

Billions Euro investments out of control: How banks continue to finance violations of human rights and environmental norms.

For the fifth consecutive year Facing Finance reports on violations of environmental and social norms and standards by multinational corporations, as documented by international NGOs. It shows that banks as well as their customers are all too often profiting from human rights violations, exploitation, environmental destruction and corruption associated with these companies.

Hamburg/ Berlin 09.02.17 – (under Embargo until 18:00) On the occasion of the forthcoming “World Day of Social Justice” on 20 February 2017, the Berlin NGO FACING FINANCE e.V., presents the report, Dirty Profits 5. It shows: Major European Banks support and profit from companies that violate social and environmental standards at the expense of people and the environment. The scale of the total financial transactions found is over €52 billion.

“The Dirty Profits Report has again confirmed that self-regulation of banks and companies, behind closed doors, is insufficient to ensure the observance of human rights, environmental, and anti-corruption standards”, says Thomas Küchenmeister, Managing Director of Facing Finance

The Dirty Profits 5 report includes research and important case study contributions by respected international organisations, including for example, Transparency International, Greenpeace, and Human Rights Watch. A total of 12 authors from 8 countries have documented dozens of cases of human rights violations, corruption, exploitation, and environmental destruction (including contributing to climate change). The cases cover 14 globally operating companies, including Bayer, VW, BP and Hewlett Packard Enterprise Co. and 5 major European banks (Deutsche Bank, UBS, ING, BNP Paribas and HSBC). The finance provided by the five major banks, in relation to these 14 companies, is detailed in the report. The 5 banks held shares and bonds of the investigated companies to the value of €5.8 billion.

The selected European Banks provided the 14 companies with capital of €46.9 billion between January 2013 and August 2016 through the underwriting of shares and bonds and provision of loans. These loans are often given as ‘general corporate purpose’, without placing sustainability requirements on the company’s operations. This report shows that major banks provided substantial loans to VW after revelations regarding the emissions scandal. According to Jan Schulz from Facing Finance, “It is unacceptable that after widely recognised concerns related to the VW emissions scandal were made public, many of the banks in the Dirty Profits have provided VW

with loans, apparently without restrictions". Similarly Freeport-McMoran, Norilsk Nickel and SNC-Lavalin have been provided with loans despite long-term environmental and corruption issues.

"64 percent of the investigated companies have one or more documented cases involving environmental or climate destruction" claims Julia Dubslaff, leader of the Facing Finance project *Faire Rente*. For 42 percent of the companies researched, corruption cases have been documented in their operations and, for 57 percent of companies, human rights violations. The fact that 8 of the 14 companies are signatories to the UN Global Compact, which specifies minimum environmental and social standards, seemingly does not prevent these occurrences.

"With this report we are pressing for better regulation surrounding sustainability and transparency of the financial industry. Particularly at a time where a concerning amount of deregulation is occurring in the US, including possible deregulation of the financial industry" says Lesley Burdock editor of Dirty Profits 5.

The focus of the report is on a wide range of companies, including the VW diesel scandal and its worldwide, unprecedented, and organised deception of customers and regulators at the expense of people and the environment. In addition, four global mining companies are investigated, including Freeport-McMoRan whose Grasberg mine dumps 150,000 tonnes of tailings waste into the surrounding area every day, using what is known as riverine tailings disposal, leading to large scale ecosystem destruction. Approximately 23 institutional investors have excluded Freeport based on their environmental concerns. However all five of the major banks investigated have directly funded Freeport-McMoRan.

The Dirty Profits report will be presented on February 9th in Hamburg at 19:00 at the Lichthof der Stabi Hamburg in cooperation with the Friedrich Ebert Stiftung.

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