



The BankTrack Human Rights Benchmark 2019

Third Edition, November 2019

BANKTRACK

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Key findings

BankTrack's Human Rights Benchmark evaluates 50 of the largest private sector commercial banks globally against a set of 14 criteria based on the requirements of the UN Guiding Principles on Business and Human Rights ('the Guiding Principles'). The criteria examine four aspects of banks' implementation of the Guiding Principles: **their policy commitment, human rights due diligence (HRDD) process, reporting on human rights and their approach to access to remedy.** The Benchmark does not evaluate banks' actual financing for companies and projects with adverse human rights impacts, and results for each bank should be considered alongside the bank's profile and record of financing 'dodgy deals' on the BankTrack website. This is the third iteration of this benchmark, following our first two reports in 2014 and 2016, published under the title "Banking with Principles?"

Our key findings are:

Implementation of the Guiding Principles is alarmingly poor among the great majority of banks. Of the 50 banks covered, 40 achieved a score of 6 or less out of 14, indicating that they are implementing less than half of the requirements of the Guiding Principles. These banks are ranked as 'laggards' or 'followers'.

Overall performance **improved, but only slightly.** The average score achieved in 2019 was 4 out of 14, or 28.5%. This figure has barely changed since our last benchmark in 2016, when banks scored an average of 3.4 out of 12, or 28.3%. However, more banks increased their scores than decreased, and four banks improved their scores by more than three points, showing that significant improvements are possible.

The basics are increasingly in place... Most banks (35 out of 50) already have a statement of policy that includes a high-level commitment to respect human rights, scoring a full point on our first requirement. In addition, banks with policies in place are working to keep them up to date, with 25 banks having updated their human rights policies or commitments since our last benchmark in 2016.

...but there is little progress on reporting... Banks' human rights reporting remains critically underdeveloped, with only a handful of exceptions. Most banks' reporting is limited to covering internal policy developments, with only very few considering their main human rights risks, discussing specific impacts or reporting related indicators.

...and accountability mechanisms are entirely lacking. As in previous years, none of the banks analysed have (or even claim to have) established or participated in an effective grievance mechanism for those affected by the impacts of their finance. Such mechanisms are a clear requirement of the Guiding Principles and can help ensure impacts are remedied early and prevented from escalating.

Specific board responsibility for human rights is needed. Only 12 banks out of 50 were able to demonstrate both senior-level sign-off of their policy commitment to respect human rights as well as specific governance of human rights at Board level.

Banks are not showing how their efforts lead to real improvements for rights-holders on the ground. Even the best performing banks are failing to demonstrate in their human rights reporting that they have played a role in remediating or addressing specific adverse human rights impacts. Alarmingly, only four banks were found to give any indication that they assess whether they caused or contributed to an adverse human rights impact, and none describe a process for making such an assessment. There is an urgent need for banks to actively play a role in remediation of adverse impacts linked to their finance, prioritising the most severe impacts, and to show in their reporting how they have done so.

Summary table of results

Leaders: 9.5 – 14 points		Score	Change
ABN AMRO	Netherlands	9.5	New

Front runners: 6.5 – 9 points		Score	Change
Rabobank	Netherlands	8	0
ANZ	Australia	7.5	+1 ▲
BBVA	Spain	7.5	+4 ▲
ING Group	Netherlands	7	+1.5 ▲
Citi	United States	7	-0.5 ▼
Barclays	United Kingdom	7	+0.5 ▲
National Australia Bank	Australia	6.5	+3.5 ▲
Westpac	Australia	6.5	+1.5 ▲
Nordea Bank	Finland	6.5	+0.5 ▲

Followers: 3.5 – 6 points		Score	Change
Intesa Sanpaolo	Italy	6	+2 ▲
UniCredit	Italy	6	0
Deutsche Bank	Germany	6	-0.5 ▼
BNP Paribas	France	6	-0.5 ▼
Morgan Stanley	United States	5.5	+3.5 ▲
UBS	Switzerland	5.5	-1 ▼
Credit Suisse	Switzerland	5.5	-1 ▼
Itaú Unibanco	Brazil	5	+1.5 ▲
Standard Chartered	United Kingdom	5	+3.5 ▲
Wells Fargo	United States	5	0
Commonwealth Bank	Australia	5	-0.5 ▼
Standard Bank	South Africa	4.5	New
Sumitomo Mitsui Trust	Japan	4	New
Banco do Brasil	Brazil	4	+2 ▲
Mizuho Financial Group	Japan	4	+1 ▲
HSBC	United Kingdom	4	+1 ▲
Banco Santander	Spain	3.5	0
JPMorgan Chase	United States	3.5	-0.5 ▼
RBS Group	United Kingdom	3.5	-1.5 ▼

Laggards: 0 – 3 points		Score	Change
Société Générale	France	3	+0.5 ▲
Caixa Econômica Federal	Brazil	2.5	-0.5 ▼
Groupe BPCE	France	2.5	New
Banco Bradesco	Brazil	2.5	+1.5 ▲
Bank of Nova Scotia	Canada	2.5	+1 ▲
Goldman Sachs	United States	2.5	-0.5 ▼
Toronto-Dominion Bank	Canada	2	+1.5 ▲
Sumitomo Mitsui Financial	Japan	2	+1.5 ▲
BMO Financial Group	Canada	2	-1 ▼
Mitsubishi UFJ	Japan	2	+2 ▲
Crédit Agricole	France	2	0
Bank of America	United States	1.5	+0.5 ▲
Canadian Imperial Bank	Canada	1.5	New
Lloyds Banking Group	United Kingdom	1.5	-0.5 ▼
Sberbank	Russia	1	New
State Bank of India	India	1	New
ICBC	China	0.5	0
Royal Bank of Canada	Canada	0.5	0
Agricultural Bank of China	China	0	0
Bank of China	China	0	0
China Construction Bank	China	0	0

Introduction

This report aims to evaluate to what extent banks are fulfilling the responsibilities established by the UN Guiding Principles on Business and Human Rights (‘the Guiding Principles’). It is our third such Benchmark, following reports in 2014 and 2016 (both published under the title “Banking with Principles?”), and assesses the state of progress more than eight years on from the unanimous endorsement of the Guiding Principles by the UN Human Rights Council in 2011.

The three years since our last report have shown the critical importance of robust management of human rights risks and impacts by banks, with several high-profile cases of human rights abuses being linked to commercial bank finance. The tragic Brumadinho tailings dam collapse in January 2019 led to calls on banks to suspend finance to Vale.¹ Wall Street banks came under fire for their ties to the US private prison industry, leading many to cut their ties with the sector.² The Australian bank ANZ was found by the Australian government’s National Contact Point in October 2018 to have violated its own policies and international human rights standards in its financing of Phnom Penh Sugar and ordered to establish a grievance resolution mechanism to support its human rights due diligence – which it has not yet done.³

Last but not least, banks financing the Dakota Access Pipeline found themselves on the receiving end of the #DefundDAPL divestment campaign after the project violated Indigenous Peoples rights – estimated to have cost them between US\$8 and \$20 billion in deposit withdrawals – leading to the start of a process to overhaul the Equator Principles, banks’ guidelines for financing large-scale infrastructure projects.⁴

The period since 2016 has also seen a great deal of discussion and several multi-stakeholder initiatives on the subject of what the UN Guiding Principles mean for the banking sector. The OECD has recently published guidance for Responsible Business Conduct in bank corporate lending and securities underwriting, with input from a multi-stakeholder Advisory Group in which BankTrack participated.⁵ The Thun Group of Banks produced a paper looking at banks’ responsibilities under UN Guiding Principles 13 and 17, which prompted significant criticism (not least from BankTrack) as well as important guidance from the UN’s Office of the High Commissioner for Human Rights.⁶ The Dutch Banking Sector Agreement has produced papers examining how banks can increase their leverage over clients to address human rights impacts and how they can enable remediation.⁷

Taken together, these developments have helped improve the level of understanding and consensus around the scope of banks’ responsibilities for respect-

ing human rights (and helped inform an update to this benchmark’s methodology). But it has also led expert observers to suggest the banking sector’s approach amounts to “all talk and no action”.⁸

The results of our benchmark tend to reinforce the view that the ongoing debate on banks’ human rights responsibilities is not clearly cutting through into improvements in the situation of rights-holders on the ground. A handful of banks have made significant improvements to their scores since our 2016 report, but the industry is not yet focusing sufficiently on the issues that matter. Particularly concerning is the finding that none of the banks reviewed have shown how their efforts have led to real improvements on the ground, in terms of human rights impacts avoided or remediated. It is at the core of the responsibility to respect human rights that businesses take steps to avoid, prevent and mitigate actual human rights impacts, and the banking sector must illustrate that it is doing so if they are to turn this perception around.

Box: What are the Guiding Principles?

The UN Guiding Principles on Business and Human Rights (‘the Guiding Principles’) are the authoritative global standard on business and human rights, unanimously endorsed by the UN Human Rights Council in 2011. They provide the clearest expression yet of the international community’s expectations of the human rights responsibilities of business. While not legally binding, the responsibilities they set out apply to all businesses regardless of size.

The Principles implement the UN’s ‘Protect, Respect and Remedy’ Framework, which rests on three pillars: the state duty to protect against human rights abuses, including by business; the corporate responsibility to respect human rights, which means to act with due diligence to avoid infringing on the rights of others and to address adverse impacts that occur; and greater access by victims to effective remedy, both judicial and non-judicial. For resources on the UN Guiding Principles see the portal on the website of the Business and Human Rights Resource Centre.⁹

Overview of 2019 results

To determine how banks are progressing towards implementing the Guiding Principles we evaluated the publicly available human rights policies, processes and reporting of 50 of the largest private sector commercial banks against a set of 14 criteria in four categories: **policy commitment, human rights due diligence (HRDD) processes, reporting and access to remedy**. This resulted in a score of between 0 and 14 for each bank. Each bank was given the opportunity to comment on their draft scores before publication, and 29 out of 50 banks took the opportunity to provide comments. Further details about the process are given in [Appendix III](#).

Our assessment shows that implementation of the Guiding Principles, eight years on from their unanimous endorsement from the UN Human Rights Council, remains alarmingly poor among the great majority of banks. Although there are some signs of progress since our last benchmark in 2016, this is geographically uneven, skewed towards policy improvements rather than improvements in reporting and remedy, and difficult to correlate with real impacts on rights-holders. With vanishingly rare exceptions, banks are not yet making serious efforts to illustrate that they are preventing, mitigating or addressing real cases of human rights abuse.

The average score achieved in 2019 was just 4 out of 14, or 28.5% of the available points.¹⁰ This figure has barely changed since 2016, when banks scored an average of 3.4 out of 12, or 28.3%. Setting aside the two new criteria introduced in 2019 (on which banks scored badly) shows a slightly improved picture, with banks moving from an average of 3.4 to 3.7 out of 12 – however this is hard to characterise as anything other than slow progress.

Grouping banks into ‘laggards’, ‘followers’, ‘front runners’ and ‘leaders’ based on their scores shows laggards as the largest category, with a slightly larger group of front runner banks emerging and one bank narrowly ranking as a leader.¹¹

Leaders (9.5 - 14 points): Only one bank, **ABN AMRO**, narrowly reaches the ‘leader’ category, scoring 9.5 points out of 14. ABN AMRO achieved a score of 5 out of 12 in our first benchmarking report in 2014, but was not ranked in 2016. The bank scored full points for its policy approach, has the most advanced human rights reporting among the banks ranked, and is beginning to address the issue of remedy, although there is much scope for further progress.

Front runners (6.5 – 9 points): Nine banks were ranked as ‘front runners’, up from eight in 2016. This includes three out of four Australian banks ranked as well as five European banks and one North American bank. These banks have moved beyond policy development to begin to report on their human rights impacts and to address the issue of remedy. In all cases, there remains much progress to be made before these banks can be said to be adequately implementing their human rights responsibilities.

