

Investor Statement on Saudi Arabia, Human Rights, and the Finance Sector

The undersigned investors and fiduciaries represent **XX** institutions and over **XX** USD in combined assets. ESG issues can have a significant impact on corporate financial performance and on the value of our investments. Consequently, we actively seek to understand how companies address certain ESG factors. Many of these investors and fiduciaries are direct stakeholders or have an underlying interest in the financial services companies that [partnered](#) with Saudi Arabia in its investment conference, the [Future Investment Initiative \(FII\), also known as “Davos in the Desert.”](#)

In October 2018, the horrific murder of *Washington Post* journalist and United States resident Jamal Khashoggi in the Saudi Arabian Consulate in Istanbul shocked investors, company executives, and citizens around the world. Seemingly overnight, international attention turned to the kingdom’s [extensive and troubling human rights record](#), including [abuse of migrant workers](#), [discrimination against women](#), [domestic and transnational surveillance and repression](#), and [war crimes in Yemen](#). Initial responses to the murder included an unprecedented [US Senate war powers resolution](#) to end American support for the Saudi-led war in Yemen, [business leaders](#) and [government officials](#) withdrawing from [FII](#), and foreign investors [selling over \\$1 billion in Saudi stocks](#).

In January 2021, the Biden Administration [paused arms sales and transfers to Saudi Arabia](#) and is considering the cancellation of arms deals that pose human rights risks and limiting future military sales to “defensive” weapons, while it “recalibrates” America’s relationship with the kingdom. The administration [released](#) an unclassified report to Congress on the Khashoggi murder, directly linking the crime to Saudi Crown Prince Mohammed bin Salman (MbS). Additionally, the US State Department announced the “Khashoggi Ban,” which can be used to impose visa restrictions on individuals who, acting on behalf of a foreign government, have engaged in “counter-dissident activities.” As a first step, the State Department levied restrictions against 76 Saudi individuals, including those involved with the murder of Mr. Khashoggi.

In March 2021, Saudi Arabia was again named in Freedom House’s [“Worst of the Worst”](#) list due to its near total absence of political rights and civil liberties. According to the organization, Saudi Arabia is a [case study](#) in the growing threat to global democracy posed by transnational repression as it is “perhaps the best known in the world for targeting its nationals abroad.” In addition to kidnapping human rights activist [Loujain al-Hathloul](#) from the United Arab Emirates in 2018, the government has “extensively used spyware, family intimidation, detentions, assaults, and renditions against exiles in the Middle East, North America, Europe, and Asia.”

In addition to risks to individual rights and liberties, there are direct risks to multinational businesses operating in the kingdom. In November 2017, [nearly 400 of Saudi Arabia’s most powerful people were detained in the Ritz-Carlton hotel](#). Among the detainees was Prince Alwaleed bin Talal, a high-profile investor in Citigroup and Apple, estimated to be worth more than \$17 billion. The detainees endured psychological abuse and torture and were forced to sign away large chunks of their assets to secure release. In the days following, Phillip Cornell, a senior fellow at the Atlantic Council and former adviser to

Saudi Aramco, [stated](#): “The takeaway was if you get on the wrong side of [MbS], then your investments and your deal could be at risk. That's a chilling message.”

To deflect attention from the kingdom’s record of pervasive human rights violations, the Saudi government has spent billions of dollars hosting financial, entertainment, cultural, and [sporting](#) events. The [“image laundering”](#) through investment in these events is tied to [Vision 2030](#), a plan to overhaul the country’s economy and attract foreign investors and tourists. Prompted by a [multi-billion dollar public relations campaign](#), states and multinational companies are eagerly re-engaging with the kingdom, notably through the recent [B20](#) and [G20](#) summits. Following this trend, several financial services companies, banks, and credit card companies signed on as “strategic” or “knowledge” partners for FII 2021, designed to attract additional foreign investment to the kingdom.

We are deeply concerned by the human rights risks associated with these financial services companies’ partnerships with Saudi Arabia. Specifically, we draw attention to the Saudi Government’s violations of international humanitarian and human rights law including [possible war crimes](#) committed by the Saudi-led coalition in Yemen; the murder of Mr. Khashoggi and ongoing [transnational repression of Saudi dissidents](#); the ongoing [detention and torture](#) of Saudi human rights defenders; the [detention, torture, and killing](#) of migrant laborers at a deportation center in Riyadh; and violations of the [International Religious Freedom Act of 1998](#).

The [United Nations Guiding Principles on Business and Human Rights](#) state that all business enterprises, including commercial banks and other entities in the financial sector, are required to seek to prevent or mitigate adverse human rights impacts directly linked to their operations, products, or services by their business relationships, even if they have not contributed to those impacts. Further, the [Equator Principles](#), an environmental and social risk management framework adopted by financial institutions including some of FII’s “strategic” and “knowledge” partners (i.e., Credit Suisse and HSBC), [expects its members](#) to conduct human rights due diligence in line with the UNGP and to document that process in its formal submissions.

As long-term investors committed to the integration of ESG principles in our portfolio, we believe that due diligence of legal, financial, and reputational risks associated with human rights violations are an important pillar of robust risk mitigation. Considering the ongoing violations perpetrated by the Saudi government, the expanding risks created by increasing US sanctions imposed in response to this rights-violating behavior, and relevant international legal and normative frameworks, we would like to understand how financial services companies serving as FII “Strategic” and “Knowledge” Partners are evaluating their current relationships with the Saudi government, including this event as well as their broader business activities.

Specifically, the undersigned investors request that these financial companies begin an engagement process with investors to discuss and address the human rights due diligence they conducted to identify, prevent, mitigate, and account for potential human rights impacts in their direct and value chain relationships with the kingdom and its affiliated private entities, and the integration of human rights due diligence findings into their public annual reports.