

BANKTRACK

To: CEOs of 55 BANKS

CONCERNING: EXPECTATIONS ON YOUR BANK TO ACT TO PROTECT BIODIVERSITY IN RUN-UP TO THE KUNMING CONFERENCE (CBD COP 15)

Nijmegen, May 25, 2021

Dear Mr./Mrs. [CEO],

We are writing to you today because we seek action from your bank ahead of the upcoming UN Biodiversity Conference in Kunming, China, to help protect biodiversity and safeguard the rights of Indigenous and local communities.

Our living world is in a deep crisis. Climate change, global pandemics, biodiversity loss – the planet and humanity’s present and future generations are facing unprecedented existential challenges. Biodiversity is declining globally at alarming rates unprecedented in human history, and the ongoing and accelerating loss of animal and plant species is terrifying. The rapid loss of species we are seeing today is estimated by experts to be between 1,000 and 10,000 times higher than the natural extinction rate.¹ The condition of ecosystems on which we, and all other species, depend upon is deteriorating more rapidly than ever,² with human-induced stress on tropical and temperate forests, wetlands, peatlands, coral reefs, and other ecosystems further aggravated by steadily rising global average temperatures due to accelerating climate change.³

Furthermore, scientists are clear that major outbreaks of zoonotic diseases, such as Covid-19, are associated with the increasing loss of natural habitats.⁴ The leading causes of such outbreaks overlap with those responsible for biodiversity loss and climate change: human activities that include deforestation and destruction of mangroves and wetlands for commercial uses, the expansion of livestock in natural biomes, monoculture plantations of timber and crops, the unregulated trade and consumption of wildlife, fossil fuel-based energy production and infrastructure development, etc. If all these activities continue to encroach upon the remaining areas of important habitat and biodiversity in the world, it seems inevitable that we will face more such outbreaks in the near future.

Banks, through their lending decisions and client selection, are in a key position to help reduce or stop the negative impact of business activities on ecosystems and biodiversity. And yet, despite the acute crisis we find ourselves in, many banks continue to finance habitat destruction and biodiversity loss. A recent research report - *Bankrolling Extinction* - focused on 50 major banks found that in 2019, banks collectively invested approximately USD 2.6 trillion into industries that cause direct biodiversity loss, such as agribusiness, metal

¹ See: <https://ipbes.net/global-assessment>

² <https://www.un.org/sustainabledevelopment/blog/2019/05/nature-decline-unprecedented-report>

³ https://www.19january2017snapshot.epa.gov/climate-impacts/climate-impacts-ecosystems_.html

⁴ See: <https://www.nature.com/articles/s41586-020-2562-8>

and mineral mining, fossil fuels, and large scale infrastructure.⁵ According to the report, none of the banks covered have developed sufficient systems to measure and monitor the impacts of their lending activities on biodiversity, or have publicly supported the Aichi Biodiversity Targets of the Convention on Biological Diversity.⁶

Banks have a specific responsibility to help protect ecosystems and global biodiversity.⁷ However, many banks have yet to develop robust dedicated policies and adequate and effective processes and management systems to address the long-term impacts of their financing activities on biodiversity.

It is for this reason that, in the run-up to the fifteenth meeting of the Conference of the Parties to the Convention on Biological Diversity - the Kunming Conference⁸ (COP 15, October 11-24, 2021), we, 24 civil society organisations based in 16 countries, seek from your bank concrete commitments to help protect and restore biodiversity and safeguard the rights of Indigenous and local communities.

We recognise that your bank has already taken a number of steps relevant to protect biodiversity.

In addition, if not yet in place as part of the above, we urge your bank to take the following steps:

1. Actively support and formally commit to the objectives and targets of the Convention on Biological Diversity.

The 2019 Global Assessment Report of the United Nations' Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) provided strong evidence from a range of different fields of knowledge that the planet is currently facing a biodiversity crisis.⁹ The health of ecosystems on which all species depend is deteriorating more rapidly than ever and without deliberate systemic and policy changes, **over one million species may go extinct within our lifetime**. We are eroding the very foundations of our economic livelihoods, food security, water security, health, and quality of life worldwide, yet awareness amongst the public and businesses of the scale of the crisis is still limited.