Followers (3.5 – 6 points): 19 banks are categorised as ‘followers’, scoring between 3.5 and 6 points out of a possible 14. This group includes 10 European banks, the remaining two Asian banks, three of the remaining North American banks, and the only African bank ranked. It includes five banks that have moved ahead from the ‘laggards’ category since 2016, but also four banks that were formerly ranked as ‘front runners’.

Laggards (0 – 3 points): 21 banks achieved a score of no more than 3 points – the largest group. This includes the majority of North American banks ranked (7 out of 11) and the majority of the Asian banks (7 out of 9). All four Chinese banks were ranked as laggards, with all but one of these banks failing to score at all. The ‘laggards’ category also includes five European banks of the 21 ranked, including three out of four French banks – despite the advent of the Duty of Vigilance Law in France in March 2017.¹²

Changes since 2016

Our methodology has evolved since our last benchmark in 2016, with two new criteria added and some existing criteria adjusted, as detailed in the Methodology section. The changes have raised the bar slightly for scoring in some areas, for example requiring that a bank details its human rights due diligence process rather than only committing to carry out such due diligence. This means any comparison between the average scores from the two reports must be treated with caution. However, we can conclude that there has been some improvement in banks' implementation of the Guiding Principles since 2016, although this is limited.

21 banks improved their score since the last report, not accounting for the addition of two new criteria. Most improvements were of 1.5 points or less. In contrast, 12 banks' scores declined, mostly due to methodological changes but also in some cases due to the release of poorer human rights policies or reporting.

Four banks made a significant improvement, increasing their scores by at least 3 points. These were **BBVA**, which improved its score by 4 points to become a 'front runner', and **National Australia Bank (NAB)**, **Morgan Stanley** and **Standard Chartered**, each of which improved by 3.5 points. With the exception of NAB, these banks moved from the 'laggards' group to become 'followers'. **NAB** is the only bank to move more than one group, jumping from 'laggard' to 'front runner'.

Other banks with smaller changes in scores also moved categories. **ING**, **Westpac** and **Nordea** became 'front runners' after being previously ranked as 'followers'. **Deutsche Bank**, **BNP Paribas**, **UBS** and **Credit Suisse** all moved down a group, from 2016's 'front runners' to 2019's 'followers'. No banks moved into the 'laggards' category.

Of the banks ranked for the first time in 2019, four are 'laggards' (**Groupe BPCE**, **Canadian Imperial Bank**, **Sberbank** and **State Bank of India**) and two are 'followers' (**Standard Bank**, **Sumitomo Mitsui Trust**).

Category 1: Policy commitment

1.1 Policy

The requirement: Has the bank adopted a statement of policy through which it expresses its commitment to respect human rights? (With reference to Principle 16)

Why this is important: A policy statement clearly committing to respect human rights is an important signal to those inside and outside a business that management understands that respect for human rights is a minimum standard for conducting business with legitimacy.

What we found: A large majority of banks (35 out of 50, 70%) now have a clear policy commitment to respect human rights. The situation has improved steadily since 2014, when only half of banks scored (16 of 32) met this requirement. This is the requirement on which banks score most strongly.

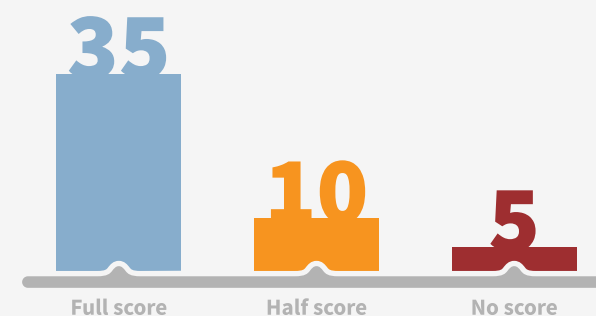
Ten banks scored half a point for this requirement. This includes banks that have human rights policies or statements which lack a clear commitment to respect human rights, as well as banks that made statements recognising the responsibility to respect human rights which were not part of a policy commitment – for example, where these were found in the bank’s annual reporting, as with **TD Bank** and **Canadian Imperial Bank**. Examples of banks with a human rights policy that gained a half score are **Bank of America**, which states that its “company policies and practices promote and protect human rights”, out of line with the UN Guiding Principles, and banks whose policies ‘aspire’ to respect human rights rather than committing to do so.¹³

Five banks still lack any policy or statement addressing human rights: **State Bank of India** and all four of the Chinese banks covered, **ICBC**, **Agricultural Bank of China**, **Bank of China** and **China Construction Bank**. These banks all received total scores of 1 or less out of 14.

There has been a significant pick-up in banks updating their human rights policies. Since 2016, 25 banks have updated existing policies while three banks introduced their first stand-alone human rights policies. See [“Box: New and updated human rights policies”](#).

Overall, ten banks improved their scores, while one bank’s score declined. This was **Lloyds Banking Group**, which released a new policy with a weakened, aspirational statement on human rights.

Score distribution



Full score: A written commitment to “respect” human rights, as part of a statement of policy.

Half score: The bank has a statement or policy addressing human rights, but this does not include a commitment to respect human rights. Or, the bank has a commitment to respect human rights but not as part of a formal statement of policy (e.g. in reporting).

1.2 Policy approval

The requirement: Is the bank's human rights policy commitment approved at the most senior level of the business? (With reference to Principle 16, 16a)

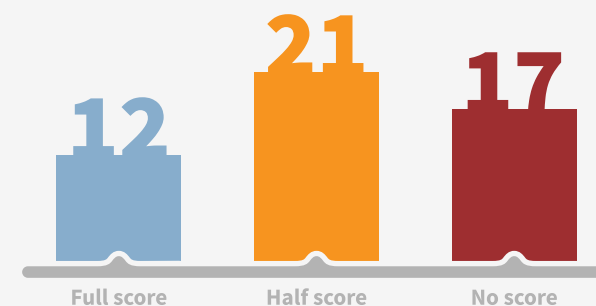
Why this is important: The UN Guiding Principles state that a business' human rights policy should be approved at the most senior level of the business enterprise. Ensuring senior management attention to and accountability for human rights is likely to help ensure policies and procedures are effective.

What we found: Only 12 banks out of 50 (24%) were able to demonstrate both senior-level sign-off of the commitment to respect human rights and specific governance of human rights at Board level. 21 banks (42%) were awarded a half score, usually where human rights commitments were signed off at the highest level of the business, but no board level oversight of human rights was in place.

In 2019 we revised this requirement to require that the company's human rights policy commitment is approved by the Board (or a committee of the Board), or the CEO, **and** that a Board member or Board committee is tasked with specific governance oversight of one or more areas of respect for human rights (see [“Appendix II: Methodology”](#)). This made a full score harder to achieve, and fewer banks received a full score in 2019 compared with 2016 (12 banks in 2019 compared with 18 banks in 2016).

Despite the clear requirement in the UNGPs that policies are approved at the most senior level of an enterprise, we found that banks' human rights policies or statements are often unclear about how they are approved or signed off. Ten banks improved their score on this requirement based on their feedback to us, often by clarifying the level of approval of their policies in their public responses to our draft scores.

Score distribution



Full score: The bank's human rights policy commitment is approved by the Board or the CEO by name **and** a Board member or Board committee is tasked with specific governance oversight of one or more areas of respect for human rights.

Half score: The bank's human rights commitment is explicitly approved by the Board or the CEO by name, but without a Board member or committee being tasked with governance, or vice versa. Or, the bank meets the criteria for a full score, but its policy commitment does not meet the standard of a commitment to respect human rights in 1.1.

1.3 Scope of policy

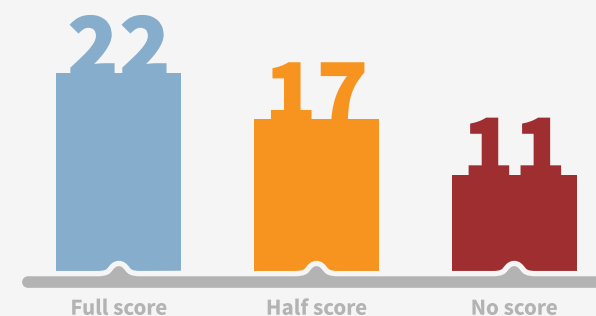
The requirement: Does the bank’s policy commitment stipulate the bank’s human rights expectations of personnel, business partners and other parties directly linked to its operations, products or services – including the bank’s client and investee relationships? (With reference to Principle 16, 16c)

Why this is important: Most of a bank’s significant potential human rights impacts are likely to stem from their core activity, the provision of finance. This requirement tests whether a bank’s human rights policy is broadly applied, and in particular whether it applies to the impacts of the bank’s finance, including its lending and its asset management operations, where these exist.

What we found: Of 35 banks with a clear commitment to respect human rights, 22 make clear that this commitment extends to all of their finance. Banks which achieved a half score often indicated that they consider specific types of human rights risks in their provision of financial to certain sectors. For example, **Banco do Brasil** noted that its credit policies “address issues related to the respect to Human Rights such as the fight against sexual exploitation of minors; the non-exploitation of child labor or workers held in degrading conditions or similar to slave labor.” However, it did not set out human rights expectations that extend to the bank’s client relationships across the board.

In 2019 we tightened our scoring criteria to only award a full score where the bank makes clear that its human rights commitment extends to all of its finance, including lending and asset management, wherever such services are provided. Seven banks dropped half a score as a result of this change (**BNP Paribas, BMO Financial Group, Citi, JPMorgan Chase & Co, Goldman Sachs, RBS Group, UniCredit**). All of these banks have human rights policies that extend to the provision of credit but not explicitly to asset management. These banks are outnumbered by the 11 that improved their scores (**ANZ, National Australia Bank, Intesa Sanpaolo, Morgan Stanley, Standard Chartered, Mizuho, Société Générale, Sumitomo Mitsui Financial, Bank of Nova Scotia, Mitsubishi UFJ, Lloyds Banking Group**), all of which published new human rights policies or updated their existing policies since 2016.

Score distribution



Full score: The bank’s human rights commitment extends to its provision of finance, as source of the banking sector’s most significant potential human rights impacts, alongside personnel and other parties such as suppliers.

Half score: For example, the bank’s human rights commitment extends to some but not all of its finance (e.g. asset management is excluded). Or, the bank’s commitment extends to its provision of finance, but does not meet the standard of a commitment to respect human rights in 1.1.

Box: New and updated human rights policies

The following **25** banks released updated human rights policies or statements since the last report. This includes stand-alone policies as well as policies integrated into other frameworks.

ANZ, Australia (October 2018)
Banco do Brasil, Brazil (Date unknown)
Bank of America, United States, (Date unknown)
Bank of Montreal, Canada (April 2017)
Bank of Nova Scotia, Canada (February 2019)
Banco Santander, Spain (December 2018)
Barclays, United Kingdom (November 2016)
BBVA, Spain (January 2018)
Citi, United States (November 2018)
Credit Suisse, Switzerland (Date unknown)
ING, Netherlands (Date unknown)
Intesa Sanpaolo, Italy (December 2017)
Itaú Unibanco, Brazil (May 2019)
Lloyds Banking Group, United Kingdom (February 2018)
Mizuho Financial Group, Japan (April 2018)
Morgan Stanley, United States (August 2019)
National Australia Bank, Australia (November 2018)
Rabobank, Netherlands (April 2018)
RBS Group, United Kingdom (Date unknown)
Société Générale, France (Date unknown)
Standard Bank, South Africa (2017)
Standard Chartered, United Kingdom (Date unknown)
Sumitomo Mitsui Trust, Japan (November 2016)
UBS, Switzerland (March 2019)
Westpac Banking Corp, Australia (Date unknown)

The following **three** banks introduced their first stand-alone human rights policies since our last report in June 2016:

Banco Bradesco, Brazil (May 2018)
Mitsubishi UFJ, Japan (May 2018)
Sumitomo Mitsui Financial, Japan (Date unknown)

The following **14** banks have human rights policies that have not been updated since June 2016:

ABN AMRO, Netherlands (Date unknown)
BNP Paribas, France (2012)
Caixa Econômica Federal, Brazil (Date unknown)
Commonwealth Bank, Australia (2015)
Crédit Agricole, France (December 2009)
Deutsche Bank, Germany (Date unknown)
Goldman Sachs, United States (Date unknown)
HSBC, United Kingdom (September 2015)
JPMorgan Chase, United States (Date unknown)
Nordea, Finland (Date unknown)
Royal Bank of Canada, Canada (Date unknown)
Sberbank, Russia (January 2012)
UniCredit, Italy (March 2016)
Wells Fargo, United States (Date unknown)

The following **eight** banks do not have a human rights policy:

Agricultural Bank of China, China
Bank of China, China
BPCE, France
Canadian Imperial Bank, Canada
China Construction Bank, China
ICBC, China
State Bank of India, India
Toronto-Dominion Bank, Canada

Category 2: Due diligence process

2.1 Human Rights Due Diligence process

The requirement: Does the bank describe how it carries out human rights due diligence? (With reference to Principle 17)

Why this is important: Human rights due diligence (HRDD) is at the heart of the UN Guiding Principles approach to identifying, avoiding and mitigating adverse human rights impacts. Businesses need to “know and show” that they respect human rights, and to do this they should describe how they carry out HRDD. In this year’s report we have revised our criteria so that a bank needs a process in place to show how HRDD is conducted to score, rather than only a commitment to conduct it.

