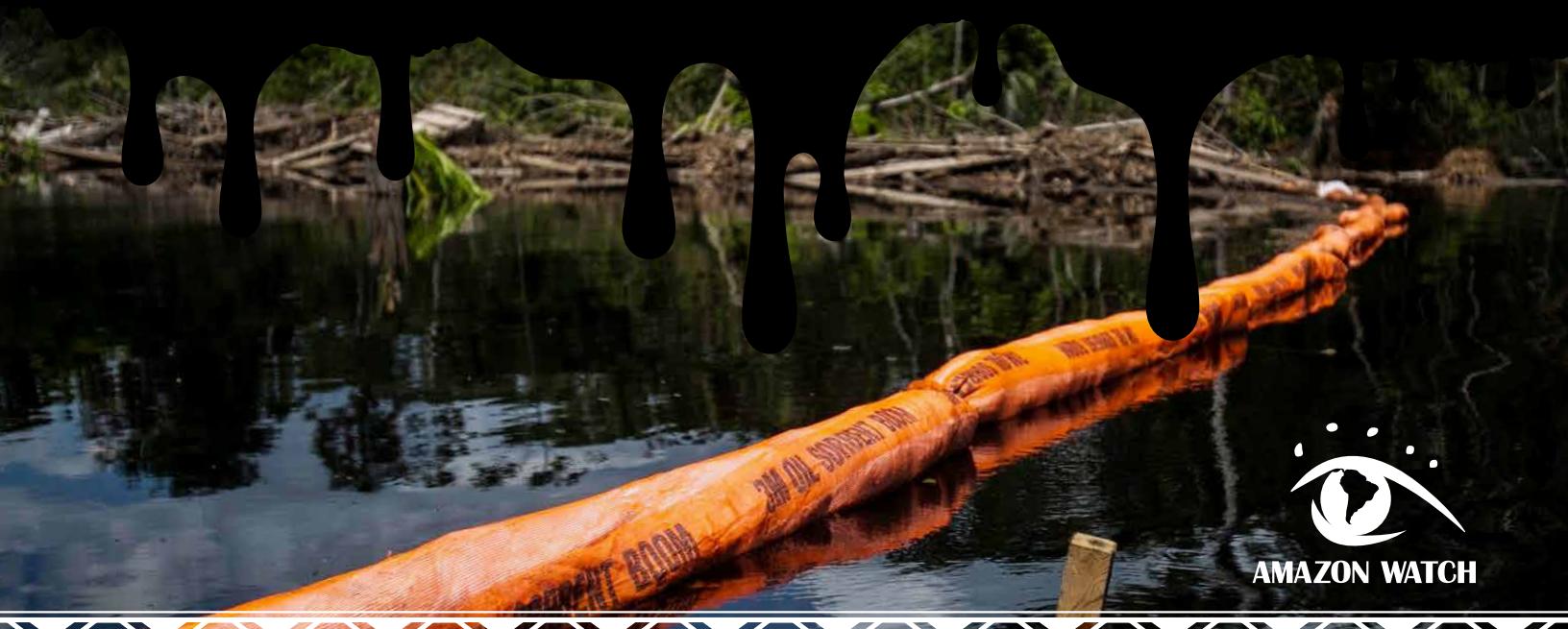




# INVESTING IN Amazon Crude

THE NETWORK OF GLOBAL FINANCIERS AND OIL COMPANIES  
DRIVING THE AMAZON TOWARD COLLAPSE



AMAZON WATCH

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## EXECUTIVE SUMMARY

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As this report goes to print, communities across the world are struggling to recover from a year of unparalleled climate catastrophes. We have witnessed wildfires in Siberia and Australia, historic flooding in the US Midwestern region, worsening drought and storm risk around the world, as well as greed-driven deforestation and forest arson in the Amazon. The intensity and frequency of environmental disasters has steadily increased – a glimpse of the innumerable challenges we will face if we fail to implement a just and equitable transition to a post-carbon economy.

Prevailing scientific consensus says the world needs to keep two-thirds of proven fossil fuel reserves in the ground to avoid reaching 2°C of warming and mitigate the most catastrophic societal and ecological effects of climate change.<sup>1</sup> Yet many governments and corporations continue to invest in fossil fuel exploration and extraction in the very biomes that absorb carbon from our atmosphere and prevent extreme weather patterns from wreaking havoc on our communities.

One such biome imperiled by the fossil fuel industry is the Amazon rainforest. If the fossil fuel industry continues to expand into the Amazon rainforest and other fossil fuel frontiers, the world is projected to greatly overshoot the Paris Agreement climate targets. The consequences will likely be more severe and far reaching than we can currently imagine. Not only that, but the incredible ecological and cultural diversity of the Amazon will be pushed even closer to extinction.

Yet at this moment when the world needs to be racing to protect the Amazon and other climate-stabilizing biomes, a new oil boom has erupted near the headwaters of the mighty Amazon River in Ecuador and Peru – an area known as the Amazon Sacred Headwaters – as well as in the Colombian Amazon. Furthermore, much of this fossil fuel activity directly overlaps the ancestral territories of indigenous peoples, subjecting them to devastating environmental and cultural impacts and often violating their rights to free, prior, and informed consent and self-determination.<sup>2</sup>

Although fossil fuel companies do the drilling, they would not have the capital they need to finance this extraction if it were not for global banks and asset managers. As such, financial actors are complicit in the human rights violations and climate chaos inherent in oil extraction in the Amazon rainforest. Unless corporate rhetoric and commitments to environmental and social responsibility turn into concrete actions, private financial institutions will continue to bankroll the path to an unlivable and inequitable world.

This report examines the climate and indigenous rights implications of oil extraction activities in the Amazon rainforest. It demonstrates how the lack of respect for indigenous rights and corruption in the region, along with climate action imperatives, render corporate claims of sustainability and respect for indigenous rights wholly incompatible with oil extraction operations and plans in the region. The report then illustrates the financial links of dependence between U.S.-based financial firms and parts of the oil industry that currently hold licenses to explore and/or drill on or near the territories of indigenous peoples, demonstrating those firms' complicity in the impacts of those extraction activities.

***We conclude that the threat to climate stability, biodiversity, and indigenous rights posed by oil extraction in the Amazon directly translates to serious legal, reputational, political, and financial risks for fossil fuel operating companies and their financial backers. Failing to recognize and act upon these risks means that these financial institutions – and ultimately their clients and customers – will face significant financial and reputational consequences.***

# RECOMMENDATIONS

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As this report demonstrates, existing and planned oil operations in the western Amazon region are incompatible with:

- » FPIC (Free, Prior and Informed Consultation and/or Consent), a set of principles enshrined in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and the International Labor Organization's Indigenous and Tribal Peoples Convention 169 (ILO 169); and
- » Countries' commitments to prevent catastrophic global warming, as established under the UN Paris Agreement (2015).

## **National governments in the western Amazon region must:**

- » Respect indigenous peoples' right to autonomous control over ancestral territories and cultural self-determination, as detailed in the UNDRIP.

This report also demonstrates that oil extraction in the Amazon is not a prudent business venture, given the precedent of legal resistance and forceful intervention from indigenous communities. Furthermore, scientific consensus has firmly established that the failure to achieve a rapid, just transition away from fossil fuels around the globe will result in catastrophic social, political, economic, and ecological effects that will disproportionately regress quality of life for future generations.

## **Fossil fuel companies must:**

- » Immediately stop exploring for and producing new reserves of fossil fuels; and
- » Phase out all fossil fuel extraction on an explicit timeline that is aligned with limiting global warming to 1.5°C, beginning in sensitive ecosystems with strong indigenous opposition like the Amazon Headwaters region in the western Amazon.

This report demonstrates the significant risks inherent in Amazon crude investing, and the arguments against financing or investing in any kind of fossil fuel extraction activity are well established by our colleagues at the Institute for Energy Economics and Financial Analysis and at the Center for International Environmental Law.<sup>3</sup>

## **Banks must:**

- » End all forms of financing for the expansion of fossil fuel extraction and infrastructure;
- » Commit to phase out all financing for existing fossil fuel extraction and infrastructure on an explicit timeline that is aligned with limiting global warming to 1.5°C; and
- » Require that clients fully respect all human rights, particularly the rights of indigenous peoples, including the rights to their water and territories through free, prior and informed consent (FPIC).

### **Investment firms and investment arms of banks must:**

- » Prioritize the creation of more “climate safe” (i.e fossil fuel free and deforestation free) funds, and make climate safe funds the default option for investment products, with a mandatory opt-in for non climate safe selections;
- » Commit to phase out from all fund offerings any fossil fuel company that does not have a clear and explicit timeline to align with limiting global warming to 1.5°C;
- » Use shareholder power to move companies away from Amazon oil extraction and other fossil fuel expansion activities, including by voting for Paris compliance shareholder resolutions;
- » Make any engagement with companies transparent, with clear deadlines and ambitious timelines for change; and
- » Assure that all investee companies fully respect all human rights, particularly the rights of indigenous peoples, including the rights to their water and territories through free, prior and informed consent (FPIC), as articulated in the UNDRIP.

Individual and institutional clients and shareholders of financial firms also have an important role to play.

### **Customers and clients of financial institutions investing in Amazon crude oil companies should:**

- » Pressure the financial institutions with which they have relationships to effectively incorporate the full range of legal, environmental, political, and financial risks of investing in fossil fuel companies into risk analyses;
- » Urge the financial institutions with which they have relationships to align their practices with their stated values; and
- » Demand that the financial institutions with which they have relationships fully divest from Amazon crude.
- » If the financial institutions with which they have relationships do not make these changes, divest from them or switch banks and let them know why.



# THE AMAZON IN FACTS AND FIGURES

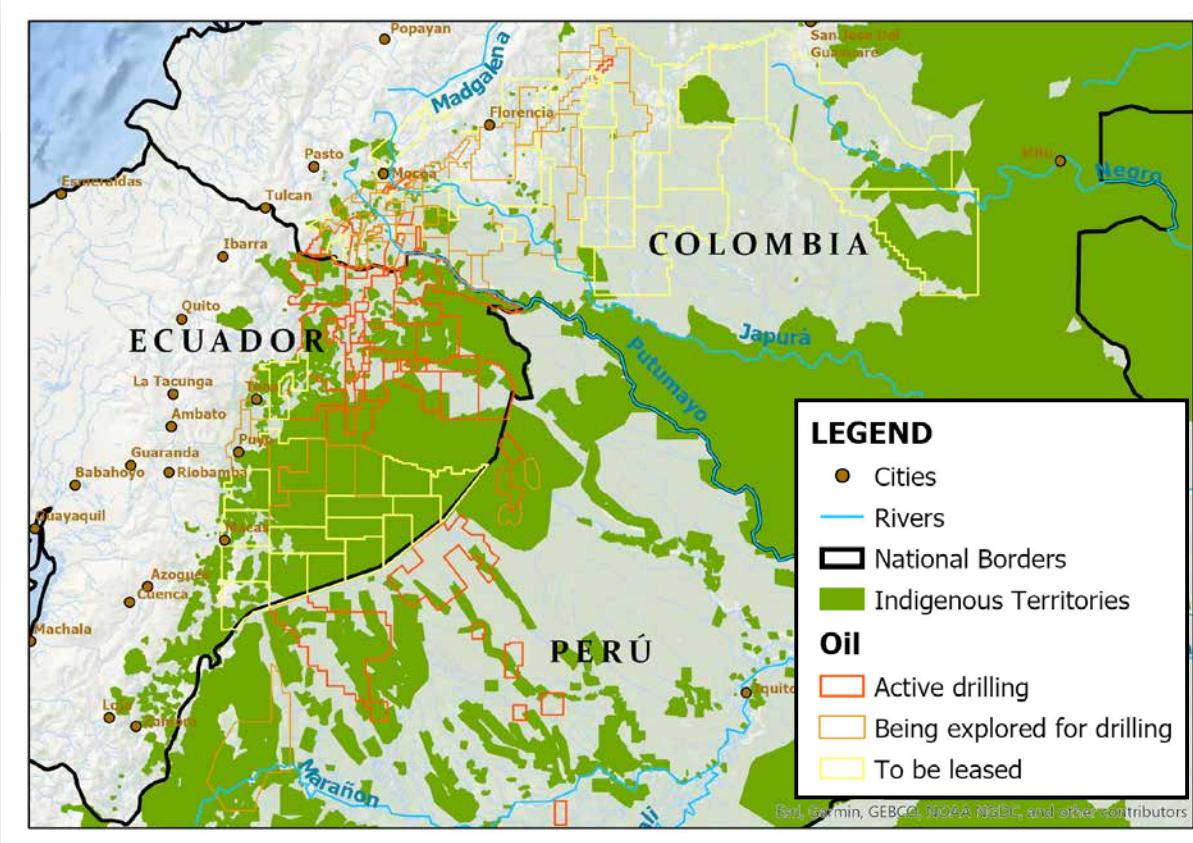
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- » This is the Amazon. All 2.4 million square miles of it.<sup>4</sup>
- » The Amazon is essential in mitigating climate change. It absorbs approximately 2 billion tons of CO<sub>2</sub> per year (5 percent of global emissions).<sup>5</sup>
- » It covers only 4 percent of the Earth's surface, but contains 33 percent of the world's plant and animal biodiversity.<sup>6</sup>
- » The Amazon is a part of the Earth's natural thermostat, driving weather patterns and regulating global climate temperatures.<sup>7</sup>



- » The western region of the Amazon basin contains the headwaters of the Amazon River, serving as the major source of its freshwater, and plays an essential role in the ecological health of the Amazon basin biome.<sup>8</sup>
- » The major western Amazon tributaries that drain into the Amazon River include: Purús (Peru), Caquetá (Colombia), Juruá (Peru), Río Negro (Colombia), Ucayali (Peru), Putumayo (Colombia, Ecuador, Peru), Marañón (Peru), and many others.



