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Key findings

BankTrack’s Global Human Rights Benchmark evaluates 50 of the largest banks globally against a set of 14 criteria based on the requirements of the UN Guiding Principles on Business and Human Rights (‘the Guiding Principles’). The criteria examine four aspects of banks’ implementation of the Guiding Principles: their policy commitment, human rights due diligence (HRDD) process, reporting on human rights and their approach to access to remedy. Banks are scored against these criteria and assigned to one of four categories as ‘laggards’, ‘followers’, ‘front runners’ and ‘leaders’ based on their final result. In addition, this year, banks have been assessed against three new criteria in a fifth category, namely on their response to specific adverse human rights impacts raised by civil society groups and communities. It is important to note that the Benchmark does not evaluate banks’ actual financing for companies and projects with adverse human rights impacts, and results for each bank should be considered alongside the bank’s profile and record of financing ‘Dodgy Deals’ on the BankTrack website.

This is the fourth iteration of this benchmark, following three previous reports in 2019, 2016 and 2014. This report also builds on our 2021 “Actions Speak Louder” report, outlining some initial findings on banks’ responses to specific human rights violations.

- None of the banks researched yet show adequate implementation of the Guiding Principles. Of the 50 banks covered, 38 achieved a score of less than 7 out of 14, indicating that they are implementing less than half of the requirements of the Guiding Principles. These banks are ranked as ‘laggards’ or ‘followers’. No clear leader emerged, with no bank achieving a score higher than 9 out of 14, meaning that even the highest scoring banks meet their responsibilities for less than 70% of the criteria. Since the responsibility to respect human rights, as elaborated in the UN Guiding Principles, is a minimum expectation for all companies, a score of 100% is the expected level of performance.

- Modest improvements are evident since 2019. The average score achieved in 2022 was 5 out of 14, or 36%. This shows a slight increase compared to 2019, when the average score was 4 out of 14, or 28%. Most banks (33 out of 50) increased their final score, with seven banks improving their scores by more than three points. This general improvement can also be observed in the increase in the number of ‘front runners’ to 12 compared to just seven in 2019; and the reduction in the number of ‘laggards’ from 19 in the past benchmark to 10 now.

- Banks have largely got human rights policy statements in place. 42 out of 50 banks in scope have developed a commitment to respect human rights in a statement of policy, although only 28 banks show that this extends to their provision of finance, and just 17 banks indicate that this has been approved at the highest level of business.

- Most banks show some improvement in integrating human rights due diligence into their processes. Banks improved their scores more on the Due Diligence criteria than in other areas, with 27 banks improving by at least a half score for at least one of the five criteria. 22 banks now detail a process for identifying impacts that includes some form of stakeholder consultation, compared to 11 in 2019. Bank efforts to monitor the effectiveness of actions taken to address adverse impacts are also more in evidence, with 17 banks detailing a process, however limited, for tracking the effectiveness of measures taken to address specific instances of adverse human rights impacts, compared to seven banks in 2019.
Progress on reporting is stagnating. There has been little to no progress on reporting since the last benchmark, with all but eight banks still falling short of reporting on specific human rights impacts, as opposed to discussing broader areas of risks, and few showing that they take effective action in response to such impacts. There is an urgent need for banks to demonstrate that they identify and address impacts when they arise, and that they have proper processes in place, including reliable indicators, to do this.

Evidence that banks are providing or encouraging remedy remains slim. While two banks have set up a grievance mechanism, and 14 banks out of 50 have expressed a commitment to provide for or support with remediation, all of the banks in scope have failed to demonstrate in their human rights disclosures that they have played a role in remediating or addressing specific adverse human rights impacts. When it comes to remedy, there is still significant ground to cover for banks from talking the talk to walking the walk.

**Note:** For links to the human rights policies, processes and reports cited in this document, and more details about the rationale for each scoring decision, see each banks’ full score sheet, linked in the results tables.
Introduction

The aim of this report is to evaluate the extent to which banks are fulfilling their responsibilities as set out in the UN Guiding Principles, 11 years on from their unanimous endorsement by the UN Human Rights Council. This is the fourth iteration of this Benchmark, following our last global Human Rights Benchmark in 2019, and other reports in 2014 and 2016 (published under the title “Banking with Principles?”). Two additional regional benchmarks focusing on banks in Africa and Asia were also published in 2021 and 2022 respectively.²

The period since 2019 has been marked by a devastating COVID-19 pandemic, compounded by a rise in conflicts worldwide, and fast-accelerating climate change, which have exposed the cracks in banks’ commitments to respect human rights and the environment. The brutal military takeover of Myanmar in February 2021 led to calls on banks to stop investing in companies affiliated with the junta and its atrocities.³ In November of the same year, European financial institutions – including major commercial banks – came under fire for their ties with companies operating in the illegal Israeli settlements and facilitating human rights violations in the Occupied Palestinian Territories.⁴ Since Russia invaded Ukraine at the beginning of 2022, numerous international banks have been under pressure to exit their operations in Russia and sever financial ties with the country to avoid being complicit in war crimes.⁵ Lastly, leading international banks willing to finance the East African Crude Oil Pipeline (EACOP) received widespread backlash from civil society organisations and the #StopEACOP campaign attempting to stop the project’s irreversible damage to local communities, nature, and the climate.⁶

In the past few years there has also been a growing realisation that banks – and other financial institutions – hold the key to systemic change and are crucial for ensuring corporate respect for human rights and the environment at scale throughout the economy. Following a stock-taking exercise on the first 10 years since the adoption of the Guiding Principles, the UN Working Group on Business and Human Rights released a roadmap in late 2021 serving as a call to business, including the financial sector, to “raise the ambition and increase the pace” of implementation, and further spelling out the expectation that financial institutions “know” the risks to people connected with their finance, and “show” how they take action to address those risks.⁷

Nonetheless, the results of this benchmark show that banks’ progress on scaling up respect for human rights and implementing the Guiding Principles is slow, and for the most part, inadequate. It is of particular concern that there is so little evidence of banks playing a role in ensuring remedy is provided for harms linked to their finance, or of taking appropriate action once they were made aware of specific violations. This shows that, 11 years after the launch of the Guiding Principles, the banking sector is still a long way from fulfilling its human rights responsibilities, leading to little to no improvements for affected groups and individuals on the ground.

What are the Guiding Principles?

The UN Guiding Principles on Business and Human Rights (‘the Guiding Principles’ or ‘the UNGPs’) are the authoritative global standard on business and human rights, unanimously endorsed by the UN Human Rights Council in 2011. They provide the clearest expression yet of the international community’s expectations of the human rights responsibilities of business. While not legally binding, the responsibilities they set out apply to all businesses regardless of size. The Principles implement the UN’s ‘Protect, Respect and Remedy’ Framework, which rests on three pillars: the state duty to protect against human rights abuses, including by business; the corporate responsibility to respect human rights, which means to act with due diligence to avoid infringing on the rights of others and to address adverse impacts that occur; and greater access by victims to effective remedy, both judicial and non-judicial. For resources on the UN Guiding Principles see the portal on the website of the Business and Human Rights Resource Centre.⁸
Overview of 2022 results

To determine how banks are progressing towards implementing the UN Guiding Principles in their processes, we evaluated the publicly available human rights policies, reporting and other relevant disclosures of 50 of the largest private sector commercial banks against a set of 14 criteria in four categories: policy commitment, human rights due diligence (HRDD) processes, reporting and access to remedy. This resulted in a score of between 0 and 14 for each bank.

In addition, this year we evaluated banks against three new criteria in a fifth category on their response to specific adverse human rights impacts raised by civil society groups and communities. These criteria were: response, action, and monitoring. Banks received a full score (1), half score (0.5) or no score (0) for each of these criteria, for each recorded instance in which they have been approached to respond to such an impact. These scores were then averaged, leading to an overall score in the fifth additional category of between 1 and 3 for each bank. Banks that have not been approached to respond to a specific impact were not scored on this category. As these scores are presented as an average, and are not available for every bank, they are outlined separately and are not added to the results of categories one to four.

Each bank was given the opportunity to comment on their draft scores before publication. In total, 36 out of 50 banks took the opportunity to provide feedback, while two further banks responded without providing feedback. The remaining 12 banks did not respond. This is the highest level of engagement we have seen for this series of benchmarks, and compares with 29 out of 50 banks which responded in 2019. See the table of results for details of which banks responded. Further details about the process are given in the Methodology section on page 68.

In this 2022 edition, the average score achieved was 5 out of 14, or 36% of the available points.9 This figure is up one point from the 2019 benchmark, where banks scored on average 4 out of 14 points, or 28.5%.

As in 2019, we grouped banks according to their final scores, and categorised them as ‘laggards’, ‘followers’, ‘front runners’ or ‘leaders’. Results showed ‘followers’ as the largest group, and ‘laggards’ as the smallest, with a slightly larger group of ‘front runners’ emerging as the best performing banks. This year, no bank ranked as a ‘leader’. We slightly adjusted the boundaries of these categories this year, raising the bar for the level of performance required for higher categories. This was done for two reasons: firstly to absorb the two new criteria added back in 2019 into these boundaries, and secondly to reflect the need for increased ambition from the sector, as flagged by the UN’s Roadmap. As a result of these changes, banks whose score remained the same or did not change significantly since the last benchmark may have moved down a category.10

Overall findings were as follows:

Laggards (0 – 3 points): 10 banks ranked as ‘laggards’, achieving a score of 3 points or less. This is the smallest group of banks, marking a change since 2019 when the majority of banks (21 out of 50) fell under this category. These 10 banks include all four Chinese banks assessed, as well as banks from India, Germany, France and the United States.

Followers (3.5 – 6.5 points): The largest group of banks, or 28 out of 50, are categorised as ‘followers’, up from 19 in the last benchmark. Of these, 12 banks moved up one category from ‘laggards’, while two moved down from previously being ‘front runners’. Just over half of European banks in the scope of this exercise (or 12 out of 23) were placed in this group; the same is true for banks hailing from Australia, of which 50% (2 out of 4) are ranked as ‘followers’. Two out of three South American banks, and the majority of North American banks (72% or 8 out of 11), are also in this category.

Front runners (7 – 10 points): 12 banks were ranked as ‘front runners’, scoring between 7 and 10 points out of the possible 14. European banks make up most of this category (8 out of 12), along with the two remaining Australian banks, one North American bank and one Asian bank. Four of these banks were previously in the ‘followers’ group.

Leaders (10.5 - 14 points): No bank achieved the points necessary to be included in this category. In the previous benchmark in 2019, one bank, ABN AMRO, was narrowly ranked as a ‘leader’, but this year its score decreased from 9.5 to 8.5 points out of 14, pushing it further away from the passing mark for this group. The three highest scoring banks in this benchmark – Citibank, Mizuho and Westpac – were 1.5 points away from being ‘leaders’, showing that even for banks doing better there is still significant ground to cover to achieve leadership on human rights.