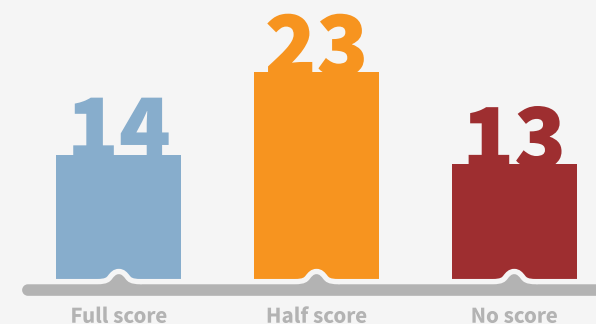
What we found: Just 14 banks out of 50 (28%) were found to have a HRDD process that is well-described and extends across the bank’s entire operations for a full score.

23 banks scored a half point, indicating that their HRDD processes was limited in scope or poorly described (e.g. without details of decision-making criteria). Front runner banks that scored a half-point included **Barclays, National Australia Bank** and **Nordea**, where the process was not clearly described or was not clearly applied to all aspects of the bank’s finance.

Six banks increased their scores since 2016 (**BBVA, Itaú Unibanco, HSBC, Caixa Econômica Federal, TD Bank, Bradesco**). Overall this reflected a slight increase in scores for this requirement: in 2016 the largest group of banks received no score, whereas in 2019 the largest group of banks received a half-score.

Four banks’ scores declined from 1 to 0.5 since 2016 due to the revision to our criteria (**Barclays, Nordea, RBS, Goldman Sachs**), indicating that the bank has a commitment to conduct human rights due diligence, but its process is not well described or is limited in scope.

Score distribution



Full score: The bank describes how it carries out human rights due diligence, for example describing its process for identifying and assessing human rights impacts and its decision-making criteria. This extends across its entire business operations, including impacts linked to the bank’s finance.

Half score: The bank describes how it carries out human rights due diligence, but this is limited in scope to certain sectors or business areas only.

2.2 Consultation

The requirement: Does the bank show how its process for identifying and assessing human rights impacts involves meaningful consultation with potentially affected groups and other relevant stakeholders? (With reference to Principle 18, 18b)

Why this is important: Enterprises need to understand, as far as possible, the concerns of those who may be directly affected by their operations.¹⁴ This requirement considers whether banks are taking the views of rights-holders into account when identifying actual or potential adverse human rights impacts.

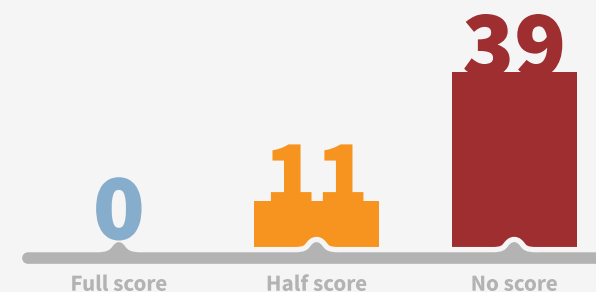
What we found: Our results show starkly that banks are not meeting this requirement. As in 2016, no banks fulfilled the criteria for a full score against this requirement, and only 11 achieved a half score (22%, as compared with six banks, or 13%, in 2016.)

Banks that scored a half point on this requirement typically detailed approaches to due diligence that factor in the views of some stakeholders, for example trade unions and civil society groups, but did not describe a process in which the bank systematically seeks the views of potentially affected people. For example, **ABN AMRO** states, “we use a wide variety of sources that inform us on the views of local communities or unions” and refers to engagement with civil society groups, but it does not detail a process for identifying impacts that involves meaningful consultation with potentially affected groups in any systematic way.

Several banks (e.g. **UBS, ING, BBVA**) argued that their membership of the Equator Principles was sufficient to meet this requirement. As the Equator Principles in their current version (at the time of assessment (EP3)) are limited in scope to the financing of large projects (through project finance or corporate loans where proceeds are known); restrict specific human rights due diligence to “limited high risk circumstances”; and require stakeholder engagement only for Category A and B projects in ‘non-designated’ countries, we do not consider membership of the Equator Principles alone to be sufficient for a half score.¹⁵

Note that we do not look for banks to consult with affected communities directly on a routine basis for a full or half score; rather, we look for banks to ensure the views of potentially affected groups are included in their due diligence in a systematic way. Client confidentiality considerations may prevent banks from engaging with affected communities directly, although banks can attempt to overcome these in several ways – for example by inserting clauses into client contracts reserving the right to disclose details of client relationships in certain circumstances, or by making enquires anonymously or via a consultant.¹⁶

Score distribution



Full score: The bank details how its process for identifying impacts involves meaningful consultation with potentially affected groups. For example, the bank assesses the quality of consultations conducted by clients, and supplements this with its own consultation when necessary or in certain high-risk circumstances.

Half score: For example, the bank details a process for identifying impacts which includes consultation, but this is limited to certain groups of stakeholders or business divisions (e.g. potentially affected groups are not involved).

2.3 Allocating responsibility

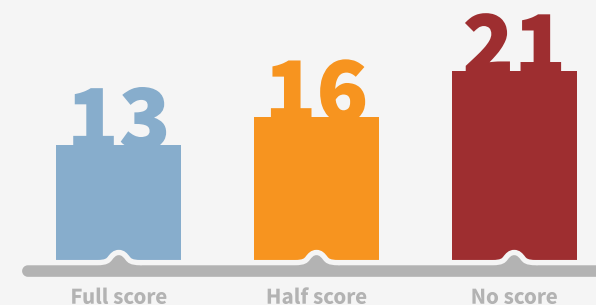
The requirement: Does the bank clearly allocate responsibility for addressing human rights impacts to specific levels and functions within the business enterprise? (With reference to Principle 19, 19a)

Why this is important: Allocating responsibility for addressing human rights impacts clearly in a bank's due diligence process is part of ensuring that the findings of the bank's impact assessments are effectively integrated across the business. Describing the differentiated responsibilities of staff and the referral and escalation processes is an indicator of a well-elaborated due diligence process.

What we found: This is the requirement that has seen the highest level of improvement in the average score, with 11 banks' scores improving and only one bank's score declining. This was **Rabobank**, which previously had a stand-alone human rights policy but has since integrated it into a broader Sustainability Policy Framework which includes less detail on responsibility for human rights due diligence. Despite this level of improvement, the largest group of banks did not score on this requirement at all (21 banks in 2019, down from 28 banks in 2016).

Banks that improved their score mainly did so through releasing new or updated human rights policies or statements, but others detailed responsibility for addressing human rights impacts through other documents, e.g. in their annual reporting (e.g. **BNP Paribas**) or descriptions of broader ESG processes (e.g. **HSBC**).

Score distribution



Full score: The bank details differentiated responsibilities of staff in different functions (e.g. business development, relationship managers, analysts, ESG staff) including referral and escalation processes and ultimate responsibilities.

Half score: E.g. the bank details limited information on the main teams responsible for assessing human rights impacts.

2.4 Assessing relationship to impact (New)

The requirement: Does the bank have a process for assessing whether it has caused or contributed to an adverse impact? (With reference to Principle 19, 19b (ii))

Why this is important: A business' relationship to a human rights impact – whether it causes or contributes to the impact through its own activity, or is directly linked to the impact through its business relationships – determines whether it has a responsibility to participate in addressing or remediating the impact, under the foundational Principle 13 of the UNGPs. UN advice is clear that banks may contribute to adverse human rights impacts through their finance in certain circumstances and this is also becoming more widely accepted within the banking sector.¹⁷ If banks are to play a role in remediating impacts they have caused, or to which they have contributed, they must have a process for assessing their relationship to an impact – whether it is related to the bank's provision of finance or not.

What we found: Alarming, only four banks (8%) were found to give any indication that they assess whether they caused or contributed to an adverse human rights impact, with no banks describing a process for making such an assessment. Putting such processes in place is a first step towards ensuring that banks play a role in remedying adverse human rights impacts where appropriate, and to date we have found no examples of banks claiming to have played a role in remediating an adverse impact.

Banks that scored a half point met the requirement in different ways.

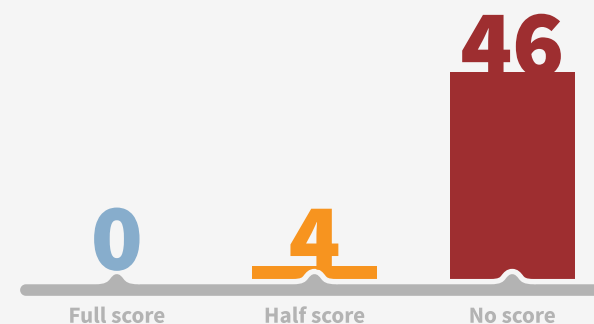
Standard Bank gives the clearest commitment to assess its relationship to an impact, stating in its Human Rights Statement that it will take “appropriate steps where we discover, or are made aware, that we have caused or contributed to actual or perceived human rights abuses. This may include disciplinary action, exiting a particular business relationship, or constructive engagement with others to promote better practice”.

ABN AMRO notes that it assesses its “responsibility and ability to contribute to remediation” in response to complaints raised through its grievance channels only – a position that leaves much to be desired as it gives no indication that the same assessment is made for impacts the bank identifies itself.

UniCredit similarly indicates that it assesses its relationship to impacts based on “stakeholders’ feedback and grievances” only.

BBVA commits “to compensate or cooperate in the effective compensation for any adverse impact for which BBVA is directly responsible”, in a statement that does not use the language of ‘contribution’, although the reference to possible compensation for adverse human rights impacts is welcome and unique among banks reviewed.

Score distribution



Full score: The bank has a process in place for assessing whether it has caused or contributed to an adverse impact, and details the process, including decision-making criteria and lines of responsibility. This process is applicable across the bank's entire business operations, including impacts linked to the bank's finance.

Half score: For example, the bank indicates that it assesses whether it has caused or contributed to an adverse impact as part of its human rights due diligence, without detailing the process.

2.5 Tracking effectiveness

The requirement: Does the bank verify whether adverse human rights impacts are being addressed, by tracking the effectiveness of its response? (With reference to Principle 20)

Why this is important: As guidance to the UNGPs notes, it is generally recognized that “what gets measured gets managed”. Accordingly, tracking and measuring the success of a bank’s response to both potential and actual adverse human rights impact is essential for the bank and its stakeholders to know whether its approach is having an impact.

