

A primer for shareholders concerned about  
rainforest protection and human rights

SPRING 2020



## Introduction: Amazon Destruction During the COVID-19 Pandemic

We are living in unprecedented times. As the coronavirus pandemic sends the world economy into a tailspin and oil prices plummet to below zero dollars per barrel, the United States is seeing a prioritization of bailouts for the fossil fuel and finance industries over those that sustain life and working people. Not only are fossil fuels and deforestation-driving agribusiness the two largest contributors to climate change, they are also behind the displacement and rights violations of indigenous peoples all over the world, from the Arctic to

the Amazon. Instead of continuing to carry out business as usual, investors should view this historic moment as an opportunity to shape an environmentally and socially sustainable future.

Indigenous peoples are the best protectors of natural resources and biodiversity, and perhaps unsurprisingly, in addition to the new threat of COVID-19, face death threats and attacks from the industries that seek access to their territories in order to turn a profit. Colombia and Brazil, both home to large portions of the Amazon, are some of the [world's deadliest places](#) to be an environmental and human rights defender, with indigenous peoples paying a particularly severe toll: according to a recent report from [Human Rights Watch](#), a majority of people killed in conflicts over land and resources in the Brazilian Amazon since 2015 were from forest-dwelling communities, and had denounced illegal activities in their territories and called for enforcement of environmental protection laws. This loss of life will only continue, and even more frequently, if investors don't take a serious look at the supply chains and impacts of the industries they support.

In our latest report investigating the role of financial actors in indigenous rights violations and forest destruction in the Amazon, [Investing in Amazon Crude](#), Amazon Watch identified four oil companies currently operating in the Western Amazon in direct opposition to the expressed wishes of the indigenous peoples whose territories they are impeding upon, and the five largest financial backers of these four companies. The four oil companies are Andes Petroleum, Frontera, Amerisur, and GeoPark. According to data from the fourth quarter of 2019, their five largest financial backers are BlackRock, HSBC, Goldman Sachs, JPMorgan Chase, and Citigroup.

With traditions and practices that are inherently communal, immune systems vulnerable to outside illness, and an absence of government support, indigenous peoples are uniquely at risk to the COVID-19 pandemic. The trauma of disease and decimation brought from outside intruders into their lands — including rubber tappers, loggers, missionaries, agribusiness, and extractive industries — is still present. To prevent outbreak of the COVID-19 virus, indigenous peoples throughout the Amazon have proactively blocked roads, bridges, rivers, and airplane access to their territories to keep people out, and are [calling for a moratorium](#) on all extractive industries and industrial agriculture in their territories.

# Indigenous Resistance to Amazon Destruction



Despite the dangers they face in doing so, indigenous peoples throughout the Amazon continue to resist the encroachment of extractive and agribusiness industries on their territories. This resistance poses reputational, political, financial, and legal risks to investors in these industries.

As stipulated in international law and norms, any companies wishing to conduct operations on indigenous peoples' territories must carry out a process of Free, Prior and Informed Consultation and/or Consent in regards to their activities with these communities. Nonetheless, such processes are often incomplete and inadequate. Many indigenous peoples have made it clear that they are completely opposed to any extraction on their territories, and that even the attempt to "consult" them about a particular project is an affront to their right to self-determination.

Here we highlight some of the many examples of indigenous resistance to industrial activity in the Amazon and the risk it poses to company plans.

