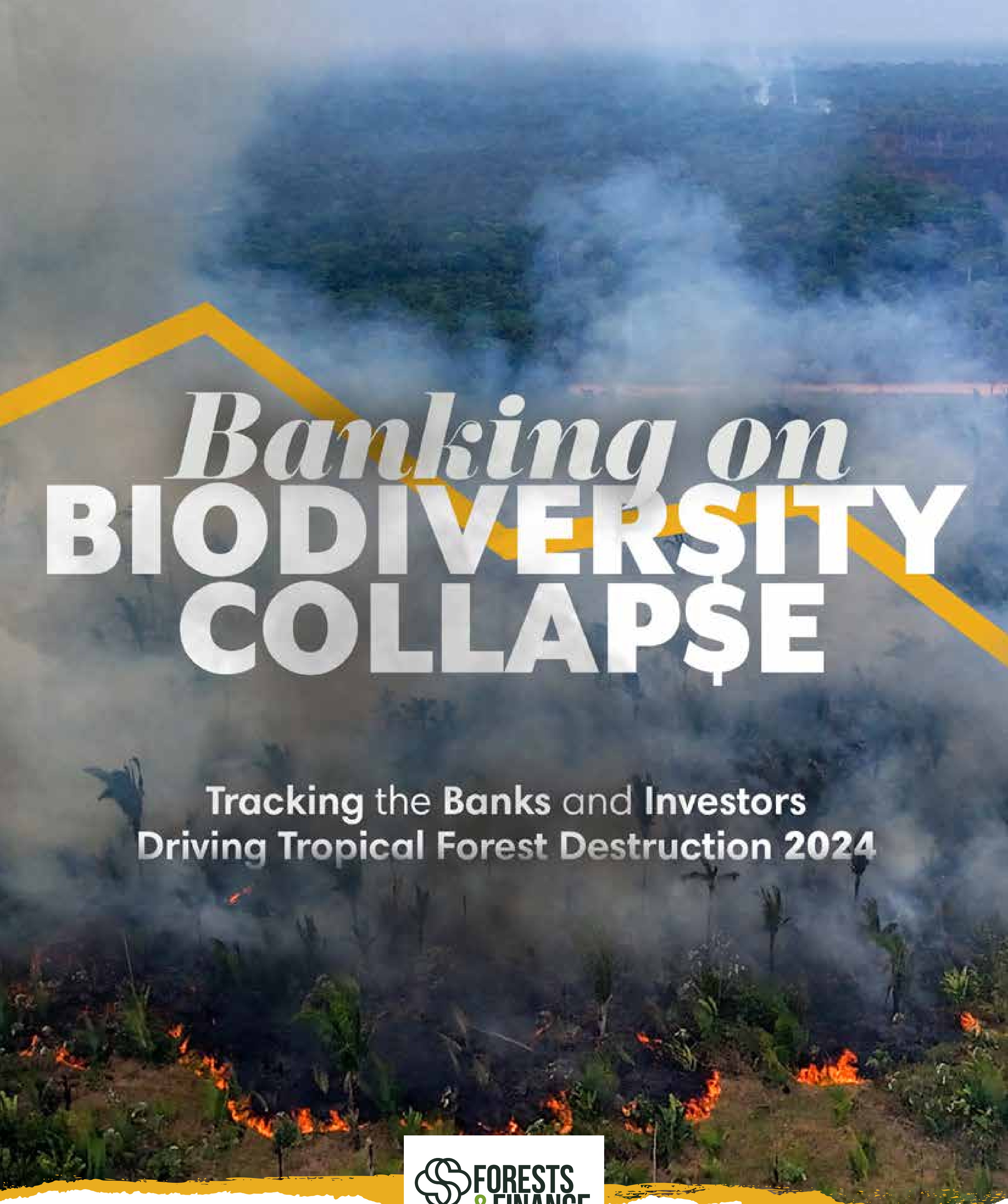

Banking on BIODIVERSITY COLLAP$E

Tracking the Banks and Investors Driving Tropical Forest Destruction 2024

FORESTS & FINANCE

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FORESTS & FINANCE

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PHOTO: Auriga Nusantara

EXECUTIVE SUMMARY

The financial sector is playing a critical role in accelerating the global biodiversity crisis. This second annual *Banking on Biodiversity Collapse* report provides the latest analysis of how global finance drives tropical deforestation and ecosystem degradation. For this edition, we have updated financial data to June 2024 for credit flows and to July 2024 for investment holdings, offering fresh insights into the banks and investors supporting 300 companies across six forest-risk commodity sectors — beef, palm oil, pulp and paper, rubber, soy, and timber — in Southeast Asia, South America, and Central and West Africa.

Despite international commitments such as the Global Biodiversity Framework (GBF), which aims to halt and reverse biodiversity loss by 2030, financial institutions have increased funding to sectors linked to deforestation. Our new analysis reveals that over US$ 395 billion has been directed to forest-risk sectors since the Paris Agreement, with US$ 77 billion flowing in just the last year and a half (January 2023 - June 2024). Notably, investments in these sectors have risen 7% since September 2023, while credit surged to US$ 53 billion in 2023, up from US$ 48 billion the previous year.

This year's report also highlights the failures of voluntary corporate initiatives such as the Principles for Responsible Banking (PRB), the Net-Zero Banking Alliance (NZBA), and the Taskforce on Nature-related Financial Disclosures (TNFD). While these initiatives claim to promote sustainable practices, more than half of the top 30 banks financing sectors linked to deforestation are members of such groups. We also found no evidence to suggest these initiatives have curbed harmful financial flows. This reveals a growing gap between corporate commitments and actions, perpetuating a false sustainability narrative.

Bunge, a leading soy trader in Brazil's Cerrado — the most biodiverse savanna on the planet — exemplifies this failure. Despite being linked to deforestation and human rights abuses, Bunge uses the TNFD framework to selectively report on nature-related risks, which can result in masking environmental damage. Such voluntary frameworks allow companies to appear sustainable while continuing destructive practices, highlighting the urgent need for stronger regulations to address biodiversity loss.

Our new analysis reveals that over **US$ 395 billion** has been directed to forest-risk sectors since the Paris Agreement, with **US$ 77 billion** flowing in just the last year and a half (January 2023 - June 2024).

Another stark example in Brazil highlights the consequences of this continued financing. Despite documented links to illegal deforestation and human rights abuses, JBS, the world's largest meat processor, has received over US$ 1.1 billion in credit (2018-June 2024) and US$ 719 million in investments (as of July 2024). The company's failure to trace its cattle supply chains has contributed to illegal ranching on Indigenous lands, such as the destruction of 477 square kilometers of the Parakanã Indigenous territory in Pará, Brazil.

The report also exposes the reliance on flawed certification schemes like the Forest Stewardship Council (FSC) and the Roundtable on Sustainable Palm Oil (RSPO). These schemes fail to enforce critical No Deforestation, No Peatland, No Exploitation (NDPE) standards, enabling companies like First Resources, Socfin, Royal Golden Eagle, and Sinar Mas Group to continue destructive practices. Financial institutions relying on these certifications are complicit in this greenwashing, which further perpetuates environmental damage.

As tropical forests in the Amazon, Congo Basin, and Southeast Asia near ecological collapse, this report's data underscores how current finance is fueling the crisis.[1] The supporting evidence indicates that since adopting the GBF in 2022, Target 14 — which calls for aligning financial flows with biodiversity goals — has been largely ignored. To reverse this trajectory, financing must immediately shift from environmentally destructive activities to sustainable, community-led solutions. Indigenous Peoples, long-time stewards of biodiversity, must be central to these efforts, backed by stronger legal and financial protections.[2]

The financial sector must act now to halt biodiversity loss and protect life on Earth. Governments must strengthen financial sector regulations to support central banks, financial regulators, and supervisors to include biodiversity and human rights criteria as core to their mandate. By shifting finance away from destructive industries, and rejecting flawed certification schemes and ineffective voluntary initiatives, we can safeguard ecosystems while advancing equitable development and sustainable livelihoods.

PHOTO: Connection Blue / Alamy

FOREST-RISK COMMODITY SECTOR SUMMARIES

Forests & Finance tracks six forest-risk commodity sectors that drive tropical deforestation. These sector summaries show the credit (corporate loans, revolving credit facilities, bond issuances, and share issuances) provided to these sectors from January 2018 to June 2024 and the investments (bond holdings and shareholdings) in these sectors outstanding as of July 2024.

Beef
Credit: **US$ 83.8 billion**
Investment: **US$ 1.8 billion**

Soy
Credit: **US$ 89.9 billion**
Investment: **US$ 2.5 billion**

Rubber
Credit: **US$ 15.1 billion**
Investment: **US$ 1.4 billion**

Pulp and paper
Credit: **US$ 79.3 billion**
Investment: **US$ 15.5 billion**

Palm oil
Credit: **US$ 46.8 billion**
Investment: **US$ 19.1 billion**

Timber
Credit: **US$ 4.8 billion**
Investment: **US$ 1.0 billion**

PHOTO: Nanang Sujana / RAN

RECOMMENDATIONS

Governments and financial institutions must now act to address the climate and biodiversity crises. To achieve this, they should adopt and implement these five principles:

- **Halt and reverse biodiversity loss** by prohibiting finance to activities and sectors driving nature destruction.
- **Respect and prioritize the rights of Indigenous Peoples, women, and local communities** and ensure policies and practices protect and prioritize the human rights of impacted communities.
- **Foster a just transition** by prioritizing communities' ecological and social well-being, and engaging affected workers and communities to support sustainable development.
- **Ensure ecosystem integrity** by evaluating ecosystem-wide impacts before financing and prohibiting financing of activities that negatively impact ecosystem integrity.
- **Align institutional objectives** across sectors, issues, and instruments by creating strong coherence between climate and nature targets and other institutional objectives.

ABOUT US

Forests & Finance is a coalition of ten campaign, grassroots, and research organizations: **Rainforest Action Network**, **TuK Indonesia**, **Profundo**, **Amazon Watch**, **Repórter Brasil**, **BankTrack**, **Sahabat Alam Malaysia**, **Friends of the Earth US**, **Milieudefensie** and **CED Cameroon**. We maintain an open-source database of financial flows to hundreds of companies involved in forest-risk commodity production; undertake assessments of bank and investor policies; and coordinate investigations, analysis, advocacy, and campaigns. We support the rights and control of communities in land and forest stewardship and seek to hold the financial sector to account for its role in facilitating social and environmental harm.

FOREST-RISK FINANCING TRENDS

Since the Paris Agreement was signed in December 2015, our research shows that banks around the world have provided US$ 395 billion in credit to around 300 forest-risk companies. In the last year and a half alone, from January 2023 to June 2024, banks provided US$ 77 billion in credit to the forest-risk commodity sectors. This finance has been extended with minimal safeguards to protect forest ecosystems and human rights.[3] Therefore, much of it has enabled companies with operations in beef, palm oil, pulp and paper, rubber, soy, and timber sectors in tropical forest regions to expand into natural forests, critical habitats, and Indigenous and Traditional lands — driving biodiversity collapse.

Banks have continued to provide loans and underwriting services to the forest-risk sectors without implementing responsible environmental and human rights policies and procedures. The Forests & Finance assessment of bank policies in 2023 showed that most forest-risk banks had dangerously inadequate policies to prevent harm to forests and human rights, let alone incentivize forest-risk companies to improve their practices. Even with the global COVID-19 pandemic in 2019-2020, which caused a substantial reduction in forest-risk credit, there has been a steady rise since 2016 with no signs of abating.

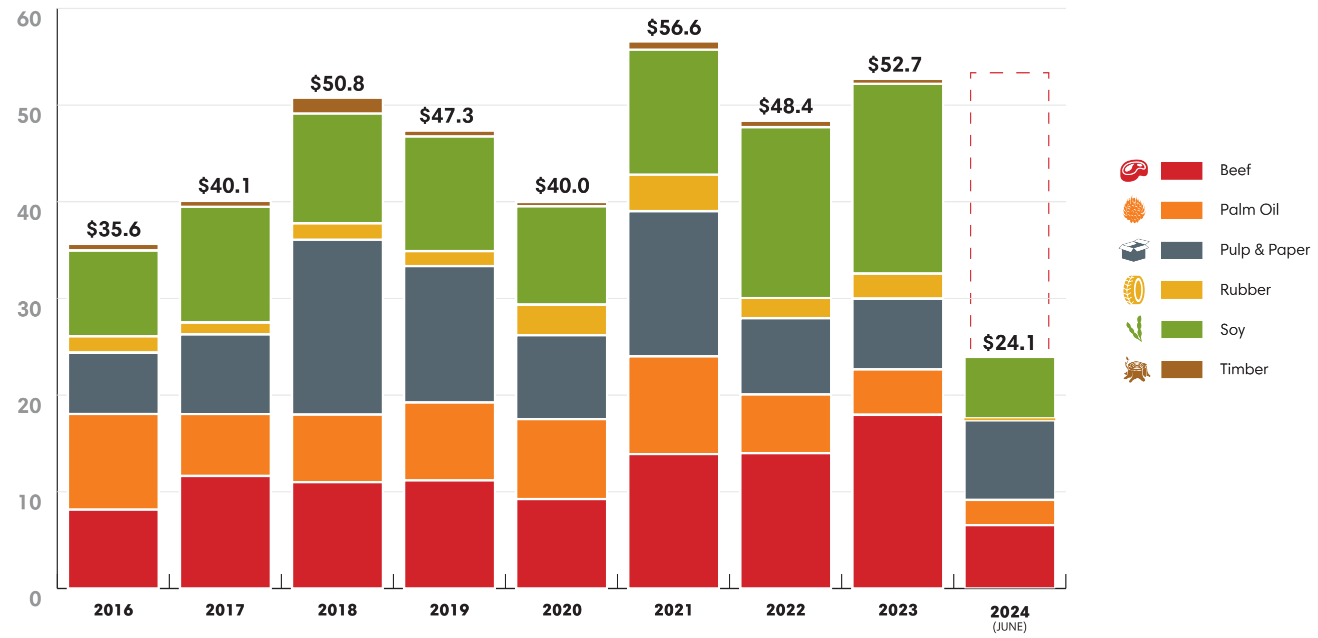
New analysis reveals that voluntary corporate initiatives, such as the Principles for Responsible Banking (PRB), the Net-Zero Banking Alliance (NZBA), and the Taskforce on Nature-related Financial Disclosures (TNFD), have had limited impact on curbing financial flows to forest-risk commodities. Over half (16) of the largest 30 forest-risk banks, see League Table on page 16, are members of voluntary initiatives to address their role in the climate and biodiversity crises.*

The variance in the financing trends between members of these different initiatives indicates that member banks have not significantly shifted their financial flows away from high forest-risk sectors. This inconsistency underscores a critical issue: these initiatives have not driven the substantial shift needed to transition from carbon- and land-intensive industries to sustainable practices that protect forests, land, and rights. Participation in these initiatives does not consistently result in reduced financing of activities that threaten biodiversity, revealing their inadequacy in addressing the financial sector's role in the climate and biodiversity crises. See page 46 for our recommendations to regulate finance to protect life on Earth.

