

Financial institution Selection methodology 2022

How are the 150 financial institutions in the Forest 500 identified?

About the Forest 500:

Forest 500, a Global Canopy project, identifies and ranks the most influential companies and financial institutions in the race towards a deforestation-free global economy.

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About Global Canopy:

Global Canopy is an innovative environmental organisation that targets the market forces destroying tropical forests. Our mission is to accelerate progress towards a deforestation-free global economy - through improved transparency, innovative finance and strategic communications. Since 2001, we have catalysed new thinking and action by leading governments, companies and investors worldwide. The contents of this report may be used by anyone providing acknowledgement is given to Global Canopy. No representation or warranty (express or implied) is given by Global Canopy or any of its contributors as to the accuracy or completeness of the information and opinions contained in this report. Global Canopy sits under The Global Canopy Foundation, a United Kingdom charitable company limited by guarantee, charity number 1089110.

INTRODUCTION

Financial institutions have the power to help transform the sustainability of forest risk commodity supply chains through their investments and lending. By setting clear expectations and engaging with clients/holdings involved in forest risk commodity (FRC) supply chains, financial institutions can help accelerate the transition towards supply chains that are free from deforestation, conversion, and associated human rights abuses.

Forest 500 identifies and ranks the 150 financial institutions that have the greatest power to incentivise a market-wide shift towards sustainable supply chains due to their financial links to the 350 companies that play a major role in forest risk commodity supply chains.

The 150 financial institutions selected directly finance the 350 companies identified as key [powerbrokers](#) by the Forest 500. The 350 companies include some of the largest producers, processors, traders, manufacturers, and retailers of the highest forest risk commodities - cattle products (beef and leather), soy, palm oil, and timber products (timber and pulp and paper) - which drive over two-thirds of tropical deforestation. Due to their importance in these FRC supply chains, these companies are exposed to reputational, regulatory, market and operational risks. These risks all have the potential to cause higher operating costs, lower margins and price volatility for companies, which can, in turn lead to lower returns on investment for financial institutions.

HOW WERE THE FINANCIAL INSTITUTIONS SELECTED?

Exposure to the 350 companies with the highest deforestation risk

The 350 companies included in the 2022 Forest 500 are the largest companies throughout palm oil, soy, beef, leather, timber and paper supply chains, from producers through to retailers. The companies included in the Forest 500 have been identified due to their size and market share, and have significant influence over the production and processing of the commodities that drive over two thirds of tropical deforestation. The 150 financial institutions providing the most finance to these 350 companies were selected to be in the Forest 500.

The financial institutions most heavily financing the 350 companies were identified by collating information from financial databases, company annual and financial reports, as well as finance news. Financial institutions were prioritised for selection if they were identified as having significant **bondholdings, shareholdings**, or were found to be providing other **loans or underwritings** to the 350 Forest 500 companies.

To ensure the financial institutions with the greatest influence on the Forest 500 companies through each of these types of financing were included in the selection, approximately the top 50 financial institutions within each of the finance categories were selected in 2022. In addition the 30 financial institutions that provided the greatest amount of total financing were selected. The top financiers within each of these finance categories were selected rather than solely looking at total financing value across these finance classes, as this would bias the selection towards certain financial institution types.

Additional institutions that finance the 350 companies were also prioritised if they are headquartered in the producer countries identified by Forest 500¹ and are financing companies there, even if they do not feature highly on the 'global' list of financiers based on the total financing value.

This methodology lays out the data sources and metrics used to identify these 150 financial institutions. Over time, as new data sources become available, this methodology will be updated. Financial institutions will be reselected biannually based on new data.

Sources

Financial databases including Refinitive and Bloomberg, company reports and other public datasets were used to identify shareholders, loans and underwritings, and bondholders.