- » Making up  $\frac{1}{5}$  of the rainforest, the western Amazon region spans Colombia, Ecuador and Peru, and is home to almost  $\frac{1}{2}$  of the Amazon's indigenous peoples.<sup>9</sup>
- » Indigenous peoples protect this ecological abundance, which boasts the highest concentration of biodiversity found anywhere in the Amazon.
- » The western Amazon also contains oil and gas deposits, many of which sit below ancestral indigenous territories.
- » From 1964 to 1990, Texaco-Chevron oversaw one of the world's worst oil disasters, spilling over 17 million gallons of crude oil, and 16 billion gallons of toxic wastewater into a vibrant Ecuadorian Amazon rainforest, inhabited by five indigenous ethnic groups. The human and ecological costs have been catastrophic.<sup>10</sup>
- » This toxic legacy is bound to repeat itself if the expansion of Amazon oil drilling is allowed. Right now, **tens of millions of acres** of indigenous Amazonian territories and untouched rainforest are slated to be **auctioned off for new oil drilling** in the western Amazon, threatening the most biodiverse rainforest in the world and the survival of its indigenous peoples.



PHOTO: Lou Dematteis

## ENVIRONMENTAL AND HUMAN RIGHTS IMPACTS OF OIL DRILLING IN THE AMAZON

The western Amazon is the best preserved region of the Amazon rainforest, largely due to the high density of indigenous peoples that live in harmony with and protect the land. It is the heart of the Amazon, pumping nutrients and water throughout the complex expanse of streams and rivers that support the incredible biodiversity found in the Amazon Basin. Displacing indigenous communities and risking contamination from oil extraction in the western Amazon could contribute to the ecological collapse of the entire Amazon as an ecological system and affect much of the South American continent that relies on it as a climate moderator and source of freshwater.<sup>11</sup>

Decades of oil extraction in the western Amazon have left irrefutable evidence of devastation to indigenous peoples and local ecosystems – destruction that will continue to worsen as long as drilling for Amazon crude oil is allowed to continue.

For example, during Occidental Petroleum (OXY) operations in remote rainforest and indigenous territories in Peru between 1975 and 2000, the company dumped billions of gallons of toxic waste water and spilled millions of gallons of crude oil on the forest floor and in Amazonian tributaries.<sup>12</sup> Local Achuar communities brought suit against OXY and forced it to settle for millions. But modern times did not bring modern practices to Peru's oil patch: its northern pipeline is an ongoing source of contamination for the region, with new spills occurring almost monthly.

The most egregious case of oil company malfeasance in the Amazon is that of Chevron-Texaco. Between 1964 and 1990, Texaco – purchased by Chevron in 2001 – illegally dumped more than 16 billion gallons of toxic wastewater and 17 million gallons of crude oil, leaving hazardous waste in hundreds of dangerous open-air pits throughout the Ecuadorian Amazon.<sup>13</sup> The company drilled over 300 wells and carved hundreds of miles of roads, pipelines, and an airport across a one million hectare oil field in the middle of rainforest and indigenous territories.<sup>14</sup> Contamination of soil, groundwater, and surface streams caused a horrific public health epidemic. Indigenous and

*campesino*<sup>15</sup> communities in the oil-drilling region have experienced a notable surge in spontaneous miscarriages and infants born with deformities, and cancer rates are significantly higher than in other areas of Ecuador. A 2001 epidemiological study in Ecuador found that risk of cancer for communities living in oil-producing areas were 30 times higher for larynx cancer, 18 times higher for gastro-intestinal cancer, 15 times higher for liver and skin cancer, and 5 times higher for stomach cancer.<sup>16</sup>

Chevron acquired Texaco's assets in 2001 but has never assumed full responsibility for the toxic mess it inherited that continues to poison the region's ecosystem. Yet courts have found that the illegal cost-cutting practices that artificially propped up Texaco's bottom line decades ago fall on the shoulders of Chevron: in 2011 Ecuadorian courts found Chevron liable and ordered it to pay \$9.5 billion in waste removal and reparations for communities, such as clean drinking water and health care. Eight different appellate judges in Ecuador confirmed the validity of the overwhelming evidence against the oil company.

Chevron has spent years attempting to evade the ruling, including closing operations in Ecuador and fighting tooth and nail against the plaintiff's efforts to enforce the judgement in other countries as far away as Canada and Brazil. Though Chevron has thus far succeeded in evading justice and accountability, indigenous resistance and climate movement mobilization are ushering in a new era of consequences for the industries that cause irreversible environmental damage, and for the governments that allow it.

Chevron's operations set off an oil boom of historic proportions in Ecuador's northern Amazon. And while industry standards and practices improved over the next decades, the impacts of drilling and lack of government oversight continued. After Chevron closed up shop in Ecuador, Petroecuador, Petroecuador – Ecuador's state run oil company – took over Chevron's built-to-spill operations and crumbling infrastructure. Since then it has created its own legacy of pollution, as have a new wave of independent and state-run companies, which promised "best practices" but have also led to spills and deforestation. At one point, according to Petroecuador's own data, the company was averaging two spills a week.<sup>17</sup> Offshore and horizontal drilling methods have led to less road construction, but helicopters and monorails used to bring in heavy machinery, construction materials, and pipelines have had comparable impact on canopy and biodiversity loss.

**"The equatorial region, in general, and the Amazon specifically, is extremely important for the world's climate. It's a powerful engine."**

– Antonio Donato Nobre

BRAZIL'S NATIONAL INSTITUTE OF AMAZONIAN RESEARCH



## Health and Survival for Indigenous Peoples Threatened by Amazon Crude

The survival of indigenous peoples in the western Amazon has hinged for thousands of years upon the health of the rivers and forests. Yet the oil industry's disregard for public health and environmental safety standards in its areas of operation has resulted in toxic contamination of the soil and water that communities rely upon for bathing, drinking, cultivating crops, hunting, and fishing. Common toxic waste elements found in the water and food systems of the Amazon near oil operations include cadmium, mercury, PAHs (polycyclic aromatic hydrocarbons), lead, chromate, barite, potassium chloride, nickel, and copper.<sup>18</sup> In the Corrientes river basin in northeastern Peru, a 2006 study by Peru's health ministry found that 90% of Achuar indigenous men, women, and children had levels of toxic-heavy metals in their bloodstream well above safe norms.<sup>19</sup>

Most indigenous peoples have been in contact with the outside world since the 20th century, but there are still indigenous peoples in the Amazon living in voluntary isolation. The cultural identities and traditional way of life of these peoples are extremely fragile, and oil operations put them at extreme risk. The threat of disease through outside contact is significant. For example, in the 1980s Shell oil workers came in contact with the isolated Nahua peoples in the Peruvian Amazon, resulting in an epidemic of infectious diseases that wiped out over 50 percent of the indigenous population.<sup>20</sup> Additionally, the reduction in size of protected areas to make way for oil operations has forced nomadic indigenous peoples into smaller and smaller spaces, negatively impacting their traditional ways of life and pushing them into competition with each other for ever-scarcer resources.

Ecuador's Yasuní National Park provides a clear example. The park was established in 1989, and deemed a Man and Biosphere Reserve by UNESCO that same year in recognition of its world-renowned biodiversity. But the state maintains subsurface mineral rights, and there are currently eight oil concessions that overlap the park. Yasuní is the traditional territory of the Waorani indigenous nation, along with their nomadic family clans the Tagaeri and Taromenane – the two last known indigenous groups living in voluntary isolation in Ecuador, who live within a 190 square-mile restricted area inside of the park's 3,800 square-mile territory. Historically both the Tagaeri and Taromenane used the park's full area to meet their needs.<sup>21</sup> But expanded oil drilling inside the park, along with oil-related road building and illegal logging, have surrounded them, restricting access to their traditional hunting areas and leading to inter-ethnic conflicts and violent encounters with outsiders.<sup>22</sup> The Inter-American Commission on Human Rights (IACHR) of the Organization of American States granted precautionary measures for the Tagaeri and Taromenane in 2006, but the state's continued failure to adopt effective mechanisms to protect them is a genocidal threat.<sup>23</sup>



Toxic oil drilling waters deliberately dumped by Chevron-Texaco.

## The Right to Choose: How Companies Use FPIC to Undermine Indigenous Self-Determination

Collective land titles to ancestral territory are a key tool for indigenous peoples in the western Amazon to defend their rights and survival. Under international and national laws, collective titles afford indigenous peoples additional legal protections, including the right to “informed consultation” and/or “informed consent” – commonly known as FPIC (Free Prior and Informed Consultation/Consent).

At the same time, constitutions in western Amazon countries award subsurface mineral rights to the state, and, as in Ecuador, also give the state the rights to above ground environmental services. Beneath many indigenous territories in the western Amazon lie vast oil deposits, some only recently discovered. Regional governments, many of which rely on fossil fuel extraction for revenue, face strong incentives to facilitate oil industry operations on indigenous territories and in protected state parks. In Ecuador, crude oil makes up more than 50 percent of the country’s export earnings and contributes to 25 percent of public sector revenues.<sup>24</sup>

In theory, informed consent requires a clearly deliberate approval by indigenous communities for companies to operate on their territories. However, in Colombia, Ecuador, and Peru, laws only require prior consultation with the indigenous inhabitants of a potential project site.<sup>25</sup> If interpreted narrowly, consultation is merely the communication of project plans to members of the community, regardless of their consent to such plans.

Because regional governments heavily depend on oil exports to finance government programs, an inherent conflict of interest exists that complicates the role of the state as a fair arbitrator of justice. Though charged with conducting the process, western Amazon countries lack regulation and explicit policies that govern how these “consultations” should take place. With no criteria or binding guidelines, the process routinely deployed runs contrary to the UN Declaration on the Rights of Indigenous Peoples and International Labor Organization (ILO) Convention 169, and is rarely free, nor prior, nor involves informed consent. Companies frequently lay the groundwork *before* a “consultation” process, employing “divide and conquer” strategies in order to break opposition and develop a relationship of dependency between communities and companies, offering indigenous communities jobs, fuel, and food products in exchange for permission to operate.<sup>26</sup> As reliance upon outsiders increases, social cohesion weakens, traditional means of survival become impossible, and public health epidemics can occur.



Indigenous Women Defenders of the Amazon march in defense of their rights and territories in Ecuador.

This lack of an “enabling political environment” in Ecuador was clearly identified by Victoria Tauli-Corpuz, the UN Special Rapporteur on the rights of indigenous peoples, who spent two weeks in Ecuador in November 2018 to assess the situation for the UN Human Rights Office of the High Commissioner.<sup>27</sup> In her analysis of the state of free, prior, and informed consultation in Ecuador, she wrote:

*“The collective right to consultation cannot be reduced to socialisation and information meetings, disregarding indigenous peoples’ own procedures for decision-making and indigenous authorities. The current situation seems to indicate a systematic violation of this right. Moreover, effective consultation processes have allegedly led to division and confrontations among indigenous communities...According to the information received, there are no adequate enabling mechanisms or processes which allow indigenous peoples to exercise this right.”<sup>28</sup>*

In other words, FPIC procedures employed in western Amazon countries have not been effective in enabling indigenous peoples to exercise their rights. **Thus, a critical lesson that oil companies and their financiers must draw from the cases presented throughout this report is that if indigenous peoples make clear their opposition to extraction on their territories, even the attempt to “consult” with them about a particular project is an affront to their right to self-determination.**



Community members protest the sale of new oil leases in the Ecuadorian Amazon.

## Global Climate Implications of Amazon Oil Drilling

In Ecuador and Peru, oil and gas blocks cover at least two-thirds of the rainforest.<sup>29</sup> Many of these blocks are in very remote areas, meaning that oil drilling requires building new roads deep into the rainforest. This causes immediate deforestation and paves the way for further rainforest destruction from illegal logging, illegal mining, new settlements, and pipeline spillage.

According to the International Energy Agency (IEA), at least 80 percent of the oil deposits currently underground – including those beneath the Amazon rainforest – must remain unburned to keep global temperature increases from reaching 2°C.<sup>30</sup> This carbon budget is incompatible with an expansion of unconventional crude sources, development of existing reserves in key ecosystems, and new exploration anywhere, let alone in a biome as culturally and ecologically diverse as the Amazon.

And yet, new analysis by the UN Environment Program (UNEP) reports that at present, many governments are on track to exceed the 2030 carbon budget limits – emitting 50 percent more emissions than permissible under a 2°C global warming scenario, and 120 percent more emissions than permissible under a 1.5°C global warming scenario.<sup>31</sup> The report underscores the urgent need for supply-side constraints on fossil fuel production, not just demand-side regulations on consumers and small businesses.

