



August 28, 2020

Mr. Jamie Dimon  
CEO  
JPMorgan Chase

Dear Mr. Dimon,

We write to alert you that JPMorgan Chase will be profiled in an upcoming publication, in relation to your bank's significant financing of companies at risk of being linked to tropical deforestation and land degradation. These impacts are not only furthering the climate crisis and unprecedented biodiversity loss but also exacerbating rights violations of local communities and compounding the current health crisis. With this letter, we urge you to immediately address these serious risks that are present in your portfolio.

Forests & Finance — an initiative by Rainforest Action Network (RAN), TuK INDONESIA, Profundo, Reporter Brasil, Amazon Watch and BankTrack — will soon be publishing on **Forestsandfinance.org** the first ever analysis of financial flows to tropical deforestation in all three major tropical forest biomes, namely the Amazon, Southeast Asia, and Central and West Africa. We have identified your bank as among the top 20 financiers to company operations that are at risk of driving tropical deforestation, land degradation and related human rights abuses through the production and trade of key commodities, namely palm oil, pulp & paper, soy, beef, rubber and timber. For this reason, we believe your bank has a unique capacity and responsibility to address these harms.

Based on publicly available records, including financial databases and company reports, our research shows that between 2016 and April 2020, your bank provided at least 5.8 Billion USD in loans and underwriting to these companies' tropical forest-risk commodity operations, making your bank the 4<sup>th</sup> largest financier in the world to such operations. As of April 2020, the asset management division of your banking group also held 206 Million USD of bonds and shares that are attributable to such operations. The details of your bank's financial exposure and the methodology used are outlined at the end of this letter.

Deforestation and land degradation present a grave risk to the climate, second only to fossil fuels. According to the *2019 IPCC Special Report on Climate Change and Land*, 23% of global GHG emissions are from land use change, one third of which has resulted from tropical

deforestation. At the same time, scientists agree that protecting and restoring forests and other natural ecosystems could provide up to 30% of the climate change mitigation needed to meet the goals of the Paris Climate Agreement.<sup>1</sup> Intact tropical forests and other ecosystems, particularly carbon-rich peatlands, remain some of the best carbon sinks on the planet that warrant protection for climate stability, not to mention biodiversity and peoples' livelihoods. For this reason, countries around the world endorsed Goal 15 of the Sustainable Development Goals (SDGs) to "halt deforestation [and] restore degraded forests" by 2020. It is worth noting that the UN Principles for Responsible Banking call on banks to align their business strategies with both the Paris Agreement and the SDGs.

Unfortunately, tropical forests continue to disappear at an unprecedented rate. In 2019 alone, the tropics lost 11.9 million hectares of tree cover, nearly a third of which occurred within primary rainforests, which are especially important for biodiversity and carbon storage.<sup>2</sup> The largest loss of primary rainforests occurred in Brazil, followed by the Democratic Republic of Congo and Indonesia, much of it resulting from logging and conversion of forests to agriculture. Tropical logging and the expansion of industrial agriculture is often intertwined with illegality and corruption, and significantly responsible for the violence Indigenous peoples face; in fact, agribusiness as a sector is responsible for most of the killings of environmental defenders, second only to mining. Deforestation and associated loss of wildlife habitat has also been identified as a critical factor in the emergence of zoonotic diseases such as COVID-19.<sup>3</sup>

In recent years, we have witnessed the rapid spread of wildfires across the tropics and beyond, fueled by the expansion of industrial agriculture amidst ever-increasing global temperatures. Last year, fires in Indonesia and Brazil alone emitted 709 million and 579 million tons of CO<sub>2</sub> respectively,<sup>4</sup> and resulted in widespread respiratory illnesses. Widespread fires have already emerged this year in both countries, fueled by the expansion of land for agriculture and livestock, exacerbating the current health crisis. [Our analysis shows that your bank has in fact financed companies linked to these devastating fires.](#)

These factors elevate the risk of stranded assets and reputational damage associated with the financing of and investment in companies involved in deforestation. We therefore urge

---

<sup>1</sup> CERES, *The Investor Guide to Deforestation and Climate Change* (June 2020),

<https://www.ceres.org/resources/reports/investor-guide-deforestation-and-climate-change>