Scores for our new response tracking criteria are not included in the scores above. However, all banks scored poorly here, with the highest scoring banks (ANZ and ING) achieving just 1 point out of 3. Both banks were scored on responses to just two enquiries. Banks ranked as ‘front runners’ scored an average of 0.4 out of 3, while banks ranked as ‘followers’ or ‘laggards’ scored an average of just 0.1 out of 3, showing some correlation between good scores for policy, process and reporting on the one hand and constructive responses to human rights enquiries on the other.
Changes since 2019

Since our last benchmark in 2019, we have revised our methodology by adding new criteria on response tracking, as detailed above. In addition, small changes were made to our existing criteria. These changes followed a period of consultation with academics and practitioners who are experts in the business and human rights field. More details on this process and the changes made can be found in the Methodology section.

Since the changes to the existing criteria are limited, and the new criteria are treated separately, results between this benchmark and the previous one in 2019 are broadly comparable.

Overall there have been noticeable improvements since 2019, though this year no bank stood out as a leader. Of the 47 banks ranked in 2019 which are also ranked in 2022:

- 33 banks improved their score. Of these, 16 banks increased their scores by 2 points or more.
- Seven banks made a significant improvement, increasing their scores by at least 3 points. Of these, Société Générale, Banco Bradesco, Sumitomo Mitsui Financial, Toronto-Dominion Bank, Royal Bank of Canada, and Bank of America moved from the ‘laggards’ group to become ‘followers’. Mizuho Financial Group increased its score by 5 points, more than any other bank, leaving the ‘followers’ group to become a ‘front runner’.
- Other 2019 ‘laggards’ that improved their scores to become ‘followers’, with smaller changes in score, are: Mitsubishi UFJ, Bank of Nova Scotia, Crédit Agricole, BMO Financial Group, Canadian Imperial Bank and Lloyds Banking Group. New recruits joining the ‘front runners’ group are BNP Paribas, Deutsche Bank and Standard Chartered.
- Of the banks ranked for the first time in 2022, two are ‘laggards’ (Commerzbank and DZ Bank) and one is a ‘follower’ (CaixaBank).
- 10 banks maintained the same score, showing no evidence of positive developments in disclosures when it comes to human rights.
- Four banks’ scores declined, mostly due to poorer human rights reporting or less detailed policies made available publicly. A small loss of a half point from the previous year cost JPMorgan Chase the title of ‘follower’, as it joined the lowest-scoring banks in the ‘laggards’ category. Nordea and National Australia Bank’s loss in points also meant a decline in group from ‘front runners’ to ‘followers’.
- This year there is no true ‘leader’: ABN AMRO – the only bank to have been marked as such in 2019 – moved down a category to join the ‘followers’.
Category 1: Policy commitment

1.1 Policy

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

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

What we found: This is the requirement on which banks score most strongly, as the large majority of banks (42 out of 50, 84%) now have a clear policy commitment to respect human rights. The situation has improved steadily over the years: in 2014, only half of the banks assessed (16 of 32, 50%) fulfilled this requirement; in 2019, 35 out of 50 banks, or 70%, expressed a clear commitment to respect human rights in a policy statement.

Three banks scored half a point for this requirement. This includes banks that have a statement or policy addressing human rights, but which lacks a clear commitment to respect human rights. For example, in its Code of Conduct, DZ Bank states that it “has signed the UN Global Compact, which commits it to promoting the protection of international human rights”, which is not well aligned with the UN Guiding Principles. Other banks that scored a half point are BPCE Group and Crédit Agricole. Neither bank has developed a stand-alone human rights policy with a clear commitment to respect human rights; rather, they included more broad human rights considerations in other documents, such as in sectoral policies.

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

Three banks have developed their first stand-alone human rights policy since our last benchmark: Canadian Imperial Bank, Royal Bank of Canada, and Toronto-Dominion Bank. Since our last report, 24 banks have reviewed and updated their human rights policies. In some cases, including for example Lloyds Banking Group, this resulted in a strengthened and clearer commitment to respect human rights. See box “New and updated human rights policies” for more details.

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

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

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

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

**What we found:** Only 17 banks out of 50 (34%) were able to demonstrate both senior-level sign-off of the commitment to respect human rights and specific governance of human rights at Board level. An additional 17 banks (34%) were awarded a half score, where human rights commitments were signed off at the highest level of the business, but no board level oversight of human rights was in place, or vice versa. 11 banks (22%) scored a zero on this requirement despite having a stand-alone human rights statement in place, or vice versa. 11 banks (22%) scored a zero on this requirement despite having a stand-alone human rights policy in place. This often was in cases where the human rights statement did not provide any information regarding approval or governance oversight over human rights.

Compared to 2019, 12 banks out of 50 have increased their score on this requirement. Seven of these improved their score following feedback shared with us on their 2022 draft scores, often by clarifying their governance structure and level of approval of their policies. However, six banks saw their score decrease. This is often due to the publication of new or updated human rights statements that do not contain the same level of detail on approval and governance oversight as in the past, as in the case of Credit Suisse. In other instances, banks including ABN AMRO did not achieve a full score here as they indicated that their CEO is responsible for overseeing human rights related matters. Crucially, the requirement for a full score here calls for governance oversight at the Board of Directors level, as opposed to the bank’s Executive. In this respect this criterion is closely aligned with that of the Corporate Human Rights Benchmark.11

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**Score distribution**

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

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

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

Why this is important: Most of a bank’s significant potential human rights impacts are likely to stem from its core activity, the provision of finance. This requirement tests whether a bank’s human rights policy is broadly applied, and in particular whether it applies to the impacts of the bank’s finance, including its lending, underwriting and asset management operations. It is important to note that guidance from the Office of the High Commissioner for Human Rights and the OECD has made clear that the responsibility to respect human rights also extends to minority shareholdings, and to situations where a bank acts as a custodian of shares, but is not the beneficial owner.12

What we found: Of 42 banks with a clear commitment to respect human rights, 28 make clear that this commitment extends to all of their finance. 16 banks fell short of indicating whether their commitment to respect human rights includes bond underwriting and asset management, scoring a half point only.

Banks which achieved a half score often left it unclear whether their human rights policy commitments apply across the entirety of their operations, products and services. In their comments to our draft scores, these banks indicated that they further elaborate on their commitment to respect human rights in sector specific policies, or that they apply special considerations in situations of high risk. This information does not suffice for a full score, as it does not evidence a bank’s overarching commitment to respect human rights across the entirety of its business operations, regardless of sector and level of risk.

Nine banks improved their scores (Bank of America, Société Générale, Banco Bradesco, HSBC, Bank of Nova Scotia, BMO Financial Group, NatWest, Toronto-Dominion Bank, Royal Bank of Canada), of which eight published new human rights policies or updated their existing policies since 2019. Only one bank, Nordea, decreased in score. This is because the bank’s updated policy no longer indicates whether the scope extends to all of its provision of finance.

This year we made an amendment to our scoring criteria to show that a bank’s commitment to respect human rights should also explicitly extend to bond underwriting alongside lending, and asset management, as part of a bank’s provision of finance.

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

Half score: For example, the bank’s human rights commitment extends to some but not all of its finance. For example, asset management or bond underwriting is excluded. Or, the bank’s commitment extends to its provision of finance, but does not meet the standard of a commitment to respect human rights in 1.1.
New and updated human rights policies

The following 26 banks released updated human rights policies or statements since the last report. This includes stand-alone policies as well as policies integrated into other frameworks.

- **ABN AMRO**, Netherlands, Dec 2020
- **ANZ**, Australia, Nov 2021
- **Bank of America**, US, July 2022
- **Banco Bradesco**, Brazil, 2021
- **Banco do Brasil**, Brazil, June 2022
- **Bank of Montreal**, Canada, May 2022
- **Bank of Nova Scotia**, Canada, Nov 2021
- **Banco Santander**, Spain, Dec 2019
- **BBVA**, Spain, Dec 2020
- **CaixaBank**, Spain, Jan 2022
- **Commonwealth Bank**, Australia, 2021
- **HSBC**, UK, Feb 2022
- **ING**, Netherlands, June 2021
- **Itaú Unibanco**, Brazil, May 2022
- **Lloyds Banking Group**, UK, 2021
- **National Australia Bank**, Australia, Aug 2021
- **Mitsubishi UFJ**, Japan, March 2022
- **Mizuho Financial Group**, Japan, Aug 2022
- **Nordea**, Finland, June 2022
- **Rabobank**, Netherlands, 2020
- **NatWest**, UK, Nov 2020
- **Standard Chartered**, UK, 2021
- **Sumitomo Mitsui Financial**, Japan, 2020
- **UBS**, Switzerland, May 2022
- **Wells Fargo**, US, Date unknown
- **Westpac**, Australia, Date unknown

The following three banks introduced their first stand-alone human rights policies since our last report in November 2019:

- **Canadian Imperial Bank**, Canada, Date unknown
- **Toronto-Dominion Bank**, Canada, 2021

The following 14 banks have human rights policies that have not been updated since at least September 2019:

- **Barclays**, UK, Nov 2016
- **BNP Paribas**, France, 2012
- **Citi**, US, Nov 2018
- **Commerzbank**, Germany, Sep 2019
- **Credit Agricole**, France, Dec 2009
- **Crédit Suisse**, Switzerland, Date unknown
- **Deutsche Bank**, Germany, Date unknown
- **Goldman Sachs**, US, Date unknown
- **Intesa Sanpaolo**, Italy, Dec 2017
- **JPMorgan Chase**, US, Date unknown
- **Morgan Stanley**, US, Aug 2019
- **Société Générale**, France, Date unknown
- **Sumitomo Mitsui Trust**, Japan, Nov 2016
- **UniCredit**, Italy, March 2016

The following seven banks do not have a human rights policy:

- **Agricultural Bank of China**, China
- **Bank of China**, China
- **BPCE**, France
- **DZ Bank**, Germany
- **China Construction Bank**, China
- **ICBC**, China
- **State Bank of India**, India
Category 2:

Due diligence process

2.1 Human Rights Due Diligence process

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

Why this is important: Human rights due diligence (HRDD) is at the heart of the UN Guiding Principles approach to identifying, avoiding and mitigating adverse human rights impacts. Businesses need to “know and show” that they respect human rights, and to do this they should describe how they carry out HRDD.

What we found: 18 banks out of 50 (36%) have a well-described HRDD process that is ongoing and extends across the bank’s entire operations, and received a full score. 25 banks (or 50%) scored a half point, typically because bank disclosures did not show an overarching approach to HRDD; descriptions of the bank’s processes lacked important details or were scattered across different documents, or where the process appeared to be limited in scope (i.e. to certain high-risk sectors or business activities) or a one-off exercise. Despite being frontrunners, Barclays and Rabobank only achieved a half score here, as it was not clear that their HRDD process is applied to all aspects of their finance. Seven banks still show no evidence in their public disclosures of a HRDD process. Two of these, Bank of Nova Scotia and Royal Bank of Canada, fall short of describing their HRDD process, therefore scoring a zero, despite having a clear commitment to respect human rights in a statement of policy.