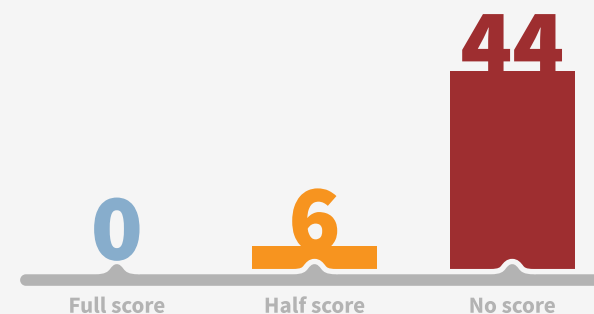
Our findings: The vast majority of banks (44 out of 50, or 88%) failed to score against this requirement, providing no evidence that they track the effectiveness of their response to adverse human rights impacts. Banks that scored a half point were **Rabobank, ANZ, Barclays, Intesa Sanpaolo, UniCredit** and **Itaú Unibanco**.

These banks described elements of a process for tracking their response to human rights impacts, but usually in rather general terms. For example, **Barclays** speaks directly to the requirement, stating, “We monitor the effectiveness of our approach through reviewing adherence to management frameworks, policies and standards [...] and on-going dialogue on human rights with external organisations, peer companies and initiatives.” This stops short of evaluating whether the bank’s response to specific human rights impacts has been effective in preventing or mitigating those impacts.

Guidance to the UNGPs indicates the kind of tracking system which is expected. This could “simply review how [the business] has responded to the potential impact identified, and whether – or to what extent – these responses prevented the impact. But wherever a significant human rights impact has occurred, the enterprise is well advised also to undertake a root cause analysis or equivalent process to identify how and why it occurred.”¹⁸ There is no evidence of banks having a process in place that hones in on specific impacts identified and whether the bank’s response has been effective – let alone undertaking the kind of root cause analysis that is appropriate for more significant impacts.

Our requirement for a half score has changed this year to better align with the text of Principle 20. In 2016 we awarded a half score where banks reported human rights indicators. We now assess indicators in the new requirement 3.3 under the Reporting chapter. As a consequence, nine banks’ scores declined in 2019 and no scores improved, with banks whose scores declined typically picking up additional scores under 3.3.

Score distribution



Full score: The bank describes a process for tracking the effectiveness of its response to adverse human rights impacts. This process details indicators and draws on feedback from internal and external sources, including affected stakeholders. It is applicable across the bank’s entire business operations, including impacts linked to the bank’s finance.

Half score: For example, the bank describes a process for tracking effectiveness of its response to adverse human rights impacts, but: this is limited in scope to impacts arising from certain business activities or sectors; indicators are not detailed; or the process does not include feedback from internal and external sources.

Box: The UK Modern Slavery Act

The UK Modern Slavery Act (MSA) 2015 requires companies active in the UK to annually publish a “slavery and human trafficking statement” showing what steps they have taken to tackle modern slavery in their business and supply chains. The Act applies widely to global business above a certain turnover where they “carry on business” in the UK. Of the 50 banks covered in this Benchmark, 42 were found to have published statements under the MSA, either for the entire bank or a UK or European subsidiary or branch.

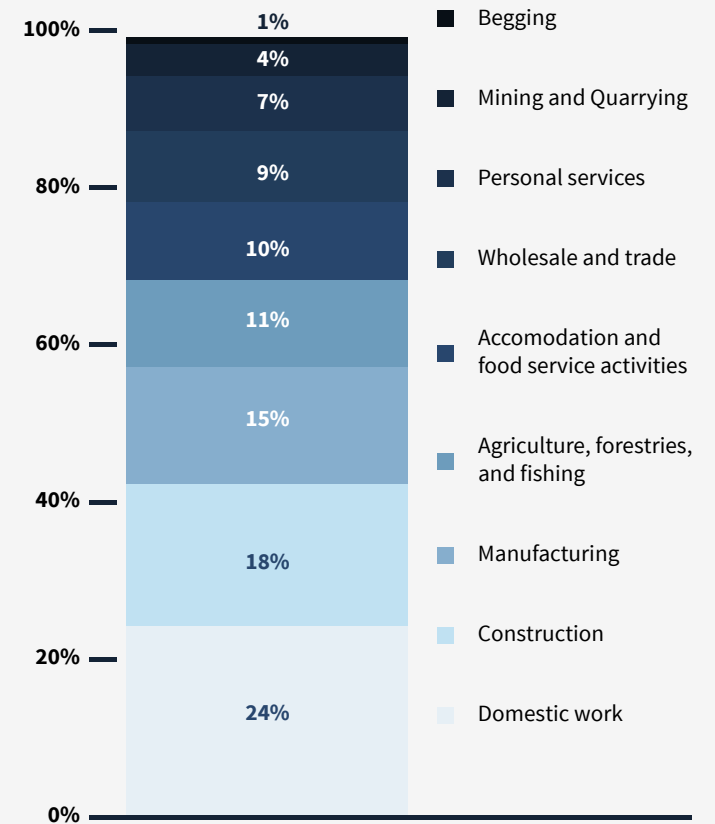
Banks’ statements under the MSA were reviewed as part of the research for this benchmarking exercise and only contributed to increased scores in a handful of cases (**RBS, Standard Chartered, Wells Fargo, Commonwealth Bank** and **Deutsche Bank**). Our review of these statements tends to support the conclusion of the Business and Human Rights Resource Centre, that most companies’ statements remain generic, “committing to fight modern slavery, without explaining how.”¹⁹

Banks’ MSA statements were typically limited to detailing organisational structure and listing or paraphrasing relevant policies, including supplier codes of conduct, environmental and social risk policies, employee speak-up policies and anti-money laundering policies. These often focused on employees and suppliers, with impacts relating to clients or customers given less attention. Several banks did not mention their clients or customers in their MSA statements at all (**ANZ, Bank of America, Bank of China, CIBC, Crédit Agricole, Credit Suisse, Mitsubishi UFJ, Mizuho, Standard Bank, TD Bank**).

In addition, banks often stated that they are not aware, or have not been made aware, of any incidents related to slavery and human trafficking (e.g. **ANZ, China Construction Bank, Lloyds Banking Group, Mizuho, National Australia Bank, RBS, Standard Bank**). The report of the Financial Sector Commission on Modern Slavery and Human Trafficking recently found an estimated 40.3 million people in modern slavery or victims of human trafficking worldwide, with victims working in sectors including manufacturing, construction and mining – significant clients of the banking sector.²⁰ Victims also often interact directly with banks as retail clients. As such, for a bank to find that it is unaware of any incidents relating to slavery and human trafficking connected to its business suggests its due diligence is inadequate, rather than indicating a clean bill of health.

Banks whose statements included more substance on their potential links to modern slavery and trafficking included **ABN AMRO**, which detailed measures taken to assess clients on modern slavery risk factors in detail, and **Standard Chartered** and **Barclays**, which presented case studies including follow-up steps requested from particular client companies or projects. Another important impact of the MSA is that it has compelled some ‘laggard’ banks to consider the issues of modern slavery and trafficking and brought it onto the agenda at Board level, at banks which previously have no track record when it comes to addressing human rights impacts, including banks that scored zero and close to zero in this benchmark.

A recent review of the UK Modern Slavery Act recommended among others steps that the reporting criteria of the Act be made mandatory, and that companies no longer be allowed to report they have taken “no steps” in the last financial year to address modern slavery risks.²¹ Regarding the banking sector, our analysis suggests the Act should also make clear that banks need to extend their due diligence beyond staff and supply chains to cover their core business, the provision of finance.



Source: Figure 9, Modern Slavery Estimates, ILO

Category 3: Reporting

3.1 Reporting

The requirement: Does the bank report formally on how it addresses its human rights impacts externally? (With reference to Principle 21)

Why this is important: As well as committing to respect human rights and developing a due diligence process, banks need to communicate how these commitments are implemented in practice. Reporting on human rights, whether in a stand-alone human rights report, an annual Sustainability Report or integrated with financial reporting, is needed for banks to show the impact of their policies in terms of practical action to manage, prevent and mitigate human rights impacts.

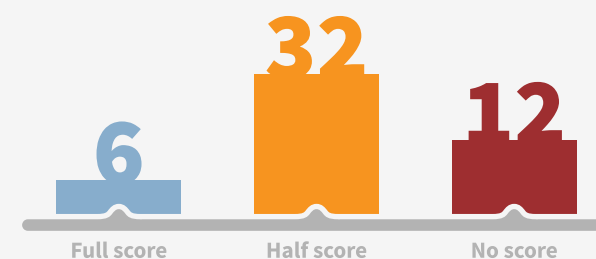
What we found: Human rights reporting by banks has become more developed since our last benchmark in 2016, but remains very limited overall. The number of banks with no human rights reporting to speak of – those scoring 0 – has declined to 12 (24%) from 15 (33%) in 2016. These banks are **Morgan Stanley, JPMorgan Chase, Goldman Sachs, Mitsubishi UFJ, Crédit Agricole, Bank of America, Canadian Imperial Bank, Sberbank, Royal Bank of Canada, Agricultural Bank of China, Bank of China and China Construction Bank**. Of these, **Morgan Stanley** and **JPMorgan Chase** are ranked as ‘followers’, with commitments to respect human rights and due diligence processes to some extent in place, and the remainder are ‘laggards’.

Only six banks achieve a full score: **ABN AMRO, ING Group, Citi, Westpac, Intesa Sanpaolo** and **BNP Paribas**. All of these banks except Intesa Sanpaolo follow or refer to the UN Guiding Principles Reporting Framework and present an analysis of the bank’s most salient human rights risks.²² Intesa Sanpaolo does not use the Reporting Framework but presents an assessment of the bank’s main areas of human rights impact with details on how each is managed.

The largest number of banks score a half point, typically for reporting that mentions some internal human rights developments but does not include an analysis of the bank’s main areas of impact. This includes several ‘front runner’ banks, including **Rabobank, ANZ, BBVA, Barclays, National Australia Bank** and **Nordea**.

ING and **ABN AMRO** are the only banks in this study to have produced a stand-alone human rights report. Both banks are participating in the Dutch Banking Sector Agreement on Human Rights, which requires banks to report “in line with or equivalent to the UN Guiding Principles Reporting Framework”.²³ **Rabobank** is also part of this agreement, but has not yet, at the time of writing, met its commitment in this regard.

Score distribution



Full score: The bank reports formally on what its main human rights impacts are, and details how it addresses them.

Half score: For example, the bank reports on some internal human rights developments (e.g. policy developments), but this does not include reporting on how it addresses impacts.

3.2 Adequacy of response

The requirement: Does the bank's reporting provide information that is sufficient to evaluate the adequacy of its response to particular human rights impacts? (With reference to Principle 21)

Why is this important: To respect human rights, businesses need to take steps to avoid or prevent specific human rights impacts occurring, and to address or mitigate such impacts when they do occur. Strong human rights reporting from banks acknowledges that adverse impacts do occur and discusses the steps taken by the bank in response, in a way which is sufficient for stakeholders to understand whether the response is appropriate.

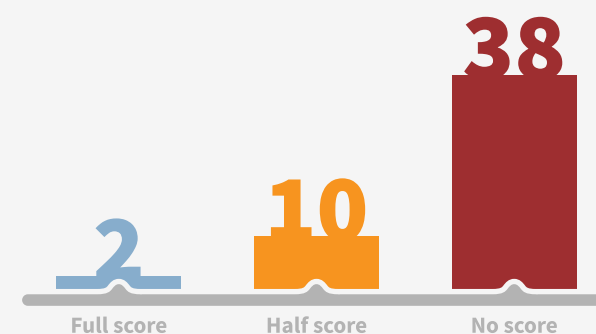
What we found: Our benchmark looks for a *minimum standard* of compliance with this requirement, awarding a half score where *at least one* significant human rights impact is discussed, and a full score where this gives details of concrete actions taken and follow-up steps requested. Despite this low bar, only 12 banks scored on this requirement, with 38 (or 76%) of banks failing to report on any specific adverse human rights impacts. The two banks to receive a full score were **ABN AMRO** and **ING**, also the only two banks covered in this study to have produced stand-alone human rights reporting.