<sup>2</sup> World Resources Institute, *We Lost a Football Pitch of Primary Rainforest Every 6 Seconds in 2019* (June 2020), <https://www.wri.org/blog/2020/06/global-tree-cover-loss-data-2019>

<sup>3</sup> UNEP et al, *Preventing the next pandemic - Zoonotic diseases and how to break the chain of transmission* (July 6 2020), <https://www.unenvironment.org/resources/report/preventing-future-zoonotic-disease-outbreaks-protecting-environment-animals-and>

<sup>4</sup> <https://www.bloomberg.com/news/articles/2019-11-26/forest-fire-emissions-from-indonesia-worse-than-amazon-eu-says>

your bank to shift your financing away from operations that are fueling these harms, and instead toward sustainable and just solutions. Given international commitments and noting Indigenous territories protect 80% of the planet's biodiversity, despite only stewarding 22% of the world's land,<sup>5</sup> forest protection must go hand-in-hand with respect for all customary land rights. Specifically, we call on your bank to take the following actions:

1. Ensure that the projects and companies supported by your financial institution are aligned with the Paris Agreement goal of limiting global warming to 1.5°C;
2. Adopt and implement No Deforestation, No Peatland and No Exploitation (NDPE) policies across all investments and financial services, mandating all investees and clients to adopt and implement NDPE policies at a corporate group level. Independently verify and disclose progress on this by the end of 2020.
3. Know and publicly disclose your financial institution's "forest footprint" - namely the area of forests and peatlands impacted by your financial institution's investments and financial services, including the impact on Indigenous Peoples and local communities' rights, when forest and peatland areas are on traditionally managed lands.
4. Stop financing corporate groups that are complicit in deforestation, peatland clearance and human rights abuses, or secure credible, time-bound commitments to ensure they transparently implement corrective actions and remedy negative impacts.
5. Require all investees and clients to provide proof of full compliance with laws, regulations, and Free, Prior and Informed Consent (FPIC) processes for all areas under the management and control of the corporate group.
6. Establish robust forest and human rights monitoring and due diligence systems to rapidly respond to harmful activities linked to financing in order to stop deforestation, peatland clearance and human rights violations.
7. Enact zero tolerance procedures within investments and financing portfolios to prevent violence, criminalization, intimidation, and killing of human rights, land, and environmental defenders.
8. Advocate for enabling laws and regulations in producer and consumer countries that address the underlying causes of deforestation, peatland clearance, and violations of human rights, and stipulate environmental and social standards for companies to ensure their supply chains, investments and financial services do not have adverse environmental and social impacts.

---

<sup>5</sup> Voluntary Guidelines on the Responsible Governance of Tenure: <http://www.fao.org/3/i2801e/i2801e.pdf>; Sobrevila. "The Role of Indigenous Peoples in Biodiversity Conservation: The Natural but Often Forgotten Partners". The International Bank for Reconstruction and Development / THE WORLD BANK. 2008.

We would welcome an opportunity to speak with your bank on our analysis of your risk exposure and our associated demands, as well as an upcoming review we will be conducting of your forest sector policies. Please contact Rainforest Action Network (Hana Heineken [hheineken@ran.org](mailto:hheineken@ran.org)) to set up a meeting. We thank you for your attention to these important matters.

