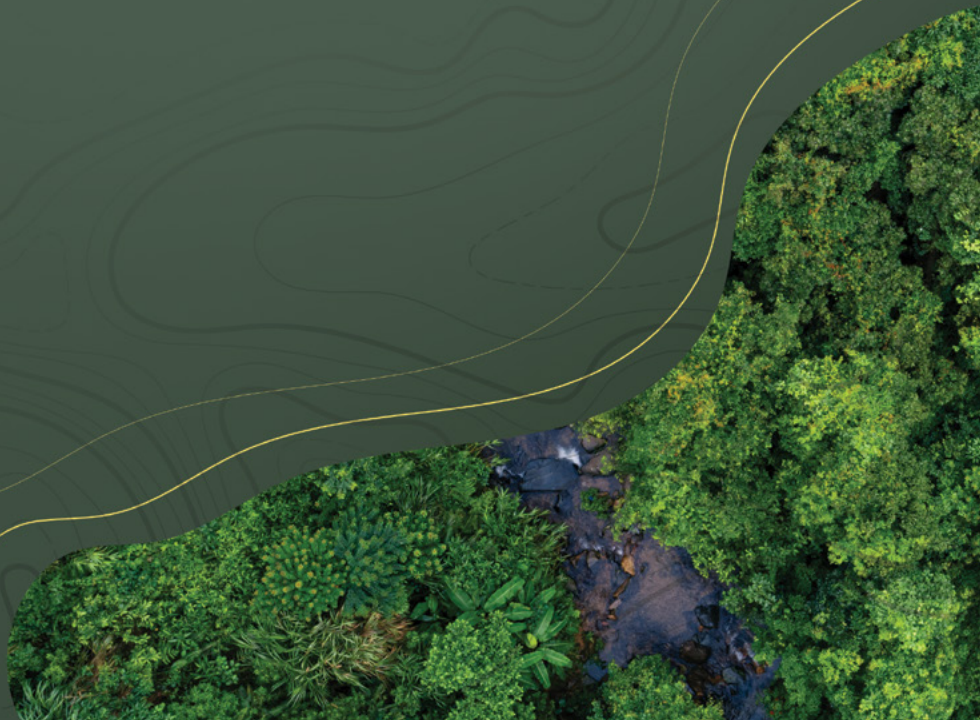




Deforestation and Conversion-Free Markets: Invest in the Future. Preserve in the Present.

Capitalizing on the transition to a
deforestation-free economy in Brazil





Faced with the global challenges related to environmental devastation and the climate crisis we live in, Brazil emerges as a key player in proposing new models for wealth creation, economic growth, and socio-environmental development.

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Investment funds have a huge opportunity to reduce deforestation through their influence over Brazil's productive sector.

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The Risk of Deforestation and the Opportunity of Green Finance

Historically, Brazil's economic development has been intrinsically tied to a commodities sector based on territorial expansion, which has now reached both environmental and economic limits. Currently, cattle ranching and soybean production are the main forces behind tropical deforestation and the primary driver of carbon emissions in Brazil.

The loss of vegetation not only intensifies the climate crisis but also poses a systemic risk to the performance and reputation of investment portfolios.

Deforestation and Conversion-Free Markets



Through the Deforestation and Conversion-Free Markets initiative, WWF-Brazil invites asset managers to integrate sustainability perspectives into their investment strategies, positioning themselves in this moment of societal and market transformation. We want you to join us in advocating for a more resilient, sustainable, and profitable economy.

Understand the main threats of an investment portfolio linked to deforestation.



Reputational Risk

Companies without production traceability processes can cause irreversible damage to their image and investor trust.



Physical Risk

Deforestation affects water resilience in regions, leading to crop failures that impact corporate performance and investor returns.



Regulatory and Legal Risk

Companies with questionable environmental practices may face lawsuits, fines, and remediation costs, negatively affecting their financial results.



Market Risk

The growing preference for sustainable, ESG-driven portfolios can devalue assets exposed to deforestation.