* As of June 2024, 12 banks were PRB members, 9 were TNFD members and 13 were NZBA members.

PHOTO: Paralaxis / Alamy

GRAPH 1: Forest-risk credit trends by sector (2016-2024 JUNE, US$ BILLIONS)



* The figures for 2024 are incomplete and show only the financial flows identifiable up to June on financial databases. It is likely that these will account for less than half the full year figure.

REGIONAL ANALYSIS OF CREDIT FLOWS

The following regional analysis uses the timeframe of January 2018 to June 2024 to assess trends and take into account the average terms for corporate loans and revolving credit facilities. South America has continued to attract the largest portion with 70% of identified credit, while almost 30% flowed to Southeast Asia. The remaining credit identified was provided to company activities in Central and West Africa.

SOUTH AMERICA

Banco do Brasil remained the largest creditor in the region by a significant margin due to its role in distributing loans through Brazil's rural credit program. The majority of the credit from this program went to soy (US$ 47 billion) and beef (US$ 45 billion) between 2018 and June 2024. It is followed by its Brazilian peers Bradesco and Itaú Unibanco and by European Santander and Rabobank. All of these banks rank in the top six overall as well as in this region (see Bank League Table on page 16).

The soy sector attracted the most forest-risk credit, accounting for 41% (US$ 89 billion) of the credit flows to South America from 2018 - September 2024. Bunge, profiled on page 41, and Cargill are linked to deforestation and displacement in the Amazon and Cerrado as they expand their soy operations. In the Brazilian state of Pará, traditional communities have taken Cargill to court over its plans to build a port on their traditional lands, accusing it of land grabbing.[4]

The Munduruku Indigenous People are also defending their territory in Pará from these soy expansion plans, including the soy trader-backed plan to build a railway, the Ferrogrão. This railway is expected to drastically increase the capacity to export soy through the Amazon while driving massive deforestation and rights abuses of Indigenous Peoples and local communities.[5] Last year, an OECD complaint was filed against Cargill over failures in the company's environmental and human rights due diligence systems for soy operations in Brazil.[6]

The pulp and paper sector attracted 20% (US$ 44 million) during the same period of 2018 - June 2024. This sector has been booming in Brazil, particularly in the "pulp valley" in the state of Mato Grosso do Sul. Suzano and Eldorado (whose ownership is disputed by J&F Investimentos and APP) produce 6 million tons of pulp annually in this area. In addition, Chilean company Arauco is constructing a 2.5 million-ton-per-year mill, and Bracell, part of the Royal Golden Eagle group, has announced plans for a new 2.8 million-ton-per-year pulp mill.[7]

The beef sector secured over 38% (US$ 84 billion) of forest-risk credit to the region. In Brazil, this sector has been repeatedly linked to forced labor, deforestation, land grabbing, and outsized emissions.[8] JBS, profiled on page 33, received US$ 1.1 billion in credit for its Brazilian beef operations alone.

GRAPH 2: Largest 15 Forest-risk financiers to South America
(2018-2024 JUNE, US$ BILLIONS)

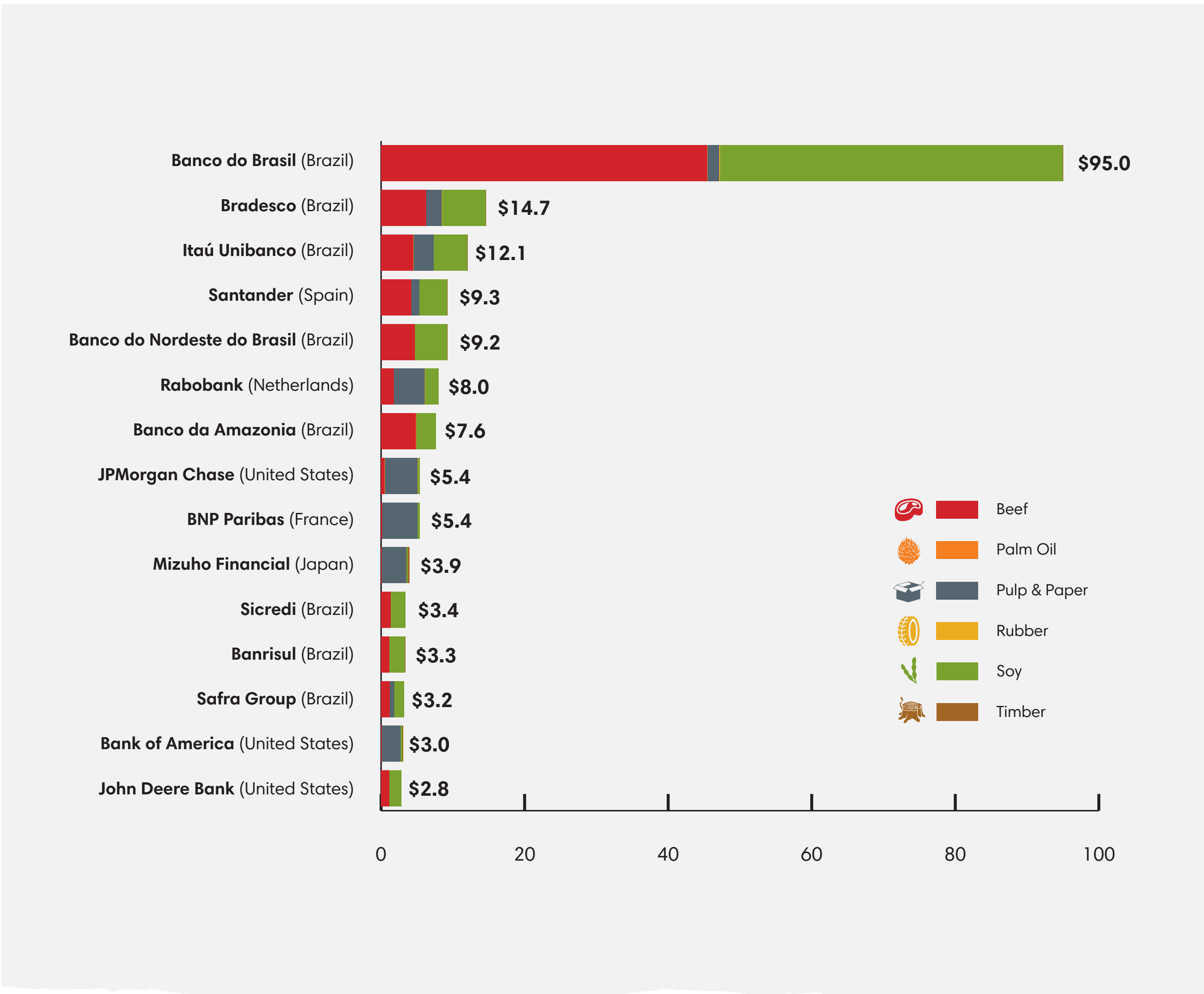


TABLE 1: Largest 15 Forest-risk credit recipients in South America
(2018-2024 JUNE, US$ MILLIONS)

Group	Beef	Palm Oil	Pulp & Paper	Rubber	Soy	Timber	Total
Suzano			31,633				31,633
Klabin			3,917			1,093	5,010
CMPC			4,373				4,373
Marfrig	2,571						2,571
COFCO		60			2,238		2,298
Minerva	2,297						2,297
Royal Golden Eagle Group			2,018				2,018
Small-scale Agricultural Operators Brazil	222	3	17	18	606	282	1,147
JBS	1,101						1,101
Oji Group			967			121	1,088
Olam Group		51		14	893	76	1,034
Archer Daniels Midland		54			960		1,014
Bunge		39			676		715
Wilmar					711		711
Cargill		35			616		650

SOUTHEAST ASIA

Since 2018, nearly 50% of all forest-risk credit in Southeast Asia has been directed to the palm oil sector, with the pulp and paper sector receiving 37% and rubber nearly 12%. Credit flows to the region fluctuated around US$ 11 billion annually, peaking at US$ 22 billion in 2021 and dipping to US$ 11 billion in 2022.

Indonesia's banks, now the largest by market capitalization in Southeast Asia,[9] are among the world's top financiers of forest-risk commodities, primarily supporting domestic companies. Since 2018, Indonesian banks have extended US$ 31.2 billion in credit to these sectors. Leading the pack is Bank Mandiri, a state-owned bank, with US$ 6.2 billion, followed by privately-owned Bank Central Asia, with US$ 5.5 billion, and another state-owned bank, Bank Rakyat Indonesia, with US$ 5.1 billion. Following the Indonesian banks are Malaysian banks CIMB Group and Malayan Banking (Maybank), which provided US$ 3.9 billion and US$ 3.8 billion, respectively.

The largest recipients of forest-risk credit in Southeast Asia since 2018 include Sinar Mas Group (SMG), Sinochem, Royal Golden Eagle (RGE), and the Salim Group. Apart from Sinochem, a Chinese state-owned company involved in rubber operations in Indonesia, the other three are conglomerates controlled by Indonesian tycoons that are heavily involved in the palm oil sector, with SMG and RGE also active in pulp and paper. SMG and RGE have been repeatedly linked to significant social and environmental harm and have consistently failed to meet their No Deforestation commitments or comply with industry certification standards (see page 35).

GRAPH 3: Largest 15 Forest-risk financiers to Southeast Asia
(2018-2024 JUNE, US$ BILLIONS)

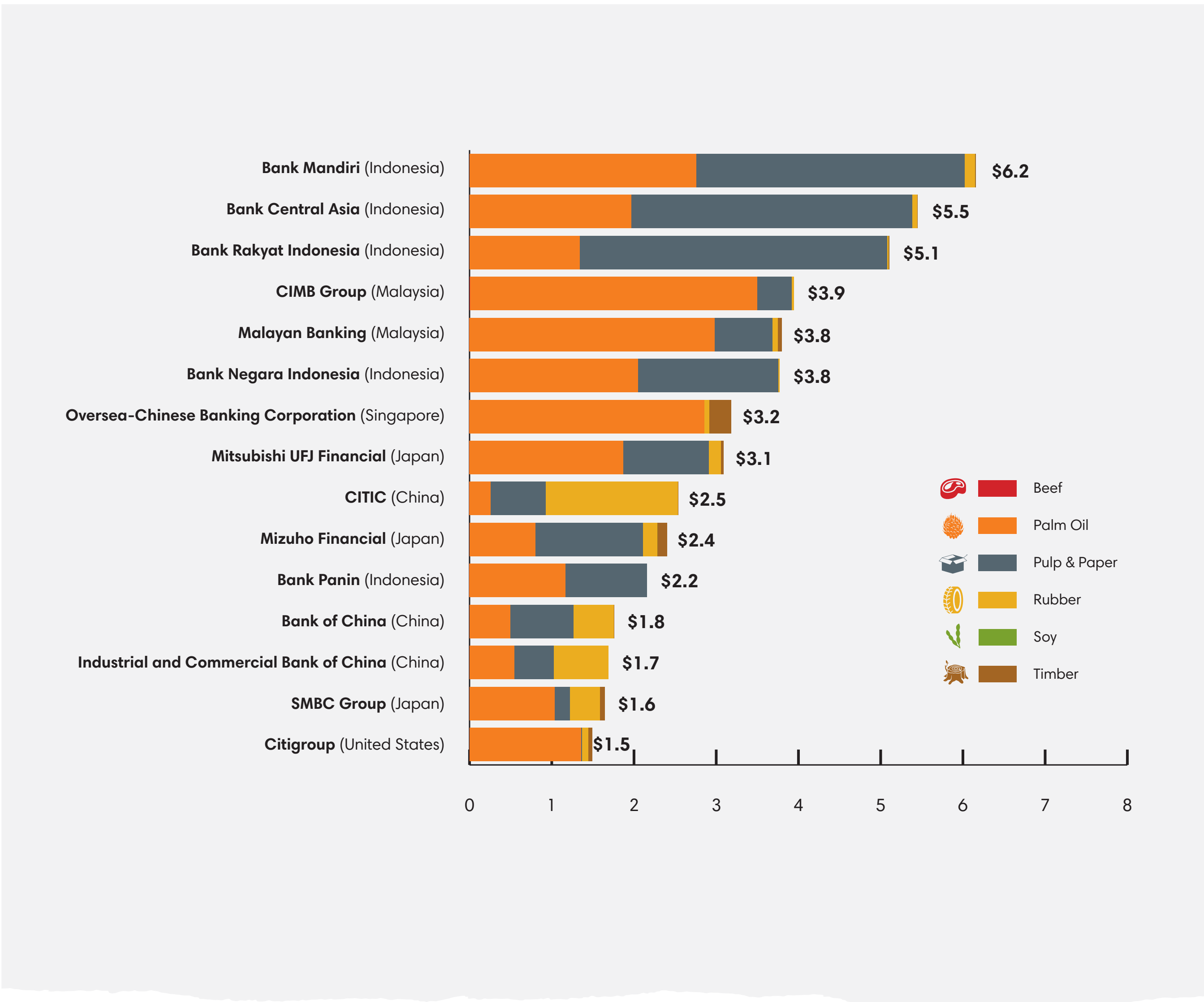


TABLE 2: Largest 15 Forest-risk credit recipients in Southeast Asia
(2018-2024 JUNE, US$ MILLIONS)

Group	Beef	Palm Oil	Pulp & Paper	Rubber	Soy	Timber	Total
Sinar Mas Group		5,629	25,068				30,698
Sinochem Group				8,775			8,775
Royal Golden Eagle Group		2,361	5,578				7,939
Salim Group		3,027		187			3,213
SCG Packaging			3,147				3,147
Top Glove		3,009					3,009
Olam Group		1,529		608		88	2,224
Sungai Budi Group		2,055					2,055
Felda Group		1,964		45			2,009
Perkebunan Nusantara Group		1,346	34	536		7	1,923
COFCO		1,833					1,833
Johor Group	4	1,754					1,758
Archer Daniels Midland		1,621					1,621
Wilmar		1,467					1,467
Jardine Matheson Group		1,279					1,279

PHOTO: Paul Hilton / RAN

CENTRAL AND WEST AFRICA

Approximately 75% of the forest-risk credit to Central and West Africa since 2016 flowed to the rubber sector. The palm oil sector further accounted for 15% of forest-risk credit to the region, and timber approximately 10%. Credit flows to the region fluctuated around US$ 500 million, with a peak of US$1 billion in 2021 and a low of US$ 400 million in 2017.

