

What we Did

(and did not manage to do..)

In 2006

BANK*Track*

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1. What we heard...

"You BankTrack and others will play your part in holding us all to account"
Rachel Kyte, Director, Environment & Social Development International Finance IFC

"This is the Equator Principles-IFC-BankTrack regulatory system"
Ethical Corporation, writing about the Equator Principles, November 2006

"Equator banks are already regulated by the fact that they operate in the glare of NGO Scrutiny"
Chris Bray, Head of Environmental Risk Policy Management, Barclays bank

"NGOs like BankTrack can be relied on to challenge breaches of adherence by EP signatories, and hopefully also non-adhering banks"
Paul Hohnen, Sustainability expert

"If BankTrack, Friends of the Earth and WWF wish to point to a fitting legacy for their campaigning activities in the early 21st century, there is none better than the EP"
Paul Q. Watchman, Law and Financial Market Review

There has been no lack of public praise this year, as the quotes above illustrate. As BankTrack enters its fourth year of existence, the stakes continue to rise. Starting end of 2003 as a informal get together of NGOs sharing their limited resources to work more effectively on monitoring banks, BankTrack is now widely perceived as a leading voice in the debate on private banks and sustainability.

It becomes almost suspicious, all this praise from those we target. Much to our own surprise, we at times get endowed with roles and responsibilities that were never part of our own formal work plan. such as being called upon to police the financial institutions in a *Equator Principles-IFC-BankTrack regulatory system* that we were not even aware of existed..

Too much honour! BankTrack is not equipped, nor seeks the role of *formal* arbiter in deciding whether banks comply with their own policies. Our network, with its expanding but still very limited resources, can signal developments, expose wrongful activities and generate ideas on how to improve bank practices, but it is up to governments, regulators and banks themselves to uphold their own voluntary principles and policies and to ensure compliance with relevant laws.

In fact, despite a growing recognition of the 'materiality' of our work for banks endeavouring a sustainable business model, and some real successful projects to look back on, 2006 was also a year that made us painfully aware of the limitations of our capacity, the fragility of the NGO structure we have created.

Several times during the year we had to conclude that our grandiose plans were not quite matched by a equally impressive machinery to deliver, forcing us to cancel or drastically scale down ambitious projects as 'B-Day' and the 'sustainability compass' for sustainable banks.

Yet, with all these expectations out there, we are very inspired there to move on with even more vigour as we have done over the last three years. We will continue to bring violations of banks policies and commitments to light, suggest better policies and systems to implement and apply them, point out where we think ambitious banks should go next, and most important of all empower and support those communities all over the world for whom the increasing interest of commercial banks in sustainability issues are supposed to make a difference.

This annual report provides only a summary of the activities undertaken by our network and our member groups in 2006. To keep the report readable, much of the everyday work of responding to media enquiries, bringing people into contact with each other, commenting on academic papers and draft policies, maintaining a updated website for many thousands of visitors to use etc. is not included. More information on our activities and presence can be found in the online archives on our website.

Our supporters

BankTrack would not exist without those who believe in the need and the potential of our network; our funders. We wish to thank the **CS Mott Foundation, Oxfam Novib, The Wallace Global Fund, the JMG Foundation, the Rausing trust** and the **Dutch Ministry for the Environment VROM** for their continued support of our work. Thank you very much!

March 2007,

Johan Frijns,
coordinator BankTrack

2. What we did

BankTrack is primarily a tool for effective cooperation between its member organisations, each with their own work priorities and plans but wishing to increase their collective leverage over commercial banks. Activities and campaigns are either undertaken under the BankTrack banner or under their own name. This overview provides examples of how the network was put to work in 2006.

Shaping bank policies

In 2006, the banking sector continued to innovate on its social and environmental policies. One major development was the adoption of the new Equator Principles, but various banks also developed and implemented new sector policies on their own.

BankTrack made a sincere effort to track, and where possible influence these developments through a number of initiatives:



Research on Sustainable banking policies

In January 2006, BankTrack and WWF UK released 'Shaping the Future of Sustainable Finance; Moving the Banking Sector from Promises to Performance'.¹ This 104 page report benchmarked the social and environmental policies of 39 banks in thirteen different sectors² against what BankTrack considers best practice in a particular sector and ranked the banks according to their score against these standards.

The report was widely received as an important benchmarking exercise and led to several discussion meetings with banks. UBS, BBVA, BNDES, Credit Suisse, ABN AMRO, Rabobank, Calyon, HSBC and Barclays, amongst others, invited the authors for a discussion on the findings in the report. The findings were also presented at various conferences and meetings with SRI institutions in New York. In order to investigate trends in the development of banking policies BankTrack will publish a second, expanded edition of the report in the fall of 2007.

¹ All BankTrack publications can be found on www.banktrack.org under publications.

² Human rights, labour, indigenous peoples, climate and energy, dams, biodiversity, extractive industries, forestry, fisheries, sustainable agriculture, chemicals, transparency and reporting and environmental management.

Equator Principles Review

in April 2006, the International Finance Corporation (IFC) finished the revision process of the Safeguard Policies with the adoption of a new set of Performance Standards. This revision provided both a need and an opportunity for the Equator Principles banks (EPFIs) to revise the Equator Principles, as these were pegged to the IFC safeguard policies.

BankTrack took an active interest in this revision process as we considered it a rare opportunity to improve the Equator Principles. In April, BankTrack released a position paper outlining civil society expectations for the New Equator Principles. This was followed by a string of conference calls between EP Banks and NGOs sharing notes on the proposed new IFC Performance Standards. The process was concluded by one day consultation meeting between NGOs and 32 representatives of 18 Equator banks at HSBC Headquarters in London.