To help strengthen this awareness amongst the public and with your clients, we call on your bank to formally and publicly acknowledge that the biodiversity crisis requires urgent action from all sectors and actors, including banks, and to commit to support the objectives and targets of the Convention on Biological Diversity (CBD).

2. Adopt methodologies to measure and report the impact of your investment and financing activities on biodiversity.

To understand the full biodiversity impacts of your business activities, we urge your bank to adopt methodologies to measure the biodiversity footprint associated with your loans and investments, and to report annually and transparently with increasing scope and precision about the positive and negative global biodiversity impacts linked to your financial activities. Such a methodology should entail, for instance, indicators and biodiversity-related metrics based on available data and having as reference effective

⁵ "Bankrolling Extinction" report: <https://portfolio.earth/> . See also Ecowatch: New Report Shows Banks Loaned \$2.6 Trillion Linked to Biodiversity Loss in 2019.

⁶ Aichi Biodiversity Targets are a set of 20 global targets under the Strategic Plan for Biodiversity 2011-2020. They are grouped under five strategic goals. See <https://www.cbd.int/sp/targets/>

⁷ See OECD (2019), Biodiversity: Finance and the Economic and Business Case for Action, report prepared for the G7 Environment Ministers' Meeting, 5-6 May 2019: <https://www.oecd.org/environment/resources/biodiversity/G7-report-Biodiversity-Finance-and-the-Economic-and-Business-Case-for-Action.pdf>

⁸ <https://www.cbd.int/cop/>

⁹ See <https://www.ipbes.net/global-assessment>

measurement approaches currently in use by the financial sector as well as reporting frameworks highlighted on the website of the Convention on Biological Diversity.¹⁰

3. Refrain from investing in and providing finance to carbon and biodiversity offset projects.

We urge your bank to refuse to finance carbon and biodiversity offset projects that are based on the “no net loss” concept, a goal of development policies or plans, the stated aim of which is to fully mitigate the biodiversity impacts of projects and economic activities.¹¹ Offset markets are based on the assumption that it is possible to compensate for the destruction of biodiversity through restoration projects, when these often do not actually tackle biodiversity loss.¹² Companies cannot “offset” their destruction of site specific biodiversity by simply “recreating” elsewhere complex natural habitats and ecosystem functions that have taken millennia to develop. The mechanisms by which offsetting is applied are difficult to be negotiated and managed since biodiversity value of an area is extremely difficult to be compensated - and the efficacy of offsetting as a trustworthy tool in the protection, conservation and restoration of nature is questionable.¹³ Offsets have also been documented to lead in many cases to land grabbing, community displacements and human rights abuses, impacting most those who are among the best guardians of nature and biodiversity: Indigenous peoples.¹⁴

4. Strengthen biodiversity and human rights safeguards in sector finance policies for high impact industries, including proper due diligence impact assessments for each sector.

Biodiversity protection is a cross-sectoral topic and, as such, its safeguards should be included as a whole in the scope of banks’ financing policies, geographic and industry wide, covering full supply chains. We call on your bank to introduce, where they are still lacking, robust biodiversity and human rights (including the rights of Indigenous Peoples, local communities, women, peasants and fisherfolk) safeguards in sector finance policies for high-impact industries, such as agricultural commodities, fisheries, forestry, pulp & paper, metal and mineral mining, fossil fuels, infrastructure, etc.

5. Adopt a No Go policy that protects biodiverse areas.

The **Banks and Biodiversity No Go Policy**, developed by a coalition of civil society organisations, calls on banks to restrict direct and indirect financing to eight categories of areas identified as “high risk” (for details see Annex 1).¹⁵ The policy aims to broadly identify key biodiversity areas which provide the space for nature to thrive, and which may be our best chance in providing humanity more time to fight climate change, the spread of zoonotic diseases, and biodiversity loss. However, many of these critical ecosystems and areas are currently at high risk of exploitation, degradation, and thus disappearance.