SHAREHOLDINGS

SHAREHOLDERS IN PUBLICLY-LISTED COMPANIES

All shareholders in publicly-listed Forest 500 companies² as of March 2022³ were identified. In total, approximately US\$5.6 trillion of shareholdings in publicly-listed Forest 500 companies were identified. The institutions with the largest shareholdings in publicly-listed companies were included. Further research was carried out on those institutions with shareholdings for only one company to confirm that they were a financial institution rather than a company's founding individual or family.

Given that financial institutions constantly buy and sell shares, it is possible that companies could cease to be associated financially with Forest 500 companies over the course of the year. However, the majority of the financial institutions selected have holdings in a number of Forest 500 companies. It is therefore unlikely that those identified will cease to hold shares from all of the companies in the near future.

Of the 150 financial institutions selected 138 held shares in the publicly-listed companies included in the Forest 500. In total, the financial institutions selected collectively held approximately US\$4.2 trillion in publicly-listed Forest 500 companies in 2022, representing 77% of the total shareholdings identified in these companies.

LOANS AND UNDERWRITINGS

Loans

Syndicated loans (i.e. a loan offered collectively by a group of lenders) and bilateral loans (i.e. a loan made by a single financial institution) to Forest 500 companies were identified. Underwritings, such as bond and share issuances were also included. A loan or underwriting was considered either if it had not reached

¹The complete list of 2022 Forest 500 producer countries can be found at:

https://forest500.org/sites/default/files/forest_500_country_selection_methodology_2022.pdf

² The complete list of 2022 Forest 500 companies can be found at

https://forest500.org/sites/default/files/forest_500_company_selection_methodology_2022.pdf

³ Updated data was not available for 3G Capital, but due to the amount of financing they provided in 2020 to the 350 companies identified in the 2022 selection period they have been included in the 2022 Forest 500 selection.

maturity at the end of the assessment period (October 2022), providing a snapshot of the credit currently being provided to Forest 500 companies.

The proportional commitment of individual financial institutions to syndicated loans was often not specified. Where this was the case, Profundo’s⁴ bookratio formula (see below) was used to determine how the total amount loaned was allocated to individual banks depending on whether they acted as bookrunners (i.e. institutions responsible for underwriting or managing the issuance of finance) or loan participants (i.e. other finance providers). When the number of participants in relation to the number of bookrunners increases, the share that is attributed to bookrunners decreases (Table 1).

$$\text{Bookratio: } \frac{\text{number of participants} - \text{number of bookrunners}}{\text{number of bookrunners}}$$

Table 1. Percentage of loans and underwritings assigned to financial institutions acting as bookrunners

| Bookratio | Loans | Underwritings |
|-----------|--------------------|--------------------|
| > 1/3 | 75% | 75% |
| > 2/3 | 60% | 75% |
| > 1.5 | 40% | 75% |
| > 3.0 | < 40% ⁵ | < 75% ³ |

In total, approximately US\$1.3 trillion in loans and underwritings in Forest 500 companies were identified. Financial institutions with the largest loan values to Forest 500 companies were included. Of the 150 financial institutions selected, 84 provide loads to the companies included in the Forest 500. In total, the financial institutions selected collectively have loan values of US\$1.1 trillion in publicly-listed Forest 500 companies in October 2022, representing 86% of the total loans identified to these companies.

BONDHOLDINGS

Bondholdings in Forest 500 companies were identified and deals were included if they will not have reached maturity at the end of the financial institution assessment period (October 2022). In total, approximately \$1.8 of bondholdings in Forest 500 companies were identified. The institutions with the largest bondholdings in Forest 500 companies were included. Of the 150 financial institutions selected, 121 held bonds in the companies included in the Forest 500. In total, the financial institutions selected collectively held bonds worth approximately US\$1.5 billion in Forest 500 companies in October 2022, representing 81% of the total bondholdings identified in these companies.