The new EPs (often referred to as EPII) that were subsequently adopted in July 2006 by the EPFIs reflect some of the input of BankTrack and other groups, but fall far short of what BankTrack had hoped to see embedded in the principles. Key shortcomings of the original EPs, such as the lack of a independent accountability mechanism and a commitment to transparency were also not addressed in the EPIIs. On a more positive note, some reporting requirements on the implementation of the EPIIs were included

while the scope of the EPIIs were considerably expanded.³

Our attention has since shifted to investigating how the EPIIs are being applied where they are supposed to make a difference; in the lives of communities directly affected by concrete projects. This has resulted in a number of ongoing campaigns and monitoring exercises that are reported on our website under the heading 'Dodgy deals' (see also below).

The FT Sustainable Banking Awards

End of 2005, the Financial Times announced that it would award financial institutions that took decisive steps towards sustainable banking with 'Sustainability Awards' for several distinct categories.

While BankTrack has no objection to the idea of such awards, there was a risk that this process



³ For an elaborate analysis see the section on the Equator Principles on www.banktrack.org

would open the door for greenwash efforts and a further dilution of the notion of what sustainable banking is all about.

Our plans for a counter event under the name of Bday fell through (see further on) but on the day of the event BankTrack did publish 'The Reckless Times', a mock version of the FT highlighting the activities of nominated banks. 3000 copies of the newspaper were distributed for free to bankers at the London city and Canary wharf areas.

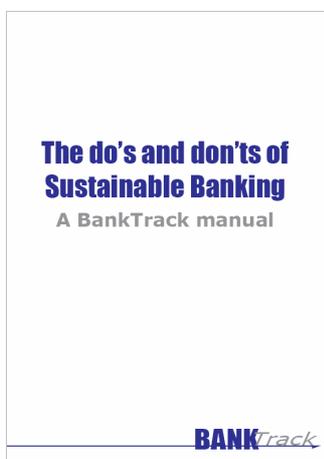
At the request of the organizers, BankTrack also presented a research paper to the Awards jury providing background information on the nominated banks and controversial projects they are involved in.

The Dos and Don'ts of Sustainable Banking

In November 2006, Ethical Corporation magazine organized in London 'the Sustainable Finance Summit'.

At this occasion, BankTrack released 'The Dos and Don'ts of Sustainable Banking', a 40 page manual on what 'true' sustainability for banks is all about. The manual, written in a straightforward practical style can be considered the updated version of the implementation guidelines for the Collevocchio Declaration⁴, taking into account our evolving and new insights since the Declaration was released in 2003.

The manual has been much in demand and has been reviewed in various financial magazines.



Sustainable policies of Chinese banks

In the second part of 2006, BankTrack was finally able to start a research project on the social and environmental policies of Chinese banks.⁵ The reasons for conducting this research are twofold; one is the rapidly increasing role of Chinese financial institutions as worldwide lenders in sectors with a strong social and environmental impact (resource extraction, infrastructure). The other reason is that the emergence of Chinese banks is increasingly used to question the development of stringent policies by 'Western' banks. The research project will result in two reports, in Chinese and English, that will be published in the spring of 2007.

Bank Policy development

2006 saw an increasing number of banks approaching BankTrack to provide comments on newly drafted sustainability policies or

⁴ This declarations was drafted in 2003 and signed by over hundred NGOS, asking banks to commit to six principles. See www.banktrack.org under publications

⁵ With support of the JMG Foundation

provide advice on how existing policies could be improved. Due to limited capacity, not all requests could be met but BankTrack and/or member groups did engage with, amongst others, ABN AMRO, Rabobank, Citi, HSBC and Calyon on reviewing existing policies and practices or developing new policies and initiatives. (For a overview see the member group reports below)

Banks and human rights

Commercial banks have been slow to realise the potential implications surrounding their services and investments for socially irresponsible projects. But banks they are finally waking up to the wide range of reputational and legal risks posed by undertaking business with violators of human rights.

Since 2005, BankTrack established a committed focus on human rights aspects of bank activities, with visible work commencing in 2006. BankTrack's human rights campaign highlights and condemns the involvement of banks in a number of activities and areas leading to the violation of human rights (arms trade and production, labour rights issues, indigenous peoples, activities in countries under dictatorship etc) and we are actively pushing for the adoption and implementation of meaningful human rights policies.



In November 2006, BankTrack convened a three day meeting in a former convent near Nijmegen, the Netherlands. The meeting brought together human rights experts and BankTrack members to discuss banks' roles and responsibilities for upholding and promoting human rights. The discussions at the meeting eventually led to a paper called 'Human rights, banking risks'. The report was released in February 2007 in Geneva and provided input for John Ruggie, UN special advisor

on Business and Human Rights, for his report on mapping the responsibility of business relative to human rights.⁶

In 2007, BankTrack will continue to expand its focus on banks and human rights, stressing current issues and engaging private banks to avoid facilitating rights violations.

Banks, energy and climate

It is as simple as it is frightening; accelerating climate change is quickly being identified as the most urgent threat to the very

⁶ See www.banktrack.org, banks and human rights section

survival of mankind. With every year of delay in taking necessary, tough measures, the chances to avoid a catastrophic change in the worlds' climatic system are diminishing. Yet, energy companies (oil, gas, coal) are scrambling to explore the last remaining fossil fuel reserves in the world to allow a continuation of the fossil fuel era. Private banks provide the bulk of finance for operations that either directly or indirectly lead to the increase of greenhouse gas emissions in the world and with few exceptions, have responded slowly to the call for climate responsible banking.

