Dirty Profits

Report on Companies and Financial Institutions Benefiting from Violations of Human Rights
“Economic growth and business development must be pursued in ways that are sustainable in the broadest sense – economic, social, and environmental. Investment and business activity must include commitments to corporate sustainability and responsibility and the highest standards of business ethics.”

United Nations Secretary-General Ban Ki-moon, Istanbul, Turkey, 9 May 2011 – Secretary-General's Remarks at High-Level Meeting on Investment and Partnerships
Summary

This report addresses proven and postulated violations of human and environmental rights by multinational corporations and discloses the financial institutions (FIs) which benefit from these activities. *Dirty Profits* summarizes cases of companies which are heavily criticized for their poor environmental, social, and/or governance performance by stakeholders such as courts, politicians, regulators, NGOs, local communities, and the media. Often these cases concern proven and postulated breaches of national and international laws, conventions, and regulations associated with environmental damage, climate change, human and labour rights, community rights, corruption, and arms.

Companies accused of committing human rights abuses and environmental damages have been trying for decades to address social issues through CSR (Corporate Social Responsibility) programmes. These – mostly selective and voluntary approaches – ignore the fact that a serious approach requires the collective consideration of all human rights issues, not just a select few that companies feel comfortable with. A comprehensive human rights approach must focus on the people’s needs in relation to a company’s social and environmental impact.

Every company in every industrial sector, particularly the resource extracting and arms producing industries, impacts human rights and therefore has responsibilities. This report demonstrates that companies often leave a negative impact on a range of human rights issues, such as discrimination, health & safety, freedom of association, privacy, poverty, subsistence, education, and housing. Also, corruption is becoming a considerable problem undermining the world’s social, economic, and environmental development. Abuse of state power, exclusion, environmental pollution, and the (illegal) arms trade are widely recognized as leading causes of poverty. Thus, respecting human rights is crucial for the long-term sustainability of development, especially in light of rapidly growing resource-based industries.

In this network, investors along with public and private banking sectors play an incremental role in every division of human and business activity. With their investment decisions, this syndicate fosters certain business choices and hampers others. It is essential to strive to eradicate global poverty and secure human rights and use financial resources according to ethical and sustainable investment criteria – especially in Sub-Saharan countries.

However, there is still a lack of adequate and effective investment policies which address vital sectors and critical issues at FIs. Binding legislation to regulate financial flows is also absent, mainly in the spheres of human and labour rights, environmental standards, and anti-corruption. This gap results in unsustainable business practices and contributes to human rights violations and environmental destruction in under-developed and low-income countries.

As a result of the recent financial market crisis, FIs are increasingly turning to the resource extracting and mining industries for investment. Many private and institutional investors view commodity equity funds as an opportunity to reap high profits from this industry sector. Investments in commodities prosper because they form the basis of economic activity in western society. Industrialized countries especially depend on the constant availability of a wide range of raw materials. Experts state that in most cases it is unlikely that the local population benefits even marginally from the profits of resource extraction. Furthermore, profits are often veiled in tax havens and thus remain untaxed. Investors should look for investment opportunities that focus on the sustainable extraction and efficient use of resources.

The arms industry has become all the more attractive for investors over the years because of its significant increase in turnovers and exports. According to data on international arms transfers by Stockholm International Peace Research Institute (SIPRI), the volume of worldwide arms transfers was 24 percent higher from 2007–2011 than it was from 2002–2006. Likewise, the total value of German weapons exports increased in 2011 by 13.9 percent to a total of around €5.41 billion compared to the previous year.

Thus, this report focuses on both the resource extracting and the arms producing industries. The irresponsible export of arms has and will lead to: (1) violations of human rights and international humanitarian law, (2) inter- and intranational conflicts, and (3) political instability, insecurity and reduced economic growth. Additionally, they support unaccountable purchasing practices, corruption, and the diversion of public assets. The US Department of Commerce estimates that the arms trade accounts for approximately 50 percent of all global corrupt transactions.

In 2011, companies* documented in this report earned combined revenues of at least €1.22 trillion and achieved net profits of more than €106 billion. While a significant amount was involved, it is impossible to specifically relate these numbers to human rights violations and environmental damage.
“To end human rights abuse and environmental damage, financial institutions and policy makers should commit themselves to binding regulations that adequately address environmental and human rights issues. They should also increase control, inspection criteria, and sanction mechanisms for financial transactions.”

Barbara Happe, urgewald

The financial institutions** which directly support and thus benefit most from business activities resulting in proven and postulated violations of human rights and environmental damage include the French BNP Paribas, the German Allianz and Deutsche Bank, the Dutch ING, and UniCredit from Italy. Since early 2010, the financial transactions between the 16 financial institutions** and 28 companies* investigated in this report amount to more than €44 billion including loans (more than €16 billion), underwritings of shares and bonds (more than €10 billion) and managed shares and bonds (less than €18 billion).

Unfortunately, the current world-wide financial crisis has made it impossible to judge harmful investments from the “old” or “real” economic perspective. Through speculative investments and non-transparent financial products, financial institutions and investors endanger MDGs, create poverty, violate rights, and put the world’s financial system at risk. This report also documents the harmful business practices of the investment banks Goldman Sachs (USA) and Deutsche Bank (Germany) and their role in the formulation of a crisis-ridden financial sector.

This report highlights the need for binding regulation to better address environmental and human rights issues. In order to combat human rights and environmental violations, regulators have to strengthen control, inspection criteria, and sanctions for financial institutions.

In order to regain credibility, financial institutions must develop and implement concrete and binding commitments to sustainability, transparency, clearly defined minimum standards, and exclusion criteria for their financial services.

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<th>TOP 10 Financial Institutions benefiting from human rights violations and environmental damages (€ Billion)</th>
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** Allianz, Argenta, BayernLB, BNP Paribas, Commerzbank, DekaBank, Deutsche Bank, DZ Bank, ING, KBC, KiW, LBBW, Munich Re, UniCredit.
Methodology

The FACING FINANCE campaign calls on investors not to invest in companies which profit from human rights violations, environmental pollution, corruption or the production and export of weapons.

Human rights are a crucial factor for long-term developmental sustainability. Discrimination and environmental pollution are widely recognised as structural causes of poverty. Violations of labour rights and corruption have played a major part in undermining the world’s social and economic development as well as environmental preservation.

Given this information, there is sufficient evidence that corporate activities by multinational companies are often responsible for:

- Serious and systematic human rights violations such as forced labour, deprivation of liberty, child labour and other child exploitation;
- Serious violations of the rights of individuals in situations of war or conflict;
- Severe environmental damage;
- Gross corruption;
- Production and export of weapons that violate fundamental humanitarian principles.

Thus, they often breach global norms such as the International Bill of Human Rights, the ILO labour standards, the OECD Guidelines for Multinational Enterprises, the Convention on Cluster Munitions, weapons embargoes and relevant national (export) regulations and laws.

However, they do not lack the necessary funds to do business; they are financed by both public and private financial institutions, nationally and internationally.

For this reason, the increasing importance of the interrelation between corporate activities and investments on the one hand and achieving the Millennium Development Goals (MDG) on the other hand require responsible investors who support strong human and labour rights, as well as environmental and anti-corruption standards.

This report covers controversial issues including proven and postulated breaches of national and international laws, conventions, and regulations with regard to environmental damage, contribution to climate change, human and labour rights, community rights, corruption, and weapons.
Does this report include all companies which violate international norms and standards?

No. There is still a lack of official information available on the violation of international norms and standards by companies worldwide. However, there are reports on hundreds of companies who profit from hundreds of harmful business activities.

Accordingly, the FACING FINANCE report documents examples of companies which are currently heavily criticised for their poor environmental, social and/or governance performance by different stakeholders such as courts, politicians, regulators, NGOs, local communities, and media.

Are all financial institutions, investors and creditors and their business relations with companies which violate international norms and standards listed in this report?

No. In accordance with the FACING FINANCE membership profile, the report particularly analyses the relevant financial institutions active in Belgium (BNP or ING), Germany, and Poland which profit from these harmful business activities or support the selected companies and their business operations by providing bonds and loans. Financial analysis were provided by Profundo (The Netherlands). They examine financial relations between 28 selected companies and 16 selected financial institutions since early 2010.

Does the report only focus on the industrial sector?

No. The current world-wide financial crisis has shown that it is no longer possible to focus on harmful investments from the perspective of the “old”, real economy. Financial institutions and investors also endanger the MDGs, create poverty, violate rights, and put the world’s financial system at risk through speculative investments. This especially results from their non-transparent and high-risk financial products which have nothing to do with the projects of the real economy. Speculation, tax evasion, and revolving doors are just as threatening to the MDGs as weapons, mining, or oil spills.

Thousands of Americans became homeless in the aftermath of the housing bubble, European states are sliding towards bankruptcy and rising food prices drive millions of poor people to suffer from hunger. Many of these outright criminal acts are made possible through governmental deregulation and legal loopholes. These financial schemes hinder worldwide development. In addition, the budget for development aid has declined drastically since the start of the Euro crisis, seriously endangering existing efforts.

This report documents the business activities of the investment banks Goldman Sachs and Deutsche Bank concerning their involvement in the aforementioned practices. These two financial institutions were also chosen because they have been heavily criticised by courts, scientists, politicians, NGOs and media for their speculative investments and their non-transparent and high-risk financial products. Finally, these two banks have an exposed economic importance and relevance and a significant impact on European bank clients and their assets.

Note: Internet sources were accessed between August and November 2012. Financial data pertaining to financial turnover 2011 and net profits 2011 were derived from company reports and the Thomson One Database.

→ Thomas Küchenmeister & Leen Schmücker

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1 PROFUNDO: Dirty Profits, Report on companies and financial institutions benefiting from violations of human rights. A research paper prepared for FACING FINANCE, 10 November 2012.
Company Profiles and Harmful Projects
Alliant Techsystems (ATK) is described as the largest ammunition manufacturer in the world. Their ammunition plant operates in Independence, Missouri.1 Currently, SIPRI has rated ATK 26th out of the Top 100 largest arms-producing companies in the world.2 ATK is involved in many weapon projects. They are a supplier of special components and a main contractor for whole cluster munitions. They are also associated with the provision of key products and services for nuclear weapons. ATK is updating their propulsion systems for the US nuclear deterrent programme. Specifically, ATK produces rocket propulsion systems for Trident II and Trident D5 submarine-launched ballistic nuclear missiles as well as Minuteman III intercontinental nuclear ballistic missiles.3

Conventional weapons are also part of the company’s product range. ATK produces the rocket engine for the “Sensor Fuzed Weapon” (SWF) and is a contractor for the CBU-87B and CBU-97/B cluster bomb programme. All of these are prohibited by the Convention on Cluster Munitions.4

ATK also produces the 120 mm M971 DPICM mortar bombs carrying 24 dual-purpose M87 Bantam submunitions, which fall under the category of weapons prohibited under the Convention on Cluster Munitions.5 To make the current DPICM ammunition, (cluster munitions), ATK has teamed up with IMI from Israel to produce the XM242 fuses to replace the old M223 fuses in the existing M42/M46 renades.6

ATK is also involved in the production of Depleted Uranium (DU) ammunition. This includes the M829A1 Kinetic Energy round, the M829A3 (120mm) Kinetic Energy tank cartridge, and the PGU-14 API (30mm) high-density penetrator.7 Transparency International UK has accused ATK of not providing enough public evidence of how they fight corruption.8 The Norwegian Ministry of Finance, Delta Lloyd Asset Management, Danske Bank, Triodos and the Dutch Pensioenfonds Zorg en Welzijn are among those which have excluded ATK from their investments due to their involvement in the production of nuclear arms, cluster munitions, anti-personnel mines, and/or depleted-uranium munitions.9

"ATK’s commitment to ethical behaviour at every level is implausible and not comprehensible as they produce a wide range of weapons which violate fundamental humanitarian principles with respect to humanitarian law.”

Barbara Happe, urgewald

1 http://www.atk.com/Capabilities/c_defense_default.asp
2 http://www.sipri.org/research/armaments/production/Top100
3 http://www.dontbankonthebomb.com/2012/02/28/alliant-techsystems.html
5 120 mm M970 and M971 DPICM cargo bombs’, Jane’s Ammunition Handbook Online Edition.
6 http://dev.defense-update.com/20070505_xm242.html
8 http://companies.defenceindex.org/report

"The ATK Business Ethics Code of Conduct outlines and reinforces our commitment to ethical behaviour at every level.”

ATK CSR Report 2012

Management of shares and bonds:
Allianz 75.58
Deutsche Bank 20.69
BNP Paribas 0.62

Loans:
BNP Paribas 21.62

Turnover: 3,739.17
Net profit: 241.83
ISIN: US0188041042

( Top Financial Transactions in € Million)
Alpha Natural Resources is the world’s third largest metallurgical coal supplier with an annual output of nearly 126 million tons of metallurgical coal. The company operates 150 active coal mines and 40 coal preparation plants across Virginia, West Virginia, Kentucky, Pennsylvania, and Wyoming.\(^1\)

After taking over the coal producer Massey Energy in 2011, Alpha Natural Resources shot to the top of the list of controversial mining companies. Massey Energy has been accused of having poor working conditions, safety problems, issues with fraud, and mountaintop removal mining.\(^2\) As a result of the purchase, Alpha Natural Resources became the single largest company in the United States to practise the highly controversial mining technique, mountaintop removal (MTR) mining.\(^3\)

With 22 percent of coal production derived from MTR mines, Alpha Natural Resources utilizes the largest mount of MTR mining in the United States. MTR is a surface mining technique with an enormous environmental impact. This method is used in the Appalachian region. Thin seams of coal inside the mountain are reached by blasting mountaintops. The blasted soil from the mountaintop is often dumped into nearby valleys; these are referred to as ‘valley fills.’\(^4\) The mining process adds toxins to the soil which then make their way into the area’s water supply. The blasting process also pollutes the air with toxic particles. Health problems such as cancer, liver and kidney diseases, and skin rashes result for people in these regions. Recent studies prove that the cancer rate has doubled in people who live close to a mine.\(^5\) Bob Kincaid from West Virginia reports: “Children in my region are routinely having organs removed from their bodies, victims of the toxins.”

According to an SNL Energy analysis of annual safety and health data in 2011, coal mines operated by Alpha Natural Resources were subject to more proposed fines for federal safety and health violations than all other major public coal companies combined. Alpha Natural Resources was in jeopardy of nearly $33 million in proposed fines.\(^6\)

According to the Rainforest Action Network, “property owners in West Virginia sued the company for subsidence damage and ruined groundwater due to ‘reprehensible, intentional, and grossly negligent’ conduct in mining operations.”\(^7\) In July 2012, a coalition of citizen and environmental organisations filed a lawsuit against Alpha Natural Resources due to selenium

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1 Alpha Natural Resources website: http://www.alphanr.com/about/Pages/default.aspx
4 Environmental Protection Agency: What is mountaintop mining?: http://www.epa.gov/region03/mtntop/index.htm
5 “Mountaintop Removal Mining: Digging into Community Health Concerns”, David Holzman, Environmental Health Perspectives, 2011
7 Rainforest Action Network 2011: Report Card on Banks and Mountaintop Removal
top Massey executives arranged the sale to avoid personal liability for the deaths of the 29 miners killed in the Upper Big Branch explosion. Documents show that the former Alpha Natural Resources CEO entered into a pact with the Massey Energy officers who were directing the internal investigation, promising high-ranking positions within the post-merger company.

Nevertheless, in June 2011 shareholders approved Alpha Natural Resources’ purchase of Massey Energy.

In its 2010 annual report, Alpha Natural Resources stated that “approximately 87% of our 2010 coal production came from mines operated by union-free employees. As of 31st December 2010, approximately 79% of our workforce is union-free.” Alpha Natural Resources notes that under the National Labor Relations Act, employees have the right to form or affiliate with a union but cautions investors that “any further unionisation of our employees, or the employees of third-party contractors who mine coal for us, could adversely affect the stability of our production and reduce our profitability.”

8 Sierra Club Press Release, July 16, 2012: Coalition Acts to Protect Waterways from Pollution at 9 Alpha Natural Resources Facilities http://action.sierraclub.org/site/MessageViewer?em_id=245343.0
9 RepRisk Report, March 2011
10 RepRisk Report, March 2011

“Powering the future … And running right.”

Alpha Natural Resources Website

― Barbara Happe & Kathrin Petz

“The oldest, and some of the most beautiful mountains on earth, are assaulted daily by 3 million kilograms of high explosives used by the coal industry to blow apart our mountains, rain poison down upon our communities, sicken and kill our friends, our neighbors and our families.”

Bob Kincaid, Coal River Mountain Watch
Headquartered in The Woodlands, Texas, Anadarko Petroleum Corporation, is one of the world’s largest, publicly-traded oil and gas exploration and production companies.

The company’s major areas of operation are in the United States, off the shores of the Gulf of Mexico, and in Algeria. Anadarko also operates in West Africa, Mozambique, Kenya, South Africa, New Zealand, and China.

Anadarko’s activities lead to multiple human rights violations and environmental damages. They are involved in several controversies, including the 2010 explosion and subsequent spill of an oil rig, Deepwater Horizon, which spewed around 4.9 million barrels of crude oil into the Gulf of Mexico. Until 2010, none of Anadarko’s 4,300 workers were represented by labour unions.

Anadarko uses a controversial method of hydraulic fracturing in order to drill for shale gas across the USA. This method, also known as “fracking”, is widely criticized for causing numerous environmental problems. Fracking involves injecting millions of gallons of highly pressurized water, sand, and proprietary chemicals into a well. This often contaminates groundwater. There are over 1,000 documented cases of contamination by courts, states, and local governments across the US. Furthermore, this drilling method has been known to cause earthquakes.

Fracking has resulted in over 1,000 documented cases of groundwater contamination across the country, either through the leaking of fracking fluids and methane into groundwater, or by above ground spills of contaminated and often radioactive wastewater from fracking operations.”

Letter from 68 groups to US President Obama
www.thehill.com

“Leaving the world a better place for generations to come and giving back to the communities where we operate is our responsibility and our commitment.”

Anadarko Website
Anglo American plc (Anglo American) focuses on the extraction of iron, coal, copper, nickel, minerals, (including platinum and diamonds), and more. The company operates in Africa, North and South America (Chile and Brazil), Australia, China, India, Japan and other parts of Asia and Europe. Anglo American faced criticism across the globe in 2011 for both their existing and proposed mining ventures. While companies promote their ethical behaviour through corporate social responsibility programmes, they are responsible for destroying indigenous culture in communities by forcing them to resettle.

Anglo American's joint venture with Xstrata and Mitsui & Co at the Collahuasi mine in Chile proved very controversial. Over twenty labour unions accused the companies of serious acts of retaliation against union leaders following a series of strikes.  

