

Conservation group reveals investors fail to protect the Amazon



London, October 2 (RHC)-- Many of the world's biggest financial institutions that manage trillions of dollars in assets are "fuelling" deforestation in the Amazon by failing to set clear policies to stop the damage, a forest conservation group claims in a new report.

Major institutional investors that lack zero-deforestation policies include Aberdeen Standard Investments, Legal and General Investment Management, Amundi Asset Management and Candriam Investors Group, UK-based nonprofit Global Canopy said in a report published in London.

"The financial sector is fuelling deforestation in Brazil through their investments in companies in beef and soy supply chains," Global Canopy Executive Director Niki Mardas said in a statement.

After Amazon wildfires made global headlines in September 2019, 251 investors – collectively managing nearly \$18 trillion in assets – signed a statement urging companies to do their part in halting the destruction of the world’s largest tropical rainforest.

A year later, however, only a handful of the financial institutions that called on businesses to act have introduced their own policies against deforestation, Global Canopy’s report found.

Meanwhile, the Amazon rainforest in Brazil is experiencing its worst rash of fires in 10 years, even though preliminary government data showed deforestation dropped by 5 percent in the first eight months of 2020.

“Investors should assess the companies in their portfolio for exposure to deforestation risks, and they should develop and publish a clear policy setting out their approach to [this],” Mardas told the Thomson Reuters Foundation by e-mail. “The critical thing is that investors engage with companies to address the issue. Investors should consider disinvestment in cases where engagement has failed,” he added.

Just 21 of the investors who signed the 2019 statement have their own zero-deforestation policies for all the forest-risk commodities in their portfolios, Global Canopy said.

They include BNP Paribas, DNB Asset Management, HSBC and Storebrand Group. Storebrand, which has an asset management arm, states on its website it “does not wish to finance negative environmental and social impacts in this potentially high-risk sector”, adding it would end relationships with companies that do not meet its standards.

A further 12 investment firms, including Aviva Investors, have policies for timber, palm oil or both but not for soy and cattle, despite these being the main drivers of deforestation in Brazil, according to the Global Canopy assessment.

A spokeswoman for Aviva Investors, the fund management arm of insurer Aviva, said it had stepped up engagement around cattle-related deforestation in Brazil. Aviva had pushed cattle exporter Minerva Foods for more traceability in its indirect supply chain and joined an investor initiative lobbying Brazil’s government on the issue, the spokeswoman added.

Among those named in the report as lacking policies, global asset manager Candriam told the Thomson Reuters Foundation it was working with the same investor initiative, adding that deforestation and biodiversity loss were among “the many issues” it looks at when reviewing companies’ policies.

Major UK investor Aberdeen Standard said it hoped to “drive change and add pressure for stricter policy action” on forest-related commodities through its engagement with companies.

Legal and General Investment Management said it had so far excluded four food companies from certain sustainable investment funds due to a specific lack of action on deforestation.

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