In 2006, BankTrack started to unify several ongoing activities of member groups into one international public pressure campaign to expose banks' role in financing climate change. This campaign focuses on two key messages: stop financing climate change, get out of coal, oil and gas.

The work undertaken in 2006 as a network has been limited and preparatory (fundraising, preparing outreach tools, convening one strategy planning meeting) but the fundament for a campaign in 2007, in the form of activities of member groups have been laid.



Meanwhile, BankTrack member groups did continue to campaign on their own on several controversial fossil fuel projects such as Sakhalin, Kashagan oil, TXU coal power plants, and others (see below).

On the ground

While the activities of BankTrack, in a sort of *BankTracktrack* fashion, are carefully monitored by the private financial sector and related industries (consultants, media, financial trendwatchers), BankTrack does not exist primarily to be a cheap consultant service for the financial sector.

BankTracks' primary target group is project affected communities and civil society organisations worldwide that are dealing with banks in their work on specific projects or developments, that may be in need of assistance with this. BankTrack seeks to cooperate with these organisations so that their grievances and

goals are effectively communicated to the private financial sector. Conversely, our working relations and the 'license to operate' granted by the communities and organisations we work with, contributes in a important way to our credibility when engaging with the financial sector.

In the second half of 2006 we improved our ability to support project campaign work with the introduction of the 'Dodgy Deal' section on our website, a tool to highlight controversial projects. This section features case summaries of each project, which are then further elaborated with picture and video material, links, contacts, documents etc. For 2007 we have further increased our campaign capacity with the hiring of a 'South campaign coordinator'⁷

In 2006, BankTrack was involved in international campaign work on the following projects⁸:

- Baku-Tbilisi-Ceyhan (BTC) oil pipeline - Azerbaijan, Georgia and Turkey
- Belene nuclear power plant - Bulgaria
- Botnia pulp and paper mill - Uruguay
- Kashagan oil project - Kazakhstan
- Kayelekera Uranium mine - Malawi
- Lafayette Mine, Rapu Rapu island – Philippines
- Rio Madeira Dam Project - Brazil
- Sakhalin oil project - Russian Federation
- TXU Coal Powered Plants – Texas

What follows is a brief description of some of these projects and our involvement in the campaigns:

Botnia/ENCE paper mills - Uruguay

BankTrack supported the campaign waged by the Centre for Human Rights and Environment in Argentina against the proposed construction of two paper mills on the Uruguayan side of the Uruguay river. The mills were initially to be financed by IFC with additional support by Equator banks BBVA and ING. BankTrack and CEDHA co-published an investor briefing listing the main concerns of civil society with the project. While CEDHA also filed the first ever Equator compliance complaints with both banks. Following the complaint ING retired from arranging US\$480m of finance. Eventually ENCE decided to relocate, a massive victory for the affected community, taking BBVA off the hook.

⁷ Thanks to a multiyear grant of Oxfam Novib

⁸ This only covers the more substantial support provided by BankTrack and does not list the many issues that were discussed over our email lists in a ad hoc fashion; see also the dodgy deal section on our website

The second, larger mill, by Botnia then appointed Calyon and Nordea as joint lead arrangers after ING's exit. CEDHA, supported by BankTrack, attempted to dialogue with Nordea, were met with silence, and were denounced in a 'specific instance' which alleged violations to the OECD Guidelines for Multinational Enterprises. This complaint was accepted by Sweden's National Contact point and looks set to establish a leading example on the application of the Guidelines to private financial institutions.

Lafayette mine , Rapu Rapu - Philippines

In the second half of 2006, BankTrack was approached by the Center of Environmental Concerns, Sagip Isla, Kalikasan and other Philippine organisations to assist in a campaign aimed at the financiers of the Lafayette polymetallic mine on Rapu Rapu island. The mine, situated in the typhoon belt of the Philippines is threatening the livelihood of thousands of fisherfolk on the island and the region. The mine is being financed by a consortium that includes ABN AMRO, Standard Chartered and ANZ.



In November, BankTrack staged a field investigation to the mine site and subsequently assisted groups in directly approaching the financiers and organising a public pressure campaign. BankTrack also acted as liaison between the lending group and local stakeholders, organising several conference calls and meetings. The campaign is still ongoing as the mine became fully operational early 2007.

Rio Madeira dams - Brazil

Located in the state of Rondônia - Brazil, the Madeira River is one of the principal tributaries of the Amazon River. The Madeira River project consists of two huge hydroelectric dams: Santo Antonio and Jirau, at a total cost of approximately US\$9 billion, plus a transmission lines, at an additional cost of additional US\$ 4,5 billion. The project is the cornerstone of the Brazil-Bolivia-Peru hub of the Initiative for the Integration of South American Infrastructure, or IIRSA. The construction of the project - plus two additional dams upstream - would open a 4,200 km industrial waterway for barge passage, permitting transport of soybeans, timber, and minerals to Atlantic and Pacific ports.

Potential financiers include BNDES, the Interamerican Development Bank (IaDB) and the World Bank. Banco do Brasil, Itaú, Bradesco and Santander were contacted by the Brazilian government to this end. Amigos da Terra's Eco-Finance project circulated information on 30 potential risks faced by the project.

