

World's \$1tn wealth fund weighs in on Amazon wildfire uproar

Norway's \$1tn sovereign wealth fund, the world's largest, is adding its clout to a growing number of asset managers across the globe scrutinising supply chains and businesses as wildfires rip through the Amazon. "We have had a focus on deforestation for several years and follow the ongoing serious situation," Carine Smith Ihenacho, chief corporate governance officer at Norges Bank Investment Management, said in an emailed comment. The wealth fund's chief governance officer said that she expects companies to have a strategy for reducing deforestation from their own activities and supply chains. In 2017, the fund initiated dialogue with companies that buy and sell soy and cattle products in Brazil, Ihenacho said. The Norwegian investor, which holds more than 9,000 companies around the world, has ratcheted up its work on ethics and sustainability over several years. It has taken steps to exclude or put companies under observation on a set of criteria, and it also engages directly in dialogue with companies to express its views. By the end of 2018, the fund had invested \$6.2bn in stocks in Brazil, and about \$2.8bn in bonds, according to a holdings overview on its website. "We have in previous years divested from one soy producer in this region due to links to unsustainable production and deforestation," Ihenacho said. Not only engaging directly with companies, the Norwegian fund has also taken initiative to talk to lenders to get a broader perspective on deforestation and financing, according to the governance officer. The fund engaged with banks in Brazil, Colombia, Indonesia and Malaysia last year, Ihenacho said, to understand how they monitor deforestation risk in their credit loan portfolios.