



September 23<sup>rd</sup>, 2020

### Joint letter to French Financial Institutions

As a group of international NGOs, we approach you to exhort you to use your role as funders to implement concrete measures to contribute to address soy-driven deforestation and conversion of native vegetation.

Besides its dramatic impact on biodiversity, local populations and water resources, deforestation in the tropics is also responsible for about 8% of the world's annual greenhouse gas emissions. This amount is more than the entire EU's emissions and it is just behind the US. As stated in IPCC's landmark report, drastically reducing annual emissions is vital if we are to limit global warming to 1.5°C. Yet, destructive deforestation activities continue to be widely funded worldwide. An important factor driving this destruction is the growth of companies producing raw materials for exportation, such as palm oil, timber and soya.

The soya industry is one of the leading drivers of both legal and illegal deforestation in the Brazilian *Amazon* and *Cerrado* regions. Moreover, soya industry is also responsible for direct and indirect ecosystem conversion and its related significant negative impacts to biodiversity, water resources and local communities.

**The four most important soya agricultural companies in Brazil are multinationals, the so-called ABCD group, which include Archer Daniels Midland (commonly known as 'ADM'), Bunge, Cargill, and Louis Dreyfus. Those 4 companies dominate the global grain trade, with the support of EU and US based financial institutions. In France, the main trader companies importing soya are Bunge, Louis Dreyfus Company, COFCO, Cargill and Solteam.**

France currently is partly responsible for the deforestation and loss of biodiversity in Latin America:

- France currently raises more animals for human consumption than what feed grown from its own land resources would support. As a high protein crop, soya is the most imported agricultural raw material in the country mainly destined for animal feed in the poultry, pork and dairy cattle sectors. From the 3.163 million tonnes of soybean meal that were imported into

France in 2019, 2.089 million tonnes came from Brazil, making this country the leading supplier. Most of the imports are in the form of soybeans meal and arrive to the country via the French ports.

- According to a report by APIB, carried out in close collaboration with the American organization Amazon Watch, several French banks finance deforestation in the *Amazon* and the *Cerrado*. The amounts of this participation are estimated at several billion euros and take the form of investments, placements and loans granted to companies directly linked to deforestation, namely the beef industry and the export of soybeans.

French financial institutions can nevertheless be part of the solution. With traders having a strategic role in the soya value chain, they can demand soya producers to guarantee a product coming from zero deforestation and conversion. Research by Association Canopée<sup>1</sup> shows that soy producers are indeed able to supply soya from non-conversion fields. Moreover, as deforestation and ecosystem conversion contribute to environmental and human rights harms, French financial institutions are required to identify and prevent these impacts of their activities under the Duty of Vigilance Law. Financial institutions can therefore demand the traders to implement the following measures, while also ensuring an adequate due diligence on their clients and upholding their own climate, environmental and human rights commitments:

1. The integration of a contractual clause with the producers specifying that soya provisioning must not be produced on land deforested or converted from natural ecosystems after a cut-off no later than the 1<sup>st</sup> of January 2020<sup>2</sup>.
2. The establishment of a full traceability system. This system should also be independently reviewed and verified, in addition to cover direct and indirect suppliers.
3. The adoption of an independent monitoring system for verifying compliance.
4. The assurance of the full respect of human rights, specifically the rights of indigenous peoples, including the rights to their water and territories through free, prior and informed consent (FPIC).

As you know, France will be hosting the IUCN meeting in January 2021, an event which will attract public attention on biodiversity and the responsibility of financial and economic players in

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<sup>1</sup> Canopée. (2020). *Mettre fin aux importations de soja issu de la conversion d'écosystèmes naturels d'Amérique du Sud: Proposition d'un mécanisme pour mettre en œuvre les engagements français*. Retrieved from [https://www.canopee-asso.org/wp-content/uploads/2020/09/Rapport-SOJA\\_09-2020.pdf](https://www.canopee-asso.org/wp-content/uploads/2020/09/Rapport-SOJA_09-2020.pdf)

<sup>2</sup> The concept of cut-off date is a date after which no direct or indirect conversion for soya is allowed. Indirect conversion means that a parcel first converted for cattle ranching after the cut-off date and then cultivated for soya is considered as converted. In accordance with the [Accountability Framework Initiative](#), the cut-off date should not be later than the 1<sup>st</sup> of January 2020 and should be based on best practices: in the case of Amazon, the cut-off date is 2008, in accordance with the soy moratorium.

deforestation. Considering the gravity of the situation, we call you to publicly engage with the traders to urge them to implement the 4 measures described above.

We also appeal for you to publicly commit to suspend your financial services to the traders that would not have implemented the 4 measures described above by the 1<sup>st</sup> of January 2021 ; and, to cease financial services to companies who cannot demonstrate compliance with 100% conversion-free supply chains by the 1<sup>st</sup> of January 2022.

Considering that the Climate Finance Day 2020 - on the 29<sup>th</sup> of October - poses a perfect opportunity to publicly announce your environmental commitments, we call you to respond to our letter and share your position with us on the issue by the 23<sup>rd</sup> of October.

Sincerely,

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