On 5 October 2012, Anglo American Platinum (Amplats) fired 12,000 miners for staging an unlawful strike in South Africa. At least 20,000 mineworkers at Amplats have been on strike since September 12th, demanding 12,500 rand (about $1,500) in take-home pay. South African miners accuse the company of being responsible for their work-related diseases. They accuse the company of knowingly exposing them to silica dust, which leads to respiratory illnesses including silicosis and tuberculosis. Anglo American will face a hearing in 2013 to determine if it is liable for miners who contracted the lung disease silicosis while working in its gold mines.  

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1 RepRisk: Most Controversial Mining Companies of 2011  
2 noalamina.org  
3 noalamina.org  
4 The Independent, UK  
5 http://uk.reuters.com/article/2012/10/01/us-safrica-silicosis-anglo-idUKBRE8900E620121001

“I was a mine worker from 1964 until I was retrenched in 1991. I am suffering from both silicosis and tuberculosis. The tuberculosis is so bad that I am unemployable. I gave the best years of my life to that company, they make billions each year and I can’t even provide a plate of food for a day for my wife and four children.”

Daniel Sebaba Thakamakau, 65, worked for Anglo American owned mines  
www.bbc.co.uk
African Barrick Gold (ABG), a 73% subsidiary of Barrick Gold, is a Canadian mining company and, with 27 mines in operation, is the largest producer of gold in the world. African Barrick Gold (ABG) is also a publicly listed company.

Communities of small scale miners have been displaced and disenfranchised by ABG’s North Mara gold mines in Tanzania. Since the mine opened, there have been multiple confrontations with the security staff. Again and again, people were shot.1

Protests against the mine in 2011 ended in violence with police forces killing seven people.2

Police and security forces were also accused of arbitrary detention and sexual abuse of women.

A study from 2009 revealed a concentration of arsenic 40 times higher than the WHO limit. The drinking water was poisoned.3 Additionally, ABG was suspected of tax evasion.

Porgera Joint Venture (PJV), a 95% subsidiary of Barrick’s, extracts and processes gold from low quality ore in Papua New Guinea. Its security staff is alleged of severe human rights abuses such as killings, beatings,4 and gang rapes.5 Furthermore, health and safety standards in the mine area are very low. Birth defects, food shortages and drownings in the tailing dams have been reported.6

Local NGOs filed an OECD complaint against Barrick in 2011, saying the mining agreement was based on much lower quantities of extraction but was never renegotiated.7

The Pascua Lama project explores gold and other mineral reserves in glaciers on the Chilean-Argentine border. Although the production phase has not begun at Pascua Lama, an OECD complaint was filed against Barrick in Argentina in 2011 for polluting water, air, and soil.8 Glaciers, an important water source, were destroyed. Communities also protest against the high amount of water the mine is expected to use.

In 2009, the Norwegian Government Pension Fund excluded Barrick because of extensive and irreversible damage to the environment, especially because of its riverine disposal practice in Papua New Guinea.9

2 http://www.dominionpaper.ca/articles/3993
3 http://www.miningwatch.ca/es/node/6356
5 http://www.hrw.org/reports/2011/02/01/gold-s-costly-dividend
7 http://oecdwatch.org/cases/Case_210
8 http://oecdwatch.org/cases/Case_221

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A 10-year-old boy and Vincent Charles-a-Nyabigena Harmlet, living near Nyabigena, a village in the Nyamongo area (Mara region), where the Barrick mine spilled toxic waste into the public river. They suffered major skin mutations from using the water in their daily lives.

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“Barrick Gold Corporation is dedicated to recognizing and respecting human rights wherever we do business.”

Barrick Gold Website
Headquartered in Melbourne, Australia, BHP Billiton is an Anglo-Australian mining and petroleum company that has a major management office in London, United Kingdom. They operate in 25 countries worldwide and are one of the most controversial mining companies in the world. BHP Billiton has been criticized because of the social and environmental impact of their activities in the various countries where they operate. Reprisk ranks them 4th amongst the most controversial mining companies, saying that they are "responsible for environmental destruction [...] forced relocation of communities, destruction of traditional livelihoods, human rights abuses and the violation of indigenous peoples' rights."

In Mozambique, BHP Billiton operates the Mozal Aluminum smelter. It started its operations in August 2000, before approval of the company's Environmental Impact Assessment Report (EIAR) and Environmental Management Plan was given. Since its operations began, it has violated several Mozambican and International laws and regulations, mainly regarding labour, environment, and human rights. 1,200 families were displaced from their farming or residential land without prior consultation from the Government or Mozal. Mozal does not respect labour rights and prevents the formation of unions. Workers were forced to work for 12 hours per day, breaking the Laws of the Ministry of Labour which appropriates 8 hours. The environmental impact audit reported a lack of compliance with environmental responsibilities and standards set by the company's environmental management plan and the country's legislation. Soil and water contamination, air pollution, deforestation, forced removals of local communities, and an unsafe living environment are some of the problems that have arisen as a result of the project.²

In Colombia, BHP Billiton is accused of poor work and safety conditions at the Cerrejón Coal Mine which is a joint venture project of BHP Billiton, Xstrata (35% Glencore), and Anglo American. The conditions here led to serious health problems and even fatalities of workers (26 deaths from 2009 to 2011). Furthermore, the extraction process led to forceful resettlement or loss of land for many communities.³

In Pakistan, BHP Billiton is accused of causing serious health problems. Villagers living near the Zamzama Gas Plant suffer daily with the toxic fumes from the plant.⁴ Furthermore, BHP Billiton is criticised for using a particularly carbon intensive process during their deep sea oil production and for using a highly controversial fracturing technique to develop shale gas in the U.S.⁵

"BHP Billiton/Mozal lacks transparency in their emissions and environmental assessments, and endangers the health of the people living near its projects."

Anabela Lemos,
Justiça Ambiental

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² Research undertaken by Samuel Mondlane - Justica Ambiental Mozambique, 2011 to 2012

“At BHP Billiton, we value sustainability; it is about putting health and safety first, being environmentally responsible and supporting our communities.”

BHP Sustainability Report 2012
Coca-Cola is the leading soft drink producer in the world. There are just two countries in the world without Coca-Cola: North Korea and Cuba.

In India, Coca-Cola dominates 95 percent of the soft drink market and generates double-digit growth figures. Coca-Cola has 56 bottling facilities in India and more are planned. Often, these facilities destroy lives, livelihoods, and communities. Coca-Cola is accused of causing water shortages, pollution of groundwater and soil, and exposure to toxic waste and pesticides. Critics like the India Resource Center state that this is simply disastrous for a country where over 70 percent of the population depends on agriculture to make a living. According to Coca-Cola, the company uses approximately 2.6 litres of water for every one litre of soft drink it produces – and 75 percent of the fresh water Coca-Cola extracts in India becomes wastewater. The company has indiscriminately discharged its wastewater into surrounding fields, severely polluting the scarce remaining groundwater and soil. Several of its largest production facilities are located in areas plagued by scarce water resources, where Coca-Cola’s consumption of water has significantly hampered the ability of local residents to access safe drinking water. According to the latest government data, groundwater levels in the Kala Dera region fell 3.6 meters between November 2009 and November 2010. In the 10 years before Coca-Cola started operations in Kala Dera (1990–2000), groundwater levels fell just 3.94 meters. In the 10 years since Coca-Cola started operations (2000–2010), groundwater levels have plummeted 25.35 meters.

Other community members face similar problems. Most of the people of Mehndiganj, Nagepur, Benipur, and the surrounding villages in the State of Uttar Pradesh attribute the lack of water in their neighbourhood to the presence of Hindustan Coca-Cola Beverages Pvt Ltd, a subsidiary owned by the U.S. based multinational Coca-Cola Inc. In eleven years, from 1999 to 2010, groundwater levels in Mehndiganj have dropped 7.9 meters. Three out of four wells in the area dried up. This cannot be linked solely to the persistent drought.

The Central Pollution Control Board CPCB has also found high levels of lead, cadmium and chromium in the groundwater. Signs around wells and hand pumps advise that the water is not suitable for human consumption. As a result, people have to buy bottled water – often filled by Coca-Cola. There have not been any studies into the long-term effects of the toxins. However, people have already been complaining of skin diseases and rashes.

Coca-Cola has also been criticised for funding water projects in India as part of marketing campaigns to improve its image. The company has allegedly spent over € 4.2 billion on marketing, but just € 38 million on school and water projects, many of which are failing.

Recently, Coca-Cola has said that together with its bottling partners it will invest $5 billion in India in a bid to increase its market share.

In Kenya, Coca-Cola has denied that its soft drink contains high levels of a carcinogens. The Center for Science in the Public Interest (CSPI) has reported that a concentration of 4 microgram (mcg) of methyl imidazole can cause cancer. Compared with the 4 mcg concentration in the U.S., Coca-Cola drinks sold in China contain 56 mcg, in the UK 135 mcg and 267 mcg in Brazil.

Additionally, a Coca-Cola plant operated by Femsa in Argentina was closed after being accused of dumping toxic and potentially carcinogenic waste. In Shanghai, Coca-Cola’s factory allegedly contaminated a batch of the company’s products with chlorine.

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3 Das Erste (online) 26.06.2012
4 http://www.bbc.co.uk/news/business-18605454
5 28.06.2012 Xinhuanet (xinhuanet.com; chinaview.cn)
6 03.06.2012 Diario Responsable (diarioresponsable.com)
"But as well as its health, economic and cultural impacts the manufacturing of Coca-Cola and Pepsi soft drinks are unethical to the very core."

Report from Mehndiganj, Varanasi
www.countercurrents.org

“Coca-Cola brings the hope for happiness”
Slogan from a Coca-Cola TV advert used in India
Drummond Company Inc. is a privately owned US mining company from Birmingham, Alabama with mining operations in the U.S. (Alabama) and in Colombia. Drummond has a 5% share of the global coal export trade, making it the fourth largest coal exporter in the world.

Drummond’s expansion to Colombia began with the acquisition of significant mining rights to coal reserves located in northern Colombia in the late 1980s. Since then, Drummond International has become the second biggest extractor of Colombian coal, with an annual output of 25 million tons[^2] from just two coal mines. In 2011 ITOCHU Corporation from Japan became a partner in 20 percent of Drummond’s Colombian operations.[^3]

Drummond now controls reserves totalling over 2 billion tons producing more coal in Colombia per year than from all of the mines in Alabama combined.[^4] In addition to the coal mines, Drummond’s Operation in Colombia includes a deep water ocean port (Puerto Drummond) and a railway to transport the coal 120 miles by freight from the mines to Puerto Drummond. Drummond is one of the most important suppliers of coal to European coal power plants.

The Drummond Company has been the subject of numerous lawsuits due to alleged links with the paramilitary group United Self Defense Forces of Columbia (AUC) between 1999 and 2005.

There is evidence that Drummond paid paramilitary forces to murder two important union leaders in 2002. A former paramilitary member testified before a US court in March 2012 that the two union leaders had “to be killed because they were organising a strike that would have generated losses for the company.”[^6] Although Drummond was ordered to pay a $25,000 fine to the U.S. Justice Department, the victims’ families were never compensated.[^7]

It is assumed that Drummond is involved in many more cases of unexplained murders of union members. Until now, none of the company’s directors have been convicted for the coal giant’s alleged dealings with death squads. Some of the references include:

2. Coal mines Mina Pribbenow and El Descanso (both located in the Cesar Coal Basin near La Loma)
3. [http://www.drummondco.com/about/history/](http://www.drummondco.com/about/history/)

“Drummond has always been respectful of all of the communities where we operate and we continually strive to be a model corporate citizen.”

[^2]: Coal mines Mina Pribbenow and El Descanso (both located in the Cesar Coal Basin near La Loma)
[^3]: http://www.drummondco.com/about/history/
Drummond is also accused of operating its coal mines on land that was bought illegally. Drummond is actively engaged in a battle against Sintraminergetica, the union which represents its workers. In March 2009, 4000 workers peacefully protested against the poor and hazardous working conditions at Drummond’s mining sites. The strike was called because Fenoco, Drummond’s coal transport contractor, refused to negotiate a labour proposal (CBA) despite its legal obligation to bargain with the 600 union members in addition to an on-the-job worker fatality. In response to the strike, Drummond suspended and/or fired at least 9 workers. Similarly, Fenoco (which is partially owned by Drummond) illegally fired 25 workers, 8 of which were union leaders. In such an atmosphere, many of the workers are afraid to join the union or to protest against the poor working conditions. Even today, coal union members are threatened; the Colombian advocate Alirio Uribe reported that several union members received invitations to their own funerals in April 2012.

There are many more instances of Drummond’s human rights violations in Colombia, including the forced displacement of peasants from the Mechoacán and El Prado plots. Paramilitary groups took the land and sold it later on to Drummond. Drummond refused to comment on the case. In October 2012, the lawyer representing those who were displaced from Mechoacán and El Prado received a death-threat which explicitly referenced those communities.

“Colombian people have been the victims of foreign companies, governments and institutions that want to take advantage of the country’s mineral and energy resources.”

Aviva Chomsky: “Profits of Extermination”, 2005

9 Suhner (see footnote 7)
11 Suhner (see footnote 7)
13 http://m.elespectador.com/opinion/columna-382666-no-hay-restitucion-de-tierras


→ Barbara Happe & Kathrin Petz
The European Aeronautic Defence and Space Company (EADS NV) is a Netherlands-based company active in the aerospace and defence sectors. The company manufactures aircrafts, helicopters, drones, commercial space launch vehicles, missiles, satellites, defence systems, and defence electronics. EADS is a participant of the UN Global Compact which asks companies to support and respect the protection of internationally proclaimed human rights. Despite this, EADS is ranked 7th among the world’s Top 100 arms producing companies. EADS is also a part of MBDA which builds nuclear missiles for the French Air Force, and produces and maintains submarine-launched nuclear missiles for the French Navy. The Norwegian Ministry of Finance and the Dutch Pensioenfonds Zorg en Welzijn have excluded EADS from their investments because of their involvement in the production of nuclear arms.

EADS has what is referred to a ‘contractual partnership’ which keeps the majority of EADS shares (50.39%) in the hands of the founding companies: SOGEADE, SOGEPAR, SEPI, DASA (Daimler), and a consortium of private and public-sector investors. In February 2011, Daimler announced that they wanted to sell their remaining shares in EADS to the German Government. This should occur by the end of 2012. Additionally, EADS holds a 37.5% share in MBDA, a joint venture with BAE Systems and Finmeccanica. MBDA produced over 3,000 missiles in 2010, including the new M-51 nuclear missile for the French strategic submarine forces. The contract will last for ten years and valued at € 3 billion. MBDA also builds ASMPA nuclear missiles for the French Air Force.

Since the arms embargo was lifted in 2004, military jeeps, helicopters, and anti-tank missiles have been delivered to Libya. Gaddafi’s regime transferred € 168 million to EADS for the MILAN missiles. Armed helicopters built by EADS subsidiaries (mainly Eurocopter) or their predecessors are sold to almost every conflict area in the world.

EADS has been accused of military and non-military corruption in South Africa, Singapore, France and Finland. In October 2012, the Munich public prosecution office investigated EADS employees on suspicion of bribery. Preciding this was the sale of Eurofighter aircraft to Austria with a business value of about € 2 billion. Raids followed in Austria, Germany, and Switzerland.

1 http://www.sipri.org/research/armaments/production/Top100
4 http://www.astrium.eads.net/en/media-library/m51.html
6 http://www.dontbankonthebomb.com/2012/02/27/eads/
7 Ian Black, Libyan rebels receiving anti-tank weapons from Qatar, Guardian, 14th April 2011; Howard Mustoe and Andrea Rothman, Eurofighter’s combat debut in Libya may boost sales of $106 million plane, Bloomberg, 24 March 2011
8 http://stopwapenhandel.org/sites/stopwapenhandel.org/files/EADS2011_0.pdf. This includes Angola, Burma, Chad, China, Colombia, Côte d’Ivoire, Israel, Morocco and Taiwan. Missiles produced by MBDA (and predecessors) are sold to countries including Algeria, Angola, Cameroon, Chad, China, Chile, Colombia, Egypt, India, Iran, Israel, Kenya, Lebanon, Libya, Malaysia, Morocco, Oman, Pakistan, Philippines, Saudi Arabia, Syria, Taiwan, Thailand, Turkey, the United Arab Emirates, Uruguay, Venezuela and Yemen.

Management of shares and bonds:
Commerzbank 168.67
Deutsche Bank 141.08
Allianz 74.12
Loans:
BNP Paribas, Commerzbank, Deutsche Bank, DZ Bank, ING, KfW, UniCredit 93.75
Turnover: 49,128.00
Net profit: 1,033.00
ISIN: NL0000235190

( Top Financial Transactions in € Million)
ENI S.p.A.

ENI S.p.A. is 30 percent state-owned Italian multinational oil and gas company headquartered in Rome, Italy. They operate in 79 countries across Europe, Africa, America, Asia, and Oceania. ENI has been involved in several controversies as a result of its operations.

In Mozambique, ENI is involved in oil and gas prospecting and exploration in the Rovuma Basin of Cabo Delgado. They are accused of transporting and dumping large amounts of waste as well as threatening both the environment and the health of the communities in the affected region.

The fact that gas flaring has been illegal in Nigeria since 20051 compiled with promises to shareholders to discontinue gas flaring has not deterred ENI’s Nigerian subsidiary Nigeria Agip Oil Company (NAOC) from still running gas flaring sites, oilfields, and pipelines.2

Communities such as the Kalaba3, the Gbaraun4, and the Sabatoru5 in Bayelsa State suffer from oil spills, leaking and burning pipelines, and constant burning of natural gas emissions, similar problems to those caused by Royal Dutch Shell. According to ERA, spills were linked to the company negligence and poorly maintained facilities. Agip does not provide information on incidents, compensation or clean ups.

ENI is on the brink of tar sands exploration in the DR Congo.6 Oil extraction from tar sands involves the resettlement of communities and puts primary forests, and biodiversity in the Congo Basin at risk.7

> Samuel Mondlane & Julia Dubslaff

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1 http://news.bbc.co.uk/2/hi/africa/4438182.stm
3 http://www.eration.org/component/content/article/429
4 http://www.eration.org/component/content/article/5/423-field-report-312-nine-months-after-spill-gbaraun-community-wants-agip-to-clean-up-pay-for-damages-
5 http://www.eration.org/component/content/article/418
6 http://www.reuters.com/article/2011/10/06/congo-eni-oilsands-idUSL5E7L648220111006
7 http://www.banktrack.org/show/dodgydeals/congo_tar_sands#tab_dodgydeals_basics
http://www.boell.de/navigation/climate-energy-7110.html

“Agip operates massive gas flares in the midst of the communities. Spills continue without being cleaned and with no compensations paid.”
Kentebe Ebiidor, ERA

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Leaking Agip gas pipe in Ebocha community, Rivers State, Nigeria © ERA

Agip gas flaring in Idu community, Rivers State, Nigeria © ERA

▲ Leaking Agip gas pipe in Ebocha community, Rivers State, Nigeria © ERA

▲ Agip gas flaring in Idu community, Rivers State, Nigeria © ERA

“ENI is committed every day to respecting human rights in areas of operations and in countries in which they work.”