The UNEP study is the latest to confirm that in order to meet The Paris Agreement climate goals, the world must initiate an urgent phase out of fossil fuel production, beginning with commitments to no new expansion or exploration of fossil fuel reserves.

It is estimated that oil reserves in the western Amazon region contain 5.5 billion barrels of crude, nearly an entire year's worth of US oil consumption.<sup>32</sup> While it is true that the carbon footprint from burned oil in the Amazon is smaller than other carbon bombs like the Canadian Tar Sands or the Permian Basin, **oil drilling in the Amazon rainforest poses a triple threat to the climate:**

- 1.** Increased carbon dioxide emissions from forest fires and the decay of organic matter as ecosystems are razed and paved for road, pipeline, and oil-platform construction projects. Roads for oil expansion become massive gateways for even more destructive industries like commercial logging, wildcat mining, and agribusiness.<sup>33</sup>
- 2.** Up to 5 percent net-increase in annual emissions, as forest-loss degrades the Amazon's functional capacity for CO<sub>2</sub> capture and storage as a carbon sink.<sup>34</sup>
- 3.** Emissions from extracted fossil fuel combustion, which would amount to more than 636 million metric tons of carbon.<sup>35</sup>

Between fossil fuels and stored biomass, the western Amazon region holds over 4.4 billion metric tons of carbon at high risk of being dumped into the atmosphere, turning the Amazon from a carbon sink to a carbon source.<sup>36</sup>

## The Inextricable Link Between Indigenous Rights and Climate Protection

The primary reason much of the western Amazon region remains largely free of industrial extraction – with the exception of areas like those first opened up by Chevron/Texaco – is due to the successful efforts of indigenous peoples to protect and defend their territories. Indigenous peoples have stopped industrial waterways, dams, roads, and drilling plans by companies including Chevron, ConocoPhillips, ARCO, Andes Petroleum, ENI, Petrobras, CGC, and Talisman Energy, among others. These efforts have halted extraction and bolstered indigenous rights throughout the region and beyond.

Indeed, time and time again, scientific research proves that when indigenous peoples are able to control and manage their own territories, they are by far the best protectors of forests. In a review of 80 forests in ten tropical countries, researchers at the University of Illinois and the University of Michigan showed that indigenous and local communities effectively conserve forest resources over the long term when they hold title to their ancestral forest territories.<sup>37</sup> Even the World Bank recognizes the key role indigenous peoples play in forest and biodiversity preservation, finding that indigenous and local communities manage and care for 80 percent of the planet's biodiversity.<sup>38</sup> And a 2020 study in the *Proceedings of the National Academy of Sciences* demonstrates that indigenous territories and protected natural areas in the Amazon act as a “buffer” against degradation and carbon emissions in other parts of the forest.<sup>39</sup>



With fires scorching the Brazilian and Bolivian Amazon, combined with ongoing industrial threats, scientists warn of a nightmare scenario – that the Amazon will reach a tipping point where it will no longer be able to sustain its ecological cycles and functions. Some scientists consider this dieback scenario to be imminent. Deforestation from roads, fires, logging, extractive industries, and large-scale agribusiness – all exacerbated by climate change – clears the way for invasive grass, turning dense moist rainforest into savannah.<sup>40</sup>

Fires burn the Brazilian Amazon during Summer 2019.

PHOTO: Victor Moriyama / Greenpeace

When the region dries out, the forest's natural ability to produce a substantial portion of its own annual precipitation decreases – intensifying the desertification process and setting off a negative feedback loop. This feedback loop leads to greater disruption of the global climate, which in turn leads to further decline of the ecological functions of the tropical rainforest, causing the ecosystem to self-destruct. With the hydrologic and carbon cycles failing, further heating and drying of the planet occurs, disrupting the Earth's thermostat. Resulting alterations in rain patterns could create or worsen catastrophic droughts or floods across the Western Hemisphere, setting off what could amount to a chain reaction of ecological collapses. **It is nearly impossible to imagine a viable future for the planet if dieback of the Amazon occurs.**

Expanding oil exploration and extraction in this vital ecosystem will continue a history of oppression and cultural devastation against the 1.3 million indigenous peoples who live in the Amazon, and will contribute to the rainforest's ecological collapse.<sup>41</sup>



Oil rig in the Northern Ecuadorian Amazon

# THE OIL INDUSTRY AND INDIGENOUS RESISTANCE IN THE WESTERN AMAZON

Despite the threats to climate stability, biodiversity, and indigenous rights posed by oil extraction in the Amazon, the governments of Ecuador, Peru, and Colombia are ramping up plans to expand Amazon crude oil exploration and production by creating, auctioning, and selling new oil leases in the Amazon forest to both foreign and domestic oil companies.

As of this report's publication, numerous national and international oil companies currently operate – or have plans to operate – in the western Amazon region. For the purpose of this report we shine a light on four companies whose operations in the Amazon clearly demonstrate both the impacts of drilling expansion and the extent of indigenous resistance there.

CASE STUDY 1 : **Andes Petroleum** (*Ecuador*)

CASE STUDY 2 : **Frontera** (*Colombia, Ecuador, Peru*)

CASE STUDY 3 : **Amerisur** (*Colombia*)

CASE STUDY 4 : **GeoPark** (*Colombia, Ecuador, Peru*)

We have chosen to focus on publicly-traded oil companies in order to have full access to financial data, but note that private oil companies also operate in the Amazon, including Pluspetrol, along with state-owned companies like PetroPerú (Peru), Ecopetrol (Colombia), Petroecuador (Ecuador), and ENAP (Chile).

## Ongoing Indigenous Resistance to Oil Operations

Indigenous peoples of the Peruvian, Ecuadorian and Colombian Amazon have organized resistance against powerful government and corporate oil industry entities for decades. In Peru, indigenous peoples have successfully litigated against oil companies that did not operate with informed consent.<sup>42</sup> Similarly in Ecuador, the Waorani indigenous nation took the government to court in 2018 over the lack of proper informed consent over the creation and planned lease of a 200,000 hectare oil block on their titled territory. The courts sided with the Waorani, upholding their right to autonomy, and found their right to consultation had been violated. The case exposed the state's lack of legislation or enabling environment to adequately conduct an FPIC consent process, calling into question all of the leases handed out to oil and mining companies on indigenous territories. But indigenous peoples are also using the court of public opinion, and continue to shut down oil production, infrastructure construction, and new exploration into frontier forests. Massive protests erupted in October 2019 as indigenous peoples opposed International Monetary Fund-backed austerity measures and called for no new oil and mining concessions. The protests shuttered industry production and paralyzed the country. Similarly, indigenous communities from the southern Colombian Amazon have participated in popular protests in Bogotá, rejecting drilling and exploration in the oil-rich rainforest region.<sup>43</sup>

In the most recent example of the success of indigenous resistance to oil drilling in the Amazon, in January 2020 a Peruvian judge ordered the suspension of three Amazonian oil blocks, previously authorized by the Ministry of Energy and Mines for development by PetroPerú, following litigation by a local federation of indigenous peoples.<sup>44</sup>



Andes Petroleum Ecuador is a petroleum exploration and production partnership of two Chinese state-owned companies, China National Petroleum Corporation (CNPC, 55 percent) and China Petrochemical Corporation (Sinopec, 45 percent). Sinopec and CNPC are ranked second and fourth place, globally, on the list of highest revenue generating companies.<sup>45</sup> All Andes Petroleum operations are based in the Ecuadorian Amazon: it operates in the “Tarapoa Block”, and has a transfer and storage station in Lago Agrio in Sucumbíos province.

Its subsidiary, PetroOriental, operates in Block 14 and Block 17 in Orellana and Pastaza provinces, respectively. In 2016, Andes Petroleum signed an \$80 million USD oil exploration and production contract with the Ecuadorian government for Block 79 and Block 83 in Pastaza Province.<sup>46</sup>

Along with PetroChina, Andes Petroleum is a principal actor in the Chinese drive to expand the oil frontier in the western Amazon region. Starting in 2009, Ecuador and China signed a number of “oil-for-loans” deals, meaning repayments must be made through the sale of oil or fuel. As reported by *Reuters*, China now has “near monopoly control of crude exports” from Ecuador.<sup>47</sup> Nearly all of Ecuador’s known reserves are in its portion of the western Amazon region.

### **Indigenous Resistance to Andes Petroleum**

Blocks 79 and 83 overlap with about half of Sapara territory and a smaller portion of the territory of the Kichwa people of Sarayaku. These Blocks stand on the southern border of Yasuní National Park – widely considered to be the most biodiverse place on the planet – and also overlap the nomadic territory of the last two known indigenous groups living in voluntary isolation in Ecuador: the Taromenane and the Tagaeri. The Sapara nation was included in the Representative List of the Intangible Cultural Heritage of Humanity by UNESCO in 2001. This region, deep in the Amazon rainforest and located near the Peruvian border, is also home to several crucial tributaries of the Amazon River.

The Sapara and the Kichwa of Sarayaku have emphatically opposed the leasing of concessions to drill or explore for oil on their land. In January 2015 the Sapara president, Manari Ushigua, and former Sarayaku president, Félix Santi, together with the leaders of the neighboring Shiwiar nation and the presidents of the Amazonian and national indigenous federations of Ecuador, sent a letter to the Ecuadorian Hydrocarbons Minister and the Executive Director of Andes Petroleum to clearly express their rejection of oil drilling on their territory and the lack of prior consultation about the sale of drilling concessions.

They wrote:

*“By continuing with its practice of signing contracts with oil companies overlapping indigenous territories in which it has not carried out the proper prior consultation processes stipulated in international law, the Ecuadorian government not only demonstrates that it is remiss in its international human rights obligations toward its own people, but puts at risk the investments of the companies with which it signs said contracts.”*

The leaders closed the letter by making known their decision not to allow entry to companies of any kind on their territory, promising to carry out actions on the national and international levels to defend their territorial rights.



The Sapara take this promise very seriously. In the words of the Association of Women of the Sapara Indigenous Nation of the Ecuadorian Amazon, its members “are ready to protect, defend, and die for our forest, families, territory, and nation.”<sup>48</sup> The Sapara have taken their opposition to the United Nations. “We want to make it crystal clear to the government and the oil companies that this is our land, and they cannot enter unless we give them permission,” said Juan Carlos Ruiz, an elected leader of the Sapara village of Torimbo.<sup>49</sup>

For over twenty years, the Kichwa of Sarayaku have successfully fought back against oil drilling in their territory. In 2003, they forced Argentine company CGC to abandon drilling plans on their lands after they successfully protested the company’s seismic testing in their territory with the illegal protection of the Ecuadorian military. The community brought a landmark lawsuit before the Inter-American Commission on Human Rights (IACHR) against the Ecuadorian state for rights violations and abuses community members endured while their lands were militarized to protect the oil project. The IACHR found in favor of Sarayaku, affirming its right to autonomy and FPIC, and forcing the government to pay damages, publicly apologize, and remove hazardous explosives left in the territory during the seismic testing phase. The IACHR decision is the only one of its kind recognizing collective rights in Ecuador, and has set a new precedent that continues to aid subsequent cases from other indigenous groups.

While pursuing groundbreaking strategies to hold the government to account, Sarayaku is also making bold moves to permanently protect its territory. Its Kawsak Sacha, or “Living Forest,” proposal seeks to establish a new category of protected area that recognizes and enshrines the role and relationship indigenous people have in protecting standing forests. The proposal has been formally presented to the International Union for Conservation of Nature, United Nations Framework Convention on Climate Change, and national and subnational jurisdictions as an indigenous solution that both keeps fossil fuels in the ground and protects above ground biodiversity and sacred places.

“We know that the [Ecuadorian] government has signed new deals with Chinese companies, and then it tries to claim we’re not affected, but it’s our territory!” said Sarayaku community member Narcisa Viteri on the day of the Inter-American Court of Human Rights’ ratification of its ruling against the Ecuadorian government in the Sarayaku case.<sup>50</sup>

### Indigenous Success Against Andes Petroleum

In October 2019, Ecuador’s government announced it had accepted Andes Petroleum’s request for a declaration of *force majeure* in Blocks 79 and 83, citing “resistance and social and political opposition” of Sapara and Kichwa indigenous peoples potentially affected by the project.<sup>51</sup>

Opposition from the Sapara and Kichwa (including protests at jungle airstrips which prevented planes from accessing the remote areas), particularly in Block 79, along with legal action and pressure on Chinese embassies, effectively prevented the company from advancing its operations.

The pressure remains, however, as the Ecuadorian government continues to lease indigenous territories for exploration and drilling. But the Sapara and Sarayaku will not give up: “The declaration by the government of force majeure in Block 79 is a result of our fight, and it was forced to recognize that these territories are ours, we live there. We are asking the government to remove all oil concessions from our territories. We will remain vigilant,” said Yanda Montahuano, a leader of the Sapara Nation.<sup>52</sup>

Frontera Energy Corp (FECCF), formerly “Pacific Exploration & Production,” is a Canadian oil and gas company with leases for 40 production blocks in Colombia, Ecuador, Guyana and Peru. The company changed its name in 2017 following a bankruptcy restructuring caused by the trend of decreasing oil prices.<sup>53</sup>

The company's operations have been controversial in several parts of the Peruvian Amazon. For years it was subject to Peruvian indigenous and international pressure campaigns to leave Block 135, which overlaps the territories of uncontacted Matsés indigenous peoples. In early 2017, the company announced its departure. And in 2017, Peru's Fourth Constitutional Court declared the contract for Block 116, in which Frontera was an operator, to be invalid due to lack of consultation and consent of local indigenous peoples.<sup>54</sup> The case is being appealed.

