

BRIEFING May 2022

# BRIEF TO SHAREHOLDERS OF BUNGE RE PROPOSAL TO VOTE AGAINST BOARD MEMBERS

## **RECOMMENDATION:**

**Vote AGAINST Chair Kathleen Hyle, and  
Vote AGAINST Deputy Chair Sheila Bair**

Bunge, one of the world's largest agribusiness traders, has a business model that both impacts and is impacted by the growing climate crisis, which brings associated risks to the company and its shareholders as well as, gravely, to the collective possibility of a liveable future. A Notice of Exempt Solicitation has been filed with the US Securities and Exchange Commission (SEC) noting that Bunge has not taken sufficient steps to mitigate these risks, as illustrated by its failure to set an adequate Net Zero by 2050 target, to realign its investment plans to limit climate change to 1.5°C, or to align its policy influence activities with responsible climate stewardship. Whilst the argument presented to the SEC focuses on climate-critical deforestation linked to Bunge's agricultural supply chains, this joint briefing by Friends of the Earth US and Global Witness expands upon these concerns by examining Bunge's failure to identify, mitigate and prevent abuses of land rights, human rights and risks to environmental human rights defenders. It should therefore be read as supporting material to the Notice of Exempt Solicitation filed by Majority Action US.

## **BUNGE'S FAILURE TO PROTECT LAND AND ENVIRONMENTAL DEFENDERS**

Land and environmental defenders play a vital role in protecting climate-critical forests and ecosystems. Recent research shows that indigenous and local communities around the world are managing forests that contain carbon equivalent to 33 times our current annual emissions – although even this figure is likely to be an underestimate.<sup>1</sup> At the same time, research is clearly showing that indigenous-managed lands have lower deforestation rates and better conservation outcomes than protection zones that exclude indigenous peoples.<sup>2</sup> Protecting land and environmental defenders should therefore be at the forefront of responsible corporate climate stewardship.

Bunge has a blind spot when it comes to human rights: its Grains and Oilseeds Commitment pledges to “respect human rights and indigenous community rights, and apply free, prior and informed consent (FPIC) for land purchases and use.”<sup>3</sup> However, this policy commitment is only monitored on land it owns and operates itself. In regard to implementing FPIC on lands that feed into its supply chain the company has said it “expect[s]” its suppliers to comply with its Code

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of Conduct.<sup>4</sup> Bunge's Code of Conduct does state Bunge's expectation for its suppliers to "uphold human rights," but it does not mention land rights, does not refer to FPIC, and makes no mention of indigenous or customary communities.<sup>5</sup> While the Code requires that Bunge's suppliers comply with its environment policy,<sup>6</sup> that policy also makes no reference to land rights or FPIC.<sup>7</sup>

There are instances when Bunge has failed to mitigate, investigate or remedy the impacts of its suppliers' operations on land and environmental defenders, as shown by Global Witness' research.<sup>8</sup> Our research into its Indonesia palm oil supply chain revealed that it is failing to ensure that the hundreds of Indonesian palm oil mills they source from are free from abuse against land and environmental defenders.

The majority of these issues were reported within the last five years, and almost 1 in 5 of the mills were linked to conflicts still reported as active in 2019 and 2020.<sup>9</sup>

Further Global Witness research last year showed that Bunge is dealing in conflict-tainted soy sourced from soy producers in Bahia State, Brazil. Additionally, recent analysis by Friends of the Earth US and the Network for Human Rights and Social Justice in Brazil demonstrates that Bunge's monopoly and monopsony in Piau' State may serve to incentivize illegal land grabbing practices precisely in areas where indigenous, *quilombola* (rural Afro-Brazilian) and peasant communities are engaged in legal battles to secure regularization of collective land titles.<sup>10</sup> In contributing to land conflict and alleged human rights abuses, Bunge may thereby be in violation of its responsibilities under UN and OECD human rights standards.<sup>11</sup>