Taking into account how vital these ecosystems are, we call on your bank to incorporate the No Go policy into your bank’s overall exclusion policy; such a policy would prevent harmful projects in sensitive areas and those that violate the Free, Prior, and Informed Consent of Indigenous peoples, without precluding the financing of non-destructive activities to Indigenous and local communities. As this is a cross-sectoral topic, such a No Go policy should be implemented across all business sectors in which the bank operates.

6. Respect Indigenous rights and the role of human rights and environmental defenders.

Pristine areas with high levels of biodiversity are often protected and occupied by local and/or Indigenous communities, who have proven to have developed cultural and at times irreplaceable practices which ensure long term sustainability for both people and nature. Yet all over the world Indigenous peoples, local

¹⁰ See <https://www.cbd.int/business/projects/reporting.shtml>

¹¹ https://www.foei.org/wp-content/uploads/2020/02/Friends-of-the-Earth_Nature-for-Sale-report_EN.pdf

¹² See https://www.fern.org/fileadmin/uploads/fern/Documents/Biodiversity2_EN.pdf

¹³ See <https://www.policy.friendsoftheearth.uk/publications/new-tricks-biodiversity-offsetting-and-mining>

¹⁴ <https://pubs.iied.org/sites/default/files/pdfs/migrate/17166IIED.pdf>

¹⁵ See the proposed No Go policy on: <https://banksandbiodiversity.org/>

communities and other local environmental defenders face criminalization, harassment, and even death for warding off exploitative or extractive activities, many of which are only possible with direct or indirect financial support from banks.¹⁶

We seek from your bank a full commitment to respect local communities and Indigenous rights as enshrined in Article 8 (j) of the Convention on Biological Diversity and in international human rights law, including the right to Free Prior Informed Consent (FPIC) and the collective rights of Indigenous peoples to lands, territories and resources, as well as a commitment to immediately stop financing operations when there is evidence of the violation of human rights of environmental defenders.¹⁷

We understand that these are challenging steps for your bank to take, but we trust your bank shares with us the same urgent concern for the dramatic state of the world's biodiversity and wishes to ensure its activities contribute to promoting solutions to the biodiversity crisis rather than exacerbating it.

We would very much welcome a response on this letter before June 30, including an overview of concrete steps your bank is planning to take before the start of the Kunming conference in October 2021. From our side we will carefully monitor policy steps taken by all banks that we have contacted with this letter.

We are also keen to have a conversation with you on the recommendations we have brought forward in this letter. If you wish to propose such a call, or if you have any further questions, you can reach us at the email address below.

Yours sincerely,

Marília Monteiro, Forest & Biodiversity campaigner at BankTrack, Marilia@banktrack.org

Johan Frijns, Director at BankTrack

Also on behalf of

- Katharine Lu, Senior Sustainable Finance Manager, Friends of the Earth, United States
- Mark Grimsditch, China Global Program Director, Inclusive Development International, United States
- Emilia Hermosa, Director Assistant, China-Latin America Sustainable Investments Initiative, Ecuador
- Evelyn Schönheit, Forum Ökologie & Papier, Germany
- Tom Picken, Campaign Director Forests & Finance, Rainforest Action Network, United States
- Moira Birss, Climate and Finance Director, Amazon Watch, United States
- Tørris Jæger, Secretary-General, Rainforest Foundation Norway, Norway
- Simone Lovera, Executive Director, Global Forest Coalition, International
- Christine von Weizsaecker, President at Ecoropa, International
- Hemantha Withanage, Executive Director at Centre for Environmental Justice, Sri Lanka
- Klervi Le Guenic, Tropical Forest Campaigner at Canopée, France
- Ville-Veikko Hirvelä, Chair of the board, New Wind Association, Finland
- Mange Ram Adhana, President, Association For Promotion Sustainable Development, India
- Karen Vermeer, Pulp & Finance Working Group coordinator, Environmental Paper Network (EPN), International
- Jan Willem van Gelder, Director at Profundo BV, The Netherlands
- Radosław Ślusarczyk, President of the Management Board, Stowarzyszenie Pracownia na rzecz Wszystkich Istot (Association Workshop for All Beings), Poland
- Kenneth Amoateng, CEO, Abibinsroma Foundation, Ghana
- J Gadir Lavadenz L, Global Coordinator, CBD Alliance, International

¹⁶ <https://www.sciencedirect.com/science/article/pii/S0959378020301424>

¹⁷ United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), Articles 3, 10 and 26.