The largest financiers are almost all Chinese banks, except UK-based HSBC. This is due to their important role in financing Chinese company Sinochem, which has rubber operations through its subsidiaries in the region. Sinochem secured 73% of credit (US$ 3.2 billion) to the region during this period. It was followed by China Forestry Group (US$ 306 million) and Singapore-based integrated agro-commodity company Olam Group (US$ 189 million).

GRAPH 4 - Largest 15 Forest-risk financiers to Central & West Africa
(2018-2024 JUNE, US$ MILLIONS)

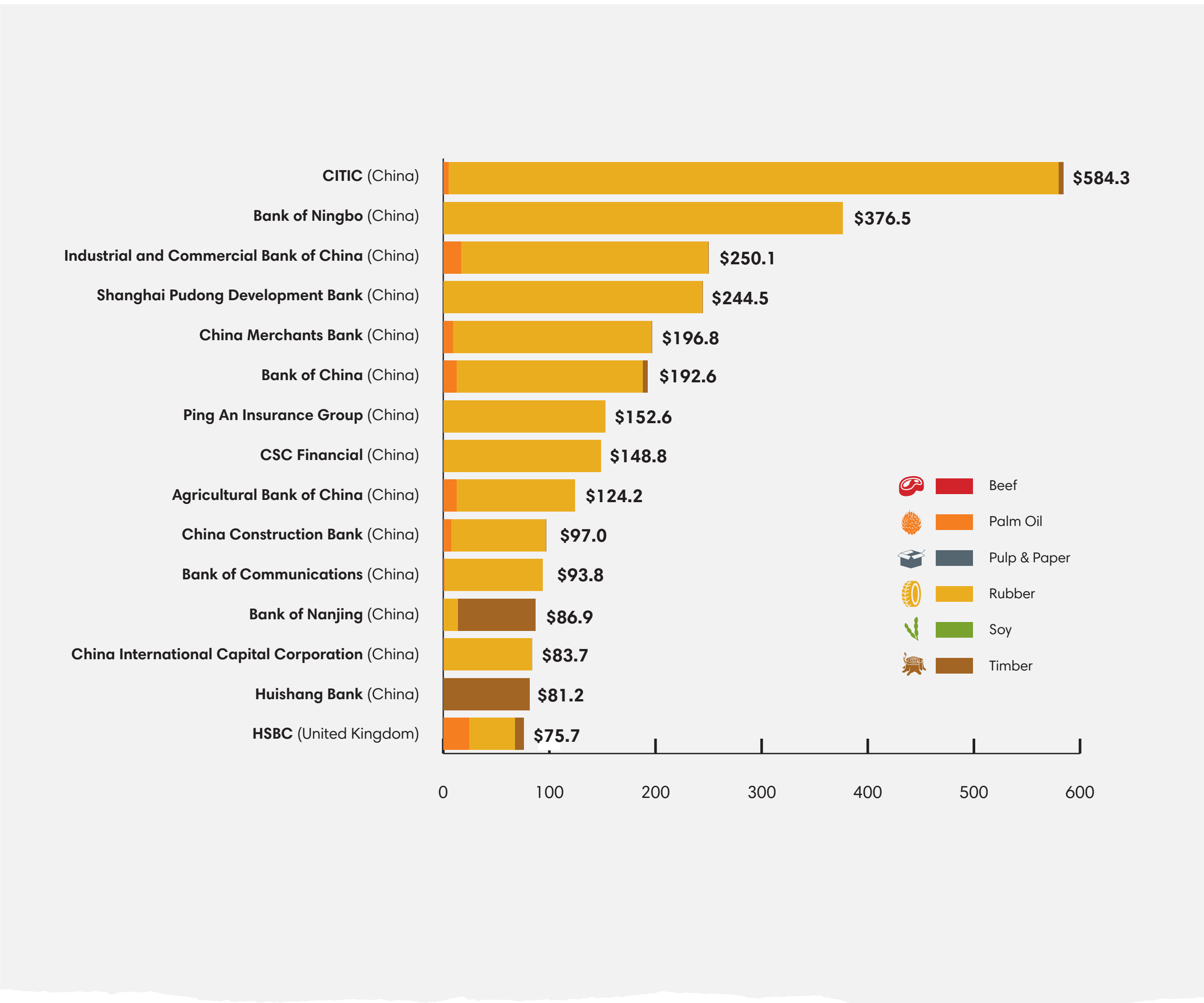


TABLE 3: Largest 15 Forest-risk credit recipients in Central and West Africa
(2018-2024 JUNE, US$ MILLIONS)

Group	Beef	Palm Oil	Pulp & Paper	Rubber	Soy	Timber	Total
Sinochem Group				3,173			3,173
China Forestry Group						306	306
Olam Group		61		72		57	189
Wilmar		145					145
COFCO		70					70
Archer Daniels Midland		62					62
Bolloré		45		14			59
Siat Group		57					57
Batu Kawan Group		48					48
Marubeni						47	47
Bunge		45					45
Sumitomo Forestry						44	44
Cargill		40					40
Itochu		8		7		21	36
Feronia		21					21

PHOTO: Sergei Uriadnikov / iStock

LEAGUE TABLE: Banking on **Biodiversity Colllapse**

The 30 largest banks provided loans and underwriting to 159 forest-risk commodity sector companies operating in Southeast Asia, South America, and West and Central Africa between January 2018 and June 2024. Figures shown in USD millions.

Rank	Bank Name	Total Credit (2018-2024 June)	Trendline 2018-2023	2018	2019	2020	2021	2022	2023	2024 (Jan - June)
1	**Banco do Brasil** (Brazil)	95,014		11,945	12,934	10,106	13,972	18,628	19,895	7,534
2	**Bradesco** (Brazil)	14,687		3,310	2,318	1,683	1,975	2,365	2,540	496
3	**Itaú Unibanco** (Brazil)	12,097		1,085	1,956	1,151	1,417	1,834	2,913	1,741
4	**Santander** (Spain)	9,352		1,349	1,710	1,110	1,288	1,245	2,010	639
5	**Banco do Nordeste do Brasil** (Brazil)	9,214		935	1,054	936	1,155	1,837	2,403	894
6	**Rabobank** (Netherlands)	8,828		3,918	1,326	708	1,238	716	745	178
7	**Banco da Amazonia** (Brazil)	7,638		705	961	882	1,220	1,551	1,652	668
8	**BNP Paribas** (France)	6,389		3,242	902	233	1,019	432	415	144
9	**Mizuho Financial** (Japan)	6,378		1,589	1,887	765	1,356	345	194	241
10	**Bank Mandiri** (Indonesia)	6,158		927	687	1,256	1,727	287	1,016	258
11	**JPMorgan Chase** (United States)	6,087		2,673	1,124	422	1,130	211	501	26
12	**Bank Central Asia** (Indonesia)	5,450		499	1,313	756	1,359	316	622	585
13	**Mitsubishi UFJ Financial** (Japan)	5,253		1,132	524	760	1,340	629	355	512
14	**Bank Rakyat Indonesia** (Indonesia)	5,107		274	1,524	534	1,538	314	268	654
15	**SMBC Group** (Japan)	4,032		942	783	341	1,220	370	189	186
16	**CIMB Group** (Malaysia)	3,958		377	753	907	502	938	391	90
17	**Malayan Banking** (Malaysia)	3,828		905	578	90	738	947	408	162
18	**Bank Negara Indonesia** (Indonesia)	3,775		534	807	530	383	324	657	539
19	**Bank of America** (United States)	3,576		640	1,079	246	886	307	201	218
20	**Sicredi** (Brazil)	3,396		422	385	380	456	604	851	297
21	**Banco do Estado do Rio Grande do Sul (Banrisul)** (Brazil)	3,345		245	299	304	424	755	1,083	235
22	**CITIC** (China)	3,325		479	262	683	786	389	343	383
23	**Oversea-Chinese Banking Corporation** (Singapore)	3,254		508	647	977	798	53	193	76
24	**Safra Group** (Brazil)	3,175		373	341	214	378	659	1,099	112
25	**Scotiabank** (Canada)	2,885		534	1,149	232	498	199	163	111
26	**John Deere Bank** (United States)	2,803		347	423	328	316	502	700	187
27	**Citigroup** (United States)	2,765		525	421	861	445	229	247	38
28	**Industrial and Commercial Bank of China** (China)	2,631		367	490	435	401	235	364	339
29	**Bank of China** (China)	2,629		254	238	525	733	419	260	200
30	**CNH Industrial Capital** (Netherlands)	2,603		249	251	331	291	373	865	243

FOREST-RISK INVESTMENT TRENDS

In July 2024, institutional investors held over US$ 41 billion in forest-risk bonds and shares issued by companies active in forest-risk sectors in South America, Southeast Asia, and Central and West Africa. This is US$ 3 billion more than in the last edition of this report, with the largest shifts in pulp and paper (46% increase), beef (16% increase), and timber (18% increase). Overall, the palm oil sector received the highest proportion (46%) of forest-risk investment, followed by pulp and paper (38%). Many companies active in palm oil are listed on stock exchanges in Singapore, Malaysia, Indonesia, Hong Kong, and London, among others. Similarly, several large pulp and paper companies are listed in Indonesia, Brazil, and Europe.

The League table on page 26 shows that some of the 30 largest investors in July 2024 have significantly increased their stakes in forest-risk commodity companies since 2018. The big three US asset managers – BlackRock, Vanguard, and State Street – have increased their positions by almost 60% to US$ 5.1 billion.

REGIONAL ANALYSIS OF INVESTMENT

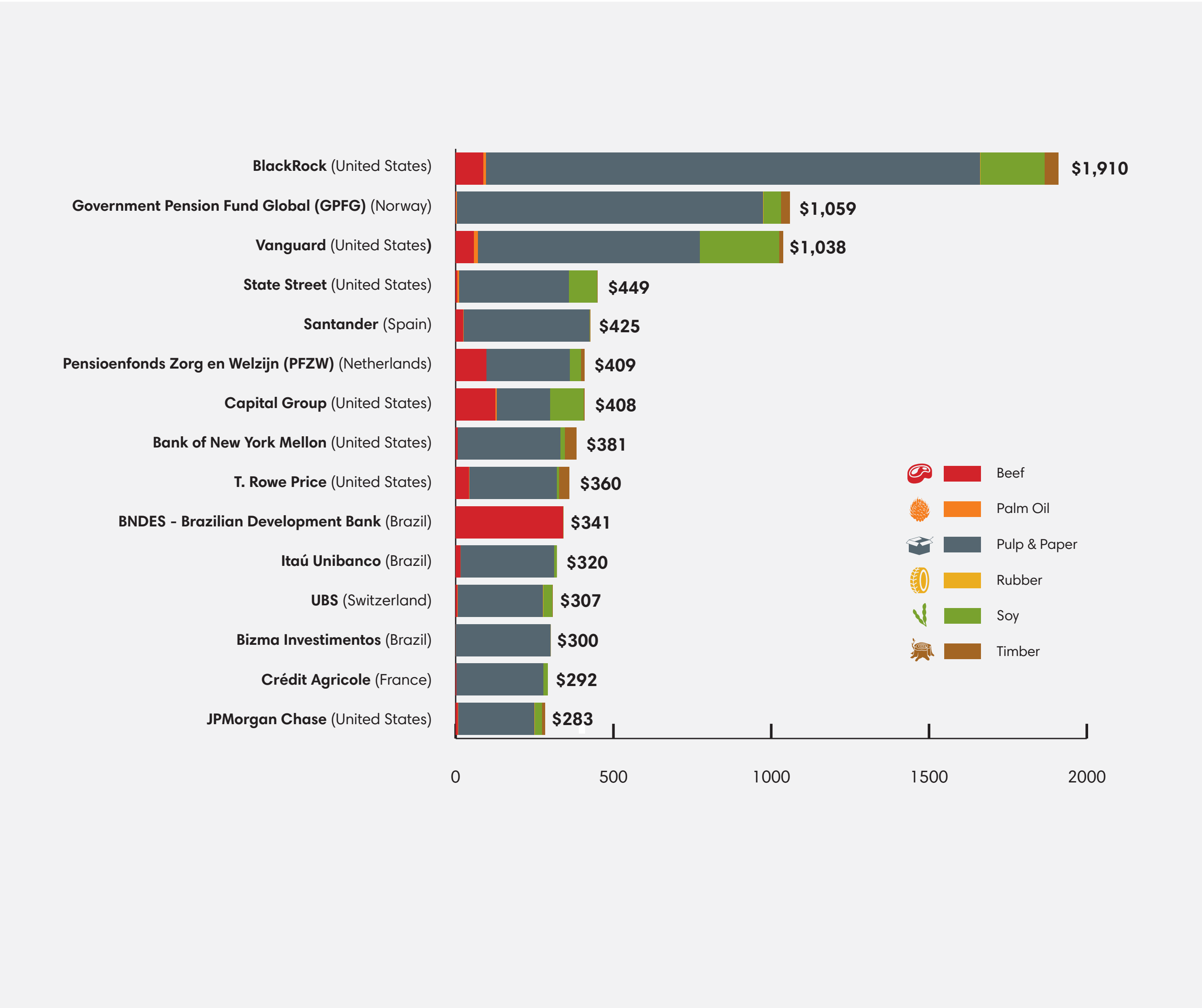
PHOTO: Paul Hilton / RAN

SOUTH AMERICA

In South America, over 75% of forest-risk investment as of July 2024 was in companies in the pulp and paper sector. This was concentrated in three groups, with Suzano securing the highest value (US$ 6.9 billion), followed by peers Smurfit Westrock (US$ 4.1 billion) and CMPC (US$ 2.2 billion). The soy and beef sectors followed with 13% (US$ 2.5 billion) and 9% (US$ 1.7 billion) invested respectively.