### **Indigenous Resistance to Frontera**

Frontera's main asset in the Peruvian Amazon is Block 192, close to the border with Ecuador. This oil concession, formerly known as “Lot 1-AB”, is the largest oil field in Peru and at one point produced 10,000 barrels of crude per day.

The block is infamous for its antiquated, leaky pipeline infrastructure, and since 2006 has seen recurrent protests by Achuar and other indigenous communities objecting to the ongoing health and environmental impacts of oil operations.<sup>55</sup>

Indeed, local indigenous federations have documented “lagoons with oil, contaminated animals, dead fish, cultural knowledge loss, social disorder and the mistreatment of men, women and children” related to the industry's legacy practice of dumping billions of gallons of toxic waste water and inadequately preventing hundreds of pipeline oil spills.<sup>56</sup> An independent analysis estimates that it will cost \$1 billion USD to clean up legacy pollution left by Occidental in Block 192 and Pluspetrol in the neighboring “Lot 8.”<sup>57</sup>

The persistent spills and protests have led Frontera to shut down operations on multiple occasions in recent years.<sup>58</sup> On September 18, 2017, for example, community members mobilized to seize oil wells around Block 192, effectively halting production of over 5,000 barrels (approximately \$100,000 USD) per day. Local indigenous federations lodged official complaints calling for an appropriate consultation process for any upcoming negotiations about the next multi-decade contract for the concession, overdue environmental remediation, and urgent implementation of social development plans that incorporate urgent health and water sanitation needs. After 43 days, the government agreed to the federation's demands of consultation before new oil contracts, cleanup of oil spills, and the provision of emergency health care, and ordered Frontera to participate in dialogue with the federations.

However, Frontera and the Peruvian government continue to renege on commitments made to indigenous communities over the course of regular dialogues. In response, on September 10th, 2019, indigenous communities took control of a small airport and oil pumping station in Andoas, halting production at Block 192.<sup>59</sup> Protesters demanded that the government complete unfulfilled commitments to build health clinics and clean up pollution caused by oil operations.

In a communique issued on January 12th, 2020, the Four Basins indigenous federations stated, “Currently, the company Frontera Energy continues operating in Block 192 but its contract should end within the next 6 months. Our federations are concerned given that the company has not presented an abandonment plan that establishes and assures the resources for remediation of all the sites that have been contaminated through the more than 70 environmental emergencies reported by OEFA [Peru’s Environmental oversight and enforcement agency]. During just November and December of 2019, four oil spills were registered in Block 192 for which Frontera must respond.”<sup>60</sup>

Though Frontera’s most recent service contract for Block 192 expired in March 2020, the Peruvian government approved a six month extension and a request for force majeure given continued protests.<sup>61</sup>



Amerisur (AMER) is a British petroleum exploration and production company operating in Colombia and Paraguay. Of its twelve production blocks in Colombia, eleven are in the western Amazon (southern Putumayo basin) bordering Ecuador and Peru, and one is located in the northern Llanos basin. Amerisur has strategic partnerships with Occidental Petroleum (OXY) and Oil and Natural Gas Corporation (ONGC), meaning that they split ownership of operations for risk mitigation purposes.<sup>62</sup>

During the past five years, the company has faced a 72 percent decline in stock value.<sup>63</sup> On November 15th, 2019, it was announced that Amerisur had accepted an acquisition bid by GeoPark for a total cash consideration of about \$315 million USD, and that the transaction was financed by Citigroup in the form of a \$315 million bridge-loan.<sup>64</sup> On January 16th, 2020, GeoPark announced the successful acquisition of Amerisur, as well as a \$350 million bond issuance, also underwritten by Citigroup.<sup>65</sup>

### **Indigenous and Campesino Resistance to Amerisur**

The Siona are an indigenous Amazonian people that have traditionally occupied the territories surrounding the Putumayo River – a major tributary to the Amazon River – where northern Ecuador meets Colombia. Today the Siona population is approximately 2,600, and in 2009 the Colombian Constitutional Court declared the Siona at risk of “extermination” due to exposure to armed conflict between guerilla groups and the military. Siona territory is comprised of six protected areas, the largest of which is Buenavista, located on the Colombian side of the border. Buenavista is home to approximately 600 Siona and spans 4,500 hectares of Amazon rainforest. The Pinuna Blanco River is the main source of water for multiple Buenavista villages, and connects downstream with the Putumayo River.<sup>66</sup>

The Siona of Buenavista have denounced Amerisur both for alleged contamination of their water sources from activities in the Platanillo oil block, and for attempts to carry out new oil exploration in the block known as Putumayo-12.

In 2009, Amerisur began extracting oil in the Platanillo block, at a site less than 2 miles west of Buenavista.<sup>67</sup> That same year, the company was granted permission to dump production wastewater into the Mansoya stream by Colombia's Ministry of Environment. Amerisur claims that it stopped dumping in 2012, and in 2014 it was granted permission by the Ministry to reinject wastewater underground instead. According to an August 2017 report, multiple government organizations tested samples from Platanillo ground storage sites and found high levels of petrochemical particulate matter from untreated wastewater to have contaminated local wetlands and rivers, including the Mansoya, Singuiya, and Peneya. The Siona, who have bathed in the waters for generations, report a dramatic increase in skin welts and rashes following contact with the river over the last decade. They believe that the water has become contaminated by Amerisur's upstream operations.<sup>68</sup>

More recently Amerisur set its sight on Block Putumayo-12 (PUT-12), adjacent to Platanillo and fully overlapping Buenavista as well as approximately half of a 52,000 hectare territorial expansion for which the Siona have filed an application for collective title under an official government land restitution program.<sup>69</sup>

In order for Amerisur to conduct seismic surveys on Siona territory, the company is legally required to carry out an informed consultation with the Buenavista reserve.<sup>70</sup> Under Colombian law, if no agreement is reached during consultation, the government decides if the project goes ahead or not. Until 2014, the Siona had not agreed to Amerisur's terms during a consultation for consent. As a result, Amerisur employed tactics of manipulation, such as deceit and intimidation, to circumvent due process for consent.<sup>71</sup>

The Siona arrived at a 2015 agreement for “facilitating and cooperating” with Amerisur, but under the false pretense that the Colombian government had previously approved the project. Upon realizing the deception, Siona unequivocally rejected the project, a position they maintain to this day.<sup>72</sup>

In August of 2019, the Siona reported that preparations for the proposed exploration in Putumayo-12 had begun in both the reserve and the potentially expanded area, without their consent, with crews from Amerisur and a subcontractor clearing rainforest and building roads. As a result, the Putumayo court handling the expansion of the reserve ordered Amerisur to “immediately abstain” from any operations connected to seismic testing in Buenavista and the possible expansion area until the legal process is finished. Amerisur has gone to court with the original consent document, and awaits confirmation that informed consent has been approved. The Siona have reported that Amerisur has ceased operating in the meantime, and maintain that their consent agreement was based on a campaign of deceit and coercion.<sup>73</sup>

In December 2019, the Siona of Buenavista issued a statement to GeoPark in relation to its acquisition of Amerisur. They warned GeoPark, “the business acquisition includes the obligations and liabilities for serious violations of human rights, socio-environmental damages and other impacts pending restitution for the Siona people that were caused by Amerisur.”<sup>74</sup>

In addition to the Siona’s explicit opposition to oil operations, a collective of *campesino* communities filed a lawsuit against the company in British courts in early December 2019, claiming water source contamination and damage to the flora and fauna in the area. Just days before GeoPark’s closure of the Amerisur acquisition deal, a judge’s injunction froze £3.2 million pounds sterling of Amerisur’s assets pending a final decision in the case, which is expected in March 2020.<sup>75</sup> Yet as recently as late January, local human rights groups reported intimidation of community member plaintiffs by company representatives.<sup>76</sup>



A stream runs through the Ecuadorian Amazon.



GeoPark (GPRK) is a Chile-based petroleum and gas explorer, operator, and consolidator with projects in Argentina, Brazil, Chile, Colombia, and Peru. The company is the third-largest oil and gas operator in Colombia and the largest private oil and gas producer in Chile. It also has a non-operating working interest in one of the largest non-associated gas fields in Brazil. As detailed below, GeoPark has attempted to bring Peru's Block 64 into production since 2014, and in November 2019 GeoPark announced plans to operate in Ecuador, stating that Ecuador would be "central to [GeoPark's] medium and long-term strategy."<sup>77</sup>

As mentioned in the above section on Amerisur, in November 2019 GeoPark announced its planned acquisition of Amerisur for \$315 million USD in an all-cash buyout, financed by Citigroup in the form of a \$315 million bridge-loan.<sup>78</sup> The acquisition was finalized in January 2020, as was a \$350 million bond issuance, also underwritten by Citigroup.<sup>79</sup> As detailed above, Amerisur owned major oil drilling assets in the nearby Colombian Amazon region, including controversial concessions in Putumayo opposed by Siona indigenous communities and organized campesino communities. In its purchase of Amerisur, GeoPark has assumed all of Amerisur's risks and liabilities.

### **Indigenous Resistance to GeoPark in the Peruvian Amazon**

The oil field known as Block 64 is located in the Peruvian amazon province of Loreto, in the heart of a region where Achuar, Wampis, and Kichwa indigenous peoples have historically resisted the oil industry. Throughout the region they have opposed new activities, protesting existing operations by occupying wells, and demanded compensation for decades of contamination (as referenced in the prior section on Frontera Energy). Since Block 64's creation in 1995, multiple oil companies – including ARCO, Occidental, and Talisman – have purchased leases, and all have subsequently withdrawn due to fierce opposition from local community members.<sup>80</sup>

Despite this history, in 2014 GeoPark announced it would enter Peru via a partnership with the Peruvian state-run oil company PetroPerú to develop Block 64 (denominated the "Morona Block" by GeoPark).<sup>81</sup> In late 2016 GeoPark obtained final regulatory approval for its lease purchase of the Block.<sup>82</sup> The Federation of the Achuar Nationality of Peru (FENAP) – which represents 45 Achuar communities, many of which are found within Block 64 – responded to this development by reiterating its determination to prevent any extractive activity within Achuar ancestral territory.<sup>83</sup>

FENAP also filed a legal complaint calling on the Peruvian government to nullify Block 64, arguing it was created without any consultation or consent of impacted indigenous peoples. The case is currently before Peru's Constitutional Court. The Achuar's suit is not the only such complaint filed by indigenous peoples in Peru; as of 2019, indigenous communities from the Peruvian Amazon and Andes have filed eight lawsuits against the government, alleging breach of the "informed prior consultation" law established in 2011. So far, Peruvian judges have sided with indigenous plaintiffs in all six lawsuits in which a decision has been issued, setting a precedent for future decisions – including the still-pending Achuar case.<sup>84</sup>

GeoPark's determination to explore and drill in Block 64 has apparently led it to resort to the divide and conquer tactics sometimes used by the industry to induce community compliance. An exhaustive study of the use of these tactics in Block 64 by Peruvian human rights organization Perú Equidad identified GeoPark as responsible for dangerous divide-and-conquer strategies.<sup>85</sup>

Specific tactics Perú Equidad attributed to GeoPark and consortium partner PetroPerú as recently as January 2019 include: supporting “phantom” indigenous federations to offer the appearance that GeoPark has the “social license” to operate; providing legal services to facilitate the expansion of community land titles into contested areas claimed by neighboring indigenous communities; and contracting a consulting firm specializing in “creation of new leadership structures within social groups that are aligned with the interests of the client,” i.e. manipulation to impose company-friendly indigenous leaders.

As of this writing, GeoPark’s plans for Block 64 are mired in the environmental impact study (EIS) process. GeoPark’s original EIS, submitted in July 2018, was heavily criticized by indigenous federations and human rights groups. A year later, GeoPark withdrew its permit request, citing a desire to incorporate more information into its environmental plan.<sup>86</sup> Shortly thereafter, in June 2019, Achuar and Wampis community leaders traveled to Chile to confront GeoPark CEO James Park during the company’s annual shareholder meeting, stating in no uncertain terms that they would never allow GeoPark or any company to enter their territories.<sup>87</sup>

Though GeoPark has yet to send an official response to FENAP and the Wampis Nation, as promised during the meeting, it has evidently maintained its efforts to demonstrate a social license to operate in the region. An attempted but failed strategy was to engage with the USAID-funded “Amazon Best Social and Environmental Practices” initiative (more on this below).<sup>88</sup> A related strategy has been to attempt to organize nominally pro-oil communities along the Morona River (mostly outside of Block 64, but down river from the proposed well site), as evidenced in a press release issued by the Peruvian Ministry of Energy and Mines in September 2019.<sup>89</sup>

Yet rather than allow these divide and conquer tactics to defeat them, the Achuar People of the Pastaza, the Wampis Nation, and the Siona of Putumayo have plans to strengthen their collective resistance to GeoPark in 2020.



**LEFT:** Achuar and Wampis leaders protest GeoPark outside its 2019 shareholder meeting in Chile;  
**RIGHT:** Achuar communities demonstrate their rejection of GeoPark’s plans in Block 64.