- Wolfgang Kuhlmann, Director at ARA, Germany
- Frederic Hache, Director at Green Finance Observatory, Belgium
- Eugene Simonov, Coordinator at Rivers without Boundaries International Coalition, International
- Marjan Houpt, Founder at Landelijk Netwerk Bossen - en Bomenbescherming, The Netherlands
- Milica Končar, Assistant on program Biodiversity and Protected Areas at Centar za životnu sredinu, FoE Bosnia and Herzegovina, Bosnia and Herzegovina

Annex 1: [Banks and Biodiversity “No Go Policy”](#)

In order to safeguard the rights of Indigenous and Local Communities in formally, informally, or traditionally held conserved areas – such as Indigenous and community conserved areas (ICCA), Indigenous Territories (ITs) or public lands not yet demarcated – as well as to better address and reflect the current crises of climate change, biodiversity loss, and emergence of zoonotic diseases, the Banks and Biodiversity campaign calls on banks and financial institutions to adopt a “No Go” policy which prohibits any direct or indirect financing related to unsustainable, extractive, industrial, environmentally, and/or socially harmful activities in or which may potentially impact the following areas:

AREA 1:

Areas recognized by international conventions and agreements including but not limited to the Bonn Convention, Ramsar Convention, World Heritage Convention and Convention on Biological Diversity, or other international bodies such as UNESCO (Biosphere Reserves, UNESCO Global Geoparks, etc) or Food and Agricultural Organization (vulnerable marine ecosystems), International Maritime Organization (particularly sensitive areas), IUCN Designated Areas (Categories IA – VI)

AREA 2:

Nature or wilderness areas that are nationally or sub-nationally recognized and protected by law or other regulations/policies, including those which may be located in or may overlap with formally, informally, or traditionally held conserved areas such as Indigenous and community conserved areas (ICCA), Indigenous Territories (ITs) or public lands not yet demarcated

AREA 3:

Habitats with endemic or endangered species, including key biodiversity areas

AREA 4:

Intact primary forests and vulnerable, secondary forest ecosystems, including but not limited to boreal, temperate, and tropical forest landscapes

AREA 5:

Free-flowing rivers, defined as bodies of water whose flow and connectivity remain unaffected by human activities

AREA 6:

Protected or at-risk marine or coastland ecosystems, including mangrove forests, wetlands, reef systems, and those located in or which may overlap with formally, informally, or traditionally held conserved areas, Indigenous Territories (ITs), or public lands not yet demarcated, or Indigenous and community conserved areas (ICCA)

AREA 7:

Any area where the free, prior, informed consent of Indigenous and Local Communities have not been obtained, particularly including Indigenous Peoples and Community Conserved Territories and Areas (ICCAs), community-based conservation areas, formally, informally, or traditionally held conserved areas, Indigenous Territories, sacred sites and/or land with ancestral significance to traditional and Indigenous communities

AREA 8:

Iconic Ecosystems, defined as ecosystems with unique, superlative natural, biodiversity, and/or cultural value which may sprawl across state boundaries, and thus may not be wholly or officially recognized or protected by host countries or international bodies. Examples include transboundary ecosystems, such as the Amazon, the Arctic, among other at-risk ecosystems

Other international bodies have already recognized the value of developing No Go Areas, such as the World Heritage Committee and the UN Environment's Principles for Sustainable Insurance Initiative (PSI). The Banks and Biodiversity No Go Policy also aligns with banks and financial institutions' current practice of following institutional Exclusion Lists for sensitive industries or areas, as well as global goals of preventing further biodiversity loss. Projects that do not fall within Exclusion Lists should still be subject to rigorous environmental and social assessment and screening, planning and mitigation.