Banks showed overall improvement on this requirement when compared to scores achieved in previous benchmarks. 14 banks have increased their scores since 2019. Four banks (Rabobank, UBS, Credit Suisse, and Itaú Unibanco) saw their scores decline from 1 to 0.5, for instance where more recent disclosures did not make it clear that due diligence is carried throughout a bank’s entire business operations, including its asset management.

This year we have revised this requirement so that a bank needs to show that its HRDD is ongoing, and not only restricted to the onboarding stage of a relationship. This is worth emphasising, particularly in view of the proposed EU Corporate Sustainability Due Diligence Directive, which in current drafts proposes a more limited scope for HRDD which is out of line with the approach set out in the UN Guiding Principles.
2.2 Consultation

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

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

What we found: Our findings paint a bleak picture when it comes to banks integrating meaningful rights-holder engagement into their human rights due diligence: as in 2019, no banks fulfilled the requirement for a full score, and 28, or 56%, scored a zero. However, there has been significant improvement in the banks achieving a half score as 22 banks, or 44%, achieved a half score as compared with 11 banks, or 22%, in 2019. This shows increased awareness among banks of the importance of meaningful consultation, with more having taken steps towards integrating the views of potentially affected groups and other stakeholders into their processes for identifying impacts.

Banks that scored a half point on this requirement typically detailed approaches to due diligence that involve meaningful consultation on an ad hoc rather than a systematic basis. For example, Barclays requires clients in the forestry and agriculture sector to “obtain the consent of indigenous and local communities affected by their operations through a credible ‘free, prior and informed consent’ process”, seeking the views of potentially affected groups only in situations of high-risk. Similarly, Goldman Sachs states that it expects its clients to demonstrate that potentially affected groups have been appropriately consulted only “for certain transactions, where there could be material effects on local communities”. ABN AMRO states that it engages with “potentially affected people and their legitimate representatives (such as trade unions and civil society organisations)”, but only in its role of lender and only when it has “the opportunity”, further acknowledging that meaningful consultation in its investment activities remains a challenge.

While these are welcome processes, for a full score the views of those most at risk of being affected by a bank’s finance should be sought by the bank as part of its ongoing due diligence process in a systematic way. This does not mean that affected communities must be consulted for every counterparty, client or transaction, but that such consultation should take place in specific circumstances based on an analysis of the salience of human rights risk, i.e. in circumstances with the highest risk of severe negative impacts.

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

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

Human Rights Defenders (HRDs), including Indigenous peoples, are at the forefront of protecting communities, the environment, and natural resources. But because of their work exposing the adverse human rights impacts of governments and corporations, HRDs are increasingly at risk of intimidation, attacks and reprisals. In 2021 alone, 200 defenders were killed for safeguarding their lands and the environment. That is nearly four people every week. This worrying trend is widespread, affecting every region of the world in virtually every industry.

Through lending and other types of finance for companies and projects, global commercial banks have on numerous occasions been responsible for financing environmental and human rights abuses, including land grabbing, deforestation, and violence against defenders, Indigenous and other frontline communities.

Against this harrowing background, businesses – including banks and other institutions in the financial sector – are urged to do more to protect HRDs. The UN Guiding Principles recognise the importance of HRDs in the context of business-related impacts: defenders play a vital role in human rights due diligence and can help business to understand the concerns of affected stakeholders (Principle 18). Business enterprises have a responsibility to respect human rights, and this must include taking care to ensure those who defend human rights are not brought into additional danger.

Despite this, our research shows that very few banks include considerations regarding HRDs in their policies and public disclosures.

Those banks for which we did find such considerations are:

- **ABN AMRO**, which acknowledges both the need to safeguard defenders, and the pivotal role of such defenders in allowing the bank to identify human rights risks in its operations. The bank states: “protecting the rights of [...] human rights defenders [...] to operate freely is important and it enables companies like ABN AMRO to identify adverse human rights impacts in their value chains. This means that infringements on civic freedoms by (potential) business relationships, for example by bringing defamation lawsuits against human rights defenders, constitutes ‘red flags’ in our due diligence.”

- **ANZ** elaborates a no tolerance approach on reprisals against defenders, stating: “we do not tolerate retaliation against individuals, human rights defenders or communities raising concerns or complaints and expect the same from our business relationships”.

- **Citi**, which states that “in carrying out our due diligence, we find invaluable the role played by civil society, including human rights defenders, in amplifying concerns about conditions on the ground. We recognize that such information cannot flow easily without recognition and enforcement of the enabling rights of freedom of speech and assembly for individuals and communities and that projects cannot obtain a lasting social license to operate amidst efforts to repress public advocacy or criticism, whether through violence or other forms of intimidation”.

Continues on next page...
Some banks in scope in this benchmark, while not explicitly addressing HRDs, included considerations on Indigenous peoples more specifically. For example:

- **Bank of Montreal** disclosed that as part of its human rights due diligence it reviews clients’ engagements with potentially affected groups, “including Indigenous consultations”.

- **Wells Fargo** states that “we recognize that the identities and cultures of Indigenous Peoples are inextricably linked to the lands on which they live and the natural resources, including air and water, that they respect, honour, and depend on. We acknowledge that Indigenous Peoples, as social groups, can be among the most marginalized members of the global population. […] We recognize the rights of these communities to meaningful and appropriate consultation regarding issues affecting their sacred lands and natural resources”.

Though these examples show that a small number of banks have started giving attention to this issue, the reality is that efforts in the industry to safeguard the rights of HRDs are still too few and far between. Banks need to do more to recognize and protect the rights of HRDs throughout their operations, both through policy and practice.

According to guidance published by the UN Working Group on Business and Human Rights, a first step to address this issue is for a business to develop policies which contain an explicit commitment to prevent and address impacts on HRDs.¹⁸ This could be part of an existing human rights policy statement – as was the case for all the banks here exemplified – or as a stand-alone policy. At a minimum such policies should contain a zero tolerance commitment for violence and intimidation against HRDs, and should be developed in consultation with communities and potentially affected groups.¹⁹ Furthermore, governance oversight over these policies should be assigned at the highest level of business, and they should include clear implementation, monitoring, and escalation procedures.

A further, and complementary step, is integrating meaningful and safe stakeholder engagement, including with HRDs, as part of ongoing human rights due diligence. Through effective engagement with rights-holders and their representatives, banks can better identify actual and potential impacts linked to their finance, including on HRDs, and improve their decision-making and accountability.²⁰

Banks can also exercise leverage with their clients and investee companies by setting the expectation that adverse impacts, including to defenders, should be prevented, identified and remedied, including through contract provisions with a specific focus on HRDs in particularly high-risk circumstances.
2.3 Allocating responsibility

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

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

What we found: Banks have on average improved on this requirement, with just over half of the banks in scope (54%, or 27 out of 50) scoring a half point, and only a small number (nine compared to 21 in the previous benchmark) failing to provide any information at all regarding the teams responsible for managing human rights. Banks that achieved a 0.5 typically disclosed general information over how human rights are managed, or about oversight and assessment of ESG risks more broadly, but did not specifically allocate human rights due diligence responsibilities. For instance, NatWest states that its “approach to human rights is coordinated by the Sustainable Banking team with input from relevant Group functions and business areas” and that “a human rights working group with representatives from Group functions and business areas has been established and meets bimonthly”, leaving unclear which business departments and members of staff are responsible for assessing and addressing human rights impacts.

Only 14 banks out of 50 fulfilled the requirement for a full score; only one more than in 2019. Of these 14 banks, 10 also achieved a full score on the requirement to describe the human rights due diligence process (criterion 2.1). In most cases, banks outlined human rights due diligence responsibilities alongside descriptions of due diligence frameworks, frequently incorporating all relevant information in human rights policy statements or annual reports. French banks such as BNP Paribas and Crédit Agricole collated all information regarding their due diligence process, including responsibilities, in their Universal Registration Document. This is in line with the 2017 Duty of Vigilance Law mandating human rights due diligence, and seeking businesses to disclose their vigilance plan to identify and address human rights risks.

Good practice example: ABN AMRO achieved a full score on this requirement by clearly spelling out the specific human rights responsibilities of different staff members at different levels, including their names and titles. It also provided information about referral and escalation processes, and detailed descriptions of tasks assigned to different roles, explicitly referring to human rights due diligence, and showing how this goes beyond risk identification.

Score distribution

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

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

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

Why this is important: A business’ relationship to a human rights impact – whether it causes or contributes to the impact through its own activity, or is directly linked to the impact through its business relationships – determines whether it has a responsibility to participate in addressing or remediating the impact, under the foundational Principle 13 of the UNGPs. UN advice is clear that banks may contribute to adverse human rights impacts through their finance in certain circumstances and this is also becoming more widely accepted within the banking sector.\(^{21}\) If banks are to play a role in remediating impacts they have caused, or to which they have contributed, they must have a process for assessing their relationship to an impact – whether it is related to the bank’s provision of finance or not.

What we found: An alarming 78% of banks, that is 39 out of 50, fail to provide any indication that they assess whether they caused or contributed to an adverse human rights impact. From the comments to our draft scores, it emerged that a common misconception is that having a risk assessment framework in place is by itself evidence that a bank assesses its relationship to an impact.

The 11 banks that achieved a half point (an increase from four banks in 2019) all indicated that they assess whether they caused or contributed to an adverse impact, in some cases discussing remedy. For example:

- **Standard Chartered**, in its Human Rights Statement, states that “where Standard Chartered identifies that we have caused or contributed to adverse impacts, we endeavour to address these by providing remedy or cooperating in the remediation process”;

- **Canadian Imperial Bank** in its Sustainability Report says that it “strive[s] to avoid causing or contributing to adverse human rights impacts through our own business activities, and will aim to prevent and mitigate adverse impacts which may be directly linked by taking appropriate action”;

- **Mizuho Financial Group** when describing its due diligence process explains that “Mizuho may cause or contribute to an adverse human rights impact that it had not foreseen or was not able to prevent. In such cases, we will seek ways to address the adverse impact”.

However, none of these banks provided details regarding the process by which they assess their relationship to an impact, which means in practice it is difficult to be assured that banks are making such an assessment in a systematic way. Similarly, we found no reporting from banks on specific instances in which they had identified themselves as contributing, or potentially contributing, to an adverse human rights impact.

Examples of banks that did not achieve a score on this requirement, despite relatively high overall scores, are:

- **Citi**, which stated that its “approach to remedy can take many forms, depending on the type of impact and our relationship to it”, but provided no evidence of how it establishes such a relationship, despite making a direct correlation between this and the type of remedial action it would consider.

