

# BREAKING THE CONNECTION BETWEEN ENVIRONMENTAL CRIMES AND FINANCE

*NEW STUDY FROM FINANCE FOR BIODIVERSITY EXPLORES POTENTIAL USE OF AML RULES TO REDUCE NATURE CRIMES*

LONDON , UNITED KINGDOM , January 13, 2022 /EINPresswire.com/ -- A new report published today from [Finance for Biodiversity](#) (F4B) points to how to break the environmentally-destructive connection between environmental crimes and legitimate investments. F4B calls on the global financial community, working with regulators and civil society organisations, to take steps to ensure the entire financing value chain is free of environmental crimes.

Environment crime, such as illegal wildlife trade and logging, is now one of the most profitable global criminal enterprises, generating up to almost [USD300 billion in criminal gains each year](#), and creating even more profound damage and cost to the environment and society. Many entirely legal enterprises benefit from such environmental crimes, as do those who finance them.

The report - [Breaking the Environmental Crimes-Finance Connection](#) - highlights the opportunity to reduce environmental crimes by widening the scope and interpretation of existing Anti-Money Laundering (AML) rules. Pointing to the limits of such an approach, however, the report highlights the need to go further, and proposes a way forward paralleling anti-slavery and conflict diamond approaches. Finally, it encourages the financial community to take leadership in advancing widely adopted and effective voluntary measures to ensuring environmental crime-free financing value chains, and points to first-mover advantages in avoiding likely reputation damage, litigation, and poorly-designed legislation.

The report is an invited contribution to the UK Government-sponsored Global Resource Initiative (GRI), a multi-sectoral taskforce mandated to provide recommendations on greening the UK's international supply chain footprint. Its recommendations are, however, internationally applicable.

Simon Zadek, Chair, F4B said: "Our banks and pension funds benefit from environmental crimes as they unlock low-cost ecosystem services to the business in which they invest. Today's anti-money laundering rules simply ignore this unintended route for turning the proceeds of crime into legal financial flows. Although such rules can and need to be strengthened, the faster way up the mountain is to establish new mechanisms for ensuring environmental crime-free value

chains, building on comparable experience in addressing conflict diamonds and other unacceptable practices.”

Dr Rhian-Mari Thomas OBE, Chief Executive Officer, Green Finance Institute said: “There is increasing awareness of the devastating impact of illegal deforestation, illegal mining and extraction, illegal wildlife trading and waste trafficking on vital natural ecosystems, communities and economies, prompting calls from the UN, G7, G20 and other international bodies for accelerated action to combat financial flows from these environmental crimes. This short report from F4B sets out practical considerations for financial institutions, regulators and policy makers to seize the advantage of addressing the financial risks posed by these illegal practices and puts forward a compelling case that existing financial crime regulations, notably anti-money laundering rules, could and should be extended to break the connection between finance and environmental crime.”

Jade Saunders, Senior Policy Analyst, Forest Trends said: “Governments in the UK, EU and US are working to prohibit the trade in commodities grown on land which should not have been deforested. What is needed to exclude illegal commodities from legal supply chains is now clear. Industry norms are shifting, but the finance sector is lagging behind. This paper sets out a range of options for aligning investment with new regulatory standards that protect forests, as proposed by the GRI. Each option has the potential for meaningful impact on deforestation if everyone proactively plays their part – in the UK that would mean the Treasury and the Financial Conduct Authority stepping up, as well as financial institutions individually and collectively. We need to remember that time is running out and forest tipping points are passing – considering regulatory options should not be used as an excuse to delay action. Whatever legal approach is ultimately taken, financial institutions that say they care about forests need to do more, and urgently, to end their own contributions to deforestation.”

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