



Mr. Muhamet Bamba Fall
Director for Infrastructure, MAS and Trade Operations
Multilateral Investment Guarantee Agency (MIGA)
Washington, DC 20433 USA
Via email: mfall3@worldbank.org

Dear Mr. Fall,

We write to you to express our concern around the proposed guarantee by MIGA in favor of Banco Santander, S.A. – [Project 15258](#) - raising the same arguments we [shared](#) with the IFC in November 2023, on why we consider Banco Santander, S.A. and its subsidiaries as intermediaries whose standards are not adequate enough to receive MIGA support, and risk prejudicing the World Bank Group’s climate and performance standard commitments.

The project is meant to support the bank’s “USD denominated cross-border loans from Madrid to its corporate clients in Brazil”, which are not further identified and about which social and environmental information is not disclosed. The MIGA guarantee aims to facilitate “an array of highly developmental activities contributing to targeted developmental outcomes”, which are - again - not precisely identified.

Furthermore, considering that money is fungible, and that Santander has no strong [zero deforestation policy](#), [no animal welfare policy](#), a [weak plan](#) to achieve Paris alignment, and no plan to achieve alignment with the Global Biodiversity Framework goals, we are concerned that by supporting Santander’s investments in Brazil - especially in the “food & nutrition security” area - MIGA could inadvertently facilitate more deforestation, GHG emissions, performance standard violations and animal cruelty.

MIGA’s disclosure states that the project “is consistent with Brazil’s Country Partnership Framework (CPF) for FY18-23” - an outdated document which cannot be relied on to provide either safeguards or guidance on the investments - and intends to align with the Global Challenge Programs.

The [Global Challenge Programs](#) states the objectives of the World Bank Group, which include, among others, “boosting prosperity, particularly for the poorest” and “strengthening the ability of people and countries to prevent, prepare, and recover from shocks, including against climate

and biodiversity crises".

The proposed MIGA guarantee does not seem to address the needs of "the poorest", as it's directed to Santander's "corporate clients"; and according to the evidence collected below, the bank has more potential to generate damages to "climate and biodiversity" than to help prevent them.

Santander's [Environmental, Social and Climate Risk Management Policy](#) does not prohibit investments in the livestock sector and seems inadequate to address its externalities, [recognized by the World Bank long ago](#). Moreover, it only considers "activities requiring [not better specified] special attention" those taking place in "the Legal Amazon and Northeast regions" of Brazil, excluding other regions that equally suffer from activities related to deforestation, such as [Mato Grosso and Minas Gerais](#).

An assessment by Forests & Finance shows that Santander's policies on deforestation and human rights are "[dangerously inadequate](#)". The bank has no policy against deforestation (the source of about [50% of Brazil's GHG](#) emissions), and overall just [scored 30%](#) on an assessment of 35 ESG criteria.

The fact that the bank's policies are inadequate is clearly illustrated by the fact that Santander is the [largest financier of JBS](#). JBS, the world's largest meatpacker, has been linked to [1.7 million hectares of deforestation](#) (much of it in the Amazon) and repeated human rights violations, and it was involved in one of the [world's largest corruption scandals](#). The Institute for Agriculture and Trade Policy (IATP) and Changing Markets estimated JBS's 2021 GHG emissions at [287.9 million](#) tCO₂eq, exceeding annual emissions of Spain. The [company's methane emissions](#) exceed the livestock methane emissions of France, Germany, Canada and New Zealand combined.

Another indication that Santander's policies and due diligence procedures are not fit for purpose, is brought by an investigation from [Unearthed](#). It found that the bank's green bonds have benefited farmers that have been linked to deforestation and rights violations. In May 2023, Santander coordinated a green bond for Uisa, one of the largest ethanol producers in the world. Its due diligence failed to flag that Uisa has received a dozen of environmental fines, most recently for setting fire to 17 km² of Amazon rainforest. Uisa is also facing a lawsuit for spilling toxic waste into a river that borders the Umatina Indigenous territory in Mato Grosso, which made the water undrinkable for over a year, severely impacting the indigenous community.

Apart from having weak policies, which will not prevent it from financing destructive activities, Santander has done little to support alternatives. Three years ago it launched, with much pomp, its *Amazon Plan*. Together with two other banks, the plan was "*created with the purpose of designing and putting into practice strategies that promote sustainable development in the region*". But three years on, the "biggest" achievement of the three banks was the finance of [one single barge, to process açai](#) berries.

Considering the bank's weak policies, its sustained finance for large meatpackers that are the key drivers of Amazon deforestation, its portfolio of problematic clients and the lack of a strong

track record in climate or sustainable finance, we strongly believe that expanding Santander's balance sheet is more likely to worsen than to mitigate climate change. As long as it lacks a zero deforestation policy and it continues to finance some of Brazil's largest emitters, MIGA's use of Transfer Restriction and Inconvertibility (TR) cover to support Santander's Brazilian corporate clients will amount to underwriting environmentally harmful investments that do not meet MIGA performance standards or climate commitments.

We urge the MIGA to defer this proposal and to only consider finance for Santander, and other financial intermediaries, when these have strong policies and due diligence procedures, including but not limited to, a zero deforestation policy, and a commitment to achieve full Paris alignment in the same timeframe as MIGA, i.e. by July 1, 2025.

We welcome a call to discuss our concerns further.

Kind regards,

Merel van der Mark, Head of Animal Welfare and Finance Program, Sinergia Animal
Alessandro Ramazzotti, Researcher, International Accountability Project