The largest forest-risk investors in the region were US-based asset managers BlackRock (US$ 1.9 billion), the Norwegian Government Pension Fund Global (US$ 1.1 billion), and Vanguard (US$ 1.0 billion). Two banking groups, Spanish Santander and Brazilian Itaú Unibanco increased their shareholding significantly, by 2000% and 670%, respectively. This increase was almost entirely due to investment in the pulp and paper sector, primarily in pulp giant Suzano. Notably, BNDES reduced its forest-risk investments by around 75% due to a substantial reduction in its shareholding in JBS from US$ 667 million in 2023 to US$ 340 million in July 2024.

GRAPH 5 - Largest 15 Forest-risk investors in South America
(**2024** JULY, US$ MILLIONS)



Brazil's Untrackable Agribusiness Investment Products

In recent years, investments in Brazil's agribusiness sector via various investment products have surged. In July 2024, the total invested in Agribusiness Receivables Certificates (CRAs), Agribusiness Credit Letters (LCAs), Agribusiness Credit Rights Certificates (CDCA), Rural Product Notes (CPRs), and Agribusiness Investment Fund (Flagro) reached US$ 187 billion.[10]

Due to a general lack of transparency, investments in these products are not yet included in the Forests & Finance dataset. These products also lack significant social and environmental regulations. Unlike rural credit loans, which require compliance with various criteria, there are no checks on deforestation or human rights for these investment products, making them appealing to those who evade the law.[11]

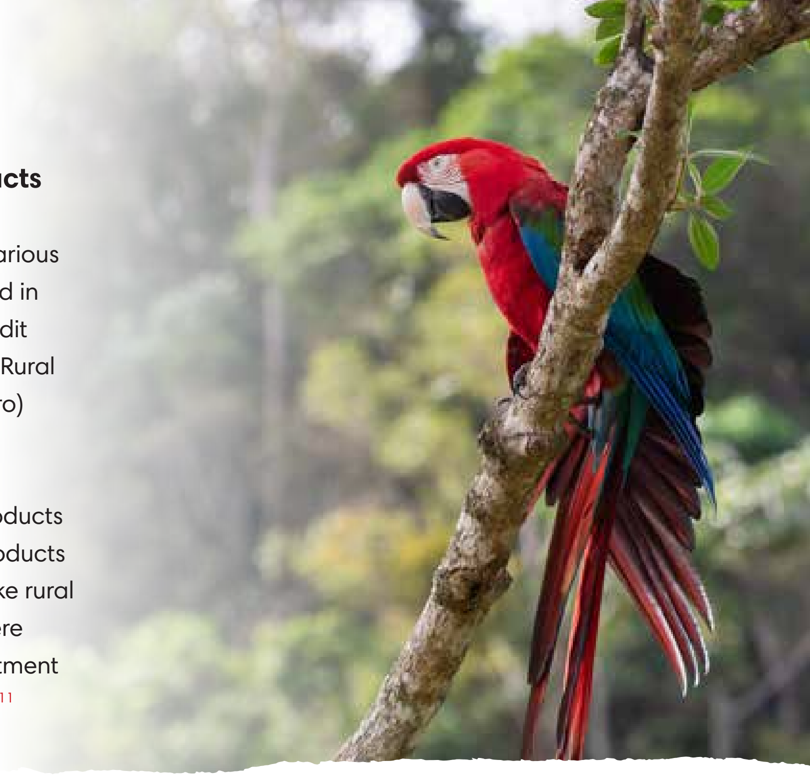


TABLE 4: Largest 15 forest-risk investees in South America
(**2024** JULY, US$ MILLIONS)

Group	Beef	Palm Oil	Pulp & Paper	Rubber	Soy	Timber	Total
Suzano			6,858				6,858
Smurfit Westrock			4,070				4,070
CMPC			2,199				2,199
Klabin			1,001			149	1,150
Archer Daniels Midland		44			747		792
JBS	719						719
Bunge		40			678		718
Minerva	554						554
Oji Group			324			39	362
Adecoagro	156				152		308
Itochu		5	131	13	40	70	259
Marfrig	256						256
SLC Agricola					197		197
Marubeni					119	53	173
Stora Enso			133			17	150

PHOTO: kai abreu / shutterstock

SOUTHEAST ASIA

As of July 2024, the vast majority of investments in forest-risk bonds and shares in Southeast Asia (88%) were in companies engaged in the palm oil sector. A further 6% was invested in rubber,and 4% in pulp and paper.

The largest forest-risk investors in the region were Malaysian government-linked investors Permodalan Nasional Berhad (US$ 4.4 billion) and Employees Provident Fund (US$ 2.6 billion). Large US asset managers Vanguard (US$ 1.0 billion) and BlackRock (US$ 820 million) are also significant investors.

Large Malaysian palm oil companies SD Guthrie (formerly Sime Darby Plantations), Batu Kawan Group and IOI Group attracted the highest value of forest-risk investments in Southeast Asia. They attracted investments of US$ 5.9 billion, US$ 1.9 billion and US$ 1.8 billion respectively. They were followed by global agro-commodity trader Archer Daniels Midland (US$ 1.3 billion).

GRAPH 6 - Largest 15 Forest-risk investors in Southeast Asia
(**2024** JULY, US$ MILLIONS)

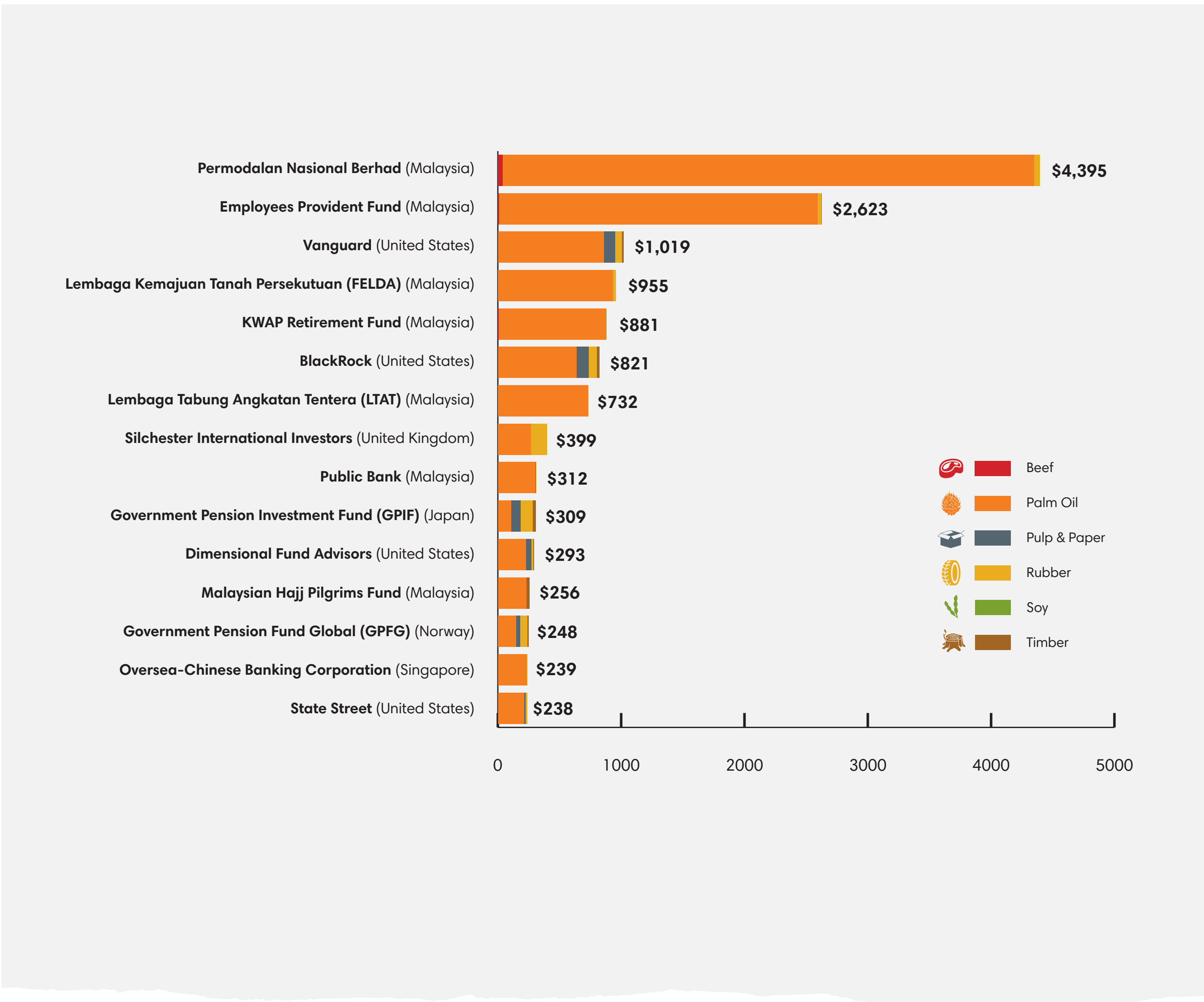


TABLE 5: Largest 15 forest-risk investees in Southeast Asia
(**2024** JULY, US$ MILLIONS)

Group	Beef	Palm Oil	Pulp & Paper	Rubber	Soy	Timber	Total
SD Guthrie	59	5,751		64			5,873
Batu Kawan Group		1,793		57			1,850
IOI Group		1,833		3			1,836
Archer Daniels Midland		1,295					1,295
Bunge		1,175					1,175
Sinar Mas Group		611	271				882
Itochu		153	38	556		77	823
Felda Group		792		18			810
Boustead Group		733					733
Jardine Matheson Group		562					562
Genting Group		454					454
Sumitomo Rubber Industries				387			387
United Plantations		386					386
Top Glove		385					385
Marubeni		343					343

PHOTO: Paul Hilton / RAN

CENTRAL AND WEST AFRICA

Just under half of the investments as of July 2024 in forest-risk bonds and shares in Central and West Africa (47%) were in companies engaged in the palm oil sector. A further 40% was invested in timber and 13% in rubber.

The largest forest-risk investors in the region were the large US asset managers BlackRock (US$ 35.3 million) and Vanguard (US$ 31.7 million). They were followed by the Japanese Government Pension Investment Fund (US$ 23.7 million).

The largest forest-risk investees in the region include Japanese conglomerates Sumitomo Forestry (US$ 85 million) and Itochu (US$ 77 million). They were followed by agro-commodity traders Archer Daniels Midland (US$ 52 million) and Bunge (US$ 47 million).