⁴ Profundo is an economic research consultancy analysing commodity chains, financial institutions and Corporate Social Responsibility (CSR) issues. Profundo provided research support to Global Canopy for this project, in particular, by helping uncover links between financial institutions and Forest 500 companies.

⁵ In deals where the bookratio was greater than 3.0, a formula which gradually lowers the commitment assigned to the bookrunners as the bookratio increases was used: $1/\text{Bookratio}^{1.443375673}$

The number in the denominator is used to let the formula start at 40% in case of a bookratio of 3.0. As the bookratio increases the formula will go down from 40%. In case of issuances the number in the denominator is 0.769800358.

MULTIPLE TYPES OF FINANCE

To ensure that the financial institutions with the greatest influence on the 350 companies were selected, we also included the 30 financial institutions which provided the most financing to the companies overall - even if they weren't within the top 50 for each category of financing discussed above. To capture these institutions, the total amount of financing provided to the 350 companies was added together, and any financial institutions which were in the top 30 for overall financing that had not been captured in the cut-offs for shareholdings, bondholdings, and loans and underwritings, were included in the selection.

To capture financial institutions that may not provide a large total volume of finance to Forest 500 companies but that do finance upstream companies operating in Forest 500 producer countries, the financial institution headquartered in these countries, with the greatest total financing in Forest 500 companies, were also selected for inclusion.

FINANCIAL INSTITUTIONS SELECTED IN 2022

The following institutions have been identified as providing the most finance to Forest 500 companies.

| Financial institution | Country | Selected as one of the largest shareholders | Selected as one of the largest lenders | Selected as one of the largest bond holders | Selected as one of the largest financiers in forest countries | Selected as largest for multiple types of finance |
|---|----------------|---|--|---|---|---|
| 3G Capital | Brazil | Yes | | | Yes | |
| Abrdn | United Kingdom | | | | | Yes |
| Affiliated Managers Group | United States | | | | | Yes |
| Agricultural Bank of China | China | | Yes | Yes | | |
| Algemeen Burgerlijk Pensioenfonds (ABP) | Netherlands | | | | | Yes |
| Allianz | Germany | | | Yes | | |
| American Century Companies | United States | Yes | | | | |
| Ameriprise Financial | United States | Yes | | | | |
| Australia and New Zealand Banking Group Limited (ANZ) | Australia | | Yes | Yes | | |
| Baillie Gifford | United Kingdom | Yes | | | | |
| Banco Bilbao Vizcaya Argentaria (BBVA) | Spain | | Yes | Yes | | |
| Banco do Brasil | Brazil | | | | Yes | |
| Bangkok Bank | Thailand | | | | Yes | |
| Bank Central Asia | Indonesia | | | | Yes | |

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|------------------------------|----------------|--|---|--|--|--|
| Bank DKI | Indonesia | | | | Yes | |
| Bank Mandiri | Indonesia | | | | Yes | |
| Bank Negara Indonesia | Indonesia | | | | Yes | |
| Bank of America | United States | Yes | Yes | Yes | | |
| Bank of China | China | | Yes | Yes | | |
| Bank of Communications | China | | Yes | | | |
| Bank of New York Mellon | United States | Yes | | | | |
| Bank of Philippine Islands | Philippines | | | | Yes | |
| Bank Panin | Indonesia | | | | Yes | |
| Bank Rakyat Indonesia | Indonesia | | | | Yes | |
| Barclays | United Kingdom | | Yes | Yes | | |
| Berkshire Hathaway | United States | | | | | Yes |
| BlackRock | United States | Yes | | Yes | | |
| BMO Financial Group | Canada | Yes | Yes | Yes | | |
| BNDES | Brazil | | | | Yes | |
| BNP Paribas | France | | Yes | Yes | | |

