



# Catholic Investor Engagement with Brazil

to protect  
the Amazon  
rainforest and  
the indigenous  
population

strategy, execution, target  
achievement and impact measurement





# Brief overview

## Results of the Catholic Investor Alliance's engagement with Brazil

For Bank für Kirche und Caritas (BKC) [Bank for the Church and Caritas], transparent reporting is part of a credible engagement. This report explains why, how and with what results the world's first Catholic investor engagement of this magnitude is doing engagement for the protection of the Amazon rainforest and the indigenous and traditional population living there. Ultimately, the aim of this is not only to create transparency, but also to promote awareness of these engagement issues.

This report is aimed at a wide range of stakeholders in the field of sustainable finance as well as stakeholders with an interest in the protection of the Amazon rainforest and the indigenous population, clients and cooperative members of BKC as well as all stakeholders with an interest in engagement and sustainability impact. On the one hand, this report documents in detail the world's first Catholic investor engagement of this magnitude for the protection of the Amazon rainforest and the indigenous and traditional population living there. On the other hand, it describes how engagement with countries can be carried out effectively and the model developed by BKC to measure the sustainability impact of engagement activities. The following contents are provided in this report:

## Description of the planning points and the execution of a Country Engagement

Many investors rarely or never do engagement on sustainability issues with countries. As a result, on the one hand, an often not insignificant share of their portfolio remains unconsidered by the instrument of engagement as part of their ethical-sustainable investment strategy. On the other hand, the impact potential of investors for an increasingly urgent sustainable development of countries remains untapped. The planning points described in this report and the extensively documented execution of the engagement with Brazil are intended to encourage and facilitate engagement with countries.

## Presentation of an evaluation model for measuring the impact of engagement

Engagement is considered by many to be one of the most impactful instruments in ethical-sustainable investment to promote sustainable development goals and minimise negative sustainability impacts in the "real world". But how do you measure the sustainability impact of engagement activities? With the evaluation model presented here for the first time, BKC has created a way to measure the impact of its engagement activities.

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# 1.

## Motivation for an engagement with Brazil



### 1.1

#### Importance of engagement for Bank für Kirche und Caritas (BKC)

As a Catholic church bank, we have been implementing sustainability criteria in all our investments for 20 years now. Our ethical-sustainable criteria filter, which consists of exclusion, positive and negative criteria, gives us the opportunity to shape our investments according to our Christian value orientation. In addition to using our ethical-sustainable criteria filter, we selectively try to initiate a dialogue with companies, countries and other investment objects in our investment universe in order to motivate them to make improvements in their respective sustainability efforts or eliminate existing controversial issues. We conduct this engagement dialogue not only out of our responsibility as a Catholic investor, but often also with the aim of reducing sustainability risks and the resulting negative influences on the risk-return profile of our investments.<sup>1</sup>

### 1.2

#### Initial situation in Brazil

The destruction of the Amazon rainforest has accelerated rapidly since the beginning of President Jair Bolsonaro's term in office in January 2019. Thus, according to the National Institute for Space Research (INPE), an incredible 11,088 square kilometres of rainforest have been cut down between August 2019 and July 2020 alone, equivalent to an area the size of Jamaica. This represents a twelve-year high in Brazil and a 9.5 per cent increase over the same period the year before.<sup>2</sup> Land in the Amazon and elsewhere in Brazil, often deforested by slash-and-burn, is often used for cattle ranching, mining or agriculture. Thereby, the ruthless deforestation and resource exploitation in these areas leave a trail of massive environmental destruction. At the same time, it is often accompanied by the expulsion, disenfranchisement and not infrequently even murder of the indigenous and traditional population living there. All these dramatic developments for people and the environment are in extreme contrast to the

Christian leitmotif of "Integrity of Creation" and Pope Francis' encyclical *Laudato Si'* published in 2015.

The ongoing destruction of the Amazon rainforest and the associated violation of the rights of the indigenous and traditional population living there also pose a financial risk for investors in Brazilian government bonds and companies.

Experts fear that after a certain "tipping point", the deforestation of the Amazon rainforest will lead to the remaining rainforest area turning into a savannah due to decreasing rainfall and thus have a massive impact on the local climate. At the same time, Brazil's energy supply, which is based on over 70 per cent hydropower and biofuels, as well as agriculture, which contributes over 25 per cent to Brazil's gross domestic product (GDP), depend on a stable local climate. According to forecasts, such a regional climate change would lead to a drastic deterioration in the prospects for the agricultural

<sup>1</sup> BKC engagement approach and activities: See further information under 6.3.

<sup>2</sup> National Institute for Space Research INPE (2020): [http://terrabrasilis.dpi.inpe.br/app/dashboard/deforestation/biomes/legal\\_amazon/rates](http://terrabrasilis.dpi.inpe.br/app/dashboard/deforestation/biomes/legal_amazon/rates) (retrieved 05.01.2020).





### 1.3 Conclusions of BKC

According to the sustainability rating agencies used by us as BKC, Brazil did not violate our ethical-sustainable exclusion criteria filter at the time of consideration in 2019/2020.<sup>5</sup> Nevertheless, we took a critical view of BKC investments in Brazilian government bonds from a sustainability perspective due to human rights, social and environmental violations in Brazil. In August 2020, we therefore came to the decision that we want to set up an engagement dialogue with the Brazilian government and raise the “investor voice” for the protection of the Amazon rainforest and the indigenous and traditional population living there. It was also decided that – if the engagement dialogue to be initiated does not lead to sufficient changes on the side of the Brazilian government – an exclusion of Brazilian government bonds from BKC’s investment universe will be considered, even without a formal violation of the defined ethical-sustainable exclusion criteria filter.

sector and the Brazilian export economy. This would have negative consequences for both Brazil’s trade balance and the country’s ability to finance its public debt.<sup>3</sup>

Furthermore, the destruction of the Amazon rainforest poses a threat not only to the local climate, but also to the global climate and biodiversity. Knowing that, according to estimates by the World Economic Forum, half of the world’s GDP of 44 trillion USD depends on an intact biodiversity. In this context, it is worth highlighting that indigenous peoples, despite making up only about six per cent of the world’s population, have been shown to protect 80 per cent of the Earth’s biodiversity on their territories.<sup>4</sup> Since it can be observed that the destruction of biodiversity often goes hand in hand with the violation of indigenous rights, the protection of the Amazon rainforest and the land use rights of the indigenous and traditional people living there must be considered as one.



Members of various indigenous peoples protest for more protection of their territories.

<sup>3</sup> Planet Tracker, Elwin P. (2022): Destroying Brazil’s AirCon

<sup>4</sup> World Bank (2023): <https://www.worldbank.org/en/topic/indigenouspeoples> (retrieved 05.09.2023).

<sup>5</sup> BKC exclusion criteria filter: See further information under 6.3.

# 2. Strategy and demands of our engagement activity



## 2.1 Planning points for a country engagement

An engagement with a country is significantly more challenging than with a company. Therefore, for a successful execution, it is necessary to deal with some fundamental hurdles already in the planning phase:

- Investors are not very high up in the ranking of influential stakeholders for countries, unlike for companies. The reason for this is that governments give top priority to their country's electorate. Moreover, individual investors usually play only a minor role in government financing via the financial market.
- In the case of a country, it is complicated to identify the responsible and appropriate contact person for an engagement topic. Even though the government agency issuing government bonds, which is usually subordinate to the Ministry of Finance, might be comparable to an investor relations department in companies and may be available for investor enquiries on classic financial topics, in practice it usually has neither the expertise nor the responsibility for concrete sustainability issues. However, a relevant line ministry such as the Ministry of the Environment is not always open to investor enquiries, as there is little connection to the financial market.