IRN member group produced a 7 1/2 minute video "Rio Madeira Vivo" depicting the debate regarding the project and its impacts. Currently, are monitoring and distributing information regarding lawsuits aimed at halting the project and ongoing problems in the environmental licensing process, as well as coordinating actions with Bolivian communities protesting the dams' probable impacts on their country.

Sakhalin II – Russia

For years already, international civil society is waging a campaign against Sakhalin II, a large scale oil development project in the Russian Far East that affects the livelihoods of indigenous communities, leads to massive environmental destruction and threatens the survival of the last remaining population of West Pacific Grey whales.

While the pressure to stop the project has been mainly on the EBRD, the Equator banks showing an interest in financing the project have been warned that the project is incompatible with a good faith application of the Equator Principles and is to be considered the very test for their credibility.



Individual member groups have put pressure on banks such as Credit Suisse, JP Morgan chase and ABN AMRO to not move forward with their plans. At the end of 2006, the project was taken over from Shell by

Gazprom, leading to continued confusion over what the role of private financiers would be.

Kayelekera uranium mine, Malawi

The Kayelekera Uranium Mine in Malawi, Central Africa is a proposal by Australian company Palladin Resources for the first uranium development in the small central African nation. As of late February 2007, Societe Generale is providing a US\$90m project finance facility to the project. Societe Generale is a signatory to the Equator Principles and the UNEP Financial Initiative Statement. Problems have been identified with radioactive waste disposal, resettlement and compensation of communities and water management.

BankTrack has assisted the Malawian Citizens for Justice group with financing a research into the financial groups behind the

project as well as a field investigation of a Australian expert on uranium mining (through our Australian member MPI).

Member activities

BankTrack does not only act under its own brand name. It is the member groups that ultimately define the strength of the network. Next to all the activities done under the BankTrack umbrella, all of them are also involved in their individual campaign activities.

Here is a non exhaustive overview of what some member groups achieved in 2006, as contributed by the groups themselves:

Amigos da Terra – Amazônia Brasileira

It was a busy year in Brazil. As far as financial institutions are concerned, substantial work developed to assist Banco Itaú and HSBC to develop a bank-wide environmental administration, to help create an environmental policy at Rabobank, to urge BNDES adopting minimum criteria on development project, to work with Bradesco at creating the first pro-FSC credit line. Conditions were created to develop new products in the insurance industry (also with pioneer legislation in the forestry sector), an overall priority in 2007. Significant efforts were dedicated to exposure of risks associated to a number of large infrastructure projects, especially the Rio Madeira complex, road paving of BR-158, BR-163 and BR-319 in the Amazon and the Urucu-Porto Velho pipeline. A Brazilian edition of the BankTrack handbook was drafted and launched. The Eco-Finance project received substantial press coverage.

Berne Declaration – Switzerland

Berne Declaration commissioned a research to examine the financial links between Swiss banks and firms involved in the oil, mining and gas industry. We concentrated on significant financing of companies engaged in conflicts with local populations that occurred within the past five years. In over 60 individual cases, our research has shown how raw material extraction lead to human rights violations and the complicity of Swiss Banks. With a report (in German, French and English) that was based on the research we managed to put pressure on the Swiss banks to develop sound internal standards, in order to responsibly deal with the challenges of human rights, extractive industries and the related issue of climate change.

Campaign to Reform the World Bank – Italy

CRBM has worked in cooperation with other Italian NGOs in several campaigns. Main results were achieved with the armed banks campaign with the declaration from Banca Popolare di Milano BPM to withdraw from financing the arms sector. Another

important result has been reached in working with the European campaign against the Belene Nuclear Power Plant in Bulgaria, with Unicredit/HVB renouncing to finance the project. The campaign is currently going on in order to ask Unicredit to come out with a clear non-nuclear policy.

CEDHA – Argentina



The Center for Human Rights and Environment (CEDHA) in Argentina throw in its support for the ongoing campaign to stop the controversial Botnia paper mill in Uruguay and lodged the world's first ever equator

principle compliance complaint against ING Group. ING group subsequently withdrew its share in a US\$480 m finance package for the mill. Similar complaints were also brought against Calyon and BBVA. Nordea Bank stepped in to replace ING and CEDHA filed a complaint on behalf of 50 000 stakeholders for Nordea's violations to the OECD Guidelines for Multinational Enterprises. The 'specific instance' was accepted by Sweden's National Contact Point and will be heard early 2007.

Friends of the Earth - United States

In 2006, Friends of the Earth-US, in collaboration with shareholders, broke new ground at Citigroup on two fronts: As a result of our work, the bank established a Board-approved Statement on Human Rights, the first human rights position taken by a US bank. Also last year Citigroup conducted environmental trainings for two clients: China Development Bank and China Export-Import Bank, marking a new level of advocacy towards China. In addition, FOE worked to develop or update environmental policies at other institutions; Wachovia Bank released its first environmental policy in October, and Morgan Stanley is expected to release a revised environmental policy in 2007. Finally, FOE has worked to ensure that banks have the capacity to implement their environmental programs by staffing up: both Goldman Sachs and JPMorganChase hired two new staff in 2006.

International Rivers Network - United States

International Rivers Network put pressure on ABN AMRO to include the World Commission on Dams recommendations in their new policy on large dams. In addition, International Rivers Network sent letters to the private banks financing the largest dam in Laos, the Nam Theun 2 Hydropower Project. The banks

contacted include BNP Parisbas, Standard Chartered and Bangkok Bank. Later in the year, we sent the private banks involved in the project a copy of our trip report from our June 2006 visit to the project area and also sent them a follow-up letter in December 2006 asking them to address several issues of concern regarding implementation of the Nam Theun 2 Hydropower Project. In addition, IRN provided input into the preparations of a sustainability policy of a major German bank.

