

# Greenwashing the Amazon

## How Banks Are Destroying the Amazon Rainforest While Pretending to be Green

### EXECUTIVE SUMMARY

### Do bank policies really manage risks to people and nature?

This report examines how the environmental and social risk management (ESRM) policies of the top banks financing oil and gas extraction in Amazonia fail to fully address the adverse impacts of their financing on people and nature. Over the past 20 years, just six banks – **Citibank, JPMorgan Chase, Itaú Unibanco, Santander, Bank of America, and HSBC** – are responsible for almost half (46%) of all direct financing for oil and gas operations in Amazonia.

Most of these banks claim to uphold human rights and environmental protection, but, with the exception of HSBC, they continue to finance the operations of state-owned and private oil and gas companies in Brazil, Peru, Colombia, and Ecuador. And yet, banks make claims on their websites, reports, and promotional materials that give the impression that they are finding success in protecting the environment and safeguarding human rights through their due diligence processes. **This analysis indicates that banks are greenwashing their contribution to adverse impacts in Amazonia. While their stated commitments to addressing climate change, biodiversity loss, and the exploitation of Indigenous Peoples create the perception that they are protecting people and nature, the banks continue to finance destructive operations.**

ESRM policies that do not net out some of the dirtiest and most destructive fossil fuel development are failing to respond to the climate crisis at a time when the science is clear that any new fossil fuel projects threaten our ability to ensure a stable future. Amazonia is the most biodiverse region on Earth and home to more than 500 distinct Indigenous Peoples, but, on average, **over half of Amazonia (59%) is not adequately considered in the ESRM frameworks of Amazonia's top oil and gas financiers. When HSBC's Amazonia exclusions are removed, the other top 5 banks in the study cover an average of just 4% of Amazonia with exclusions and another 25% with screens. That leaves an average of 71% of Amazonia with no risk management for climate change, biodiversity, forest cover, and Indigenous Peoples rights.**

	% AREA EXCLUDED	% AREA WITH SCREENS	% TOTAL RISK MGMT COVERAGE	% NO COVERAGE
JPMC	2%	14%	16%	84%
Citibank	2%	44%	46%	54%
Itau Unibanco	0%	0%	0%	100%
Santander	16%	24%	40%	60%
Bank of America	0%	45%	45%	55%
Average	4%	25%	29%	71%

Table 1. Out of the top banks financing Amazon oil and gas, only HSBC has policies that cover all of Amazonia. The other top 5 banks have policies that leave an average of 71% of Amazonia without adequate environmental and social risk management. Source: Stand.earth Research Group.

We have used an innovative new approach to map environmental and social (E&S) values including biodiversity, forest cover, protected areas, and Indigenous Territories. The mapping results indicate that, **with the exception of HSBC, none of the banks' risk management policies sufficiently protect key environmental and social values in Amazonia from the risk of adverse impacts of the oil and gas industry.** For example, Citibank's only exclusion that applies to oil and gas operations in Amazonia is on UNESCO World Heritage sites, which account for only 2% of the region.

Beyond the lack of geographical coverage, this report reveals that many financial transactions are structured in ways that minimize the identification, categorization, and prioritization of E&S values in the banks' risk management frameworks. Over 560 transactions involving oil and gas activities in Amazonia were analyzed using the [Amazon Banks Database](#), to determine whether deal structures that bypass exclusions and screens are common. **According to the Amazon Banks Database, 72% of all fossil fuel financing transactions linked to Amazon oil and gas are structured in ways that may not trigger enhanced due diligence.**

The most prevalent type of transaction found in the Amazon Banks Database is a general corporate purpose (GCP) syndicated bond, which accounts for 50% of all transactions in the database. General corporate purpose (GCP) syndicated bond transactions typically do not trigger the project-related exclusions and screens common in the banks' ESRM policies, nor do they involve rigorous bank due diligence unless there is an agreement with syndication partners, who may be reluctant to complicate or increase the cost of the transaction. Once the bonds are circulated, the bank's ability to influence how the proceeds are used diminishes significantly, reducing long-term leverage over client activities. Nevertheless, these transactions allow the bank to maintain ESRM compliance, limit liabilities including impacts caused by the client as those risks are spread across the syndicate, and continue to engage with fossil fuel clients purportedly to help them mitigate climate risks, despite the limited effectiveness of bond underwriting in this context.

**The report includes powerful accounts by organizations representing Indigenous Peoples about the toxic impacts of oil and gas operations in Amazonia.** In 2021, for example, two ruptured pipelines released over a half million gallons of oil into the Napo and Coca rivers in Ecuador, bringing severe health and environmental impacts that devastated Kichwa communities. In Peru, over 250 oil spills on the Norperuano Pipeline have threatened the health and welfare of

Indigenous Peoples while major banks like JPMorgan Chase, Santander and HSBC financed the expansion of a huge refinery that will drive demand for oil from the region. Also in Peru, the health and wellbeing of uncontacted Indigenous Peoples has been severely impacted by the encroachment of gas fields in their traditional territories over the past decade, but as recently as 2023 banks such as Bank of America and Citibank have provided the project with new financing.

Amazonia has already lost more than a quarter of its forest cover, and scientists believe that further forest cover loss will push the region to a tipping point with its hydrological function becoming critically impaired. The coalition Amazonia for Life, which includes partners on this report, is calling for 80% of Amazonia to be protected by 2025 in order to avoid this tipping point.

**A critical part of this work is addressing the role that a relatively small number of commercial banks play in the flow of credit to oil and gas operations in Amazonia.**

Taken together, the findings in this report indicate that banks are failing to identify and manage the true scale of risks to people and nature from fossil fuel extraction while the most biodiverse region on Earth is under grave threat. **If banks are to be fully committed to the values they claim to uphold, then their policies must cover broader categories of protection and deal structure.** This involves implementing stringent exclusions and screens that increase the costs of oil and gas activities, mitigating the adverse impacts of fossil fuel extraction and making renewable energy investments more financially appealing.

The first step for banks is to exit Amazon oil and gas as an immediate measure to help avoid the tipping point crisis and protect 80% of Amazonia by 2025. Banks should commit to:

1. No new oil and gas financing and investment
2. End current oil and gas financing and investment
3. End trade financing for oil and gas
4. End corporate financing for oil traders
5. Adjust financing portfolios to address an imminent tipping point scenario in Amazonia and support the protection 80% of the Amazon by 2025