# Investor statement on deforestation and forest fires in the Amazon This statement is endorsed by 251 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 CO<sub>2</sub> emissions rising and biodiversity declining faster than any time in human history<sup>1</sup>, these reports highlight the urgency in promoting sustainable land management to halt biodiversity loss, enhance food security and meet the goals of the Paris Agreement<sup>2</sup>.

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 <u>statement</u> by the <u>Brazilian Business Council for Sustainable Development</u> (CEBDS), on behalf of its associated <u>60 companies</u>, 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 <u>manifesto</u> by the <u>Brazilian Coalition on Climate, Forests and Agriculture</u>, 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.

<sup>&</sup>lt;sup>1</sup> Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services <u>Summary for policy makers of the global assessment report on biodiversity and ecosystem services</u>

<sup>&</sup>lt;sup>2</sup> 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:

- 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



Aktia

Affirmative Investment Management

Aktia



Allegra Wealth



**AMF** 



Amundi



AP Funds' Council on Ethics



AP2

**AP3** Third Swedish National Pension Fund

AP3 Third Swedish National Pension Fund



AP4 - Fourth Swedish National Pension Fund



AP7, Seventh Swedish National Pension Fund



APG Asset Management



Apis Partners LLP

ARISAIG PARTNERS

**Arisaig Partners** 



As You Sow



**ATKINSON** FOUNDATION

Ashmore Group

**Atkinson Foundation** 





Aurum Fund Management Ltd.

Australian Ethical Investment



AustralianSuper



Aviva Investors



**B & Capital** 



**B&I** Capital



Baillie Gifford



BaltCap AS



Bâtirente



BayernInvest Kapitalverwaltungsgesellschaft mbH



BCEE Asset Management S.A



Blue Oceans Capital



**BMO Global Asset Management** 



**BNP Paribas Asset Management** 



Boston Common Asset Management



**Brunel Pension Partnership** 



Caisse des Depots



CaixaBank Asset Management



California Public Employees' Retirement System





**CANDRIAM** 

CCLA Investment Management



CHARLES STANLEY Wealth Managers

CCOO, FP

**Charles Stanley** 





China Alliance of Social Value Investment (Shenzhen)

China Asset Management Co., Ltd.





Christian Brothers Investment Services, Inc. (CBIS)

Christian Super





Church Commissioners for England

Church of England Pensions Board



Church of Sweden



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** 



Domini Impact Investments LLC



**DPAM** 



**ECOFI** Investissements



**Econopolis** 



**EFG AM** 



**EQ** Investors Limited



**ERAFP** 



Erste Asset Management GmbH



ESG Moneta Co., Ltd.



ESG Portfolio Management



**Environment Agency Pension Fund** 



Ethos Fund<sup>3</sup>

<sup>&</sup>lt;sup>3</sup> 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.