## **Region-wide Indigenous Resistance Thwarts U.S. Government Support for Oil Industry Operations in the Western Amazon**

In addition to encouragement from national governments, at least two of the oil companies profiled here received support from the United States government for their attempts to advance operations against the wishes of local communities. In late 2018, the United States Agency for International Development (USAID) awarded \$24.5 million in funding for a project called “Amazon Best Social and Environmental Management Practices” Best Social and Environmental Management Practices” (Amazon BMP). The project was set to work in three conflict-ridden regions of the Amazon: northern Peru, the Putumayo region of Colombia, and along the Tapajós River in Brazil. The project identified several oil companies operating in the Amazon headwaters, including Amerisur and GeoPark, as prospective “industry champions” of best management practices.<sup>90</sup>

Over the course of 2019, it became clear to directly impacted indigenous communities that the “best practices” promoted by USAID and the companies did not include respect for indigenous rights, in particular the rights to free, prior and informed consultation and consent. For example, without the knowledge of local indigenous peoples and federations, the Amazon BMP project partnered with the implementers of a series of highly controversial extractive projects, including Peru’s Block 64, Colombia’s Platanillo Block in Putumayo, and the Jatobá dam, among others, each of which has a long and public history of indigenous opposition to extractive projects and social conflict generated by those projects.

### **Indigenous Resistance to Amazon BMP**

Upon learning about the collaboration between Amazon BMP and GeoPark, the Achuar People of the Pastaza and the Wampis Nation issued official letters to USAID making clear they would neither permit oil operations nor the social base-line study proposed to be implemented by Amazon BMP in Block 64. Representatives of the Siona community of Buenavista and the Munduruku of the Tapajós River region of Brazil, respectively, issued similar rejections in September and early October of 2019.

### **USAID Terminates Amazon BMP**

Without prior warning, USAID quietly terminated the Amazon BMP initiative in December 2019, at the beginning of its second year. According to an official in the USAID Lima office, “USAID terminated the Best Management Practices activity. This activity was terminated for the convenience of the U.S. Government. During site-level consultations and further engagement with Indigenous Peoples organizations, private companies and governments, USAID determined that a different approach was necessary to better address social and environmental practices in the infrastructure and extractives sectors.”<sup>91</sup>

This project illustrates the risks inherent to oil operations and other mega-projects being planned for indigenous territories in the Amazon without true consent from directly impacted communities.

**CLOCKWISE FROM TOP LEFT:** International Womens Day March in Ecuador, March 8, 2016; Peoples Climate March street art, San Francisco, September 20, 2019; A Sarayaku woman walks through her ancestral Amazon territory; “Block 64: Not consulted is void,” reads a sign held by an Achuar man outside GeoPark’s 2019 shareholder meeting.



# WALL STREET MONEY STEEPED IN AMAZON CRUDE

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Although Amazon oil companies do the drilling, they would not be able to expand their operations into rainforests and indigenous territories without the investment dollars of Wall Street financiers. Financing from these firms not only makes it possible for crude oil companies to spend on new infrastructure, it also sends a message to the business world that endangering rainforests, indigenous peoples, and the climate is acceptable corporate behavior.

Wall Street money fueling the extraction of Amazon crude is usually delivered in several forms: stocks (equity investment), bonds (debt finance), and loans. Asset managers, or the asset management arms of big banks, then repackage those financial instruments into investment products like index funds. One increasingly popular type of index fund is the exchange-traded fund (ETF). See the Glossary of Financial Terminology (page 46) for further explanation of these financial products.

## The Five Dirtiest Financiers

In researching the financing of Amazon crude, we identified five of the world's largest financial institutions that are deeply involved in supporting the four previously mentioned oil companies operating in the region. In the case of the banks listed here, many hold multiple roles with companies – as creditor, underwriter, and shareholder.

In the past **three years alone**, these five financial firms have poured **billions** of dollars worth of debt and equity financing into companies like GeoPark, Amerisur, Frontera, and Andes Petroleum, whose operations are in the western Amazon. Most of these companies' oil operations exist in conflict with indigenous ancestral territories, many of which have been victim to manipulative tactics for consent or have explicitly rejected the presence of oil drilling on their land, as detailed above. Although many of these financiers have made public corporate responsibility commitments and supported climate initiatives like the Paris Agreement, they continue to finance the destruction of the western Amazon region and the violation of indigenous territorial rights. These rights violations, along with the possible collapse of the Amazon rainforest ecosystem and the threat to climate stability, directly translate to serious legal, reputational, political, and financial risks for companies carrying out oil drilling operations and their financial supporters.

The following five financiers deserve particular scrutiny for their remarkable contributions in support of drilling for oil in the western Amazon region:

- 1 : **Citigroup** (*Bank*)
- 2 : **JPMorgan Chase** (*Bank*)
- 3 : **Goldman Sachs** (*Bank*)
- 4 : **HSBC** (*Bank*)
- 5 : **BlackRock** (*Asset Manager*)

## 1 : Citigroup



Citigroup (C), also known as "Citi", is the third largest bank in the United States, alongside JPMorgan Chase, Bank of America, and Wells Fargo.<sup>92</sup>

In 2015, Citigroup's CEO Michael Corbat announced a \$100 billion commitment to finance sustainable growth through 2025. As Corbat stated at the time:

*"Citi has demonstrated its deep commitment to not only taking environmental consequences into account, but also finding innovative ways to finance projects that lead to sustainable growth... Incorporating the principles of sustainability into everything we do improves our own operations, enhances our clients' work, and contributes to a better world."*

Despite Citi's stated commitment to sustainability, the company has continued to be a top financier behind Amazon crude oil. Amazon Watch research found that between (Q3)2017-(Q4)2019, **Citi contributed \$827 million in debt financing to enable regional expansion of Amazon crude oil operations for Geopark, Frontera Energy, and Andes Petroleum.**

Citi's most recent debt financing deal affecting the Amazon was a \$315 million bridge loan to help GeoPark acquire Amerisur; as detailed above, both companies have faced extensive resistance from indigenous groups for their drilling on indigenous Amazonian territories. This financing deal runs contrary to Citi's 2018 Statement on Human Rights, which states, "One of our Areas of High Caution and salient human rights issues is potential impacts to Indigenous Peoples... Citi will treat transactions with extra caution and conduct enhanced due diligence...when the company's assets may pose adverse effects to: an area used or traditionally claimed by an indigenous community; the community's self-preservation based on traditional ways of life; or their use or enjoyment of critical cultural heritage that is essential to their identity and/or the cultural, ceremonial or spiritual aspects of their lives".<sup>93</sup>

Citi claims that it expects project sponsors to engage in meaningful consultation with indigenous peoples affected by proposed projects, "with the goal of achieving Free Prior and Informed Consent (FPIC)".<sup>94</sup> And yet, as explained above, in Peru, Ecuador, and Colombia, laws only require *consultation* not consent. Furthermore, though Citi's policy only specifically applies the consent standard to project financing, this same approach is not mirrored in the ethical standards of its corporate financing policy. This is problematic, since capital given to oil companies through corporate financing is typically used to fund "general operations", which in the case of harmful companies is still enabling environmental and indigenous human rights abuses – seemingly out of line with the spirit of Citi's human rights policy.

JPMorgan Chase (JPM) is the largest bank in the U.S. and the sixth largest in the world.<sup>95</sup> CEO Jamie Dimon has made clear his belief that he and JPMorgan Chase should “do the right thing”, in guiding all aspects of the business.<sup>96</sup> He has, essentially, called banks the moral compass of the global financial system, saying in a 2016 interview that banking is a “relationship” and indicating his belief that banks’ activities should be guided by a higher purpose.<sup>97</sup>

JPMorgan Chase has also made specific commitments and statements of support in the environmental realm. As the bank states in its current environmental and social policy, “Protecting the natural systems which all life depends on while lifting people out of poverty and advancing economic development are among the greatest challenges confronting humanity. We recognize that the policies and practices we adopt today will shape not only our lives but also those of future generations.”<sup>98</sup>

The bank has committed to use 100 percent renewables in its direct-operations by the end of 2020, and to provide \$200 billion in “clean financing” through 2025.<sup>99</sup> It has signed letters in support of the Paris Agreement, and it is a member of the Equator Principles Association, a group of 91 financial institutions that have committed to voluntary standards governing their investments in large infrastructure projects.<sup>100</sup> Encouragingly, JPMorgan Chase has recognized, in part, its role in funding climate change by committing to reduce its exposure to coal mining.<sup>101</sup> In February of 2020, the bank revealed new restrictions on its lending and underwriting of coal and Arctic oil and gas, as well as the first climate commitments from its asset management arm, and a strengthening of its clean financing target.

And yet, Amazon Watch research found that as of (Q4)2019, JPMorgan Chase holds \$401 million of stocks and bonds in Geopark, Frontera Energy, and Andes Petroleum, and that between (Q3)2017-(Q4)2019 the bank contributed \$490 million in debt financing to enable regional expansion of these companies’ operations, **bringing its total contribution to Amazon crude oil extraction to over \$890 million.**



Indigenous leaders from the Amazon and across the U.S. protest outside of JPMorgan Chase’s 2018 annual shareholder meeting.  
PHOTO: Jake Conroy / RAN

Goldman Sachs (GS) is one of the largest investment banking institutions in the world. On the issue of climate change, Goldman's CEO, David Solomon, recently wrote a *Financial Times* op-ed on his firm's decision to place a greater strategic emphasis on "sustainable investment", saying, "There is not only an urgent need to act, but also a powerful business and investing case to do so."<sup>102</sup>

Just three years ago, albeit under different executive leadership, Goldman Sachs facilitated GeoPark's aggressive plans to increase Amazon crude oil drilling by underwriting a \$425 million corporate bond in 2017 when the oil company was worth only \$480 million, directly enabling GeoPark to make strategic investments in Amazon crude.<sup>103</sup>

Encouragingly, Goldman Sachs announced an "overhaul" of its environmental policies in 2019 in the form of a pledge to finance \$750 billion in sustainable focused investments through 2030, and a commitment to ban direct financing for new Arctic oil drilling and coal power generation.<sup>104</sup>

Additionally, the bank lists indigenous rights and well being as important criteria in its decision-making with regard to doing business, and expects its clients to "demonstrate alignment with the objectives and requirements of IFC Performance Standard 7 on Indigenous Peoples, including free, prior and informed consent."<sup>105</sup>

Despite these important reforms, Amazon Watch research found that between (Q3)2017-(Q4)2019, Goldman Sachs contributed \$998 million in debt financing to enable regional expansion of Amazon crude oil operations for Andes Petroleum and GeoPark, and that as of (Q4)2019 holds \$25 million of stocks and bonds in the two companies, **bringing its total financing of Amazon crude oil to a grand total of over \$1 billion.**



The remains of a dead cow lay fallen in front of one of numerous oil pipelines that run through the Amazon in northern Ecuador.

## 4 : HSBC



HSBC Holdings (HSBC) is one of the largest banking and financial services organizations in the world, with operations in 65 countries and territories. It is a multinational corporation operating in the Americas, Asia, Europe and the Middle East, with the principal holding company, HSBC Holdings plc, listed as a public limited company incorporated in England.

The bank prides itself on “helping people, businesses and communities to thrive”<sup>106</sup> and pledges to minimize its impact on the environment and to “help the global transition to a low-carbon economy” on its website.<sup>107</sup> Daniel Klier, Global Head of Sustainable Finance at HSBC, states: “Sustainable finance is key to our long-term strategy. We are at the start of a journey and are committed to being the leading bank in financing the transition to a sustainable, low-carbon economy. We will continue to support our customers’ investments and growth in this area.”<sup>108</sup>

HSBC touts itself as a leader in sustainable finance, and in 2019 received an award from *Euromoney* magazine for “World’s Best Bank for Sustainable Finance,” supposedly for its work in providing “green loans” and supporting “sustainable supply chain financing.”<sup>109</sup>

Yet Amazon Watch research found that as of (Q4)2019, HSBC holds \$595,000,000 in stocks and bonds in GeoPark and Andes Petroleum, and that between (Q3)2017-(Q4)2019 contributed \$648 million in debt financing to enable regional expansion of these companies’ oil operations. **This brings HSBC’s total contribution to Amazon crude oil extraction to over \$1.2 billion.**

## 5 : BlackRock



Asset manager BlackRock (BLK) is the world’s biggest investment manager, managing over \$7.4 trillion in assets and with 135 teams in 30 countries.<sup>110</sup> During the 2008 financial collapse, the U.S. government handed it multiple contracts, making it “the leading manager of Washington’s bailout of Wall Street.”<sup>111</sup> Its asset management business handles around \$2.2 trillion in pension funds for millions of people in the U.S. and around the world, as well as the investments of dozens of state and local governments, college endowments, and sovereign-wealth funds.<sup>112</sup> This kind of reach means that the company holds immense influence over world financial markets.

