

**International Catholic institutional investors call on
Brazilian government to better protect the Amazon and
the rights of its indigenous population**

Members of the Brazilian Congress

Online Meeting Brasilia, 25.08.2021

Bank für Kirche und Caritas (BKC)



- Catholic Church Bank founded in 1972 and based in Paderborn (Germany)
- Statutory object of promoting institutions in the areas of the Catholic Church and charitable organizations
- Loyal trustee of church assets, with own asset management
- In addition, our mutual investment funds are available to the general public
- Our ethically-sustainable investment strategy is based on the principles of Catholic social teaching

Our core competency are ethically-sustainable Investments:

- Expert advisor for, e.g. Member of the Sustainable Finance Advisory Council of the German Government, German Bishops' Conference, Vatican
- Author of relevant publications on sustainable finance



Pope Johannes
Paul II

Former CEO
of BKC B.
Naarmann

Background of our Ethically-sustainable Investment strategy

- As a Catholic bank, we have been applying sustainability criteria to all our investments and the investments for our clients for almost 20 years.
- We see sustainability not only as an ethical dimension, but also as a key component of investment risk management.
- In some cases we start a so called “engagement dialogue” with companies and countries to motivate them to improve their respective sustainability efforts.
- If the companies or countries do not make enough sustainability improvements during this engagement, we often decide to sell our investments there or not make them.



Background on our investments in and engagement with Brazil

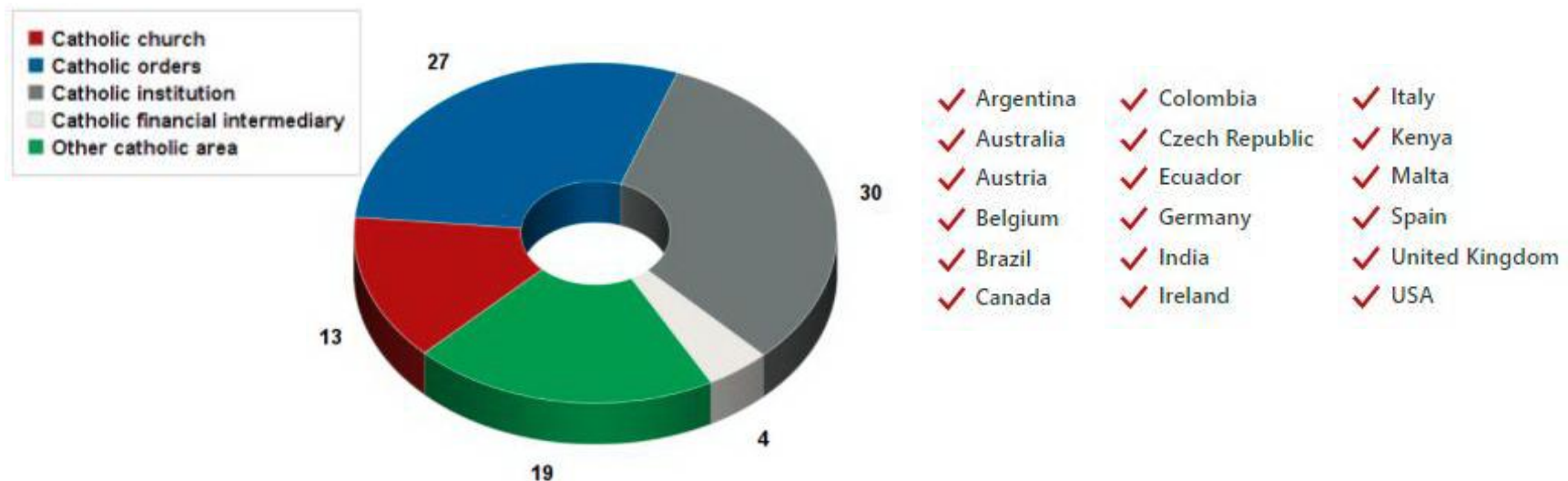
- Brazil is viewed critically by us from a sustainability perspective due to human rights, social and environmental violations in recent years and also increasingly from the resulting financial risks.
- Nevertheless, Brazilian government bonds and Brazilian companies are currently still part of our investment universe.
- BKC decided to start an engagement to motivate the Brazilian government to better protect the Amazon rainforest and the rights of its indigenous population.
- In close exchange with the Special Commission on Integral Ecology and Mining for the Brazilian Bishops' Conference (CNBB) and the Global Catholic Climate Movement (GCCM), BKC has in a first step brought together some Catholic institutions in this engagement.



Catholic Investor Alliance



- On 29 March 2021, a group of nearly 100 Catholic institutions from 18 countries started an engagement by sending a letter to high-ranking Brazilian government representatives and officials with clear demands to protect the Amazon and the indigenous people living there and to start a dialogue about it.
- The signatories of the letter include a total of four Catholic church banks, each of which is responsible for the asset management of a very large number of Catholic institutional clients.