There has been some improvement since 2016, when no banks were awarded a full score and nine were given a half score. **BBVA, ING, Barclays, Westpac, Standard Chartered** and **Banco do Brasil** all improved from a zero score in 2016. (**Rabobank, Citi, National Australia Bank, Nordea** and **Wells Fargo** achieved a half score in 2016 and 2019.) Yet amidst this net improvement, some banks' human rights reporting has become poorer. Scores for **ANZ, BNP Paribas, UBS** and **Commonwealth Bank** declined from 0.5 to 0, indicating that we found reporting on at least one specific impact in the bank's most recent reporting in 2016 but not in 2019.

Two banks provided an explanation for not reporting on any specific adverse human rights impacts in their reporting: they had not found any. **Lloyds Banking Group** noted in its report, "zero cases identified of human rights abuses in 2018". Similarly, **Sumitomo Mitsui Trust** reported that it "has not had any cases of infringement of human rights in the past three years." In neither case did the bank show how this finding was backed by a credible research process.

We look further at reporting by banks on specific companies and projects with associated human rights impacts in "[Box: Reporting on specific companies and projects](#)" below.

Score distribution



Full score: The bank reports on how it has sought to address specific severe human rights impacts, and the reporting is sufficient to evaluate the adequacy of its response (e.g. describing concrete actions taken, follow-up steps requested from clients or investee companies.)

Half score: The bank reports on how it has sought to address specific severe human rights impacts, but the reporting is not sufficient to evaluate the adequacy of the response.

3.3 Indicators (New)

The requirement: Does the bank’s reporting include indicators for how it identifies and addresses adverse impacts on human rights? (With reference to Principle 21, commentary)

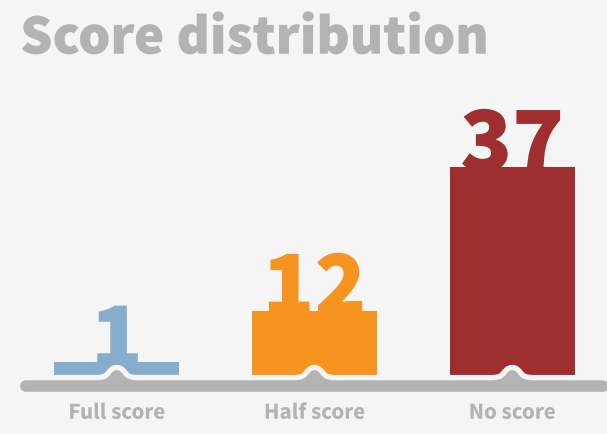
Why is this important: Indicators, whether qualitative or quantitative, are an important basis for tracking the effectiveness of a bank’s response to human rights impacts. Reporting on indicators used for tracking, and on indicators covering the results of the bank’s efforts to identify and address adverse impacts, is important to help stakeholders understand how successfully the bank is managing these impacts.

What we found: A large majority of banks (37 out of 50, or 74%) did not report indicators relating to their human rights performance at all. This reflects the generally limited level of human rights reporting currently evident in the banking sector.

Only one bank, **Rabobank**, scored a full point for this requirement. Rabobank reports data on, and brief summaries of, its engagement with clients, including human rights controversies and whether the client is taking action. This is not presented as a formal human rights performance indicator, but presents numbers and type of impacts identified, and assessment of progress towards addressing each impact, and is considered sufficient for a full score.

Twelve banks scored a half point for reporting at least one indicator relating to human rights performance. Indicators included numbers of human rights assessments of clients carried out; breakdowns of human rights engagement by issue; and numbers of clients excluded for human rights reasons. Some poor performing banks overall scored on this indicator; for example, **State Bank of India** received half a point for reporting an indicator relating to complaints of sexual harassment received, making up half of the bank’s total score of 1 out of 14.

Banks only scored where the indicators reported related specifically to human rights issues or performance. Following input from our Independent Academic Advisory Panel (see [“Appendix III: Statement from the Independent Academic Advisory Panel”](#)), indicators relating to staff human rights training were not considered sufficient for a score or half-score, as these do not relate to human rights performance or outcomes. Indicators relating to broad environmental and social performance (e.g. “percentage of assets with an ESG investment approach”) also did not score unless human rights were specifically broken out.



Full score: Indicators relating to the bank’s main human rights impacts are included in reporting. For example, number and type of impacts identified, and assessment of progress towards addressing each impact.

Half score: The bank’s reporting includes at least one indicator relating to the bank’s human rights performance, but these do not cover the bank’s main human rights impacts (e.g. as defined by the bank).

Box: Reporting on specific companies and projects

As Chapter 3 shows, human rights reporting by most banks is limited to internal policy developments, with only very few banks considering their main human rights risks, discussing specific impacts or reporting related indicators. In particular, 3.2 shows very little reporting of measures taken to address specific adverse impacts to which the bank was linked. Of the 10 banks that gained a half score against this requirement, most reported briefly on one or two specific adverse human rights impacts, with limited details about follow-up steps taken and no mention of the specific company or project financed.

We do not require reporting of specific company or project names for banks to score against any of our criteria in this Benchmark, however disclosing the names of clients, projects or investee companies will make reporting on the bank's response to a human rights issue clearer and more straightforward. We assessed the human rights reporting of all 50 banks reviewed for this Benchmark for mentions of specific customers or projects with related human rights issues. We found only four, and three of these related to the same project.

These were:

- **ANZ**, which included a brief case study on the Phnom Penh Sugar Company. ANZ has been subject to a complaint at the OECD National Contact Point regarding its finance for Phnom Penh Sugar in 2014.
- **ABN AMRO, ING and Wells Fargo**, all of which mentioned their links to the Dakota Access Pipeline (DAPL). ABN and ING both included one-page case studies detailing their response to the high-profile case, while Wells Fargo only mentioned in one sentence that it had 'enhanced' its due diligence as a result of 'issues that arose'.

A small number of other banks mention engagement with specific customers regarding human rights issues outside of their reporting. For example, **National Australia Bank** discussed its engagement with the palm oil and agribusiness company Wilmar on its website.²⁴ Wilmar has been consistently linked to human rights abuses involving land grabs and community conflicts in Indonesia and several African nations and has received ongoing and large-scale finance from all four big Australian banks.²⁵

Several other banks have also mentioned DAPL on their websites or in previous years' reporting, including in the context of stepping away from their finance for the pipeline.²⁶ However, overall the picture is clear – banks hardly ever mention specific companies and projects in the context of human rights, and when they do, it is in relation to very high-profile cases in which the bank's link to the company or project concerned was widely reported in the media.

A reason often advanced by banks for not reporting in more detail on specific impacts is that they are unable to do so for 'client confidentiality reasons'. There are several problems with this argument.

Firstly, banks are able to report on their relationships and engagement with specific clients, with the client's consent. Given the extremely low level of such reporting, it seems banks are simply not requesting such consent in a systematic way.

Secondly, banks can ask for this consent as part of the process of client onboarding, as some smaller banks already do. This has been cited as good practice by the OECD's recent report on Responsible Business Conduct in corporate lending, which urges standard loan agreements to be adapted to allow for standardised disclosure.²⁷

Finally, there is no barrier to banks reporting about actions they have taken regarding investee companies (for example, companies in which banks manage shareholdings through their asset management divisions), as these relationships are not protected by client confidentiality, and yet we did not find evidence of reporting of specific human rights issues relating to asset management either.

Category 4: Remedy

4.1 Remediation

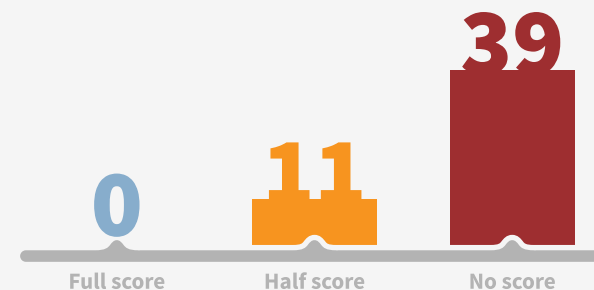
The requirement: Does the bank provide for, or cooperate in, the remediation of adverse impacts to which it identifies it has caused or contributed? (With reference to Principle 22)

Why is this important: When a business identifies that it may have caused or contributed to an adverse human rights impact, the responsibility to respect human rights means that it should play an active role in remedying the impact. Remedy is also a relevant consideration for banks when they are directly linked to an impact, but have not contributed to it, where they can seek to enable their clients to provide remedy.²⁸

What we found: There is an almost total absence of evidence that banks are playing any role in remediating adverse human rights impacts in practice. None of the banks we reviewed disclosed efforts to cooperate in the remediation of specific impacts in their reporting or elsewhere, or assessed whether their efforts had played a role in ensuring that human rights impacts were remediated. One exception to this was that **BBVA** claimed in its response to our draft scores that it had cooperated in the remediation of adverse impacts in the case of two of its clients (in the cases of Ferrovial and the Dakota Access Pipeline). This is welcome, however the level of evidence provided is not sufficient to evaluate the adequacy of the bank's actions and the extent to which the impacts have been remediated.

We found an increase in the number of banks with a clear commitment to remediate adverse human rights impacts (11 banks, compared with six in 2016). These were **ABN AMRO, Rabobank, BBVA, Citi, Barclays, National Australia Bank, Westpac, Nordea, UniCredit, Standard Chartered** and **Société Générale**. These banks received a half score, as none disclosed a clear process for remediating human rights abuses where they are responsible for doing so.

Score distribution



Full score: The bank makes a clear commitment to providing for or cooperating in the remediation of human rights impacts to which it has caused or contributed and details a process for remediating such impacts (e.g. through participation in legitimate processes including judicial and non-judicial mechanisms, as appropriate).

Half score: For example, the bank makes a clear commitment to remediation of human rights impacts but does not detail the process for remediation.

4.2 Grievance mechanism

The requirement: Has the bank established or participated in a grievance mechanism for individuals and communities who may be adversely impacted by its activities? (With reference to Principle 29)

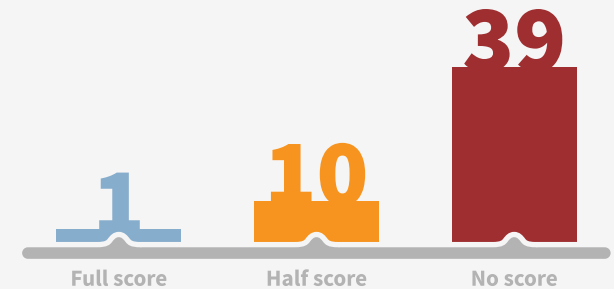
Why is this important: As well as having a responsibility to remediate human rights impacts that *the business itself* identifies it has caused or contributed to, businesses have a responsibility to allow those who feel their rights have been impacted to raise their own grievances and seek remediation. This includes for grievances the business has caused or contributed to, as well as those to which it is directly linked, as a grievance must first be raised before the relationship of the business to the impact can be established.

Concerned by the lack of progress towards the development of effective grievance mechanisms in the banking sector, BankTrack and Oxfam Australia published an extensive briefing paper reviewing banks' responsibilities and providing suggestions and recommendations for how banks can develop and implement effective grievance mechanisms that will be legitimate, trusted and meet their responsibilities under the Guiding Principles ('Developing Effective Grievance Mechanisms in the Banking Sector', 2018).²⁹

What we found: While banks sometimes ask or require certain clients or project companies to establish grievance mechanisms, they are failing to meet the responsibility to establish or participate in grievance mechanisms themselves. In 2019, 39 out of 50 banks (78%) received no score for this requirement, meaning they lack any channel through which affected people can raise human rights related complaints to the bank, other than channels limited to customers and staff. This compares to 37 out of 45 banks (82%) in 2016.

Only one bank, **National Australia Bank**, received a full score in 2019.³⁰ The bank commits to "maintain dispute resolution processes for parties who feel aggrieved", makes channels available online through which complaints can be raised by affected people, and provides details of the process.³¹ The channels do not specifically mention that they are open for human rights related complaints, although this is made clear elsewhere, e.g. in the bank's reporting. The bank does not show how its grievance mechanisms meet effectiveness criteria (assessed in 4.3). **ABN AMRO** stated in its Human Rights Report it is planning to establish a grievance mechanism, which is welcome, although it would be premature to score the bank on this future commitment.

