

## Response from ABN Amro

12 July 2019

Business & Human Rights Resource Centre invited ABN Amro to respond to allegations of complicity with environmental and human rights in Brazil.

- [“Complicity in Destruction II: How northern consumers and financiers enable Bolsonaro's assault on the Brazilian Amazon”](#), Amazon Watch, 24 April 2019
- [“China, EU, US trading with Brazilian firms fined for Amazon deforestation: report”](#), Mongabay, 6 May 2019
- [Portuguese] [“Cumplicidade na destruição: como os consumidores e financiadores do norte permitem o ataque do governo Bolsonaro à Amazônia brasileira”](#), Articulação dos Povos Indígenas do Brasil-APIB, Maio 2019
- [Portuguese] [“Empresas europeias e norte-americanas estão ligadas à responsáveis pela invasão à terras indígenas e desmatamento na Amazônia”](#), Articulação dos Povos Indígenas do Brasil-APIB, 3 de maio de 2019
- [Portuguese] [“Índios propõem boicote a empresas que negociam com invasores de reservas”](#), Época, 29 de abril de 2019

ABN Amro sent the following statement:

**ABN AMRO would like to respond to the report “Complicity in Destruction II: how Northern consumers and financiers enable Bolsonaro’s assault on the Brazilian Amazon” published by Amazon Watch:**

ABN AMRO strives to create long-term value for its stakeholders, to respect human rights and safeguard the environment. The bank recognizes that in its role as a financial service provider it may be exposed to social, environmental and ethical risks through the activities of clients. To manage these sustainability risks, ABN AMRO operates a Sustainability Risk Policy Framework in line with the bank's moderate risk profile.

More specifically, ABN AMRO has formulated sustainability requirements for clients in the agri-commodity sector. ABN AMRO acknowledges that the agri sector poses sustainability risks, such as:

- Deforestation: Agriculture may involve clear-cutting of forest. Deforestation is of concern as forests are a prerequisite for biodiversity. Forests also serve as carbon sinks and therefore play an important role in climate change mitigation.
- Peatland degradation: Peatlands may be drained for agricultural purposes. This causes degradation and the emission of methane into the atmosphere contributing to climate change. Also, drainage increases the risk of fire and flooding.
- Land issues: Large-scale land acquisitions for the purpose of plantations for agriculture may lead to land disputes with local communities.
- Working conditions: Working conditions in the agri sector may be hazardous, for example because of lack of protection and the use of chemicals and pesticides. Also child labour is may be an issue.
- Water & soil pollution: The use of pesticides, herbicides and chemicals in agriculture may result in pollution of water and soil.

The agri-commodities requirements are set in a policy that in particular applies to all clients active in the production, processing and trade of agri-commodities. For the purpose of this policy the sector is divided in generic and sensitive agri-commodities (Cocoa, Coffee, Cotton, Forest commodities (including pulp, paper and rubber), Palm oil, Soy and Sugarcane). A policy on animal protein is work in progress and expected to be finalized in 2019.

For generic agri-commodities and the seven sensitive agri-commodities, ABN AMRO applies a set of minimum requirements and benchmark criteria. ABN AMRO will only finance clients who comply with all applicable minimum requirements, or have an improvement plan in place to do so within a limited timeframe. The benchmark criteria, which are aligned with international best practices, are used to compare the client's performance with their industry peers on an ongoing basis.

ABN AMRO has an inclusive approach. This means that the bank will engage with clients who do not yet meet the bank's minimum requirements, but who are willing and able to do so within a limited timeframe. The exception to this inclusive approach concerns activities on ABN AMRO's Exclusion List; as these activities are simply too risky from a sustainability perspective.

ABN AMRO puts its sustainability standards into practice through a sustainability risk management process. This covers the following steps; risk determination, risk assessment, approval of the transaction and monitoring and reporting. ABN AMRO reviews (prospective) clients at various moments to determine their compliance with the bank's Policy:

- When the client is first accepted;
- If and when the client applies for a loan of € 1 million or more – the review is then repeated every year;
- In the event of incidents or if important new information comes to light based on which the client's risk level or performance score might change.