GRAPH 7 - Largest 15 Forest-risk investors in Central and West Africa
(**2024** JULY, US$ MILLIONS)

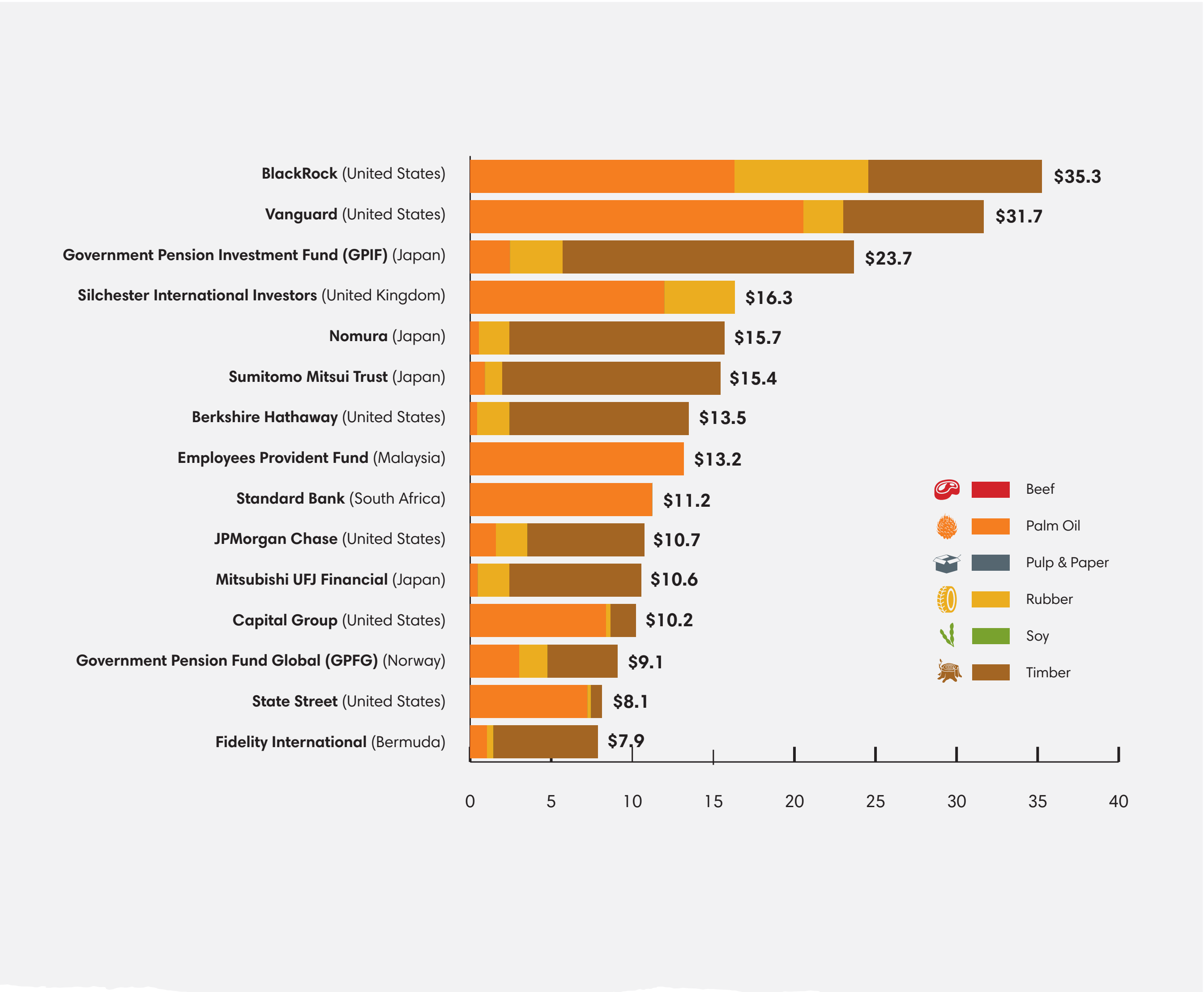


TABLE 6: Largest 15 forest-risk investees in Central and West Africa
(**2024** JULY, US$ MILLIONS)

Group	Beef	Palm Oil	Pulp & Paper	Rubber	Soy	Timber	Total
Sumitomo Forestry						85	85
Itochu		6		18		53	77
Archer Daniels Midland		52					52
Bunge		47					47
Marubeni						40	40
Batu Kawan Group		37					37
Wilmar		28					28
Sinar Mas Group		27					27
Sinochem Group				24			24
Sumitomo Rubber Industries				13			13
Siat Group		11					11
Olam Group		2		3		2	8
Bolloré		5		2			7
Cargill		5					5
Yulin						3	3

PHOTO: guenterguni/ iStock

LEAGUE TABLE: Investing in Biodiversity Colllapse

Here are the 30 largest institutional shareholders based on their July 2024 holdings in the 300 largest forest-risk commodity sector companies operating in Southeast Asia, South America, and West and Central Africa. It shows the historical shareholdings for 2018-2023 based on year-end positions, and the July 2024 positions in US$ million.

Rank	Investor	Variance (Between 2018 - 2024 July)	Trendline 2018-2024 (July)	2018	2019	2020	2021	2022	2023	2024 (July)
1	**Permodalan Nasional Berhad** (Malaysia)	-22%		5,614	5,965	6,159	5,783	5,508	4,942	4,400
2	**Employees Provident Fund** (Malaysia)	-40%		4,398	3,485	3,625	4,299	3,434	2,909	2,637
3	**BlackRock** (United States)	61%		1,586	1,555	1,552	1,891	1,651	2,376	2,548
4	**Vanguard** (United States)	28%		1,440	1,489	1,563	1,716	1,568	1,908	1,839
5	**Government Pension Fund Global (GPFG)** (Norway)*	-		-	-	-	-	712	555	1,298
6	**Lembaga Kemajuan Tanah Persekutuan** (Malaysia)	69%		567	696	580	686	1,115	950	960
7	**KWAP Retirement Fund** (Malaysia)	-34%		1,332	1,021	1,140	1,281	910	1,000	882
8	**Lembaga Tabung Angkatan Tentera (LTAT)** (Malaysia)	-		-	-	-	-	-	-	732
9	**State Street** (United States)	210%		218	300	302	526	542	677	675
10	**Capital Group** (United States)	5%		557	402	66	188	370	649	586
11	**Government Pension Investment Fund (GPIF)** (Japan)*	-		-	-	-	-	739	639	554
12	**Dimensional Fund Advisors** (United States)	-24%		666	638	615	436	390	514	508
13	**Bank of New York Mellon** (United States)	9%		399	336	338	410	367	477	434
14	**Santander** (Spain)	1995%		20	32	42	74	32	22	426
15	**Silchester International Investors** (United Kingdom)	13%		370	318	316	152	287	409	419
16	**Fidelity Investments** (United States)	43%		269	250	428	739	437	516	386
17	**T. Rowe Price** (United States)	62%		238	245	258	195	214	518	385
18	**JPMorgan Chase** (United States)	86%		205	157	155	147	204	197	381
19	**UBS** (Switzerland)	460%		65	74	90	133	151	321	364
20	**BNDES - Brazilian Development Bank** (Brazil)	-75%		1,373	1,823	2,473	1,869	646	299	342
21	**Itaú Unibanco** (Brazil)	673%		42	72	337	363	397	310	321
22	**Public Bank** (Malaysia)	-31%		459	555	516	459	461	338	315
23	**Bizma Investimentos** (Brazil)	-		-	-	-	295	282	218	301
24	**Geode Capital Holdings** (United States)	283%		75	101	117	158	201	296	288
25	**Crédit Agricole** (France)	281%		70	73	59	80	80	231	268
26	**Malaysian Hajj Pilgrims Fund** (Malaysia)	-41%		434	246	181	103	169	267	258
27	**Oversea-Chinese Banking Corporation** (Singapore)	-22%		306	362	344	470	452	287	239
28	**Sumitomo Mitsui Trust** (Japan)	0%		236	252	260	269	281	227	236
29	**Provident Capital Indonesia** (Indonesia)	203%		76	56	45	77	192	328	230
30	**Ackermans & van Haaren** (Belgium)	-10%		249	186	200	179	230	227	224

NOTE: No historical shareholding data in GPIF and GPFG in this study. GPIF and GPFG shareholdings data is not included consistently in Refinitiv which was used for this momentum analysis. The trendlines are based on financial values which are subject to fluctuations and do not necessarily represent active increases or decreases in shares held.

FINANCIAL FLOWS TO FOREST-RISK COMMODITY COMPANIES

The largest companies to receive forest-risk finance have a wide array of well documented ESG risk flags linked to environmental, social or governance violations. As all of them operate in sectors which are high-risk, financial institutions should conduct enhanced due diligence and apply conditionalities before extending finance to these companies.

Among the largest companies receiving forest-risk financing are Southeast Asian conglomerates: Sinar Mas Group (SMG), Royal Golden Eagle (RGE), Salim, SD Guthrie, Jardine Matheson Group, Batu Kawan Group, and IOI; with operations in palm oil and, for SMG and RGE, pulp and paper. The global agro-commodity traders such as Archer Daniels Midland, Bunge, Cargill, COFCO and Olam also received significant credit and investment for their palm oil and soy operations in Southeast Asia and Brazil.

Other significant companies include Brazilian meatpacking giants JBS, Marfrig, and Minerva and pulp and paper companies, Suzano, Oji, and Klabin. FSC-certified Suzano was the largest recipient of both credit and investment. It is one of Brazil's largest landowners and has faced ongoing allegations of violence, intimidation, and land grabbing in its supply chain.[12] Its practices, which include the expansion of tree plantations which have been found to be a major, often indirect, driver of deforestation in Brazil should highlight the need for enhanced scrutiny by financial institutions.[13] See pages 32 to 43 for more information about cases linked to many of these companies.

PHOTOS: Paralaxis / Getty Images; Felipe Beltrame

FINANCIAL FLOWS to Forest-Risk Commodity Companies

TABLE 7: Summary of largest companies receiving credit and investment
(US$ MILLIONS)

NOTE: Companies in this table were included both for the values of credit they received and the values of investment they attracted. These figures cannot be summed up. To avoid the misinterpretation of these two distinct types of finance (flows and stock), the table is sorted alphabetically.

Beef | Palm Oil | Pulp & Paper | Rubber | Soy | Timber

Group	Sectors	Regions of Operation	Credit (2018-2024 June, US$ mln)	Investment (2024 July, US$ mln)
Archer Daniels Midland (United States)	Palm Oil, Soy	Central & West Africa South America Southeast Asia	2,698	2,138
Batu Kawan Group (Malaysia)	Palm Oil, Rubber	Central & West Africa Southeast Asia	1,291	1,886
Bunge (United States)	Palm Oil, Soy	Central & West Africa South America Southeast Asia	1,912	1,940
Cargill (United States)	Palm Oil, Soy	Central & West Africa South America Southeast Asia	1,725	203
CMPC (Chile)	Pulp & Paper	South America Southeast Asia	4,439	2,233
COFCO (China)	Palm Oil, Soy	Central & West Africa South America Southeast Asia	4,201	6
Felda Group (Malaysia)	Palm Oil, Rubber	Southeast Asia	2,009	810
IOI Group (Malaysia)	Palm Oil, Rubber	Southeast Asia	293	1,836
Itochu (Japan)	Palm Oil, Pulp & Paper, Rubber, Soy, Timber	Central & West Africa South America Southeast Asia	675	1,158
Jardine Matheson Group (Hong Kong)	Palm Oil	Southeast Asia	1,279	562
JBS (Brazil)	Beef	South America	1,101	719
Klabin (Brazil)	Pulp & Paper, Timber	South America	5,010	1,150
Marfrig (Brazil)	Beef	South America	2,571	256
Minerva (Brazil)	Beef	South America	2,297	554
Oji Group (Japan)	Pulp & Paper, Timber	South America Southeast Asia	1,508	503

Group	Sectors	Regions of Operation	Credit (2018-2024 June, US$ mln)	Investment (2024 July, US$ mln)
Olam International (Sinapore)	Palm Oil, Rubber, Soy, Timber	Central & West Africa South America Southeast Asia	3,447	135
Perkebunan Nusantara Group (Indonesia)	Palm Oil, Pulp & Paper, Rubber, Timber	Southeast Asia	1,923	-
Royal Golden Eagle Group (Indonesia)	Palm Oil, Pulp & Paper	South America Southeast Asia	9,657	-
Salim Group (Indonesia)	Palm Oil, Rubber	Southeast Asia	3,213	133
SCG Packaging (Thailand)	Pulp & Paper	Southeast Asia	3,147	72
SD Gutherie (Malaysia)	Beef, Palm Oil, Rubber	Southeast Asia	-	5,873
Sinar Mas Group (Indonesia)	Palm Oil, Pulp & Paper	Central & West Africa South America Southeast Asia	30,942	910
Sinochem Group (China)	Rubber	Central & West Africa Southeast Asia	11,948	92
Smurfit Westrock (Ireland)	Pulp & Paper	South America	478	4,070
Sungai Budi Group (Indonesia)	Palm Oil	Southeast Asia	2,055	3
Surya Dumai Group (Indonesia)	Palm Oil	Southeast Asia	150	252
Suzano (Brazil)	Pulp & Paper	South America	31,633	6,858
Top Glove (Malaysia)	Rubber	Southeast Asia	3,009	385
Triputra Group (Indonesia)	Palm Oil	Southeast Asia	1,207	11
Wilmar (Singapore)	Palm Oil, Soy	Central & West Africa South America Southeast Asia	2,323	377

FINANCE AND THE FRONTLINES

PHOTOS: Paul Hilton / RAN; Felipe Beltrame

RAINFOREST TO ILLEGAL PASTURE:
JBS's Impact on Apyterewa

The Amazon rainforest, one of the world's most biodiverse ecosystems, is teetering on the brink of irreversible collapse. While the health of the Amazon has profound implications for all life on earth, Indigenous and Traditional communities are on the frontlines of destruction. Cattle ranching, driven by global demand for beef, is driving deforestation and the invasion of Indigenous Territories (ITs) in Brazil. The world's largest meat processing company, JBS, exemplifies this destructive dynamic, with its operations at the center of ongoing conflicts with Indigenous Peoples.[14]

JBS has been repeatedly convicted and fined for a wide range of illegal business practices that have been extensively documented over the last 15 years.[15] These practices include bribery and corruption,[16] price-fixing,[17] forest destruction,[18] forced labor and labor abuses,[19] invasion and land grabbing of Indigenous and traditional territories,[20] and excessive greenhouse gas (GHG) emissions.[21] Earlier this year, the New York Attorney General filed a lawsuit against JBS for greenwashing claims that misled consumers about the environmental harms linked to their products.[22]

JBS has also been accused of 'cattle laundering'[23]— where cattle from illegally deforested areas are moved to 'clean' ranches before entering the supply chain. JBS deny responsibility for such laundering and claim it has taken place without their knowledge or consent. However, the fact these activities have taken place in their supply chain has not deterred major banks and investors from financing them. Recent analysis by Forests & Finance identified US$ 1.1 billion in credit and US$ 719 million in investments directed to JBS' beef operations in Brazil between 2018 and 2024.

