



FORESTS & FINANCE

BRIEFING

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IN THE RED - BANK POLICIES FAIL TO ENSURE THEY WILL AVOID IRRESPONSIBLE INVESTMENT IN THE PAPER AND PAPER INDUSTRY

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An assessment by the Environmental Paper Network (EPN), published in June 2017, illustrates how prepared the financial sector is in managing the environmental and social risks of financial involvement with the pulp and paper industry. Between 2016 and 2017, a benchmark assessment was made of the pulp and paper policies of 42 private banks against the requirements that are set out in the EPN's 2016 [Green Paper, Red Lines](#) report. The Red Lines are environmental and social criteria that articulate the minimum requirements that pulp and paper companies must meet before investment in them is considered. These minimum criteria are supported by over 140 civil society organisations worldwide.

The 42 selected banks are either one of the biggest financiers of the pulp and paper sector, and/or are involved in 'Dodgy Deals', i.e. pulp mill projects or companies that are the subject of active campaigns by EPN organisations due to their harmful environmental and social impacts. The results of the assessment reveal that bank policies are extremely disappointing. Unfortunately none of the assessed banks manages to thoroughly protect itself from clients breaching the Red Lines. Indeed for most of the Red Lines, the vast majority of banks are at best only partly protected. This leads to the conclusion that the banking sector does not have policies that are fit for purpose to avoid irresponsible investment in damaging pulp and paper projects and companies.

The full assessment and recommendations are available [here](#). For details about the differences in the methodology between the policy assessment carried out by the EPN, and the one carried out by Forests and Finance, see FAQs on forestsandfinance.org.

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