The Kichwa of Sarayaku and the Sapara peoples in the Ecuadorian Amazon live near the southern border of Yasuní National Park, considered to be one of the most biodiverse places on earth. The Sapara nation was included in the Representative List of the Intangible Cultural Heritage of Humanity by UNESCO in 2001, and in 2012, the Inter-American Commission on Human Rights (IACHR) ruled in favor of the Kichwa of Sarayaku in a landmark case against the Ecuadorian government for abuses they endured when their lands were militarized to protect the interests of oil company CGC. Despite this context, oil company **Andes Petroleum** – a wholly-owned subsidiary of CNPC and SINOPEC – is now attempting to operate on territories of the Sarayaku and Sapara peoples in the Ecuadorian Amazon. These peoples have communicated their continued opposition to any drilling on or near their territories to the Ecuadorian Hydrocarbons Minister and the Executive Director of Andes Petroleum, as well as to the United Nations, and they are seeing results: in October 2019, Andes Petroleum temporarily halted its operations on Sarayaku and Sapara territories, citing indigenous resistance as a major factor in its decision to do so.

Oil company **Frontera Energy**, currently operating in the Peruvian Amazon, also faces strong opposition from indigenous peoples, including the Achuar, near the Ecuadorian border. The company has had to shut down its operations on several occasions because of poor infrastructure and leaking pipelines. Local indigenous federations, whose territories have been horribly damaged by oil spills and other environmental hazards left in the company's wake, have organized multiple protests to successfully shut down Frontera's extraction and transport operations temporarily. Although in 2017 the company was found responsible for providing adequate environmental clean up of its own oil spills and important emergency healthcare services for the local population, it has not cooperated. Frontera's contract was set to expire in March of 2020, but instead of allowing it to expire and ordering the company to make good on its obligations, the Peruvian government approved a six month extension and has only temporarily halted the company's operations on indigenous territories, a direct result of opposition and protests from these groups.

**Amerisur** is an oil company operating in the Colombian Amazon, partially in the territory of the Siona peoples, who live largely on the Colombian side of the border with Ecuador. The company has contaminated Siona water sources by dumping wastewater upstream of their territory, causing an alarming increase in health problems for community residents. The Siona

assert that Amerisur employed manipulative and deceitful tactics while attempting to gain their consent to expand operations, and as a result, a local court has temporarily halted all Amerisur activity on Siona territory until a final resolution can be reached. In November 2019 the Chilean oil company GeoPark acquired Amerisur, and Siona leadership sent a message to its executives stating: “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.”

The lands previously drilled by Amerisur are not the only ones oil company **GeoPark** has attempted to operate on in the Amazon. GeoPark faces severe pushback for its attempts to operate in territory traditionally held by the Achuar, Wampis, and Kichwa people of the Peruvian Amazon. In the face of previous attempts by oil companies to drill in their ancestral territories, these communities have occupied oil wells and demanded compensation for the pollution of their lands, leading those companies to abandon their operations. GeoPark has not yet relented and is apparently attempting to employ “divide and conquer” strategies to coerce the appearance of consent to their operations from indigenous peoples in the area, according to [reporting](#) from local environmental and human rights groups. The company plans to operate in an area that overlaps Achuar, Wampis, and Kicha territory are currently bogged down in an environmental impact assessment process. In June of 2019, Achuar and Wampis community leaders [traveled](#) to Chile to confront GeoPark CEO James Park during the company’s annual shareholder meeting to express their fervent opposition to any oil drilling on their territories. As recently as April 30th, the Wampis Nation [denounced](#) the company for allowing workers to continue operations within their communities in the midst of the coronavirus pandemic, not only violating a nation-wide quarantine but also acting in direct violation of the Amazon-wide call for a moratorium on any extractive activity on or near indigenous territories for the duration of the pandemic.

Investors in these oil companies and other similarly harmful operations in the Amazon rainforest should take these examples of indigenous resistance as a warning. Because of the threat to climate stability, biodiversity, and indigenous rights posed by fossil fuels and agribusiness in the Amazon rainforest, there are serious legal, reputational, political and financial risks for investors backing these industries. 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.



## Key Financial Actors Implicated in Amazon Destruction

Despite at least nominal commitments to environmentally sustainable finance, all five of the following financial actors were identified by Amazon Watch in our recent [Investing in Amazon Crude](#) report as major financial backers of the four oil companies discussed above.