ENI Website
Flextronics International Ltd.

Flextronics is a leader of the EMS (Electronic Manufacturing Services) industry. Everx well-known IT brand outsources production to a small group of giant manufacturing companies that are capable of managing the entire production process: everything from getting a project ready, to the delivery of the final product. The names of companies belonging to the EMS industry are little-known, as the EMS business model bars any connection to specific products.

While Flextronics International Ltd. originated in Silicon Valley, it is now registered in Singapore. It is listed on NASDAQ, hiring 225,000 (mostly low-cost) employees in 30 countries, and is the second largest EMS corporation behind Foxconn. The list of its clients includes Microsoft, Apple, Lenovo, LG, Toshiba, Nokia, Motorola, and Hewlett-Packard, among others. Flextronics grew from revenues of $ one billion in 1998 to $ 30 billion in 2011.

Like other EMS companies, Flextronics hires a great number of workers at peak times and reduces employment when market demand falls. The EMS industry requires flexibility and constant cost-cutting. As a result, many people work on low-wage, short-term contracts (often signed with temp agencies), with little or no job security. This type of employment is called “precarious work”.

In Malaysia, half of the workers at three production sites are immigrants originating from rural areas in Bangladesh, Nepal, Cambodia, Myanmar, or Indonesia. They are employed through work agencies to whom they must pay excessive, illegal recruitment fees for false promises of direct contracts with Flextronics. Contracts signed with agencies are often not even translated to their native languages. They receive very low wages, even lower than promised. They receive on average only € 200 (which is at the poverty level in Malaysia), for up to 26 working days a week with shifts in excess of 12 hours. However, the contracts only stipulate eight hours. Furthermore, the workers often have to factor in an additional three hours of unpaid time for their commute. Salaries are often delayed for up to six months, overtime is not compensated, and breaks are unpaid. Medical leave constitutes a pay deduction. Flextronics workers are placed in overcrowded dormitories (up to 20 people per room), many often sleeping on the floor. Their passports are withheld by the work agencies, which makes this a case of modern slavery. They have no right to join trade unions. Pregnant women are subject to immediate deportation. Workers also suffer from various occupational diseases, usually a result of sleep deprivation or dehydration due to restrictions on toilet use.¹

Labour rights abuses have been documented in other production countries as well. Although the minimum-living-wage in India is estimated to be between € 127 and € 240 per month, short-term contracted workers in Chennai, India earn just € 95 per month. Some unskilled workers earn as little as € 66 per month. Unions have been replaced by “working committees” set up by the company.²

6,000 workers in Shanghai went on strike recently, protesting for proper compensation over the swift relocation of a factory to another more cost-effective region in China.³

In Mexico, workers are required to work six days a week with shifts in excess of 12 hours. Agencies only contract workers for 15 to 28 days as any contract shorter than a month allows the company to deny paying social benefits. Illegal and discriminatory recruitment procedures, such as psychometric, blood, and urine tests, are also administered.⁴

Hazardous work is not limited to Asian or Latin American divisions of Flextronics. The company also operates in Central and Eastern Europe, (e.g. Poland, Hungary and Romania) – usually paying wages just above the legal minimum and using large-scale temp-work.⁵

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¹ http://www2.weed-online.org/uploads/migration_in_a_digital_age.pdf
² http://makeitfair.org/en/the-facts/reports/phony-equality
⁴ http://goodelectronics.org/publications-en/Publication_2281
⁵ http://www.2weed-online.org/uploads/migration_in_a_digital_age.pdf

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“At Flextronics, we believe that a sustainable approach to business is essential and therefore, it forms a core part of the way in which we do business.”

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Management of shares and bonds:
- BNP Paribas: 7.16
- Deutsche Bank: 6.19
- KBC: 3.09

Loans:
- BNP Paribas: 124.84
- KBC: 3.09
- Deutsche Bank: 6.19
- BNP Paribas: 7.16

Net profit: 469.18

Net worth: 124.84

Top Financial Transactions in € Million:

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISIN: SG9999000020</td>
<td>5G9999000020</td>
</tr>
</tbody>
</table>

(ISIN: International Securities Identification Number)
General Dynamics Corporation (GD) is an aerospace and defence company that offers a wide range of weapons systems and munitions. SIPRI placed General Dynamics 5th among the Top 100 largest arms-producing companies in the world, ranked by arms sales. General Dynamics Ordnance and Tactical Systems, a subsidiary of General Dynamics, classifies itself as a world leader in munition dispensing which includes the dispensing systems for the Sensor Fuzed Weapon cluster bomb. Furthermore, General Dynamics Ordnance and Tactical Systems (GDO&TS) is a subcontractor for the CBU-87/B with the BLU-97 submunition. This is a cluster bomb which is widely used in conflicts including those in Iraq, Kosovo and Serbia. According to IHS Jane’s, the company also markets the M2001 155mm cluster munition produced by Rheinmetall Denel Munition (RDM) in South Africa. Lastly, GDO&TS produces the 25MM PGU-20 API and M919 (APFSDS-T) depleted uranium ammunition. Similarly, General Dynamics Electric Boat, another subsidiary of General Dynamics, built the Ohio class nuclear submarines for the US Navy, which are equipped with nuclear Trident missiles. General Dynamics’ Advanced Information Systems, a further GD subsidiary, has also been involved in a project which stretches the life span of the guidance systems for the Trident II D5 nuclear missiles owned by the US Navy.

Thomas Küchenmeister

http://www.sipri.org/research/armaments/production/Top100
http://www.gd-ots.com/munitionsdispensing.html
http://www.gdeb.com/about/product/ohio/
### Glencore International plc

Glencore is a Swiss-based commodity extracting, producing, and trading company active in 40 countries worldwide. Its three pillars are metals, energy and crops. They control up to 60 percent of the commodities: zinc, copper (50 percent), and lead (45 percent) in the resource market. In October 2012, the merger with Xstrata was finalized.

Prodeco, a subsidiary of Glencore, runs two coal operations in Cesar, Colombia: Calenturitas and La Jagua. As a result, more than 50% of the population in Cesar suffers from respiratory diseases and damage to their skin and eyes. Communities are supposed to be resettled due to these health impacts. However, they protest against the resettlement plans demanding consultation concerning compensation, time-lines, infrastructure, and above all, the future locations of their homes. Hardly any unspoiled land is left in Cesar. Subsequently, authorities have refused to grant extension licenses to Glencore because of their heavy air pollution.

In Zambia, a 73% subsidiary of Glencore, Mopani Copper Mines (MCM), uses harmful acids to extract copper at its Mufulira and Nkana Mines. Only one of three safety pumps was ever installed in the extraction system. Consequently, a damage of this single pump led to severe contamination of drinking water in 2007. Sulphur emissions were 70 times higher than the healthy limit set by the WHO. Parts of the mine were closed in 2012 due to heavy acid mist. In high concentrations, sulphur severely pollutes air, groundwater and soil, destroying families’ means of self-subsistence. People suffer from respiratory diseases and high rates of cancer. Miners are often contract-workers without any health or social benefits.

A leaked audit report on Mopani showed that MCMs tax evasion could cost the Zambian government up to £76 million a year.

Katanga Mining, a 75% subsidiary of Glencore, runs copper mines in the province of Katanga in the DR Congo. Workers, many of them on short term contracts, are forced to operate under the poorest of conditions. They are not provided with any safety attire and therefore are exposed to the dust.

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

Chantal Peyer, Brot für alle

Glencore’s global presence and economic strength has a positive impact on the communities in which we operate.

Glencore’s commitment to communities, Glencore website

in the mines which leads to severe health problems. The BBC accused Glencore of indirectly receiving copper produced by child labour from the Tilwezembe copper mine. They also accused Glencore of dumping heavily polluted waste into the Lululu river.

Additionally, NGOs accused Glencore of tax evasion and involvement in corruption. “Publish What You Pay” named Glencore the most opaque mining company in terms of tax transparency as they incorporated half of their 46 subsidiaries into tax havens. Several other NGOs filed a complaint with the OECD in 2011, alleging that Mopani Copper Mines manipulated financial accounts to evade taxation in Zambia. In the spring of 2012, the British Parliament’s International Development Committee opened an inquiry over taxation in developing countries in which Glencore’s subsidiaries in Zambia and DRC were included.

In light of the OECD complaint on tax avoidance in Zambia, even the European Investment Bank froze all new loans to Glencore “due to serious concerns about Glencore’s governance which have been brought to light recently and which go far beyond the Mopani investment.” Allianz, a German insurance company, also declared that they would cut off investment to Glencore because of their poor sustainability record.

→ Julia Dubslaff & Jan Schulz
“Our vision is that all business operations shall be run in a way that is economically, socially and environmentally sustainable.”

H&M Hennes & Mauritz AB

H & M Hennes & Mauritz is a Swedish company that is active in the clothing retail industry. The company has around 700 independent suppliers active in local production offices in Asia and Europe. As of 31st December 2011, the company had over 50 subsidiaries, including H&M Hennes & Mauritz SA, Impuls GmbH and FaBric Sales A/S, among others. H&M is accused by locals, NGOs, media and scientists of violating human and labour rights and of polluting the environment.

Textile suppliers for Zara, H&M, Ann Taylor, Guess, Target, Disney and Uniqlo, among other big brands, have violated China’s environmental laws by contaminating water supplies with chemicals from dyes and printing, according to the report “Cleaning up the Fashion Industry”, released by the Institute of Public and Environmental Affairs.

A German TV program entitled “Your Cheap Fashion – Our Misery” has reportedly featured H&M’s links to child labour and labour exploitation in Uzbekistan and Bangladesh. According to the report, young 12 year old children work up to 14 hours a day in factories for miserably low wages to supply H&M, which offers its products with slogans like “fashion and quality at the best prices.” It is also worth mentioning that the allegedly authoritarian Uzbekistan government makes huge profits from cotton export.

Along with several other major clothing makers, H&M has been criticised for how they treat workers in Cambodia, where hundreds of employees at a plant run by a supplier of the Swedish fashion giant mysteriously passed out in August. On top of this, H&M declared that they no longer use sandblasting to fade their jeans products. However, a new report reveals that regardless of whether a brand has ‘banned’ sandblasting or not, both manual and mechanical sandblasting is still commonly used.

Sandblasting has been proven to cause fatal lung diseases, including silicosis.

— Thomas Küchenmeister

2 http://www.wdr.de/tv/hartaberfair/
3 http://www.uznews.net/news_single.php?lng=en&cid=3&sub=hot&nid=18865
4 http://www.thelocal.se/39006/20120209/
5 http://www.cleanclothes.org/campaigns/killer-jeans-still-being-made

Management of shares and bonds:

Allianz 124.49
Deutsche Bank 42.36
BNP Paribas 37.69

Turnover: 12,317.60
Net profit: 1,771.62

ISIN: SE0000106270
(Top Financial Transactions in € Million)
In 2007, Hanwha confirmed to Norway’s Government Pension Fund that they manufacture 2.75 in Multipurpose Submunitions (MPSMs) as well as the 130mm Multiple Launch Rocket System (MLRS). They also lead the new South Korean MLRS programme and produces fuses for various cluster munitions. The company website lists the M577A1 mechanical fuse and the M732 electronic proximity fuse, both of which are used in cluster munitions. Additionally, Hanwha has offered Claymore anti-personnel mines at arms fairs.

In 2008, Hanwha reportedly exported 2.75 in Multipurpose Submunition (MPSM) rockets with cluster munition warheads to Pakistan.

> Thomas Küchenmeister

Hanwha is a Korean based Corporation. They manufacture industrial explosives, defence products, and aircraft and are undeniably involved in the production of cluster munitions. Cluster munitions are prohibited under the Convention on Cluster Munitions which became effective on 1 August 2010. Due to the company’s involvement in the production of cluster munitions, the Ethical Council of the Norwegian Pension Fund has excluded Hanwha from their investment universe.

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> Thomas Küchenmeister

“Every year we clear tens of thousands of unexploded mines in former battle zones in order to eliminate the deadly threat they pose to civilians and especially to children. Anyone who still produces cluster munitions or landmines does so illegally and as such commits unjustifiable human rights violations to the highest extent.”

Sylvia Werther, Solidarity Service International (SODI)

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2. [http://english.hanwhacorp.co.kr/BusinessArea/Explosives/Defense/Overview/Overview.jsp](http://english.hanwhacorp.co.kr/BusinessArea/Explosives/Defense/Overview/Overview.jsp)
Heckler & Koch (H&K) describes itself as a leading manufacturer of small arms including rifles, fully automatic weapons, and grenade launchers in Europe. The media, NGOs, Members of the German Parliament, and German legal authorities all accuse H&K of bribery, weapon smuggling, and illegal arms sales to countries and regions of unrest or ongoing human rights violations. The Small Arms Survey (2010) estimates that 875 million rifles, submachine guns, and pistols are in circulation worldwide. According to UNICEF, more people are killed by small arms than all other weapons.¹

Since late 2011, H&K has been accused of bribing officials in Mexico and Germany.² In August 2011, the German media reported that Modern Industries Company (MIC), a Saudi government-owned arms company located in Al-Kharj, was exporting German G36 assault rifles, and thus violating German export laws. Heckler & Koch has licensed MIC to manufacture their G36 rifles. MIC has been showcasing the weapons at exhibitions like IDEX 2011. Santa Bárbara Sistemas in La Coruña, Spain, is also licensed to manufacture the G36. However German arms export regulations forbid companies from awarding licenses in order to outsource production of weapons.³

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In 2010, a German prosecutor investigated witness accounts and travel documents which suggested that weapons manufacturer H&K knowingly and purposefully delivered G36 rifles to four Mexican provinces suffering from ongoing human rights violations and political unrest: Chiapas, Chihuahua, Guerrero and Jalisco.⁴ A fierce drug war is raging in Mexico. Over 30,000 people have been killed in recent years.

H&K was also under investigation following the discovery of its assault rifles in Georgia and Libya. Libyan rebels have undeniably used H&K G36 assault rifles in their struggle against dictator Muammar Gaddafi. However, H&K denies that it sold weapons to anyone in the embargoed country. H&K also said it can neither confirm nor deny German media reports alleging that former Libyan leader Muammar Gaddafi’s son visited the company’s headquarters in 2003.

In 2008, the German TV program “Report Mainz” revealed that Georgian special forces used H&K G36 rifles in their conflict with Russian troops. H&K claimed it would not export weapons to the Georgian conflict zone only after unsuccessfully seeking to obtain an export permit in 2005.⁵

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5. http://www.bundesanzeiger.de/ebanzwww/wexsservlet

“In view of the fact that just over 1.5 million people have lost their lives as a result of H&K weapons, one can certainly speak of Germany’s deadliest company.”⁶

Jürgen Grässlin, arms opponent, in WIWO

“Securing peace in freedom”
Slogan from H&K press release
Accounting for around 40 percent of global production, the Taiwan-based Hon Hai Precision Industry Co., (also known by its trading name, Foxconn), is the world’s largest electronics manufacturer. They serve as the original design manufacturer for some of the largest electronic and multimedia brands, including Apple Inc., Amazon.com, Dell, Hewlett-Packard, and Sony, among others. They have massive production plants in Asia, Latin America, and Eastern Europe.

Foxconn has been accused of violating labour rights for many years.

They keep their employees in overcrowded dormitories run by military-like security forces. People work excessive hours, often with no compensation for overtime, which the company claims is done voluntarily. Management controls every aspect of workers’ lives, interfering with their privacy. The concept of privacy is even an illusion, as up to 24 people share a room in huge blockhouses.

Foxconn employs about 1.2 million workers in China. In Shenzhen and Chengdu, a combined Foxconn workforce of 500,000 provides labour for Apple Inc. Violations against workers have already been widely reported over the last decade. However, in recent years these issues have drawn more attention from international media and human rights organisations as there have been a number of suicides and frequent riots in Chinese Foxconn factories. After mounting allegations, Foxconn, pressured by their largest clients, has taken steps to audit working conditions in production plants. While raises on 25 percent to a daily wage of over $5 have been promised, reports have surfaced indicating that workers were threatened and ordered only to share certain information, as deemed acceptable by Foxconn. The improvements themselves have also been questioned. It should be noted that the Fair Labor Association (FLA) only inspected three Foxconn factories: two in Shenzhen and one in Chengdu, Sichuan. They reported severe health and safety risks, and excessive hours of overtime without appropriate payments.

Foxconn has been moving its production further north to inland China. There is no indication that similar compensation or improvements to working conditions have taken place in other factories.

Nevertheless, human rights organisations have gained insight into the gated Foxconn dormitories and highlighted some daily practices including full control over people’s working schedules, as well as their free time. Workers are prohibited from using certain devices, their rooms are raided, and if they are found to have broken any of the strict rules, they have to confess their guilt publicly.

Time off is usually only used for rest as people regularly work shifts of 11 to 13 hours. Working hours are so long that people sleep in the factories when a new product is being released.

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1 http://www.huffingtonpost.com/2010/05/21/foxconn-suffers-ninth-suicide_n_585325.html
2 http://sacom.hk/archives/960
Frequently occurred in many locations\(^5\). Although local authorities are often attracted to the prospect of opening a large factory providing employment, control over the environmental impact is usually very limited. Once established, it is very difficult to determine the effects on people’s health. China’s Centre for Legal Assistance to Pollution Victims (CLAPV) set up safety zones for different types of production, however, the regulations have not yet been determined for certain categories. Consequences of such cases have been visible in Taiyuan where inhabitants of villages and settlements around the Foxconn factory are unable to determine the damage the factory may be causing to their health. They do know that there are rising numbers of respiratory disorders which already amount to 70 percent of the illnesses among the villagers.\(^6\)

Additionally, if targets are not met, lunch breaks are also cancelled. Days off are rare and trips home to visit family are only allowed once a year. This is particularly concerning as most of the workers are immigrants from distant provinces. They are usually young people who are not in a strong position to find employment in their home regions. Some of them are attracted by Foxconn advertising campaigns. The largest group of Foxconn employees is between 18 and 21 years old although incidents of child labour have been observed.

As the largest private employer in China, Foxconn holds a position superior to that of local communities and authorities. Although workers are often exposed to harmful substances without being informed, surrounding areas are also subjected to water and air pollution. This problem is consistent among Foxconn factories worldwide. Disturbing odours which cause immediate respiratory problems and gas leaks have frequently occurred in many locations\(^5\). Although local authorities are often attracted to the prospect of opening a large factory providing employment, control over the environmental impact is usually very limited. Once established, it is very difficult to determine the effects on people’s health. China’s Centre for Legal Assistance to Pollution Victims (CLAPV) set up safety zones for different types of production, however, the regulations have not yet been determined for certain categories. Consequences of such cases have been visible in Taiyuan where inhabitants of villages and settlements around the Foxconn factory are unable to determine the damage the factory may be causing to their health. They do know that there are rising numbers of respiratory disorders which already amount to 70 percent of the illnesses among the villagers.\(^6\)

“The daily production target is 6,400 pieces. I am worn out every day. I fall asleep immediately after returning to the dormitory. The demand from Apple determines our lives.”