## **BUNGE'S FAILURE TO TACKLE DEFORESTATION IN ITS SUPPLY CHAIN**

In September 2015, Bunge committed to eliminate deforestation from its global supply chain, though it did not indicate a timeframe to achieve this. The pledge expanded on its 2014 policy to remove deforestation from its palm oil supply. Soy presents most of Bunge's exposure to deforestation. In 2021, the French government published data from Trase estimating that over half of Bunge's 2018 Brazilian soy imports into France presented a high risk of deforestation – significantly higher by volume and proportion of risk than any other importer. In April 2021, Mighty Earth's Deforestation Tracker estimated Bunge's soy supply was linked to almost 60,000 hectares of deforestation in Brazil from March 2019 to March 2021 – the highest of all soy traders - with just over 20,000 hectares of that possibly being illegal. An example of Bunge's exposure to historical and ongoing deforestation risk is that of Santa Filomena municipality in Brazil's Piau' state, where the company overwhelmingly dominates soy trade. Trase registers Bunge as the ultimate trader and exporter of 100% of soy produced in the municipality in all but one year between 2010 and 2018 – a period over which 28,214 hectares were deforested for soy, including nearly 4,500 hectares since Bunge's no-deforestation policy applied to soy. Most recently, from October 2021, around 2000 hectares was cleared on "Fazenda Kajubar" - apparently illegally as the farm's land title had been placed under an Annulment Action published by the State Public Prosecutor's office. Three other properties under the same ownership in Santa Filomena municipality reportedly deforested a further 3,678 hectares between June 2021 and January 2022, according to Aidenvironment, with Bunge again thought to be the likely ultimate trader of soy produced on the farms.

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Bunge's soy supply chain is opaque to outsiders not party to its contracts, impeding transparency and accountability in this major commodity supply chain. Bunge is a member of the Soft Commodities Forum (SCF), which aims to advance "collective action on a conversion-free soy supply chain" in the Cerrado region.

Twice yearly, SCF members report on their efforts to improve traceability in their soy supply chains. However, traceability – at least internal traceability – does not equal transparency. SCF members do not identify their suppliers publicly; they publish only aggregate data about the percentages of their direct and indirect suppliers that are 'traceable'. Without public supply chain data, it is impossible to assess SCF members' claims, and its approach therefore legitimizes and perpetuates supply chain opacity that has not been tolerated for other 'forest risk commodities', notably palm oil.

Furthermore, traders do not publish information about suppliers in their soy supply chains, as most do in their palm oil supply chains, for example. It is virtually impossible to assess independently any of the traders' sustainability or traceability claims, and this is a major impediment to soy supply chain transparency.

## **INSIDER LOBBYING AGAINST ROBUST DUE DILIGENCE ON DEFORESTATION**

Bunge has used its senior position in influential trade associations to lobby the European Union (EU) to weaken proposed rules to exclude deforestation from agricultural commodities and ensure transparent traceability of supply.<sup>12</sup> The trade associations argued that ensuring traceability to geolocated farms – essential to identify deforestation – presented privacy and commercial confidentiality problems for companies involved. They also argued that segregating deforestation-free commodities from those linked to deforestation – equally important in eliminating deforestation from supply chains –

would push up prices and reduce sources of supply. The groups urged the EU to remove both requirements from a proposed EU regulation on deforestation – the result of which would ensure Bunge could continue trading commodities produced through deforestation and sell those to markets nominally prohibiting it.

## **GREENWASHING THE FOSSIL FUEL INDUSTRY: BUNGE'S RELATIONSHIP WITH BIG OIL**

Bunge's commercial relationship with the fossil fuel industry also undermines any commitments the company has in tackling climate change and exposes it to further climate risk.

Last year, Bunge announced a proposed joint venture in renewable fuels with fossil fuel giant Chevron.<sup>13</sup> Both companies extol the deal as an example of their shared commitments to sustainability and reducing carbon in the energy value chain.<sup>14</sup> Yet just one month after Bunge announced its deal, US Congress published lobbying data in a damning analysis that seriously undermines the fossil fuel giant's climate pledges and damages its credibility as a renewable investor.<sup>15</sup> The Congressional report upholds the findings of multiple publications that have unearthed how major fossil fuel companies – including Chevron - have strategically spread misinformation and worked to obstruct progress towards climate action.<sup>16</sup> The biggest American and European players have spent millions lobbying to delay or undercut climate policy. Since 2011, four of the world's major oil companies – including Chevron - have spent a combined \$452.6 million lobbying the US federal government.<sup>17</sup>

According to the Climate Action 100+ Net Zero Company Benchmark, Chevron meets none of the Benchmark's targets disclosure. It has failed to develop a 'net-zero' commitment, nor a commitment to align its activities with the temperature goals set in the Paris Agreement.<sup>18</sup> Rather than cut oil and gas production, instead

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its current climate change mitigation policy is “to be among the most efficient producers” while continuing to develop new fossil fuel reserves.<sup>19</sup>

Despite its partner’s track record Bunge closed the deal on its joint venture in February 2022, ensuring that its facilities will be used as part of the energy industry’s greenwashing portfolio.<sup>20</sup>

## CONCLUSION

Bunge appears to have made some strides towards reducing its exposure to deforestation risk, human rights risk, climate risk, and the associated material ESG risks. However by failing to adopt a net zero target; adopting a deforestation cut-off date far behind industry best practice; failing to mitigate human rights impacts in its agricultural supply chains; actively working to undermine responsible climate and deforestation policy; and deepening its business ties to a problematic energy-sector actor such as Chevron which brings its own set of climate risks, Bunge is failing in its efforts to address the full scope of risks and impacts of its business.

