Frequently asked questions: UN human rights complaint regarding Saudi Aramco and its financiers

Who are the UN human rights experts?

The Special Procedures of the UN Human Rights Council are independent human rights experts mandated by UN member states to interpret and promote international human rights law. With the support of the Office of the United Nations High Commissioner for Human Rights (OHCHR), the UN Special Procedures act on complaints of violations of human rights law by sending Communications to States and businesses.

In this case the Communications were issued by experts with a range of different human rights mandates. The Communications are signed by the Working Group on Business and Human Rights, the Special Rapporteur on human rights and the environment, the Special Rapporteur on climate change, the Special Rapporteur on toxics and human rights and the Special Rapporteur on rights to water and sanitation. The human rights experts appointed to the UN Special Procedures have an important international legal role, advancing compliance with international human rights law. They are not a Court, and their Communications are not judgments or Court orders, but their work can have a significant influence on how Courts and other actors interpret and apply human rights law.

More information on Special Procedures Communications is on the UN website here.

What are the UN experts' Communications?

The UN human rights experts have issued Communications to Aramco, the Kingdom of Saudi Arabia, the financial businesses and the home States of the businesses involved.

The Communications records the allegations made against the companies and asks questions about compliance with international human rights law, the UN Guiding Principles on Business and Human Rights.

The companies were asked to explain the allegations, clarify their business policies on climate change and human rights and explain their response to the oil major's climate human rights impacts. Although the Special Procedures have no binding power to compel businesses or States, they have sounded the alarm over potential non-compliance with international human rights law, sending an important signal about what human rights law means for oil companies and their financial backers.

The Communications, and the company responses, are or will be available on the UN website <u>here</u>.

What are the UN Guiding Principles?

The UN Guiding Principles are a 'soft law' international human rights instrument, unanimously adopted by the UN Human Rights Council in 2011.

They are the authoritative global framework to identify, prevent and address adverse human rights impacts related to business enterprises, which include business-related human rights impacts from climate change. They have been relied on by national Courts to interpret national law and are set to be incorporated into mandatory legal requirements in the EU in the coming years.

The three pillars of the UN Guiding Principles are: Pillar 1 (the state duty to protect human rights), Pillar 2 (the corporate responsibility to respect human rights, and Pillar 3 (access to remedy).

Any governmental legal or policy responses to climate change involving business should be aligned with the UN Guiding Principles as well as complying with the relevant international climate and human rights treaties.

In June 2023, the UN Working Group on Business and Human Rights published an <u>Information Note</u> concerning climate change, which provided guidance on the obligations and responsibilities that States and business enterprises have with respect to the impacts of climate change on human rights.

What led to the Communications?

ClientEarth lawyers brought a legal complaint to the UN experts against Saudi Aramco, accusing the fossil fuel company of the world's largest climate-linked breach of human rights law by a business.

In the complaint, ClientEarth set out how the greenhouse gas emissions created by the state-owned oil and gas company, and its fossil fuel business plans, contribute to climate change and therefore to significant human rights impacts across the planet.

We argued that Aramco is, under international human rights law, responsible for climate change harms to human rights and must prevent and address these harms – including by credibly aligning its business with the goals of the Paris Agreement.

ClientEarth's complaint concerned Aramco and the Kingdom of Saudi Arabia. It also called into question the actions of the key banks and investment fund working on deals which support Aramco's continued operations.

The UN experts may also have received further information from other parties, in addition to ClientEarth's complaint.

The UN experts issue Communications when they receive allegations of human rights violations which they consider to be credible. The UN experts have decided to proceed on the allegations received and have issued Communications raising human rights law concerns to Aramco, the Kingdom of Saudi Arabia and to each of the financial businesses.

A copy of ClientEarth's September 2021 complaint can be found here.

What are you hoping the UN Communications will achieve?

The UN experts have never before taken action about an oil major's human rights responsibilities for climate change, or against its financial backers. We wanted the UN experts to set the legal standard for oil and gas companies' human rights responsibility for climate change.

Today's warnings sets an important legal precedent clarifying how international human rights law regulates the largest polluters driving the climate crisis – and how it can be used to help hold them accountable in courtrooms around the world.

The Communications are not judgments or Court orders but can have a significant influence on how Courts and other actors interpret and apply human rights law, such as the case brought by Milieudefensie against Shell in the Netherlands or under forthcoming European sustainability due diligence law.

Why did ClientEarth's complaint target Aramco?

Aramco is the world's largest oil and gas producer, and it is the largest single corporate emitter of greenhouse gas leading to climate change. More than 4% of all historic carbon emissions since 1965 can be attributed to the state-owned Saudi Arabian oil and gas company. If its immense fossil fuel reserves are used, this will use up one whole quarter of the estimated 'budget' of carbon dioxide emissions the entire world has for a chance of keeping to 1.5C of warming. And its gigantic market capitalisation of \$2 trillion makes it one of the largest companies on the planet by market value.