As of (Q4) 2019, **BlackRock** – the largest contributor to crude oil extraction of the five – held a total of **\$2.468 billion** USD of stocks and bonds in GeoPark, Frontera Energy, and Andes Petroleum.

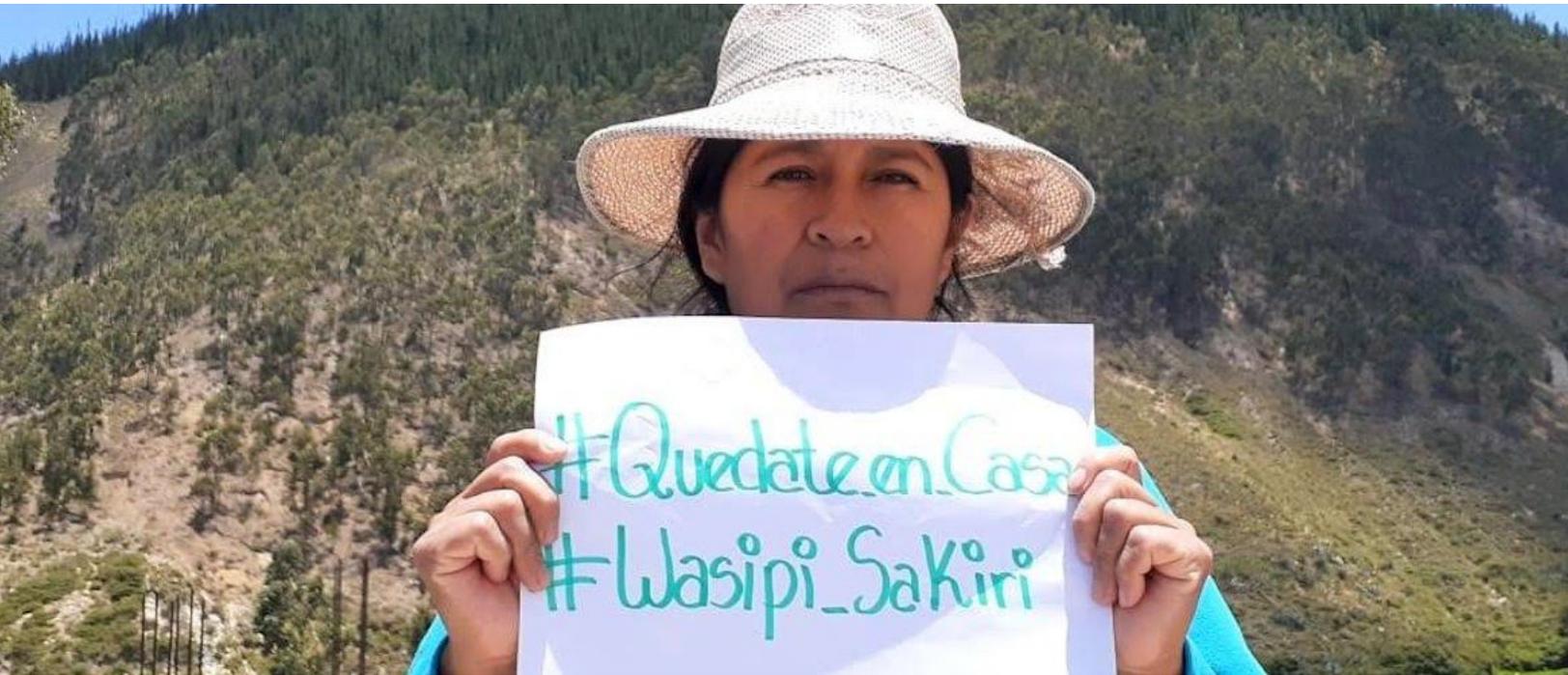
As of (Q4) 2019, **HSBC** held \$595 million of stocks and bonds in GeoPark and Andes Petroleum. Between (Q3) 2017 and (Q4) 2019, it contributed \$648 million in debt financing to enable regional expansion of these companies' oil operations. This brings HSBC's total contribution to Amazon crude oil extraction to **over \$1.2 billion**.