Les Amis de la Terre – France

Les Amis de la Terre main project in 2006 was to release the first detailed public analysis on French banks and environment, titled "French banks and environment : almost everything remains to do". Published in March 2006, it had a good media coverage and an big impact on the banks investigated. Important advocacy work based on the report permitted to get first some results, notably the creation by several major banks of a specific attractive loan for renovation and insulation of habitations (second sector in France in term of CO2 emissions). The second major project has been a new in-depth analysis on French banks and energy/climate issues, to be published in 2007. Les Amis de la Terre has monitored the Botnia pulp and paper plant, unfortunately financed by Calyon (Credit Agricole).

Milieudedefensie, FoE Netherlands – Netherlands



In 2006 Milieudedefensie started our campaign with the slogan "Climate change - not with my money!". Through research, lobby, and street actions we have linked Dutch banks with climate change and obtained substantial media publicity plus two banks going carbon neutral with their offices. In 2007, we will release a new version of our climate benchmark of the Dutch banks based on commissioned research on how the banks actually invest our money.

Mineral Policy Institute – Australia

In 2006 The Mineral Policy Institute supported communities impacted by mining activities in the Philippines, Indonesia, Australia and Malawi (Africa) to identify banks involved in projects affecting them, access technical information and expertise and raise concerns in relation to human rights and environmental abuses and violations to the financial institutions involved and shareholders invested in the project. We have worked with other Australian organisations to highlight the irresponsible conduct of Australian banks, with ANZ subsequently signing up to the

Equator Principles and implementing environmental and social polices. We have monitored and researched bank compliance with Equator Principle commitments and exposed consistent breaches of these standards in the mining sector. We have conducted training and networking for grassroots organisations in the Asia Pacific through presentations on financial sector at forums such as the Diplomacy training program.

Network Vlaanderen – Belgium



since 2005 Network Vlaanderen is running the campaign 'My Money. Clear Conscience?'. Network distributed its report 'Where do you draw the line ?' on the investments of five Belgian banks in companies involved in human rights abuses. They also published a follow-up report on the involvement of Belgian banks in cluster munitions producers: 'Explosive portfolio's'. The campaign on banks and weapons has resulted in

stricter investment criteria for most banks investigated and in a law that forbids any financing of anti-personnel mines and cluster ammunition producers.

Network also successfully launched the ACE bank, a spoof bank that claimed to only invest in controversial but highly profitable sectors such as the arms industry. Potential bank clients, press, and even the bank authorities believed it was a real but aggressive bank, and were confronted with allegations that ACE bank was merely investing in the same companies and projects as mainstream banks.

Pacific Environment – United States

Pacific environment only joined BankTrack early 2007. in 2006 Pacific Environment served as a principal organizer of international bank advocacy efforts on the controversial Sakhalin II oil and gas project in the Russian Far East. This included organizing extensive advocacy trips to Europe and North America to engage private and public banks. Assisting other BankTrack members, we also generated much of the primary English-language analysis critiquing Sakhalin II. We also provided extensive support for leading local partners on Sakhalin Island. As a result, between \$5-7 billion in public and private financing for the project has been blocked for four years.

Platform - United Kingdom

PLATFORM produced "And While London Burns", an operatic thriller audio walk that explores the relationship between the City of London and climate change. Featured on Newsnight, the Financial Times and most mainstream media in London, the soundtrack has been downloaded thousands of times. Financial institution staff have been seen listening to the walk during their lunch break, including the head of PR at Morleys and a whole team from one of the German Landesbanken.

We launched a student campaign raising awareness of the activities of RBS, the self-proclaimed "Oil & Gas Bank". We have begun to introduce the relevance of banks to the broader climate change movement through speaking at events and writing briefings. Project finance work has continued to focus on Sakhalin II and BTC. We ensured that private banks were kept fully up to date with the myriad policy violations during Sakhalin II construction. PLATFORM also worked with the Corner House to maintain pressure on the private banks that financed the Baku-Tbilisi-Ceyhan pipeline by raising issues of legal liabilities.

Rainforest Action Network - United States



The Rainforest Action Network Global Finance Campaign conducted work on several fronts. In joint efforts with communities impacted by mountain top removal coal mining in US Appalachia, RAN was successful in getting Wells Fargo to drop Massey Energy as a client. RAN is in on-going negotiations with Wells Fargo on strengthening its environmental commitments.

RAN launched its campaign on banks in the Boreal, focused on Canada's top five banks, with activities at their annual general meetings and the release of a 'Corporate Irresponsibility' report on TD Bank. TD Bank has subsequently reorganized its environmental affairs department and RAN is in negotiations with TD Bank on new environmental policies.

RAN launched a campaign to stop financing of 11 new coal fired power plants proposed by TXU, a Texas utility company, that would have increased greenhouse gas emissions by 78Mt of CO₂/year. Lead arrangers Citibank, Merrill Lynch and Morgan Stanley were all targeted, and additionally RAN approached more than 50 other banks around the world to discourage them from joining the \$11 billion syndicate. The campaign generated significant media and has sharply increased risk sensitivity in the banking sector to financing new coal power plant construction in

the US. RAN is campaigning for Citigroup and other banks to strengthen their climate commitments and end financial support for new coal.