BlackRock announced in January 2020 its decision to join Climate Action 100+, the world’s largest group of investors by assets, pressuring companies to act on climate change.<sup>113</sup> Later the same month, CEO Larry Fink announced that BlackRock would exclude major coal producers from many of its funds, would double its “environmental, social, and governance” (ESG) ETF offerings, and would take a more aggressive approach to

voting “against management teams that are not making progress on sustainability” and press companies to disclose plans “for operating under a scenario where the Paris Agreement’s goal of limiting global warming to less than two degrees is fully realized.”<sup>114</sup>

Indeed, massive capital shifts away from fossil fuels and deforestation-risk commodities are necessary to mitigate the worst of the climate crisis and set the world on a path toward sustainability. As the world’s largest asset manager, BlackRock must play a leading role in, as Larry Fink put it, “fundamentally reshaping finance to deal with climate change.”

BlackRock’s announced sustainability strategy begins that reshaping, but it is not enough.

As of this writing, BlackRock has made no explicit commitment to shift capital from all of its climate-destabilizing investments, including oil, gas and deforestation-risk soft commodity companies. Nor has it committed to any indigenous rights policy that would hold the companies it invests in accountable to respecting and upholding internationally-recognized indigenous rights to self-determination.

Indeed, BlackRock’s investments in Amazon crude oil continue to carry extensive levels of risk for the climate, biodiversity, and indigenous peoples, not to mention BlackRock clients. **As of (Q4)2019, BlackRock holds \$2.5 billion of stocks and bonds in GeoPark, Frontera Energy, and Andes Petroleum.** BlackRock previously held a position in Amerisur as of (Q2)2018, but sold it in late 2018.

Marketed sustainable funds should be exactly that: sustainable. One of BlackRock’s new climate commitments is to mainstream sustainable funds. In order for funds to be truly sustainable, they must not include any companies expanding fossil fuel extraction operations or contributing to deforestation. It is especially important that such activities not take place on indigenous territories or in precious biomes like the Amazon.



Advocates deliver over 120,000 petitions to BlackRock, calling on it to stop investing in Amazon destruction.

**“BLACKROCK  
AND OTHER OIL  
INDUSTRY FUNDERS  
MUST UNDERSTAND  
THAT THE SAPARA’S  
FUTURE  
IS AT STAKE, BUT SO IS  
THE FUTURE OF ALL  
LIVING BEINGS,  
BECAUSE THE EARTH  
CANNOT SURVIVE  
WITHOUT FORESTS  
LIKE THE  
AMAZON.”**

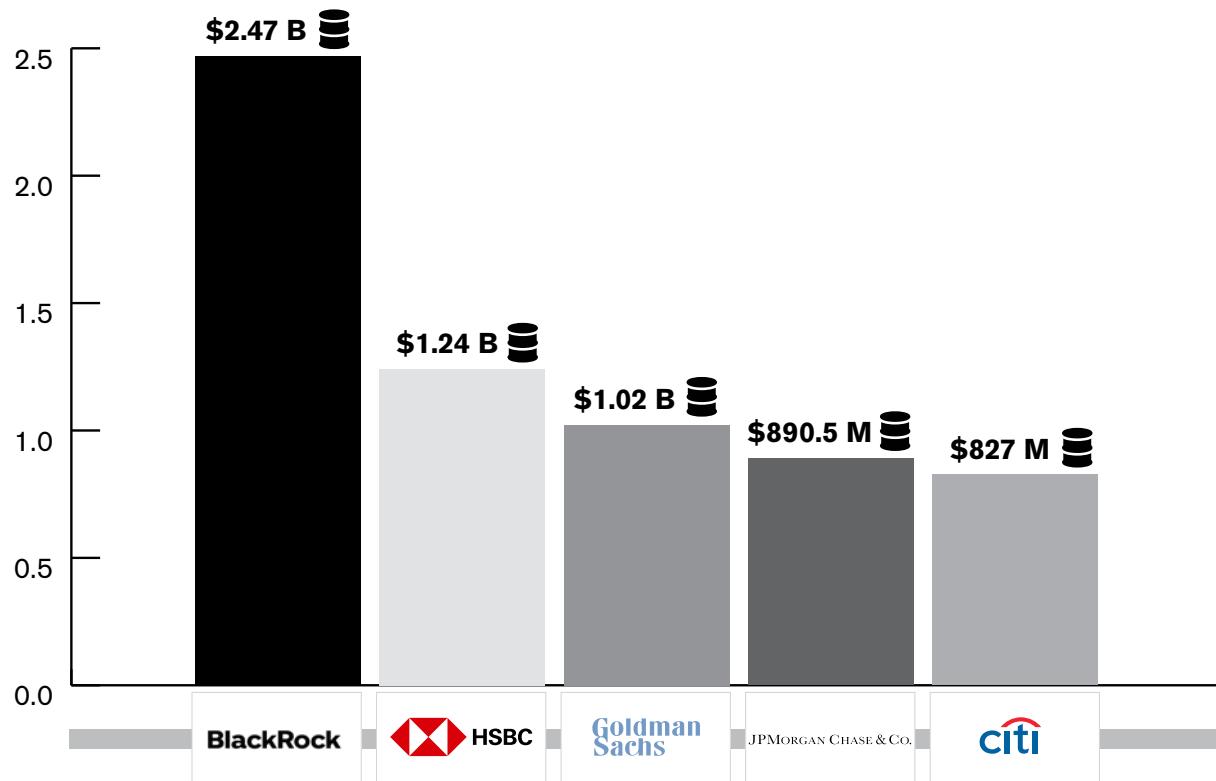
- GLORIA USHIGUA  
OF THE SAPARA NATION IN  
THE ECUADORIAN AMAZON

#ENDAMAZONCRUDE



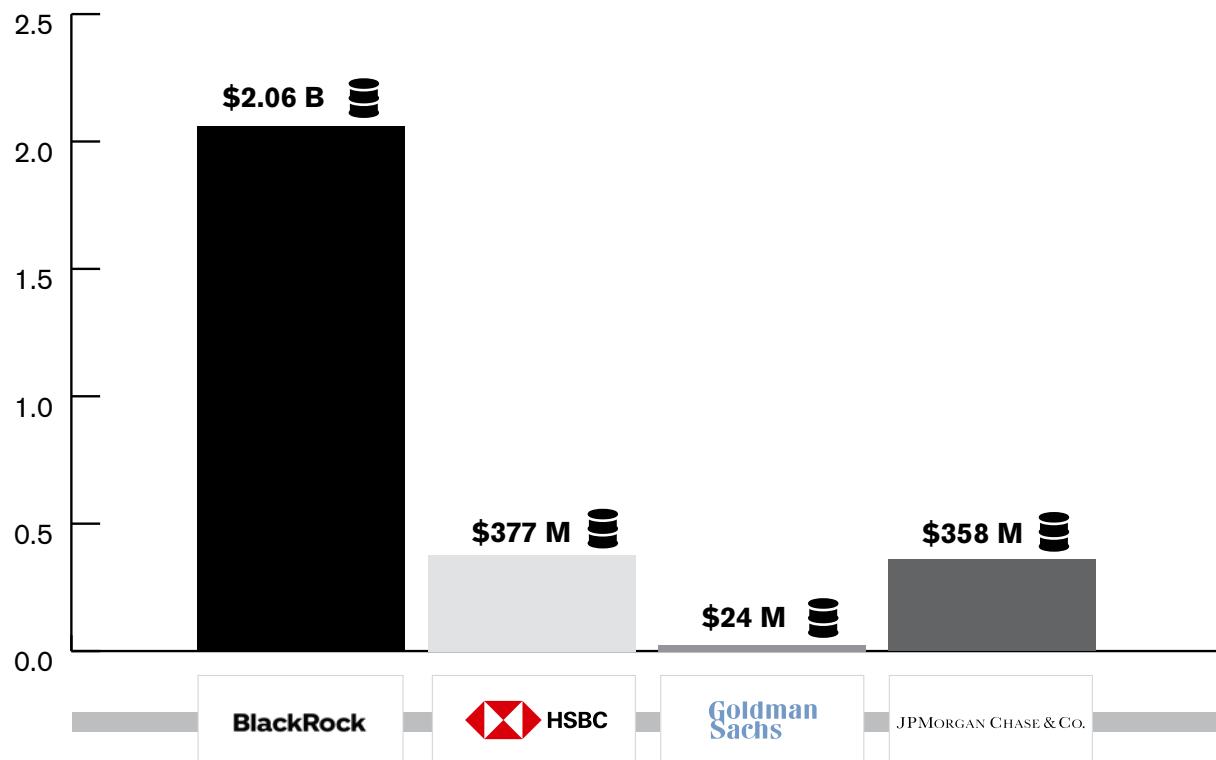
### TOTAL EQUITY & DEBT PROVIDED FOR AMAZON CRUDE

Total Q4 2019 Stock and Bond Ownership and Q3 2017- Q4 2019 Loan and Bond Underwriting



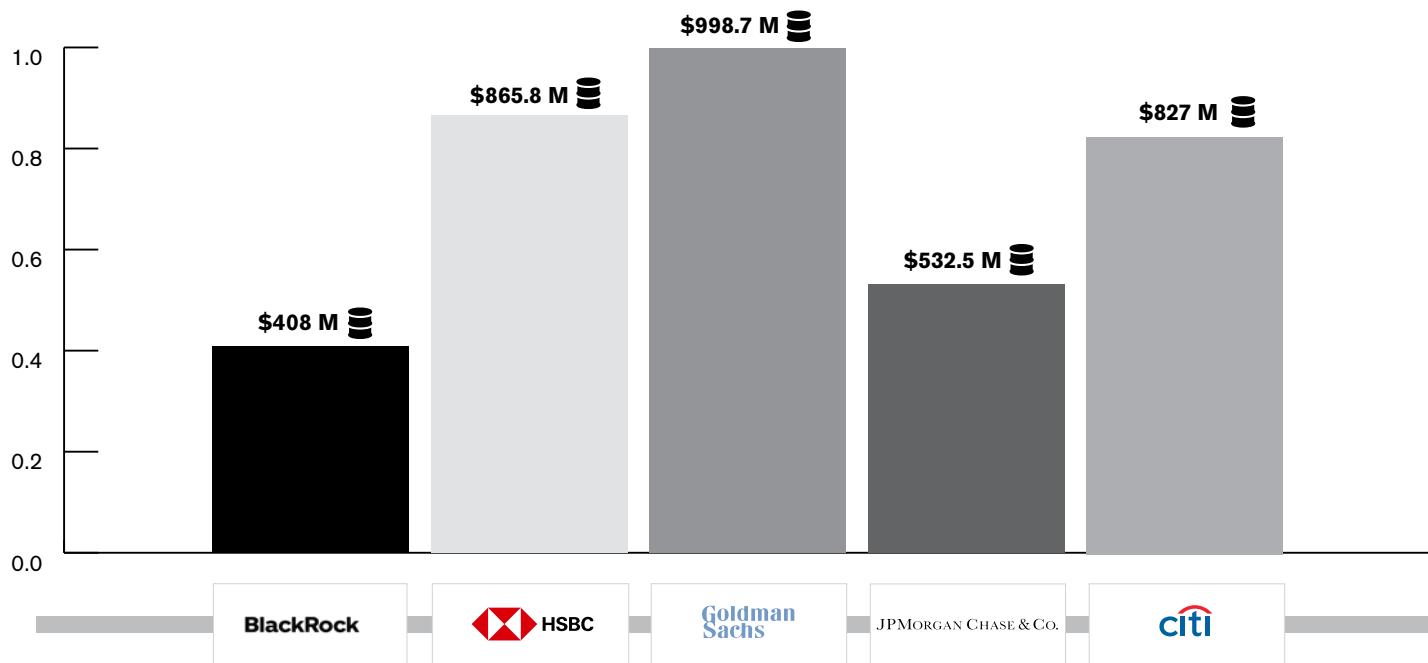
### VALUE OF EQUITY HOLDINGS IN AMAZON CRUDE

Q4 2019 Stock Ownership



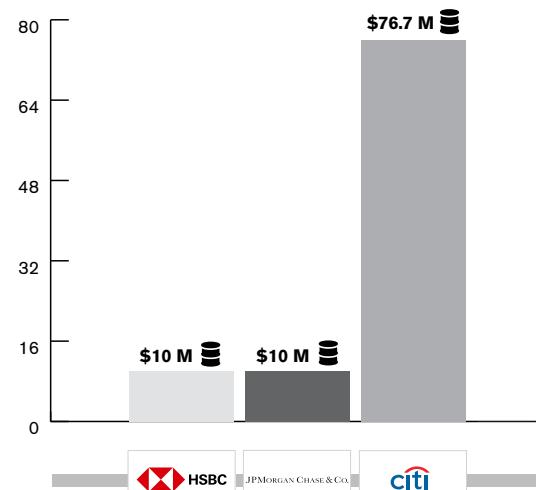
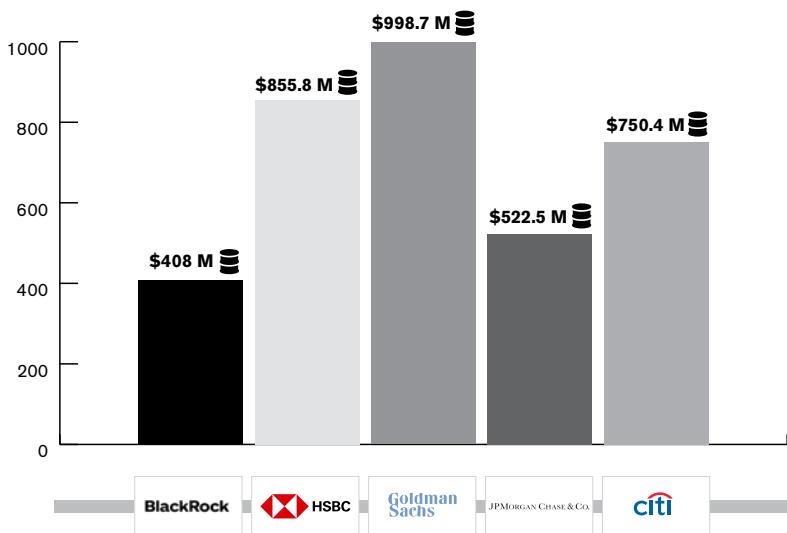
## VALUE OF DEBT FINANCING OF AMAZON CRUDE