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*It is not enough to passively
manage assets based on
cold numbers; it is necessary
to connect investment
impact to the territories
where companies operate
and to the sustainability of
their business.*

”



Leadership and Innovation: The Role of Asset Managers

WWF-Brazil works to bridge the gap between the financial sector and the opportunities within a low-carbon economy. Research shows¹ that it is possible to increase production, profitability, and business resilience without expanding into new areas.

Our proposals are clear:

- Ask investee companies about supply chain monitoring and their commitments to zero deforestation.
- Assess your exposure to deforestation risk.
- Engage portfolio companies and stakeholders in discussions about environmental criteria in their supply chains, encouraging them to eliminate deforestation and ecosystem conversion.
- Integrate sustainability metrics and recommendations into your investment policies as part of long-term planning.



¹STRASSBURG, B. B. N.; NOBRE, Carlos A.; SILVA, J. P. et al. *When enough should be enough...* Global Environmental Change, v. 28, p. 84-97, 2014. Available at: <https://www.alice.cnptia.embrapa.br/alice/bitstream/doc/1059579/1/APWhenenoughStrassburg2014.pdf>

¹CLIMATE POLICY INITIATIVE. *Ensuring Greener Economic Growth for Brazil: How the financial system can align credit with sustainability*. Inter-American Development Bank, 2018. Available at: <https://www.climatepolicyinitiative.org/wp-content/uploads/2018/12/BID-Ensuring-Greener-Economic-Growth-for-Brazil.pdf>

¹BOLFE, É. L. et al. *Potential for agricultural expansion in degraded pasture lands in Brazil based on geospatial databases*. Land, Basel, v. 13, n. 2, p. 200, 2024. Available at: <https://doi.org/10.3390/land13020200>

Climate Change and Reputational Exposure

With the intensification of extreme weather events and related natural disasters, societal pressure for accountability and public exposure of companies linked to deforestation, and their investors or creditors, is increasing. This is why investment tracking reports on agricultural companies are gaining more visibility in the global press.



Information for Investors:

In this context, encouraging investee companies to adopt more sustainable practices and monitor deforestation in their supply chains can reduce both their environmental impact and reputational risk.

Asset managers can also use deforestation monitoring results to provide more comprehensive information to investors, influencing more conscious decision-making aligned with their values.



The Essential Role of Asset Managers in Transformation

At the heart of the transition to a sustainable economy, asset managers emerge as key players. They not only direct capital but also shape the future of portfolios and, by extension, the environmental impact of major supply chains.

WWF-Brazil and Deforestation-Free Markets

WWF-Brazil actively supports asset managers who want to take a stand and strengthen best environmental practices in the country, offering technical knowledge, strategic analysis, dialogue between investors, banks, and companies, and the creation of joint solutions.



régia CAPITAL

WWF-Brazil | Régia Capital Collaboration: The First Asset Manager with an Anti-Deforestation Policy in Brazil

WWF-Brazil marks a historic moment by announcing its collaboration with Régia Capital, an asset manager in Brazil that has just implemented an explicit anti-deforestation and native vegetation conversion investment policy.

Through our partnership, the manager will not only align its policies with WWF-Brazil's recommendations, including robust metrics such as those from the Accountability Framework Initiative (AFi), but will also commit to divesting in cases of total non-compliance with zero deforestation.

This unprecedented action launches a movement that is expected to gain momentum in the country. It is a concrete example of how institutions can position themselves at the forefront of Green Finance, proving that it is possible and feasible for asset managers to lead the movement toward a greener future.

Learn more about the partnership at: [xxxx](#)

About the WWF-Brazil and Financial Sector Collaboration

We provide technical support, data, and expertise so that institutions can improve their engagement with companies and strengthen their investment policies.

Our Approach

- **Awareness:** We bring the debate on deforestation risks to all levels of maturity in the financial sector.
- **Qualified Engagement:** We help deepen dialogue and demand concrete commitments from investee companies.
- **Policy Leadership:** We collaborate with market leaders to integrate zero deforestation into formal investment policies.

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