- Due to the complexity and heterogeneity of countries, it is difficult to motivate countries with an ESG benchmark comparison or, if necessary, to put them under pressure, as is often possible with companies.
- Given the enormous number of influencing factors and dependencies, the complexity of a financial materiality attribution of engagement issues multiplies when it comes to government bond investments.
- Moreover, the fundamental question of the legitimacy of investor influence on a country and its institutions needs to be addressed. This is because in democratically governed countries, influence on the country and politics rightly comes from the electorate.

## 2.2 Planning the engagement strategy with Brazil

As of August 2020, we as BKC have been working on the concrete planning of an engagement with Brazil. With regard to the practical hurdles within country engagements outlined above, the fact that the Bolsonaro government is consciously and actively promoting the exploitation of resources from the Amazon rainforest and the disenfranchisement of the indigenous and traditional population is an additional complicating factor in the case of Brazil.

Taking all this into account, it became clear that in this case we had little chance of making a difference in Brazil if we start an engagement dialogue alone. At the same time, we were convinced of the need to make full use of our possibilities as a Catholic financial market participant. We thought there was a chance that in Brazil, where there is a strong Catholic presence, a "Catholic investor voice" could make a







helpful contribution to the discussion on the protection of the Amazon and the indigenous and traditional population. Therefore, it was decided to try to form a collaborative engagement alliance with other Catholic institutions. The idea behind this was to form an “audible Catholic investor voice” alongside the bundled financial pressure potential, which would then not only be heard in business and financial circles close to the capital market, but also in many social and governmental circles in Brazil. This should then increase the pressure from different directions for greater protection of the Amazon rainforest and the rights of indigenous and traditional peoples.

## 2.3 Our engagement strategy

In addition to the formation of a Catholic investor alliance, a strategy consisting of three modules was developed in order to be able to overcome the other hurdles of a country engagement with Brazil (Fig. 1):

- transparency among the Brazilian population and, on the other hand, stimulate the public debate about our engagement demands.
- Establish contact with various investor alliances that have already started similar engagement activities with Brazil. The aim is to examine how the common concern could be brought to the Brazilian government with more pressure through the exchange of information, mutual support and cooperation. In addition, it is planned to draw the attention of investors in general to the situation in Brazil.
  - To raise awareness among the Catholic community in Brazil and internationally of the possibilities to influence the protection of the Amazon rainforest and the indigenous population through engagement. This can flank the direct church and charitable efforts already taking place for Amazon protection by additionally increasing the pressure for changing the situation in Brazil.

Fig. 1: The three modules of our engagement strategy



### 1) Main target object

In order to place our engagement demands with maximum pressure and breadth, not only government representatives are contacted, but also selected high-ranking decision-makers from the legislative, judicial and executive bodies as well as from government agencies and organisations. In the process, both “opponents” of increased Amazon protection should be convinced in dialogue and “supporters” should be strengthened in their efforts with more far-reaching arguments and information.

### 2) Pressure boosting target

In order to facilitate direct dialogue with decision-makers, an increase in general pressure and motivation should be aimed for. Planned for this is:

- To create attention for this Catholic investor engagement in the Brazilian and international public via the media. On the one hand, this should ensure

### 3) Support & Exchange

The complexity and multi-layered nature of the problem of protecting the rainforest and the indigenous and traditional population makes it necessary to establish an intensive exchange with non-governmental organisations, church and international organisations and other stakeholders who are very familiar with the problematic situation on the ground. The focus here is on providing detailed background and technical information on the environmental and human rights situation, establishing contacts with other stakeholders and increasing the visibility of common concerns and advancing them. In addition, exchange with diplomatic and governmental agencies outside Brazil is also an integral part of this strategy block, among other things in order to open up other access routes and outreach channels.



#### Additional pressure point – illegal gold mining

In the course of our engagement, we have identified gold mining in the Amazon as an additional pressure point on the government to lend weight to our demands for greater protection of the Amazon rainforest and the indigenous and traditional population living there. This is because of the economic and political importance of gold mining for the Brazilian government of Bolsonaro, as well as its devastating consequences for people and the environment. Therefore, as early as February 2022, we made preparations to explicitly integrate the issue of illegal gold mining into our engagement activities and to develop a strategy for this. The strategy elaborated in this process builds on the three strategy modules already developed and adds two more components to the second module “pressure boosting target”:

- a) In order to increase the pressure from outside Brazil on the Brazilian gold sector and thus on Brazilian decision-makers, and at the same time to hold international gold buyers accountable, an engagement dialogue is being launched with a few selected European companies and European gold funds respectively the financial institutions that manage them. The engagement is essentially aimed at the question of how they ensure that they do not use illegal gold from Brazil in their products. After all, involvement in illegal gold mining in the supply chains of European companies is not only a reputational risk for them, but increasingly also a legal risk in view of the German and European Supply Chain Act.
- b) The complexity and intransparency of the gold supply chain also require influencing political regulation and industry-wide standard setting outside Brazil. Therefore, the engagement issue of illegal gold mining in Brazil is being placed at the diplomatic and European level, as well as with industry standards such as the London Bullion Market Association's (LBMA) “Good Delivery Standard” for gold refineries.

## 2.4 World's first Catholic investor engagement of this magnitude

In exchange with the Special Commission for Integral Ecology and Mining of the Brazilian Bishops' Conference (CNBB), which is familiar with the special circumstances in Brazil, and the Global Catholic Climate Movement (GCCM – now Laudato Si' Movement), which is an international network of Catholic organisations working for climate protection, we have decided to form a joint leadership for the planned collaborative engagement.



COMISSÃO ESPECIAL PARA A ECOLOGIA INTEGRAL E MINERAÇÃO



In the winter of 2020/2021, after further preparations, an international alliance of Catholic actors was forged for the upcoming engagement activity. In close coordination with CNBB and GCCM, BKC will henceforth lead an international group of almost 100 Catholic institutions from 18 countries in a collaborative engagement.

The total of 93 institutions forming the collaborative engagement represent a broad spectrum of Catholic actors (Fig. 2). At the same time, this collaborative engagement represents the world's first Catholic investor engagement

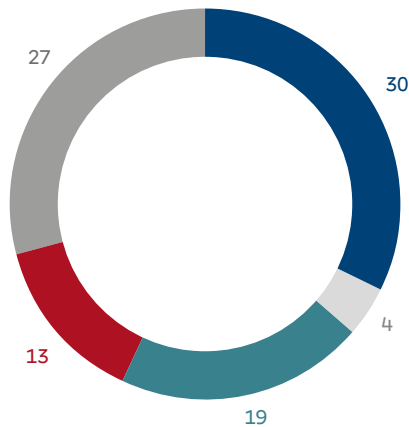






of this magnitude. This circumstance further underlines the urgency of the ecological and social problems to be solved in the Amazon.