Yet, despite its significant contribution to the climate crisis we are facing and the threat it poses to human rights, Aramco has not been held accountable for its refusal to address its damaging activities by aligning with the Paris Agreement goals.

Why is it a human rights issue?

Aramco's business contributes, and is set to contribute, to significant climate change-related harms on many people's human rights around the world, including particular impacts in Saudi Arabia. As such, ClientEarth's complaint alleges that Aramco has clear responsibilities under the UN's Guiding Principles on Business and Human Rights, with which it is in direct conflict.

In Saudi Arabia, specific climatic conditions mean that individuals living in, working in and travelling to the country are highly vulnerable to the impacts of climate change, including the occurrence of uninhabitable heat extremes beyond human tolerances. Temperatures in the country recently soared to above 50 degrees Celsius, and under high emissions scenarios the Gulf is forecast to reach almost unlivable temperatures on a regular basis.

Climate change will expose billions of people to water stress, heatwaves, and food shortages as global temperatures rise. Extreme weather events like wildfires, droughts, flooding and storms are becoming more and more frequent.

Why do you consider that Aramco is committing the largest climate-linked breach of human rights law by a business?

Aramco is the largest single corporate emitter of greenhouse gasses driving climate change, which is one of the greatest threats to human rights the world faces. People in every country, on every continent are affected by rising global temperatures, which Aramco's actions are continuing to exacerbate.

The UN Guiding Principles are the international legal standard for business and human rights. This is why we consider that Aramco's failure to address its contribution to climate change in line with international human rights law comprises the largest climate-linked breach of human rights law by a business.

What role do the banks play?

The UN experts' also issued Communications to a list of large banks and two investment funds providing support to Aramco through significant and ongoing business relationships. The UNGPs extend to companies' business relationships. The support the financial businesses provide to Aramco takes the form of:

- 1. Lending funds and investing in Aramco's debt or equity;
- 2. Supporting, facilitating and/or advising on Aramco's key financial transactions; and/or

3. Investing directly in Aramco's oil and gas infrastructure.

Large financial businesses, including JPMorgan Chase, Citi, HSBC, SMBC, Crédit Agricole, Morgan Stanley, BNP Paribas, Goldman Sachs, Mizuho, Société Générale, and EIG Global Energy Partners continue to act as banks to or investors in Aramco. They have participated in its Initial Public Offering, bond issuances and/or big corporate loans.

The UN experts considered that the UN Guiding Principles also apply to these financial businesses, who bear their own responsibility for Aramco's climate-related human rights impacts.

Where do these banks sit on climate and human rights?

All of the banks have made climate pledges and are members of the Net Zero Banking Alliance. They have publicly acknowledged climate risk and made declarations to align their activities with the Paris Agreement goals. Yet, none have acknowledged the climate impact on human rights relating to their business relationships with Aramco or have committed to end their business relationship with Aramco, which is exploring for new oil and gas reserves, and is very far from transitioning its business in line with the Paris Agreement goals.

Under the UN Guiding Principles, finance businesses have their own responsibility to respect human rights. ClientEarth's complaint argued that those helping Aramco access financing through its IPO, bond issuances, loans and other transactions should have identified and acted on Aramco's human rights impacts – either influencing the company to align itself with the Paris goal, or considering cutting ties completely if they don't have the leverage over Aramco to do so.

Are you accusing the Saudi Arabian Government of human rights violations?

Our complaint argues that Aramco has failed to meet the requirements of the UN Guiding Principles. Aramco is controlled by the Saudi Government, which owns 98.5% of the group, and sets its fossil fuel production levels under Saudi law.

The Kingdom of Saudi Arabia is implicated by our complaint because it has duties set out in the UN Guiding Principles as both the government regulating Aramco and the company owner.

The complaint found that the available evidence suggests that the Saudi Government is unfortunately failing to regulate Aramco to respect human rights, and is also failing to do so through its ownership control.

The UN experts also wrote to the governments of the USA, UK, Japan and France regarding their duty to regulate the financial businesses in their jurisdictions.

Aramco claims it is making its business more sustainable – is this accurate?

Aramco has engaged in a widespread marketing and advertising campaign, including on social media, promoting claims of the sustainability of its business and its work on climate 'solutions' to oil and gas. Aramco's advertising risks misleading people, because it presents a false picture of its business activities. Fossil fuel advertising of this kind is <u>considered</u> to undermine decarbonization.

In reality, Aramco does not plan to let its production of oil and gas decline in line with transition. It is actively exploring for new oil and gas reserves, and seeks to grow its particularly carbon-intensive 'unconventional' oil and gas extraction operations such as

fracking. The bulk of Aramco's huge output is exported to other countries which need to decarbonize their own economies.

The solutions which Aramco promotes to its oil and gas products are false solutions. Planting mangrove trees in Saudi Arabia, capturing a tiny amount of its carbon emissions for using to extract more oil and gas, and using renewables to power its oil and gas extraction will not address its contribution to climate impacts.