Worker at Foxconn factory, Sacom Report

“New iPhone, Old Abuses”

“The daily production target is 6,400 pieces. I am worn out every day. I fall asleep immediately after returning to the dormitory. The demand from Apple determines our lives.”

Worker at Foxconn factory, Sacom Report

“New iPhone, Old Abuses”

“Engaging employees with respect, establishing continuing improvement, maintaining the vision of benefiting society, and enhancing sustainability.”
L-3 Communications is a leading provider of a broad range of electronic systems used on military and commercial platforms. The company’s L-3 Fuzing & Ordnance Systems (L-3 FOS) division is described as one of the most advanced manufacturers of fuzing and ordnance products in the world. This includes the development and production of fuzes for missile and rocket-driven devices and ordnance ammunition deployed by infantry. SIPRI rated L-3 as the 9th largest arms producing company in the world.¹

L-3 is accused of being involved in the production of cluster munitions banned by the 2008 Convention on Cluster Munitions by media, NGOs, and specialist researchers. In July 2011, Danske Bank excluded L-3 from its investment domain based on the findings of research into L-3’s involvement in cluster munitions carried out by the independent advisor Ethix SRI Advisors.² The Dutch PGGM Vermogensbeheer B.V. excluded L-3 for the same reason.³

L-3 Fuzing and Ordnance Systems produces an electronic safety and arming device (ESAD) for use on cluster munitions. The ESAD is a key component of the M30 Guided MLRS rocket, a programme which will last minimum until the end of 2013.⁴

The ESAD is also described as a key component of the M30 cluster munition rocket, as it was developed first and foremost for use in this weapon. Marketing material from L-3 Communications describes the device as used on the unitary version of the GMLRS rocket as ‘a variant of the DPICM Round ESAD’.⁵ In 2009, the United Arab Emirates ordered 780 M30 GMLRS rockets, each equipped with 404 M101 DPICM submunitions.⁶

Another example of L-3’s involvement in cluster munitions is the marketing of the XM1162 self-destruct fuzes designed for cluster munitions. L-3 describes the fuze for use with 155 artillery ammunition and GMLRS rockets in order to “minimise battlefield duds by adding a self-destruct capability to the current DPICM® cluster munitions. The marketing material for the XM1162 was removed from the company website in 2010, but L-3 Communications has to date not confirmed having withdrawn the fuze from sale.

→ Thomas Küchenmeister

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

“Our values provide the foundation for our commitment to the highest level of ethical conduct, a commitment we take very seriously.”

L3- Code of Ethics and Business Conduct

“There is evidence that L-3 is still involved in the production and marketing of key components used with cluster munitions.”

Julia Dubstaff, FACING FINANCE
We are committed to the highest standards of ethical conduct in all that we do.

Lockheed Martin Code of Ethics 2012

SIPRI placed Lockheed Martin 1st among the 2010 Top 100 list of the world’s largest arms-producing companies.¹

Lockheed Martin’s weapons systems currently operate aboard all U.S. Navy nuclear submarines and aircraft carriers deployed worldwide.² The company, based in Bethesda, Maryland (USA), produces a wide variety of nuclear weapons including the Trident II D5 nuclear missiles for the U.S. Ohio class submarines and the British Vanguard class submarines for both the United States and the United Kingdom.³ Lockheed Martin is also contractor for the new guided B61-12 TSA tail kit to increase accuracy for deployed, ground-penetrating bombs known as “mini-nuclear-bombs.”⁴

Lockheed Martin is also involved in the production of cluster munitions. This is confirmed by government contracts and the ongoing contractual obligations to provide cluster munition missiles for customers until 2013. These include the 227mm M30 Guided MLRS (GMLRS) rockets launched by M270 MLRS or HIMARS, which are exported to the United Arab Emirates, Jordan, and Singapore.⁵ Cluster munitions are banned under the Convention on Cluster Munitions.

The Norwegian Ministry of Finance, Delta Lloyd Asset Management, Danske Bank, Triodos, and the Dutch Pensioenfonds Zorg en Welzijn are among those who have excluded Lockheed Martin from their investments because of their involvement in the production of nuclear arms and/or cluster munitions.⁶

→ Thomas Küchenmeister


“Lockheed Martin has never published, stated or confirmed that it has stopped or will stop the production of the GMLRS or other cluster munitions.”

IKV Pax Christi, Worldwide investments in Cluster Munitions, June 2012

Management of shares and bonds:
Allianz 248.09
Deutsche Bank 68.16
MunichRe 22.08

Loans:
Deutsche Bank 71.92

Turnover: 35,906.30
Net profit: 2,050.18
ISIN: US5398301094

(Top Financial Transactions in € Million)
Paladin Energy Ltd. is a uranium production company with projects in Australia and two operating mines in Africa (Malawi and Namibia). At Paladin Energy’s recent annual meeting, a series of questions were raised regarding alleged corruption, human rights abuses, and worker safety issues. Several NGOs accuse Paladin Energy of operating the Kayelekera Uranium Mine in Malawi without concern for possible environmental damage or health hazards. Some claim that local communities are not aware of the negative impacts of the mining activity. The Kayelekera mine is located near a forest reserve and Lake Malawi which is essential for drinking water and fishing. According to activists, the Australian company bribed the Malawian government to obtain the mining licence in 2007.

A current NGO report on the mitigation of uranium mining in Africa and its impact on society and the environment found that multinational uranium mining companies are generally not held accountable for their social and environmental impacts in Africa. The report covers five companies and include Paladin, AngloGold Ashanti, Areva, and Rio Tinto. Paladin did not respond when contacted. The report concludes that uranium mining operations have a high impact on the environment and society and can lead to the deterioration of health for workers and communities. Increasing uranium mining activities pose risks in Africa because they are not always strictly regulated and controlled.

A 2010 Environmental Impact Assessment (EIA) report on water consumption at Paladin’s “Langer Heinrich” mine in Namibia contains disturbing conclusions over the mine’s water use. It stated that the proposed water withdrawal is not sustainable and explained how the existence of a vulnerable tree species might be threatened if the water table is further lowered. Paladin has not explained how or if it will address these concerns.

In an earlier report released by the World Information Service on Energy (WISE) entitled “Environmental Impacts of Current Uranium Mine Projects”, Paladin Energy was criticised for its operation in the Langer Heinrich open pit mine. The deposit is located in a National Park (the Namib-Naukluft) which has a large biodiversity adapted to Namibia’s extreme climate. Paladin Energy is also criticised because of the water it uses for processing which comes from one of Namibia’s scarce groundwater sources. The current water extraction is damaging the landscape. However, the company plans to use more water to increase its production capacities.

“Mining companies want to expand their mines in the coming years (and more mines are expected to open), and will need much more water for that: about 50 million m³ each year. Our water sources already are very scarce and may be contaminated for generations.”

Bertchen Kohrs, Earthlife Namibia

Paladin Energy Corporate Values

“Act with integrity, honesty and cultural sensitivity ...”
Rheinmetall AG is a German defence sector company which produces land systems, weapons, munitions, propellants, and air defence. SIPRI ranked Rheinmetall 31st among the 2010 Top 100 list of the world’s largest arms-producing companies. The company operates through subsidiaries which are located around the world.

The widely used Leopard 2 battle tank is armed with Rheinmetall’s 120mm smoothbore gun. Rheinmetall also makes a comprehensive range of ammunition for the Leopard 2, and supplies the tank’s fire control technology and C4I systems. The Leopard 2 is deployed by more nations than any other main battle tank. These include nations like Saudi Arabia which ordered 200 2A7+ model Leopard tanks. Opposition parties to the German Parliament criticised the deal with Saudi Arabia, emphasising that it not only violates the principles of the German foreign export policy on weapons but that it could also exacerbate the crisis in the Middle East. Critics referred to an incident in February 2011 when the Arab democracy movement reached the smaller neighbouring country Bahrain, prompting Saudi Arabia to immediately send armoured troops to violently quell the demonstrations.

In late 2012, the Indonesian foreign ministry announced that the country’s armed forces would purchase 103 Leopard and 50 Marder tanks from Germany. The orders were placed with Rheinmetall and the deal is thought to be worth some €210 million. Human rights organizations expressed strong concern over the human rights situation in Indonesia — particularly in the region of West Papua fearing that the German tanks could be used by the Indonesian State against its civilians.

In 2012, following corruption allegations that it strongly denied, Rheinmetall Air Defence (part of Rheinmetall AG) was blacklisted in India and banned from doing business there. This was followed by Transparency International UK accusing Rheinmetall of not providing enough public evidence on how they fought corruption. Delta Lloyd Asset Management currently prohibits investing in Rheinmetall because of their production of white phosphorus weapons. White phosphorus burns fiercely and can set cloth, fuel, ammunition, and other combustibles on fire and can cause serious burns or death. According to an Amnesty International fact-finding mission to southern Israel and Gaza, Israeli forces used white phosphorus and other weapons supplied by the USA, committing out serious violations of international humanitarian law, including war crimes.

In May 2007, the Norwegian Ministry of Finance excluded Rheinmetall from the Government Pension Fund - Global (previously the Petroleum Fund) because of alleged involvement in the production of cluster munitions. This was repealed in 2008. However, there are reports by the German television broadcaster ZDF on Rheinmetall’s ongoing involvement in the production of cluster munitions by RDM (Rheinmetall Denel Munitions) in South Africa.

“RDM currently produces cluster munitions of type M2003 as stated in the August volume of the military handbook Jane’s. This would clearly manifest a violation of the Oslo Convention to ban Cluster Munitions.”

Ove Dullum, military expert of the Norwegian Defence Research Establishment, in ZDF-Frontal 21, 10th July 2012

“Our goal is to sustain solid growth for the defence sector.”

Thomas Küchenmeister

1 http://www.sipri.org/research/arms-exports/production/Top100
3 http://www.army-technology.com/projects/leopard/
4 http://www.dw.de/indonesia-tank-deal-raises-moral-questions/a-16357173
5 http://companies.defenceindex.org/report
6 http://www.deltaloydassetmanagement.nl/en-gb/about-us/mvo/exclusions/
7 http://news.bbc.co.uk/2/hi/middle_east/7904929.stm
8 http://www.army-technology.com/projects/leopard/
Rio Tinto is an Anglo-Australian metal and mining company headquartered in London. It operates on six continents and is one of the four largest mining companies in the world. Its principal product groups are aluminium, copper, diamonds, minerals, energy, and iron ore.

The company is criticized widely for violating human rights and causing damage to the environment while carrying out its mining activities.

The Government Pension Fund of Norway excluded Rio Tinto from its investment portfolio for contributing to severe environmental damage through its cooperation with Freeport-McMoran Copper & Gold Inc. in the Grasberg mine in Indonesia.

In Mongolia, Rio Tinto aims at exploiting the largest, undeveloped gold and copper mine in the world, “Oyu Tolgoi”, located in the South Gobi Region. Critics claim that the Environmental and Social Impact Assessment for Oyu Tolgoi does not cover concerns over the destruction of the fragile South Gobi ecosystem or the livelihoods of the nomadic herders. NGOs complain that the mining projects in the South Gobi region are taking place before sufficient scientific information is available about the possible environmental impacts. Furthermore, conflicts over limited water and land resources have already evolved between traditional herders and the mining sector.

Rio Tinto Coal Australia is criticized for its health and safety conditions and lack of transparency at the Mount Thorley, Hunter Valley, and Bengalla coal mines; for harassing union members at its Bell Bay smelter; and for contamination of soil and groundwater in Arnhem Land. Also, Rio Tinto’s uranium mining activities in Australia come under criticism because they damage the environment and produce radioactive waste. In Western Australia, at the Ranger Uranium Mine, large quantities of radioactive water threatens to spill into an Aboriginal community and the wetlands belonging to the Kakadu. According to Reprisk, 100,000 litres of contaminated water has leaked continually from the tailing dams for 30 years.

Uranium mining by Rio Tinto in Africa is also criticised. NGOs researched the environmental, labour, and human rights impacts of the largest uranium mine, “Roessing”, in Namibia, where Rio Tinto is the biggest shareholder (69%). Workers and people from surrounding communities suffer from health problems arising from exposure to radioactive waste and from inhalation of dust and radon gas. The health and safety measures provided by Roessing are insufficient.

“Reprisk: Most Controversial Mining Companies of 2011. p. 7
LaRRI: Uranium Mining in Namibia. 2009.

Roessing Uranium Mine pit in Namibia © Ministry of Mines and Energy, 2010

→ Jan Schulz

( Top Financial Transactions in € Million)
Royal Dutch Shell plc

Management of shares and bonds:

Allianz 779.38
BNP Paribas 609.12
ING 365.49

Turnover: 348,688.00
Net profit: 22,929.40

ISIN: GB00B03MLX29
and GB00B03MM408

(Top Financial Transactions in € Million)

Royal Dutch Shell is a global group of energy and petrochemical companies that employs 90,000 people in more than 80 countries including Canada, Malaysia, Nigeria, and Brazil. Shell is a supporter of the Extractive Industries Transparency Initiative and a participant of the UN Global Compact.

Almost 14 percent of Shell’s production – their biggest fields outside the U.S. – comes from Nigeria. Since they started drilling there in 1958, the Ogoni region, part of the Niger Delta, has yielded about $30 billion in oil revenues. However, the people who live there profit very little from this money. With around 31 million inhabitants, the Niger Delta is one of the world’s most substantial wetland and coastal marine ecosystems. It is an important source of food for the rural population. According to a study conducted by a Nigerian university in 2011, a total of 2.4 million barrels have leaked into the delta. Air pollution from gas flaring results in acid rain and respiratory problems in the surrounding communities. People have been driven off their land and Shell pipelines pass through villages and over what was once agricultural land.

Countless peaceful marches and blockades for environmental and economic justice were met with violence. Militant groups have occasionally sabotaged Shell infrastructure in the area, hoping to economically damage the company and regain power over their livelihood. Both Shell and the government admit that Shell contributes to the funding of the military in the Delta region. Under the premise of “protecting” Shell from peaceful demonstrators, the Nigerian police special forces destroyed houses and vital crops, and killed more than 2,000 people. In autumn 2012, Nigerian farmers took Shell to court in The Hague, hoping the company would be forced to change their methods, pay compensation, and clean up spills. According to the National Oil Spill Detection and Response Agency, NOSDRA, in July 2012 Shell Nigeria (SNEPCO) was fined $5 billion for a massive oil spill that occurred at its Bonga oil field on December 20, 2011.

The Anglo-Dutch oil group is planning to drill 5 wells in the Arctic seas. This industrial activity in a fragile polar ecosystem poses a major threat to animals and the survival of indigenous peoples. Furthermore, an oil spill would be catastrophic and virtually impossible to clean up in a sea that remains ice-covered for most of the year.

Shell will also start exploring for Chinese shale gas. These unconventional gas reserves can only be reached by hydraulic fracturing, a process which damages aquifers, may leak chemicals, or cause landslides or minor earthquakes.

In July 2012, the Russian Sakhalin Island residents (Prigorodnoye Production Complex), living adjacent to a highly polluted liquefied natural gas plant with oil and gas export terminals, filed a complaint against Royal Dutch Shell and three of the UK’s largest banks: Royal Bank of Scotland (“RBS”), Standard Chartered, and Barclays for their failure to adhere to OECD Guidelines for Multinational Enterprises.

2 Amnesty International; The true tragedy; delays and failures in tackling oil spills in the Niger delta, 2011.
5 http://www.vanguardngr.com/2012/07/bonga-oil-field-spill-fine-shell-5bn/
7 http://www.guardian.co.uk/business/2012/aug/21/shell-invest-china-shale-gas-fracking on 23.08.12

"Building a sustainable energy future"
The Samsung Group, founded in 1938, is a South Korean conglomerate with more than 340,000 employees. The flagship of Samsung Group is Samsung Electronics, the world’s largest TV and mobile phone producer. The enterprise began in the 1980s with the development of electronic semiconductors.

The company is accused of using highly poisonous substances for its semiconductor production without informing or offering protection to their employees. Chinese Labour Watch reported violations of labour laws, such as child labour, in Samsung’s affiliated companies in China.¹

The South Korean organization SHARPS accused Samsung of causing severe, life-threatening illnesses, such as cancer, to 140 former employees.² In August 2012, the organization attested to 56 work-related fatalities during an interview with ZDF’s (German TV network) magazine “Frontal 21”.³

According to an investigation by the Occupational Safety and Health Research Institute, cancer- and especially leukaemia causing substances like benzene, formaldehyde, arsenic and radioactive material have been found at the production lines.⁴ Samsung maintains that these substances are not used for production. Nevertheless, the company is accused of having a massive imbalance between profits and responsibility, particularly in terms of workplace safety and health issues. Samsung still denies any correlation between the cases of cancer and their working conditions.