Fig. 2:  
Participants in the Catholic Investor Alliance  
by country of origin and Catholic background



- Catholic church
- Catholic orders
- Catholic institution
- Catholic financial intermediary
- Other catholic area

- |                  |                  |
|------------------|------------------|
| ✓ Argentina      | ✓ Germany        |
| ✓ Australia      | ✓ India          |
| ✓ Austria        | ✓ Ireland        |
| ✓ Belgium        | ✓ Italy          |
| ✓ Brazil         | ✓ Kenya          |
| ✓ Canada         | ✓ Malta          |
| ✓ Columbia       | ✓ Spain          |
| ✓ Czech Republic | ✓ United Kingdom |
| ✓ Ecuador        | ✓ USA            |

29 March 2021 marks the starting point of the engagement dialogue, which was initiated by sending letters to high-level Brazilian government officials and decision-makers. The letter calls for a concrete action plan to strengthen the protection of the Amazon rainforest and the indigenous and traditional people living there. Simultaneously with the mailing, the letter was published as an open letter through various communication channels.

As a first step, the letter is intended to encourage Brazilian decision-makers to enter in a constructive dialogue on the implementation of the engagement demands. However, the letter also clearly states that the signatory Catholic institutions will increasingly lose the basis for current and potential investments in Brazilian companies and government bonds if the Brazilian government does not take decisive action against the deforestation of the rainforest and the disenfranchisement of the indigenous and traditional population.

VIDEO  
AVAILABLE  
HERE



[https://www.bkc-paderborn.de/content/dam/f4307-0/nachhaltige\\_geldanlage/EN-Video-Letter-to-Bolsonaro-2021.mp4](https://www.bkc-paderborn.de/content/dam/f4307-0/nachhaltige_geldanlage/EN-Video-Letter-to-Bolsonaro-2021.mp4)



# Our engagement demands

## 2.5

### Our engagement demands

In the list of demands, the Catholic signatories of the letter urge the Brazilian government to develop a concrete plan of action to implement the following goals as a first step:

1. Implementation of strict environmental protection legislation
2. Monitoring and compliance with environmental legislation
3. Concrete plan to combat deforestation, with a budget and measurable interim targets
4. Massive increase in resources for firefighting and Ibama (Brazilian Federal Environmental Agency) in the Amazon region.
5. Lifting restrictive provisions against non-governmental organisations and initiate a stakeholder dialogue on environmental measures
6. Protection of the land and human rights of the indigenous population with quantifiable, time-bound obligations and measures.
7. Expropriation of unlawfully appropriated land and public reporting on it
8. Afforestation measures and annual reporting on progress

### Additionally specified measure demands

In addition to the demands, we listed in our first letter, from June 2021 we specify measure demands that are of particular importance for the fulfilment of the required action plan. For example, our specified measure demands for demand point 6:

- I. Stop the promotion and implementation of the Marco Temporal thesis:  
The Marco Temporal thesis is a legal thesis that only land physically inhabited by indigenous groups at the time of the adoption of the Brazilian Constitution on 5 October 1988 can be demarcated as indigenous land. This would exclude land from which indigenous groups had previously been forcibly displaced.
- II. Repeal of the following ordinances:
  - a) Instrução Normativa no. 9/2020 which allows private land claims on indigenous land that has not yet been fully demarcated. This norm is being challenged in court in several states and there are already court rulings declaring it invalid.
  - b) Resolução no. 4/2021 which restricts the right of indigenous peoples to self-identification, in violation of the Constitution, ILO Convention 169 and the UNDRIP.
  - c) Instrução Normativa Conjunta Funai/Ibama 01/2021 which allows large-scale agriculture in indigenous territories, thus violating the right of indigenous peoples to the exclusive use of natural resources on their land.





### Combating illegal gold mining

**In parallel to the overarching engagement demands, we have been calling for the implementation of concrete measures to combat illegal gold mining in the Amazon since August 2022. This is to stop the destruction of the rainforest and violations of the human rights of the indigenous and traditional population specifically caused by illegal gold mining.**

Embedded in our engagement strategy developed for illegal gold mining, the demands for action focus on three main areas:

1. Termination of the “Good Faith Principle” in gold trading in Brazil:  
This principle allows the gold buyer to consider gold as coming from a legal area of origin if the seller so states. No further proof is required.
2. Introduction of a traceability system for gold in Brazil:  
Up to now, gold has been sold by paper invoice receipts, which makes the transparency and control of gold transactions as well as the tracing of the origin of gold almost impossible from the outset.
3. Raise awareness for explicit attention to illicit gold in the supply chain due diligence obligations of companies and banks/gold funds.



# Carrying out our engagement activity



# 3.

## 3.1

### The range of our engagement dialogues and actions

#### *Dialogue with high-ranking Brazilian decision-makers*

With the dispatch of our first letter on 29 March 2021 to high-level Brazilian government representatives and decision-makers such as President Jair Bolsonaro, Vice-President Hamilton Mourão, the Minister of Environment, the Presidents of the Chamber of Deputies and the Federal Senate, the President of the Federal Supreme Court and the Attorney General, we placed our engagement demands as planned and thus initiated the engagement dialogue.



Tommy Piemonte, Head of Sustainable Investment Research BKC, in Engagement-Dialog with Brazilian decision-makers

Building on this, we developed an intensive dialogue on our demands with a considerable number of high-level Brazilian decision-makers during the course of the engagement. The following few examples outline the range of dialogue:

- ❖ A more than a year-long intensive written dialogue with the office of the Ministry of Justice and its subordinate agency FUNAI (Fundação Nacional do Índio), which is the Brazilian state body for indigenous affairs.
- ❖ A 74-page substantively detailed response letter from the Attorney General's Office.
- ❖ Written exchange with the Brazilian Foreign Minister and the Brazilian Central Bank.
- ❖ Personal exchange via video conference with the Brazilian Embassy in Washington, D.C. and personal reception by the Brazilian Ambassador in Berlin.
- ❖ Online hearing on 25 August 2021 with Marcelo Freixo, the minority leader in the Brazilian Chamber of Deputies, and several opposition politicians: BKC underlined the urgency of solving the social and environmental problems in the Amazon from the perspective of international investors during the hearing, which lasted more than two hours. The aim of the exchange was to use the arguments presented to strengthen the opposition in the negotiations in parliament, as most parliamentarians there are unlikely to know the demands and concerns of the investors. This could bring a new aspect to discussions about decision-making on the Amazon rainforest.

#### Freixo recebe investidores internacionais católicos ignorados por Bolsonaro

Instituições manifestaram interesse em aplicar dinheiro no Brasil sob condição da implementação de medidas de preservação ambiental

25 de agosto de 2021, 09:36 h Atualizado em 14 de dezembro de 2021, 18:04



(Foto: Pablo Valadares/Câmara dos Deputados)

Source: <https://www.brasil247.com/poder/freixo-recebe-investidores-internacionais-catolicos-ignorados-por-bolsonaro> (retrieved am 31.08.2023)

<sup>6</sup> Extensive documentation Engagement Dialogues: See further information under 6.3.