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|--|----------------|--|---|--|--|--|
| Bradesco | Brazil | | | | Yes | |
| BTG Pactual | Brazil | | | | Yes | |
| California Public Employees' Retirement System (CalPERS) | United States | Yes | | | | |
| California State Teachers' Retirement System (CalSTRS) | United States | | | | | Yes |
| Capital Group | United States | Yes | | | | |
| Charles Schwab | United States | Yes | | | | |
| China Construction Bank | China | | Yes | | | |
| CIBC | Canada | | | | | Yes |
| CIMB Group | Malaysia | | | | Yes | |
| CITIC | China | | | Yes | | |
| Citigroup | United States | | Yes | Yes | | |
| Commerzbank | Germany | | Yes | Yes | | |
| CPP Investment Board | Canada | | | | | Yes |
| Crédit Agricole | France | Yes | Yes | Yes | | |
| Crédit Mutuel CIC Group | France | | Yes | | | |

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|---|----------------|--|---|--|--|--|
| Credit Suisse | Switzerland | Yes | Yes | Yes | | |
| Daiwa Securities | Japan | | | Yes | | |
| DBS | Singapore | | Yes | | Yes | |
| Deka Group | Germany | | | | | Yes |
| Deutsche Bank | Germany | Yes | Yes | Yes | | |
| Dimensional Fund Advisors | United States | Yes | | | | |
| Dynamo - Administração de Recursos | Brazil | | | | Yes | |
| DZ Bank | Germany | | | | | Yes |
| Employees Provident Fund | Malaysia | | | | Yes | |
| Equitable Holdings, Inc. | United States | Yes | | | | |
| Farm Credit Services Commercial Finance Group | United States | | Yes | | | |
| Fidelity International | Bermuda | | | | | Yes |
| Fidelity Investments | United States | Yes | | | | |
| Fifth Third Bancorp | United States | | Yes | | | |
| Fisher Investments | United States | Yes | | | | |
| Florida State Board of Administration (FSBA) | United States | | | | | Yes |

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|---|----------------|--|---|--|--|--|
| Flossbach & von Storch | Germany | | | | | Yes |
| Franklin Resources | United States | Yes | | | | |
| Fundsmith | United Kingdom | | | | | Yes |
| Geode Capital Management | United States | Yes | | | | |
| Goldman Sachs | United States | Yes | Yes | Yes | | |
| Norges Bank Investment Management | Norway | Yes | | | | |
| Government Pension Investment Fund (GPIF) | Japan | Yes | | | | |
| Groupe BPCE | France | Yes | Yes | Yes | | |
| Grupo XP | Brazil | | | | Yes | |
| Guangzhou Haihao Investment | China | | | | | Yes |
| Guggenheim Capital | United States | | | Yes | | |
| HSBC | United Kingdom | | Yes | Yes | | |
| ICICI Bank | India | | | | Yes | |
| Indonesia Eximbank | Indonesia | | | | Yes | |
| Industrial and Commercial Bank of China | China | | Yes | Yes | | |
| ING Group | Netherlands | | Yes | Yes | | |

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|--|----------------|--|---|--|--|--|
| Intesa Sanpaolo | Italy | | Yes | Yes | | |
| Invesco | United States | Yes | | | | |
| Itaú Unibanco | Brazil | | | Yes | | |
| Janus Henderson | United Kingdom | Yes | | | | |
| Japan Mutual Aid Association of Public School Teachers | Japan | Yes | | | | |
| JPMorgan Chase | United States | Yes | Yes | Yes | | |
| Kapitalo Investimentos | Brazil | | | | Yes | |
| Kasikornbank | Thailand | | | | Yes | |
| KfW | Germany | | Yes | | | |
| Krung Thai Bank | Thailand | | | | Yes | |
| KWAP Retirement Fund | Malaysia | | | | Yes | |
| Landesbank Baden-Württemberg (LBBW) | Germany | | | Yes | | |
| Lazard Ltd. | Bermuda | | | | | Yes |
| Legal & General | United Kingdom | Yes | | | | |
| Lloyds Banking Group | United Kingdom | | Yes | Yes | | |
| Macquarie Group | Australia | | | | | Yes |