- **ANZ** clearly indicated that it assesses whether it has caused or contributed to an adverse impact in line with the UNGPs and OECD Guidelines, and that it will act to provide remedy accordingly, but limits this process to cases where a complaint has already been raised through its grievance mechanism.

For references to the statements cited, see each bank’s page of results, linked in the results tables.
2.5 Tracking effectiveness

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

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

What we found: 32 out of 50 banks, or 64%, did not achieve a score on this requirement, and did not show any evidence of a process for tracking the effectiveness of actions taken in response to identified human rights impacts. This includes ‘front runners’ BBVA and ING, both of which scored a full point on the requirement evaluating their process for identifying such impacts (Criterion 2.1). This means that, while an increasing number of banks have strong systems in place to recognise and assess human rights impacts, they do poorly at demonstrating that they monitor the effectiveness of their approach in addressing these, and whether it is making a difference. While often overlooked, tracking performance is a crucial step for a business to know that its due diligence has been effective, and to continuously drive improvement.

Nonetheless, there has also been improvement on this requirement: 17 banks scored a half point, compared to only 10 in the previous benchmark. Typically banks picked up points by describing in rather general terms elements of a process for tracking their response to human rights impacts. For instance, Itaú Unibanco disclosed that it monitors the effectiveness of its human rights approach through periodical external and internal audits. Other banks, like Bank of Nova Scotia and Sumitomo Mitsui Financial, described in some detail steps such as reviewing and updating policies and procedures, engaging stakeholders, and assessing the the timeliness of remedial actions taken; these measures, however, were restricted to issues relating to modern slavery and human trafficking.

Nevertheless, there has also been improvement on this requirement: 17 banks scored a half point, compared to only 10 in the previous benchmark. Typically banks picked up points by describing in rather general terms elements of a process for tracking their response to human rights impacts. For instance, Itaú Unibanco disclosed that it monitors the effectiveness of its human rights approach through periodical external and internal audits. Other banks, like Bank of Nova Scotia and Sumitomo Mitsui Financial, described in some detail steps such as reviewing and updating policies and procedures, engaging stakeholders, and assessing the the timeliness of remedial actions taken; these measures, however, were restricted to issues relating to modern slavery and human trafficking.

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

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

Good practice example: For the first time in the history of our benchmark, one bank fulfilled the requirement for a full score on this criterion. Citi showed that it assesses its clients progress towards addressing human rights issues by monitoring mitigation efforts through its ESRM systems. This includes assessing the progress of clients towards meeting time-bound environmental and social action plans set by the bank; includes an assessment of whether clients have followed its recommendations; and draws on internal and external feedback.
Human Rights and Environmental Due Diligence – legislative developments

National movements for mandatory human rights and environmental due diligence (mHREDD) have gained momentum in recent years, with many governments developing and passing legislation to require business – including banks and other financial institutions – to identify, prevent, and address adverse human rights impacts.

France’s Duty of Vigilance law marked an important milestone for corporate accountability with wide implications for mHREDD legislation in Europe and beyond. Adopted in 2017, the law requires businesses within its scope to establish a vigilance plan to identify human rights risks and propose mitigation measures. The law also sets out that vigilance plans must be made public and envisages penalties, including civil liability provisions, in cases of non-compliance.

Our research shows that all four French banks in the scope of this exercise improved their score since these legal obligations came into force. Groupe BPCE and BNP Paribas only slightly increased their scores, by a half point and 1.5 points respectively. Groupe BPCE developed its reporting on human rights due diligence, by providing more information on the allocation of specific responsibilities. BNP Paribas also improved its disclosures on how human rights are governed, and in addition provided one example of an identified human rights impact in its Universal Registration Document.

Crédit Agricole increased its score by two points, also showing improvements on its due diligence process and reporting of human rights. Société Générale’s score went up by a remarkable three points, as the bank showed that, where appropriate, it carries out meaningful consultation with potentially affected groups, it monitors the effectiveness of its implementation of duty of care measures (which overlaps with human rights due diligence), and that this entails some indicators.

Despite these improvements, the French banking sector does not stand out as a leader. The average score of the French banks in scope is 5, with BNP Paribas achieving a 7.5, the highest score, and Groupe BPCE being ranked as a “laggard” scoring a mere 3 points in total. Legislation mandating human rights due diligence rules is slowly driving progress in the way banks manage and report on human rights, and this has important implications for accountability, but there are still concerning gaps when it comes to French banks showcasing good practice.

Since 2019, several other European countries have passed national laws and initiated reforms to make human rights due diligence mandatory. In 2021, the German Parliament adopted the Supply Chain Act, obliging companies and German offices of foreign companies to protect people and the environment adversely affected by their global supply chains. This will come into force on January 1, 2023. Similarly, Norway passed the Transparency Act with a specific focus on the human rights impacts of multinationals, which came into effect in July 2022. These developments should continue driving good practice.

In February 2022, the European Commission adopted a proposal for a new Corporate Sustainability Due Diligence Directive (CSDDD), which in its current draft presents obligations for the financial sector which are weaker in many ways than existing national due diligence laws (including the Duty of Vigilance law) and normative frameworks including the Guiding Principles. Their scope would only cover ‘very large’ financial entities, and it would require them to conduct human rights due diligence only once, prior to providing their services.

While this benchmark shows the current practice of commercial banks is inadequate, it also shows 50% of banks are implementing human rights due diligence to some extent, and 36% make it an ongoing process applied to all aspects of finance. As negotiations on the draft Directive continue in the European Council and Parliament, not only is the CSDDD as currently proposed at odds with the international standards outlined in the UN Guiding Principles and OECD Guidelines, but it is also weaker than current good practice in the industry. If this Directive is to result in better outcomes for people and planet, it is crucial that financial institutions – including banks – are held to the same standards as companies in other sectors.
Category 3: Reporting

3.1 Reporting

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

Why this is important: Banks need to communicate how their commitment to respect human rights is implemented in practice. Reporting on human rights, whether in a stand-alone human rights report or integrated with other reporting, is needed for banks to show the impact of their policies in terms of practical action to manage, prevent and mitigate human rights impacts.

What we found: Reporting on human rights is crucial, yet the standard of bank reporting remains poor. The largest number of banks (36 out of 50, or 72%) fulfil the requirement for a half score, typically mentioning some internal human rights developments such as carrying out a human rights risk assessment, or publishing a new human rights policy, but without addressing their main areas of impact.

The number of banks with no human rights reporting to speak of decreased since the last benchmark. This year, six banks did not achieve a score, compared to 12 in 2019. These are: JPMorgan Chase, Goldman Sachs, Mitsubishi UFJ, Commerzbank, Bank of China and ICBC.

Nine banks increased their scores. These include Agricultural Bank of China and China Construction Bank, which picked up a half score as a result of disclosures highlighting internal efforts to do more to protect the rights of employees. In these cases, our Academic Advisory Panel agreed that in some contexts banks might not explicitly use the language of human rights, but may nonetheless report on steps to manage human rights related issues.

An increasing number of banks (eight in 2022, compared to six in 2019) met all the requirements on this criterion and achieved a full score: ANZ, ABN AMRO, ING Group, Citi, Westpac, Intesa Sanpaolo, BNP Paribas and Mizuho Financial Group. Of these, only ABN AMRO and Mizuho Financial Group produced a stand-alone human rights report. ING’s human rights disclosures were detailed in its Human Rights Update, published yearly, and tracking the bank’s progress in addressing its salient issues as first outlined in its 2018 Human Rights Report. Banks that scored a full point typically described their salient human rights issues in relation to different affected stakeholders, and detailed steps to address each identified impact.

Good practice example: Mizuho sets out an analysis of its main human rights issues by severity and likelihood of occurrence in its Human Rights Report. For instance, it lists “forced labour, child labour, and human trafficking”, and “business activities (financing and investment) in conflict areas” as human rights issues to be prioritised. The bank then highlights the stakeholders that are most likely to be affected by these issues (i.e. employees, communities, Indigenous peoples), as well as where in its operations these are likely to occur (i.e. through suppliers and procurement, clients and provision of finance). Finally, for each issue the bank details steps taken in response.

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

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

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

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

What we found: There has been some improvement since 2019 on this requirement, but the majority of banks (31 out of 50, or 62%) still did not achieve any score, compared to 38 (or 76%) in the last benchmark. This means that most banks still fall short of disclosing specific examples of adverse human rights impacts to which they are linked via their business relationships, together with details of steps taken in response. This is despite a low minimum standard on this criteria which rewards a score or a half-score where at least one significant example is described. The bar has been deliberately set low to encourage progress; however this may be revised in future years.

Banks scoring zero included Intesa Sanpaolo, which achieved a full score on the previous requirement (3.1), showing it formally reports on its main human rights impacts. This year, 16 banks (or 32%) – up from 10 or 20% in 2019 – were awarded a half score. Banks in this group typically detailed at least one example of an adverse impact, and disclosed information regarding either the type of impact, the geography of where the impact was identified, the sector or area of business of the client or investee company, but did not disclose client or counterparty names (although this can be done, for example client consent). However, these banks did not give enough information to establish the effectiveness of their actions; for instance, concrete steps taken and follow-up steps requested from clients or investee companies were not laid out. Often such examples were found in a bank’s Modern Slavery Statement or in the Equator Principles section of Sustainability or ESG reports.

The three banks that fulfilled the requirement for a full score were Nordea, UBS, and Standard Chartered. UBS, for instance, described having identified forced labour issues into a client’s operations. The bank stated that it carried out enhanced human rights due diligence, and that the client was not able to demonstrate sufficient improvement. As a result, the bank decided to not initiate a business relationship. Experts and academics on our Advisory Panel have agreed that similar examples, where a bank demonstrates that it removed itself from a specific adverse impact following engagement with its client, are in line with a full score.

While there has been an overall improvement on this requirement, some banks did not show the same level of human rights reporting as in 2019. Scores for “front runners” ABN AMRO and ING declined from 1 to 0.5. In both cases, the examples of specific impacts provided were not sufficiently detailed to evaluate the effectiveness of their responses.

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

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

Score distribution: 31 no score, 16 half score, 3 full score.
3.3 Indicators

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

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

What we found: An increasing number of banks (21 out of 50, or 42%, compared to just 13 or 26% in 2019) are including human rights indicators in their reporting.

Twenty banks scored a half point for reporting at least one indicator relating to human rights performance, but which did not cover the bank’s main impacts. For example: Banco Bradesco reported on the number of human rights complaints received, addressed and resolved through its grievance channels; Credit Suisse included indicators on the number of human rights assessments of suppliers and clients carried out; BBVA disclosed drawing up several action plants to mitigate specific human rights issues identified in its due diligence process; and State Bank of India provided figures relating to sexual harassment complaints received. Banks most often disclosed indicators in their reporting, such as in ESG or Sustainability reports, or in annual reports. In one instance, Itaú Unibanco made publicly available on its website a spreadsheet with indicators including information relating to human rights.