Evenlode Investments

Everence and the Praxis Mutual Funds



Evli Bank

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**FAMA Investimentos** 



Fidra



Figure 8 Investment Strategies



FiNet Asset Management AG



First Affirmative Financial Network



First State Investments



Folksam



FONDO DE PENSIONES DE EMPLEADOS DE TELEFONICA



**FORBION** 



Forsta AP-fonden



Friends Flduciary Corporation



Friends Provident Foundation



Genesis Investment Management, LLP



GEROA PENTSIOAK EPSV DE EMPLEO



Gjensidigestiftelsen



**Glennmont Partners** 



Green Century Capital Management



Guardian Media Group



**GW&K** Investment Management



A Manulife Investment Management Company

### Hancock Natural Resource Group, a Manulife **Investment Management Company**

## Handelsbanken Asset Management

Handelsbanken Asset Management



Hermes Investment Management





**HESTA** 



Hexavest



**HSBC Global Asset Management** 



**Impact Investors** 



**Impact Shares** 

**Impact Shares** 



Impax Asset Management



Impax Asset Management LLC



Indép'AM



**Insight Investment** 



Institute of Green Investment, Hangzhou



Integral Group



Interfaith Center on Corporate Responsibility



Invest in Visions GmbH



ISGAM AG



JLens Investor Network



Joseph Rowntree Charitable Trust



KBIGI



Khumo Capital (Pty) Ltd





La Française Group



La Financiere de L'Echiquier



Länsförsäkringar AB



Legal & General Investment Management



LGPS Central



Liontrust Investment Partners LLP



LocalTapiola Asset Management Ltd



Lothian Pension Fund



LUCRF Super



Macquarie Investment Management Europe S.A., ValueInvest



MAIF



Maitri Asset Management





Mayar Capital

**||| Manulife** Investment Management

Manulife Investment Management









Merseyside Pension Fund



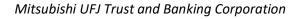
MFS Investment Management



Midat Cyclops, FP



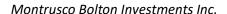






Mirova







<sup>&</sup>lt;sup>4</sup> 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.



Muzinich & Co



MP Pension



Neumeier Poma Investment Counsel, LLC



**NEI Investments** 



New Zealand Funds Management Limited



New Zealand Super Fund



Niederösterreichische Vorsorgekasse AG



New Forests



Nordea Asset management



NewAlpha Asset Management



Northern Ireland Local Government Officers'
Superannuation Committee (NILGOSC)



NN Investment Partners









Oregon State Treasurer Tobias Read



**ODIN Fund Management** 





Ohman Fonder













Picard Angst AG

**OSTRUM Asset Management** 



P+(DIP/JØP)



Pandhora Investimentos



Polden-Puckham Charitable Foundation





Raiffeisen Capital Management



Pictet Asset Management



PKA



Rathbone Brothers Plc



RBC Global Asset Management



Principled Investing LLC



Rivage Investment SAS



RAM Active Investments SA



Robeco



Remy Brown Investment Group



Resona Bank, Ltd.



RRSE (Regroupement pour la Responsabilite Sociale des Entreprises)



River and Mercantile Group Plc



SBI Funds Management Private Limited



RobecoSAM AG



Seventh Generation Interfaith Inc.



Sanso Investment Solutions



Skandia



SKP Investimentos



SDG Invest



SEB Investment Management



Societa Cattolica di Assicurazione - Societa cooperativa



Sindicatum Renewable Energy



Sparda-Bank Muenchen eG



SMART PRIVATE MANAGERS (LUXEMBOURG) S.A.



Sophia Financial Group



Sophia University





Stephen Whipp Financial, Leede Jones Gable Inc.



Sparebank1 Forsikring



Storebrand Asset Management



Stance Capital, LLC



Strathclyde Pension Fund



**Stewart Investors** 







Storm Capital Management AS



Swisscanto Invest by Zürcher Kantonalbank



SYZ Asset Management



SulAmérica Investimentos



Sustainable Value Investors



TD Asset Management

TD Asset Management



Robur Swedbank Robur Fonder AB



The Local Authority Pension Fund Forum



Tareno AG



The Swedish Foundation for Strategic Environmental Research (Mistra)



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The Episcopal Church (DFMS) and The Episcopal Diocese of New York - Diocesan Investment Trust



Tradeka Corporation



The Sustainability Group of Loring, Wolcott & Coolidge



**Tressis** 



Trilha Investimentos Itda



**TOBAM** 



Trinetra Investment Management





Transport for London Pension Fund



Triple Jump



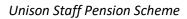
Trillium Asset Management



UBP S.A.

Triodos @Investment Management

Triodos Investment Management





Trust Investments Management Limited



TRUSTEAM FINANCE





Union Investment





Vantage Capital

#### University of Toronto Asset Management Corporation



VBV Pensionskasse



Vallis Capital Partners



**VISIO FUND MANAGEMENT** 



VBV - Vorsorgekasse AG



Velliv



VidaCaixa



Wespath Benefits and Investments

Zevin Asset Management, LLC

Zevin Asset Managem ent



Zilliard Capital Partners