Creating **awareness** in the Brazilian  
and international media and the general public

Sensitisation of the national and international  
**Catholic community**

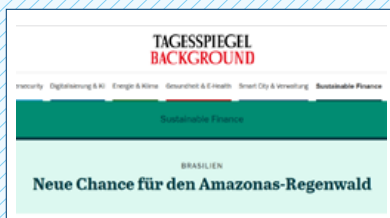
The creation of public awareness in and outside Brazil as well as the further sensitisation of the international Catholic investor community started immediately with the launch of the engagement on 29 March 2021. This was achieved by also placing our letter to Brazilian decision-makers as an open letter through different communication channels and in the media. With this step we wanted to initiate a public discussion about our concern as Catholic Investor Alliance. On the one hand, we thereby created the necessary transparency about our engagement, especially among the Brazilian public. On the other hand, we increased the motivation of the Brazilian decision-makers to enter into dialogue with us and to respond to our demands. In the course of the engagement, well over 100 articles about our engagement activity appeared in renowned Brazilian and international media, in a variety of print, radio, TV and video formats.<sup>7</sup>

This also includes media in the Catholic context such as Vatican News, CELAM, La Croix, Crux Now and Catholic News Agency. In addition, we have reported on our engagement activity in a multitude of presentations, panel discussions, lectures, face-to-face meetings with Catholic institutions and other stakeholder groups.

VIDEO  
AVAILABLE  
HERE



Source: <https://www.youtube.com/watch?v=K5ZsXrrxb5g> (retrieved 31.08.2023)



Feel free to click  
on the single  
articles



Source: VATICANNEWS · LA-CROIX · PODER 360 · FAZ · 18HORAS · TAGESSPIEGEL BACKGROUND · SIGNUM · DW · RESPONSIBLE-INVESTOR · MONGABAY

<sup>7</sup> Extensive documentation Media Clipping: See further information under 6.3.



### *Cooperation with and motivation of international institutional investor alliances*

As planned, right at the beginning of the engagement activity we established contact with various investor alliances such as the Interfaith Center on Corporate Responsibility (ICCR), the Investors Policy Dialogue on Deforestation (IPDD), the Emerging Markets Investors Alliance or the Shareholders for Change (SfC), all of which have also already launched engagement activities with Brazil or Brazilian companies.

In addition to a very insightful exchange of information on previous engagement dialogues, experiences and strategies for the protection of the Amazon, mutual collegial support in advancing the common cause was also discussed. Among the support services discussed are the provision of contacts to experts and other stakeholders. Of great importance for us is also the possibility to mention to the Brazilian government that we are aware of each other's engagement activities and are in exchange about them. This further increases the pressure on Brazilian decision-makers to act, which has been built up on the investor side.

In addition to investor initiatives that are already doing engagement in the field of the Amazon rainforest and indigenous rights protection, it has also been our goal to raise awareness of these issues among other investors who have not yet been active. In the course of our engagement, we have been in contact with various international investors who manage multi-trillion-dollar assets to talk about our engagement activity with Brazil.

- ❖ One example of the opportunities arising from this strategy component was a round of talks arranged by the Emerging Markets Investors Alliance with the Norwegian Ambassador in Brasilia and the Minister Counselor – Economic Section of the Brazilian Embassy in Washington.



Source: <https://www.emia.org>

We were able to present our concerns and our concrete engagement demands in a panel discussion for a closed audience of institutional investors and supranational organisations. This not only led to further fruitful discussions at the international diplomatic level, but also sensitised the listening investment houses to our human rights and environmental concerns.





*Collaboration with NGOs, multilateral, church and international organisations as well as with government agencies outside Brazil*

To penetrate the complexity and multi-layered nature of the problem of rainforest destruction in the Amazon and the disenfranchisement of the indigenous and traditional population living there is not a task that one institution or organisation alone can effectively manage. That is why we have built up a close network with a large number of Brazilian and international NGOs, church and international organisations as well as industry experts. The resulting bundling of forces is an important component for the clout of our engagement. This is because, in addition to the exchange of necessary background and expert knowledge on the detailed environmental and human rights challenges, the increase in visibility and reach of our common concerns as well as the provision of contacts with important stakeholders has also been achieved.

An integral part of our engagement has also been the exchange on our engagement demands with diplomats such as the German ambassador in Brasilia or representatives of governmental and multilateral organisations such as the office of the EU parliamentarian who was largely responsible for introducing the EU deforestation law. Topics of discussion included, for example, how illegal gold in the supply chain due diligence of German and European companies/banks can increasingly come to the attention of companies/banks, politicians and regulators.



Members of various indigenous peoples protest for more protection of their territories.

- ❖ One of many examples of this contact mediation is the personal conversation with a female indigenous leader of the Mundurucu ethnic group facilitated by the Catholic aid organisation Misereor. From her we received a first-hand report of the terrible consequences and side effects of illegal gold mining for the rainforest and the indigenous and traditional population. With the additional perspective of those directly affected on the ground, we were then able to jointly discuss and further develop ideas for engagement activities in this thematic field.





### 3.2

## Some figures on the execution of our engagement

When the resources used to carry out the engagement are presented in terms of the measured figures, the immense scale of this engagement activity immediately becomes clear. From the start of our engagement on 29 March 2021 to 22 September 2023, we had 394 contacts (Fig. 3) with 136 people from 62 different organisations/institutions (Fig. 4). Around three quarters of the communication took place via email, followed by video conferences and letters.

Fig. 3: Number of contacts and contact type (as of 22.09.2023)

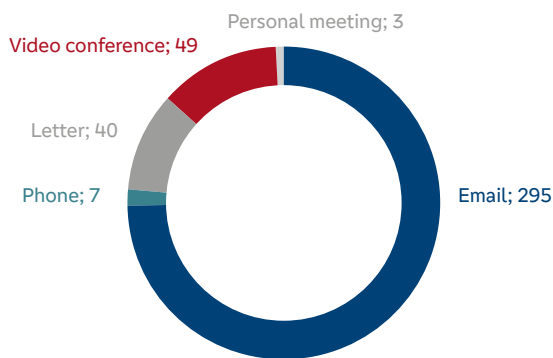
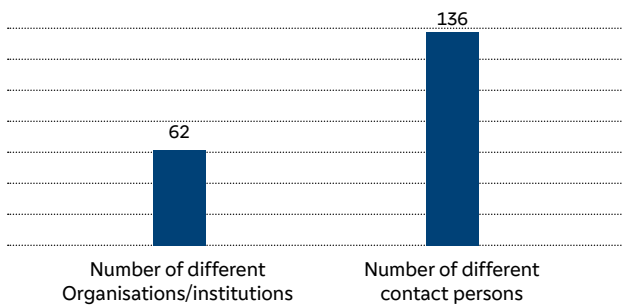
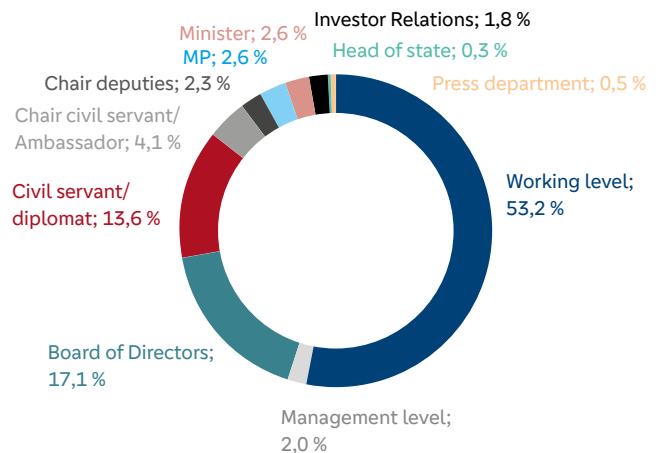


Fig. 4: Number of different contact organisations/institutions and persons (as of 22.09.2023)



In addition to the dialogues with civil servants and diplomats with over 17 per cent, the group of elected officials: president, ministers as well as leading and ordinary members of parliament was reached with just under 8 per cent of the contacts. The vast majority of remaining contacts were at the level of other stakeholders, illustrating the effort and stakeholder outreach required to effectively conduct our engagement (Fig. 5).

