

# EUROPEAN CENTER FOR CONSTITUTIONAL AND HUMAN RIGHTS



## Major Bank Suspends Financing of Cotton Harvested with Forced Labor

19 August 2013: The French financial institution BNP Paribas, one of the largest banks in the euro zone, states in its latest CSR report:

*"BNP Paribas is highly vigilant when it comes to managing the risk of being complicit in violations of Human Rights. For example, it recently decided to suspend any type of financing of cotton from a country in Central Asia on the grounds that the country in question used forced labour during the picking season."*

Dr. Miriam Saage-Maaß from the European Center for Constitutional and Human Rights (ECCHR) welcomes this decision: „The bank has recognized that financing cotton harvested with forced labor would support the human rights violations of the respective regime and has taken the appropriate steps. Thus it has fulfilled its commitment to responsible business conduct.”

The UN Guiding Principles on Business and Human Rights as well as the OECD Guidelines for Multinational Enterprises, both internationally recognized standards for corporate responsibility, recommend a responsible supply chain management. In particular, companies must “avoid causing or contributing to adverse impacts through their own activities, and address such impacts when they occur” (OECD Guidelines Chapter II. A.11). Companies furthermore need to be held responsible for human rights violations when the adverse impact is “directly linked to their operations, products or services by a business relationship even if they have not themselves contributed to the impact” (OECD Guidelines Chapter II. A.12). Specifically in relation to forced labor of children and adults in the cotton harvest, the French contact point of the OECD has confirmed that *„that the trade of products resulting from forced child labor, where ever it may occur, amounts to a flagrant and characterized violation of the OECD Guidelines”*.

According to Chapter I, par. 4 of the OECD Guidelines, these apply for enterprises in all economic sectors, and consequently also for the financial sector. Financial institutions must also ensure that business partners do not contribute to human rights violations and, where appropriate, use their leverage to influence their behavior, even if they have not directly contributed to negative effects.

"We therefore call on the other banks involved to also suspend the financing of cotton harvested with forced labor," said Dr. Miriam Saage-Maass.

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For decades, the government of Uzbekistan under President Islam Karimov, who has ruled since 1989, has forced millions of children, teachers, public servants and private sector employees to pick cotton under appalling conditions. Those who refuse are expelled from school, fired from their jobs, denied public benefits or worse. The government combines these penalties with threats, detains and tortures activists seeking to monitor the situation.

**Für weitere Informationen kontaktieren Sie bitte:**

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