29 out of 50 banks, a slight majority, failed to detail any type of indicator relating to human rights. This includes “front runners” ANZ and ING. In their comments to our draft scores, banks including Standard Chartered and ING indicated that they do not publicly disclose their human rights indicators. This goes against best practice in the sector, and is at odds with the Guiding Principles calling on businesses to include indicators concerning how they identify and address adverse impacts on human rights in their reporting.

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

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

Good practice example: As in our 2019 benchmark, Rabobank is the only bank to score a full point for this requirement. The bank provided indicators relating to types and numbers of issues identified, including human rights abuses, impacts on communities and Indigenous peoples, and labour rights issues. The bank also included figures indicating the status of progress towards addressing each identified impact.
Category 4:

Remedy

4.1 Remediation

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

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

What we found: When it comes to remedy, banks have not made any appreciable improvement since our last benchmark in 2019. Alarmingly the vast majority of banks (36 out of 50, or 72%) are still reluctant to address the topic of remediation, and fail to show that they are willing to play any role at all in remediating adverse human rights impacts that they are linked to through their business operations.

This year, we have slightly changed the wording of our criteria to better reflect this: banks that express a clear commitment to remedy impacts are in line with a full score if they also show that they played a role in remediation, or that they have used their leverage to do so in the past.

14 banks, or 28%, achieved a half score, in most cases for making a clear commitment to remediate adverse impacts, but without describing the process and without giving examples of situations where the bank previously provided or supported with remediation. Citi scored a half point as the bank disclosed details of how it encouraged one client to provide remedy in one specific instance. The bank showed that a result of its engagement with its client, remedial measures were taken, and workers were compensated. However the bank did not make a clear policy commitment to provide for or cooperate in remediation.

Five banks improved their scores since the last benchmark (ANZ, Banco Bradesco, Mitsubishi UFJ, Mizuho Financial Group, and Sumitomo Mitsui Financial). The scores of two banks, Société Générale and National Australia Bank, were decreased to zero. The former elaborated a commitment to remedy in a document which is no longer valid. The latter indicated that it will “maintain grievance mechanisms to allow those adversely affected to raise concerns and seek remedy”, which does not include a clear commitment to remedy impacts that the bank has caused or contributed to itself.

In their comments to our draft scores, several banks argued that their membership of the Equator Principles was sufficient to show their commitment to remedy. As the Equator Principles are limited in scope to the financing of large projects (through project finance or corporate loans where proceeds are known), and do not require banks themselves to participate in remediation, we do not consider membership of the Equator Principles alone to be sufficient for a half score.
4.2 Grievance mechanism

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

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

What we found: 32 out of 50 banks (or 64%) scored a zero on this requirement, meaning that most banks still fail at meeting their responsibility to establish or participate in a grievance mechanism through which affected individuals can raise human rights complaints. This year we revised the criteria for a full score to require that a bank’s grievance mechanism should be supported by a clear process for handling complaints – for example, including transparent information on the framework for handling complaints, and on the timeframes for each stage of the process. In 2022 two banks, National Australia Bank and ANZ, met this standard and received a full score.

ABN AMRO has indicated that it is currently working to establish its own grievance mechanism but this has not yet been finalised.

Out of 50 banks, 16 (or 23%) achieved a half point. This compares to just 10 banks (or 20%) in 2019. Banks that achieved a half score often have a whistleblower channel in place, which is explicitly able to address human rights issues, is open to potentially affected groups, and is commonly operated by an independent third party. Mizuho Financial Group for example states in its 2022 Human Rights Report that “complaints related to human rights” can be raised by “NGOs, other stakeholders, and rights-holders”, making it explicitly clear that those that could be most affected by its finance can report a grievance.

Other banks, such as Westpac, saw their score on this requirement decrease. Albeit the bank indicated that it is open to receiving human rights complaints, it only provided a general sustainability email address. Following consultation with our Academic Advisory Panel, it was decided that a general email address is insufficient as it is not solely dedicated to the purpose of raising grievances. Furthermore, the bank used the loose term “any member of the public” to indicate who can get in contact regarding an issue, falling short of directly addressing potentially affected groups and rights-holders.

10 banks increased their score on this requirement when compared to previous benchmarks. Seven of these have new or recently published human rights policies.

Full score: The bank operates or participates in a grievance mechanism through which people affected by the bank’s finance can raise complaints or grievances to the bank, which is supported by a clear process for handling complaints; is explicitly able to address human rights related issues; and which is open to all who may be adversely impacted by its operations, products and services.

Half score: The bank operates or participates in a grievance mechanism through which people affected by the bank’s finance can raise complaints or grievances to the bank, but it is restricted to certain sectors or business areas, or is not supported by a clear process for handling complaints. Complaints mechanisms for employees are not scored in this benchmark.

Good practice example: ANZ has the most clearly elaborated grievance mechanism, having launched a new channel in 2021 following an extensive consultation process. This followed a decision by the Australian OECD National Contact Point in 2018, which recommended the bank develop such a mechanism to comply with the OECD Guidelines. This decision sets a precedent with important implications for the banking sector globally.27
4.3 Effectiveness criteria

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

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

What we found: To achieve a full or a half score on this requirement, banks first need to have a grievance mechanism in place (their own or one in which they participate), i.e. to score a full point for the previous requirement (4.2). In line with the overall approach of this benchmarking report, we do not independently assess the effectiveness of the mechanism. Rather, taking a steer from the Guiding Principles calling on business to “know and show” that they respect human rights, banks are expected to illustrate themselves how they consider their grievance mechanism meets the effectiveness criteria.

The two banks eligible for a score on this requirement (National Australia Bank and ANZ) did not yet publish an independent assessment of their grievance mechanism. For this reason, and following consultation with our Academic Advisory Panel, no score has been awarded on this requirement.

Nonetheless, some banks have started adopting the effectiveness criteria into their processes as they develop new grievance procedures. For example, BBVA states that its complaints channels “were assessed against the criteria for effectiveness set out in Article 31…”, but it falls short of detailing how or whether these criteria are met. Guidance for banks on how to develop and implement their own grievance mechanisms using the effectiveness criteria is outlined in a previous report by BankTrack and Oxfam Australia published in 2018. 28

Full score: The bank shows how the grievance mechanism that it has established (or in which it participates) meets all of the effectiveness criteria found in Guiding Principle 31.

Half score: The bank shows how the grievance mechanism that it has established (or in which it participates) meets at least two of the effectiveness criteria.

Score distribution

50

No score Half score Full score
Category 5:

Response Tracking

Human rights cases assessed for the Response Tracking scores

For criteria in category 5 (5.1 to 5.3), BankTrack assessed banks on their responses to enquiries from ourselves or other civil society groups about specific allegations of adverse human rights impacts. These covered 13 specific allegations of impact, for which in most cases a large number of banks were contacted. In total, banks were contacted for a response in 152 instances. While this represents an average of three per bank, some banks were approached up to eight times, while others were approached only once. Three banks, State Bank of India, CaixaBank and Itaú Unibanco, have not been approached at all. We aim to grow the corpus of instances on which banks are assessed for this criteria over time.

The new methodology and criteria for assessing banks’ responses was first used in our December 2021 report “Actions Speak Louder”.29 For that report, banks were assessed on responses covering nine cases, and 90 enquiries in total. The topics of these cases were: “dirty diesel” exports by Trafigura and Vitol; the Base Toliara mineral sands mining project in Madagascar; Belarusian state-owned companies; deforestation in the Amazon; Drummond and paramilitary violence in Colombia; the East African Crude Oil Pipeline; labour standards violations in IOI Corporation’s Malaysian plantations; the Nachtigal hydropower project and finance for companies supporting illegal settlements in the Occupied Palestinian Territories. An overview of these cases can be found in the report.

For this benchmark, banks’ scores are based on their response to these nine, and four additional cases.30 These are:

1. Companies with ties to the Myanmar junta: 19 banks approached. In July 2021, BankTrack and Justice for Myanmar published a briefing paper exposing the shareholdings of 19 banks and bank-owned asset management companies in 18 companies affiliated with the military junta and its conglomerates in Myanmar.31 Following the paper, banks were asked whether they conducted human rights due diligence on the companies, to provide details of the steps taken to respond to the impacts identified, and about their criteria for divestment in light of the February 2021 military coup. Nine responses were received, but most did not provide clear answers and only one bank (BNP Paribas) achieved a score for its response.

2. Don’t Buy into Occupation report: 10 banks approached. In September 2021, a coalition of 25 Palestinian, regional and European organisations published the first “Don’t Buy Into Occupation” report, assessing links between the European financial sector and companies supporting illegal settlements in the Occupied Palestinian Territories.32 Following the report’s publication, BankTrack wrote to 10 banks within this benchmark’s scope asking them to set out what action they would take in response to recommendations set out in the report. Four banks responded, but all declined to comment and no banks achieved a score for their responses.

3. Jadar lithium mine in Serbia: 30 banks approached. In December 2021 BankTrack followed up the publication of a Dodgy Deal profile on the proposed Jadar mine with a letter, together with the Serbian campaign collective Marš sa Drine, to the largest financiers of Rio Tinto, the project developer, highlighting environmental and human rights impacts of the project including through evictions and impacts on livelihoods.33 Nine banks responded, with three banks receiving scores for their responses, two of which (ANZ and DZ Bank) stated that they had engaged with the company, although without requiring specific actions to be taken.

4. Complicity in Destruction IV report: seven banks approached. In February 2022, Amazon Watch published its report, “Complicity in Destruction IV: How Mining Companies and International Investors Drive Indigenous Rights Violations and Threaten the Future of the Amazon.”34 The Business and Human Rights Resource Centre invited seven banks in scope of this benchmark to comment on the report and the links to human rights violations it evidenced. Two banks responded, but neither acknowledged its links to the impacts or detailed action taken.
5.1 Response

The requirement: The bank responds publicly and in sufficient detail to allegations of adverse human rights impact(s) connected to its finance.

Why is this important: Where affected stakeholders and their representatives raise legitimate enquiries regarding violations of human rights in their communities, they deserve a considered response, in which the bank acknowledges whether or not it is linked to an impact instead of avoiding the issue by stating that it cannot or does not comment on specific customers. Under Principle 21, banks should be prepared to account for how they address their human rights impacts, “particularly where concerns are raised by or on behalf of affected stakeholders”.

What we found: The chart on this page presents the average scores of the 47 banks contacted for a response, with scores rounded and placed in three categories for a presentation that is consistent with the other criteria in this report. This shows that the vast majority, 41 out of 47, achieved low average scores of 0.3 or less. This includes 28 banks with an average score of zero, 12 of which did not respond at all to queries raised, and the remaining 16 of which responded but without confirming their link to the impact or commenting on the issues. Some of these banks were only approached once, while others scored badly despite being approached many times on different issues. For example, Bank of America was approached on seven cases and responded only once, with a non-scoring response.