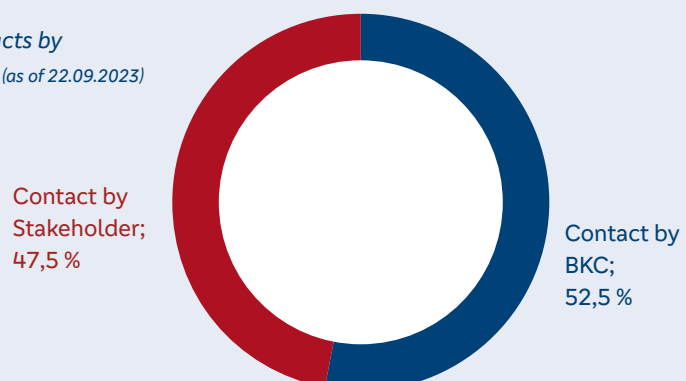
Fig. 5: Distribution of number of contacts with job positions (as of 22.09.2023)



In addition to measuring the resources used, it is of particular interest to see what achievements have resulted from the resources used and the engagement approach. We measure this output by the reach and “importance” stakeholders attach to the engagement activity. One of the metrics/indicators we use for this is the ratio of contact between BKC and stakeholder. This means, does the organisation/institution enter a dialogue with us and responds to our contact.

In evaluating this metric for our engagement activity, it is clear that we have an exceptionally high performance as we have received a response to over 90 per cent of our contacts (Fig. 6).

Fig. 6: Distribution of contacts by BKC vs stakeholder (as of 22.09.2023)





# Target achievement level of our engagement activity



## 4.1

### Measuring the target achievement level

A clear definition of objectives and determination of the time period conceded for the respective engagement activity is a prerequisite for measuring success. The definition of milestones, as intermediate steps towards the achievement of objectives, is also necessary for effective engagement. The results achieved through the engagement actions are regularly evaluated, compared with the target and time setting and documented. This continuous measurement of success is also the starting point for triggering escalation steps when needed.

In order to be able to continuously measure the degree of achievement of an engagement activity as defined in the BKC engagement guideline<sup>8</sup>, we have developed a ten-point scoring scale (Fig. 7). The score expresses the extent to which the engagement object shows willingness to deal with the engagement demands and ultimately in which status of implementation of the overall engagement demands it is. The scale for assessing the target achievement level of the engagement activity starts at

score 0 “No reaction” to the engagement demands up to score 5 “Binding commitment to implement” and continues with a jump to score 7 “Start of implementation” up to score 10 “Fully implemented”. The jump from 5 to 7 in the score distribution takes into account the difference in the quality of fulfilment of the engagement demands between the different levels of commitment to implementation and the levels of actual implementation.

It should be noted, however, that due to the complexity and scope of engagement demands vis-à-vis countries, it can sometimes be difficult to tie the fulfilment of individual engagement demands to a single action by the country. This can be the case even when engagement demands are broken down into a concrete action plan, as in our engagement activity with Brazil. Under these circumstances, it is necessary to measure the fulfilment of the individual engagement demands against several components/actions of the country in order to be able to measure the achievement of objectives.

Fig. 7: Scoring scale to assess the target achievement level of the engagement activity

Target achievement level	Score
No reaction	0
Reaction, no interest	1
Reaction, interest	2
Verbal commitment to implement	3
Written commitment to implement	4
Binding commitment to implement	5
Start of implementation	7
Partially implemented	8
Majority implemented	9
Fully implemented	10

<sup>8</sup> BKC Engagement guideline: See further information under 6.3.



## 4.2

### Meeting our engagement demands

The assessment of whether our respective engagement demand can be considered fulfilled is based on several components, which were also discussed with experts.

The following list of the relevant assessment components shows how we determine the fulfilment of the individual engagement demands:

#### 1. Implementation of strict environmental protection legislation

- ✓ 01.01.2023: The measures adopted by the previous government to facilitate mining in protected areas and on indigenous lands are withdrawn.

#### 2. Monitoring and compliance with environmental legislation

- ✓ 01.01.2023: The cadastral office is transferred from the Ministry of Agriculture to the Ministry of the Environment.
- ✓ 01.01.2023: The head of the Brazilian environmental authority (Ibama) appointed by President Bolsonaro is to be replaced.
- ✓ 01.01.2023: A reorganisation of the procedure for environmental fines could prevent the more than USD 3 billion in unpaid fines from lapsing.
- ✓ 01.01.2023: The internationally recognised environmental activist Marina Silva was appointed Minister of the Environment.

- ✓ Since January 2023, Ibama's first raids against illegal logging activities in the Amazon have taken place.
- ✓ 05.06.2023: The Plan of Action to Prevent and Control Deforestation in the Amazon (PPCDAm) provides for the increased use of intelligence and satellite imagery to track criminal activity, the registration of land ownership and the use of a land registry to monitor the proper management of forests. Among other things, authorities will cross-check information from the financial system with the land registry and other databases, as well as satellite imagery, to track illegal loggers and cattle ranchers. Financial information can, for example, point to cash movements used to pay for equipment such as chainsaws for logging or excavators for illegal gold mining.
- ✓ 15.08.2023: The ongoing operation in the Tapajós Basin is the third major operation by Ibama and ICMBio against illegal gold mining camps since the change of government.

#### 3. Concrete plan to combat deforestation, with a budget and measurable interim targets.

- ✓ 02.11.2021 and 05.06.2023: Brazil is one of the signatory countries that committed at the UN Climate Change Conference COP26 to halt the loss of forest cover from 2030. President Lula reaffirms this goal in the Plan of Action to Combat Deforestation in the Amazon (PPCDAm).
- ✓ 01.01.2023: A permanent inter-ministerial commission for the prevention and control of deforestation and slash-and-burn chaired by Lula's cabinet is responsible for implementing the plans. The commission met for the first time on 8 February and has 90 days to submit an action plan.
- ✓ 01.01.2023: The Amazon Fund is re-established and is to be used for reducing deforestation.
- ✓ 05.06.2023: The Action Plan to Combat Deforestation of the Amazon (PPCDAm) and the Cerrado (PPCerrado) is relaunched and similar plans are developed for all other Brazilian biomes. In doing so, it sets out a coordinated approach for more than a dozen ministries until the end of Lula's term in 2027.







#### 4. Massive increase in resources for firefighting and Ibama (Brazilian Federal Environmental Agency) in the Amazon region.

- ✓ 01.01.2023: Former Ibama head Hugo Loss, who was transferred to the internal service under Bolsonaro, resumes his original position.
- ✓ See also measures under 3.

#### 5. Lifting restrictive provisions against non-governmental organisations and initiate a stakeholder dialogue on environmental measures.

- ✓ 10.04.2023: The draft "Action Plan for Deforestation Prevention and Control in the Legal Amazon (PPCDAm)" was in public consultation and is open to suggestions from civil society, academia and non-governmental organisations.
- ✓ 04.05.2023: The Brazilian government re-establishes the Civil Society Council to discuss the country's development. The Council, abolished by the Bolsonaro government, is re-established with 246 advisors from different sectors. Among them are representatives of popular movements, the business sector, human rights and environmental organisations, and the financial market. It is chaired by President Lula and also includes Vice-President Geraldo Alckmin and Minister Alexandre Padilha as government representatives.