Q4 2019 Bond Ownership and Q3 2017-Q4 2019 Loan and Bond Underwriting



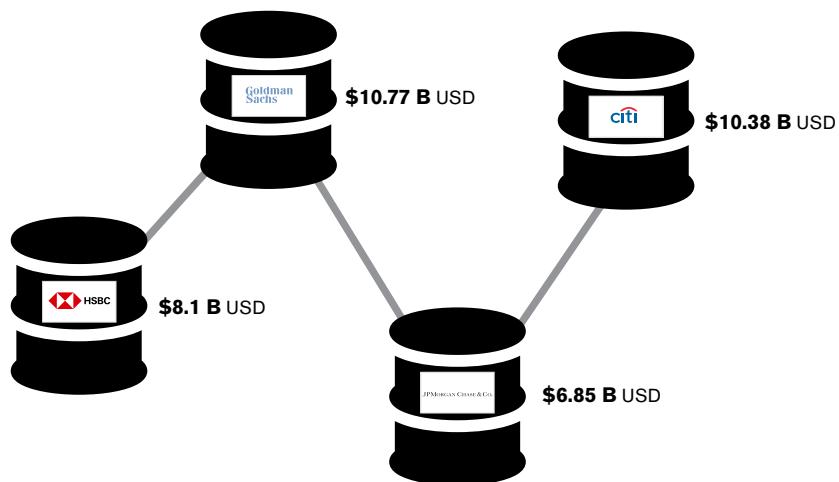
**Q4 2019 Bond Ownership and  
Q3 2017-Q4 2019 Bond Underwriting**

**Q3 2017-Q4 2019 Loan Underwriting**



## Total Value of Credit Made Available

to the companies in this report due to  
underwriting from the following banks:



(For more information on financial  
terminology used here, see the Glossary.)

## A Note on Private Equity

In addition to these publicly-traded financial firms, private equity firms play a significant role in Amazon crude oil operations. **For example, our research found that as of (Q4)2019 Compass Group holds an approximate 8.3% stake in GeoPark, a 3% increase from (Q3)2019.**

There is a dangerous possibility that institutional investors could shield themselves from scrutiny by moving dirty investments into private equity firms – or their own private equity arms – which are far less regulated and have extremely opaque reporting requirements. Additionally, these and other private equity firms could potentially mop-up shares dumped by institutional investors if public companies changed their policies on indigenous rights or climate-related investment. Though it is outside the scope of this report to further examine the role of private equity in Amazon oil drilling, we encourage other organizations to take up this important and necessary research.

## Methodology

### 1. Underlying Research Data:

- » Equity financing data and debt financing data for (Q2)2017 - (Q3)2019 was collected through the Bloomberg Terminal. (Q4)2019 data was provided by Profundo, using the Refinitiv database. See the Appendix for a breakdown of the data.
- » In the case of Andes Petroleum, which is a partnership between two Chinese firms (Sinopec and CNPC), we investigated and included equity data from both firms. While Sinopec holds a 45% share in Andes and CNPC a 55% share, the opacity of corporate funding, particularly for state-owned companies, and the fungibility of money, means that we cannot accurately calculate the percentage of corporate funding to each entity that makes its way to Andes. Furthermore, any outside financing dedicated to operating expense frees up additional corporate funds that can be invested in joint ventures. Therefore, our calculations account for the full amount of each financial firm's investments in Sinopec and CNPC.
- » Also with regard to Andes Petroleum, the largest debt financiers were Chinese state-run and semi-owned banks. Since the scope of our research is limited to the role of publicly-traded financial institutions on Amazon crude oil operations, we chose to omit these actors from the body of our report. Nonetheless, we note that our research showed financing from ICBC, Bank of China, China Minsheng Banking Corp, Agricultural Bank of China, and Bank of Communications.
- » In sharing our research data in charts and graphs on pages 34 and 35, we rounded figures in the billions to the nearest ten million, and figures in the millions to the nearest hundred thousand. For example, a figure of \$998,689,853 becomes 998.7 M, and a figure of \$10,772,020,000 becomes 10.77 B.

### 2. Debt Financing Calculations:

- » In measuring each bank's contribution on deals to companies drilling for oil in the western Amazon region, we aggregated each bank's leading role – as either the deal's joint bookrunner or co-manager – but for the purpose of this analysis did not include values attached to any alternate relationship the banks may have had in the deal, such as: bondholder, securities broker, etc. Had we included those alternative roles, the total dollar-value of influence on Amazon crude oil business would presumably be substantially higher.



## ORGANIZED RESISTANCE TO OIL DRILLING IN THE AMAZON

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### Resistance to Crude Oil Projects and Companies

As should be clear from the case studies detailed above, indigenous communities in the Amazon will continue to oppose the expansion of oil extraction activities – both specific projects like Block 64 and activities enabling oil industry expansion in the Amazon region as a whole. This will lead to direct confrontation with oil companies' current expansion plans, like GeoPark's plans to expand operations into Ecuador.<sup>115</sup>

As Nelton Yankur, President of Achuar federation FENAP said to GeoPark CEO Jim Park in July 2019:

"As the Achuar People, along with the Wampis Nation, we completely reject the entry of GeoPark into our territory. You all are aware of human rights and environmental law, yet you still insist on polluting our lands. **Understand that no matter how much you insist on entering our territory, we are never going to allow oil companies to come in.**"<sup>116</sup>

### Resistance to National Governments

Despite clear opposition from indigenous peoples across the Amazon, the urgent need to prevent the rainforest from reaching a tipping point of no return, and the clear scientific mandate for the world to rapidly transition away from fossil fuels, national governments continue to pursue expansion of the oil industry in the Amazon.

Ecuador has announced plans to leave OPEC by 2020 to boost production, and has reformed its hydrocarbon contract structure to attract new investment; among other plans, it hopes to auction new leases in the eastern part of the Ecuadorian Amazon.<sup>117</sup> Peru hopes to pass hydrocarbon reform in 2020 to expedite drilling. And since the signing of the Peace Accords with the FARC, Colombia has promoted the expansion of extractive industries in the Amazon.

Above: Achuar women in their ancestral territory in the Peruvian Amazon.



Achuar protest against oil drilling in their territory at a GeoPark 2019 shareholder meeting held in Chile.

Indigenous peoples and their allies, recognizing that oil companies would be unable to operate without the legal administration and auctioning of state-owned oil concessions, are organizing to prevent further government auctions of oil leases and permanently protect the region from future extraction activities.

To that end, the Amazon Sacred Headwaters Initiative is building a shared vision among indigenous peoples, NGOs, the philanthropic community, social entrepreneurs, and governments to establish a binational protected region off limits to industrial-scale resource extraction and governed in accordance with traditional indigenous principles of cooperation and harmony that foster a mutually enhancing human-Earth relationship. The Initiative is led by Amazonian indigenous federations CONFENIAE (Ecuador), AIDESEP (Peru), ORPIO (Peru), and COICA (regional), in partnership with Pachamama Alliance, Amazon Watch, Fundación Pachamama, and STAND.earth. In a January 2020 win for the Initiative, indigenous groups living in the Sierra del Divisor National Park won a lawsuit against the Peruvian government, preventing the ministry of energy and mines and PetroPerú from developing oil zones on territory inhabited by uncontacted indigenous Amazonians that had been recognized by the government in 2018 and 2019.<sup>118</sup>

**"Enough is enough. For decades we have made it clear that we don't want  
drilling and mining in our territories. Now western science shows that it is  
not just fossil fuel emissions, but also the forest destruction that comes with  
it. With less than a decade to stop climate change, we need to draw a line  
and decide: What is the price we are willing to pay for a few barrels of oil?"**

**- Marlon Vargas, PRESIDENT, CONFEDERATION OF INDIGENOUS**

NATIONALITIES OF THE ECUADORIAN AMAZON (CONFENIAE)

## Resistance to the Financial Industry

The global climate movement continues to urge financial institutions to end their support for the fossil fuel industry and others like it that are causing climate change and violating indigenous people's rights. These efforts have already pushed the world's largest asset manager, BlackRock, to announce that climate is now a core risk consideration across its operations.

Though the BlackRock announcement was a crucial step, the climate movement will continue to expose and undermine the financial mechanisms that enable billions of dollars of equity investment and debt finance to flow into fossil fuel companies operating in the Amazon rainforest and in vulnerable communities around the world. The climate movement – including the newly-formed Stop The Money Pipeline coalition – will not rest until financial institutions – including those specifically named in this report – stop investing in Amazon crude and in fossil fuel extraction around the world, and instead aggressively pursue policies that prioritize the protection of indigenous rights and align with Paris Agreement decarbonization objectives.

**"If you want to stop climate change, follow the money."**

- Bill McKibben and Rev. Lennox Yearwood Jr.



Advocates march in Oakland, CA calling on banks like JP Morgan Chase to stop bankrolling fossil fuels.

## **CONCLUSION: THE LEGAL, POLITICAL, REPUTATIONAL, FINANCIAL AND CLIMATE RISKS OF AMAZON CRUDE**

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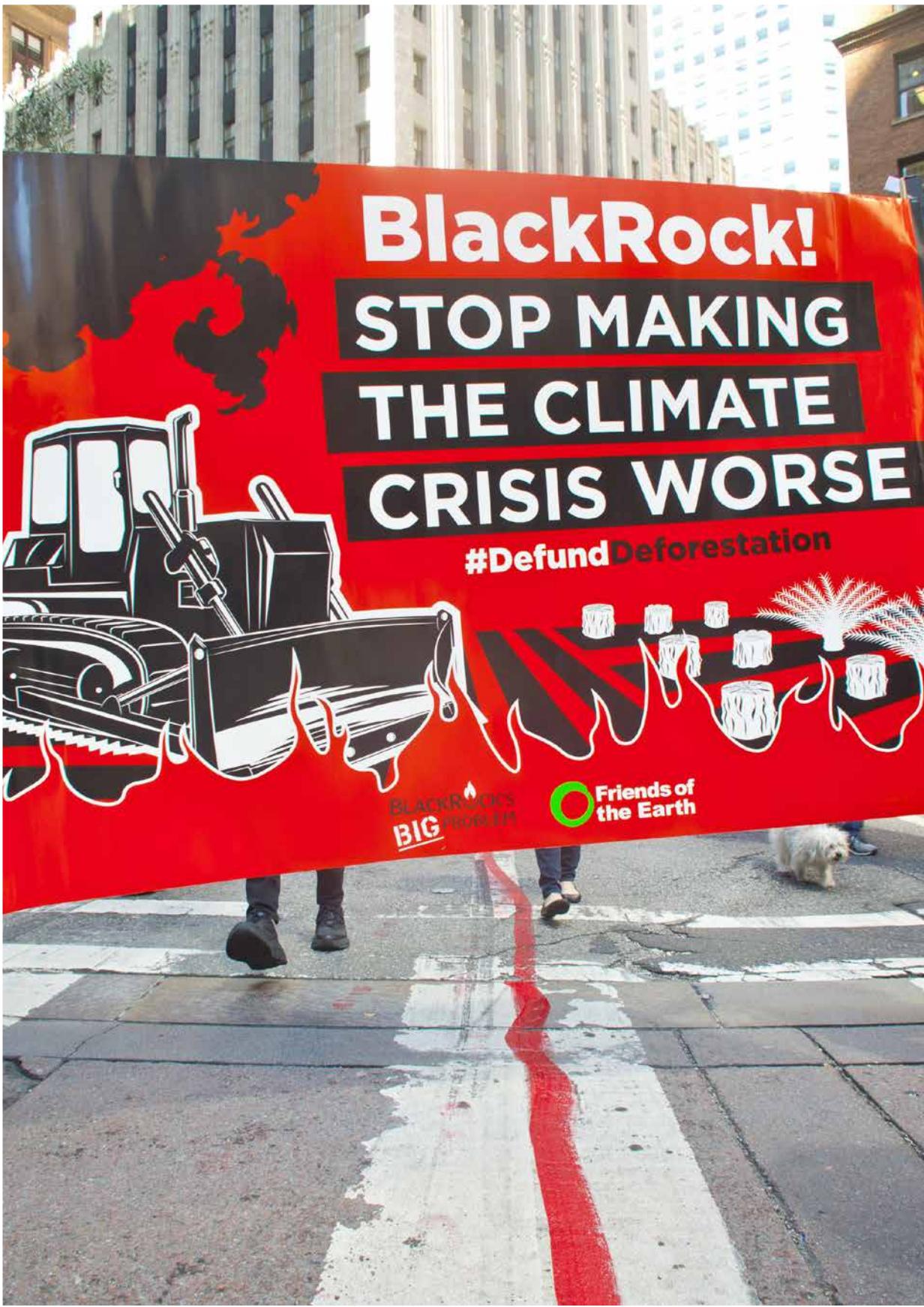
The risks for the companies engaged in fossil fuel extraction and for the institutions providing them with capital are both direct and indirect. They include legal, political, and reputational risks, several of which have been laid out in this report. Given the additional legal protections enjoyed by indigenous peoples, such risks are particularly acute when frontier fossil fuel extraction is done in indigenous territories, and even more so when indigenous peoples have directly expressed their opposition to extraction.