As of (Q4) 2019, **Goldman Sachs** held \$25 million of stocks and bonds in GeoPark and Andes Petroleum. Between (Q3) 2017 and (Q4) 2019, it contributed \$998 million in debt financing to

enable regional expansion of these companies' oil operations. This brings Goldman Sachs' total contribution to Amazon crude oil extraction to **over \$1 billion**.

As of (Q4) 2019, JPMorgan Chase held \$401 million of stocks and bonds in Geopark, Frontera Energy, and Andes Petroleum. Between (Q3) 2017 and (Q4) 2019, the bank contributed \$490 million in debt financing to enable regional expansion of these companies' operations. This brings JPMorgan Chase's total contribution to Amazon crude oil extraction to **over \$890 million**.

Between (Q3) 2017 and (Q4) 2019, Citigroup contributed **\$827 million** in debt financing to enable regional expansion of Amazon crude oil operations for Geopark, Frontera Energy, and Andes Petroleum.



## Coronavirus Impacts on the Amazon

Thoughtful investors will not be surprised to hear that governments, companies, and indigenous peoples throughout the Amazon are responding to the COVID-19 pandemic in vastly different ways.

### Brazil

While the coronavirus pandemic in Brazil has had a negative impact on climate change-driving industries like oil and transportation, this temporary environmental respite offers few reasons to celebrate. This is due to the explosive growth of soybean production, the country's top export commodity which is expecting a record harvest, encouraging the agribusiness sector to expand plantations into protected forests. Soy and cattle production accounts for 80% of deforestation in the Brazilian Amazon. **The Covid-19 crisis is unfolding alongside the largest levels of Amazon deforestation in a decade, driven largely by the expansion of Brazil's agricultural frontier.** Meanwhile, the global economic downturn has increased the value and demand for gold, causing more wildcat miners to invade indigenous territories.

President Bolsonaro's negligent response to the pandemic has been to deny the seriousness of the illness and the danger of contamination. He fired the Health Minister who advocated isolation, following the World Health Organization guidelines. Furthermore, the Emergency Contingency Plan launched through the Special Secretariat for Indigenous Health is generic, does not detail preventative strategies or foresee resource allocation, and leaves it to the regional health districts – the majority of which lack infrastructure and personnel – to take their own actions against the virus.

The lack of interest to combat the spread of Covid-19 among indigenous peoples, or to protect the Amazon, is part of Bolsonaro's long announced destructive plan to [open indigenous territories to economic exploitation \(PL 191\)](#) – a policy which greatly benefits elite land grabbers. The Brazilian government is being complicit with those who are taking advantage of the pandemic and the weakening of the surveillance agencies to advance the destruction in the Amazon. In the first 3 months of 2020, Amazon deforestation was up 51% from a year ago by 796 square kilometers (307 square miles), an area roughly the size of New York City. Meanwhile, almost \$2 million USD intended to combat the pandemic has been held without disbursement by the National Indigenous Agency (known as FUNAI) since April 2nd. Escalating deforestation – worsened by climate change – has led to an increased likelihood that seasonal fires will be even worse than last year. This situation heightens the risk that new diseases will emerge, and that already existing epidemics – such as malaria – will worsen. The future of Brazil and of its indigenous peoples looks darker than ever before. And unfortunately, the economic crisis that will follow the effects of the coronavirus pandemic will be used as an argument to advance the government and big corporations' invasion of the Amazon.

While Bolsonaro publicly denies his own exposure to the virus, indigenous organizations are taking action to protect their isolated indigenous relatives. Even before some countries began sheltering in place, indigenous organizations in Brazil decided to cancel events and travels, and closed their communities to visitors without waiting for a declaration from the government departments that should protect them. They are also creating educational materials in their own languages, and organizing campaigns for food donation and distribution, as well as for the purchase of cleaning and hygiene items.