ING Group was the bank with the highest score. Although it was assessed on only two responses, it responded and acknowledged its link to the impact in both cases, and in one case detailed its engagement with its client. Société Générale, ANZ and DZ Bank received the next highest scores with an average of 0.5.

Score distribution

Full score: The bank responds publicly to the allegations in a way which comments on and responds to the substance of the issues raised, and its response acknowledges its connection to the impact.

Half score: Either the bank responds publicly to the allegations and its response acknowledges its connection to the impact, but without responding on the substance of the issues raised; or vice versa.

Good practice example: Société Générale was approached regarding eight different cases and responded on six of these, with responses that on three occasions received full marks for both acknowledging the bank’s response to the impact and responding on the issues raised. More details can be found on the bank’s profile.55
5.2 Action

The requirement: The bank takes appropriate action towards resolving the impact (either by itself or through engagement with its client or investee company).

Why is this important: Once a bank has been made aware of a specific human rights impact, it should take appropriate action, for example by engaging strongly with its client to ensure that it takes steps to address the impact, by responsibly disengaging from the company or project responsible or engaging in the process of remedying the impact. The bank should inform affected stakeholders about the steps it has taken.

What we found: Average scores on action taken in response to specific impacts were even lower than on the response category. 15 banks scored above zero on average, indicating that they had set out some action taken in response to an impact on at least one occasion. However in all but two cases, the average score was 0.3 or less.

The two banks with the highest scores were **ANZ** and **BNP Paribas**. These were the only banks to respond more often than not by setting out action taken:

- **ANZ** received an average score of 0.5, based on responses to two enquiries. ANZ, in response to enquiries on “dirty diesel” and the Jadar lithium mine, stated on both occasions that it had engaged with its client or clients, and was satisfied that they understand their responsibilities. However the bank did not set out how it was taking action beyond this.

- **BNP Paribas** received an average score of 0.42, having received six enquiries, responded on four occasions, and set out some action taken on all four. Most recently in its response regarding its shares in companies with links to the Myanmar regime, the bank set out its approach to the companies identified, including whether it engaged directly by either entering into dialogue or excluded them. To improve the bank should set out what specific actions it sought from companies.

Four other banks **Royal Bank of Canada, Citi, DZ Bank** and **ING Group**, responded with some action taken on half the occasions they were contacted.

Full score: The bank sets out that it has engaged with the client or investee company regarding the allegations of adverse human rights impact(s) linked to its finance **AND** sets out how it has exercised leverage to prevent or mitigate the impact, or taken steps to address the impact directly, as appropriate to the nature of the bank’s connection to the impact. OR the bank sets out how it has taken appropriate action itself, informed by consultation with affected rights-holders.

Half score: The bank sets out the details of its engagement with the client or investee company regarding the allegations of adverse human rights impact(s) linked to its finance (but without setting out further steps). OR the bank sets out how it has taken action itself, but does not set out how this is informed by consultation with rights-holders. (Abbreviated for space: see full criteria online.)

**Score distribution**

- Full score: 45 banks
- Half score: 2 banks
- No action: 0 banks
5.3 Monitoring

The requirement: For impacts raised at least a year ago, the bank monitors the measures taken by its client or investee company and assesses the engagement process. OR the bank monitors the impact on rights holders of the action it took itself.

Why is this important: Where banks take action regarding an adverse human rights impact, the bank should follow up to assess whether its action was appropriate and effective, to ensure the action leads to its intended outcomes. It is important for the bank to engage with stakeholders that have raised the issue, particularly where their rights are affected (and where further engagement does not expose rights-holders to risk), for example to seek clarity on the effectiveness of the actions taken.

Principle 20 of the UN Guiding Principles requires business enterprises to track the effectiveness of their response to adverse human rights impacts and this should include drawing on feedback from affected stakeholders. To clearly meet this standard, banks should show that they respect human rights in practice, including by communicating with relevant stakeholders.

What we found: No points were awarded for criteria three on monitoring progress. In 35 of the 152 enquiries made, banks were not scored because the impact was raised less than a year ago. In the remaining cases, no information on whether the bank monitored the progress of the client or investee company’s action, or the impact of the bank’s own action, was provided. In four instances, banks responded to draft scores with further information, but this did not make clear whether or how the bank monitored the progress of the company or the impact of its own action.

Full score: The bank meets the criteria for a half score AND collects views from rights-holders on whether the adverse human rights impacts have been addressed and adequate remedy provided.

Half score: The bank monitors the steps taken by its client or investee company to remedy negative impacts, regularly as necessitated by the urgency and severity of the impact (and at minimum after 12 months). It continues to monitor these until the impact is considered resolved. OR, if the bank has itself taken steps to remedy a specific negative impact, the bank monitors the impact of these steps on rights-holders.

Score distribution

47

0 0

0 - 0.3 0.4 - 0.6 0.7 - 1

THE BANKTRACK GLOBAL HUMAN RIGHTS BENCHMARK 2022
Results by region

Legend:
- Leaders
- Front runners
- Followers
- Laggards

- Citi 9
- Morgan Stanley 6.5
- Bank of America 6
- Wells Fargo 5.5
- Bank of Nova Scotia 4.5
- BMO Financial Group 4.5
- Toronto Dominion Bank 4.5
- Canadian Imperial Bank 4
- Royal Bank of Canada 4
- JPMorgan Chase 3
- Goldman Sachs 2.5

- ABN AMRO 8.5
- Barclays 8
- Rabobank 8
- ING Group 7.5
- Standard Chartered 7.5
- HSBC 5
- NatWest 4.5
- Lloyds Banking Group 4

- Deutsche Bank 7
- UBS 6
- Nordea Bank 5.5
- Credit Suisse 5
- Commerzbank 2.5
- DZ Bank 1.5

- BBVA 7.5
- BNP Paribas 7.5
- Banco Santander 6
- Intesa Sanpaolo 6
- Société Générale 6
- UniCredit 6
- CaixaBank 4.5
- Crédit Agricole 4
- BPCE Group 3

- Banco Bradesco 5.5
- Itaú Unibanco 5.5
- Banco do Brasil 4.5

- Mizuho Financial Group 9
- Sumitomo Mitsui Financial 5
- Sumitomo Mitsui Trust 4.5
- Mitsubishi UFJ 3.5
- Agricultural Bank of China 0.5
- China Construction Bank 0.5
- ICBC 0.5
- Bank of China 0

- Westpac 9
- ANZ 8.5
- National Australia Bank 6.5
- Commonwealth Bank 5

- State bank of India 1

THE BANKTRACK GLOBAL HUMAN RIGHTS BENCHMARK 2022
Call to action for banks

Over 11 years have passed since the UN Guiding Principles were unanimously endorsed by the UN Human Rights Council in 2011, and while these have been widely recognised as the authoritative global standard driving respect for human rights in business, challenges remain in how companies – including banks – adopt them into their processes and practices. The UN’s November 2021 Roadmap for the Next Decade of Business and Human Rights highlights an urgent need to “raise the ambition and increase the pace”, including special considerations on the role of the financial sector.

Our research shows that, while there has been some improvement since our last benchmark in 2019, the pace of progress towards full implementation of the Guiding Principles among banks is slow, especially when it comes to paying attention to the perspectives of those most at risk of being adversely impacted by their finance, and to ensuring access to remedy. Of particular concern is the minimal progress towards addressing some of the gaps in the practice of even the more advanced banks, revealed in our last global benchmark in 2019. These include reporting on how specific adverse impacts have been managed and remedied, as well as the development of grievance mechanisms. As our results show that in the past three years banks’ efforts in these regards have been minimal, these recommendations remain pertinent.

1. Enhance meaningful and safe rights-holder engagement. If human rights due diligence is to result in better outcomes for people, it is crucial that this includes meaningful and safe consultation with potentially affected rights-holders, or with their legitimate representatives, such as human rights defenders, trade unions, or civil society organisations. While it might be a challenge for banks to directly consult with people on the ground, it is still of the essence that they have a systematic approach to ensure the views of potentially affected groups are taken into account, and use these to inform their decision-making and investment practices. Banks count a myriad of business relationships, including clients, suppliers, and portfolio companies, and while it is unrealistic to engage with all of them at scale, integrating an overarching approach to due diligence that factors in the experiences and views of those most at risk might be the single most important step to identify and prevent harm.

2. Improve disclosures on how adverse impacts are managed and remedied. There is an increasing divide between what banks commit to in their human rights statements of policy, and the degree to which they show how these commitments reflect in their practice. Reporting remains an underdeveloped area, with very few banks detailing examples of identified impacts, and their approach in response to these. By reporting instances of

We therefore echo the UN’s urgent appeal to increase the pace of progress, and call on banks to prioritise the following areas of action:

1. Enhance meaningful and safe rights-holder engagement
2. Improve disclosures on how adverse impacts are managed and remedied
3. Enable access to remedy and develop grievance mechanisms
4. Respond constructively when genuine human rights concerns are raised
5. Support effective legislation that’s good for business, people, and the planet
impacts that have been identified through due diligence, and outlining concrete actions taken to show that these have been addressed effectively, banks can demonstrate that their human rights policy commitments are more than paper tigers and translate into good practice.

3. Enable access to remedy and develop grievance mechanisms. Providing avenues for remediation to affected individuals and communities, including using leverage where appropriate and establishing or participating in a grievance mechanism, is key for companies to show that they truly understand their responsibility to respect human rights. In 2021, following a decision by the Australian OECD National Contact Point, ANZ launched a grievance mechanism, providing communities harmed by its project finance a real path to justice.37 Similarly, new guidelines issued in China in 2022 require banks to set up grievance mechanisms for affected communities to raise environmental and social concerns.38 These developments are likely to have wider repercussions in the banking industry, and to move the needle when it comes to ensuring remediation for harms. It is high time that all banks take the next step when it comes to remedy, and not only commit to remediation, but develop effective mechanisms to allow affected individuals to seek remedy for the most severe impacts linked to their finance.

4. Respond constructively when genuine human rights concerns are raised. Our analysis of over 150 instances in which banks have been contacted regarding allegations of serious adverse human rights impacts linked to their finance shows that communities and civil society organisations received no meaningful public response in around three quarters of cases. Rights-holders deserve better than this. Banks must become more responsive, must use the means they have at their disposal to overcome client confidentiality concerns, and must start setting out how they are taking appropriate action to address the issues raised.

