

## TITLE OF THE SESSION

“The Financial Sector and Human Rights: assessing responsibilities and benchmarking progress”

## TIME AND ROOM NUMBER

1 December 2014, 16.30 – 18.00, Room IX

## NAMES OF THE PANELLISTS AND MODERATOR

- Christine Kaufmann, Swiss Centre of Expertise in Human Rights, University of Zurich (Moderator)
- Andreas Missbach, BankTrack and Berne Declaration
- Felicitas Weber, PRI
- Maartje Van Putten, FMO Grievance Mechanism and Netherlands NCP
- Christian Leitz, UBS, Thun Group

## SHORT SUMMARY OF THE MAIN POINTS RELAYED BY THE PRESENTERS

### **Christine Kaufmann, Swiss Centre of Expertise in Human Rights, University of Zurich:**

A brief overview was provided of the current state of affairs with regard to banks and human rights, with the UNGP as the starting point. Recent developments were outlined from the OECD (including clarifying the concept of business relationships, the difference between ‘contribution’ and ‘direct links’ to human rights impacts, and the minority shareholdings etc.); as well as from the International Finance Corporation, European Union and Thun Group.

### **Felicitas Weber, Principles for Responsible Investment (PRI)**

Felicitas Weber gave an overview of recent work from asset managers and the PRI on human rights. Not only banks, but also asset owners and asset managers impact human rights. One of the ways investors manage their impacts is by engaging their investee companies. One of the ways the PRI is supporting its over 1,300 asset owner, asset manager and service provider signatories, is by helping investors to use the combined power of their shares to collaboratively engage with investees. Back in 2010/2011 the PRI coordinated investor statements and webinars in support of the UNGPs and at present the PRI is coordinating engagements on social issues including on the UNGPs. While these are not currently focused at banks, this might change in future, as priorities are assessed on annual basis. Another powerful tool is the PRI’s collaboration platform (the Clearinghouse), used by over 450 signatories in nearly 600 collaborations to date. 14% of companies targeted in engagements through the platform are from the financials industry, although engagement dialogues to date focused on governance and environmental rather than social issues. While the PRI’s work to date has been primarily driven by signatory demand, the PRI also aims to raise the bar, and can play a role in awareness raising and driving demand. In 2014 PRI signatories for the first time had to report publicly on their responsible investment practices, which helps to share good practice, and allows stakeholders to better understand PRI signatories’ performance. From an investor perspective, two important issues which need to be addressed in the next years are to improve the effectiveness of



human rights management systems, and to increase and improve corporate reporting on human rights.

### **Christian Leitz, UBS, Thun Group**

Christian Leitz highlighted the many fruitful interactions with a diversity of stakeholders that followed the publication of the Thun Group of Banks' Discussion Paper on banking and human rights in October 2013, notably at a multi-stakeholder meeting in Thun in June 2014. He pointed out that these interactions in particular gave good insights to governments developing National Action Plans in how a particular economic sector, i.e. banks, is acting upon the UN Guiding Principles. Leitz provided some insights in how the conclusions and recommendations of the Discussion Paper are being implemented, notably in the area of due diligence (the central focus of the Paper). He also added to the panel discussion some of the key points considered at the aforementioned June 2014 meeting.

### **Maartje Van Putten, FMO Grievance Mechanism and Netherlands NCP**

Maartje Van Putten emphasised the need for private sector banks to follow the example of the multilateral development banks, some ECAs and now also Dutch development bank FMO to establish grievance or accountability mechanisms as a way for private sector banks to meet their obligations to provide Access to Remedy to rights holders. She explained the initial reluctance that existed with all such institutions to establish these but pointed out the advantage of their existence also from the perspective of proper risk management. She expressed her surprise about the reluctance of the Thun group to move forward on this matter. In her capacity as member of the Netherlands contact point on the OECD guidelines for multinational enterprises she mentioned that she expects more cases involving banks to be brought forward, citing the specific instance on Rabobank.

### **Andreas Missbach, BankTrack and Berne Declaration**

Andreas Missbach presented the BankTrack report "Banking with Principles?": The banking sector response to the Guiding Principles has been led to date by the Thun Group of Banks, whose discussion paper contains valuable recommendations, although is limited in scope. The Equator Principles also responded to the UNGPs, but its response fell short in a number of ways. Following these responses, BankTrack considered it time to assess the extent to which banks have begun to implement the Principles in their policies and processes. BankTrack has therefore produced the report "Banking with Principles?", launched at this forum. The report benchmarks the progress of 32 large banks towards implementation of the UNGPs. The report shows that progress among banks was at an early stage. While some banks performed better than others, only half had a clear public policy to respect human rights, formal reporting on impacts and efforts to address them is minimal, and none of the banks has a grievance mechanism in place. Following the UNGPs, banks must move beyond consideration of the risks posed by human rights impacts to banks themselves, and take steps to clearly show how impacts on rights-holders are at the centre of their approach to human rights. The Thun Group has recognised this distinction, but many Thun Group banks have not yet integrated this distinction into their policies.

**Prepared by BankTrack with input from the panel speakers**

**23<sup>rd</sup> January 2015**