## Ecuador

In Ecuador, the government has declared the extractive industry “essential” to the country’s economy, and it has permission to operate. However, with nationwide shelter in place orders, there is a shortage of workers and a lack of necessary infrastructure to operate at normal levels. Both transnational pipelines ruptured recently after erosion brought down a 2-mile stretch that runs along the Coca River. The pipelines transport crude from the Amazon up over the Andes and down to refineries on the Pacific coast, most of which is destined for California. Despite these setbacks, the government and industry is ramping up to get back to business as usual as soon as possible. Minister of Energy Rene Ortiz has signaled the desire to get oil and mining production up and running, and to accelerate auctioning of new oil and mining leases.

There has been no government response to the call by indigenous peoples for a moratorium on all extractive industries.

At the time of this writing, Ecuador has a stunning record of over 30,000 confirmed COVID-19 cases – one of the highest in the world for such a small country. It is a direct result of government mismanagement, political infighting, and limited resources. The country has become synonymous with how not to deal with the crisis, making headlines as it ran out of coffins and bodies piled up in the streets. It has chosen to make debt payments to creditors, while coffers for emergency COVID-19 response were depleted. In the Ecuadorian Amazon, the government has been missing in action. Little to nothing has been done to provide support for indigenous peoples, who are particularly at risk to outside diseases and illness.

The aforementioned pipeline burst along the Coca River was the largest spill in a decade, and a result of government negligence after it ignored reports of severe erosion underneath the pipelines. Indigenous organizations filed suit at the end of April over the government’s violation of their rights to health, territory, food and water sovereignty, and the rights of nature. Crude oil has been washing up as far away as Peru, compounding the already vulnerable situation of indigenous peoples as they work to prevent the impact of COVID-19 in their territories and struggle with food security and access to potable water and sanitation supplies.



Marlon Vargas, President of CONFENIAE, Ecuador's regional indigenous confederation, notes: "In this time of multiple crises, we are invisible, yet again. But they're planning to open up our territories the second this is over. And we won't let that happen. There is no return to business as usual. We need a different model—one that respects rights, our forests, our climate, and an economy that is sustainable and not based on the boom and bust cycles of fossil fuels."

## Peru

The Peruvian government has received domestic and international praise for having a relatively pragmatic response to COVID-19, implementing strict social distancing measures and programs to provide at least a small subsidy to individuals. At the same time, indigenous communities and organizations have been pushing for the creation and implementation of a national emergency strategy to protect their communities, to date unsuccessfully. Peruvian Amazonian federation AIDESEP [wrote to international human rights mechanisms](#) at the UN and the Inter-American Commission on Human Rights denouncing the lack of strategy as contributing to a potential "ethnocide by inaction."

According to business journal [BNAmericas](#), "hydrocarbons...operators [in Peru] have been called on to guarantee normal supply, but also to implement necessary safeguards and conduct operations with the minimum necessary personnel." Oil companies are slashing their capital expenditure budgets for new infrastructure as the price of oil has cratered. For example, GeoPark has slashed its [2020 CapEx budget](#) from \$210 million to \$70 - \$80 million. Frontera Energy is also cutting its capex by 60%. This should negatively impact companies' abilities to open new projects, such as GeoPark's efforts to drill in Achuar and Wampis territories. Palm oil companies are reportedly continuing to operate in the central Peruvian Amazon during the pandemic.

Indigenous peoples are doing their best to self-isolate within their territories and stop others from entering, to varying degrees of success. The Wampis Nation is a good example that took the initiative to coordinate with local authorities, carry out civilian patrols within their territories, and close the border with Ecuador. In effect, direct resistance to formal threats has diminished because people are otherwise focused on preventing COVID-19 contamination within their families and communities.