Score distribution



Full score: The bank operates or participates in a channel through which complaints or grievances can be raised to the bank, which is explicitly able to address human rights related issues, and which is open to all who may be adversely impacted by its operations, products and services.

Half score: The bank operates or participates in a channel through which human rights complaints or grievances can be raised to the bank by communities impacted by its finance, but it is restricted to certain sectors or business areas. Complaints mechanisms which are restricted to employees and/or customers do not receive a score.

4.3 Effectiveness criteria

The requirement: Does the bank’s grievance mechanism meet effectiveness criteria? (With reference to Principle 31)

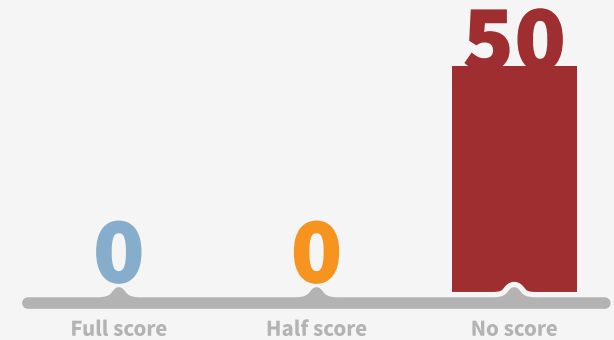
Why is this important: Bank grievance mechanisms need to be designed thoughtfully and with careful attention to the effectiveness criteria established in the UN Guiding Principles. These set out that non-judicial grievance mechanisms, whether State-based or non-State-based, should be legitimate, accessible, predictable, equitable, transparent, rights-compatible and a source of continuous learning. Operational-level grievance mechanisms, including company-level and site- or project-level mechanisms, should also be based on engagement and dialogue – consulting the stakeholder groups for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances.

What we found: As in previous years’ reports, we found no evidence of banks operating or participating in effective grievance mechanisms, despite this being a clear requirement of the responsibility to respect human rights.

To score a full or a half score on this requirement requires banks to have a grievance mechanism in place (their own or one in which they participate), i.e. to score a full point for the previous requirement (4.2). As such, at present there is only one bank that meets the bar for assessment here (**National Australia Bank**). In line with the overall approach of this benchmarking report, we do not independently assess the effectiveness of the mechanism, but look for banks to illustrate how they consider they are implementing the requirements of the Guiding Principles, or to “know and show”, in the language of the Principles. NAB does not (yet) show how its grievance mechanism meets effectiveness criteria.

For a half score, the grievance mechanism need only to show that it meets two elements of the effectiveness criteria. In this way, we hope to set the bar for a half score at an achievable level. For example, the bank may show that its grievance mechanism is predictable (“providing a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcome available and means of monitoring implementation”) and transparent (“keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism’s performance to build confidence in its effectiveness and meet any public interest at stake”). Suggested steps banks can follow to developing their own grievance mechanisms using the effectiveness criteria are detailed in ‘Developing Effective Grievance Mechanisms in the Banking Sector’ (BankTrack and Oxfam Australia, 2018).³²

Score distribution



Full score: The bank operates or participates in a grievance mechanism (i.e. which meets the requirement for a full score in 4.2 above) and shows how this meets all effectiveness criteria.

Half score: The bank has established a grievance mechanism (i.e. which meets the requirement for a full score in 4.2 above) and shows how this meets at least two aspects of the effectiveness criteria.

Box: Current policy landscape on Free, Prior and Informed Consent

A community's choice to give, or withhold, its free, prior and informed consent (FPIC) to a project or activity planned to take place on their land is a recognized right of Indigenous peoples under international law. Of the 50 banks benchmarked in this report, 26 mention the principle of FPIC in their policies, while six banks refer to the rights of Indigenous peoples without mentioning FPIC specifically.

Many bank policies that include reference to FPIC do not go beyond the bank's requirements under the Equator Principles, meaning their scope is limited to large project-focused finance transactions in certain 'non-designated' (less developed) countries. Some that go beyond this only state what the bank expects from the client, without clarifying what then happens when the client does not meet these expectations.

Only a few banks explicitly state that they will exclude finance for projects or clients when there is a failure to comply with FPIC or a breach of indigenous peoples' rights. These include:

- **ABN AMRO**, which states it “will not knowingly provide financial products or services that directly facilitate [...] activities resulting in the infringement of the rights of indigenous and/or vulnerable groups without their Free Prior and Informed Consent (FPIC)”;
- **BBVA**, which states it “will not provide financial services to projects or clients whose core business is linked to [...] projects that entail the resettlement or violation of rights of indigenous peoples, without their free, prior and informed consent (FPIC)”; and

- **UBS**, which states it “will not engage in commercial activities [...] that infringe the rights of indigenous peoples” and “will not knowingly provide financial or advisory services to clients whose primary business activity, or where the proposed transaction, is associated with severe environmental or social damage to [...] Indigenous peoples' rights in accordance with IFC”.

Further, **Credit Suisse** agreed following a recent NCP complaint to incorporate FPIC into its internal guidelines on oil, gas, mining, forestry and agriculture, and “will expect its customers to provide evidence that an amicable solution has been sought by means of active engagement with both the authorities and the affected indigenous communities, along the lines of FPIC” wherever financing projects that may have a negative impact on a region that is used or traditionally claimed by Indigenous communities.

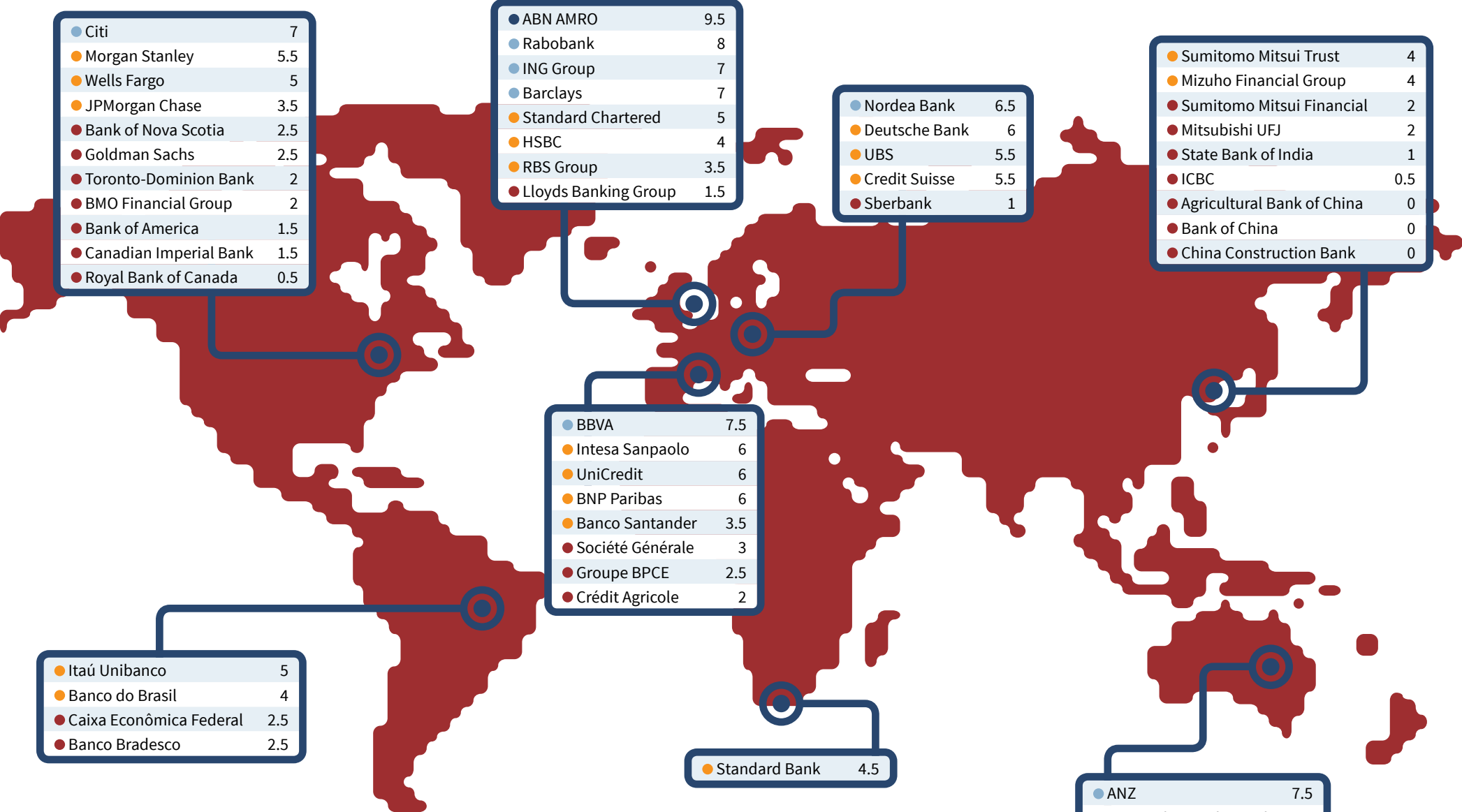
A handful of other banks (**Crédit Agricole**, **HSBC**, **Standard Chartered** and **UniCredit**) exclude finance for projects or clients when there is a failure to comply with FPIC for specific sectors only. In the case of HSBC, the commitment is not to “knowingly finance” such transactions.

Banco do Brasil and **Royal Bank of Canada** both only mention “free, prior and informed *consultation*” for Indigenous peoples in their policies of guidelines. Some other banks, including **Morgan Stanley**, **Rabobank** and **UniCredit**, refer variously to “free, prior and informed consultation” as well as “free, prior and informed consent”. Unlike FPIC, this term is not recognised in international law and its use is seen as co-opting the language of FPIC and undermining the concept.

Banks making no mention of FPIC or Indigenous Peoples' rights in their human rights or sector-specific policies include **Agricultural Bank of China**, **Banco Bradesco**, **Bank of China**, **Bank of Montreal**, **Groupe BPCE**, **Canadian Imperial Bank**, **China Construction Bank**, **ICBC**, **Itau Unibanco**, **Lloyds Banking Group**, **Sberbank**, **Standard Bank**, **State Bank of India**, **Sumitomo Mitsui Financial** and **Sumitomo Mitsui Trust**.

For further discussion and recommendations on what banks must do to put commitments on FPIC into practice, see ‘Consent is Everybody's Business’ (Oxfam, 2019).³³

Results by region



Legend:
 ● Leaders
 ● Front runners
 ● Followers
 ● Laggards

Call to action for banks

This report aims to spur banks to move towards full implementation of the UN Guiding Principles, so that they work actively to avoid causing or contributing to human rights abuses directly, to prevent human rights abuses occurring in connection with activities they finance, and to engage with rights-holders and other stakeholders to ensure such impacts are addressed when they do occur. Our findings illustrate that banks increasingly have policy commitments to respect human rights in place, and some due diligence processes to support them, but show little evidence that this is translating into real adverse human rights impacts being prevented or addressed.

The following four closely inter-related recommendations focus on those areas we see as immediate priorities requiring banks' urgent attention:

1. Focus on remediation of the most severe impacts.

A concerning finding of this report is that banks are not presenting evidence that they are taking action to ensure human rights impacts are remedied – whether or not the bank shares in the responsibility for providing that remedy. Indeed, there is no evidence that banks have processes in place to evaluate the extent of their responsibility for remediating human rights impacts. This finding reflects a broader failing by businesses across the board to play their due role in remedying human rights impacts; one driving factor behind efforts in many countries towards making due diligence mandatory and to develop a binding treaty to strengthen corporate accountability for human rights abuses.

Banks should first publicly acknowledge their responsibilities to play a role in remediation and detail their process for doing so. Next, they should prioritise the most severe adverse impacts linked to their activities and actively seek to ensure they are remedied, with a focus on the needs and interests of rights-holders in each situation.

