



Facing Finance Rejoinder to Deutsche Bank's response on the report „Banking on Unsafe Working Conditions - placing profits before protection of casino & hotel workers' human rights in Deutsche Bank's U.S. Supply Chain“

As in previous responses to reports from civil-society organizations¹, Deutsche Bank's response to the above-mentioned report fails to address the issues raised, or react to the authors' recommendations. Instead of acknowledging its responsibility for human rights in its business relationship with Red Rock Resorts, Inc. (holding company of Station Casinos LLC, the operating company for the U.S. casino operations), Deutsche Bank merely refers to the relinquishment of its governance rights due to the IPO of Red Rock Resorts. Furthermore, the bank states that U.S. gaming regulations prohibit any interference with Station Casino's operations. Therefore, the bank negates its responsibility as a shareholder of Red Rock Resorts, in which it continues to hold a 16-18% financial interest and 3.6-3.9% voting rights through its subsidiary German American Capital Corporation.²

This lack of accountability stands in stark contrast to the explicit commitment voiced by Deutsche Bank: "To respect human rights, DB has a responsibility that goes beyond purely complying with the law. We are guided by what is right."³ Deutsche Bank has also publically acknowledged the UN Guiding Principles on Business and Human Rights, the Principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

Even though the bank relinquished its governance rights as shareholder, there is still a clear obligation, according to the above-mentioned standards, for Deutsche Bank to address the human rights violations at Station Casinos and take appropriate measures for their mitigation. This obligation is supported by the Office of the United Nations High Commissioner for Human Rights, which has established that the UN Guiding Principles "apply to institutional investors holding minority shareholdings".⁴ The principles further imply that financial institutions have to consider human rights in all of their business relationships: this applies to financings as well as other financial services.⁵

¹ BHRR (2016): Replies of Deutsche Bank to the Business and Human Rights Resource Centre. <https://business-humanrights.org/en/deutsche-bank/?dateorder=datedesc&page=0&componenttype=1>

² Red Rock Resorts, Inc. (2016): Registration Statement S-1 Amendment No. 5 filed to the SEC on 04/15/16, S. 165. <http://services.corporate-ir.net/SEC/Document.Service?id=P3Vybd1hSFlwY0RvdKwyRndhUzUwWlc1cmQybDZZWEprTG1OdmJTOWtiM2R1Ykc5aFpDNXdhSEEvWVdOMGFxOXVQVkJFUmlacGNHRm5aVDB4TURnM05UQXhOU1p6ZFdkemFXUTIOVGM9JnR5cGU9MiZmbj1SZWRsb2NrUmVzb3J0c0luY19TMUffMjAxNjA0MTUucGRm>

³ Deutsche Bank (2015): Deutsche Bank Statement on Human Rights. <https://www.db.com/cr/img/Deutsche-Bank-Human-Rights-Statement.pdf>

⁴ Global Forum on Responsible Business Conduct (2014): Scope and Application of 'business relationships' in the financial sector under the OECD Guidelines for Multinational Enterprises. <https://mneguidelines.oecd.org/globalforumonresponsiblebusinessconduct/GFRBC-2014-financial-sector-document-2.pdf>

⁵ UNEP Finance Initiative/Foley Hoag (2015): Banks and Human Rights - A Legal Analysis, S. 41/42. <http://www.unepfi.org/fileadmin/documents/BanksandHumanRights.pdf>

Therefore, Deutsche Bank's responsibility is not solely limited to its role as shareholder of Station Casinos. The bank's subsidiary Deutsche Bank Securities, Inc. acted as underwriter for the recent IPO of Red Rock Resorts as well as lender in a USD 1.6 billion term loan facility and a USD 350 million revolving credit facility.⁶ This business relationship therefore implies a responsibility for Deutsche Bank to put its human rights commitments into practice.

While Deutsche Bank claims to be operating "in a manner that is consistent with high ethical standards"⁷, Facing Finance cannot agree. In its role as financial services provider for, and shareholder of, Station Casinos, Deutsche Bank is obliged in multiple ways to take measures to improve the labour conditions at Station Casinos. This would be a prerequisite for the bank to actually live up to its responsibilities within the scope of the UN Guiding Principles on Business and Human Rights, the Principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises. While Deutsche Bank has for the first time released detailed policies, the Human Rights Statement (End of 2015)⁸ and the ES Policy Framework (May 2016)⁹ have both apparently not been put into practice. Consequently, Facing Finance endorses the call by the study's authors for Deutsche Bank to recognize its responsibility for human rights in its business activities with Station Casinos instead of hiding behind the claim to have no governance rights over the casino operator.

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⁶ Red Rock Resorts, Inc. (2016): Quarterly Filing Q-10 filed to the SEC on 04/15/16, S. 5.

<http://services.corporate-ir.net/SEC/Document.Service?id=P3VyBD1hSFlwY0RvdkwYRndhUzUwWlc1cmQybDZZWEprTG1OdmJTOWtiM2R1Ykc5aFpDNXdhSEEvWVdOMGFXXOXVQVkJFUmlacGNHRm5aVDB4TURrNU1EVTFPQ1p6ZFdkemFXUTIOVGM9JnR5cGU9MiZmbj1SZWRsb2NrUmVzb3J0c0luY18xMFFfMjAxNjA2MTAucGRm>

⁷ Deutsche Bank (2015): Deutsche Bank Statement on Human Rights. <https://www.db.com/cr/img/Deutsche-Bank-Human-Rights-Statement.pdf>

⁸ Ibid.

⁹ Deutsche Bank (2016): Environmental and Social Policy Framework. https://www.db.com/cr/en/docs/160513_DB_ES_Policy_Framwork_final_eng.pdf