5. A more active role for banks in supporting effective legislation that’s good for business, people, and the planet. While the results of this benchmark indicate that, compared to previous years, there have been overall improvements on human rights and environmental due diligence (HREDD), banks still exhibit different degrees of application and adherence to international standards such as the UN Guiding Principles. Strong and effective mandatory HREDD rules can create a level playing field and drive the harmonisation of best practice across the industry. This is good for business, as banks can better manage risks, and can ensure that financing to companies and projects likely to cause harm to people and planet is avoided. This also means that companies and other banks which do not fall in line with legislation and are neglecting the potentially adverse impacts of their activities do not undercut others who are already including social and environmental considerations in their risk management, and are effectively assessing and addressing harms.

As regulation is expected to continue developing in different countries – including at the European Union level – banks should get ahead of the curve and engage with lawmakers where appropriate to ensure legislation is effective and builds upon existing requirements. To avoid undermining their responsibility to respect human rights and the environment, banks should also refrain from participating in secretive lobbying aimed at weakening proposed standards, including by distancing themselves from industry associations that do so on their behalf. Instead banks should ensure their public policy advocacy is carried out transparently and in support of legislation that raises standards and supports better outcomes for rights-holders.
## Appendix I: Full table of results

| Front runners       | Total/14 | Change | 1.1 | 1.2 | 1.3 | 2.1 | 2.2 | 2.3 | 2.4 | 2.5 | 3.1 | 3.2 | 3.3 | 4.1 | 4.2 | 4.3 | 5: Response Tracking | Total/3 | 5.1 | 5.2 | 5.3 | Full results |
|---------------------|----------|--------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|---------------------|--------|-----|-----|-----|------------|
| Citi USA            | 9        | ▲ 2   | 1   | 1   | 0.5 | 1   | 0.5 | 1   | 0   | 1   | 1   | 0.5 | 0.5 | 0.5 | 0   | 0.6        | 0.3 | 0.3 | 0.0 | Results     |
| Mizuho Financial Group JPN | 9       | ▲ 2   | 1   | 1   | 0.5 | 1   | 0.5 | 1   | 0   | 1   | 1   | 0.5 | 0.5 | 0.5 | 0   | 0.3        | 0.1 | 0.2 | 0.0 | Results     |
| Westpac AUS         | 9        | ▲ 2   | 1.5 | 1   | 1   | 0.5 | 1   | 0.5 | 0   | 0.5 | 1   | 0.5 | 0.5 | 0.5 | 0   | 0.0        | 0.0 | 0.0 | 0.0 | Results     |
| ANZ AUS             | 8.5      | ▲ 1   | 1   | 1   | 1   | 1   | 0.5 | 0.5 | 0   | 0.5 | 1   | 0.5 | 0.5 | 0   | 0  | 1.0         | 0.5 | 0.5 | 0.0 | Results     |
| ABN AMRO NLD       | 8.5      | ▼ -1  | 1   | 0.5 | 1   | 1   | 0.5 | 1   | 0.5 | 0   | 0.5 | 1   | 0.5 | 0.5 | 0   | 0.0        | 0.0 | 0.0 | 0.0 | Results     |
| Barclays GBR       | 8        | ▲ 1   | 1   | 1   | 1   | 1   | 0.5 | 0.5 | 1   | 0   | 0.5 | 0.5 | 0.5 | 0.5 | 0   | 0.3        | 0.1 | 0.2 | 0.0 | Results     |
| Rabobank NLD       | 8        | ▲ 1   | 0   | 1   | 0.5 | 1   | 0.5 | 0.5 | 0   | 0.5 | 0.5 | 0   | 0.5 | 0.5 | 0   | 0.0        | 0.0 | 0.0 | 0.0 | Results     |
| ING Group NLD      | 7.5      | ▲ 0.5 | 1   | 1   | 0.5 | 1   | 0.5 | 0   | 0.5 | 0   | 1   | 0.5 | 0   | 0.5 | 0   | 1.0        | 0.7 | 0.3 | 0.0 | Results     |
| Standard Chartered GBR | 7.5      | ▲ 0.5 | 1.5 | 1   | 1   | 0.5 | 1   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0.5 | 0   | 0   | 0.5        | 0.3 | 0.2 | 0.0 | Results     |
| BBVA ESP           | 7.5      | ▲ 0.5 | 0   | 1   | 1   | 1   | 0.5 | 0.5 | 0   | 0.5 | 0   | 0.5 | 0.5 | 0   | 0   | 0.3        | 0.3 | 0.0 | 0.0 | Results     |
| BNP Paribas FRA    | 7.5      | ▲ 0.5 | 1   | 1   | 0.5 | 1   | 0.5 | 1   | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.8        | 0.4 | 0.4 | 0.0 | Results     |
| Deutsche Bank GER  | 7        | ▲ 0.5 | 0   | 1   | 1   | 0.5 | 1   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.2        | 0.1 | 0.1 | 0.0 | Results     |
| Morgan Stanley USA | 6.5      | ▲ 1   | 1   | 1   | 1   | 1   | 0.5 | 1   | 0   | 0   | 0.5 | 0   | 0.5 | 0   | 0   | 0.0        | 0.0 | 0.0 | 0.0 | Results     |
| National Australia Bank AUS | 6.5  | ▲ 1   | 0   | 1   | 1   | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0   | 0.0        | 0.0 | 0.0 | 0.0 | Results     |
| Société Générale FRA | 6        | ▲ 1   | 3   | 1   | 0   | 1   | 0.5 | 1   | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.6        | 0.5 | 0.1 | 0.0 | Results     |
| Intesa Sanpaolo ITA | 6        | ▲ 1   | 0   | 1   | 0.5 | 1   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0   | 0.3        | 0.3 | 0.0 | 0.0 | Results     |
| UniCredit ITA      | 6        | ▲ 1   | 0   | 1   | 0.5 | 1   | 0.5 | 0   | 1   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.3        | 0.3 | 0.0 | 0.0 | Results     |
| Bank of America USA | 6        | ▲ 1   | 4.5 | 1   | 0.5 | 1   | 0.5 | 1   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0   | 0.0        | 0.0 | 0.0 | 0.0 | Results     |
| UBS CHE            | 6        | ▲ 0.5 | 1   | 1   | 1   | 0.5 | 0.5 | 0   | 0.5 | 0   | 1.0 | 0   | 0   | 0.5 | 0   | 0.0        | 0.0 | 0.0 | 0.0 | Results     |
| Banco Santander ESP | 6        | ▲ 2   | 1.5 | 0.5 | 1   | 1   | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.0        | 0.0 | 0.0 | 0.0 | Results     |
| Itaú Unibanco BRA  | 5.5      | ▲ 0.5 | 1   | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0   | 0.0        | 0.0 | 0.0 | 0.0 | Results     |
| Wells Fargo USA    | 5.5      | ▲ 0.5 | 1   | 1   | 1   | 1   | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.0        | 0.0 | 0.0 | 0.0 | Results     |
| Banco Bradesco BRA | 5.5      | ▲ 1   | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.0        | 0.0 | 0.0 | 0.0 | Results     |
| Nordea Bank FIN    | 5.5      | ▲ 1   | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.0        | 0.0 | 0.0 | 0.0 | Results     |
| Credit Suisse CHE  | 5        | ▲ -0.5| 0   | 1   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0   | 0.3        | 0.1 | 0.2 | 0.0 | Results     |
| HSBC GBR           | 5        | ▲ 0.5 | 1   | 1   | 1   | 1   | 0.5 | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.5 | 0   | 0.2        | 0.1 | 0.1 | 0.0 | Results     |
| Followers                              | Total/14 | Change | 1.1  | 1.2  | 1.3  | 2.1  | 2.2  | 2.3  | 2.4  | 2.5  | 3.1  | 3.2  | 3.3  | 4.1  | 4.2  | 4.3  | Total/3 | 5.1  | 5.2  | 5.3  | Full results |
|---------------------------------------|----------|--------|------|------|------|------|------|------|------|------|------|------|------|------|------|-------|------|------|------|--------------|
| Sumitomo Mitsui Financial              | JPN 5    | ▲      | 3    | 1    | 0.5  | 0.5  | 0.5  | 0    | 0.5  | 0    | 0.5  | 0    | 0.5  | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
| Commonwealth Bank                      | AUS 5    | ▲      | 0    | 1    | 0.5  | 1    | 0.5  | 0    | 0.5  | 0    | 0.5  | 0    | 0.5  | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
| CaixaBank                              | ESP 4.5  |        | 1    | 1    | 0.5  | 0    | 0.5  | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
| Toronto-Dominion Bank                  | CAN 4.5  | ▲      | 3    | 1    | 0    | 1    | 1    | 0.5  | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
| Bank of Nova Scotia                    | CAN 4.5  | ▲      | 2    | 1    | 0.5  | 1    | 0    | 0    | 0    | 0.5  | 0    | 0.5  | 0    | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
| Sumitomo Mitsui Trust                  | JPN 4.5  | ▲      | 0.5  | 1    | 0.5  | 1    | 0    | 0    | 0    | 0    | 0.5  | 0    | 0    | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
| NatWest                                | GBR 4.5  |        | 1    | 1    | 1    | 0    | 0    | 0.5  | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
| Banco do Brasil                        | BRA 4.5  | ▲      | 0.5  | 1    | 0    | 0    | 0.5  | 0    | 1    | 0    | 0    | 0    | 0.5  | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
| BMO Financial Group                    | CAN 4.5  | ▲      | 2.5  | 1    | 0    | 1    | 0.5  | 0.5  | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
| Royal Bank of Canada                   | CAN 4    | ▲      | 3.5  | 1    | 0.5  | 1    | 0    | 0    | 0    | 0.5  | 0    | 0    | 0    | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
| Credit Agricole                        | FRA 4    | ▲      | 2    | 0.5  | 0    | 0.5  | 0.5  | 0.5  | 1    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0.2   | 0.1  | 0    | 0.0  | Results      |
| Lloyds Banking Group                   | GBR 4    | ▲      | 2.5  | 1    | 1    | 0    | 0.5  | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
| Canadian Imperial Bank                 | CAN 4    | ▲      | 2.5  | 1    | 0.5  | 0.5  | 0    | 0    | 0    | 0.5  | 0    | 0    | 0    | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
| Mitsubishi UFJ                          | JPN 3.5  | ▲      | 1.5  | 1    | 0    | 0.5  | 0.5  | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |

| Followers                              | Total/14 | Change | 1.1  | 1.2  | 1.3  | 2.1  | 2.2  | 2.3  | 2.4  | 2.5  | 3.1  | 3.2  | 3.3  | 4.1  | 4.2  | 4.3  | Total/3 | 5.1  | 5.2  | 5.3  | Full results |
|---------------------------------------|----------|--------|------|------|------|------|------|------|------|------|------|------|------|------|------|-------|------|------|------|--------------|
| JP Morgan Chase                        | USA 3    | ▼      | -0.5 | 1    | 0    | 0    | 0.5  | 0    | 0.5  | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0.6   | 0.4  | 0.2  | 0.0  | Results      |
| BPCE Group                            | FRA 3    | ▲      | 0.5  | 0.5  | 0    | 0.5  | 0    | 0    | 0.5  | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0.3   | 0.3  | 0.0  | 0.0  | Results      |
| Goldman Sachs                          | USA 2.5  |        | 0    | 1    | 0    | 0    | 0.5  | 0    | 0.5  | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
| Commerzbank                            | GER 2.5  | NEW    | 1    | 0    | 0.5  | 0    | 0.5  | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
| DB Bank                                | GER 1.5  | NEW    | 0.5  | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0.0   | 0.5  | 0.3  | 0.0  | Results      |
| State Bank of India                    | IND 1    |        | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
| ICBC                                   | CHN 0.5  |        | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
| Agricultural Bank of China             | CHN 0.5  | ▲      | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
| China Construction Bank                | CHN 0.5  | ▲      | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
| Bank of China                          | CHN 0    | ▲      | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0.0   | 0.0  | 0.0  | 0.0  | Results      |
Appendix II: Methodology

Process: The process for compiling this fourth edition of our Global Human Rights Benchmark began in early 2022, when we carried out an assessment of our 2019 criteria in consultation with experts and practitioners in the business and human rights field. As in 2019, 50 banks were in the scope of this exercise, although three banks were removed and three others added. We also made minor amendments to the wording of existing requirements, following advice received from independent experts. This year we added a fifth category, comprising three additional criteria assessing banks’ responses to specific human rights violations: see further details below. In May we contacted the banks in scope to notify them about the process and timelines, and to share the updated methodology that would be used in the assessment.