China Labour Watch (CLW) accuses the enterprise of massive labour law violations. The allegations are numerous: necessitating excessive overtime hours due to low wages, unpaid work, doing work while standing for up to 12 hours at a time, systematic employment of underage workers, discrimination, failure to issue pay checks, inadequate workplace safety standards, and prevention of unionized organization.⁵ These allegations are referring to company-owned factories and suppliers. For example, numerous cases of child labour have emerged at HEG Electronics. Underage workers work under the same conditions as adult employees while only receiving 70% of an adult’s wage.⁶

China Labour Watch has discovered that it is not unusual for Samsung to replace the names of former adult employees with the names of underage workers on company badges in order to avoid legal ramifications. Underage child labourers are usually hired directly from Samsung’s affiliated companies and do not receive a labour contract. Instead, the agreement is conducted by the schools and labour is passed off to the pupils as a compulsory part of their education.⁷

In November 2012, Samsung admitted to have found illegal work practices at their Chinese suppliers, following accusations by China Labour Watch.⁸ Samsung has given its suppliers two more years to eliminate these practices.⁹

1 http://www.spiegel.de/netzwelt/netzpolitik/china-labor-watch-clw-beschuldigt-samsung-der-kinderarbeit-a-853464.html
2 http://stopsamsung.wordpress.com/what%E2%80%99s-wrong-in-samsung-semiconductors/
4 http://dx.doi.org/10.1179/1077352512.0000000022
5 http://www.chinalaborwatch.org/pro/proshow-177.html
6 http://www.chinalaborwatch.org/pro/proshow-175.html
7 http://www.chinalaborwatch.org/pro/proshow-177.html
9 http://www.guardian.co.uk/technology/2012/nov/26/samsung-illegal-china-suppliers

¹ http://www.spiegel.de/netzwelt/netzpolitik/china-labor-watch-clw-beschuldigt-samsung-der-kinderarbeit-a-853464.html
² http://stopsamsung.wordpress.com/what%E2%80%99s-wrong-in-samsung-semiconductors/
³ http://frontal21.zdf.de/ZDF/zdfportal/web/ZDF.de/FRONTAL-21/2942216/23872458/8a799d/Tod-nach-Arbeit-%CC%88---SAMSUNG.html
⁴ http://dx.doi.org/10.1179/1077352512.0000000022
⁵ http://www.chinalaborwatch.org/pro/proshow-177.html
⁶ http://www.chinalaborwatch.org/pro/proshow-175.html
⁷ http://www.chinalaborwatch.org/pro/proshow-177.html
⁹ http://www.guardian.co.uk/technology/2012/nov/26/samsung-illegal-china-suppliers

1. Han Hye-kyoung, former Samsung employee
2. Kim Soo-Geun, Samsung Health Research Center
3. “They then told me that I had cancer. A brain tumour.”
4. “Sometimes, lead residue was left on our hands. You couldn’t get the smell out of your nose. I wore a simple mask made of paper.”
5. “Designed for Humans”
6. Samsung Electronics Website
7. “Cancer often occurs, even without any particular cause. That’s why I think these cases of cancer were not preventable.”
8. Kim Soo-Geun, Samsung Health Research Center
9. © China Labour Watch
Textron Inc., headquartered in Wilmington, Massachusetts, is a multi-industry company involved in the aircraft, defence, industrial and finance businesses and has customers worldwide. SIPRI ranked TEXTRON 30th among the list of the Top 100 arms-producing companies in the world.² Textron Systems, a fully-owned subsidiary of Textron Inc., produces the CBU-97/ CBU-105 Sensor Fuzed Weapon cluster munition containing BLU-108 submunitions.² The Norwegian Ministry of Finance, Delta Lloyd Asset Management, Danske Bank, and Triodos, among others, have excluded Textron from their investments because of their involvement in the production of cluster munitions.³ The CBU-97/CBU-105 Sensor Fuzed Weapon (SFW) carries ten BLU-108 submunitions, each in turn carrying four ‘Skeet’ warheads – meaning a total of 40 target seeking submunitions. The SFW falls under the category of weapons prohibited by the Convention on Cluster Munitions (Oslo Convention), which defines a ‘cluster munition’ as a ‘conventional munition that is designed to disperse or release explosive submunitions each weighing less than 20 kilograms, and includes those explosive submunitions’.⁴

The USA, who did not participate in the Oslo process prohibiting cluster munitions, now finds that almost all of their alternative cluster munitions (e.g. BLU 108) are illegal. This was heavily criticised by Textron, who strongly tried to influence the U.S. government to prevent this. Textron even sent a company spokesperson to the Geneva-based UN Meetings (CCW) to persuade the delegates of the UN Convention on Conventional Weapons of the benefits of “alternative US-American cluster munitions” like the SFW. A unique approach in the UN’s history.

The Sensor Fuzed Weapon (SFW) was first used by the U.S. during the war against Iraq in 2003. According to on scene experts, it leaves numerous unexploded duds behind, putting civilians highly at risk. However, Textron claims a reliability rate of over 99 percent. In 2010, Textron exported the Sensor Fuzed Weapon (SFW) to India; In 2011 to Saudi Arabia and to the United Arab Emirates.⁵

― Thomas Küchenmeister

1 http://www.sipri.org/research/armaments/production/Top100
Vale is the second largest mining company in the world and one of the largest producers of raw materials. It is headquartered in Rio de Janeiro, Brazil, and operates in 37 countries across North and South America, Europe, Africa, Asia, and Oceania. Vale is the world’s largest producer of iron ore and pellets (a key raw material in the iron and steel industries), and the world’s second largest producer of nickel.

Vale is criticised for having the most contempt for the environment and human rights. In January 2012, Vale won the Public Eye People's Award for being the world’s worst company in view of its human rights and environment performance. The Public Eye awards, also known as the “Oscars of Shame”, are organised by Greenpeace and the Bern Declaration.¹

Vale’s activities impact the territory and communities, generating extremely high social costs and severe environmental damage. Deforestation, population displacement, destruction of traditional livelihood models, air pollution, and contamination of water sources are impacts that follow Vale’s path of mineral exploitation through processing and transportation of their products to the final markets.

In Brazil, Vale has several large scale mining projects which have a direct impact on communities and the environment. Among them is the controversial steel complex Companhia Siderurgica do Atlanticico (TKCSA), a joint project between ThyssenKrupp (Germany) and Vale at the Sepetiba Bay in Rio de Janeiro. A study by Friends of the Earth showed that the project has negatively affected the livelihoods of 8,000 fishermen living in traditional communities in the Sepetiba bay. According to the study, the onset of industrial activity led to air pollution levels exceeding environmental limits and metal-like particulate matter being spread over the Santa Cruz neighbourhood and surrounding areas.²

Vale plans to expand its rail line to transport iron ore from the Carajás mine in Northern Brazil. This poses a threat to the ecosystem and the traditional lifestyles of the Awá tribe which, according to Survival International, is the world’s most endangered tribe.³

In Mozambique, Vale operates the Moatize Coal Project in Moatize - Tete province. Between late 2009 and early 2010, when setting up this project, Vale displaced and resettled more than 1,300 families in the communities of Chipanga, Mitethe, and Malawbe in the Moatize province. Apart from the loss of their land, these families also suffered health impacts as a result of the dust produced by Vale’s mining activities, changes in social relations, destruction of livelihoods, and radical changes in traditional cultures due to the resettlement. The resettlement process was mishandled from the beginning. Vale provided poor-quality infrastructure and insufficient housing conditions with poor access to water. Furthermore, the land provided was inadequate for agricultural purposes, putting the nutrition of the communities at risk. Promises of compensation by Vale were not kept. The free movement of people and goods and the access to resources was restricted in the resettlement area. Vale is also accused of violating workers’ rights by keeping them in precarious and short-term contractual relationships, and risking workers’ health by exposing them to compounds that cause allergies and pain.⁴

Furthermore, Vale is accused of instigating violence and militarization in Cajamarca, Peru, where Vale carries out a mining project called “La Morada”. Vale’s subsidiary Miski Mayo Mining Company S.A.C formed a paramilitary group which guards the area and threatens and/or harasses people from the surrounding communities. As a result of protests against the mining activities, several leaders were found at fault and sentenced with up to seven years in prison.⁵

Vale’s activities in Canada led to disputes with workers and violations of labour rights and compensation rights. Here, Vale followed a strictly anti-union course, suing union members, their leaders and dismissing strikers.⁶

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“Vale is working to create prosperity, with social responsibility and respect for the environment.”

Vale Sustainability Report 2011

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© Community Association, Rio de Janeiro

Protest of communities against the Vale/Thyssen steel mill in Rio de Janeiro, February 2011

→ Samuel Mondlane

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© Community Association, Rio de Janeiro

Protest of communities against the Vale/Thyssen steel mill in Rio de Janeiro, February 2011

© Community Association, Rio de Janeiro

FACING FINANCE | Dirty Profits | 2012 | 39
Vedanta Resources, one of the world’s largest zinc and aluminium producers, is a British diversified metals and mining company with operations in India, Zambia, Namibia, South Africa, Liberia, Ireland and Australia. The company was founded in 1976 and is headquartered in London, UK. Vedanta is heavily criticized for its poor environmental, health and safety, indigenous, and human rights performance—particularly in India where most of its operations are based. In 2009, RepRisk, a consultant agency focusing on companies’ environmental, social, and governance performance, ranked Vedanta the second, “most environmentally and socially controversial multinational mining company.”

In 2010, Vedanta Resources was ranked third.¹

A significant number of investment funds from Norway, the UK, Canada, USA, Sweden, and the Netherlands have excluded Vedanta from their sovereign wealth fund portfolios having recognized the reputational risks of doing business with such a company.²

Since April 1997, Vedanta Resources has had plans for a bauxite mine at the foot of the Niyamgiri Hills in Orissa, India, to more easily supply its nearby aluminium refinery at Lanjigarh with raw materials.³ Until now, Vedanta has obtained its bauxite mostly from illegally-operated mines. The plan for the bauxite mine provoked international outrage due to Vedanta’s lack of consideration for the Dongria Kondh, an indigenous tribal group regarding their holy sites and their settlements. Vedanta neglected to consult the tribe to ask for their consent to use the land when planning to build the mine. The Indian Ministry of Environment and Forests acknowledged that one of the holiest sites, an untouched summit area, would have been destroyed. A successful complaint before the British OECD contact point finally led to the cancellation of the mining project by India’s Ministry of Environment and Forests in 2010. Nevertheless, Vedanta is appealing this decision and wants to tap the bauxite deposits.

Although the construction of the bauxite mine has been cancelled, Vedanta’s refinery at Lanjigarh is still operating and causing severe environmental damage due to the expenditure of so-called “red mud,” the waste product of aluminium processing. There is already documentation of a “red mud” spillage from artificial storage ponds near a local river.⁴

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¹ RepRisk 2009, 2010, 2011: Most Controversial Mining Companies
Unfortunately, this does not only occur in Orissa. Vedanta and its subsidiaries are heavily criticized the world over for their poor reputation.

In 2001, Vedanta bought the state owned Balco aluminium refinery, smelter, and bauxite mines in Korba, India. Eight years later, the worst Indian industrial accident of recent times occurred in this factory. On September 24th, 2009, a 245-meter chimney toppled to the ground killing at least 41 workers. An investigation report carried out by the National Institute of Technology concluded that “careless, poor construction practices, […] poor workmanship […] and insufficient cement content in the concrete mix were likely causal factors”. A final judicial inquiry into the disaster has already postponed release of its findings three times. According to J.N. Chandra, the deputy director of prosecutions in Korba, “there are too many powerful people who want nothing to be done”.5

Vedanta’s subsidiary in Zambia, Konkola Copper Mines (KCM), has already been fined for ongoing pollution of the Kafue River in northern Zambia. In November 2006, the company discharged effluent into the Kafue River, polluting it with heavy metals. The chemical concentrations were 1,000% higher than acceptable levels for copper, 77,000% higher than those for manganese and 10,000% higher than those for cobalt. The domestic water supply for 75,000 residents in the nearby town of Chingola was contaminated. In November 2010, KCM yet again polluted the Kafue River – a court later found Konkola guilty of wilfully failing to report the accident to authorities and fined the company $2 million. In 2012, Zambian activists and Chingola villagers published a report which detailed the ongoing contamination of their water supply by KCM.6

“Continuing to invest in the ... company Vedanta would present an unacceptable risk of contributing to grossly unethical activities.”
Norwegian Council on Ethics, 2007


6 see above
With a total planted area of 242,403 hectares in Malaysia and Indonesia, the Singapore based, Wilmar, is one of the largest palm oil plantation owners, and the world’s largest palm oil and biodiesel producer. In Europe, companies like Unilever, Nestlé, and Procter and Gamble are its main customers. 1

Wilmar and its customers have been targeted by different environmental groups 2 around the world for their part in the massive and often illegal clearing and burning of peat land and forests in Indonesia and Malaysia. Every year, Indonesia loses 1.2% of its forests for products including palm oil, paper and timber. 3 Indonesia’s National Climate Change Council identified the palm oil sector as one of the key drivers of natural forest loss and peat land degradation in 2010. 4

The enormous monoculture that Wilmar’s oil palm plantations create, not only destroys pristine forests, but also dries out peat swamps, threatening already endangered species like tigers and orang-utans, intensifies climate change and disrupts the livelihoods of indigenous communities. Whilst many major Indonesian producers are members of the Roundtable on Sustainable Palm Oil (RSPO), this round table has not been able to ensure that producers break the link between deforestation and palm oil. 5

In 2009, the World Bank’s investment banking arm issued a moratorium on all lending to palm oil companies and in 2011, DWS, a fund management company run by Deutsche Bank, dropped all Wilmar International Stock from its financial products over concerns that the palm oil giant failed to produce palm oil in a responsible manner. Recent NGO reports from 2012 reveal that the World Bank provided millions of dollars in funding for palm oil expansion in forested islands off the coast of Lake Victoria in Kalangala, Uganda. The project is a joint venture between Wilmar International and BIDICO, an African oilseeds company. Within three months, the forest was destroyed and the Kalangala community in Uganda had lost its land. 6

Other NGO reports state that Wilmar forced Bidin natives from the Sumatra Islands to leave their land in order to make space for oil palm plantations. Wilmar is also accused of having destroyed the homes of the Bidin. 7

2 http://www.robinwood.de/Newsdetails.13+M55ead9b1d73.0.html on 16.09.12
3 Greenpeace India, Frying the forest, How India’s use of palm oil is having a devastating impact on Indonesia’s rainforests, tigers and the global climate, 2012.
5 Greenpeace India, Frying the forest, How India’s use of palm oil is having a devastating impact on Indonesia’s rainforests, tigers and the global climate, 2012.
6 http://www.foei.org/en/media/land-grab

"People’s rights to land are being demolished despite protection for them under the Ugandan Constitution. Small scale farming and forestry that protected the unique wildlife, heritage and food of Uganda is being converted to palm oil wastelands that only profit agribusinesses."

David Kureeba, National Association of Professional Environmentalists (NAPE) / Friends of the Earth Uganda

“Setting the standards for sustainable practices”

Wilmar Sustainability Report 2011
Excursus

Bittersweet – Child Labour and Cacao Farming

At the beginning of the millennium, child labour was still persistent in cacao plantations. Recent studies from Ghana and Côte d’Ivoire (Ivory Coast) show that hazardous child labour and sometimes even cases of the worst forms of child labour (as defined by the ILO), such as child trafficking and forced labour, still occur. According to the Tulane University, New Orleans, children from Burkina Faso and Mali continue to be sold to cacao farms in Ghana and Ivory Coast—the world’s two largest producers of cacao—where they are used in sectors which massively damage their health. Nearly one million children were found working on cacao plantations in Ghana, while in Ivory Coast more than 800,000 cases were identified. All the while, these children and their families hardly benefit from educational or vocational programs.¹

States, industry, consumers, and civil society all admitted the problem of child labour and agreed unanimously that the most severe forms had to be eliminated. As early as 2001, industry, governments and international NGOs signed the Harking-Engel Protocol² which was supposed to improve the regulations against child labour and abolish forced labour by certifying cacao.

The Harking-Engel Protocol should have been enforced by 2005. It was soon clear to more than just the representatives of the industry that the aspired protocol was not feasible: In Western Africa alone, cacao beans are cultivated on more than 600,000 farms. Furthermore, the value chain is too diversified and unclear to establish effective control systems.

Consequently, the idea was dismissed in 2007. Certification was re-defined. Now, the protocol only provides progress updates for the data pool on cases of exploitive child labour and forced labour, and reports the effects of progress in the elimination of the aforementioned types of labour. It also reports on independent verifications of the data pool. The development of a certification system which affects 50 percent of the cacao cultivating regions in Ghana and Ivory Coast is planned. Although it is supposed to model itself on United Nations and ILO standards, the certification does not set exact standards with mandatory requirements as criteria. Furthermore, there is no all-embracing approach to improve the overall working situation.

Despite its self-commitment to fight child labour,³ the chocolate industry still focuses on increasing productivity and profit without developing all-embracing, country-specific, or long-term social projects. Thus far, it has only been possible to reach a few Ivorian and Ghanaian communities. In addition to child trafficking and forced labour, this problem complicates the execution of fair production chains. Similarly, there hasn’t been any prospect development for children who have been saved from exploitative employment. There are no standards regarding voluntary certification for the cacao sector. Cooperation with the ILO is set to be expanded with help from U.S. government funds and aid from the chocolate industry. Existing programmes will also be continued. However, as of yet, none of them concerns the explicit certification of cacao.

Further sources:


¹ e.g. Hershey: http://laborrightsblog.typepad.com/international_labor_right/2012/10/no-more-child-labor-chocolate-can-hershey-be-trusted.html


³ http://www.childlabor-payson.org/Tulane%20Final%20Report.pdf
Banks and Evil Acts
Example 1: Deutsche Bank

Headquartered in Frankfurt, Deutsche Bank AG is the largest German global banking and financial services company. They employ more than 100,000 people in over 70 countries.

Despite Josef Ackermann, former Deutsche Bank CEO, repeatedly stating that “no business is worth risking the reputation of Deutsche Bank,” Deutsche Bank has been involved in a large number of irresponsible business transactions during his time in office (2002-2012). Subsequent lawsuits against Deutsche Bank have even led to convictions.

Deutsche Bank’s involvement in human rights violations and environmental damages are documented further in this report in the chapter entitled: “Harmful Investments - Analysis of Financial Institutions and their Harmful Investments.”
Deutsche Bank and the Housing Credit Bubble

Deutsche Bank was one of the major driving forces behind the housing credit bubble since 2004. A US Senate Report from 2011 on this issue analyzed that Deutsche Bank was one of the most important Collateralized Debt Obligation (CDO) traders. After renouncing from this market, Deutsche Bank started betting against mortgage bonds which contributed to the collapse of the market in 2007. Nonetheless, Deutsche Bank continued selling CDO products to investors.

Carl Levin, the chair-person of the US Senate Permanent Select Committee, observed alarming practices within Deutsche Bank, stating, “we have found a snake pit full of greed, interest conflicts and misconduct.”

In a lawsuit filed in May 2011, the Los Angeles city attorney called Deutsche Bank “one of the major slumlords in the city.” The attorney’s office contends that the lenders destroyed neighbourhoods by wrongly kicking people out of homes and left hundreds of properties to become trash-strewn crime magnets. The Deutsche Bank suit involved about 2,000 foreclosed homes. The claim against Deutsche Bank also noted that Deutsche Bank acquired hundreds of properties from tenants who were illegally forced out. According to city officials Deutsche Bank is “one of the worst and [least] accessible culprits.”

Deutsche Bank: Violations of Advice Obligations

In March 2011, Deutsche Bank was commanded by the German Federal Supreme Court (Bundesgerichtshof) to pay compensation to a mid-sized paper company for selling them interest rate swaps without adequately disclosing the risks of the products.

This case is just one of around two dozen suits against Deutsche Bank on this issue. Deutsche Bank has sold similar high-risk interest rate swaps to around 200 mid-sized companies and local authorities. According to estimates, the actual total loss amounts to more than one billion Euros. However, many of these suits have been resolved through out-of-court-agreements.

The most famous case regarding interest rate swaps was submitted by the city of Milan. Italian prosecutors accused Deutsche Bank and three other large banks (UBS, JP Morgan Chase, and Hypo Real Estate) of mis-selling derivatives. Milan’s chief prosecutor Alfredo Robledo said that the banks had been “plundering society.” As a result, Milan received a €500 million payout in an out-of-court settlement in April 2012.

Deutsche Bank and Food Speculation

There is growing evidence that investments on commodity and food markets are causing food shortages and hunger. Financial institutions like Deutsche Bank and Goldman Sachs speculate with food at the expense of the impoverished. According to a report titled “Die Hunger-Macher” (“The Hunger Makers”), there is a close correlation between speculation and rising food prices. According to the analysis of Olivier de Schutter, the UN special rapporteur of the Right to Food program, “a significant portion of the increases in price and volatility of essential food commodities during the food crisis of 2007/2008 can only be explained by the emergence of a speculative bubble.” He attributes this specifically to the role of large institutional investors such as hedge funds, pension funds, and investment banks. Speculators who bet on rising prices and volatile prices of agricultural raw materials can reap large returns. People living in poverty are left without protection as they contend with subsequent exploding food prices and extreme price volatility.