Urgewald – Germany



Urgewald had two major successes in 2006: In January, Deutsche Bank disassociated itself from a large pulp mill, which would have threatened several of Borneo's last intact forest areas. In the fall of 2006, Deutsche Bank, HypoVereinsbank and Commerzbank withdrew from a nuclear power project, called

Belene which is sited in an earthquake area in Northern Bulgaria. Through media work, postcards and e-mails, visits at the banks' AGMs, an international protest day and a protest week in 60 German cities, the banks were dissuaded from financing this extremely controversial project.

WEED – Germany

WEED organized a project on the liberalization and internationalization of Financial Services. This included a workshop in June 2006 on Codes of Conduct. The results were published in a study entitled "Codes of Conduct in the Financial Services Sector - an analysis of their effectiveness" in September 2006. Financial Services companies in Germany were contacted over this issue, for example the Allianz Group and the Hypo Vereinsbank. By this we could raise awareness for a subject that has not been touched by existing initiatives for Corporate Social Responsibility. The publication of our study inspired the publication of a two page in-depth article on Codes of Conduct in the financial services sector to be published in Germany's weekly paper "die Zeit" at the beginning of April 2007. Another fair success was the international conference "The New Financial Architecture - a Ruin?" in November 2006. The conference focused on an analysis of the dynamics on the financial markets.

WWF-UK - United Kingdom

During 2006, WWF continued to focus on prioritising its work on shifting capital markets towards a One Planet Living. Throughout the year, WWF-UK helped to shape policies and practices of private banks. As part of WWF's wider work of building capacity in third party organisations, Fair Pensions - a campaign organisation leading on responsible investment, including pension funds- has gone from strength to strength and is now recognised as having charitable status in the UK. WWF believes that BankTrack's work is crucial and contributed the first edition of Shaping the Future Report in 2006 to the wider network.

3. What we didn't do

While 2006 was a active year for BankTrack, not all went as planned. The key lesson from 2006 was that a network of independent and extremely busy organisations needs to build its collective plans on what is already at the -full- plate of these organisations, rather than start ambitious plans next to these activities. A good lesson but it took two failed projects to learn it;

B-day

When BankTrack learned about the initiative of the Financial Times for the Sustainability Awards for banks, we decided that this event needed a appropriate response from civil society.

In December 2005 we decided to organise a three day conference/festival in London on anything related to 'Banks, people and the environment' that would bring together bankers, campaigners, media and interested members from the general public. We envisioned that at least 1000 people would dive into a flurry of workshops, movies, debates and trainings, theatre and mass action.. The event was dubbed B-day as it was supposed to start on June 6. Funders reacted enthusiastically to the plans and provided funds to hire a coordinator and start working..

By April, the BankTrack secretariat already spent an substantial amount of energy and funds on developing a website, scouting for venues, preparation meetings, outreach to groups etc. Slowly it dawned on us that all this work was not going to bring the desired outcome; at best it would become a interesting but smallish event that would probably not attract the diverse audience we had in mind; at worse it would turn into a disaster for BankTrack, right in the middle of London.. The steering committee then saw no other option but to cancel the event.

As plan B we then focused our attention directly at the FT awards and successfully produced 'the Reckless Times', a mock version of the Financial Times distributed widely in the London City and Canary Wharf areas on the day of the award ceremony.

Sustainability compass

B-Day was also going to be the culmination of a elaborate consultation aimed at developing a new consensus around civil society groups about what constituted best practices and policies in a range of sectors and what would be the new agenda for change to demand from the private financial sector.

The result of this process would be a document with the working title 'sustainability compass' pointing the way forward for the

banking community on issues as human rights, the environment and social obligations.

During the course of the planning period it became clear that also this was much too ambitious a plan and that the whole process would take far longer than the four months available. Instead of focusing on London, the consultation process was then stretched to cover the entire year, with two strategy/consultation meeting held on 'Banks and human rights' and 'Banks and Climate' at the end of 2006. The outcomes of these meetings plus internal discussions also fed into two position papers and the publication of the 'Dos and Don'ts of sustainable banking'

4. What we published

In 2006 BankTrack released the following publications⁹:

January 2006 - Shaping the Future of Sustainable Finance; Moving the Banking Sector from Promises to Performance Study ranking 39 banks on their social and environmental policies.

April 2006 - Equator Principles II - NGO comments Paper outlining NGO comments on the Draft Equator Principles

June 2006 - Sustainable Banking in Practice Paper written for the jury of the sustainable Banking award, providing information on nominees involvement in unsustainable banking practices

June 2006 - The Reckless Times

BankTracks famous mock newspaper, published on the occasion of the Sustainable Banking award gala of the Financial Times and distributed in the city of London.

November 2006 - The Dos and Don'ts of Sustainable Banking Manual describing how BankTrack defines sustainable banking in practice. The manual also exists in a Brazilian version.

February 2007 – Human rights, banking risks

Published with delay in 2007, outlining BankTrack thinking on human rights obligations of banks



⁹ This does not include publications by member groups that were cosponsored by BankTrack. For the full overview please see our website.

5. How we told everyone

Website

The BankTrack website plays a key role in both the outreach as well as the internal cooperation efforts of BankTrack. In 2006, it has been further strengthened as information portal as well as key organising tool for the network itself. Amongst the many improvements implemented in 2006 are:

- Translation of parts of the English site into Spanish, French and Portuguese
- Expansion of online archives, link sections, picture galleries and video galleries
- Better internal cohesion of pages through uniform weaving system, allowing multiple use of information on site.
- Addition of Dodgy deal section, listing profiles of projects considered problematic from a social/environmental perspective.
- Addition of a 'cyberaction center' allowing for visitors to actively participate in our work by sending action letters and sign up to petitions.
- Improved administration/management systems allowing the secretariat to host its planning and archives online.