Sincerely,

*Forests & Finance Coalition*



**Financial analysis methodology (summary)**

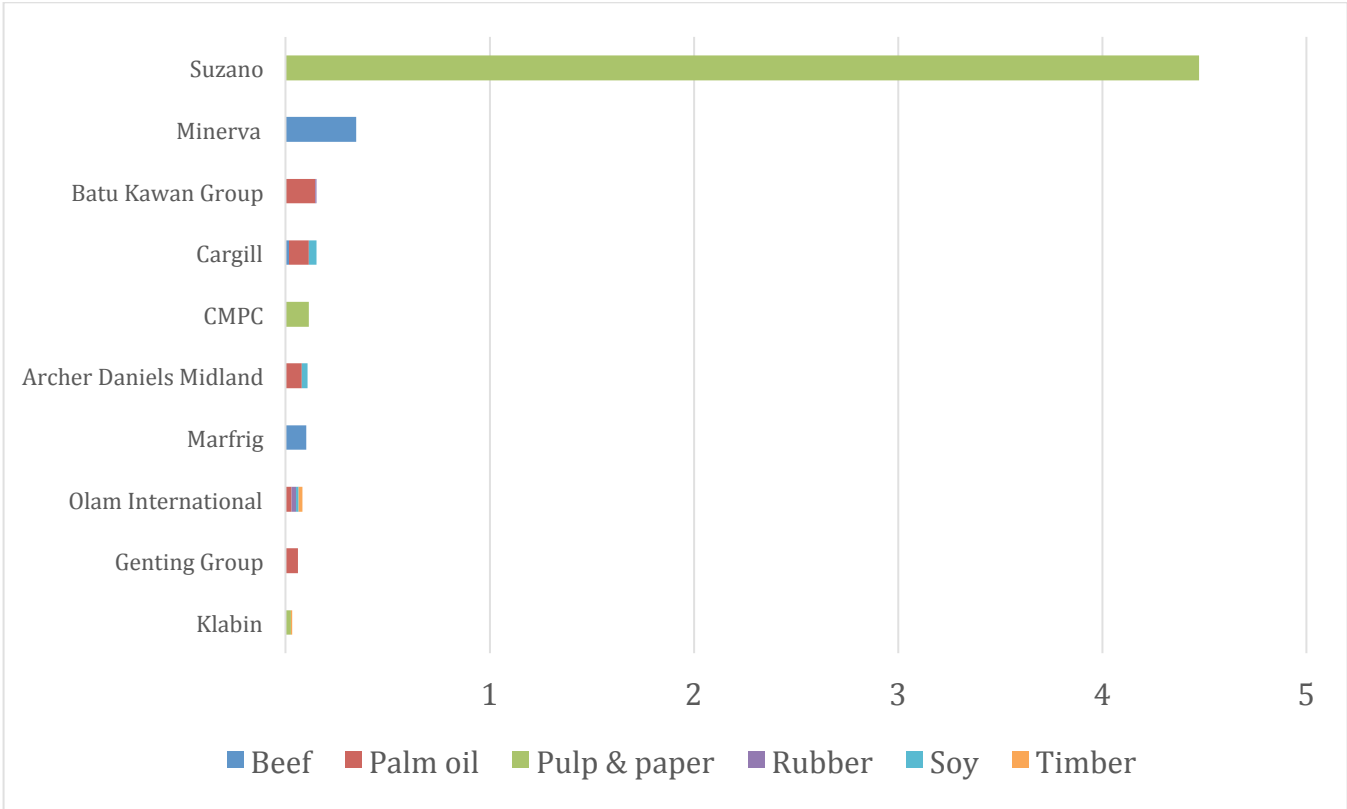
Forests & Finance has assessed the financial services received by over 300 companies directly involved in the beef, soy, palm oil, pulp and paper, rubber and tropical timber (“forest-risk sector”) supply chains, whose operations impact natural tropical forests in Southeast Asia, Central and West Africa, and Brazil.

Financial Databases Bloomberg, Refinitiv (formerly known as Thomson EIKON), TradeFinanceAnalytics, and IJGlobal, company reports (annual, interim, quarterly) and other company publications, company register filings, as well as media and analyst reports were used to identify corporate loans and underwriting facilities provided to the selected companies for the period 2013-2020 (April). Investments in bonds and shares of the selected companies were identified through Refinitiv, Thomson EMAXX and Bloomberg at the most recently available filing date in April 2020. The BNDES Transparency portal and Brazil’s Central Bank portal were used to identify additional financial flows to forest-risk companies in Brazil.

This research provides a deal-level dataset of specific relationships between selected companies and any linked financial institution. Companies with business activities outside of the forest-risk sector had recorded amounts reduced to more accurately present the proportion of financing that can be reasonably attributed to the forest-risk sector operations of the selected company. Where available financial information did not specify the purpose of investment or receiving division within the parent company group, reduction factors were individually calculated by comparing a company’s forest-risk sector activities relative to its parent group total activities. Further adjusters were calculated for companies operating in multiple geographies within the scope of this research.

# Forestsandfinance.org Financial Database Findings for JPMorgan Chase:

## 1. Loans & Underwriting - Top 10 clients by Sector (2016-April 2020, USD Billion)



## 2. Shares & Bondholdings - Top 10 Investees by Sector (April 2020, USD Million)