In reaction to these reports and analyses, several German financial institutions, such as Commerzbank, discontinued speculation on basic food commodity prices. For now, Deutsche Bank only contends that it will not issue new investment products involving agricultural commodities this year while it researches the impact of investment in commodities on food prices.

Barbara Happe & Thomas Küchenmeister
Banks and Evil Acts

Example 2: Goldman Sachs

Goldman Sachs Group is an American multinational investment banking firm that engages in global investment banking, securities, investment management, and other financial services, primarily for institutional clients. They are recognized as one of the premier investment banks in the world, but have sparked a great deal of controversy over alleged improper practices, especially since the global financial crises began in 2007.

“To put the problem in the simplest terms, the interests of the client continue to be sidelined in the way the firm operates and thinks about making money,” stated Greg Smith, former vice president at Goldman Sachs, in his public resignation letter.

Goldman Sachs and Food Speculation

Goldman Sachs is one of the largest players in the commodity speculation market.

About 10 years ago the commodity market was a place where farmers and food processors could meet and trade their goods. They fixed prices for their products; this protected the income of the farmer in the event that prices fell, but also protected the processor in the event that prices rose. A single speculator could be of use as an intermediary.

However, the number of speculators has grown steadily since a political deregulation started in 1991. The speculators purchase future grain from farmers and processors only to sell it later for a higher price. Through their acquisitions, they have increased demand and helped to artificially drive up food prices. Then, when multiple speculators wish to sell their ‘future’ grain, the price can potentially crash due to excess supply. The price variations are felt most by the poor who spend around 80% of their income on food. A price increase of 71% (like in 2008) puts this basic need out of reach for them, as the commodity prices have become too unstable.¹

In 2008, food prices reached historic highs. Hunger riots broke out in over 30 countries and over 100 million people became undernourished. Many more had to stop their education or could no longer afford medical care.²

¹ Herman MO, Not a game, speculation versus food security Oxfam issue briefing, Oct 2011.
² Friends of the Earth EU, Farming money: How European banks and private finance profit from food speculation and land grabs, 2012.
Goldman Sachs and the Euro Crisis

In the late 90s, just before the birth of the Euro, Greek accountants found themselves in a tight spot. If Greece wanted to participate in the new currency and fulfil the Maastricht standard, they needed to rid themselves of 45% of their public debt. Such an economic miracle was not feasible in the short term, so they resorted to some creative accounting. Goldman Sachs offered to exchange Greece’s foreign currency bonds into Euro, but at a fictitious price. This was called a cross-currency swap. With this, Greece's debts were artificially reduced by 2.8 billion Euro. They didn’t, of course, receive this service as a courtesy from the bank. The Greeks paid 300 million Euro in commission for this accounting trick and every cent of that mislaid 2.8 billion will need to be repaid. Furthermore, the agreed interest rate is rising every year, says financial journalist Nick Dunbar in his book, The Devils Derivatives. Through falsifying Greece’s books, Goldman Sachs played a fundamental role in undermining the euro zone. Lastly, they profit from a bankruptcy they partially caused by demanding such high interest rates.

Goldman Sachs Rules the World

In the U.S., Goldman Sachs is nicknamed “Government Sachs” due to the frequent changes by policy-makers between these two institutions and governments around the world. In 2010, a CBS News analysis of the revolving door between Goldman and government revealed at least four dozen former employees, lobbyists, and/or advisers in high ranks of power both in Washington and around the world. To name a few: Mario Draghi, now head of the central bank in Europe; Mario Monti, technocratic prime minister of Italy; Robert Zoellick, former President of the World Bank; and Lucas Papademos, until recently, Prime Minister of Greece.

These institutions often staffed with former Goldman Sachs’ employees now require strict budgetary discipline and saving measures from the countries mostly affected by the debt crisis in the euro zone. Drastic cutbacks in education, health care, and social benefits are the consequences. According to a recent Goldman Sachs report, some commentators warn of a financial coup d’état: “The more the Spanish administration indulges domestic political interests … the more explicit conditionality is likely to be demanded.”

Due to the concurrence of banks and government representatives, Goldman Sachs successfully circumvented trade regulations of high-risk derivatives. Coincidentally, Goldman Sachs representatives also took part in most advisory panels of the EU Commission concerning financial market regulation.

Goldman Sachs and the Housing Bubble

Goldman Sachs was one of the key players in the U.S. housing crisis. In the late ‘90s, many U.S. banks sold mortgage loans to people who were not creditworthy. Banks reshuffled and re-packed these bad loans and sold them to investors around the world. Hence, they passed the risk of default on to the investor, often not advising them of the chances that these loans would never be repaid. Normally, a mortgage loan is a safe investment for a bank. If the customer cannot pay, the house is sold and the bank still gets its money back. However, so many people ran into difficulties with their loans and were forced foreclose that it put too many homes on the market and prices collapsed. Goldman Sachs was the first to see this crash coming. They bought insurance en masse for this type of default so they could double their profits: first by selling bad mortgage loans, then from collecting the insurance money.

In 2010, Goldman Sachs was accused of securities fraud in a civil lawsuit filed by the Securities and Exchange Commission, which claimed the bank created and sold a mortgage investment that was secretly intended to fail. Goldman Sachs agreed to pay $550 million in a settlement to the SEC. The company did not admit or deny any wrongdoing.

Goldman Sachs and Weapons

Goldman Sachs has held a position in the hall of shame ever since 2007, when NGOs started investigating the links between financial institutions and cluster munitions producers. In contrast to some other financial institutions, Goldman Sachs never developed a policy to avoid doing business with this lethal industry sector. Over the years they have owned and managed shares and bonds from Alliant Techsystems, Textron, and Lockheed Martin in addition to providing loans to Textron and Lockheed Martin.
Harmful investments

Analysis of Financial Institutions and their Harmful Investments

In 2011, companies documented in this report earned combined revenues of at least €1.22 Trillion and achieved net profits of more than €106 Billion. While a significant amount was involved, it is impossible to specifically relate these numbers to human rights violations and environmental damage. The financial institutions who directly support and thus benefit most from business activities resulting in proven and postulated human rights violations and environmental damage include: BNP Paribas, Deutsche Bank, ING, Allianz, UniCredit, and Commerzbank. Two of the investigated financial institutions (PKO Bank Polski, and Pension Fund Anheuser-Busch), showed no involvement whatsoever in this category. However, it should be noted that Pension Fund Anheuser-Busch (like many other pension funds) does not make its holdings public.

Since early 2010, the financial transactions between the select 16 financial institutions and 28 companies investigated in this report amount to more than €44 Billion including loans (more than €16 Billion), underwritings of shares and bonds (more than €10 Billion), and managed shares and bonds (less than €18 Billion).

The resource extracting and mining industries dominate four of the Top 5 slots for financial transactions investigated in this report:

1. BHP Billiton (€10.330 Billion)
2. Glencore (€6.292 Billion)
3. ENI (€4.281 Billion)
4. Rio Tinto (€3.316 Billion)
5. Coca Cola (€2.976 Billion)

The Top 5 companies in the defence sector whose shares and bonds are managed by financial institutions investigated in this report:

1. EADS
2. Lockheed Martin
3. General Dynamics
4. Rheinmetall
5. Alliant Techsystems

The companies in the defence sector which had shares and bonds underwritten by the above mentioned financial institutions include Rheinmetall und L3 Communications.

In the defence sector, the Top 5 recipients of loans from the selected financial institutions in this report:

1. EADS
2. Rheinmetall
3. Textron
4. Lockheed Martin
5. L3- Communication
## Ranking of total investments in select companies

(in € Million):

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Loans</th>
<th>Underwritings S/B</th>
<th>Managing S/B</th>
<th>Totals</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>BHP Billiton</td>
<td>7,246.17</td>
<td>1,698.72</td>
<td>1,385.11</td>
<td>10,330.00</td>
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<td>Glencore International</td>
<td>3,730.21</td>
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<td>6,292.96</td>
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<td>3</td>
<td>ENI</td>
<td>981.82</td>
<td>888.18</td>
<td>2,411.28</td>
<td>4,281.28</td>
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<td>4</td>
<td>Rio Tinto</td>
<td>374.34</td>
<td>1,391.90</td>
<td>1,550.34</td>
<td>3,316.58</td>
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<td>5</td>
<td>Coca-Cola</td>
<td>1,623.29</td>
<td>1,352.85</td>
<td>2,976.14</td>
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<tr>
<td>6</td>
<td>Royal Dutch Shell</td>
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<td></td>
<td>2,528.02</td>
<td>2,528.02</td>
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<td>7</td>
<td>Anglo American</td>
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<td>Anadarko Petroleum</td>
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<td>Vale</td>
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<td>Barrick Gold</td>
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<td>12</td>
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<td>13</td>
<td>Rheinmetall</td>
<td>264.93</td>
<td>629.05</td>
<td>102.44</td>
<td>996.42</td>
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<td>14</td>
<td>Lockheed Martin</td>
<td>71.92</td>
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<td>366.29</td>
<td>438.21</td>
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<td>Wilmar International</td>
<td>337.79</td>
<td>16.61</td>
<td>354.40</td>
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<td>16</td>
<td>L-3 Communications</td>
<td>50.67</td>
<td>221.39</td>
<td>66.13</td>
<td>338.19</td>
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<td>Vedanta Resources</td>
<td>129.67</td>
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<td>170.34</td>
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<td>Hon Hai Precision Industry</td>
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<td>190.39</td>
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<td>Hennes &amp; Mauritz (H&amp;M)</td>
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<td>Alpha Natural Resources</td>
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<td>Textron</td>
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<td>Drummond</td>
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<td>39.24</td>
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<td>26</td>
<td>Heckler &amp; Koch</td>
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<td></td>
<td>9.11</td>
<td>9.11</td>
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<td>27</td>
<td>Paladin Energy</td>
<td></td>
<td></td>
<td>1.11</td>
<td>1.11</td>
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<tr>
<td>28</td>
<td>Hanwha</td>
<td></td>
<td></td>
<td>0.08</td>
<td>0.08</td>
</tr>
</tbody>
</table>

|       | 16,168.24 | 10,592.57 | 17,943.11 | 44,703.92 |

S/B=Shares and bonds
Source: Profundo: Dirty Profits, Report on companies and financial institutions benefiting from violations of human rights.
A research paper prepared for FACING FINANCE, 10 November 2012.
## Harmful Investments

### Ranking of Financial Institutions and their transactions with select companies (in € Million):

<table>
<thead>
<tr>
<th>Rank</th>
<th>Financial Institution</th>
<th>Management S/B</th>
<th>Underwriting S/B</th>
<th>Loans</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<td>4,494</td>
<td>5,674</td>
<td>13,323</td>
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<td>2</td>
<td>Deutsche Bank</td>
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<td>3,305</td>
<td>2,287</td>
<td>9,590</td>
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<td>3</td>
<td>ING</td>
<td>1,759</td>
<td>1,009</td>
<td>3,760</td>
<td>6,528</td>
</tr>
<tr>
<td>4</td>
<td>Allianz</td>
<td>5,085</td>
<td></td>
<td>20</td>
<td>5,105</td>
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<tr>
<td>5</td>
<td>UniCredit</td>
<td>707</td>
<td>1,285</td>
<td>3,094</td>
<td>5,086</td>
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<td>Commerzbank</td>
<td>449</td>
<td>498</td>
<td>1,049</td>
<td>1,996</td>
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<td>DZ Bank</td>
<td>1,301</td>
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<td>131</td>
<td>1,432</td>
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<td>8</td>
<td>DekaBank</td>
<td>780</td>
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<td>780</td>
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<td>KBC</td>
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<td>Munich Re</td>
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<td>LBBW</td>
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<td>KfW</td>
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<td>13</td>
<td>Argenta</td>
<td>16</td>
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<tr>
<td>14</td>
<td>BayernLB</td>
<td>5</td>
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<td>5</td>
</tr>
</tbody>
</table>

S/B=Shares and bonds
Source: Profundo: Dirty Profits, Report on companies and financial institutions benefiting from violations of human rights.
A research paper prepared for FACING FINANCE, 10 November 2012.
There are four domestic markets in retail banking: Belgium, France, Italy, and Luxembourg.

Total assets 2011: €1.96 Trillion
Net profits 2010: €7.84 Billion
2011: €6.05 Billion

BNP Paribas Fortis Belgium is the commercial name for Fortis Bank NV/SA (an international bank based out of Belgium) since the purchase of 75% of its shares by BNP Paribas. BNP Paribas Fortis is ranked first in deposits and second in consumer lending in Belgium.

The shareholders of Fortis Bank NV/SA are: BNP Paribas (74.93% of the share capital), the Belgian state (25% through SFPI/FPIM), and the public (0.07%).

BNP Paribas is a member of the executive committee of the UN Global Compact and a signatory of the Equator Principles. It is also partner of environmental initiatives like the Carbon Disclosure Project and a signatory of the Principles of Responsible Investment. BNP owns shares in almost every company (24 of 28) analysed in this report with remarkable shareholdings in ENI (€1,377 Billion). They also provided BHP Billiton with the largest loan identified in this report (€2.892 Billion).

One would assume, given such a background, that BNP Paribas would be compelled to consider environmental and social issues in their investment decisions. However, BNP Paribas is highly invested in companies which cause damage to the environment and violate human rights and labour standards. As this report shows, BHP Billiton, Glencore, ENI, Royal Dutch Shell, Vale, Coca-Cola, H&M, and Samsung are among these companies.

BNP Paribas' investments not only violate the principles of the organizations mentioned above, but also their own policies and principles. BNP Paribas states that the pillars of their sustainable development policy are: economic responsibility (financing the economy in an ethical manner), social responsibility (pursuing a committed and fair human resources policy), and environmental responsibility (combating climate change).1 Their list of Environmental Responsibility Commitments claims that their approach “takes into account every aspect of the environment, including biodiversity, water, natural resources, climate, etc.”2

BNP Paribas' commitment to human rights, labour standards and environmental issues cannot be taken serious as long as they continue to invest in companies which do not respect these issues.

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2  BNP Paribas „Environmental Responsibility Commitments“
Harmful investments

Deutsche Bank

As of December 31, 2010, Deutsche Bank operated in 72 countries and controlled 3,083 branches (68% of which were in Germany) worldwide.

Total assets 09/2012: €2.16 Trillion
Net income 2010: €2.33 Billion
2011: €4.32 Billion

Deutsche Bank Group has committed itself to a large number of voluntary initiatives such as the UN Global Compact, Carbon Disclosure Project, Global Reporting Initiative, UNEP FI, etc. Deutsche Bank is also stating that they have different credit directives on sensitive sectors like metals and mining, oil and gas, chemicals etc. in place, which are not disclosed.

Despite this, they still finance companies that are breaching human rights and environmental standards. Deutsche Bank manages shares in almost every company (26 of 28) analysed in this report. They focus on the extractive industry and weapons producers.

In November 2011, only due to massive media and NGO campaigns, Deutsche Bank finally decided to stop the financing of cluster munitions producers. Until now, this policy is not implemented. Especially the asset management branch of Deutsche Bank is still heavily involved in cluster munition producers. Aside this, Deutsche Bank provides loans to cluster munitions producers such as L-3 Communications and recently to Lockheed Martin in August 2012.

Similarly, the affirmation of Deutsche Bank not to “consider any involvement in transactions connected with specific types of weapons, in particular antipersonnel landmines, cluster bombs or ABC weapons,” only refers specifically to the financing of weapon systems themselves, but not to the producers.

Hence, Deutsche Bank still provides loans to manufacturers of nuclear weapons like EADS, Lockheed Martin and General Dynamics. They are also invested on a small scale in Hanwha, an alleged producer of anti-personnel mines and cluster munitions.

Regarding environmental protection, Deutsche Bank claims not to “finance certain globally banned products, e.g. CFC, asbestos” and to “protect natural resources such as air, water, and soil”. Thus, Deutsche Bank invests in mining companies such as Barrick Gold, Rio Tinto, and Vedanta which are rejected by other financial institutions like the Norwegian Pension Fund.²

Deutsche Bank is also involved in companies that violate labour rights. Although claiming to respect the UN Global Compact and ILO norms¹, Deutsche Bank manages shares of Flextronics, Hon Hai, and Samsung Electronics – companies which benefit from child labour, do not respect national working time regulations, and pay their employees below the decent living wage.

ING

ING offers banking, investments, life insurance, and retirement services.

Total assets 2011: €1.27 Trillion
Net result 2010: €2.81 Billion
2011: €5.76 Billion

ING Belgium (formerly Banque Bruxelles Lambert / BBL) is the fourth-largest commercial bank in Belgium. ING has two banking networks in Belgium: ING Belgium, a universal bank, and Record Bank, a retail bank which is a subsidiary of ING Belgium.

ING claims to follow the Equator Principles in their project financing and thus requires environmental and social assessments and minimum standards from their clients. Also, in signing the UN Global Compact, they have committed themselves to core human rights and environmental values.

Furthermore, they have crafted policies on forestry and plantation, natural resources, and defence and manufacturing, among others. Most of these policies, however, are too brief to provide useful or efficient guidelines.

ING manages shares in almost every company (24 of 28) analysed in this report. Focusing mainly on the natural resource extraction industry, ING gave remarkable loans to BHP Billiton (€2.114 Billion) and Glencore (€1.051 Billion).

According to the policy on forestry and plantation, ING does not support the financing of deforestation or indigenous peoples’ loss of livelihood. However, this policy only applies to so-called “High Conservation Value Forests” as certified by the Forest Stewardship Council. As such, ING can still invest in or provide loans to companies - like Wilmar and Vale - that devastate primary forests in Indonesia and Brazil, which as of yet, have not been certified by the FSC.

Similar to the forestry policy, the scope and guidelines for natural resource industry are limited and only apply to certain certified areas such as UNESCO World Heritage sites. The mines of Glencore, BHP Billiton, Rio Tinto, and Barrick Gold are thus not covered by ING’s policy. Of the financial institutions analysed in this report, ING is the most actively involved in these companies.

ING established a comprehensive policy regarding weapons, especially cluster munitions. However, it doesn’t apply to the whole company as a United States asset management branch still owns shares in Alliant Techsystems, General Dynamics, L-3 Communications, Lockheed Martin, and Textron. ING took at face value EADS’ guarantee not to use their loan towards nuclear-weapons related activities. Thus they became participants in a syndicate which provided a 3 billion Euro loan to EADS.

ING’s policy on labour rights refers to the textile industry, among others. Nevertheless, their US branch manages shares from Hennes & Mauritz. Furthermore, the policy doesn’t mention the electronic industry. Accordingly ING has investments in Flextronics, Hon Hai, and Samsung. Hon Hai was also given a loan for its subsidiary in Slovakia.