#### 6. Protection of the land and human rights of indigenous population with quantifiable, time-bound obligations and measures.

- ✓ 01.01.2023: President Lula is expected to designate 13 new indigenous territories in early 2023 that were ignored during Bolsonaro's term.

- ✓ 01.01.2023: Sônia Guajajara has been appointed Brazil's first indigenous minister. She will head the newly created Ministry of Indigenous Peoples.

- ✓ 01.01.2023: Indigenous MP Joenia Wapichana was appointed President of FUNAI, which was renamed the National Foundation for Indigenous Peoples.

- ✓ 04.04.2023: FUNAI cancels Regulation Resolução no. 4/2021 (fulfilment of additionally specified measure demand for demand point 6., ordinance b).

- ✓ 19.04.2023: FUNAI and Ibama repeal Instrução Normativa Conjunta Funai/Ibama 01/2021 (fulfilment of additionally specified measure demand for demand point 6., ordinance c).

- ✓ 21.04.2023: Six indigenous territories with 1,200 km<sup>2</sup> were legally recognised.

- ✓ 09.08.2023: FUNAI revokes Instrução Normativa no. 9/2020 (fulfilment of additionally specified measure demand for demand point 6, ordinance a).

#### 7. Expropriation of unlawfully appropriated land and public reporting on it

- ✓ 05.06.2023: The Action Plan to Prevent and Control Deforestation in the Amazon (PPCDAm) provides for the immediate confiscation of half of all illegally used land within protected areas.
- ✓ 03.08.2023: Police arrest a farmer who has illegally appropriated 21,000 hectares of public land and already cut down over 6,500 hectares of rainforest on it. A court had the suspect's 16 farms and 10,000 head of cattle seized and his assets of 116 million reais (21 million euros) frozen.

#### 8. Afforestation measures and annual reporting on progress.

- ✓ 05.06.2023: The Action Plan to Prevent and Control Deforestation in the Amazon (PPCDAm) envisages economic incentives for the conservation and sustainable management of forests through implementation of afforestation measures and the propagation of native vegetation.

**The assessment of the fulfilment of our additional engagement demands in the area of illegal gold mining is also explained with the listing of the core assessment components:**

#### 1. Termination of the "Good Faith Principle" in gold trading in Brazil

- ✓ 05.04.2023: The Supreme Court decides to suspend for the time being the legal practice whereby gold buyers are allowed to accept the origin of the precious metal from the seller on the basis of "good faith", because of alleged unconstitutionality.
- ✓ 30.07.2023: The Brazilian central bank announces via the official gazette that from August it is prohibited to accept a so-called declaration of good faith about the origin of the gold.

Ferries of illegal gold miners set on fire by Brazilian federal police





## 2. Introduction of a traceability system for gold in Brazil

- ✓ 30.03.2023: The Brazilian tax authority has prescribed electronic invoice receipts for gold trading with effect from 03.07.2023. The measure is intended to make it possible to verify the trade in gold by means of technical tools.

## 3. Raise awareness for explicit attention to illicit gold in the supply chain due diligence obligations of companies and banks/gold funds.

- ✓ 21.09.2022: In a first press interview we informed about the risk for companies to have illegal gold in the supply chain. Subsequently, we have placed this topic in various other media.
- ✓ 25.01.2023: The Central Bank of Brazil was alerted by us to the risk for international companies.
- ✓ 25.01.2023: Publication of information via various BKC communication channels on the launched BKC engagement with German companies on their risk of having illicit gold in their supply chain.
- ✓ 03.02.2023: Release of information through various BKC communication channels on the launched BKC engagement with European gold funds on their risk of having illegal gold in their supply chain.
- ✓ 03.02.2023: Statement on compliance with supply chain due diligence obligations in relation to illicit gold received from (2/2) gold funds and on 13.02.2023 and 03.03.2023 from (2/3) companies.
- ✓ 14.02.2023: Discussed our engagement with German and European companies/banks on illegal gold in the supply chain with the office of the EU Parliamentarian who was instrumental in bringing in the EU Deforestation Bill and diplomats from the German Embassy in Brasília.



As of 22.09.2023, we assess all of our engagement demands, with the exception of one sub-item, as fulfilled respectively implemented. The one item of our engagement demands that has not been fully met is as follows:

- ✗ Introduction of a traceability system for gold in Brazil  
The electronic invoice receipts for gold trading prescribed by the Brazilian tax authority when they come into force on 03.07.2023 are intended to enable the verification of gold transactions with the help of the technical means available at the tax authority. This will not only increase the transparency of gold transactions, but also create a corresponding possibility of control. Although this allows gold transactions to be traced, in our opinion it does not yet constitute a sophisticated traceability system where the origin of Brazilian gold can be traced from the mining sites to the end consumer. Such a system, according to experts, could be created through DNA markers and blockchain technology, which we have already called for as desirable to the Brazilian central bank, for example.

”

As a result of the complete implementation of all but one aspect and thus fulfilment of our entire engagement demands, we subsequently assess the target achievement level of our engagement activity as of 22.09.2023 with a score of 9 “Majority implemented” (Fig. 8).

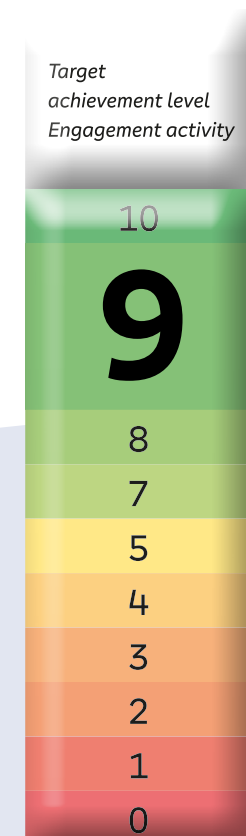


Fig. 8: Target achievement level of our engagement activity (as of 22.09.2023)





# 5. Measuring the impact of engagement

## 5.1

### Engagement indicators and evaluation criteria in the IOOI impact logic

After the detailed documentation of the Brazil engagement, the second part of this report is about presenting a measurement method for the impact of an engagement activity and applying it to the example of the Brazil engagement. BKC is breaking new ground with this type of impact measurement of engagement activities, especially in relation to countries. Based on a literature review<sup>9</sup> and expert interviews, we have designed a model for measuring the impact orientation of engagement activities that is based on the IOOI impact logic (IOOI = Input – Output – Outcome – Impact) established in impact measurement. With this concept of a model, we would like to explicitly stimulate an expert discussion on its further development and welcome feedback on this.

**We have translated the four dimensions of the IOOI impact logic to engagement activities in our model as follows:**

- **Input** – The resources used and the approach taken in the engagement activity.
- **Output** – The performance arising from the input in terms of who is reached and with what reaction.
- **Outcome** – The actions or impacts resulting from the input and output at the level of the engagement object with regard to the target achievement level of the engagement demands.
- **Impact** – The overall societal (ecological-social) effects resulting from the outcome with regard to the sustainability impact and the risk-return-optimisation potential.

