

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 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.

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



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Blue Oceans Capital

BMO  **Global Asset Management**

BMO Global Asset Management

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BNP Paribas Asset Management

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ESG Moneta Co., Ltd.



ESG Portfolio Management



Environment Agency Pension Fund



Ethos Fund³

³ 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>.



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Mercy Investment Services, Inc.⁴



Merian Global Investors



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*Middletown Works Hourly and Salaried Union Retirees
Health Care Fund*



Mitsubishi UFJ Trust and Banking Corporation



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Montrusco Bolton Investments Inc.



MN

⁴ 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.

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ODIN Fund Management



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Seventh Generation Interfaith
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Sanso Investment Solutions

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SKP Investimentos

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The Local Authority Pension Fund Forum



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Tareno AG



The Swedish Foundation for Strategic Environmental Research (Mistra)



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 Ltda



TOBAM



Trinetra Investment Management

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Transport for London Pension Fund



Triple Jump



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UNION BANCAIRE PRIVÉE

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Triodos Investment Management

Unison Staff Pension Scheme



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