

# **KEEP FORESTS STANDING 2022**

**Evaluating the Brands and Banks Driving  
Deforestation and Human Rights Abuses**





# **INTRODUCTION: OUR BEST DEFENSE AGAINST CLIMATE CHAOS IS BEING DESTROYED**

From regulating the flow of clean water around the world to producing the very air that we breathe, forests are essential to all life on earth. And in a world just coming to terms with the increasingly severe impacts of climate change, forests are one of our last and best lines of defense. In particular, the world's largest remaining areas of rainforest — in Indonesia, the Congo Basin, and the Amazon — are uniquely important for their ability to lessen the global climate and biodiversity crises and for sustaining the millions of people who live in or near them.<sup>1</sup>

Indigenous Peoples and local communities have been successfully managing these rainforests for generations. However, both the forests and communities face constant threats. In Indonesia and around the world, Indigenous Peoples are fighting to retain control of their lands from companies looking to encroach with industrial-scale logging and agribusiness, and face serious threat and harm in the process.<sup>2</sup> Irreplaceable tropical rainforests are being burned, clear-cut, and bulldozed every day for commodities like palm oil, pulp, paper, beef, soy, cocoa, and timber products.<sup>3</sup> Multinational brands provide the market demand for these products and the funding for this destruction flows from major banks around the world.

Rainforest destruction poses a literal existential threat to people and our planet. Deforestation greatly exacerbates our climate crisis and pushes countless species to the brink of extinction. Brands and banks must be held to account for the impacts that their business model have on forests and communities. Change must be made throughout entire supply chains — including across the operations of business partners, suppliers, and clients — that produce these forest-destroying products and ship them to markets around the world. Whilst improvements have been made, changes have been slow and have been limited to only some supply chains. The brands and banks that do business with irresponsible forestry and agribusiness corporations remain complicit in the crisis facing rainforests and Indigenous Peoples and communities.<sup>4</sup>

For our future, we must Keep Forests Standing and Uphold Rights for Indigenous Peoples' and local communities. We have the power to stop the destruction.





# EVALUATING THE BRANDS AND BANKS

The Keep Forests Standing campaign calls on some of the most influential corporations fueling the destruction of rainforests and the violation of human rights to take real action for forests and communities. These companies are powerful economic influencers within a large sector driving forest destruction around the world. Using only one commodity as an example — the only commodity which these brands fully report on<sup>5</sup> — together, the brands purchased more than 3,300,000 metric tons of palm oil in 2020, representing nearly 5% of the global market.<sup>6</sup>

## The multinational brands are:

- » Colgate-Palmolive,
- » Ferrero,
- » Kao,
- » Mars,
- » Mondeléz,
- » Nestlé,
- » Nissin Foods,
- » PepsiCo,
- » Procter & Gamble, and
- » Unilever.

## The banks are the financial powerhouses of :

- » ABN Amro,
- » Bank Negara Indonesia (BNI),
- » CIMB,
- » DBS,
- » Industrial and Commercial Bank of China (ICBC),
- » JPMorgan Chase, and
- » Mitsubishi UFJ Financial Group (MUFG).

Beginning in 2021, RAN evaluated and ranked these companies against any efforts each has made, or not made, to keep forests standing and respect human rights in their supply chains, investments, or financing portfolios. In 2022, we reviewed any progress made and have updated our ranking to see which are the biggest Forest Offenders.

Many of these brands and banks have made various past commitments and adopted corporate policies to achieve ‘no deforestation’ and uphold Indigenous and human rights in their business practices. Some have improved their policies to align with best practices — known as ‘No Deforestation, No Peatland and No Exploitation’ (NDPE) policies. At the global climate conference COP26 in November 2021, world leaders, business and funders made lofty commitments to end deforestation by 2030. Unfortunately, similar past commitments have failed, either because they lacked credibility or because governments and business did not follow through on them, or both. Major flaws continue in new pledges. Some pledges undermine real progress through nebulous targets to achieve ‘net zero deforestation’ rather than a clear commitment to ‘no deforestation’. Some policies also fail to recognize the central role that respecting land rights plays in ending deforestation. The world can simply no longer afford meaningless commitments and inaction.

**Despite many promises and the worsening climate crisis, this year’s evaluation found that 0 of the 17 major brands and banks have taken adequate action to address their contribution to driving deforestation and human rights violations** in forest-risk commodity supply chains. Forests continue to fall, hundreds of communities suffer the impacts of having their traditional forests and lands seized and cleared, and workers continue to face abuse. The Keep Forests Standing campaign demands more than paper promises.





