Investor statement on deforestation and forest fires in the Amazon
This statement is endorsed by 254 investors representing approximately US $17.7 trillion in assets.

It is with deep concern that we follow the escalating crisis of deforestation and forest fires in Brazil and Bolivia. As investors, who have a fiduciary duty to act in the best long-term interests of our beneficiaries, we recognise the crucial role that tropical forests play in tackling climate change, protecting biodiversity and ensuring ecosystem services.

The recent reports from the Intergovernmental Panel on Climate Change (IPCC) and Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Service (IPBES) highlight the close links between unsustainable land use and climate change. With CO₂ emissions rising and biodiversity declining faster than any time in human history¹, these reports highlight the urgency in promoting sustainable land management to halt biodiversity loss, enhance food security and meet the goals of the Paris Agreement².

The Amazon, as the world’s largest rainforest, is a global repository of biological diversity, and provides invaluable ecosystem services which underpin economic activities across the globe. As the largest tract of continuous rainforest in the planet, the Amazon plays a critical role in the Earth’s climate system. Deforestation in the region could potentially bring the entire ecosystem dangerously near to a tipping point, after which the rainforest will not be able to maintain itself, gradually turning into a more Savannah-like system which is much dryer, less biodiverse, and stores significantly less carbon. This would severely disrupt the agricultural sector and other economic activities, by reducing rainfall and increasing temperatures in the longer-term.

We are concerned about the financial impact deforestation may have on investee companies, by potentially increasing reputational, operational and regulatory risks. Considering increasing deforestation rates and recent fires in the Amazon, we are concerned that companies exposed to potential deforestation in their Brazilian operations and supply chains will face increasing difficulty accessing international markets.

We commend the recently released statement by the Brazilian Business Council for Sustainable Development (CEBDS), on behalf of its associated 60 companies, which advocates for the improvement of control and monitoring systems to immediately eliminate illegal deforestation and fires in the Amazon and other biomes, and reduce legal deforestation. We would also like to express our support for the recently released manifesto by the Brazilian Coalition on Climate, Forests and Agriculture, which includes important stakeholders and companies from the Brazilian agribusiness sector, who have also pledged the national government to regain control of the situation as a matter of urgency.

Companies producing, trading and using agricultural commodities have been under increasing pressure from stakeholders to demonstrate deforestation-free supply chains. While several hundred companies have committed to end commodity-driven deforestation by 2020, recent research indicates that very few companies are on track to reach this goal. Several global institutional investors have already laid out their expectations of companies with respect to eliminating deforestation from their operations and supply chains. We therefore call for business leadership to reverse the worrying deforestation trends we are witnessing.

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¹ Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services Summary for policy makers of the global assessment report on biodiversity and ecosystem services
² Intergovernmental Panel on Climate Change Climate Change and Land
As investors, we see deforestation and the associated impacts on biodiversity and climate change as systemic risks to our portfolios and see the reduction of deforestation as a key solution to managing these risks and contributing to efficient and sustainable financial markets in the longer term. Considering the growing risks due to increased deforestation in Brazil, Bolivia and other Amazonian countries, we therefore urgently request companies to redouble their efforts and demonstrate clear commitment to eliminating deforestation within their operations and supply chains, including by:

1. Publicly disclosing and implementing a commodity-specific no deforestation policy with quantifiable, time-bound commitments covering the entire supply chain and sourcing geographies.
2. Assessing operations and supply chains for deforestation risk and reduce this risk to the lowest possible level, disclosing this information to the public.
3. Establishing a transparent monitoring and verification system for supplier compliance with the company’s no deforestation policy.
4. Reporting annually on deforestation risk exposure and management, including progress towards the company’s no deforestation policy.

Signed by:

a.s.r. asset management

Aberdeen Standard Investments

ACTIAM

Aegon Asset Management

Affirmative Investment Management

Aktia
Circularity Capital LLP

Cliens Kapitalförvaltning AB

COMGEST

Conser Invest

Coöperatie DELA

CREA Asset Management Trust Reg

CreditValue-Partners GmbH

CRF for Local Government

Daintree Capital

Deka Investment GmbH

Devon Funds Management

DNB Asset Management
Ethos also represents the members of the Ethos Engagement Pool International, which can be found here: https://www.ethosfund.ch/en/members-ethos-engagement-pool-international.
Hancock Natural Resource Group, a Manulife Investment Management Company

Handelsbanken Asset Management

Hermes Investment Management

HESTA

Hexavest

HSBC Global Asset Management

Impact Investors

Impact Shares

Impax Asset Management

Impax Asset Management LLC

Indép'AM

Insight Investment

Institute of Green Investment, Hangzhou
Includes: Adrian Dominican Sisters, Portfolio Advisory Board; Congregation of St. Joseph; Daughters of Charity, Province of St. Louise; Jesuits of the USA Central and Southern Province; USA Midwest Province of the Society of Jesus; USA West Province of the Society of Jesus.
Pension Protection Fund

OSTRUM Asset Management

P+(DIP/JØP)

Pandhora Investimentos

Polden-Puckham Charitable Foundation

Raiffeisen Capital Management

PKA

Picard Angst AG

Pensions Caixa 30

Pictet Asset Management

Rathbone Brothers Plc
RS Group

Sanso Investment Solutions

SKP Investimentos

SEB Investment Management

Sonen Capital

Sindicatum Renewable Energy

Seventh Generation Interfaith Inc.

Skandia

SDG Invest

Società Cattolica di Assicurazione - Società cooperativa

Sindicatum Renewable Energy
Sparda-Bank Muenchen eG

Sophia Financial Group

Stephen Whipp Financial, Leede Jones Gable Inc.

Storebrand Asset Management

Statewide Super

Strathclyde Pension Fund

SMART PRIVATE MANAGERS (LUXEMBOURG) S.A.

Sophia University

Sparebank1 Forsikring

Stance Capital, LLC

Stewart Investors
VidaCaixa

Wespath Benefits and Investments

Zevin Asset Management, LLC

Zevin Asset Management

Zilliard Capital Partners

Zilliard Capital Partners