Global Witness approached Bunge for comment and in response, Bunge has stated that in 2021 it set ‘Science Based Targets’ for its operations and supply chain as part of its climate commitment, and is including emissions from land-use change in its Scope 3 accounting. It stated that it does not source soy from illegally deforested areas and that it is committed to reaching deforestation-free supply chains in 2025. On human rights, the company states that in its soybean purchase contracts in Brazil, ‘Bunge has clauses that require its suppliers to respect and protect human rights, including the possibility of unilateral termination by the company in the event of non-compliance with its contracts.’

## RECOMMENDATIONS

- > Commit to the Cerrado Soy Moratorium and align operations with the 2020 deforestation cut-off date in accordance with the Accountability Framework Initiative, and act

to immediately halt sourcing from lands that have been deforested since 2020;

- > Ensure full traceability to farm for all direct and indirect suppliers across all commodity and country supply chains and ensure this information is transparently and regularly published;
- > Ensure the Soft Commodities Forum builds strong human rights and land rights due diligence into member action plans, and that soy traceability is transparently reported to farm-level;
- > Adopt, publish, and implement credible measures to monitor for, prevent, and provide remedy for land rights abuses in its global supply chains across all commodities traded, incorporating a zero-tolerance stance on illegal land acquisition, and excluding all suppliers operating on land where the free, prior and informed consent (FPIC) of affected communities has not been obtained;
- > Adopt and implement a public policy position on human rights defenders that includes a zero-tolerance stance on threats and violence against defenders, with the explicit inclusion of those at highest risk, namely land and environmental defenders;
- > Avoid reliance on suppliers’ policies and audits to assess compliance with respect to land rights and Free, Prior and Informed Consent. Conduct its own verification and risk assessments on the ground and publish the results;
- > Provide for and deliver effective remedy for communities, including compensation where relevant, where suppliers have: – used community claimed land in the absence of FPIC; – subjected communities to costly litigation that challenges their land rights claims; – subjected communities to threats, intimidation, attacks or other human rights violations;
- > The process of providing and delivering remedy should ensure communities or individuals are not put at risk of reprisals when freely enunciating the harms they have been subject to and their associated needs. This may require engaging experts in the

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security and protection of environmental human rights defenders before and during consultation processes, ensuring third party lawyers and civil society representatives chosen by the defenders involved, employing secure communications practices and other security and equity measures. Remedies agreed with communities should be honored, and not limit the rights of communities to further pursue land rights claims.

- > Publicly support binding regulation in nation states requiring corporate supply chain due diligence on human rights, land rights and the environment.