Visitors

The number of visitors is showing a steady increase with each passing month. The number of daily –unique– visitors increased from an average of 250 in January to over 500 at the end of 2006. Around twenty people approach BankTrack each week through our web form.

Email lists

BankTrack runs a number of email discussion and broadcast lists aimed at different target groups. This system allows for tailor made delivery of messages to those we wish to inform. The main lists available are:

- *BankTrack-info* is a open information and announcement list providing overall information on the private financial sector. 280 subscribers (as per jan. 1st 2007)
- *BankTrack-members* is the internal discussion list for BankTrack members to freely debate strategies and campaign plans. 70 subscribers
- *BankTrack-news* is the announcement list for members of the private financial sector –merely bankers but also including analysts and academic researchers– that wish to

be informed about civil society/ BankTrack activities. 370 subscribers

- *BankTrack-press* is the announcement list for media. 610 subscribers

Meetings, trainings, outreach

The BankTrack secretariat helped arrange a number of meetings, trainings and outreach events over the course of 2006. A non complete overview includes:

- *Jan 25-29 Davos, Switzerland* – presentation of report and press conference at World Economic Forum
- *Feb 03 London, UK* - presentation meeting for UK NGOs on Banktrack plans for FT awards
- *Mar 09 Groningen, Netherlands* – panel in conference Ethics in the financial world
- *Apr 19 London UK* – Bank & NGO meeting on Equator Principles revision
- *Apr 28 Madrid, Spain* – presentation for Spanish NGOs on BankTrack work.
- *May 18 Brussels, Belgium* – participation roundtable with Experts in Human Rights and SRI
- *Jun 09-12 Hassocks, UK* - BankTrack Annual Strategy meeting
- *Jun 12 London, UK* Launch of the Reckless Times; outreach event in London city
- *June 28-29 Paris, France, presentation of BankTrack at ORSE and Novethic conferences*
- *Sept 11 Utrecht, Netherlands* – presentation at Rabobank Global Credit Risk Conference 2006
- *Sept 14-16 Batam Island, Indonesia* – workshop at Peoples forum on IMF/WB.
- *Sept 18 Barcelona, Spain* – presentation at Dialogue on Corporate Responsibility and European Competitiveness in the Financial Sector, ESADE conference
- *Oct 4-6 Amsterdam, Netherlands* -Participation in GRIO conference
- *Nov 09-11 Nijmegen, Netherlands* – Expert/ NGO consultation meeting on Banks and Human Rights
- *Nov 12 Nijmegen, Netherlands* - BankTrack steering committee meeting
- *Nov 26 Manila, Philippines* – participation in Conference on mining in the Philippines
- *December 12 Beijing, China*; training of Chinese NGOs at first NGO meeting on financial activism in China.
- *Nov 28-29 London, UK*– panel debate on conference Sustainable Finance Summit (Ethical Corp.)

- *Dec 11-12 Paris, France* – internal strategy meeting on Banks, energy and climate

7. What we will do next

Compiling a BankTrack annual report is like asking a train conductor to quietly reflect on the journey already made while he is storming forward over a unknown track; BankTrack is almost never in contemplation mode as the challenges keep presenting themselves as we go along. This said, for 2007, the priorities are clear:

BankTrack want to increase its ability to monitor the operations of banks on the ground; work with communities and NGOs on improving their understanding of private banks. We will invest in developing this capacity by hiring a new South coordinator and further develop our web- and outreach tools.

BankTrack wants to tackle the responsibility of banks in combating climate change, with a specific focus on the financing of continued fossil fuel exploration and exploitation projects and the increase in fossil fuel and uranium based power generation Ongoing activities of member groups on 'banks and climate change' will be incorporated into one worldwide campaign.

BankTrack will broaden the definition of 'sustainable banking' by focus on the human rights responsibilities of Banks, to ensure that human rights get incorporated in lending decisions in the same way as social and environmental considerations.

BankTrack will investigate the current state sustainable banking policies (social, environmental, human rights, transparency and accountability) and compare them to the situation early 2006.

BankTrack will further investigate the role and activities of banks based in emerging markets, with an emphasis on China, India, Brazil and South Africa.

We hope that this list will guide interested bankers on where to focus on in their risk and reputation management in 2007 ..

8. How we paid for It

This is a summary of our financial report over 2006. A full report is available upon request.

Profit and loss account

	<u>2006</u>	<u>2005</u>
Income		
Grants	208.924	111.944
Credit interest	684	
Other contributions	2.651	2.320
Donations	952	-
	<u>213.211</u>	<u>114.264</u>
<i>Total income</i>	<u><u>213.211</u></u>	<u><u>114.264</u></u>
Expenses		
General		
Personell costs	76.685	55.519
Housing costs	6.919	4.217
Organisation costs	6.084	3.824
Administration costs	2.626	1.809
Depreciations	3.505	2.964
	<u>95.818</u>	<u>68.334</u>
Specific project costs		
Network coordination	6.949	6.091
General network support	21.686	10.595
Research and publications	69.392	26.923
Education and outreach	7.360	
B-day	2.678	
Evaluations	1.428	
	<u>109.493</u>	<u>43.609</u>
<i>Total expenses</i>	<u><u>205.311</u></u>	<u><u>111.943</u></u>
Result	<u>7.900</u>	<u>2.321</u>
	<u><u>213.211</u></u>	<u><u>114.264</u></u>