2. Report on how specific adverse impacts have been managed and remedied.

To meet their responsibilities, banks need to not only work towards remedying their most severe human rights impacts, but also show in their reporting how they have done so. This requires a step-change in human rights reporting. The emergence, from a handful of banks, of reporting which follows the UN Guiding Principles Reporting Framework is a positive development, but too often even these relatively leading-edge reports focus on broad areas of human rights risk, without discussing specific human rights impacts. This is despite the Reporting Framework's clear steer for companies to “focus their human rights disclosure on the most severe actual and potential impacts on human rights associated with their activities and business relationships.”³⁴

Banks should include indicators of the number and type of actual or potential human rights impacts they have identified through their own due diligence in the reporting period, as well as those brought to their attention by communities or other external stakehold-

ers, and show how they analyse and prioritise these by severity. For all impacts they evaluate as most severe – not only a selection of case studies – they should detail the steps taken to prevent, address or mitigate the impact in enough detail for stakeholders to evaluate the adequacy of their response.

3. Develop effective grievance mechanisms.

As UN guidance sets out, operational-level grievance mechanisms are one of the most systematic ways for businesses to provide for the remediation of human rights impacts. Yet bank progress towards developing mechanisms in which they themselves participate is minimal. The Thun Group, an informal group of banks focussed on human rights, stated in response to our 2014 report that it was “premature” for BankTrack to benchmark banks on their approach to remediation and grievance mechanisms, as the topic had “not been conclusively interpreted yet”. It is now 2019 and the Thun Group has since remained silent on the banking sector's responsibilities under the Guiding Principles relating to remedy.

Banks need to show how they consider themselves implementing their responsibilities to establish and participate in such effective mechanisms. More detailed recommendations for banks in this regard have been elaborated in ‘Developing Effective Grievance Mechanisms in the Banking Sector’ (BankTrack and Oxfam Australia, 2018).³⁵

4. Overcome client confidentiality concerns and move towards ‘open books’. Banks’ human rights reporting will be much more valuable if banks are able to overcome the barrier of client confidentiality considerations to report on their efforts to address specific human rights impacts in detail. In addition, greater transparency will help ensure banks can operate effective grievance mechanisms by making it possible for affected communities to see who is financing projects that impact them. Transparency will also help improve trust in the sector and overcome barriers to direct engagement with affected communities. BankTrack has investigated how these considerations can be overcome if banks seek consent from clients to disclose the existence of client relationships. While this is now done in an ad-hoc fashion, banks can and should “write the right to disclose” these relationships into their lending agreements, so such disclosures can become standard practice.³⁶

A more active role for regulators

The unacceptably slow pace of progress by all but a handful of banks towards full implementation of the now-eight-year-old Guiding Principles, together with the persistence of the gaps in bank practice identified in our 2016 report, point to the need for regulators to play a more active role in driving progress in the sector – in particular by addressing areas in which banks appear unable or unwilling to take action themselves.

The Dutch Banking Sector Agreement has shown how regulators can play a role in generating progress on human rights, in this case through cooperation in a multi-stakeholder process, armed with the threat of regulation. The UK Modern Slavery Act and French Duty of Vigilance Law have also impacted the disclosures we have seen from banks in this report. But these efforts, taken together, have not yet succeeded in ensuring banks address their most severe human rights risks and impacts, often due to the pervasive secrecy of the sector.

We urge regulators to recognise and take steps to address the several alarming gaps in banks’ implementation of the Guiding Principles revealed by this report, in particular by opening up the sector to be more transparent regarding its provision of finance and the actual human rights impacts associated with it, and ensuring proper channels for remedy are put in place.

Appendix I: Full table of results

Bank	Country	Total	Change	Policy commitment			Due diligence process					Reporting			Remedy			Results
				1.1	1.2	1.3	2.1	2.2	2.3	2.4	2.5	3.1	3.2	3.3	4.1	4.2	4.3	
ABN AMRO	Netherlands	9.5	New	1	1	1	1	0.5	1	0.5	0	1	1	0.5	0.5	0.5	0	Results

Bank	Country	Total	Change		Policy commitment			Due diligence process					Reporting			Remedy			Results
					1.1	1.2	1.3	2.1	2.2	2.3	2.4	2.5	3.1	3.2	3.3	4.1	4.2	4.3	
Rabobank	Netherlands	8	0		1	0.5	1	1	0.5	0.5	0	0.5	0.5	0.5	1	0.5	0.5	0	Results
ANZ	Australia	7.5	+1	▲	1	1	1	1	0.5	1	0	0.5	0.5	0	0.5	0	0.5	0	Results
BBVA	Spain	7.5	+4	▲	1	0.5	1	1	0.5	1	0.5	0	0.5	0.5	0.5	0.5	0	0	Results
ING Group	Netherlands	7	+1.5	▲	1	0.5	1	1	0	1	0	0	1	1	0	0	0.5	0	Results
Citi	United States	7	-0.5	▼	1	0.5	0.5	1	0.5	0.5	0	0	1	0.5	0.5	0.5	0.5	0	Results
Barclays	United Kingdom	7	+0.5	▲	1	1	1	0.5	0	1	0	0.5	0.5	0.5	0.5	0.5	0	0	Results
National Australia Bank	Australia	6.5	+3.5	▲	1	1	1	0.5	0	0.5	0	0	0.5	0.5	0	0.5	1	0	Results
Westpac	Australia	6.5	+1.5	▲	1	0.5	1	1	0.5	0	0	0	1	0.5	0	0.5	0.5	0	Results
Nordea Bank	Finland	6.5	+0.5	▲	1	1	1	0.5	0	1	0	0	0.5	0.5	0	0.5	0.5	0	Results

Bank	Country	Total	Change		Policy commitment			Due diligence process					Reporting			Remedy			Results
					1.1	1.2	1.3	2.1	2.2	2.3	2.4	2.5	3.1	3.2	3.3	4.1	4.2	4.3	
Intesa Sanpaolo	Italy	6	+2	▲	1	0.5	1	0.5	0	0.5	0	0.5	1	0	0.5	0	0.5	0	Results
UniCredit	Italy	6	0		1	1	0.5	0.5	0	1	0.5	0.5	0.5	0	0	0.5	0	0	Results
Deutsche Bank	Germany	6	-0.5	▼	1	0.5	1	1	0.5	0.5	0	0	0.5	0	0.5	0	0.5	0	Results
BNP Paribas	France	6	-0.5	▼	1	1	0.5	1	0.5	0.5	0	0	1	0	0.5	0	0	0	Results
Morgan Stanley	United States	5.5	+3.5	▲	1	1	1	1	0.5	1	0	0	0	0	0	0	0	0	Results
UBS	Switzerland	5.5	-1	▼	1	1	1	1	0	1	0	0	0.5	0	0	0	0	0	Results
Credit Suisse	Switzerland	5.5	-1	▼	1	0.5	1	1	0	1	0	0	0.5	0	0	0	0.5	0	Results
Itaú Unibanco	Brazil	5	+1.5	▲	1	0	1	1	0	0.5	0	0.5	0.5	0	0.5	0	0	0	Results
Standard Chartered	United Kingdom	5	+3.5	▲	1	0.5	1	0.5	0	0	0	0	0.5	0.5	0.5	0.5	0	0	Results
Wells Fargo	United States	5	0		1	1	1	1	0	0	0	0	0.5	0.5	0	0	0	0	Results
Commonwealth Bank	Australia	5	-0.5	▼	1	1	1	0.5	0	1	0	0	0.5	0	0	0	0	0	Results
Standard Bank	South Africa	4.5	New		1	0.5	1	0.5	0	0.5	0.5	0	0.5	0	0	0	0	0	Results
Sumitomo Mitsui Trust	Japan	4	New		1	0	1	0.5	0	1	0	0	0.5	0	0	0	0	0	Results
Banco do Brasil	Brazil	4	+2	▲	1	0	0.5	0.5	0	0.5	0	0	0.5	0.5	0.5	0	0	0	Results
Mizuho Financial Group	Japan	4	+1	▲	1	0.5	1	0.5	0	0.5	0	0	0.5	0	0	0	0	0	Results
HSBC	United Kingdom	4	+1	▲	1	1	0.5	0.5	0	0.5	0	0	0.5	0	0	0	0	0	Results
Banco Santander	Spain	3.5	0		1	0.5	1	0.5	0	0	0	0	0.5	0	0	0	0	0	Results
JPMorgan Chase	United States	3.5	-0.5	▼	1	0	0.5	0.5	0.5	1	0	0	0	0	0	0	0	0	Results
RBS Group	United Kingdom	3.5	-1.5	▼	1	0.5	0.5	0.5	0	0.5	0	0	0.5	0	0	0	0	0	Results

Bank	Country	Total	Change		Policy commitment			Due diligence process					Reporting			Remedy			Results
					1.1	1.2	1.3	2.1	2.2	2.3	2.4	2.5	3.1	3.2	3.3	4.1	4.2	4.3	
Société Générale	France	3	+0.5	▲	1	0	0.5	0.5	0	0	0	0	0.5	0	0	0.5	0	0	Results
Caixa Econômica Federal	Brazil	2.5	-0.5	▼	1	0.5	0	0.5	0	0	0	0	0.5	0	0	0	0	0	Results
Groupe BPCE	France	2.5	New		0.5	0.5	0.5	0.5	0	0	0	0	0.5	0	0	0	0	0	Results
Banco Bradesco	Brazil	2.5	+1.5	▲	0.5	0.5	0	0.5	0	0.5	0	0	0.5	0	0	0	0	0	Results
Bank of Nova Scotia	Canada	2.5	+1	▲	1	0.5	0.5	0	0	0	0	0	0.5	0	0	0	0	0	Results
Goldman Sachs	United States	2.5	-0.5	▼	1	0.5	0.5	0.5	0	0	0	0	0	0	0	0	0	0	Results
Toronto-Dominion Bank	Canada	2	+1.5	▲	0.5	0	0	0.5	0	0.5	0	0	0.5	0	0	0	0	0	Results
Sumitomo Mitsui Financial	Japan	2	+1.5	▲	0.5	0	0.5	0	0	0.5	0	0	0.5	0	0	0	0	0	Results
BMO Financial Group	Canada	2	-1	▼	1	0	0.5	0	0	0	0	0	0.5	0	0	0	0	0	Results
Mitsubishi UFJ	Japan	2	+2	▲	1	0.5	0.5	0	0	0	0	0	0	0	0	0	0	0	Results
Crédit Agricole	France	2	0		0.5	0.5	0.5	0.5	0	0	0	0	0	0	0	0	0	0	Results
Bank of America	United States	1.5	+0.5	▲	0.5	0	0	0.5	0.5	0	0	0	0	0	0	0	0	0	Results
Canadian Imperial Bank	Canada	1.5	New		0.5	0	0.5	0	0	0.5	0	0	0	0	0	0	0	0	Results
Lloyds Banking Group	United Kingdom	1.5	-0.5	▼	0.5	0	0.5	0	0	0	0	0	0.5	0	0	0	0	0	Results
Sberbank	Russia	1	New		0.5	0.5	0	0	0	0	0	0	0	0	0	0	0	0	Results
State Bank of India	India	1	New		0	0	0	0	0	0	0	0	0.5	0	0.5	0	0	0	Results
ICBC	China	0.5	0		0	0	0	0	0	0	0	0	0.5	0	0	0	0	0	Results
Royal Bank of Canada	Canada	0.5	0		0.5	0	0	0	0	0	0	0	0	0	0	0	0	0	Results
Agricultural Bank of China	China	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	Results
Bank of China	China	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	Results
China Construction Bank	China	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	Results

Appendix II: Methodology

Process: To compile this third edition of our Human Rights Benchmark, we began in early 2019 by reviewing our 2016 criteria and scope. We expanded the scope of banks covered to 50 and updated our criteria with the addition of two new requirements and some amendments to the existing requirements. See further details below. In April 2019 we consulted on the revised criteria with a small number of independent expert groups and made some further changes on the basis of this consultation. In June we contacted the 50 banks in scope, wherever possible, to alert them to the start of the process and provide the new scoring criteria. We also announced the start of the process publicly as an additional measure to raise awareness among banks in scope.³⁷

We assessed the 50 banks against our criteria, based on their publicly available documents, and in early August we sent each bank a link to a private web page where they could view and comment on their draft results. Banks were given three weeks to comment on the draft scores, and extensions were given where requested. We also consulted with an independent academic Advisory Panel on scoring dilemmas we encountered (see [Appendix III](#)). We then finalised our scores based on this feedback and the comments received from banks.

