

Summary

The competition for the world's arable land is increasing, which makes it an attractive investment for new types of actors, including pension funds. In this report Swedwatch examines an investment made by the Second Swedish National Pension Fund, AP2, in agricultural land in Brazil. In 2011, AP2 and the U.S. pension fund TIAA-CREF formed a joint company, TIAA-CREF Global Agriculture (TCGA), in order to acquire agricultural land in Brazil, the U.S. and Australia. Two Canadian pension funds have also invested in the company, British Columbia Investment Management Corporation (bcIMC) and Caisse de dépôt et placement du Québec (Caisse). The investments in Brazil are managed by the Brazilian company Radar Propriedades Agricola which buys the land for TCGA and subsequently leases it to large agricultural companies such as Raízen, Vanguarda, SLC Agricola and AgriInvest. Soy, sugar cane, cotton and corn are farmed on an industrial scale on the 60 000 hectares which so far have been acquired.

Land investments are associated with stable long-term returns, but also risk having serious negative impacts on the environment and human rights. The refusal of AP2 to disclose any detailed information concerning the location of the land purchased by TCGA, due to fear of competition, has made it impossible to carry out a field study. Swedwatch is therefore addressing general problems of Brazilian agriculture in the states where TCGA has invested, namely São Paulo, Mato Grosso, Maranhão and Piauí. Common problems include high use of pesticides, poor working conditions and loss of biodiversity as a result of farming the Brazilian savannah, Cerrado. Two of TCGA's business partners in Brazil, Cosan and Raízen, have been accused of involvement in human rights violations through their subcontractors. The consultant hired by Radar to evaluate sustainability does not conduct any farm visits. An environmental assessment and audit of working conditions was undertaken before acquisition of the farms but there have been no subsequent commissions by AP2, or the other investors, for any regular external monitoring of ethical and environmental issues on the farms.

The report discusses what the lack of transparency means for the credibility of AP2's sustainability commitments, and the difficulties in evaluating whether agricultural investments in Brazil live up to international guidelines for ethics and the environment, as well as the Swedish Policy for Global Development, PGD. AP2's financial commitment to the joint company has almost doubled since 2011 and is now an estimated \$450 million of which \$180 million have been invested so far.