Balance sheet

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Current Assets		
Tangible fixed assets		
Furniture	1.212	1.710
Computers and software	3.501	4.935
	<u>4.714</u>	<u>6.645</u>
Claims		
Deposits	1.489	639
Paid in advance	81	81
Accounts receivable	2.423	815
	<u>3.992</u>	<u>1.535</u>
Cash at banks	131.558	35.617
	<u>140.264</u>	<u>43.796</u>

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Current Liabilities		
General reserve account		
Reserve values at January 1	10.417	8.096
Balance financial year	7.900	2.321
	<u>18.317</u>	<u>10.417</u>
Projects reserve account		
Reservations unfinished projects	11.328	13.962
Reservations long term income	42.398	12.602
	<u>53.726</u>	<u>26.564</u>
Accounts payable		
Loans	-	2.500
Received in advance	59.940	-
Salaries, taxes and social contributions	4.340	4.285
Remaining accounts payable	3.940	31
	<u>68.221</u>	<u>6.816</u>
	<u>140.264</u>	<u>43.796</u>

Grants in 2006

	<u>2006</u>	<u>2005</u>
CS Mott 2005/2006	63.960	57.182
WWF-UK	7.154	28.947
Oxfam Novib 2006-2008	37.602	25.000
Wallace Global Fund 2006	20.062	815
VR0M (Dutch ministry for environment)	48.452	
JMG Foundation	31.696	
	<u>208.924</u>	<u>111.944</u>

9. Who we are

BankTrack is a global network of Civil Society Organisations monitoring the private financial institutions, with a focus on globally operating commercial banks. BankTrack believes that such banks, while conducting their business, have their own specific responsibility for the social and ecological well being of the planet and its inhabitants. This overall vision on the social and environmental responsibility of the private financial sector is captured in the Collevocchio Declaration.¹⁰

To achieve this greater level of responsibility within the banking sector, BankTrack is aiming at two different audiences: the banking sector itself and civil society groups involved in advocacy work on banks, whether on a local or (intern)national level.

BankTrack strengthens civil society's capacity to monitor and influence the private financial sector, by providing policy analysis and research for NGOs, conducting training for campaigners, and direct support for project-affected communities. We also function as an international clearinghouse for NGOs for information and strategies on the private financial sector and acts as a news source for financial press and reform-minded elements within the private financial sector itself.

Members and partners

In 2006, the membership of BankTrack increased from fourteen to seventeen members. The number of formal working partners increased from three to six. These are:

members

- Amigos da Terra Amazonia Brasileira – Brazil
- Berne Declaration – Switzerland
- Campaign to Reform the World Bank – Italy
- Friends of the Earth - United States
- International Rivers Network - United States
- Les Amis de la Terre – France
- Milieudéfense, FoE Netherlands – Netherlands
- Mineral Policy Institute – Australia
- Netwerk Vlaanderen – Belgium
- Platform - United Kingdom
- Rainforest Action Network - United States
- Urgewald – Germany

¹⁰ The Implementation guidelines of the Collevocchio Declaration have recently been refined in our publication 'The Dos and Don'ts of sustainable banking; a BankTrack manual'. See www.banktrack.org under publications

- WEED - Germany
- WWF-UK - United Kingdom
- CEDHA – Argentina (new)
- Fair Finance Watch – United States (new)
- Pacific Environment – United states (new)

partners:

- SOMO - Netherlands
- Cornerhouse – United Kingdom
- Profundo – Netherlands
- World Resources Institute – United States
- Friends of the Earth England, Wales, Northern Ireland
- Friends of the Earth Japan

While this modest expansion is in line with our ambition to be a network of groups *actively* engaged in monitoring private banks we did not succeed in expanding the membership to groups based in the Global South. The expansion of membership to groups based in emerging market countries and important recipient countries of Foreign Direct investments will be a priority for 2007.

Secretariat staff

In January 2006, BankTrack opened a new, bigger office in Utrecht, allowing a expansion of staff. The following people kept the secretariat going in 2006:

- Johan Frijns, coordinator
- Marthe Reinette, communication officer (March-November)
- Roel van den Bosch, financial manager
- Juliette Mathis, intern (March-June)
- Victorio Mattarozzi, volunteer (September-December)
- Bart Bruil, website design, layout (freelance)

BankTrack foundation

BankTrack is a not for profit Foundation under Dutch law, registered with the Chamber of Commerce. The goal of the Foundation is to “initiate and support international cooperation between non-governmental organisations (NGOs) within the BankTrack network, with the aim of stimulating a socially and ecologically sustainable private financial sector”. The foundation act as employer and oversees the Secretariat. The foundation is governed by a three person Board that is a subset of the Steering committee.

Steering committee

A steering committee oversees the development of the network and the work of the secretariat. The steering committee consists

of representatives of member groups and is elected at our strategy meeting. In 2006, the steering committee consisted of:

- Michelle Chan (Friends of the Earth US)
- Techa Beaumont (Mineral Policy Institute, Australia)
- Antonio Tricarico / Andrea Baranes (CRBM, Italy)
- Ilyse Hogue / Dana Clark (Rainforest Action Network, US)
- Inez Louwagie (Netwerk Vlaanderen, Belgium)
- Jen Morgan (WWF-UK)
- Andreas Missbach (Berne Declaration, Zwitserland).



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