The Parakanã Indigenous Peoples have been defending their land, Apyterewa, from invaders for decades. Located in the Brazilian state of Pará within the Xingu basin, Apyterewa covers 773,820 hectares. Legal recognition of Apyterewa by the Brazilian government in 2007 is crucial because it provides the Parakanã with official land rights and imposes restrictions on land use, such as commercial cattle ranching.[24] However, despite this legal protection, Apyterewa has become the most deforested Indigenous Territory in Brazil, with over 477 square kilometers of forest razed between 2008 and June 2024.[25] Alarmingly, 98% of this deforestation has been converted to illegal pasture for cattle,[26] with the majority occurring during the Bolsonaro administration, which fostered a culture of impunity for land invasions.[27]

PHOTOS: Fernando Martinho / Reporter Brasil

In late 2023, law enforcement began efforts to expel invaders from TI Apyterewa, where an estimated 60,000 cattle were being illegally raised on 900 square kilometers of pasture in the Parakanã's territory.[28] However, the damage was already done, with laundered cattle, illegally raised in Apyterewa, entering JBS's supply chain.[29] As a result, the illegal origins of the cattle were deliberately obfuscated making traceability more difficult. As above, JBS has denied responsibility for cattle laundering in its supply chain.

The Parakanã have demanded reparations from JBS and its financiers, including BNDES, one of JBS' largest shareholders. During a meeting in April 2024, Parakanã leaders pressed BNDES to compensate for the environmental destruction and support reforestation efforts.[30]

The response to JBS' destructive practices has already led to significant actions: six European supermarket chains announced a boycott of Brazilian beef from JBS in 2021,[31] and at least 22 financial institutions have excluded JBS from their portfolios.[32] BNDES has also reduced its shareholding in JBS by 51%, from $667 million to $340 million.

"The BNDES has given money to farmers to get stronger and cut down the forest. **We want to reoccupy the territory** so that the ranchers don't come back. **We need to reforest and recover everything we've lost.**"

– **Wenatoa Parakanã,** leader of the Parakana, underscoring the urgent need for restoration.

PHOTO: Paulo Bull

CONCLUSION

This case highlights the urgent need for financial institutions to ensure their clients respect Indigenous Peoples' rights to give or withhold their Free, Prior, and Informed Consent (FPIC) to development on their lands and implement a comprehensive traceability system for their supply chain. The violations in JBS's supply chain, fueled by financial backing, demonstrate the severe impact of unchecked corporate practices on Indigenous communities and critical ecosystems like the Amazon. Banks and investors must ensure their clients eliminate deforestation and land grabbing from supply chains. Failing to do so risks not only perpetuating environmental and human rights abuses but also exposing financial institutions to significant reputational and financial risks. As global scrutiny intensifies, aligning financial practices with these standards is essential to protecting both people and the planet.

BANKING ON FALSE PROMISES: The Risks of Overreliance on Flawed Certification Schemes

Amid global efforts to combat deforestation and protect human rights, certification schemes like the Forest Stewardship Council (FSC) and the Roundtable on Sustainable Palm Oil (RSPO) have been promoted as solutions to ensure sustainable practices. However, these schemes have major flaws that limit their effectiveness in independently verifying deforestation-free and responsibly produced commodities.[33]

This case study reveals how companies exploit FSC and RSPO certifications to greenwash harmful activities, demonstrating that financial institutions cannot rely on these schemes to mitigate their exposure to deforestation, and other environmental and social risks. The 2023 Forests & Finance policy assessment found that many financiers with no-deforestation policies relied solely on FSC and RSPO certifications for compliance, ignoring the schemes' limitations.

MAJOR FLAWS IN CERTIFICATION SCHEMES

- **Misalignment with Policies and Regulations:** Certification standards do not fully align with No Deforestation, No Peatland and No Exploitation (NDPE) policies[34] or comply with the EU Deforestation Regulation (EUDR) requirements.[35]
- **Leniency Toward Non-Compliant Companies:** Companies can gain and/or retain certifications despite violating standards, undermining the credibility of these schemes.
- **Inadequate monitoring and verification:** There is insufficient independent verification of compliance, with conflicts of interests in auditing processes.
- **Limited traceability and transparency:** Certification relies on mixed-source supply chains and lacks transparency in audit reports, especially concerning non-compliance.
- **Conflicts of interest:** The schemes are financially dependent on the companies they certify, leading to biased governance and oversight.

Many organizations have long warned that certification schemes are flawed and fail to meet regulatory standards or ensure deforestation-free, responsibly produced commodities.[36] A major issue is that these schemes allow companies to retain certification despite evidence of non-compliance, rather than placing the burden of proof on companies to show deforestation-free supply chains.[37] Additionally, certification systems fail to hold their members accountable across all operations under the control of their corporate group, and do not address the proliferation of deforestation through members' 'shadow companies'.[38]

PHOTO: Paul Hilton / RAN

EXAMPLES OF RSPO WEAKNESSES

After over a decade of controversies, the Roundtable on Sustainable Palm Oil (RSPO) revised its standard in 2018 to align with best practice No Deforestation, No Peatland and No Exploitation (NDPE) requirements.[39] A key improvement was prohibiting the certification of oil palm plantations grown on lands deforested since November 2018 and requiring the implementation of the High Carbon Stock Approach to protect natural forests.[40] However, in 2024 the RSPO is proposing, to its members, to weaken these standards, removing the requirement for members to implement the High Carbon Stock Approach before development. This would effectively let companies set their own deforestation standards.

The RSPO complaint mechanism has been criticized for its protracted process and bias towards companies, often failing to deliver justice or meaningful remedies.[41] It allows companies to retain certification despite substantial evidence of non-compliance.[42] Recent changes mean land-grabbing cases are no longer accepted if Indigenous lands were taken without consent before 2004. These cases illustrate that calls from civil society organizations for reforms to the RSPO's assurance systems have been ignored, rendering the complaints mechanism increasingly ineffective.[43]

First Resources Ltd and the Fangiono Group: Indonesia

Despite committing to No Deforestation in 2015, palm oil producer First Resources (SGX:EB5), controlled by the Fangiono family, has been implicated in significant deforestation through shadow companies also controlled by the Fangionos.[44] A recent investigation alleges that these companies have cleared 89,000 hectares of rainforest for palm oil since joining the RSPO in 2008.[45] First Resources has retained its RSPO certification, despite evidence of violations including allegations on the use of shadow companies in 2018, a 2021 RSPO complaint, and ongoing investigations.[46] A number of prominent brands have suspended business with First Resources based on these allegations.[47] First Resources has denied operating shadow companies but confirmed that one of the shadow companies exposed for deforestation is a supplier.[48]

First Resources received US$ 150 million in credit in 2021 from DBS, Maybank, SMBC Group and United Overseas Bank (UOB). All except UOB, have NDPE requirements for palm oil clients and use RSPO certification as a proxy for NDPE compliance.

Socfin - Bolloré: West Africa

Despite numerous RSPO complaints and documented human rights abuses on its plantations in West Africa, Socfin, controlled by Bolloré, continues to hold RSPO certification.[49] Major investors, like the Norwegian Government Pension Fund and the Swiss Association for Responsible Investments have excluded Bolloré due to its failure to address land grabbing, environmental damage and human rights violations.[50] Even Socfin's own investigations, requested by clients, have reached similar conclusions of harmful practices, and yet Socfin's RSPO certification remains intact.[51]

Bolloré's palm oil operations were financed most recently, in 2021-2022, by banks including United Overseas Bank, Crédit Agricole, and BNP Paribas, all of which use RSPO certification as part of their No Deforestation policy commitments. Other creditors in this period, such as Zenith Bank and Société Générale, were not assessed or only made general commitments like Groupe BPCE. Investors also held US$ 4.5 million in bonds and shares as of July 2024. These included US-based Affiliated Managers Group, Vanguard and Blackrock, and the Norwegian Government Pension Fund.

Royal Golden Eagle: Indonesia

Investigations have revealed extensive deforestation and rights violations across the Royal Golden Eagle (RGE) group, including in RGE's palm oil subsidiaries, Apical and Asian Agri, in violation of their 2015 No Deforestation pledge.[52] However, they have retained their certification, allowing continued access to global markets. Apical has been repeatedly exposed for sourcing palm oil from suppliers involved in deforestation and illegal palm oil production within the Leuser Ecosystem.[53] Despite this non-compliance, Apical continues to sell RSPO certified palm oil to global markets via the Mass Balance Supply chains which allows the mixing of certified and non-certified sources.

Recent analysis shows that over 1,474 hectares of forests have been cleared inside Asian Agri's palm oil concessions since 2015, with deforestation increasing since 2019.[54] Under the EUDR, palm oil products produced on the land cleared after 2020 would be disqualified from entering the EU market. Both groups have retained their RSPO certification.

RGE has denied deforestation in Asian Agri's operations.[55] Asian Agri claimed the deforestation occurred outside its concession but declined to share data, citing Indonesian law.[56] Apical initially denied sourcing illegal palm oil[57] but later suspended the broker after identifying supply chain risks.[58]

The largest ten creditors of RGE's palm oil operations provided US$ 1.84 billion in loans and underwriting in 2021 and 2024. Among these were MUFG, First Abu Dhabi Bank, E.SUN Financial each providing US$ 286 million. Based on the Forests & Finance 2023 policy assessment, MUFG's No Deforestation policy relied upon RSPO certification for implementation.

PHOTOS: Gaurav Madan / Milieudefensie

Sinar Mas Group: Liberia

Golden Veroleum Liberia (GVL), controlled by Golden Agri Resources (GAR) of the Sinar Mas Group, has violated No Deforestation requirements and international human rights norms.[59] This includes failing to respect Indigenous communities rights to give or withhold their Free, Prior and Informed Consent (FPIC) to developments on their lands, deforestation, environmental degradation, and biodiversity loss.[60] Since starting operations in Liberia, GVL has been accused of flawed FPIC processes and causing protracted land conflicts. An RSPO complaint, ongoing since 2012, was recently closed despite GVL's failure to restore High Conservation Value areas that were cleared or address community allegations of land grabbing and other abuses.[61] Despite these violations, GVL and GAR remain RSPO members, with GAR retaining certification.

GAR and GVL acknowledged the deforestation in their operations in Liberia in 2021.[62] GAR quit the High Carbon Stock Approach (HCSA) in 2023 without implementing their recommendations for remediation issued in 2021.[63] In 2018, GVL said they would voluntarily suspend membership of the RSPO in response to a RSPO complaint panel decision that included stop work orders.[64]

SMG was a major recipient of both forest-risk credit and investment securing US$ 5.6 billion (2018-2024 June) and US$ 582 million (July 2024) respectively. Its most recent creditors include Bank Negara Indonesia, Bank Panin, MUFG, Maybank and CIMB. All of these have No Deforestation policies which reference RSPO certification.

EXAMPLES OF FSC WEAKNESSES

Sinar Mas Group (SMG) and Royal Golden Eagle (RGE), two of the world's largest recipients of forest-risk finance, dominate Indonesia's palm oil and pulp industries. Both companies lost their FSC certifications due to large-scale deforestation (SMG in 2007[65] and RGE in 2013).[66] Since then, they have aggressively lobbied to weaken FSC's standards.[67] In 2022, their efforts succeeded when the FSC controversially allowed certification for industrial timber plantations in Indonesia on lands cleared between 1994 and 2020.[68]

Sinar Mas Group

SMG's pulp division, Asia Pulp & Paper (APP), began an FSC remedy process in May 2024 which aims to address past harms, enabling APP to regain certification.[69] These harms included over 100 conflicts with local and Indigenous communities through SMG-controlled companies.[70] So far, the remedy process has been criticized for excluding several companies and failing to cover the full scope of APP's corporate group.[71] APP's flawed policies, particularly around Free, Prior, and Informed Consent (FPIC), and a poor track record in conflict resolution further undermine the credibility of this process.[72] For example, a well-documented conflict with the Sakato Jaya Farmers Group in Indonesia's Jambi province remains unresolved after three years of mediation.[73]

The FSC has also failed to conduct a credible investigation into evidence that Paper Excellence (PE), a major FSC-certified Canadian forestry company, is controlled by the same corporate group as Asia Pulp & Paper (APP) and Sinar Mas Group (SMG).[74] FSC policy should prohibit any company within the same corporate group as a disassociated entity from retaining certification.[75] Despite a 2021 FSC review finding no link, subsequent reports strongly suggest common control.[76] PE has denied there are ownership or control links with APP or SMG.[77]

PHOTO: Paul Hilton / RAN

Conflicts of interest have further compromised FSC's integrity: PE, through its subsidiary Resolute Forest Products, holds a seat on the FSC Canada Board,[78] and McMillan LLP, legal advisors to PE, was appointed by the FSC to conduct a further review of ownership links in 2024 despite its clear conflicts of interest.[79]

SMG's pulp and paper creditors provided US$ 25.3 billion (2018-2024 June) and all of the largest five were Indonesian banks: Bank Rakyat Indonesia, Bank Mandiri, Bank Central Asia and Bank Negara Indonesia. None of these banks have a No Deforestation policy for the pulp and paper sector, except for Bank Central Asia which has a very weak commitment. Investors held US$ 271 million in bonds and shares in SMG as of July 2024. The largest were US asset managers Vanguard, BlackRock, and Dimensional Fund Advisors.