# THE GRADES

The brands and banks assessed here have varied and distributed business streams, including well known consumer products. The brands source a variety of commodities that drive deforestation to make their products and the banks provide the capital necessary to clear forests and construct processing facilities. Yet, to date, most efforts to stop the destruction caused by a company's business practices have failed to address the full extent of the harm caused by their suppliers, investees, or financial clients.

The Keep Forest Standing scorecard reviews these banks and brands on 10 separate criteria. A brands or bank would receive an "A" grade if a score of 18 out of 20 had been met.

No brand or bank has been awarded an "A" grade.

In fact, a "passing" grade has been achieved by only one brand or bank.

## **Why are all these brands and banks receiving failing grades? Four main reasons are:**

- 1 — Their policies do not include core 'No Deforestation, No Peatland and No Exploitation (NDPE)' benchmarks.
- 2 — Their policies do not apply to all the suppliers, investees, and clients they do business with, or failure to apply across their entire operations.
- 3 — Their policies fail to include all the forest-risk commodities that a company may source or finance.
- 4 — The actions taken — or methods established to implement their NDPE policies — are not robust.

And of course, a plan is only as good as the action that accompanies it. Often low grades are achieved because there is no clear time-bound plan to actually implement these corporate policies in the real world. As piece-meal and half-hearted as these efforts have been, it is no wonder then that ongoing deforestation and human rights abuses are driving us ever toward climate chaos.

We rank some of the most influential corporations fueling the destruction of rainforests and the violation of human rights using a methodology that has been designed to ensure that any effort to take real action for forests and communities must be inclusive of companies’ total operations.<sup>7</sup> This year’s grades are:

	* NDPE Policy	* NDPE Policy Scope	* Mandate for NDPE Policy Adoption	* NDPE Implementation Plans	***** Independent verification of NDPE compliance	** Forest Footprint Disclosure	*** Proof of Free, Prior and Informed Consent	*** Zero tolerance for violence and intimidation	*** Robust monitoring and due diligence systems	**** Holding bad actors to account	FINAL SCORE
	Y	P	P	N	N	P	N	N	P	N	D
	Y	N	N	N	P	N	N	P	P	N	D
	Y	P	P	N	N	P	N	P	N	N	D
	Y	P	N	P	N	N	N	P	P	N	D
	Y	N	P	N	N	N	N	N	P	N	F
	Y	P	N	P	N	P	N	N	P	P	D
	Y*	N	N	N	N	P	N	N	P	N	F
	Y	P	P	N	P	N	P	N	P	N	D
	Y	N	N	N	N	N	N	P	P	N	F
	Y	Y	Y	P	P	P	P	P	P	P	C
	NDPE Policy	NDPE Policy Scope	Mandate for NDPE Policy Adoption	NDPE Implementation Plans	Independent verification of NDPE compliance	Forest Footprint Disclosure	Proof of Free, Prior and Informed Consent	Zero tolerance for violence and intimidation	Robust monitoring and due diligence systems	Holding bad actors to account	FINAL SCORE
	Y	Y	P	N	N	N	N	N	P	P	D
	N	N	N	N	N	N	N	N	N	N	F
	N	N	N	N	N	N	N	N	P	P	F
	Y	P	N	P	N	N	N	N	P	P	D
JPMORGAN CHASE & CO.	Y	N	N	N	N	N	N	N	P	N	F
	N	N	N	N	N	N	N	N	N	N	F
	Y	N	P	N	N	N	N	N	P	N	F

\*Nissin Foods. “[Group Policy on Sustainable procurement](#)” states it is “supporting the No Deforestation, No Peat, No Exploitation (NDPE) requirements’ but lacks explicit NDPE requirements for suppliers to comply with. Further strengthening of its NDPE policy in accordance with recommendations provided by Rainforest Action Network is required.

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Have they made the first step in adopting a policy to cut deforestation and human rights abuses from their supply chains and financing

Have they publicly disclosed the full impact of their business on forests and the rights of local and Indigenous communities?

Are they preventing violence and ensuring that the rights of local and Indigenous communities are being fully respected?

Are they actually changing their purchasing or financing practices if their business partner is caught breaching their policy to protect forests and uphold human rights?

Can they prove to their customers that their business partners are complying with their policy?

SCORE RANGE:

Y

P

N

= 2

= 1

= 0

A

B

C

= 18-20

= 15-17

= 12-14

D

F

= 5-11

= 0-4

5



A photograph of a person in a forest, seen from the side, carrying a large woven basket on their head. The person is wearing a dark shirt and is standing near a tree. The background is a dense forest with green foliage. The image has a green and yellow color overlay.