<table>
<thead>
<tr>
<th>Loans (€ Million):</th>
</tr>
</thead>
<tbody>
<tr>
<td>BHP Billiton</td>
</tr>
<tr>
<td>Glencore</td>
</tr>
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<td>Anadarko</td>
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</table>

<table>
<thead>
<tr>
<th>Underwriting S/B (€ Million):</th>
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<tr>
<td>Glencore</td>
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<tr>
<td>BHP Billiton</td>
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</table>

<table>
<thead>
<tr>
<th>Management S/B (€ Million)</th>
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</thead>
<tbody>
<tr>
<td>Royal Dutch Shell</td>
</tr>
<tr>
<td>Rio Tinto</td>
</tr>
<tr>
<td>Barrick Gold</td>
</tr>
</tbody>
</table>

S/B = Shares & Bonds

1 http://www.ingforsomethingbetter.com/our-approach/business/
Harmful investments

Allianz

In view of revenue and market capitalization, Allianz SE is the world’s largest insurance company and one of the largest financial service groups.

Total assets 2011: €641.50 Billion
Net profit 2011: €2.80 Billion
2010: €5.20 Billion

Allianz is a participant of the UN Global Compact and therefore declares itself committed to the compact’s ten principles - in particular, respecting human rights, labour standards, and the environment. Furthermore, they are signatories of the Principles of Responsible Investment which demand that environmental, social, and corporate governance (ESG) issues be taken into account during the investment decision making process. Allianz’s policy claims to provide financial resources for a sustainable social contribution, to properly address climate change, and to “devote corporate skills and resources to local communities.”

However, this report shows that Allianz is highly invested in companies which cause severe damage to the environment and do not respect human or labour rights. Allianz owns shares in almost every company (24 of 28) analysed in this report and is focused on the extractive industry, in example Rio Tinto, which is excluded from the investment universe of the Norwegian Pension Fund.

Allianz runs their investments through their subsidiary Allianz Global Investors (AGI). The European branch of AGI has a specific policy on controversial weapons, in which they state that the “mutual funds of Allianz Global Investors Europe do not invest in companies that manufacture cluster bombs or anti-personnel mines.”

This policy only applies to the mutual funds managed by AGI Europe. However, Allianz subsidiaries in the United States and United Kingdom continue to manage shares and bonds from companies like Alliant Techsystems, General Dynamics, L-3 Communications, Lockheed Martin, and Textron. Besides this, Allianz manages shares of producers of nuclear weapons like EADS and Lockheed Martin.

The policy on cluster munitions is the only one that AGI Europe has drafted. Currently, other subsidiaries do not have specific policies in place to deter investment in cluster munitions or other controversial issues. Another important subsidiary of Allianz, Pimco, for example, signed the UN Principles of Responsible Investment (PRI) in 2011, because they reflected “the view that ESG issues can affect the performance of investment portfolios.”

In Pimco’s view, the consideration of ESG issues “may help reduce the risk of negative surprises and increase the long-term quality of managed portfolios.” Despite this, Pimco manages bonds from 15 of the select companies, among them: Anadarko, Anglo American, Barrick Gold, BHP Billiton, Coca-Cola, Rio Tinto, Royal Dutch Shell, Vale and Vedanta.

“We want to actively use our experience to the benefit of our customers and shape our environment in a sustainable manner.”

* www.allianz.com

1 http://www.unglobalcompact.org/
2 www.unpri.org
3 https://www.allianz.com/de/verantwortung/stakeholder/umwelt.html
4 Allianz Group Sustainability Performance 2011
6 http://media.pimco.com/Documents/UNPRI.pdf
UniCredit Group

UniCredit’s core markets are Italy, Austria, and Germany.

Total assets 03/2012: €933.10 Billion
Net profits 2010: €1.32 Billion
Net loss 2011: €9.20 Million

In Germany, UniCredit Group operates under the names UniCredit Bank AG and the branch HypoVereinsbank. The Allianz Group is one of UniCredit’s key shareholders (2%). UniCredit’s asset management is carried out by Pioneer Investment, whose financial products and services are offered in Italy, Germany, Poland, Luxemburg, and many other countries.

Generally, UniCredit claims to be committed to a wide range of standards. In example, they are signatories of the UN Global Compact1 and the Equator Principles.2

The UniCredit Group also claims to operate in accordance with the Universal Declaration of Human Rights and the International Covenants on Civil and Political, and Economic, Social and Cultural Rights. Additionally, they allege support for the ILO Fundamental Human Rights Convention.3

However, this report shows that they are involved in a number of controversial companies. UniCredit manages shares in almost every company (23 of 28) analysed in this report and is focused on the extractive industry. They also manage shares from the retailer Hennes & Mauritz, the electronic industry supplier Hon Hai Precision Industry, and Samsung Electronics, all of which are accused of workers’ rights violations or benefit from child labour.

Regarding environmental protection, UniCredit is partnered with several environmental initiatives including the UN Global Compact, the Carbon Disclosure Project, the UN Environment Programme’s Finance Initiative (UNEP-FI), and others.4

UniCredit manages shares in almost every extractive industry analysed in this report - the biggest shares being in ENI, Rio Tinto, and Alpha Natural Resources. They also issued new bonds for BHP Billiton, ENI, and Vedanta, and provided loans to BHP Billiton, ENI, and Glencore.

UniCredit also claims to “address the particular challenges posed by the nuclear sector” and accordingly made up a “Nuclear Energy Industry Policy”.5 Yet, this policy doesn’t cover the first step in the nuclear power production: extraction. Thus, UniCredit allows itself to invest in Paladin Energy and Rio Tinto, two companies which run uranium mines in Namibia and Malawi.

UniCredit’s policy on weapons alleges to refrain from financial transactions that involve nuclear weapons and cluster munitions.6 However, UniCredit’s investment branch Pioneer is invested in Alliant Techsystems, General Dynamics, L-3 Communications, whereas Unicredit provided a loan to EADS.
Commerzbank

Commerzbank is Germany’s second-largest bank. They are mainly active in commercial banking, retail banking and mortgaging. However, investment banking, equities, and corporate banking operations are now integrated as divisions of the Commerzbank group.

Total assets 2011: €622.00 Billion
Net profit 2010: €1.43 Billion
2011: €638.00 Million

Commerzbank has committed itself to several international voluntary initiatives like the UN Global Compact, Carbon Disclosure Project, Global Reporting Initiative, etc. Commerzbank is also a corporate member of Transparency International. The bank has drawn up guidelines and policies in relation to human rights, conflict zones, fossil fuels, power generation, indigenous peoples, agriculture and forestry, mining, and toxic substances. With this, the bank at least demonstrates an increased awareness in relevant areas, both inside and outside Germany.¹

Commerzbank manages shares in 16 companies analysed in this report and is focused on the extractive industry and weapons producers including a remarkable loan provided to Glencore.

Commerzbank’s “weapon guidelines” prohibit any direct participation in delivering weapons or military equipment to areas of conflict and tension. However, Commerzbank is still providing financial services to Rheinmetall, which produces and exports the main battle tank Leopard 2 to areas, i.e., Saudi Arabia and Indonesia where human rights are scantily respected.

Moreover, Commerzbank is self-committed not to perform financial transactions related to “controversial weapons” (including cluster munitions and nuclear weapons).² However, Commerzbank is invested in producers of nuclear weapons like General Dynamics, Lockheed Martin and EADS. In addition, Commerzbank has granted a loan to EADS.

With its participation in the UN Global Compact, Commerzbank is committed to not violate human rights by its business activities. This stance is clearly in contradiction to the bank’s transactions with mining companies like Anglo American and Glencore.

What’s more, Commerzbank claims not to participate in transactions related to the exploitation of oil-tar sands or similar controversial methods of extracting oil and gas. However, Commerzbank should scrutinize this in view of its investments in ENI, as this company is on the brink of tar sands exploration in the DR Congo.³

¹ https://www.nachhaltigkeit.commerzbank.de/de/internetportal/governance/internerichtlinien/internerichtlinien.html
³ https://www.nachhaltigkeit.commerzbank.de/de/internetportal/governance/internerichtlinien/internerichtlinien.html

Loans (€ Million):
- Glencore 700.12
- Anglo American 166.67
- EADS 93.75

Underwriting S/B (€ Million):
- Anglo American 281.26
- Glencore 118.56
- Rheinmetall 98.57

Management S/B (€ Million):
- EADS 168.67
- ENI 134.45
- Coca-Cola 80.42

S/B = Shares & Bonds

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¹ Julia Dubslaff, Barbara Happe, Jan Schulz & Thomas Küchenmeister

² During the period of investigation the PROFUNDO research shows, that Commerzbank has not cut all business relations with companies producing cluster munitions or components of these weapons like Textron, Lockheed Martin, L-3 Communications and General Dynamics.

³ https://www.nachhaltigkeit.commerzbank.de/de/internetportal/governance/internerichtlinien/internerichtlinien.html
During the 1980’s human rights abuses particularly by the extractive and infrastructure industries received increased attention by media and NGOs. Companies willing to commit the worst human rights abuses flocked to areas of conflict or countries with highly corrupt governments where their actions would go unnoticed. Here, human and labour rights violations such as unregulated land acquisition, the forced displacement of populations with little or no compensation, refusal of access to necessities, pollution of drinking water, destruction of livelihoods, and the suppression of rights like the freedom of assembly became commonplace.

This report calls on financial institutions (FIs) to become significantly more accountable in order to eliminate human rights abuses, environmental damages, and tax evasion. They must also implement policies to prevent corporations from violating international norms and standards.

Indeed, several financial institutions have expressed their support for human and environmental rights in recent years through various policy statements and by signing voluntary initiatives such as the United Nations Global Compact, the Principles for Responsible Investment, the Equator Principles, etc.

Nevertheless, a large gap still exists between these nonbinding policies and principles and the actual investment practices of financial institutions. The Dirty Profits financial analysis proves that financial institutions continue to finance companies and projects which commit serious human rights and environmental violations.

Binding regulation for financial institutions is therefore necessary in order to adequately address environmental and human rights issues. Decision makers have to increase control, inspection criteria, and sanctions for offending financial institutions.

Financial institutions are urged to develop and implement binding standards of practice as this is their only opportunity to regain credibility. These standards should encompass the following commitments:
Commitment to a Binding Sustainability Approach

FIs must implement a sincere approach to social and environmental sustainability which takes into account the impact of their investment and business decisions. Such a commitment should not simply repeat the countless nonbinding and ineffective self-commitments that are already in effect. Rather, FIs should rectify controversial issues in important sectors by clearly defining their social and ecological core values and accordingly developing and implementing solid investment policies. Furthermore, principles must apply to EVERY relevant area of business, not just to “unproblematic” sectors e.g. applying the Equator Principles to project financing. Furthermore, FIs should terminate all direct and indirect business relations with companies which finance harmful projects or products.

Commitment to “Do Not Harm”

FIs should cease investment in socially and environmentally harmful activities or companies. Listed below are products and business activities that should be excluded from investment and financing.

We implore FIs to abolish finance and investment in:

→ The arms industry – military expenditure burdens budgets, hampers social and developmental expenditures, and impedes the achievement of the UN Millennium Development Goals (MDG) in many countries. Furthermore, the arms trade is widely considered to be a leading contributor to poverty and instability.

→ The coal industry and fossil fuel projects (e.g. lignite, oil/tar sands, and mountaintop removal mining) – greenhouse gas emissions caused by the use of fossil fuels, especially coal, are among the leading causes for climate change.

→ The extraction of fossil fuels – especially highly controversial, destructive technologies like fracking and other methods which require the non-conventional extraction of hydrocarbons. These technologies severely damage the environment. Furthermore, financial institutions need to stop financing outdated mineral extraction and processing technologies that do not meet western standards. Attention should also be paid to the mining industry as the extraction of raw materials like gold and coltan often leads to severe environmental damages and violations of human rights, e.g., the situation surrounding the disposal of mine tailings. FIs therefore need to pay attention to the track record of mining companies, and exclude those with inferior standards of operation. In general, they need to pay closer attention to the environmental, social, and human rights violations of the mining industry as a whole.

→ The nuclear industry (including uranium mining) – as nuclear power is the most controversial and dangerous form of energy production.

“As financing is the strongest support for economic activity, investors must implement strong and binding standards regarding the social and ecological impact of their investment decisions.”

Thomas Küchenmeister, Coordinator FACING FINANCE
Companies and projects damaging the environment or breaking international law – such as logging and extraction operations taking place in areas that are protected, vulnerable, or carry a high conservation value.

Companies and projects involved in forced displacement or which disregard the land or human rights of local populations and indigenous people.

Companies who disrespect fundamental international labour and human rights standards according to the ILO – such as those who fail to prevent child and forced labour and discrimination, as well as those who deny freedom of association, the right to collective bargaining, a safe and healthy workplace, fair wages, and decent working hours.

Companies that refuse to restore adequately compensate communities for the environmental damage of their operations.

Companies engaged in corruption, illegal activities, or investing in areas of conflict.

Companies involved in tax evasion. FIs should not assist companies or individuals in tax evasion as governments around the world lose around $255 billion every year due to tax evasion. This amount would be more than sufficient to plug the financing gap identified by the UN Millennium Development Goals to cut world poverty in half by 2015.

Furthermore, FIs should stop speculation on land and related damaging investments which affect the global food chain, including land deals (e.g., where land grabbing cannot be excluded ex ante), financial participation in agribusinesses, and investing in complex financial products based on food commodity derivatives or agricultural land.

This list does not claim to be all-encompassing but it outlines the most controversial and harmful technologies, industries, and processes related to violations of human rights mentioned in this study.

Commitment to Accountability and Transparency

FIs must be more transparent towards their stakeholders. Commercial confidentiality should no longer be used as a universal excuse to deny stakeholder information. As financiers, FIs are responsible for the impacts of their clients’ operations. FIs should report on the companies, projects, and countries they finance on a regular basis, e.g., through their CSR publications. Transparency can also serve a bank’s interests by ensuring that public concerns regarding the activities they intend to finance are communicated and resolved before they become conflicts. For this reason, multilateral development banks, (e.g., IFC), have adopted accessible information policies that, while inadequate, provide basic data on pending transactions. Such policies prove that it is possible to overcome client confidentiality concerns that are often used as a categorical excuse not to disclose information.

Commitment to Remedy

FIs should demand the implementation of consultation and grievance mechanisms for their clients in order to ensure an effective and adequate consultation process for affected communities. FIs could use the mechanisms of multilateral development banks like the IFC as a guide. Their requirements provide project assessment and consultation processes which include more stringent mitigation and compensation measures, particularly regarding indigenous peoples.

Given that FIs bear responsibility for the negative impacts of the activities which they finance, they should be required to provide compensation for environmental damages and/or human and labour rights violations. In order to ensure that FIs take their social and environmental responsibilities seriously, there should be a voluntary “verification fund” under international, independent supervision, e.g., the UN.

Banks still have a long way to go in order to restore their reputation after years of neglecting environmental and human rights standards. Although FIs have increased emphasis on sustainability issues, this study shows they do not have a comprehensive framework to adequately address unsustainable and irresponsible business practices.

In conclusion, FIs can only regain credibility by developing and implementing clear and binding investment criteria. Lastly, supervision and legal regulation is needed in order to stop the worst practices of the finance industry.
### Shares and bonds managed by selected financial institutions (€ Million)

<table>
<thead>
<tr>
<th>Company</th>
<th>Allianz</th>
<th>Argenta</th>
<th>BayernB</th>
<th>BNP Paribas</th>
<th>CommerzB</th>
<th>DekaBank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha Natural Resources</td>
<td>12.78</td>
<td>15.36</td>
<td>1.37</td>
<td>4.52</td>
<td>1.39</td>
<td>0.02</td>
</tr>
<tr>
<td>Anadarko Petroleum Corporation</td>
<td>64.31</td>
<td>274.70</td>
<td>0.18</td>
<td>0.07</td>
<td>20.44</td>
<td>0.56</td>
</tr>
<tr>
<td>Anglo American</td>
<td>111.78</td>
<td>197.97</td>
<td>0.43</td>
<td>0.09</td>
<td>0.45</td>
<td>14.96</td>
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<tr>
<td>AllianTechsystems</td>
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<td>20.69</td>
<td>0.58</td>
<td>0.13</td>
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<td>Barrick Gold Corporation</td>
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<td>9.76</td>
<td>0.05</td>
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<td>BHP Billiton</td>
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<td>78.66</td>
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<td>93.23</td>
<td>80.42</td>
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<tr>
<td>Drummond Company</td>
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<td>EADS</td>
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<tr>
<td>Heckler &amp; Koch</td>
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<td>Hon Hai Precision Industry</td>
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<tr>
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<td>Vedanta Resources</td>
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<td>1,768</td>
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<td>1</td>
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Shares and bonds managed by selected financial institutions (€ Million)

<table>
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<tr>
<th>Company</th>
<th>Deutsche Bank</th>
<th>DE Bank</th>
<th>ING</th>
<th>NFC</th>
<th>LBBW</th>
<th>Munich Re</th>
<th>UniCredit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha Natural Resources</td>
<td>12.78</td>
<td>15.36</td>
<td>1.37</td>
<td>4.52</td>
<td>1.39</td>
<td>0.02</td>
<td>64.06</td>
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<tr>
<td>Anadarko Petroleum Corp.</td>
<td>64.31</td>
<td>274.70</td>
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<td>Anglo American</td>
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<tr>
<td>Alliant Techsystems</td>
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# of companies: 24 11 10 24 16 23 26 18 24 23 13 15 23

Total value: 3,317 1,768 15 1 3 2 3,063 92 449 732 48 3,791 207 1,232 69 1,123 636 301 63 74 21 43 187 477 230

# Underwritings of shares and bonds per selected financial institution (€ Million)

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| Involved in # of companies      | 9 | 3 | 10 | 2 | 4 |
| Total Value                     | 1,053 | 3,441 | 217 | 281 | 184 | 3,122 | 119 | 891 | 99 | 1,187 |

## Participation of selected financial institutions in loans (€ Million)

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Norms and Standards

Abstract – Core Values Elaborated

Note: For the sake of brevity, many principles have been condensed only to contain clauses which pertain directly to this document. Please consult the references list at the end of this chapter to view the complete lists of values and principles for each organization.

Convention on Cluster Munitions

The Convention on Cluster Munitions prohibits the use, stockpiling, production, and transfer of cluster munitions. It addresses assistance to victims, clearance of contaminated areas and destruction of stockpiles, and transparency measures as well as guidance to address possible compliance issues. 77 states have ratified this treaty.

Goal: To put an end to the suffering and casualties caused by cluster munitions, and ensure the rights of cluster munition victims.

→ Article 1: Scope
  … never under any circumstances to use, develop, produce, acquire, stockpile, retain, or transfer cluster munitions

→ Article 3: Destruction
  … separate all cluster munitions under jurisdiction and mark for destruction.