Royal Golden Eagle

RGE, controlled by the Tanoto family, is linked to extensive deforestation despite its 2015 No Deforestation commitment, repeatedly missing targets and extending deadlines.[80] Its pulp division, Asia Pacific Resources International Holdings Ltd. (APRIL), withdrew from FSC certification to avoid scrutiny over deforestation allegations.[81] In 2023, APRIL began a remedy process to regain FSC certification in 2023,[82] but RGE shadow companies continue to be major deforesters in Indonesia.[83]

For example, PT Mayawana Persada (Mayawana) cleared 33,000 hectares including peatlands since 2021, causing conflicts with the Indigenous Dayak community and threatening endangered species.[84] Investigations uncovered RGE's hidden ownership of Mayawana dating back to late 2022, coinciding with the company's increased deforestation.[85] RGE has denied any ownership links or forms of control to Mayawana.[86]

Similarly, PT Toba Pulp Lestari Tbk (PT TPL), which is over 90% owned by the Tanoto family through offshore entities, has been involved in rights violations against 23 Indigenous Batak communities resisting development on their lands.[87] Despite continuing deforestation in PT TPL concessions after the 2020 FSC cut-off, it is still under consideration to gain certification.[88] PT TPL has refuted allegations of deforestation.[89]

RGE received US$ 7.6 billion in credit (2018-2024 June) with the Chinese Bank of China, CITIC and China Minsheng in the top five, alongside Brazilian Bradesco and Japanese MUFG. Only Bank of China had some commitments that applied to the pulp and paper sector, however these were weak.

PHOTO: RAN

NEED FOR STRONGER DUE DILIGENCE AND POLICIES

To avoid facilitating environmental and social harms, financial institutions must go beyond relying on flawed certification schemes.[90] They should adopt NDPE-aligned policies, require corporate group-level compliance from clients, and implement robust monitoring, due diligence and independent verification processes. Establishing a grievance mechanism aligned with the United Nations Guiding Principles (UNGP) would ensure non-compliance is reported and addressed.

With the European Union Deforestation Regulation (EUDR) coming into force in December 2024, financial institutions should align their policies with emerging regulations that apply to their clients. The EUDR requires full traceability and compliance with local laws for forest-risk commodities entering the EU market to ensure they are deforestation-free. A recent study found that FSC and RSPO, among other certification schemes, fail to meet EUDR standards, underscoring the need for more stringent oversight.[91]

CONCLUSION

Certification schemes like FSC and RSPO are fundamentally flawed and cannot be solely relied upon by financial institutions to address their role in driving deforestation and human rights violations. As evidenced by the actions of companies like First Resources, Socfin, Royal Golden Eagle, and others, these certifications often serve as a facade for harmful practices. Financial institutions must adopt NDPE policies and robust due diligence and independent verification measures, beyond reliance on these certifications, to prevent contributing to environmental destruction and social harm.[92] While aligning with regulations like the EUDR is necessary, it is not enough. The European Commission must complete its impact assessment as per the EUDR review clause and propose expanded due diligence obligations for the financial sector, ensuring financial flows do not contribute to biodiversity loss and human rights abuses.

PHOTOS: Martin Waalboer / Milieudefensie ; Louren Colf / shutterstock; Frontpage / shutterstock; Debora Lima

Bunge and the Illusion of TNFD Disclosure as Progress

Bunge, a US-headquartered agribusiness giant, is one of the largest soy traders and soybean processors globally, with extensive operations in the biodiverse Cerrado region of Brazil. The Cerrado, a savannah home to 5% of the world's species,[93] is a key region for soy production but is increasingly threatened by deforestation, land grabbing, violations of Indigenous Peoples' rights and violence against Human Rights Defenders.[94] Deforestation in the Cerrado is accelerating, driven in large part by massive soybean farms.[95]

Bunge's links to deforestation and human rights abuses are not recent developments, but part of a persistent pattern dating back over a decade. Despite its public sustainability commitments, Global Canopy's Trase database has consistently identified Bunge as having the largest deforestation exposure for soy in Brazil since at least 2013, with exposure exceeding 60,000 hectares in 2020 alone.[96] In 2018, Bunge was fined by Brazil's environment agency, Ibama, for deforestation-related activities, further highlighting its repeated violations despite pledges to act sustainably.[97]

In 2023, Friends of the Earth US reported that Bunge had a near monopoly on soy trading in the Brazilian state of Piauí, where deforestation in areas linked to its operations has surged by almost 300% since 2021.[98] This includes land grabbing and violence against local communities.[99] Bunge also faced allegations from CSOs of sourcing soy from suppliers responsible for over 11,351 hectares of deforestation in the Cerrado, continuing after the December 2020 cut off date for the EUDR.[100] Human rights abuses, including land theft from the Indigenous Guarani Kaiowá peoples, have been associated with a farm that Bunge sources from in Mato Grosso do Sul.[101]

With longstanding operations across the Americas, Europe, and Asia, Bunge has long been a dominant force in global food supply chains, historically recognized as one of the "ABCD" grain traders alongside Cargill, ADM, and Louis Dreyfus.[102] Its influence is set to grow further as the European Commission has approved its planned merger with Glencore's agribusiness subsidiary, Viterra, positioning the company to rival even the largest global players in agricultural commodities.[103]

THE TNFD FRAMEWORK: A FALSE SOLUTION

Despite Bunge's extensive track record of deforestation and Indigenous human rights violations, it was selected as one of 40 companies represented on the Taskforce on Nature-related Financial Disclosures (TNFD).[104] Bunge's inclusion highlights broader flaws of the TNFD framework. Although co-founded by two UN agencies, Global Canopy and WWF, the TNFD is ultimately governed by a corporate taskforce. Launched in 2023, the TNFD claims to help businesses and financial institutions manage nature-related risks. However, it has been criticized by some civil society organizations, rights holders and academics for being corporate-driven rather than evidence-led, and for failing to equally involve civil society, Indigenous groups, women's organizations or independent environmental experts in its decision-making process.[105]

Bunge and its financiers are now using the TNFD framework to report on nature-related risks, but the framework's lack of enforceable standards allows companies like Bunge to disclose selectively, avoiding accountability for the full environmental and human rights impacts tied to their operations. Bunge's adoption of TNFD exemplifies how corporations can exploit weak, voluntary frameworks to maintain the status quo while diverting attention from real underlying issues. The TNFD's baseline "single materiality" approach recommends that companies disclose risks that are financially significant to their business, ignoring the broader impacts on biodiversity or local communities.[106] In Bunge's case, its first TNFD report in 2024 reflects this, offering a highly selective presentation of data that distracts attention from the more fundamental issues of deforestation and rights abuses, thus failing to address the systemic harm in its supply chains.[107]

For instance, Bunge's TNFD-aligned report highlights internal operations and sustainability claims but omits key data, including full exposure to deforestation in the Cerrado,[108] suppliers' involvement in illegal land grabs, and displacement of Indigenous and Quilombola communities.[109] While the company promotes traceability efforts, it is unclear if these account for deforestation and land grabbing that occurs in order to establish farms for soy production prior to entering Bunge's supply chain. The company continues to lack adequate policies and due diligence procedures to ensure human rights abuses and FPIC violations are not linked to its operations.

The TNFD does not recommend grievance mechanisms or grievance lists, which track significant complaints against a company. This is another example of how TNFD 'disclosure' avoids some of the most meaningful and relevant forms of transparency, such as direct allegations of harm - and distracts from calls for accountability for its impacts. The framework also fails to challenge companies' right to retain profits earned from environmental or human rights violations.

In its response to Friends of the Earth US's 2023 report, Bunge contests that it has a near-monopoly on soy trading in Piauí, argues that data from the TRASE platform is imprecise, and requires suppliers to respect and protect human rights. Bunge states that it does not buy soybeans from commercial farms that overlap with Indigenous lands; however it is unclear if the company is only referring to titled lands or lands to which Indigenous Peoples and other traditional communities have customary claims and rights.

GREENWASHING THROUGH DISCLOSURE AND ONGOING FINANCIAL SUPPORT

Despite its track record of environmental violations, Bunge continues to receive substantial financial backing. From 2018 to June 2024, Bunge received US$ 676 million in credit and US$ 678 million in investment as of July 2024 for its forest-risk soy operations. Bunge's financiers include TNFD-early adopters such as SMBC, Rabobank, Crédit Agricole, Mizuho, Standard Chartered, Bank of America, UBS and Fidelity International.

This ongoing financial support, including from financiers who serve on the TNFD taskforce or are TNFD members more broadly, highlights the disconnect between public sustainability commitments and actual business practices. The TNFD framework, which many of these financiers have adopted, allows them to claim to address biodiversity issues while continuing to finance companies responsible for biodiversity destruction.

The TNFD framework does not recommend public disclosure of independently verifiable data, nor does it have a process to exclude companies which have not addressed ongoing grievances.[110] As a result, reports from Bunge and its financiers are more public relations tools than meaningful environmental disclosures, masking the true impacts of their operations. This illusion of progress is unsurprising given TNFD taskforce's track record — according to The Canary over the past decade, they've faced nearly 300 allegations of rights abuses.[111]

This raises serious concerns about the opaque process of selecting the taskforce members who were the ultimate decision-makers of the TNFD framework for reporting, and based on what qualifications. While TNFD reporting is unlikely to be problematic in a scenario where a company has a track record of genuine commitment to ethical processes, for companies that have failed to meaningfully address past allegations of environmental and social harm, the framework is more likely to distract from, and undermine, existing calls for real accountability.

In fact, a quick online search reveals more about Bunge's biodiversity harms than what is disclosed in its TNFD reports. This disparity is a damning indictment of the framework's effectiveness. Far from driving meaningful change, TNFD allows corporations to continue profiting from environmental destruction while offering minimal transparency about the risks they pose to ecosystems and local communities.

CONCLUSION

Bunge's participation in TNFD highlights the fundamental flaws of voluntary frameworks. Instead of addressing its systemic issues — decades of deforestation, land grabbing, and rights violations — Bunge uses TNFD to maintain the illusion of progress. Without enforceable standards and full transparency, TNFD fails to hold companies accountable for their environmental and human rights impacts.

Policymakers must move beyond voluntary disclosures like TNFD and enforce mandatory regulations requiring independently verified data on environmental and social impacts. Financial institutions supporting companies like Bunge must reject superficial frameworks and demand real accountability through comprehensive due diligence, supply chain traceability, independently verified impact assessments, and transparent disclosure of grievances and violations, and processes for remedy.

CARBON AND BIODIVERSITY CREDITS AS BARRIERS TO ALIGNING FINANCIAL FLOWS

Biodiversity is the bedrock of our planet's resilience, crucial for the health and stability of all life on Earth, including human societies.[112] Yet, financial flows continue to fuel destructive industries that devastate ecosystems, undermining the foundation of our natural world. While market mechanisms and corporate-led initiatives like the Taskforce on Nature-related Financial Disclosures (TNFD), the Glasgow Financial Alliance for Net Zero (GFANZ), and carbon offsetting are often promoted as solutions, they frequently exacerbate human rights abuses and fail to deliver meaningful environmental benefits.[113]

THE PITFALLS OF MARKET MECHANISMS

Market mechanisms such as carbon offsets and biodiversity credits reduce nature to mere economic values, overlooking its intrinsic worth and foundational role in providing clean air, water, fertile soil and climate stabilization.[114] This commodification of nature often leads to harmful practices like land grabbing and exploitation, further degrading the ecosystems which need protection.[115]

Carbon offsetting, in particular, is based on the flawed assumption that carbon emissions from fossil fuels can be equivalently offset by carbon stored in trees, plants, and soils.[116] Forests and natural ecosystems simply cannot absorb the massive amount of additional carbon released by fossil fuel combustion, rendering offsetting ineffective and misleading.[117] Worse still, carbon offset projects frequently lead to land grabbing and human rights violations, particularly affecting Indigenous Peoples and local communities who rely on these ecosystems for their livelihoods.[118]

Similarly, biodiversity offsetting permits the destruction of one area in exchange for the preservation of another, disregarding the unique ecological value of each site.[119] This approach legitimizes biodiversity destruction under the false premise of a 'net' positive outcome. In many cases, the promised preservation either fails to materialize or would have occurred without the offset, offering no true additionality.[120] Moreover, this strategy often overlooks the distinct ways local communities—particularly women, who often bear the responsibility for gathering resources like water, firewood, and food—depend on these ecosystems. As a result, biodiversity offsetting frequently fails to deliver tangible benefits to those most impacted by ecological degradation, reinforcing existing gender inequalities.[121]

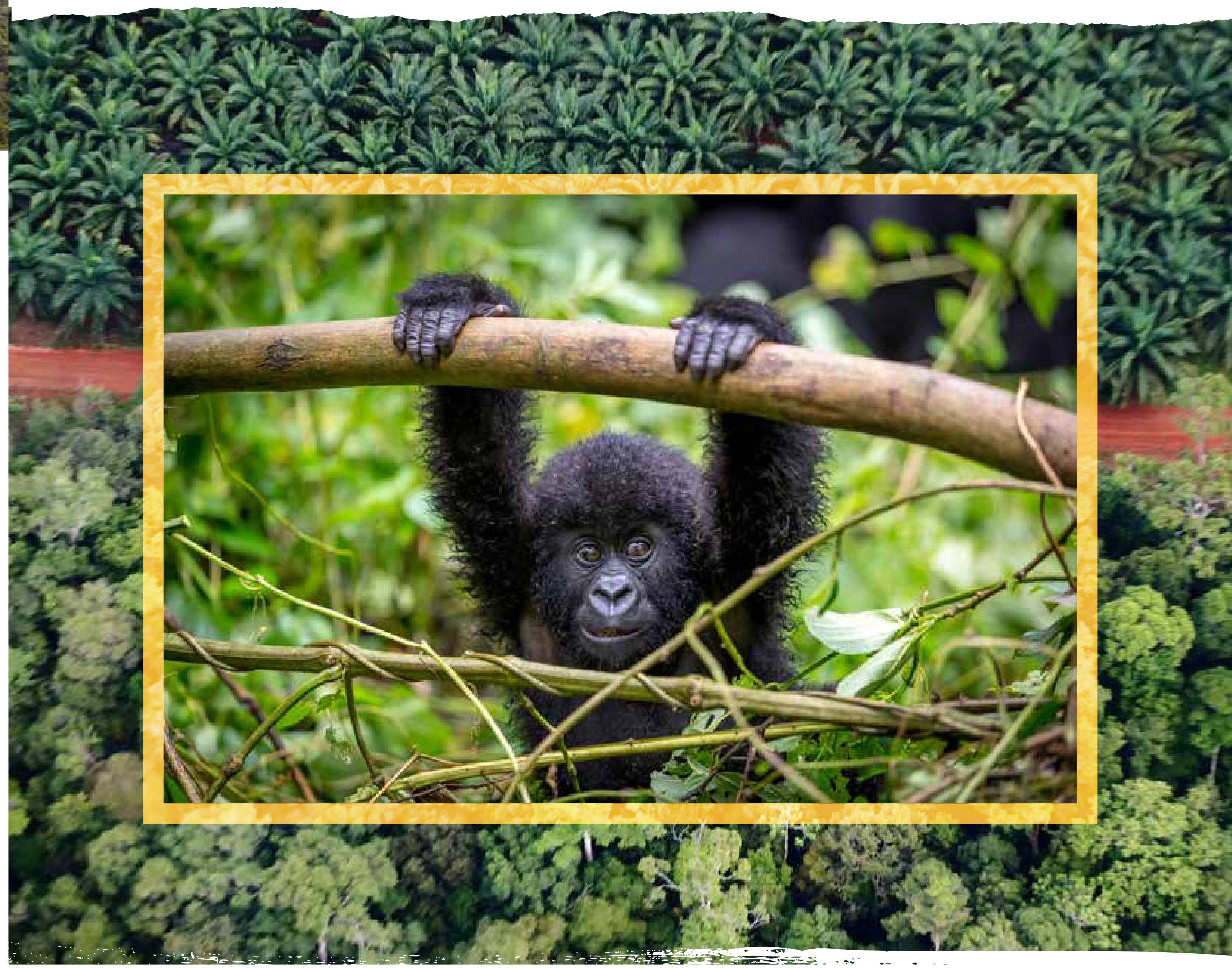
PHOTO: Marizilda Cruppe / Greenpeace; Leonard Spencer / iStock