We assessed the 50 banks against our criteria, based on their publicly available documents, and in early July we sent each bank an individualised spreadsheet detailing our draft scores and rationales for scoring, and inviting banks to add comments and actively inform this process. Banks were given three weeks to comment on their draft scores, and extensions were given where requested. We publicly announced that banks were invited to provide feedback, and we disclosed timelines for publication as an additional measure to raise awareness amongst banks in scope that might have missed previous communications. We also consulted with an independent Academic Advisory Panel on scoring dilemmas we encountered (see Appendix III). We then finalised our scores in September based on this feedback and the comments received from banks.

Banks in scope: In this year’s report we again reviewed 50 large international commercial banks. We reviewed our list of the banks in scope with reference to the list of the largest banks in the world by asset value as made available by S&P Global. As a result, we removed three banks (Sberbank, Standard Bank, and Caixa Económica Federal), and added German banks DZ Bank and Commerzbank, and Spanish CaixaBank.

Assessment criteria: The report assesses banks against 14 criteria which are based closely on the text of the UN Guiding Principles, wherever they create responsibilities for business. These criteria are divided in four categories: policy; due diligence; reporting; and remedy. In addition, banks are scored against a fifth category on their responses to specific adverse human rights impacts raised by civil society groups and communities. Scores for this category cover a varying number of enquiries for each bank, for which scores are averaged, and the scores are therefore not added to those for category 1-4 but considered separately.

The three requirements introduced in 2022 in the fifth category on “response tracking” are:

- **Response (5.1)** assesses whether a bank has responded publicly and in sufficient detail to specific allegations of adverse human rights impact(s) connected to its finance, which were raised to the bank by civil society society groups and their allies.
- **Action (5.2)** requires the bank to demonstrate that it has taken appropriate action towards resolving the impact(s) raised (either by itself or through engagement with its client or investee company).
- **Monitoring (5.3)** assesses the bank on whether it monitors the measures taken by its client or investee company and evaluates the engagement process; or, if the bank monitors the impact on rights-holders of the action it took itself.

The changes made to the criteria from the 2019 version are:

- **Scope of policy (1.3)**: The requirements for a full and a half score have been revised to require a bank to show that its commitment to respect human rights also explicitly extends to bank underwriting alongside lending, and asset management, as part of a bank’s provision of finance.
- **Due diligence (2.1)**: Following input from experts, the requirement for a full score has been amended so that a bank needs to demonstrate that its due diligence process is ongoing, and not only restricted to the onboarding stage of a relationship.
- **Tracking effectiveness (2.5)**: The wording of this requirement has been slightly changed. The term “stakeholders” has been substituted with “rights-holders” for greater clarity.
- **Remediation (4.1)**: This criterion has been updated so that a bank can fulfil the requirement for a full score either for detailing a process for remediating impacts to which it has caused or contributed, or for describing how it has provided remedy or used its leverage to support remedy in specific cases, rather than only the former. This change makes a full score easier to achieve and aims to credit banks for showing that remedy is occurring in practice even if it is not formally encoded in policy.
• **Grievance Mechanism (4.2):** The term “grievance channel” has been substituted with “grievance mechanism.” For a full score, the requirement now additionally notes that the grievance mechanism must be supported by a clear process for handling complaints.

• **Effectiveness (4.3):** Consultations with experts led to a few changes in wording to enhance clarity.

**Independent Academic Advisory Panel:** For this year’s report, BankTrack again sought the input of an Independent Academic Advisory Panel, this year composed of three academic experts in the field of business and human rights. BankTrack presented Panel members with 13 draft scoring decisions on which we sought specific feedback. In 11 cases, a majority of Panel members agreed with the draft scores. In two cases, scores were revised on the basis of disagreement or reservations being expressed by more than one Panel member. Dilemmas included:

- whether a modern slavery statement should be considered in lieu of a human rights statement to determine policy approval at the highest level of business and governance oversight over human rights (the Panel considered that it should not be);
- whether providing information that is restricted to one example should remain sufficient for a full score, particularly with respect to our reporting criteria evaluating the adequacy of a bank’s response to identified impacts (the Panel viewed that this was acceptable, but generous, and should be reviewed in future years);
- whether indicators relating to internal issues, such as sexual harassment, should be considered as sufficient for a score in our criteria assessing a bank’s reporting and human rights indicators (the Panel indicated that they should);
- whether a sustainability email address should be considered as an appropriate channel for potentially affected groups and individuals to raise human rights concerns (Panel members unanimously agreed that it should not be).

See below for a statement by the Panel on its involvement [link].

**Assessment and bank feedback:** As previous years, all banks were invited to provide feedback on their draft scores. 36 banks (72%) responded with comments, compared to 29 banks (58%) in 2019. A further two banks responded with no comments or only acknowledged receipt. 12 banks did not respond to our request for comments. These banks are: Agricultural Bank of China, Banco Bradesco, Bank of China, Bank of Montreal, China Construction Bank, Commonwealth Bank of Australia, Credit Suisse, ICBC, Itaú Unibanco, Royal Bank of Canada, State Bank of India and Wells Fargo. Based on bank feedback, 25 banks had their scores revised upwards, and 10 banks’ scores remained unchanged.

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

In addition, our benchmark does not seek to assess the depth or efficacy of banks’ human rights policies and due diligence, or the quality of the reporting. Rather, it assesses whether banks’ published documents show that they meet certain minimum standards.
Appendix III: Statement from the Independent Academic Advisory Panel

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

The three Panel members were:

- Joanne Bauer, Adjunct Professor of International and Public Affairs, Columbia University (profile)
- Nadia Bernaz, Associate Professor, Wageningen University & Research – Law Group (profile)
- Kym Sheehan, Research Co-Lead, Financial Services Human Rights Benchmark, and Casual Academic at Newcastle Law School (profile)

Panel involvement in scoring dilemmas

On 16th August 2022, BankTrack presented Panel members with a document setting out 13 draft scoring decisions covering 12 different banks. This represents less than two percent of the 700 scoring decisions made in this benchmark for scores in categories one to four (14 scores for each of 50 banks). The scoring decisions were selected by BankTrack as “close calls” on which expert input was sought. Panel members were asked to indicate which score they would award in each case and to provide further comments where appropriate. All panellists sent their feedback by 9th September. After the process was completed, BankTrack provided panel members with an anonymized overview of all comments and final decisions.

In 10 out of 13 cases, BankTrack followed the clear majority view of the panellists. The three remaining cases include two in which no clear majority view emerged, and one in which feedback from the bank served to resolve the original dilemma. Overall the panel’s input led to BankTrack revising scores downwards in four cases and upwards in one case. In the remaining eight cases, scores remained the same.

Panel members did not review or comment on scores other than the 13 presented to them.

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

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

Joanne Bauer
Kym Sheehan
Nadia Bernaz
The Methodology for the 2022–2023 Corporate Human Rights Benchmark

**1. Methodology**

The Benchmark evaluates banks' human rights performance based on their policies, practices, reporting, and accountability mechanisms. It assesses banks against a set of criteria across different thematic areas, including responsible finance, human rights due diligence, and remediation.

**2. Criteria for Evaluation**

The criteria are based on international human rights standards, including the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises. Each criterion is scored on a 14-point scale, with higher scores indicating better performance.

**3. Data Collection**

Data is collected from public sources, including bank websites, annual reports, sustainability reports, and independent assessments. The Benchmark team also requests information directly from banks.

**4. Scoring**

Scores are calculated by analyzing the strength of a bank's policies and practices, as well as the extent to which it implements them in practice. Scores are assigned based on a range of factors, including the clarity and specificity of policies, the extent to which they are implemented, and the quality of the reporting and transparency.

**5. Senior Management and Human Rights**

Senior management support and commitment to human rights policies and practices are crucial for effective implementation. The Benchmark evaluates banks on their communication, training, and engagement with stakeholders.

**6. Responsible Finance**

Banks are assessed on their policies and practices regarding responsible lending and financing, including exclusion criteria, engagement strategies, and monitoring and evaluation frameworks.

**7. Human Rights Due Diligence**

Due diligence is a key component of effective human rights management. The Benchmark examines banks' policies and practices for identifying, preventing, and addressing human rights impacts.

**8. Remediation and Transparency**

Effective remediation mechanisms and transparency in reporting are critical for addressing identified human rights impacts. The Benchmark evaluates banks on their efforts to address grievances and their reporting on human rights performance.

**9. Summary of Findings**

The Benchmark found that while some banks have made significant progress in recent years, there is still much room for improvement. The average score for banks included in the two reports was 5.07 out of 14, with the median score being 5 out of 14.

**10. Boundary Considerations**

While the boundaries for ‘laggards’ and the slightly increased the bar on other categories, Banks were ranked as ‘followers’ if they achieved a score of between 3.5 and 6.5 (as opposed to between 3.5 and 6 in 2019). Banks scoring between 7 and 10 were grouped as ‘front runners’ (this range used to be 6.5 to 9 in 2019), and being a ‘leader’ required a score of between 10.5 and 14 compared to 9.5 and 14 previously.

**11. Recommendations**

The Benchmark recommends that banks strengthen their human rights policies and practices, improve their reporting and transparency, and engage more effectively with affected communities and civil society organizations.

**12. Conclusion**

The Benchmark highlights the significant role that banks can play in preventing and addressing human rights impacts, and the importance of responsible finance in driving a just transition to a sustainable future.