
	0.25						8.96		0.30				
50.47	452.08	0.81	81.80		20.52	527.17	11.33	34.59	0.75				79.25
			0.56			0.26		0.50					
17	17	3	19	4	10	21	15	17	12	2			9
699	2,019	6	987	23	129	5,673	403	386	157	65			243

Appendix B

Table 5

Underwritings of shares and bonds per selected financial institutions (€ million)

	Barclays		BNP Paribas		Commerzbank	Crédit Agricole	Credit Suisse	
	S	B	S	B	B	B	S	B
Andritz								
Aramco								
ATK								
Barrick Gold	551.55	72.47	45.96	72.47			45.96	
Bumitama Agri								
Cargill		266.50		266.50	20.83	20.83		86.85
Chevron		1,307.48		51.52				
Coal India							173.32	
Elbit Systems								
Gap								
Gazprom		368.91		1,404.73		2,527.64		634.03
GlaxoSmithKline		784.28						207.90
Glencore	29.99	673.48		1,130.35	187.53			986.93
Goldcorp								45.93
Hyundai Motor Group		342.78		650.64		86.70		198.20
Lockheed Martin								
Rheinmetall								
Royal Dutch Shell		1,612.40		662.42				
RWE		359.98		141.06		190.76		
Samsung Group								
Sesa Sterlite								
SodaStream International								
Vattenfall		1,071.43		1,071.43	1,071.43			
Wal-Mart Stores		731.30		731.30				385.72
Zijin Mining								
Number of companies	2	11	1	10	3	4	2	7
Total amount (€ million)*	582	7,591	46	6,182	1,280	2,826	219	2,546

S Shares B Bonds *Total amounts have been rounded up

Deutsche Bank		HSBC		ING	Lloyds	Société Générale	UBS		UniCredit
S	B	S	B	B	B	B	S	B	B
									174.93
389.84									
72.47		45.96	72.47				91.00	72.47	
124.95			124.95	20.83	20.83	78.23			
72.43	271.55		51.52			51.52		83.33	
173.32									
1,095.45			325.28			360.90		589.30	
1,003.18			641.80					569.28	
275.01			312.58	676.75	676.75	187.53		258.33	187.53
			399.34						
35.58	93.30		602.32			374.77		304.94	
1,600.30			662.42						
				125.03	244.61	252.64		200.40	190.76
1,071.43				1,071.43		1,071.43			
225.06			813.98					57.10	
3	11	1	10	4	3	7	1	8	3
281	6,223	46	4,007	1,894	942	2,377	91	2,135	553

Appendix B

Table 6

Loans provided by selected financial institutions (€ million)

	Allianz	Barclays	Belfius Bank	BNP Paribas	Commerzbank	Crédit Agricole	Crédit Suisse	Deutsche Bank
Andritz								
Aramco		51.83		51.83		51.83		60.07
ATK				15.15				
Barrick Gold		731.25		108.98				108.98
Bumitama Agri								
Cargill		644.04		816.47	138.85	111.68	137.63	497.49
Chevron				19.44				159.73
Coal India								
Elbit Systems								
Gap								32.49
Gazprom		213.23		307.71	273.26	482.05	56.45	361.80
GlaxoSmithKline								
Glencore	27.35	1,002.04	159.41	2,214.89	546.98	753.21	784.73	1,808.64
Goldcorp							76.89	
Hyundai Motor Group				103.84		64.43		
Lockheed Martin				54.86				
Rheinmetall		42.79			42.79	42.79		42.79
Royal Dutch Shell		278.38		251.93		390.81	364.36	251.93
RWE		218.09		218.09	125.97	92.12	218.09	566.89
Samsung Group								
Sesa Sterlite		172.08						
SodaStream International								
Vattenfall								
Wal-Mart Stores		4,125.71		697.25				
Zijin Mining								
Number of companies	1	10	1	12	5	8	6	10
Total amount (€ million)*	27	7,479	159	4,860	1,128	1,989	1,638	3,891

*Total amounts have been rounded

HSBC	ING	KBC	Lloyds	Rabobank	Société Générale	UBS	UniCredit
217.03							
	15.15						
108.98					108.98	108.98	
36.12				34.23			
298.64	372.08	54.34	149.91	261.15	221.66		
42.52	42.52		42.52				
32.49							
417.06	415.54		28.36	39.95	195.85	28.36	175.92
1,012.15	1,209.40	343.24	1,081.58	784.73	1,038.90	752.36	680.03
76.89							
39.79	35.77						
							42.79
278.38			320.96		251.93	251.93	
218.09	125.97		125.97		659.01	125.97	218.09
	39.77						
4,125.71						697.25	
13	8	2	6	4	6	6	4
6,904	2,256	398	1,749	1,120	2,476	1,965	1,117

Berlin, December 2014:

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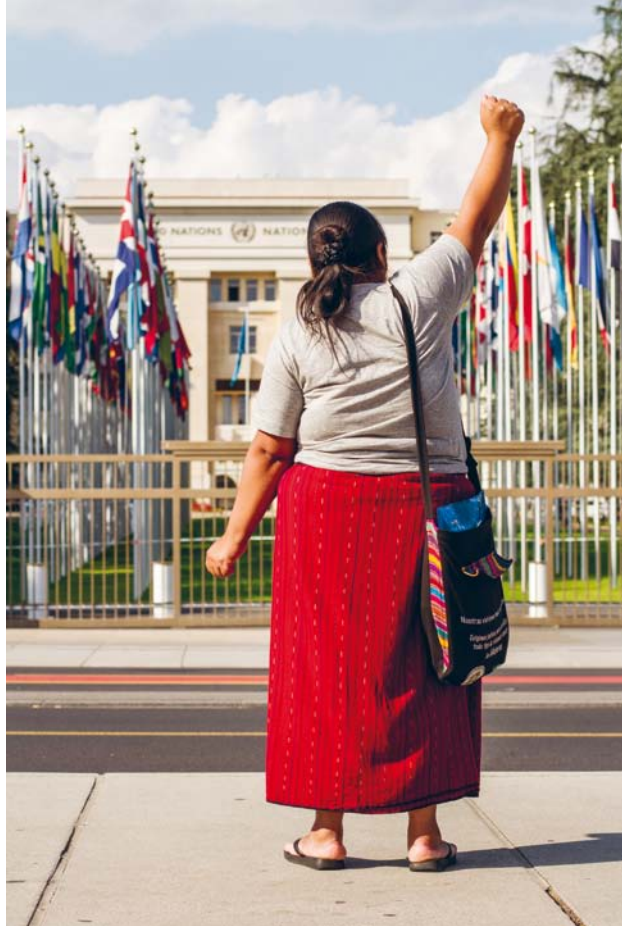
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