## Growing Opposition to Financial Industry Support for Climate-Harming Industries

Companies and investors that choose not to act in spite of growing concerns over the climate crisis face increasing reputational risks. Many people are choosing not to bank with the major firms contributing to climate change, some of which are named in this report. The [Stop the Money Pipeline Coalition](#) – a collection of indigenous, youth, and environmentalist groups calling for financial institutions to stop funnelling money into climate destruction – is providing guidance on where supporters can find banks and asset management companies that aren't worsening the climate crisis. In April, the Stop the Money Pipeline Coalition led a day of programming for Earth Day Live – a three-day long global livestream to commemorate the 50th anniversary of Earth Day – and millions of viewers tuned in.

BlackRock – the world’s largest asset manager with over seven trillion USD AUM as of (Q4) 2019 – is a target of the [BlackRock’s Big Problem Campaign](#), which is also part of the Stop the Money Pipeline Coalition. The BlackRock’s Big Problem Campaign is calling on the finance giant to stop financing fossil fuels and deforestation-commodity industries, the two largest drivers of climate change. In a significant win for the climate movement, BlackRock CEO Larry Fink made a public commitment to “fundamentally reshape finance to deal with climate change” in his January 2020 [annual client letter](#). He also outlined significant new policy commitments for the company, including an intention to divest from coal and hold the companies that BlackRock finances to a new standard of environmental sustainability. Activists are continuing to push the firm, however, [noting](#) that BlackRock still has yet to make any explicit commitments to shift its capital from all climate-destabilizing investments, including oil, gas or deforestation-risk commodity companies. Nor has it committed to any indigenous rights policy that would hold the companies it invests in accountable for respecting and upholding internationally-recognized indigenous rights to self-determination. The latest push from the BlackRock’s Big Problem Campaign is a move to get Lee Raymond, former Exxon CEO and famed climate change denier, off of the board of JPMorgan Chase, which BlackRock holds significant shares in. **Socially responsible investors with shares in JPMorgan Chase are encouraged to [use their voting power](#) to remove Raymond from his position on the company’s board.**

In vain efforts to hold off criticism from environmental activists, many major financial firms – including [Goldman Sachs](#), [JPMorgan Chase](#), and others – have come out with light commitments to partially limit their financing of environmentally damaging industries. Nevertheless, in the midst of a global pandemic and with the pressure mounting from climate groups, financiers need to take bolder action: they must stop propping up the industries most responsible for climate change, and pivot to more sustainable portfolios.



## Calls to Action and Useful Resources for Investors and Clients

With the value of fossil fuel stocks plummeting, investors should be using their shareholder power to pressure large financial institutions to invest in more renewable sources of energy that don't carry such large risks of creating long-term negative externalities.

Shareholders of BlackRock and JPMorgan Chase are advised to use their position to advocate for Lee Raymond's removal from the board of JPMorgan Chase, and for the adoption of more climate-safe investment policies by these firms, including, among others, commitments to divest from fossil fuel and deforestation commodity industries in the Amazon rainforest. Clients of these firms can pressure them to adopt climate-safe resolutions, or may choose to divest altogether from them.

The conscientious investor will be looking for more sustainable companies to grow their money with. While Amazon Watch cannot endorse any one specific bank or investment company, there are a number of resources available to investors seeking more information on

this issue. As You Sow, an organization committed to shareholder advocacy, has partnered with environmentalist group Rainforest Action Network to produce easy-to-use tools that enable investors to see how different funds are contributing to environmentally-damaging industries, including deforestation and fossil fuels. The websites **deforestationfreefunds.org**, **fossilfreefunds.org**, and **forestsandfinance.org** are all excellent places to learn more about the environmental and social footprints of various funds.

### Get in touch

If you are interested in learning more about Amazon Watch's campaigns and opportunities for shareholders and sustainable investors to engage with our advocacy efforts, please reach out to our Climate Campaigner Pendle Marshall-Hallmark at [pendle@amazonwatch.org](mailto:pendle@amazonwatch.org).