# KEY TAKEAWAYS & RECOMMENDATIONS

**The following represent the worst performing among the 17 companies evaluated:**

- » Banks with “F” grade: BNI, CIMB, ICBC, JPMorgan Chase, MUFG
- » Brands with “F” grade: Nissin Foods, Mondeléz, Procter & Gamble

The evaluation found that while none of the 17 major brands and banks have taken adequate action to address their contribution to the destruction of forests, ongoing land grabs, and violence against local and Indigenous communities, several the brands and banks continue to perform worse than their peers. **BNI, CIMB, ICBC, Procter & Gamble, Mondeléz and Nissin Foods, in particular, are falling behind on the adoption and implementation of policies and actions to end deforestation and human rights violations in forest-risk commodity supply chains.**

**Major global banks continue to finance clients driving deforestation and human rights violations.** Since the Paris Agreement in 2016, the seven banks reviewed here provided at least USD 22.5 billion to forest-risk commodity companies operating across the three largest tropical forest regions of Indonesia, the Congo Basin, and the Amazon. JPMorgan Chase was the largest, providing USD 6.9 billion, while MUFG followed with USD 4 billion.<sup>8</sup> Similarly, the brands have failed to suspend business with suppliers that persist in violating the customary rights of communities and sourcing from producers that are causing deforestation.<sup>9</sup>

***“BNI, CIMB, ICBC, Procter & Gamble, Mondeléz and Nissin Foods, in particular, are falling behind on the adoption and implementation of policies and actions to end deforestation and human rights violations in forest-risk commodity supply chains.”***





There has been an increase of banks and brands who have made marginal progress in adopting 'No Deforestation, No Peatland and No Exploitation' (NDPE) policies. However, this shift is occurring nowhere near the pace necessary to address the impact of forest-risk commodity supply chains on the world's last standing forests and the rights of Indigenous Peoples and communities that are defending their territories from industrial logging and agricultural expansion.

A critical problem is that new NDPE policies published by laggard brands and banks, such as Procter & Gamble, Ferrero, Nissin Foods, MUFG, and JPMorgan Chase, include major loopholes that limit their effectiveness. For example, a common loophole will limit a brand or bank's NDPE requirement to only a single forest-risk commodity, or to only a part of a supply chain.

Some of the worst performing banks last year have made improvements to their policies. MUFG and JPMorgan Chase issued partial NDPE policies for palm oil. However, they excluded palm oil traders from having to comply, and failed to address their lending to other forest-risk sectors that should be subject to NDPE standards — such as the pulp & paper and beef sectors. Malaysian bank CIMB also announced an NDPE policy. However, that announcement did not specify which commodities would be included and it did not include a timeline for the implementation of its policy.

On the brand side, some of the worst performing brands last year also made improvements to their policies, including Colgate-Palmolive<sup>10</sup>, Ferrero<sup>11</sup> and Kao.<sup>12</sup> But these companies are still failing on several criteria. Unilever remains the only brand with full marks for the adoption of an adequate cross-commodity NDPE policy.<sup>13</sup> Given the influence of this grouping of brands and banks, if they all adopt and enforce NDPE policies it would be a game-changer in forest-risk commodity supply chains and the first step toward ensuring that the agribusiness' deforestation, massive climate emissions and rampant human rights abuses are no longer tolerated.

One positive trend over the past year is that half of the brands began efforts to evaluate and disclose their true forest footprints. Nestlé<sup>14</sup>, Unilever<sup>15</sup> and Colgate Palmolive<sup>16</sup> have published their preliminary forest footprints — an accounting of a company's total impact on land and communities — for parts of Indonesia; others have committed to do so, including two of Japan's major consumers of forest risk commodities. Kao has committed to releasing its analysis in 2023 and Nissin Foods committed to progressive footprint disclosure in the lead up to 2030.<sup>17</sup> Nestlé is the only corporation that committed to disclose its global forest footprint — the company's total impact across multiple commodities across the three major rainforest regions in Indonesia, the Congo, and the Amazon. Nestlé has also set a date to do so by the end of 2023.<sup>18</sup> It is past time that Procter & Gamble, Mondeléz, Ferrero, Mars, and PepsiCo commit to doing the same.

There is increasing recognition of the need to ensure respect for customary rights to achieve goals to end deforestation and curb climate change. Among the many positive benefits of securing Indigenous Peoples and local community (IPLCs) land rights is the fact that most of the land controlled by IPLCs are critical carbon sinks — and the world will not meet the climate targets set out in the Paris Agreement and subsequent COP agreements without them.<sup>19</sup> Despite this global recognition, our evaluation found there has been an absolute failure of brands and banks to require proof of Free, Prior and Informed Consent (FPIC) — a foundational right of Indigenous Peoples — from their clients, suppliers or investees.