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|---------------------------------------|----------------|--|---|--|--|--|
| Magellan Financial Group | Australia | | | | | Yes |
| Malayan Banking | Malaysia | | | | Yes | |
| Manulife Financial | Canada | | | | | Yes |
| Mitsubishi UFJ Financial | Japan | Yes | Yes | Yes | | |
| Mizuho Financial | Japan | | Yes | Yes | | |
| Morgan Stanley | United States | Yes | Yes | Yes | | |
| National Pension Service | South Korea | | | | | Yes |
| NatWest Group | United Kingdom | | Yes | Yes | | |
| Neuberger Berman Group LLC | United States | | | | | Yes |
| New York State Common Retirement Fund | United States | | | | | Yes |
| Nippon Life Insurance | Japan | Yes | | | | |
| Nomura | Japan | Yes | | Yes | | |
| Nordea | Finland | Yes | | | | |
| Norinchukin Bank | Japan | | Yes | | | |
| Northern Trust | United States | Yes | Yes | | | |
| Northwestern Mutual | United States | | | Yes | | |

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|---|----------------|--|---|--|--|--|
| Orix Corporation | Japan | | | | | Yes |
| Pensioenfonds Zorg en Welzijn (PFZW) | Netherlands | | | | | Yes |
| Pension Fund Association for Local Government Officials | Japan | | | | | Yes |
| Pentagono | Brazil | | | | Yes | |
| Yayasan Pelaburan Bumiputra | Malaysia | | | | Yes | |
| Pictet | Switzerland | | | | | Yes |
| PNC Financial Services | United States | | Yes | | | |
| Power Corp. of Canada | Canada | Yes | | | | |
| Principal Financial Group | United States | | | | | Yes |
| Prudential Financial (US) | United States | Yes | | Yes | | |
| Public Bank Bhd. | Malaysia | | | | Yes | |
| Qatar Investment Authority | Qatar | | | | | Yes |
| Rabobank | Netherlands | | Yes | Yes | | |
| Raymond James Financial | United States | | | | | Yes |
| RhumbLine Advisers | United States | | | | | Yes |
| Royal Bank of Canada | Canada | Yes | Yes | Yes | | |

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|-------------------------------|----------------|--|---|--|--|--|
| Safra Group | Brazil | | | | Yes | |
| Santander | Spain | | Yes | Yes | | |
| Schroders | United Kingdom | Yes | | | | |
| Schweizerische Nationalbank | Switzerland | Yes | | | | |
| Scotiabank | Canada | | Yes | Yes | | |
| Skandinaviska Enskilda Banken | Sweden | | Yes | Yes | | |
| SMBC Group | Japan | | Yes | Yes | | |
| Société Générale | France | | Yes | Yes | | |
| Standard Chartered | United Kingdom | | Yes | Yes | | |
| State Bank of India | India | | | | Yes | |
| State Farm | United States | | | Yes | | |
| State Street | United States | Yes | | | | |
| Sumitomo Mitsui Trust | Japan | Yes | Yes | | | |
| Sun Life Financial | Canada | Yes | | | | |
| Swedbank Robur Fonder AB | Sweden | | | | | Yes |
| T. Rowe Price | United States | Yes | | | | |

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|------------------------------|----------------|--|---|--|--|--|
| TIAA | United States | Yes | | | | |
| Toronto-Dominion Bank | Canada | Yes | Yes | Yes | | |
| Truist Financial Corp. | United States | | Yes | | | |
| UBS | Switzerland | Yes | Yes | Yes | | |
| UniCredit | Italy | | Yes | Yes | | |
| US Bancorp | United States | | Yes | Yes | | |
| Vanguard | United States | Yes | | Yes | | |
| Wellington Management | United States | Yes | | | | |
| Wells Fargo | United States | Yes | Yes | Yes | | |



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