

We are a group of 93 Catholic institutions, led by the Special Commission on Integral Ecology and Mining for the Brazilian Bishops' Conference (CNBB), the international Catholic network Global Catholic Climate Movement (GCCM) and the German Catholic Church Bank Bank für Kirche und Caritas (BKC), which pursue an ethical and sustainable investment strategy. All these ethical-sustainable investment strategies are based on the values of Catholic social teaching and take into account the guiding principles of the protection of human life, peace, justice and creation.

Today we approach you not only as Catholic institutions, but also as investors and potential investors in Brazilian government bonds as well as in shares and bonds of Brazilian companies.

As Catholics and citizen of this world, we are extremely concerned about the continuing destruction of the Amazon rainforest. The Brazilian National Institute for Space Research INPE, in a monthly balance published in October 2020, reported a record number of fires in the Amazon and in the world's largest swamp area, the Pantanal, of more than 17,300 fires. This number of fires was more than twice as high as in the same month the year before.<sup>[1]</sup>

At the same time, the INPE, after evaluating satellite images, reports a new record level of deforestation in the Brazilian Amazon within one year. According to this report, an incredible amount of 11,088 square kilometres of rainforest was cut down in the period of twelve months (August 2019-July 2020) - which is equivalent to an area larger than Jamaica. This is a twelve-year high and represents an increase of 9.5 percent compared to the same period last year, which was also a record.<sup>[2]</sup>

This devastating environmental damage is in stark contrast to the Catholic guiding theme of preserving creation and the call of his holiness Pope Francis to protect the climate and the environment in the encyclical *Laudato Si'*. Moreover, the Amazon is not only our "common lung" of humanity, but also, in very concrete terms, home to a large number of indigenous people. The unchecked growth of legal or illegal, but tolerated, deforestation and occupation of indigenous lands by the extractive industries, cattle breeders, soybean and other agricultural producers and loggers leaves behind not only a trail of environmental destruction, but also deprivation of rights, displacement and quite often murder of the indigenous people.<sup>[3]</sup>

The destruction of the Amazon rainforest and the violation of human rights not only pose a threat to Brazil's reputation in the international community, but also a very real threat to the Brazilian economy. This is because more and more consumers are boycotting Brazilian products. In addition, banks are stopping the financing of Brazilian companies directly or indirectly related to the deforestation of the rainforest, and investors are refraining from further investment in securities of such Brazilian companies and Brazilian government bonds or are even selling them. This is because investors see deforestation and the associated impacts on biodiversity and climate change as systemic risks to their reputation and portfolios, and of course to long-term sustainable financial markets.<sup>[4]</sup>

If the Brazilian government does not resolutely oppose the deforestation of the rainforest and the deprivation of rights of the indigenous population, we, as Catholic investors, will also increasingly see our basis as current and potential institutional investors in Brazilian companies and government bonds removed.

For these reasons, we call on you to draw up a clear plan of action which, in a first step, should implement the following objectives:

- Implementation of strict environmental protection legislation
- Monitoring and compliance with environmental legislation
- Concrete plan on how to combat deforestation, with a budget and intermediate targets to be measured
- Massive upgrading of fire fighting and ibama resources in the Amazon
- Lifting restrictive provisions against non-governmental organisations and launching a stakeholder dialogue on environmental measures
- Protection of the land and the human rights of the indigenous population with quantifiable, time-bound obligations and measures
- Expropriation of land that has been unlawfully appropriated and public disclosure of this information
- Afforestation activities and annual reporting on progress

We are looking forward to your kind feedback and we are happy to discuss with you on these issues.

In the meantime, we will start an exchange of information with investor groups with whom you are already in contact or who have the same concerns as we do.

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[1] National Institute for Space Research INPE (2020); <http://terrabrasilis.dpi.inpe.br/app/dashboard/fires/legal/amazon/aggregated/#> (accessed on 05.01.2020)

[2] National Institute for Space Research INPE (2020); [http://terrabrasilis.dpi.inpe.br/app/dashboard/deforestation/biomes/legal\\_amazon/rates](http://terrabrasilis.dpi.inpe.br/app/dashboard/deforestation/biomes/legal_amazon/rates) (accessed on 05.01.2020)

[3] APIB and Amazon Watch (2020); Complicity IN Destruction III: How Global Corporations Enable Violations Of Indigenous Peoples' Rights In The Brazilian Amazon; <https://amazonwatch.org/news/2020/1027-complicity-in-destruction-iii> (accessed on 05.01.2020)

[4] Ceres (2019); Investor statement on deforestation and forest fires in the Amazon. This statement is endorsed by 230 investors representing approximately US \$16.2 trillion in assets.

<https://www.ceres.org/sites/default/files/Investor%20statement%20on%20deforestation%20and%20forest%20fires%20in%20the%20Amazon.pdf> (accessed on 05.01.2020)

Storebrand (2020); Open letter from financial institutions to halt deforestation in Brazil; [https://www.storebrand.no/en/asset-management/sustainable-investments/active-ownership/\\_attachment/download/30ee3878-f76a-4379-bfc3-95da81215da0:0014db6c85fa65d95c3c21537e4bf41afe57355d/Open%20letter%20Brazilian%20embassy%20in%20Final%20070720.pdf](https://www.storebrand.no/en/asset-management/sustainable-investments/active-ownership/_attachment/download/30ee3878-f76a-4379-bfc3-95da81215da0:0014db6c85fa65d95c3c21537e4bf41afe57355d/Open%20letter%20Brazilian%20embassy%20in%20Final%20070720.pdf) (accessed on 05.01.2020)