**To date, not a single brand or bank has published any procedures that would ensure Indigenous Peoples and local communities are respected in their right to give or withhold consent for development on their customary lands.**

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## Brands and Banks fail to hold Royal Golden Eagle to account

In the past year, there has been an absolute failure of brands and banks to require proof of Free, Prior and Informed Consent (FPIC) — a foundational right of Indigenous Peoples — from their clients, suppliers, or investees. This lack of action is having devastating consequences as the brands and banks are failing to hold suppliers or clients that are violating the rights of Indigenous Peoples and local communities to account.

One example is the failure of the brands, and banks MUFG and ABN Amro, to suspend sourcing or financing with companies that are part of, or controlled by, the controversial forestry and agribusiness corporation called the Royal Golden Eagle Group (RGE). RGE is affiliated with pulp company PT. Toba Pulp Lestari (TPL) which is responsible for the ongoing rights violation of the Indigenous Pargamanan-Bintang Maria community in North Sumatra.<sup>20</sup> RGE is responsible for ongoing human rights violations, development on peatlands, and deforestation in the palm oil and pulp and paper sectors in Indonesia.<sup>21</sup>



The threats facing Indigenous communities continue to rise as the space for civic society shrinks in key regions where forest-risk commodities are produced, such as Indonesia and Brazil. The Business & Human Rights Resource Centre, which tracks global attacks on Human Rights Defenders (HRDs), recorded 615 attacks in 2021 alone. Agribusiness continues to be one of the most violent sectors, second only to mining in terms of numbers of attacks.<sup>22</sup> This worrying trend has prompted repeated calls for banks and brands to adopt zero tolerance policies against the violence, criminalization, and intimidation of Human Rights Defenders. The last year has seen some progress in the recognition of this crisis, with four brands having issued new commitments of zero tolerance.<sup>23</sup> Unilever is set to publish a dedicated Human Rights Defender policy, which is likely to set a new precedent for the consumer goods manufacturers across the globe. All seven banks, however, have failed to respond to the growing crisis facing HRDs.

***“To date, not a single brand or bank has published any procedures that would ensure Indigenous Peoples and local communities are respected in their right to give or withhold consent for development on their customary lands.”***





**The evaluation found that claims made by brands and banks on eliminating deforestation or human rights violations cannot be trusted due to the absence of credible independent verification mechanisms ensuring compliance with NDPE policies.** There remains an over reliance by brands and banks on certification systems for independent verification of compliance. Some efforts are underway by the brands to define best practices for the independent verification of NDPE policies, but they have not been finalized or implemented.

These efforts are undermined by the reality that the brands are simply unable to identify the sources for all the raw materials they purchase. Prioritizing this basic information needs to be the first step in verifying that these commodities are being produced by companies that are protecting rainforests, peatlands and upholding human rights. The past year has seen some improvements in traceability and disclosure of supplier lists, but more transparency is needed to understand the full extent of each brand's impacts in palm oil, pulp and paper, beef, and soy supply chains.<sup>24</sup>

Corporations and their long-reaching supply chains, together with the banks providing the capital, are driving deforestation, ignoring land rights and other human rights violations, and further destabilizing our climate to turn the quickest profit.

Brands and banks must take real action to prevent further human rights violations and deforestation. We call on them to Keep Forest Standing and Uphold Indigenous Peoples Rights now.

***“Brands and banks must take real action to prevent further human rights violations and deforestation. We call on them to Keep Forest Standing and Uphold Indigenous Peoples Rights now.”***





# OUR DEMANDS:

**RAN is calling on each of these influential corporations fueling the destruction of rainforests and the violation of human rights to take real action for forests and communities, through the following steps:**

» **Adopt 'No Deforestation, No Peatland and No Exploitation' (NDPE) policies**

- » Create a plan to achieve and prove implementation across all forest-risk commodity supply chains
- » Demand all business partners adopt mandatory policies

» **Release Forest Footprint and Monitoring Systems**

- » Publicly disclose their total impact on forests, peatlands and the rights of Indigenous Peoples and local communities
- » Establish forests and peatlands monitoring and response systems

» **Prevent Violence and Uphold Human Rights**

- » Establish human rights monitoring and due diligence systems and field-based methods to verify that the rights to Free, Prior and Informed Consent are being respected
- » Enact zero tolerance procedures to prevent violence, criminalization, intimidation, and killing of land rights defenders

» **Hold Bad Actors to Account**

- » Disclose and consistently implement a process to end relationships with business partners complicit in deforestation and human rights abuses.

» **Prove compliance by business partners**

- » Publish independent verification of NDPE compliance
- » Do not rely on ineffective certification systems



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# ENDNOTES

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