# [***Major bank and investor policies accelerating forest destruction, biodiversity loss, climate chaos and rights violations***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:69SW-VDJ1-F11P-X2NB-00000-00&context=1516831)

Financial Services Monitor Worldwide

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**Body**

A new report released today, on Finance Day at COP28 by the Forests & Finance Coalition, provides a comprehensive look into the role big finance plays in driving deforestation, ***biodiversity*** ***loss***, climate change and human rights abuses in tropical forest regions. The report reveals that since the Paris Agreement, banks have pumped over $307 billion into high-risk forestry and agriculture companies linked to tropical deforestation, proving that the policies of major global banks and investors are failing to prevent continued widespread forest and ***biodiversity*** ***loss***.

Banking on ***Biodiversity*** Collapse: Tracking the banks and investors driving tropical deforestation, maps commercial financial flows to the forest-sector operations of 300 companies within six forest-risk commodity sectors - beef, palm oil, pulp and paper, rubber, soy, and timber - which collectively cause most tropical deforestation globally. The report identifies which banks and investors play the biggest roles in the provision of credit, underwriting, bondholding, and shareholding. Among the largest 30 forest-risk bankers were major banks from tropical forest countries including Brazil and Indonesia, as well as those from significant import and financial jurisdictions such as the US, EU, Japan, and China.

The report further assesses the quality of bank policies governing investments in high impact sectors. The policies of banks and investors were scored on a set of 38 criteria. Discouragingly, the average policy score was just 17%, with only 20 banks and investors scoring 30% or above. Only two banks score over 50% for a policy score revealing a massive disconnect between the amount of money being pumped into these sectors and the safeguards in place to prevent mass deforestation and rights abuses.

The report finds that the biggest bank financiers, Banco do Brasil and Bradesco, which predominantly finance beef and soy sectors in Brazil, have minimal policies to prevent deforestation and rights abuses. Wall street giants JPMorgan Chase, Bank of America and Citigroup play a major role in pulp and paper, and palm oil but are failing to safeguard forests, ***biodiversity***, or human rights in their policies. They received woefully deficient scores, with Bank of America at 22%, Citigroup at 37% and JPMorgan Chase trailing behind with just 15%.

The report findings highlight the urgent need for robust regulations that cover financial institutions to be implemented in key jurisdictions. The report emphasizes that governments and financial institutions have a responsibility under Article 2.1c of the Paris Agreement and Targets 14 and 15 of the Global ***Biodiversity*** Framework to align their financial flows to achieve public climate and ***biodiversity*** goals. While the data shows some fluctuations in annual credit and investment totals from 2016 to 2023, there does not appear to be any downward trend in capital facilitating the continued expansion of forest-risk commodity production.

Many people may be shocked to know that in many, if not most, jurisdictions it is perfectly legal for a financial institution to finance a company engaged in environmental crime, said Merel van der Mark, Forests & Finance Coordinator. This data shows the blatant hypocrisy of financial institutions who are members of sustainability initiatives like the Principles for Responsible Investment or Principles for Responsible Banking, or that have Net Zero commitments but are continuing to finance companies that make these goals impossible to meet. Leaving financial institutions to set their own ESG standards will not be enough to shift financial flows towards sustainable practices. Ultimately, governments must establish the policies and penalties necessary to safeguard society and the ecosystems on which we all depend.

In addition to recording financial flows and analysing sector policies, the report also presents several cases illustrating the impacts that this finance has on forests and communities in Indonesia and the Brazilian Amazon. The research exposes four forest destroyers that continue to rake in billions of dollars in financing even though they have been linked to extensive and well documented harmful social and environmental impacts, often spanning many years demonstrating long-term patterns of rogue behaviour: JBS, Cargill, Royal Golden Eagle, and Sinar Mas Group.

The report concludes that financial regulators and financial institutions must take urgent steps to align their financial flows to foster a just transition necessary to safeguard society and the ecosystems on which we all depend, consistent with international public policy goals. To achieve this, the Forest and Finance Coalition calls on the financial sector to adopt 5 basic principles, which include halting and reversing ***biodiversity*** ***loss***, respecting and prioritizing the rights of Indigenous Peoples and local communities, fostering a Just Transition, ensuring ecosystem integrity, and aligning institutional objectives across sectors, issues, and instruments.

Forests & Finance is a coalition of campaign, grassroots and research organizations including Rainforest Action Network, TuK Indonesia, Profundo, Amazon Watch, Reprter Brasil, BankTrack, Sahabat Alam Malaysia and Friends of the Earth US.

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