Banks in scope: In this year's report we have expanded the number of banks covered to 50, up from 45 in 2016 and 32 in 2014. We began by referring to the list of the largest banks in the world by asset value, excluding those without significant involvement in commercial banking (e.g. national development banks). We further made adjustments to broaden the report's geographic coverage and where it would allow us to cover all of the largest banks in a country. As a result, this year's report adds the largest African, Russian and Indian Banks

(**Standard Bank, Sberbank, State Bank of India**), and completes the list of the biggest banks in the Netherlands (with **ABN AMRO**), Canada (with **Imperial Bank**) and Japan (with **Sumitomo Mitsui Trust**). In France, **Credit Mutuel**, which does not have a large presence in corporate banking, was replaced with the larger **BPCE**, owner of Natixis. The resulting list of 50 banks includes 43 of the 45 banks covered in our June 2016 benchmark and seven additions.

Assessment criteria: The report assesses banks against 14 criteria which we have based closely on the text of the UN Guiding Principles, wherever they create responsibilities for business. We reviewed the 12 criteria used in 2016 and updated these in several instances, as well as adding two new criteria.

New criteria introduced in 2019 are:

- **Relationship to impact** (2.4) assesses whether a bank has a process for assessing whether it has caused or contributed to an adverse impact. In the UNGPs, principle 19 sets out that “appropriate action” in response to a human rights impact will vary according to whether the business causes or contributes to an adverse impact or is ‘only’ directly linked to the impact via a business relationship. In recent years it has become widely recognised that banks can contribute to adverse human rights impacts through their finance, and it follows from this that businesses, including banks, should have a process in place to assess their relationship to an impact.
- **Indicators** (3.3) assesses whether a bank's human rights reporting includes indicators for how it identifies and addresses adverse impacts. Previously our requirement on tracking effectiveness assessed

whether banks reported such indicators. This requirement has now essentially been split into two, with the tracking effectiveness requirement amended to focus on whether the bank describes a process for tracking the effectiveness of its response to adverse human rights impacts as part of its due diligence (and moved from the reporting section to the due diligence section), and this new requirement focusing on the reporting of human rights related indicators.

Key changes made to the criteria from the 2016 version are:

- **Policy approval** (1.2): The requirement for a full score was revised to require that a bank's human rights policy commitment is approved by the Board or the CEO by name **and** a that Board member or Board committee is tasked with specific governance oversight of one or more areas of respect for human rights (rather than only looking for approval at the highest level). This change aimed to bring our requirement into line with a similar requirement in the Corporate Human Rights Benchmark.³⁸
- **Scope of policy** (1.3): This year we systematically ensured that banks only receive a full score where it is clear that their human rights policy extends to all of its finance, including its relationships with investee companies via its asset management division, where applicable.
- **Due diligence** (2.1): The requirements for a full and half score have been revised to ensure that a commitment to conduct due diligence does not receive a score without evidence of a process in place behind it.

Independent Academic Advisory Panel: For this year's report, BankTrack sought the input of an Independent Academic Advisory Panel composed of four academic experts in the field of business and human rights to review scoring dilemmas. BankTrack presented Panel members with 19 draft scoring decisions on which we sought specific feedback. In 16 cases, a majority of Panel members agreed with the draft scores. In three cases, scores were revised on the basis of disagreement or reservations being expressed by more than one Panel member. See [“Appendix III: Statement from the Independent Academic Advisory Panel”](#).

Assessment and bank feedback: As in 2014 and 2016, all banks were invited to provide feedback on their draft scores. 29 banks (58%) responded with comments (the same proportion as in 2016), while a further four banks responded with no comments or only acknowledged receipt. Based on feedback, 21 banks had their scores revised upwards and eight banks' scores remained unchanged.

Limitations of this exercise: With this benchmark we aim to assess the extent to which banks show that they are implementing the requirements of the UNGPs in their operations, through the review of publicly available documents including bank policies, published due diligence and remediation processes and annual reporting. We seek to make this assessment as robust as possible through consulting on our methodology, and by seeking bank feedback and external input on draft scores. However, our criteria and scoring decisions represent our own subjective judgements of the UNGPs and banks' performance against them. As illustrated by our academic Advisory Panel's input, there will be disagreements over specific scoring decisions.

In addition, our methodology does not seek to assess the outcomes of banks' policies on rights-holders, e.g. through their financing decisions and client engagements. BankTrack aims to assess these outcomes through its other work, for example tracking and campaigning on 'dodgy deals' financed by banks, and through a series of Human Rights Impact Briefings which assess bank implementation of the UN Guiding Principles in the cases of specific human rights impacts linked to their finance. Further, the study does not seek to assess the depth or efficacy of banks' human rights policies and due diligence, or the quality of the reporting. Rather, it assesses whether banks' published documents show that they meet certain minimum standards.

Appendix III: Statement from the Independent Academic Advisory Panel

BankTrack engaged four independent academic experts working in the field of business and human rights to join an Advisory Panel and provide input into a small number of scoring dilemmas for this year's BankTrack Human Rights Benchmark.

The four Panel members were:

- Joanne Bauer, Adjunct Professor of International and Public Affairs, Columbia University ([profile](#))
- Benjamin Grama, PhD student, Public Law & Governance, Tilburg Law School ([profile](#))
- Chiara Macchi, Researcher, Wageningen University & Research - Law Group ([profile](#))
- Kym Sheehan, Senior Lecturer at Sydney Law School ([profile](#))

Panel involvement in scoring dilemmas

BankTrack presented Panel members with 19 draft scoring decisions covering 16 different banks. This represents 2.7% of the 700 scoring decisions made in this benchmark (14 for each of 50 banks). The scoring decisions were selected by BankTrack as “close calls” on which expert input was sought. The decisions related to:

- Criteria 1.1 on policy – six dilemmas
- Criteria 2.4 on relationship to impact – three dilemmas
- Criteria 3.2 on reporting adequacy of response – three dilemmas
- Criteria 3.3 on reporting indicators – four dilemmas
- Criteria 4.2 on grievance mechanisms – three dilemmas.

Panel members were asked whether they agreed or disagreed with the preliminary decisions and to provide comments.

In three cases, two Panel members disagreed with the draft score or expressed reservations. In these cases the draft scores were revised in line with this feedback, and other scores were updated to ensure consistency with these. (In two cases the score declined, and in one case it increased.) In six cases, three Panel members agreed with the draft score while one disagreed. In these cases, the draft scores were not revised. In the remaining ten cases, all four reviewers all agreed with the draft scores. Panel members did not review or comment on scores other than the 19 presented to them.

Panel members are independent of BankTrack and have not sought or received payment for their involvement in this exercise or other BankTrack work.

We, the members of the Advisory Panel, confirm that the above statement accurately represents our involvement in this benchmarking exercise.

Chiara Macchi



Benjamin Grama



Joanne Bauer




Kym Sheehan



Endnotes

- 1 [Joint Letter by Civil Society Groups to Companies Linked to the Activities of Vale S.A.](#), February 2019
- 2 Popular Democracy, [Impact Brief](#), July 2019
- 3 Inclusive Development International, [ANZ bank issued rare rebuke by Australian oversight body](#), October 2018
- 4 Mikael Homanen, Cass Business School, [Depositors Disciplining Banks: The Impact of Scandals](#), May 2018
- 5 OECD, [Due Diligence for Responsible Corporate Lending and Securities Underwriting](#), October 2019
- 6 For an overview of the controversy and links to key resources see BankTrack, [Banks and human rights: The Thun Group must step up](#), March 2018
- 7 Dutch Banking Sector Agreement, [Enabling Remediation](#), May 2019; and [Increasing Leverage](#), September 2019
- 8 Presentation to UN Forum on Business and Human Rights by Prof. Anita Ramasastry of the UN Working Group on Business and Human Rights, November 2018
- 9 The BHRR portal to the Guiding Principles can be found at: www.business-humanrights.org/en/un-guiding-principles
- 10 The mean score was 3.95 out of 14; the median score was 4 out of 14.
- 11 We have left the boundaries for these categories unchanged since 2016 despite the addition of two new scoring categories, so that, for example, 'front runners' scored between 6.5 and 9 out of 14, whereas in 2016 they scored between 6.5 and 9 out of 12.
- 12 For an analysis of the four French banks' adherence to the Duty of Vigilance Law in its first year, see [Friends of the Earth France and Sherpa](#), February 2019
- 13 The [OHCHR Interpretive Guide](#) on the corporate responsibility to respect human rights notes that a policy to aspire to respect human rights (rather than commit to do so) "almost inevitably suggests that the commitment is fluid or negotiable, and lowers expectations and incentives for its achievement among personnel and business partners." (Q20)
- 14 United Nations, [The Corporate Responsibility to Respect Human Rights, An Interpretive Guide](#), 2012, Q42
- 15 [The Equator Principles](#), June 2013
- 16 BankTrack, ["We are unable to comment on specific customers..."](#), March 2019
- 17 See for example: OECD, [Due Diligence for Responsible Corporate Lending and Securities Underwriting](#), October 2019; Dutch Banking Sector Agreement on Human Rights, [Enabling Remediation](#), May 2019
- 18 United Nations, [The Corporate Responsibility to Respect Human Rights, An Interpretive Guide](#), 2012 p54
- 19 Business & Human Rights Resource Centre, [FTSE 100 & the UK Modern Slavery Act](#), 2018
- 20 Liechtenstein Initiative, [A Blueprint for Mobilizing Finance Against Slavery and Trafficking](#), September 2019
- 21 Ethical Corporation, ["We know most global companies have modern slavery in their supply chains"](#), August 2019
- 22 See the UN Guiding Principles Reporting Framework at www.ungpreporting.org
- 23 See the Dutch Banking Sector Agreement on Human Rights at www.imvoconvenanten.nl/en/banking
- 24 NAB, "Case Study: Engaging with our customers", on [ESG Risk Management](#), accessed 29th October 2019
- 25 Friends of the Earth Australia, [Draw the Line](#), June 2019
- 26 See for example [Citi, 2017](#); BankTrack, [Six banks step away from Dakota Access Pipeline \(DAPL\) and backers](#), 2017.
- 27 OECD, [Due Diligence for Responsible Corporate Lending and Securities Underwriting](#), October 2019
- 28 Dutch Banking Sector Agreement on Human Rights, [Enabling Remediation](#), May 2019
- 29 BankTrack and Oxfam, [Developing Effective Grievance Mechanisms in the Banking Sector](#), July 2018
- 30 Itau Unibanco received a full score in 2016 but did not receive a score in 2019. The bank has clarified that its Ombudsman service is exclusively for the bank's clients.
- 31 e.g. [Sustainability Report](#) p51
- 32 [Developing Effective Grievance Mechanisms in the Banking Sector](#), BankTrack and Oxfam Australia, July 2018, p11
- 33 Oxfam, [Consent is Everybody's Business](#), 2019
- 34 See the UN Guiding Principles Reporting Framework at www.ungpreporting.org
- 35 BankTrack and Oxfam, [Developing Effective Grievance Mechanisms in the Banking Sector](#), July 2018
- 36 BankTrack, ["We are unable to comment on specific customers..."](#), March 2019
- 37 We have made every effort to contact the appropriate teams in each bank, however in a small number of cases we have had no response or emails have bounced.
- 38 [Corporate Human Rights Benchmark Methodology 2019](#), see A.2.1

BankTrack
Vismarkt 15
6511 VJ Nijmegen
The Netherlands
www.banktrack.org

 @banktrack

 facebook.com/banktrack