The fact that the risk-return-optimisation potential in one's own portfolio context is counted as an impact, results from the following basic rationale: The fulfilled engagement demands can result in a risk-return-optimisation potential for the investment in the engagement object in its own portfolio context. This can be deduced from the fact that engagement objects that address the financially material sustainability risks or opportunities addressed in the engagement demands in a timely manner, before the damage occurs, have a positive impact on their risk-return profile and thus also on the risk-return profile of the investment. Such sustainability risks can materialise financially, for example, in reputational, litigation, regulatory or event risks. The same considerations are also applicable to cases of damage that have already occurred at the engagement object, which, with appropriate corrective and preventive measures to be introduced, achieve damage limitation or prevent similar damage for the future. Since this link does not only affect the investment in its own portfolio context, but also the company itself, its employees, etc., we consider it complementary to list this valuation parameter separately under Impact.

<sup>9</sup> For the development of our draft of an impact measurement of engagement, we find, among others, the following elaboration particularly helpful:  
<sup>2°</sup> Investing Initiative (2021): A Climate Impact Management System for Financial Institutions.



## 5.2

### Engagement indicators and evaluation criteria in the IOOI impact logic

The core element and challenge in applying the IOOI impact logic to engagement is that meaningful indicators and evaluation criteria for an engagement activity need to be identified and translated into the IOOI impact logic. BKC has focused on analysing, on the basis of its published engagement guideline, which indicators and evaluation criteria provide a meaningful picture of the approach and enable measurement of the engagement activities carried out by BKC. As a result, BKC applies the following indicators and evaluation criteria (Fig. 9):

Fig. 9: BKC application of engagement indicators and evaluation criteria in the IOOI impact logic.

Input resources used and approach	Output outreach performance of the input	Outcome impact at the level of the Engagement object	Impact impact at the overall societal level (ecological-social)
<ul style="list-style-type: none"> <li>❖ Application concept</li> <li>❖ Execution channel</li> <li>❖ Role in collaborative Engagement</li> <li>❖ Number of contacts</li> <li>❖ Contact type</li> <li>❖ Number of contacted organisations and Stakeholder groups</li> <li>❖ Number of contacted persons and their Job positions</li> </ul>	<ul style="list-style-type: none"> <li>❖ Contact ratio by BKC vs stakeholders</li> <li>❖ Number and quality of Media coverage</li> <li>❖ Target achievement level Engagement activity (score 0-2)</li> </ul>	<ul style="list-style-type: none"> <li>❖ Target achievement level Engagement activity (score 3-10)</li> </ul>	<ul style="list-style-type: none"> <li>❖ Assumed achieved sustainability impact Engagement activity</li> <li>❖ Assumed achieved risk-return-optimisation potential Engagement activity</li> </ul>

## 5.3

### Difficulties of impact measurement

While measuring and evaluating the input and the output of engagement activities is relatively easy, measuring and evaluating the outcome, and especially the impact, is much more difficult. Measuring impact at the overall societal (ecological-social) level is generally associated with various difficulties and usually only possible after a longer period of time. If this impact logic is nevertheless to be transferred to engagement activities, the challenge arises that, in addition to the difficult measurability, reporting on the impact at the overall societal (ecological-social) level is sometimes only possible years later. However, this would require years of monitoring of the engagement activity, which has probably already been completed. Such an approach is hardly conceivable for most investors practising engagement, not least for reasons of resources. Notwithstanding this, in some engagement activities the impact at the overall societal level occur immediately or are even part of the engagement demand.

## 5.4

### Development of an evaluation model for impact measurement

In order to be able to counter the imponderables described, BKC uses an evaluation model consisting of three steps that build on each other:

#### Step 1 - Preparation phase:

According to the BKC engagement guideline, appropriate engagement objects and engagement activities are selected on the basis of factors to be examined in advance of an engagement. Thereby, the focus is on two questions that need to be answered:

- What sustainability impact is attributed to the sustainability topic and the engagement object?
- What risk-return-optimisation potential does the sustainability topic and the engagement object offer in the portfolio context of BKC?

Both when defining the objective of the engagement activity and when defining the engagement object, the assumed sustainability impact as well as the assumed risk-return-optimisation potential are each assessed with a score of 0 “non-existent”, score 1 “low”, score 2 “medium” or score 3 “high”.<sup>10</sup>

<sup>10</sup> The score assessment for the sustainability impact is carried out along orientation points such as the range or significance for nature and people, and for the risk-return-optimisation potential along orientation points such as portfolio volume or influence on the security price and company value through expert estimation. The perspective development of more refined valuation criteria could sharpen the expert estimate.





### Step 2 – Execution phase:

The target achievement level of the engagement activity is measured by a score, which is used to assess how the engagement object has achieved the goal required of it within an engagement activity respectively to what extent it has implemented the entirety of the engagement demands. The scoring scale determined by BKC ranges from a score of 0 (No reaction) to a score of 10 (Fully implemented) (see 4.1 for explanation).

### Step 3 – Follow-up phase:

In order to better understand the power of the engagement activity, it is desirable to be able to make a statement about the assumed impact provoked by the activity. This can be calculated in the designed model on the basis of steps 1 and 2 and includes two areas:

- One area is expressed as “Assumed achieved sustainability impact Engagement activity” with a total score between score 0 “non-existent” to score 10 “very high”. The calculation of the score works as follows:  

$$(\text{Sustainability impact topic} \times \text{Sustainability impact engagement object} \times \text{Target achievement level engagement activity} \div \text{Maximum achievable score of the sustainability impact of an engagement activity}) \times 10$$
- The other area is expressed as “Assumed achieved risk-return-optimisation potential engagement activity” with a total score between score 0 “non-existent” to score 10 “very high”. The calculation of the score works as follows:  

$$(\text{Risk-return-optimisation potential topic} \times \text{Risk-return-optimisation potential engagement object} \times \text{Target achievement level engagement activity}^{11} \div \text{Maximum achievable score of the risk-return-optimisation potential of an engagement activity}) \times 10$$

## 5.5

### The question of additionality remains

Regardless of the impact measurement, it is often difficult to determine whether the engagement activity is responsible for the observed or measured impact at the level of the engagement object and, consequently, at the overall societal level. In other words, did the input and output of the engagement activity demonstrably lead to the outcome and ultimately to the impact? The problem lies in the fact that the engagement object will presumably only in a few

cases directly communicate to the investor doing the engagement that it is specifically its engagement activity that has moved it to act. This causality of the exclusive chain of action between input/output and outcome/impact represents the so-called characteristic of “additionality” and is one of the defining components of impact investments.<sup>12</sup>

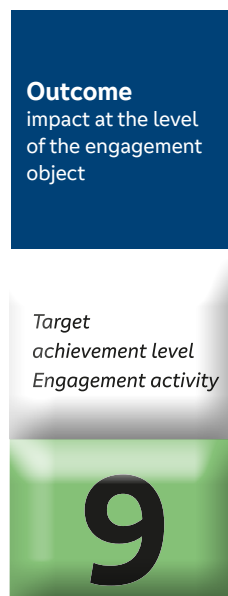
## 5.6

### Impact and additionality of our engagement activity

We assess our engagement demands for Brazil as almost completely fulfilled. As a result, the target achievement level of our engagement activity, according to our developed rating scale, is assessed with the score 9 “Majority implemented” (for explanation see 4.1).

Since, as described, we use the target achievement level of the engagement activity as the indicator for the outcome, we rate the impact achieved at the level of the engagement object as very high (score 9 out of 10) (Fig. 10).