→ Article 4: Clearance
  … clear and destroy cluster munition remnants under jurisdiction

→ Article 5: Assistance
  … collect reliable relevant data with respect to cluster munition victims.

→ Article 7: Transparency
  report to the Secretary-General of the United Nations
  (a) … implementation measures;
  (b) number of cluster munitions;
  (c) technical characteristics; and
  (d) status and progress of programme

EPs (Equator Principles) and EPFIs (Equator Principles Financial Institutions)

The Equator Principles are a voluntary set of standards adopted by financial institutions to fund major infrastructure and industrial projects transactions. They are used for determining, assessing, and managing the social and environmental risk in project financing, particularly in emerging markets. EPFIs, or Equator Principle Financial Institutions, are Financial Institutions who have made a commitment not to lend money towards any project that does not uphold these principles.

Goal: Ensure that the projects we finance are developed in a manner that is socially responsible and reflect sound environmental management practices.

→ Principle 1 – Categorise project(s) based on the magnitude of potential impacts and risks
→ Principle 2 – Conduct Social and Environmental Assessment to address relevant social and environmental impacts/risks of the proposed project
→ Principle 5 – Consult with project affected communities in a structured and culturally appropriate manner
→ Principle 6 – Establish a grievance mechanism as part of the management system
→ Principle 7 – Appoint an independent social or environmental expert to review the documentation and assess EP compliance
→ Principle 8 – Covenant in financial documentation terms of contract with affected governments, communities, and laws
→ Principle 9 – Appoint an independent environmental and/or social expert to verify borrower’s monitoring information
The ILO – a United Nations international organization – is responsible for creating and overseeing international labour standards. The ILO registers complaints against entities that are violating international rules; however, it does not impose sanctions. It brings together representatives of governments, employers, and workers to shape policies and programmes promoting Decent Work for all.

**Goals:**
- Promote and realize standards and rights at work
- Create greater opportunities for women and men to decent employment and income
- Enhance the coverage and effectiveness of social protection for all
- Strengthen tri-partisan and social dialogue

**Forced/Child Labour**
- C182 – Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour
- C138 – Minimum Age for Admission to Employment
- C029 – Forced Labour Convention concerning Forced or Compulsory Labour

**Freedom of Association/Collective Bargaining**
- C087 – Freedom of Association and Protection of the Right to Organise
- C098 – Right to Organise and Collective Bargaining

**Wages/Benefits**
- C095 – Protection of Wages Convention
- C131 – Minimum Wage Fixing Convention
- C132 – Holidays with Pay Convention
- C175 – Part-Time Work – workers receive same basic wages, social security, and employment conditions as full-time workers
- C183 – Maternity Protection Convention

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**European Convention on Human Rights EMRK (ECHR)**

The European Convention on Human Rights outlines fundamental rights and freedoms for people in Europe. It established the European Court of Human Rights (ECtHR).

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**FAO Right to Food**

Right to Food supports the implementation of people’s right to adequate food, using FAO’s (Food and Agriculture Organization) Right to Food Guidelines. The premise behind Right to Food relates back to the UN International Covenant on Economic, Social and Cultural Rights (see below):

Comment 12: The right to adequate food is realized when every man, woman and child, alone or in community with others, has the physical and economic access at all times to adequate food or means for its procurement

- **Goal:** FAO Right to Food seeks to use public awareness to target people in need. They ensure that people’s right to food is reflected in legislation and see that policies are put into action in order to have an impact on hunger.

**Basic Instruments:**
1. Eradication of Hunger
2. Reaffirming the right of everyone to food
6. Provide Practical Guidance to States
15. Establish food security through promoting the four pillars: (1) availability, (2) stability of supply, (3) access and, (4) utilization

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**ILO (International Labour Organization)**

The ILO – a United Nations international organization – is responsible for creating and overseeing international labour standards. The ILO registers complaints against entities that are violating international rules; however, it does not impose sanctions. It brings together representatives of governments, employers, and workers to shape policies and programmes promoting Decent Work for all.

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**Protocol**

- **Article 11:**
  1. Freedom of peaceful assembly and association with others, including the right to form and to join trade unions for the protection of his interests.
  2. No restrictions shall be placed on the exercise of these rights other than such as are prescribed by law

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**Right to Food Guidelines**

The Voluntary Guidelines represent governments’ attempts to interpret the economic and social rights of people including their right to decent and nutritious food and coincides with the UN’s call to integrate human rights policies with the work of agencies.
Millennium Development Goals (MDGs)

The MDGs are quantified targets for confronting extreme poverty while promoting gender equality, education, and environmental sustainability. The MDGs have risen to the top of the United Nations Development Group agenda. Around 196 nations and at least 23 corporations have agreed to achieve these goals by 2015.

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Goals:
1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

International Court of Justice (ICJ)

The International Court of Justice (ICJ) is a world court and the principal judicial organ of the United Nations. It was established in June 1945 by the Charter of the United Nations. Judgments are final and without appeal.

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Goal: To settle, in accordance with international law, legal disputes submitted to it by States and to give advisory opinions on legal questions referred to it by authorized United Nations organs and specialized agencies.

ICJ Final Ruling

“...the threat or use of nuclear weapons would generally be contrary to the rules of international law applicable in armed conflict, and in particular the principles and rules of humanitarian law ...” (International Court of Justice, 1996)
The OECD is an international economic organization consisting of 34 countries founded to stimulate economic progress and world trade. They work with governments to measure and analyse productivity and global flows of trade investment. They use this information to predict future trends, set international standards, and recommend policies that will improve the economic and social well-being of people around the world.

The OECD Guidelines for Multinational Enterprises (May 2011) are recommendations for responsible business conduct in a global context. —

**Goal:** To ensure that the operations of these enterprises are in harmony with government policies, to strengthen the basis of mutual confidence between enterprises and the societies in which they operate, to help improve the foreign investment climate and to enhance the contribution to sustainable development made by multinational enterprises.

A. Enterprises should:

1. Contribute to economic, environmental and social progress with a view to achieving sustainable development.
2. Respect the internationally recognised human rights of those affected by their activities.
3. Encourage local capacity building through close co-operation with the local community, including business interests, as well as developing the enterprise’s activities in domestic and foreign markets, consistent with the need for sound commercial practice.
4. Encourage human capital formation, in particular by creating employment opportunities and facilitating training opportunities for employees.
5. Refrain from seeking or accepting exemptions not contemplated in the statutory or regulatory framework related to human rights, environmental, health, safety, labour, taxation, financial incentives, or other issues.
6. Support and uphold good corporate governance principles and develop and apply good corporate governance practices, including throughout enterprise groups.
7. Develop and apply effective self-regulatory practices and management systems that foster a relationship of confidence and mutual trust between enterprises and the societies in which they operate.
8. Promote awareness of and compliance by workers employed by multinational enterprises with respect to company policies through appropriate dissemination of these policies, including through training programmes.
9. Refrain from discriminatory or disciplinary action against workers who make bona fide reports to management or, as appropriate, to the competent public authorities, on practices that contravene the law, the Guidelines or the enterprise’s policies.
10. Carry out risk-based due diligence, for example by incorporating it into their enterprise risk management systems, to identify, prevent and mitigate actual and potential adverse impacts as described in paragraphs 11 and 12, and account for how these impacts are addressed. The nature and extent of due diligence depend on the circumstances of a particular situation.
11. Avoid causing or contributing to adverse impacts on matters covered by the Guidelines, through their own activities, and address such impacts when they occur.
12. Seek to prevent or mitigate an adverse impact where they have not contributed to that impact, when the impact is nevertheless directly linked to their operations, products or services by a business relationship. This is not intended to shift responsibility from the entity causing an adverse impact to the enterprise with which it has a business relationship.
13. In addition to addressing adverse impacts in relation to matters covered by the Guidelines, encourage, where practicable, business partners, including suppliers and sub-contractors, to apply principles of responsible business conduct compatible with the Guidelines.
14. Engage with relevant stakeholders in order to provide meaningful opportunities for their views to be taken into account in relation to planning and decision making for projects or other activities that may significantly impact local communities.
15. Abstain from any improper involvement in local political activities.

B. Enterprises are encouraged to:

1. Support, as appropriate to their circumstances, cooperative efforts in the appropriate fora to promote Internet Freedom through respect of freedom of expression, assembly and association online.
2. Engage in or support, where appropriate, private or multi-stakeholder initiatives and social dialogue on responsible supply chain management while ensuring that these initiatives take due account of their social and economic effects on developing countries and of existing internationally recognised standards.
Political Principles Concerning Germany’s Conventional Military Equipment Exports

Germany’s stated goal is to maintain what it refers to as a “restrictive” policy of export regarding arms exports.

Goals: To safeguard peace and human rights while encouraging sustainable development through the arms trade.

General Principles
(2) “The issue of respect for human rights in the countries of destination and end-use is a key factor in deciding whether or not to grant licences for the export of war weapons and other military equipment” (Fed00, 2000).

(3) “… licences for war weapons and other military equipment will not be granted where there are reasonable grounds to suspect they may be used for internal repression … or sustained or systematic abuse of human rights” (Fed00, 2000)

Rio Declaration on Environment and Development

The Rio Declaration is a compact of 27 principles on which nations agreed to base their environmental and development actions.

Goal: To provide a guide for future sustainable and environmentally friendly development standards for nations.

→ Principle 1: Human beings are at the centre of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature.

→ Principle 2: Human beings are at the centre of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature.

→ Principle 8: Reduce and eliminate unsustainable patterns of production and consumption

→ Principle 10: Access to information concerning the environment that is held by public authorities, including information on hazardous materials and activities in their communities, and the opportunity to participate in decision-making processes.

→ Principle 13: liability and compensation for the victims and adverse effects of pollution and other environmental damage

→ Principle 14: Prevent the transfer to other States of activities and substances that cause severe environmental degradation or are harmful to human health.

→ Principle 22: recognize and duly support the identity, culture and interests [of indigenous cultures] and enable their effective participation in the achievement of sustainable development.

UN Covenant on Civil and Political Rights (ICCPR)

The International Covenant on Civil and Political Rights is an official internationally recognized treaty that puts into legal terms the principles of the Universal Declaration of Human Rights. It is the counterpart to the UN Covenant on Economic, Social, and Cultural Rights. The ICCPR outlines traditional human rights as they are known from historic documents. On 16 December 1966, both Covenants were adopted by the General Assembly without any abstentions.

Goal: To extend the Universal Declaration of Human Rights from declaration to action, putting into legal terms the principles which lie therein.

→ Article 9.1: No one shall be subjected to arbitrary arrest or detention.

→ Article 22.1: freedom of association, and the right to form and join trade unions for the protection of his interests.
**UN Covenant on Economic, Social and Cultural Rights (ICESCR)**

The International Covenant on Economic, Social and Cultural Rights is the counterpart to the UN Covenant on Civil and Political Rights (ICCPR). It too is an international treaty, and constitutes the second half of the legal transformation of the Universal Declaration of Human Rights into legal action. The ICESCR focuses on Economic, Social, and Cultural rights of all people.

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**Goal:** To extend the Universal Declaration of Human Rights from Declaration to action, putting into legal terms the principles which lie therein.

→ **Article 7:**

… just and favourable conditions of work which ensure, in particular:

(a) Remuneration which provides all workers with:
   (i) Fair wages and equal remuneration for work of equal value
   (ii) A decent living for themselves and their families
(b) Safe and healthy working conditions;
(c) Equal opportunity for everyone to be promoted to an appropriate higher level
(d) Rest, leisure, limitation of work hours, periodic holidays with pay, and remuneration for public holidays

→ **Article 8:**

(a) The right of everyone to join trade unions
(d) The right to strike

→ **Article 11.1:**

The right of everyone to an adequate standard of living, including adequate food

**UN Comment Concerning Nuclear weapons and the Right to Life**

The United Nations does not support the use of Nuclear weapons as a means of conflict resolution. The United Nations released a General comment clarifying their stance on this matter.

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**Goal:** To rid the world of nuclear arms

**United Nations General Comment No. 14:**

→ **Article 6:** “The production, testing, possession, deployment and use of nuclear weapons should be prohibited and recognized as crimes against humanity” (CCPR, 1984).

→ **Article 7:** “… calls upon all States … to take urgent steps … to rid the world of this menace” (CCPR, 1984).

**UN Declaration on the Prohibition of the Use of Nuclear and Thermo-Nuclear Weapons**

This declaration clarifies the stance of the United Nations on the use of Nuclear weapons.

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**Goals:** To eliminate the production and use of nuclear and thermo-nuclear weapons

**Article 1:**

(a) “… use of nuclear and thermo-nuclear weapons is contrary to the spirit … and aims of the United Nations …,
(b) … would exceed even the scope of war and cause indiscriminate suffering and destruction to mankind … and,
(c) Any State using nuclear and thermo-nuclear weapons is to be considered as violating the Charter of the United Nations, as acting contrary to the laws of humanity and as committing a crime against mankind and civilization” (The United Nations General Assembly, 1961)
The UNGC is a UN strategic policy initiative that encourages businesses worldwide to adopt sustainable and socially responsible policies. The UNGC seeks to align businesses with ten core principles that pertain to human rights, labour, the environment and anti-corruption.

UNGC (United Nations Global Compact)

The UNGC asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

Companies should …

Human Rights

→ Principle 1 – Support and respect the protection of internationally proclaimed human rights
→ Principle 2 – Make sure that they are not complicit in human rights abuses.

Labour

→ Principle 3 – Uphold the freedom of association and … right to collective bargaining
→ Principle 4 – Eliminate all forms of forced and compulsory labour
→ Principle 5 – Effective[ly] abolish child labour
→ Principle 6 – Eliminate discrimination in respect of employment and occupation

Environment

→ Principle 7 – Support a precautionary approach to environmental challenges
→ Principle 8 – Undertake initiatives to promote greater environmental responsibility
→ Principle 9 – Encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption

→ Principle 10 – Work against corruption in all its forms, including extortion and bribery

UN Millennium Declaration

The Millennium Declaration identifies key challenges facing humanity, outlines responses to these challenges, and establishes measures for judging performance through commitments, goals, and targets on development, governance, peace, security and human rights.

Goal: To establish a just and lasting peace all over the world and to support all efforts to uphold the sovereign equality of all States, respect for territorial integrity, political independence, human rights and fundamental freedoms.

I. Values and Principles

Paragraph 6:

→ Freedom
→ Equality
→ Solidarity
→ Tolerance
→ Respect for Nature
→ Shared Responsibility

II. Peace, Security, and Disarmament

Paragraph 9:

→ Implementation of treaties in areas such as arms control and disarmament, international humanitarian law, and human rights law.
→ Eliminate weapons of mass destruction and nuclear weapons.
→ End illegal small arms and light weapons trafficking.
→ Make arms transfers more transparent
→ Support regional disarmament measures
→ Accede the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-personnel Mines and on Their Destruction

UN documents on Depleted Uranium

Depleted Uranium (DU) is a toxic waste by-product of the refinement and production process of weapons, energy, and processes that contain Uranium. Depleted Uranium is then recycled to make weapons that deliver “a type of radiation … that destroys life and the environment in the area in which it is used for generations to come” (United Nations General Assembly, 2000).

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While there is no current regulation that specifically bans Depleted Uranium, scholars, states, and organizations alike argue that the illegality of DU is implied in former works of legislation

Report of the Secretary-General

→ Effects of the use of armaments and ammunitions containing depleted uranium
→ Lists nations and organizations and their respective opinions on the use of Depleted Uranium – most oppose its use and support legal action against DU

UNEP field report of DU exposure in Kosovo

→ DU was found in drinking water as well as air samples. “UNEP urges a precautionary approach and recommends a series of measures to minimise risks to the environment and people of Kosovo and the wider Balkans region, both now and in the future” (United Nations Environmental Program, 2003)

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Universal Declaration of Human Rights

The UN established the Universal Declaration of Human Rights as a complement to the UN Charter in 1945. As part of the International Bill of Human Rights, this declaration outlines the fundamental basic rights to which all people are entitled. It is considered the foundation of international human rights law.

**Goal:** To establish a common standard of achievement for all people and nations establishing inherent and enduring human rights for all people.

→ **Article 3:**
  … the right to life, liberty and security of person.

→ **Article 17:**
  (2) No one shall be arbitrarily deprived of his property.

→ **Article 22:**
  Everyone is entitled to realization of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

→ **Article 23:**
  (1) … right to work, free choice of employment, just and favourable work conditions,

  (2) … equal pay for equal work.

  (3) … just and favourable remuneration ensuring … an existence worthy of human dignity

  (4) … the right to form and to join trade unions for the protection of his interests.

→ **Article 24:**
  … right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.

→ **Article 25.1:**
  right to a standard of living adequate for the health and well-being of himself and of his family, including food

→ **Article 30:**
  “Nothing in this Declaration may be interpreted as implying for any State, group or person any right to engage in any activity or to perform any act aimed at the destruction of any of the rights and freedoms set forth herein” (The General Assembly of the United Nations, 1945).26

III. Development and poverty eradication
Paragraph 13:
→ Transparency in the financial, monetary and trading systems

IV. Protecting our common environment
Paragraph 22:
→ support for the principles of sustainable development
Paragraph 23:
→ stop the unsustainable exploitation of water resources
→ reduce the number and effects of natural and man-made disasters

V. Human rights, democracy and good governance
Paragraph 25:
→ protection and promotion in all our countries of civil, political, economic, social and cultural rights
→ protection of the human rights of migrants, migrant workers and their families25
UN Guiding Principles on Business and Human Rights

Guiding Principles on Business and Human Rights by the Special Representative of the UN Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie.

As a Special Representative, John Ruggie advanced the debate on business and human rights and in the five years of his mandate (2005–2011) elaborated the 'protect, respect and remedy' framework.

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Goal: To establish a common global standard for preventing and addressing the adverse human rights impact of business activity.

II. The corporate responsibility to respect human rights

11. Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.

12. The responsibility of business enterprises to respect human rights refers to internationally recognized human rights – understood, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work.

13. The responsibility to respect human rights requires that business enterprises:
   (a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur;
   (b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.

14. The responsibility of business enterprises to respect human rights applies to all enterprises regardless of their size, sector, operational context, ownership and structure.

15. In order to meet their responsibility to respect human rights, business enterprises should have in place policies and processes appropriate to their size and circumstances, including:
   (a) A policy commitment to meet their responsibility to respect human rights;
   (b) A human rights due-diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;
   (c) Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.27

Compiled by Ruth Vaughan Witt
Berlin, November 2012. The FACING FINANCE campaign calls on investors not to invest in companies which profit from human rights violations, environmental pollution, corruption or the production and export of (controversial) weapons. FACING FINANCE has striven to achieve the highest level of accuracy in this reporting. However, there is still a lack of official information publicly available. Therefore, the information in this report reflects the publicly available official information known to FACING FINANCE, its member organisations and researchers. If you believe you have found an inaccuracy in our report or if you can provide additional information, please contact us at kontakt@facing-finance.org.
Copper Smelter at Glencore’s Mopani Mine in Zambia
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