The climate risks of fossil fuel frontier expansion into climate-stabilizing biomes like the Amazon lie both in the severe impacts to the financial system that fossil-fuel driven climate change portends,<sup>119</sup> and in the likelihood that firms will be left stuck with “stranded assets” as the government and industry policy changes trigger a rapid re-pricing of fossil fuel assets.<sup>120</sup>

Failure to recognize and act on these risks means that these financial actors stand to lose real cash, not to mention their consciences. Their investors, customers, and owners may ultimately decide to abandon institutions that insist on financing projects are so harmful to their fellow humans and to the global climate.



The Bobonaza River, which cuts through the heart of Sarayaku territory.



Protesters in San Francisco call on BlackRock to stop investing in the drivers of climate change.



Above: Police, military and hotel security attempt to forcibly remove indigenous leaders and protesters from the front entrance of an oil conference in Ecuador; Below: Activists protest BlackRock's investment in Amazon destruction.

# APPENDIX: AMAZON CRUDE FINANCIAL DATA

## Stock and Bond Ownership in Amazon Crude Companies

BLACKROCK (Q4 2019)				GOLDMAN SACHS (Q4 2019)			
	STOCKS	BONDS	TOTAL		STOCKS	BONDS	TOTAL
<b>GeoPark</b>	\$5,000,000	\$4,000,000	\$9,000,000	<b>GeoPark</b>	\$1,000,000	\$0	\$1,000,000
<b>Frontera</b>	\$6,000,000	\$14,000,000	\$20,000,000	<b>Sinopec (Andes Petroleum)</b>	\$12,000,000	\$1,000,000	\$13,000,000
<b>Sinopec (Andes Petroleum)</b>	\$1,156,000,000	\$371,000,000	\$1,527,000,000	<b>CNPC (Andes Petroleum)</b>	\$11,000,000	\$0	\$11,000,000
<b>CNPC (Andes Petroleum)</b>	\$893,000,000	\$19,000,000	\$912,000,000	<b>TOTAL:</b>	<b>\$24,000,000</b>	<b>\$1,000,000</b>	<b>\$25,000,000</b>
<b>TOTAL:</b>	<b>\$2,060,000,000</b>	<b>\$408,000,000</b>	<b>\$2,468,000,000</b>				

HSBC (Q4 2019)				JPMORGAN CHASE (Q4 2019)			
	STOCKS	BONDS	TOTAL		STOCKS	BONDS	TOTAL
<b>GeoPark</b>	\$1,000,000	\$0	\$1,000,000	<b>GeoPark</b>	\$1,000,000	\$10,000,000	\$11,000,000
<b>Sinopec (Andes Petroleum)</b>	\$192,000,000	\$207,000,000	\$399,000,376	<b>Frontera</b>	\$8,000,000	\$0	\$8,000,000
<b>CNPC (Andes Petroleum)</b>	\$184,000,000	\$11,000,000	\$195,000,376	<b>Sinopec (Andes Petroleum)</b>	\$202,000,000	\$33,000,000	\$235,000,000
<b>TOTAL:</b>	<b>\$377,000,000</b>	<b>\$218,000,000</b>	<b>\$595,000,000</b>	<b>CNPC (Andes Petroleum)</b>	<b>\$147,000,000</b>	<b>\$0</b>	<b>\$147,000,000</b>
<b>TOTAL:</b>	<b>\$358,000,000</b>	<b>\$43,000,000</b>	<b>\$401,000,000</b>				

## Lending and Underwriting for Select Amazon Crude Companies

### GOLDMAN SACHS (Q3 2017-Q4 2019)

FIRM	YEAR	NET DEAL VALUE USD	GS CAPITAL USD	ASSET CLASS
Sinopec (Andes Petroleum)	2017	\$700,000,000	\$58,333,333	CORPORATE BOND
		\$1,400,000,000	\$116,666,667	CORPORATE BOND
		\$750,000,000	\$62,500,000	CORPORATE BOND
		\$400,000,000	\$33,333,333	CORPORATE BOND
	2018	\$750,000,000	\$41,666,700	CORPORATE BOND
		\$400,000,000	\$22,222,200	CORPORATE BOND
		\$750,000,000	\$41,666,700	CORPORATE BOND
		\$500,000,000	\$27,777,800	CORPORATE BOND
	2019	\$700,000,000	\$50,000,000	CORPORATE BOND
		\$500,000,000	\$35,714,286	CORPORATE BOND
		\$800,000,000	\$57,142,857	CORPORATE BOND
		\$700,000,000	\$46,666,667	CORPORATE BOND
CNPC (Andes Petroleum)		\$300,000,000	\$20,000,000	CORPORATE BOND
		\$1,000,000,000	\$66,666,667	CORPORATE BOND
GeoPark	2017*	\$220,851,000	\$36,808,500	CORPORATE BOND
	2018*	\$476,169,000	\$68,024,143	CORPORATE BOND
<b>TOTAL:</b>				
<b>\$10,772,020,000      \$997,689,853</b>				

### JPMORGAN CHASE (Q3 2017-Q4 2019)

FIRM	YEAR	NET DEAL VALUE USD	JPMC CAPITAL USD	ASSET CLASS
Sinopec (Andes Petroleum)	2018	\$750,000,000	\$41,666,700	CORPORATE BOND
		\$400,000,000	\$22,222,200	CORPORATE BOND
		\$750,000,000	\$41,666,700	CORPORATE BOND
		\$500,000,000	\$27,777,800	CORPORATE BOND
	2019	\$800,000,000	\$57,142,857	CORPORATE BOND
		\$700,000,000	\$50,000,000	CORPORATE BOND
		\$500,000,000	\$35,714,286	CORPORATE BOND
		\$700,000,000	\$46,666,667	CORPORATE BOND
		\$1,000,000,000	\$66,666,667	CORPORATE BOND
		\$300,000,000	\$20,000,000	CORPORATE BOND
	2018	\$100,000,000	\$10,000,000	CORPORATE LOAN
		\$350,000,000	\$70,000,000	CORPORATE BOND
<b>TOTAL:</b>				
<b>\$6,850,000,000      \$489,523,877</b>				

\* Converted from CNY to USD 1/17/2020 @1:0.15 exchange rate

**CITIGROUP (Q3 2017-Q4 2019)**

FIRM	YEAR	NET DEAL VALUE USD	CITI CAPITAL USD	ASSET CLASS
<b>Sinopec (Andes Petroleum)</b>	2017	\$400,000,000	\$33,333,333	CORPORATE BOND
		\$700,000,000	\$58,333,333	CORPORATE BOND
		\$1,400,000,000	\$116,666,667	CORPORATE BOND
		\$750,000,000	\$62,500,000	CORPORATE BOND
	2018	\$750,000,000	\$41,666,700	CORPORATE BOND
		\$400,000,000	\$22,222,200	CORPORATE BOND
		\$500,000,000	\$27,777,800	CORPORATE BOND
		\$750,000,000	\$41,666,700	CORPORATE BOND
	2019	\$700,000,000	\$50,000,000	CORPORATE BOND
		\$800,000,000	\$57,142,857	CORPORATE BOND
		\$500,000,000	\$35,714,286	CORPORATE BOND
		\$300,000,000	\$20,000,000	CORPORATE BOND
<b>Frontera</b>		\$700,000,000	\$46,666,667	CORPORATE BOND
		\$1,000,000,000	\$66,666,667	CORPORATE BOND
	2018	\$60,000,000	\$10,000,000	CORPORATE LOAN
<b>GeoPark</b>		\$350,000,000	\$70,000,000	CORPORATE BOND
	2019	\$315,000,000	\$66,666,667	BRIDGE LOAN
<b>TOTAL:</b>		<b>\$10,375,000,000</b>	<b>\$827,023,877</b>	

**HSBC (Q3 2017-Q4 2019)**

FIRM	YEAR	NET DEAL VALUE USD	HSBC CAPITAL USD	ASSET CLASS	
<b>Sinopec (Andes Petroleum)</b>	2017	\$700,000,000	\$58,333,333	CORPORATE BOND	
		\$1,400,000,000	\$116,666,667	CORPORATE BOND	
		\$750,000,000	\$62,500,000	CORPORATE BOND	
		\$400,000,000	\$33,333,333	CORPORATE BOND	
	2018	\$750,000,000	\$41,666,700	CORPORATE BOND	
		\$750,000,000	\$41,666,700	CORPORATE BOND	
		\$500,000,000	\$27,777,800	CORPORATE BOND	
		\$400,000,000	\$22,222,200	CORPORATE BOND	
		*	\$21,601,350	\$10,800,675	CORPORATE BOND
		**	\$19,894,212	\$9,947,106	CORPORATE BOND
	2019	\$800,000,000	\$57,142,857	CORPORATE BOND	
		\$700,000,000	\$50,000,000	CORPORATE BOND	
		\$500,000,000	\$35,714,286	CORPORATE BOND	
<b>Frontera</b>	2018	60,000,000	\$10,000,000	CORPORATE LOAN	
		\$350,000,000	\$70,000,000	CORPORATE BOND	
<b>TOTAL:</b>		<b>\$8,101,495,562</b>	<b>\$647,771,657</b>		

\* Converted from CNY to USD 1/17/2020 @1:0.15 exchange rate

\*\* Converted from HKD to USD 1/17/2020 @1:0.13 exchange rate

# GLOSSARY OF FINANCIAL TERMINOLOGY

## Stocks:

When an oil company “goes public” it sells shares of ownership (a.k.a. stocks) in an initial public offering (IPO). These stocks are purchased and traded by investors hoping to make a profit on the company’s growth. Over time, if the value of stocks increase, the company can issue additional stock – essentially raising new money. By holding stock, investors are not only contributing to the continued operations of a harmful company, they can enable the company to raise more funds in the form of future stock issuance, known as equity financing.

## Bonds:

Debt financing with a bond is essentially a corporation taking out a loan from the public. To do this, oil companies go to big banks and ask them to underwrite (buy) millions or billions of dollars in “I-Owe-You” bond guarantees. The oil company immediately gets a cash injection to put into oil-drilling projects, and the big banks either hold on to the “I-Owe-You” letters or sell them to investors in the bond market. Instead of getting partial ownership in the company, bond-holders are guaranteed regular repayments of the amount “borrowed,” along with interest payments.



## **Loans:**

Also debt financing, loans are a common method of financing projects and corporations directly from creditor institutions, and exist in both short term and long term maturities. They are often used during mergers and acquisitions of corporations, specifically called “bridge loans,” in order to allow the deal to go through before issuing a public bond, which corporations often prefer due to cost savings.

## **Index Funds and Exchange Traded Funds (ETFs):**

Index funds are investment products that contain a mix of many stock (equity) and/or bond (debt) assets, based on index lists that are constantly tracking stock and bond markets, like the S&P 500. Asset managers like BlackRock combine the individual stock and bond assets into a “basket” product, which they divide into slices and sell to investors like individuals, university endowments, and pension funds.

As an index-tied security, Exchange Traded Funds (ETFs) offer investors a diversified range of investments in small increments, meaning that investors are less vulnerable to the loss of value in individual stocks and bonds. But because the fund is tracking automatic index lists of companies that fit predetermined specifications, the asset manager does not have to actively manage the individual ETF products, which is why ETFs are typically referred to as passive investments. They are cheaper to maintain, and thus can turn stronger profits for investors. This has made them extremely popular. As of 2019, more money is invested in passive equity investments than in actively managed investments.<sup>121</sup>

## **How Oil Companies Typically Fundraise With Debt:**

In general, Amazon crude oil companies follow a common fundraising practice to begin or expand drilling operations in the western Amazon. They solicit one or more banks to raise investment funds, usually by issuing corporate bonds. The banks buy all of the bonds from the company (“underwrite” the deal) and will often keep a portion of the bonds for investment purposes and sell the rest to institutional investors in the retail market.

These “institutional investors” are giant investment managers that pool money from millions of individuals and funds in order to efficiently invest large sums of capital. Oftentimes, the investors and investment managers do not know – or choose to remain unaware of – the harm they are committing. And even if they do, asset managers and bankers are not required to inform investors that their money is financing the Amazon rainforest’s destruction, let alone present alternative investment options. And while many banks broadcast their commitment to “green” or “sustainable” investment strategies, often times they still underwrite and invest in oil companies that are destroying the Amazon.

**CLOCKWISE FROM TOP LEFT:** Activists call on BlackRock to take climate action at a protest outside the firm's New York headquarters; an activist protests outside BlackRock's San Francisco office; New Yorkers call on BlackRock to stop investing in fossil fuels and deforestation during a global day of action for the Amazon in September 2019.

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