## ENDNOTES

- <sup>1</sup> For definitions on ‘indigenous and local communities’, see for example: Indigenous peoples and local communities, IPBES, <https://ipbes.net/glossary/indigenous-peoples-local-communities> (accessed: 10 May 2020); ‘Bio-cultural diversity conserved by indigenous peoples & local communities – examples & analysis Companion document to IUCN/CEESP Briefing Note No. 10’, ICCA FORUM, 2010, <https://portals.iucn.org/library/sites/library/files/documents/2010-048.pdf> (accessed: 5 April 2022). ‘A Global Baseline of Carbon Storage in Collective Lands’, Rights and Resources Initiative, September 2018, [https://rightsandresources.org/wp-content/uploads/2018/09/A-Global-Baseline\\_RRI\\_Sept-2018.pdf](https://rightsandresources.org/wp-content/uploads/2018/09/A-Global-Baseline_RRI_Sept-2018.pdf) (accessed: 5 April 2022).
- <sup>2</sup> Investing in indigenous communities is most efficient way to protect forests, report finds’, Mongabay, 2 July 2018 <https://news.mongabay.com/2018/07/investing-in-indigenous-communities-most-efficient-way-to-protect-forests-report-finds/> (accessed: 5 April 2022); ‘Securing Rights, Combating Climate Change: How Strengthening Community Forest Rights Mitigates Climate Change’, 2014, World Resources Institute, [www.wri.org/securing-rights](http://www.wri.org/securing-rights) (accessed 5 April 2022).
- <sup>3</sup> Bunge, Commitment to Sustainable Value Chains: Grains & Oilseeds, November 2018, <https://www.bunge.com/sites/default/files/sustainablevaluechains.go.11.18.pdf>, accessed on 18 June 2021.
- <sup>4</sup> Bunge written responses to questions from Global Witness, 14 & 18 June 2021, as cited in ‘Seeds of Conflict: How global commodity traders contribute to human rights abuses in Brazil’s soy sector’, Global Witness, November 2021. <https://www.globalwitness.org/en/campaigns/environmental-activists/global-commodity-traders-are-fuelling-land-conflicts-in-brazils-cerrado/#:~:text=Our%20investigation%20reveals%20that%20global,and%20OECD%20human%20rights%20standards.> Accessed on 2 April 2022.
- <sup>5</sup> Bunge Code of Conduct, 2014, <https://investors.bunge.com/sites/bungeltd-ir/files/corporate-governance/code-of-conduct/english.pdf>, accessed on 24 June 2021.
- <sup>6</sup> Bunge Environment Policy, <https://www.bunge.com/sustainability/environmental-policy>, accessed 24 June 2021.
- <sup>7</sup> Bunge Code of Conduct, 2014, <https://investors.bunge.com/sites/bungeltd-ir/files/corporate-governance/code-of-conduct/english.pdf>, accessed on 24 June 2021.
- <sup>8</sup> ‘Indonesia palm oil traders are failing land and environmental defenders’, Global Witness, December 10<sup>th</sup> 2020 <https://www.globalwitness.org/en/campaigns/environmental-activists/indonesia-palm-oil-traders-are-failing-land-and-environmental-defenders/>
- <sup>9</sup> ‘Trading Risks: How ADM & Bunge are failing Land & Environmental Defenders in Indonesia’, Global Witness, December 10<sup>th</sup> 2020
- <sup>10</sup> Fábio Pitta and Maria Luisa Mendonça, Network for Social Justice for Justice and Human Rights & Friends of the Earth United States, ‘Industrial Soy Expansion in Brazil: Financialization, Deforestation, and Dispossession, April 2022. [http://foe.org/wp-content/uploads/2022/04/IndustrialSoyExpansion.Brazil.FoE\\_.pdf](http://foe.org/wp-content/uploads/2022/04/IndustrialSoyExpansion.Brazil.FoE_.pdf)
- <sup>11</sup> ‘Global commodity traders are fuelling land conflicts in Brazil’s Cerrado’, Global Witness, November 23<sup>rd</sup> 2021
- <sup>12</sup> In March 2022, Unearthed revealed how, in October and November 2021, Fediol - the EU Vegetable oil and protein meal industry association, and Cocal - the European cereals and oilseeds traders association, joined the EU animal feed manufacturers federation (FEFAC) in lobbying both the EU Climate Commissioner, Frans Timmermans, and senior officials in the European Commission’s Environment ministry Zach Boren, Unearthed, ‘Soya giants lobbied against deforestation rules during COP26’ 4 March 2022, available at <https://unearthed.greenpeace.org/2022/03/04/eu-deforestation-lobbying-cop26/>, accessed on 1 April 2022.
- Fediol’s President is a Bunge executive and Bunge is a corporate board member of COCERAL while FEFAC members represent many major clients of Bunge. Source: Fediol, Members of the Executive Board, available at <https://www.fediol.eu/web/members%20of%20the%20executive%20board/1011306087/list1187970091/f1.html>, accessed on 1 April 2022;
- <sup>13</sup> ‘Chevron, Bunge Announce Proposed Joint Venture to Create Renewable Fuel Feedstocks’, Bunge, 2 September 2021, (accessed: 25 March 2022).
- <sup>14</sup> ‘Chevron, Bunge Announce Proposed Joint Venture to Create Renewable Fuel Feedstocks’, Bunge, 2 September 2021, (accessed: 25 March 2022).
- <sup>15</sup> ‘Analysis of the Fossil Fuel Industry’s Legislative Lobbying and Capital Expenditures Related to Climate Change’, US Congress of the United States, House of Representatives, Committee on Oversight and Reform, 28 October 2021, (accessed: 25 March 2022).
- <sup>16</sup> ‘Analysis of the Fossil Fuel Industry’s Legislative Lobbying and Capital Expenditures Related to Climate Change’, US Congress of the United States, House of Representatives, Committee on Oversight and Reform, 28 October 2021, (accessed: 25 March 2022)
- <sup>17</sup> ‘Analysis of the Fossil Fuel Industry’s Legislative Lobbying and Capital Expenditures Related to Climate Change’, US Congress of the United States, House of Representatives, Committee on Oversight and Reform, 28 October 2021, (accessed: 25 March 2022)
- <sup>18</sup> ‘Greenwashing Files: Chevron’, ClientEarth, (accessed: 25 March 2022)
- <sup>19</sup> “It is our view that a decrease in overall fossil fuel emissions is not inconsistent with continued or increased fossil fuel production by the most efficient producers.” ‘Update to climate change resilience: A framework for decision making’, Chevron, February 2019, (accessed: 25 March 2022)
- <sup>20</sup> ‘Chevron, Bunge Announce Definitive Agreements to Create Joint Venture’, Chevron press release dated 22 February 2022 <https://www.chevron.com/stories/chevron-bunge->

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[announce-definitive-agreements-to-create-joint-venture](#)  
accessed 29 April 2022