**Fig. 10:**  
*Outcome of our engagement activity*  
(as of 22.09.2023)



In the following we apply our evaluation model, in which we assessed the engagement topic and object with the maximum score “high” in the preparation phase, which corresponds to a score of 3 for both the assumed sustainability impact and the assumed risk-return-optimisation potential (for explanation see 5.4). Based on these steps, our calculation shows that our engagement activity with Brazil has a very high assumed sustainability impact at the overall societal level, i.e. impact (score 9 out of 10) and an equally high assumed risk-return-optimisation potential (score 9 out of 10) (Fig. 11).

Overall, it is of secondary importance to us whether specifically our engagement activity was the trigger for the fulfilment of our engagement demands or whether it could only have contributed in part. In any case, it should be noted that we as an international Catholic investor alliance were able to bring a

<sup>11</sup> As long as the target achievement level has not reached at least the score 7 “Start of implementation” (for explanation see 4.1), the impact calculation remains at a total score of 0.

<sup>12</sup> Forum Nachhaltige Geldanlagen e.V. (2021): Impact – Strategisches Zukunftsthema für den Markt Nachhaltiger Geldanlagen; Page 7ff, Berlin.



new perspective to the political and public debate on the environmental and human rights situation in the Amazon. This can be seen in both the great media coverage and the dialogues that have taken place with high-level decision-makers and key stakeholders in Brazil and worldwide. Even if it could be deduced from this that we as a Catholic investor alliance have achieved a certain additionality, this cannot be definitively proven. However, an employee of an NGO active in Brazil told us the following in the course of our engagement – while Bolsonaro was still in power:

”

“The engagement of this Catholic Investor Alliance has made a valuable contribution. For it has brought ethical concerns to the forefront of decision-makers’ minds, in addition to economic ones. Even if concrete goals have not yet been achieved, there must be no let-up now, because we don’t know what the situation in Brazil would be like without the engagement efforts.”

## 5.7 What other impact has our engagement had?

With the world’s first Catholic engagement of this magnitude, an important impulse was also given at the Catholic level for future collaborative engagements of Catholic investors. For it was able to show that an engagement of Catholic investors is not only feasible and promising, but is also supported by many different Catholic actors. This finding is of particular importance for Germany, as there is no institutionalised possibility of collaborative engagement of Catholic investors in this country so far. The fact that this Catholic engagement has also generated an enormous amount of attention in Germany, both within and outside the Catholic sphere, leaves it to be seen whether it will also support a change in future possibilities for collaborative engagement in the Catholic space.

Fig. 11:  
Impact of our  
engagement activity  
(as of 22.09.2023)

**Impact**  
impact at the  
overall societal level  
(ecological-social)

Assumed achieved  
sustainability  
impact Engagement  
activity

10

9

8

7

6

5

4

3

2

1

0

Assumed achieved  
risk-return-opti-  
misation potential  
Engagement  
activity

9

# Enga- gement works!



# 6. Outlook

## 6.1

### Engagement with Brazil to protect the Amazon rainforest and the indigenous population

Although the situation in Brazil regarding rainforest deforestation and the protection of indigenous and traditional population remains imperfect, we can state that our set engagement demands in the fight against the destruction of the Amazon rainforest and the disenfranchisement of the indigenous and traditional population living there, as well as in the fight against illegal gold mining, have been almost completely fulfilled. Furthermore, despite the remaining problems and complexities in protecting the Amazon rainforest, we see positive signals for changes in favour of people and the environment. For example, according to the Brazilian National Institute for Space Research (INPE), deforestation in the Brazilian Amazon rainforest has decreased by more than 40 per cent since President Lula da Silva took office until June 2023, compared to the same period last year. Also encouraging is that, according to satellite monitoring by the Brazilian Federal Police, warnings of illegal mining in the territory of the Yanomami indigenous ethnic group dropped to zero in June 2023 for the first time since 2020. Whereas in April and May last year, 538 warnings were still visible on satellite images.

Although we consider the engagement activity as Catholic Investors' Alliance to be completed at this point, we as Bank für Kirche und Caritas are already planning an engagement activity that thematically ties in with it. We think it is important, with regard to the protection of the environment and people, to go beyond the issue of illegally mined gold in Brazil and push for greater due diligence and traceability in the gold sector.



## 6.2

### Engagement with countries and measuring the impact of engagement

Compared to a corporate engagement, a country engagement usually requires significantly more planning as well as time and personnel resources. However, we consider engagement with countries to be consistent not only because of the need to cover a large part of the investment portfolio, but also to encourage countries on the part of investors to make a greater effort towards sustainable development. As BKC, we will continue to take up this challenge and engage with countries.

Guided by the ambition to trigger positive sustainability impacts with our own engagement activities as well as to better understand the power of engagement activities and thus to be able to steer future engagement activities more effectively, we would like to use the concept of a model for impact measurement of engagement activities presented here to stimulate a professional discussion on its further development.

Furthermore, we believe that credible engagement requires, among other things, transparent reporting. In order to realise the global potential of engagement to support a social-ecological transformation, we would also like to further advance the discussion on the characteristics of credible engagement.<sup>13</sup>

<sup>13</sup> Key points on credible engagement: See further information under 6.3.





## 6.3

### Further information

#### ➤ BKC exclusion criteria filter

The BKC exclusion criteria filter can be viewed on the BKC website:

[www.bkc-paderborn.de/ausschlusskriterien](http://www.bkc-paderborn.de/ausschlusskriterien)

#### ➤ Engagement activity with Brazil

Extensive information around the engagement activity to protect the Amazon rainforest and the indigenous and traditional population as well as numerous media reports about it can be found on the BKC website:

[www.bkc-paderborn.de/engagement-brazil](http://www.bkc-paderborn.de/engagement-brazil)

#### ➤ BKC engagement approach and activities

Information on BKC's engagement approach and engagement activities can be found on the BKC website:

[www.bkc-paderborn.de/engagement](http://www.bkc-paderborn.de/engagement)

#### ➤ BKC Engagement guideline

The BKC Engagement guideline has been available on the BKC website since its publication in 2018:

[www.bkc-paderborn.de/engagement-richtlinie](http://www.bkc-paderborn.de/engagement-richtlinie)

#### ➤ Key points of credible engagement

The "Key points on credible engagement to foster the sustainable transformation" co-issued by BKC on 18.09.2023 can be found on the BKC website:

[www.bkc-paderborn.de/eckpunkte-engagement](http://www.bkc-paderborn.de/eckpunkte-engagement)

#### ➤ In-depth literature on BKC engagement

Wulsdorf, Helge: Die Engagement-Richtlinie aus Sicht einer Kirchenbank. Zentraler Baustein für eine wirkungsorientierte Anlagepolitik, in: CRIC - Verein zur Förderung von Ethik und Nachhaltigkeit bei der Geldanlage (ed.): Nachhaltige Finanzen. Durch aktives Aktionärstum und Engagement Wandel bewirken, Springer Gabler Wiesbaden 2020, pp. 127-141.

Ladentrog, Rainer; Meggiolaro, Mauro; Piemonte, Tommy: Shareholders for Change - Engagement-Aktivitäten in Europa entfalten, in: CRIC - Verein zur Förderung von Ethik und Nachhaltigkeit bei der Geldanlage (ed.): Nachhaltige Finanzen. Durch aktives Aktionärstum und Engagement Wandel bewirken, Springer Gabler Wiesbaden 2020, pp. 221-237.



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