More information, including the letter, at
<https://www.bkc-paderborn.de/nachhaltige-geldanlagen/nachhaltigkeitsfilter/engagement/engagement-brasilien.html>

Our Engagement-Strategy



First actions

- On 29 March 2021, the letter was published as open letter and sent by mail and email to President, Vice President, Minister for the Environment, President of the House of Representatives, President of the Federal Senate, President of the Federal Supreme Court, Attorney General of the Republic.
 - Reaction from the Vice-President's personal office, which expressed that CNAL (National Council for the Legal Amazon) is responsible and ready for a dialogue and we wrote to them. Without reaction.
 - President's personal office, which forwarded our request to the Ministry of the Environment and the Ministry of Justice. Without reaction of the Ministry of the Environment.
 - First reply from the Ministry of Justice in a multi-page statement of FUNAI (Fundacao Nacional do Indio) and subsequent written dialogue.
 - Reaction from the International Affairs Office of the Federal Senate, which forwarded our request to the Committee of Environment of the Federal Senate.
- Well over 80 Brazilian and international high level media reported on our engagement.
 - This high level of media attention creates additional awareness of our concerns among the public and key stakeholders.
- Conversations with various multi-trillion dollar international investor alliances for close information exchange and engagement support regarding Brazilian investments in government bonds and companies in specific sectors.
 - e.g. Investors Policy Dialogue on Deforestation Initiative (IPDD), Interfaith Center on Corporate Responsibility (ICCR), Tropical Forest Alliance, Shareholders for Change, CERES, Emerging Markets Investor Alliance, Seventh Generation Interfaith Coalition for Responsible Investment.

Thank you for your attention



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Annex

Concrete demands to the Brazilian government

We call on the Brazilian government 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

Additional demands to the Brazilian government

In addition to the above demands, which we listed in our letter, the following more detailed points appear to us to be of particular relevance for short-term fulfilment.

- Stop the promotion and implementation of the Marco Temporal Thesis. The main argument for this is that according to the Marco Temporal Thesis, only lands that were physically inhabited by indigenous groups at the time of the adoption of the 1988 Constitution could be demarcated as "indigenous lands". This would exclude land from which indigenous groups were forcibly evicted.
- Withdraw the following directives:
 - Instrução Normativa no. 9/2020 which allows private land claims within indigenous lands that have not yet been fully demarcated. This norm has been legally challenged in several jurisdictions, and there are already court rulings invalidating it.
 - Resolução no. 4/2021 which limits the right to self identification of indigenous peoples in violation of the Constitution, ILO Convention 169 and UNDRIP.
 - Instrução Normativa Conjunta Funai/Ibama 01/2021 which allows large-scale agriculture inside indigenous territories in violation of the right of indigenous peoples to the exclusive use of natural resources on their lands.

<https://www.in.gov.br/web/dou/-/instrucao-normativa-n-9-de-16-de-abril-de-2020-253343033> (accessed on 21.06.2021)

<https://cimi.org.br/2020/10/sentenca-declara-a-nulidade-da-instrucao-normativa-da-funai-que-favorecia-grilagem-de-terras-indigenas/> (accessed on 21.06.2021)

<https://www.in.gov.br/en/web/dou/-/resolucao-n-4-de-22-de-janeiro-de-2021-300748949> (accessed on 21.06.2021)

<https://cimi.org.br/2021/02/assessoria-juridica-cimi-nota-tecnica-resolucao-funai-restringe-autodeclaracao-indigena/> (accessed on 21.06.2021)

<https://www.in.gov.br/en/web/dou/-/instrucao-normativa-conjunta-n-1-de-22-de-fevereiro-de-2021-304921201> (accessed on 21.06.2021)

<https://cimi.org.br/2021/02/nota-publica-nova-normativa-funai-retoma-politica-arrendamento-esbulho-territorios-indigenas/> (accessed on 21.06.2021)

For discussion

Is it known that a lack of redirection in the protection of the Amazon and indigenous peoples will mean dramatic financial outflows from international investors to protect themselves from increasing financial and reputational risks? The same applies to international companies operating in Brazil or sourcing Brazilian products.

How can we give this more weight in the discussion?

Investor statement on deforestation and forest fires in the Amazon

This statement is endorsed by 251 investors representing approximately US \$17.7 trillion in assets.

[investorstatementondeforestationandforestfiresintheamazon_29_oct_2019_665598.pdf \(d8g8t13e9vf2o.cloudfront.net\)](#); accessed on 25.08.2021

Storebrand Asset Management, which oversees \$120 billion in assets, has been steering a group of like-minded funds which manage a total of \$3.7 trillion.

We are concerned about the financial impact that deforestation and the violation of the rights of indigenous peoples may have on our clients and investee companies, by potentially increasing reputational, operational and regulatory risks.

[Amazon Fires Provoke \\$120 Billion Activist to Target Companies – Bloomberg; Open letter Brazilian embassy in Final 070720.pdf](#); accessed on 25.08.2021

Our updated assessment of Brazil's sovereign health shows that it remains on an environmentally unsustainable path to 2030 and beyond (despite encouraging moves by the Brazilian central bank over the past year), bringing systemic risks to its sovereign bonds, particularly to investors holding the USD 113 billion of Brazil's debt repayable after 2030.

Planet Tracker (2021): Brazil: Roadmap to Sustainable Sovereign Bonds; [Sovereign Bonds | Planet Tracker \(planet-tracker.org\)](#); accessed on 25.08.2021

European food retailers threaten to boycott Brazilian products

[European food retailers threaten to boycott Brazilian products | RetailDetail; Letter-from-Business-on-Amazon_2021.pdf \(retailsovgroup.org\)](#); accessed on 25.08.2021

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