THE INEFFECTIVENESS OF BIODIVERSITY-POSITIVE INVESTMENTS

The track record of financial mechanisms aimed at positively impacting biodiversity, including carbon and biodiversity credits, has been marginal and unproven.[122] When compared to the scale and urgency highlighted by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), these investments fall dramatically short.[123] A comprehensive examination of financial instruments across asset classes shows that the market is not adequately addressing systemic biodiversity risks and is unlikely to do so at the necessary pace and scale.[124]

Given this, central banks and financial supervisory bodies should avoid deploying resources towards promoting or expanding these private sector financial products.[125] The reliance on unproven market mechanisms not only risks economic inefficiencies but could perversely exacerbate systemic biodiversity risks by perpetuating destructive practices under the guise of sustainability. Instead, efforts should focus on stringent, science-based regulations that address the root causes of environmental degradation, protect human rights, and ensure that financial flows are aligned with global biodiversity and climate goals.[126]

In conclusion, as the world faces an unprecedented biodiversity crisis, it is clear that market-driven solutions like carbon and biodiversity credits are not only insufficient but potentially harmful. To truly safeguard our planet, we must reject these false solutions and demand meaningful action that prioritizes the protection of nature and the communities that depend on it.



RECOMMENDATIONS TO PROTECT LIFE ON EARTH

As we approach the critical juncture of the Convention on Biological Diversity (CBD) COP16 in Cali this year, we call on policymakers, governments, and companies, including financial institutions, to commit to meaningful actions that genuinely protect and restore our natural world. The financial sector should adopt and implement these five principles to align with the Global Biodiversity Framework:[127]

1: Halt and reverse biodiversity loss: One of the most fundamental ways in which the financial sector can halt and reverse biodiversity loss is by prohibiting finance to activities and sectors that are driving the destruction of nature. Financial institutions must ensure that their policies across all sectors are rooted in the concept of protecting forests and biodiversity, rather than more obscure and flexible notions of "nature positive" or no "net" loss.

2: Respect and prioritize the rights of Indigenous Peoples, women and local communities: In order to follow a human rights-based approach as stated in the Global Biodiversity Framework, the financial sector must ensure that policies and practices protect, prioritize, and center the human rights of impacted communities. This approach must respect Indigenous rights, as outlined in international standards of Free, Prior, and Informed Consent — such as ILO Convention No. 169 and the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) — as well as the long-standing international best practice and standards for protecting the rights of local communities on an ongoing, iterative basis.

3: Foster a just transition: The financial sector must prioritize a fair and inclusive transition by divesting from corporate-controlled extractive economies and investing in regenerative ones. It must ensure meaningful engagement, consultation, and respect for the rights and well-being of affected communities and workers, promoting ecological and social well-being in support of sustainable development goals. In addition, financial institutions must avoid false solutions such as biodiversity and carbon offset approaches, over-reliance on certification and disclosure schemes, and dependence on unproven, vague technologies.

4: Ensure ecosystem integrity: The financial sector should require that funding proposals and assessments evaluate cumulative, ecosystem-wide impacts prior to awarding financing, and prohibit financing to activities that seriously and negatively impact ecosystem integrity.

5: Align institutional objectives across sectors, issues, and instruments: Financial institutions and regulators must create strong coherence between biodiversity-related targets and other institutional objectives, such as approaches and targets for climate, and ensure that human rights protection is embedded in all due diligence and decision-making processes.

PHOTOS: Paul Hilton / RAN; Pedro Helder Pinheiro / shutterstock

RECOMMENDATIONS FOR FINANCIAL INSTITUTIONS

Financial institutions must adopt and implement strong policies and procedures to ensure that the financing of biodiversity collapse is eliminated. These policies and procedures should align with the 38 criteria in the Forests & Finance policy assessment methodology[128] and include:

- No Deforestation, No Peatland, No Exploitation (NDPE)-aligned policies which prohibit the financing of deforestation, forest degradation and conversion or degradation of natural ecosystems, set stringent pollution and emission threshold standards and fully protect human rights, with specific considerations for the rights of Indigenous Peoples, Human Rights Defenders and other marginalized populations;
- Strong due diligence and independent verification procedures for all their financial services to ensure policy compliance, including across the client's entire corporate group[129] and their suppliers;
- Contract and client on-boarding requirements on biodiversity and human rights risks, with explicit reference to Free, Prior, and Informed Consent (FPIC) requirements, including transparent, time-bound repercussions for non-compliance;
- Disclosure of:
  - the name of the project and company (or company group) they are financing, including financial intermediaries;
  - their full impacts on biodiversity with methods that allow data to be publicly and independently verified, and scrutinized;
  - complaints they face about their biodiversity and human rights impacts;
- Holistic and just transition plans, with clear metrics and targets, that address biodiversity, climate and social impacts with a systemic approach;
- A grievance mechanism for remedy and redress for affected communities and the environment which is aligned with the UN Guiding Principles on Business and Human Rights.

PHOTO: Nanang Sujana / RAN

RECOMMENDATIONS FOR POLICYMAKERS

Fundamental financial sector reform is critical for the achievement of the Global Biodiversity Framework (GBF) goals. Governments should update their National Biodiversity Strategy and Action Plans (NBSAPs) to strengthen financial-sector regulations to support central banks, financial regulators and supervisors to include biodiversity and human rights criteria as core to their mandate. Forests & Finance reviewed financial regulations relevant to tropical biodiversity loss in five important jurisdictions for forest-risk commodity financing: Brazil, China, the European Union, Indonesia and the United States. For further information and detailed recommendations, see the full report.[130] Below are summary recommendations that are applicable to all countries, grouped by type of regulation:

Risk management and financial stability: Financial institutions should be required to integrate biodiversity and human rights risks and impacts into their risk management processes at the corporate group level of their clients. They must develop transition plans with specific targets and hold board members accountable for risk management. Regulators should mandate higher capital reserves for high-risk activities. System-wide stress tests should also include biodiversity considerations.

Financial market functioning: Regulations should mandate regular disclosure of investment and loan portfolios, including exposure to biodiversity risks and impacts, with verifiable proof required for biodiversity-related claims. Financial products should be labelled based on their genuine sustainability impacts, and investment funds with harmful biodiversity impacts should be phased out.

Monetary policy: Central banks should prioritize bonds from issuers making concrete and verifiable positive contributions to biodiversity and human rights in any quantitative easing programs and collateral frameworks. They should assess and address the contribution of their own investment portfolios to biodiversity and human rights impacts. They should also offer reduced interest rates to financial institutions investing in genuinely sustainable and socially just activities.

Money laundering and financial crime: Biodiversity risks should be incorporated into due diligence and Know Your Customer processes. The financing of companies should be prohibited if they and their suppliers are not able to demonstrate clear adherence to all legal requirements in the areas where they operate. Financial institutions should be held accountable for crimes connected to the corporate groups that they finance, including those impacting biodiversity and human rights, and should be liable for remedy.

Corporate disclosure: Annual public reporting on biodiversity and human rights risks and impacts should be required for companies under the common control of all medium and large corporations. This should include detailed, verifiable data on biodiversity and rights impacts, including geolocation data of its operations. All companies should be required to publish annual profit and loss statements and provide details on their funding sources and (legality of) their assets.

Stimulating sustainable activities: Expand taxonomies to include biodiversity, social and human rights criteria and include categories for inherently harmful sectors. Financial institutions should be required to align their portfolios accordingly. Create robust, transparent and verifiable criteria for finance that incentivises community-led sustainable land use and restoration.

Human rights and environmental protection: Develop due diligence obligations for the financial sector to prevent the financing of embedded deforestation, forest degradation and human rights violations. Establish independent grievance and accountability mechanisms for affected communities and third parties to bring complaints against financial institutions.

Strengthening institutions: Financial regulators to develop in-house expertise on biodiversity and human rights and establish inclusive stakeholder platforms to consult with Indigenous Peoples, civil society and other experts. Outcome-focused financial regulations that align with the objectives of the GBF and shift the economy away from harmful activities must be supported by a robust sanctions regime. These should include stringent penalties for non-compliance and mandatory obligations to fund mitigation and remedy efforts for affected communities and ecosystems.

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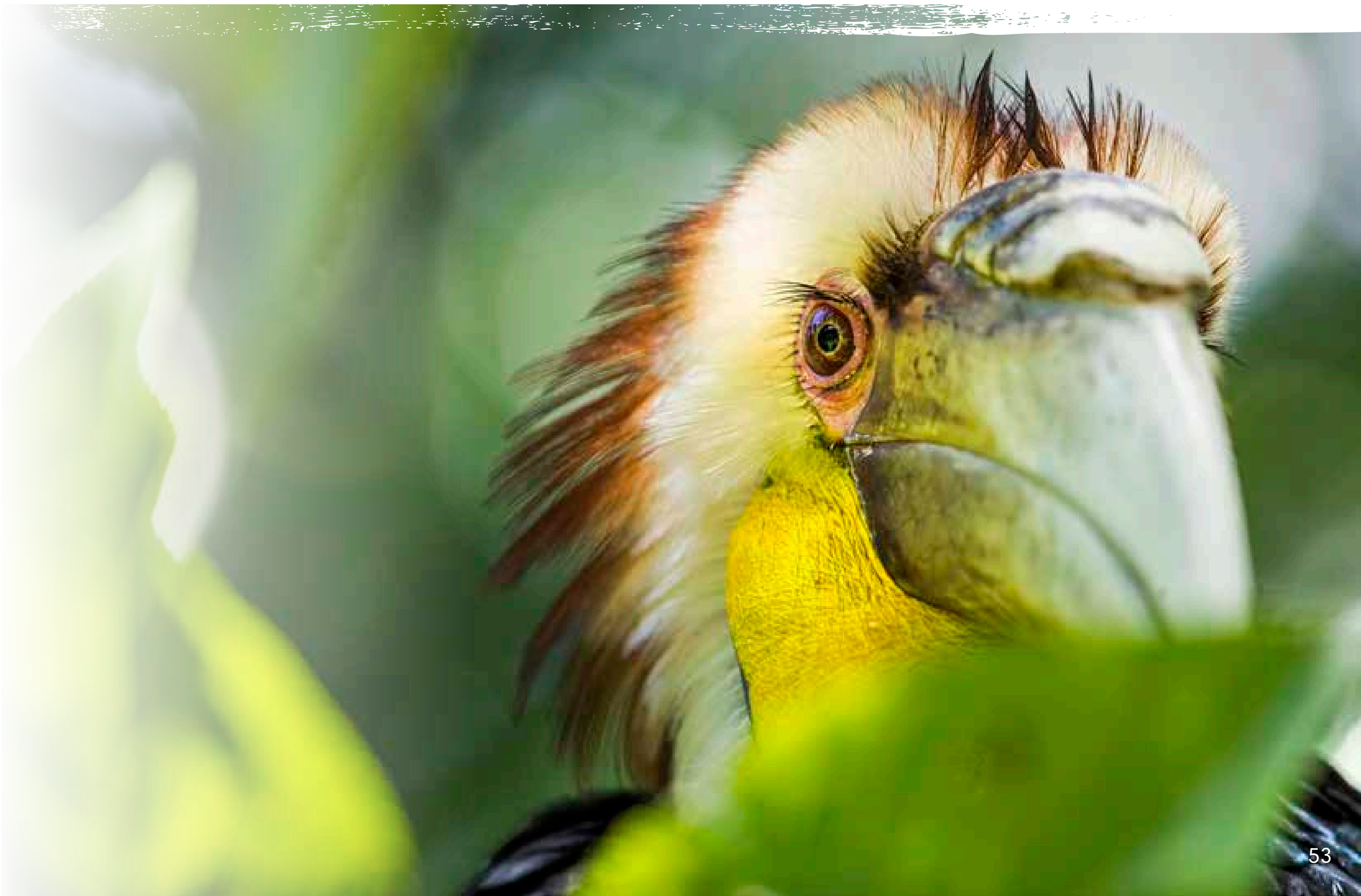

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