Profundo
Research & advice

Annual report 2023

Research in support of sustainable and just transitions

Contents

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What we offer

With profound and fact-based research, training and advice, Profundo aims to make a practical contribution to a sustainable world and social justice. We offer five types of services.

Field research

We visit plantations and production facilities which are creating risks for the environment and human rights, to interview workers and other stakeholders and document problems. Also we use modern technology to collect views and experiences of workers in agricultural, mining and garment industries.

Equity analysis

We analyse how companies and financiers could be financially affected by sustainability risks - related to deforestation, climate change, human rights violations - and calculate a value for the damage done to society and the environment by their corporate and financing activities. We also analyse the profit distribution in international supply chains, to identify who has the strongest leverage for change.

Supply chain and market research

We analyse how various commodities find their way from production countries to the supermarket through international supply chains and we analyse the market power of companies operate in crucial markets.

We assess the effectiveness of government policies and voluntary (certification) standards to make international supply chains more sustainable.

Policy research

We assess and benchmark responsible investment and credit policies of banks and investors and we analyse how effective such policies are implemented through screening, voting, engagement and exclusion strategies.

We analyse public policies in the finance, tax and environmental domains, which could shape or restrain the sustainable transformation of the corporate and financial world, and propose alternative policies.

And we provide trainings to civil society to understand how the financial sector operates and can be influenced.

Finance and tax research

We analyse how companies are financed by banks and investors (such as pension funds and insurance companies) to assess which financiers could have leverage to foster sustainable corporate practices.

We distribute the GHG emissions of companies across their different financiers, to calculate the financed emissions of banks and investors.

Also, we dig into ownership structures and the international schemes companies have set up to minimise tax payments.

1

Who we are

Profundo is an independent research organisation with a clear mission. With profound and fact-based research and advice, we seek to make a practical contribution to a sustainable world and social justice. Working for NGOs, governments, research institutes, media, trade unions and investors, we help our clients to understand financial and trade relations and to identify opportunities and obstructions for a sustainable transition.

Profile

We analyse international commodity chains, the financial sector, policy developments and the impacts of businesses and financiers on all sustainability aspects: from human rights to deforestation, from climate change to tax and from armed conflicts to water scarcity. Our work integrates a human rights- and gender-approach. With our research we contribute to the full exercise of rights and we will address, to the maximum possible extent, inequalities in the distribution of power and in discriminatory practices, with special attention to the most vulnerable groups.

Thematic areas

To support the global transition towards more sustainability and social justice, much more research is needed to unravel the facts, to analyse the patterns, to expose the vested interests. But also: to show the options for change, to look for solutions and to stimulate stakeholders to change course. Research can be used as a lever for change, providing insights as well as opportunities. Profundo aims to be a catalyst by supporting research, focusing on the following economic sectors and thematic areas:

- Agriculture and food
- Climate change
- Conflicts and migration
- CSR governance
- Labour and gender

In chapter 2 of this report, we discuss the projects we finalised in 2023 within each of these thematic areas.

Team

During 2023, we had 27 team members from 14 countries who worked the full year, or a part of it, for Profundo. Together they accounted for 18.1 FTEs (Full-Time Equivalents), based on a 40 hours working week. Short biographies of all our team members can be found on our website. Our team is grouped in five working groups, based on the five main forms of services we are offering:

- Equity analysis
- Field research
- Finance and tax research

- Policy research
- Supply chain and market research

Organisational structure

Profundo consists of two separate legal entities:

- Profundo B.V. is a social enterprise, offering research, training and advisory services to clients such as NGOs, trade unions, research institutes, governments and investors who are committed to promote sustainability and social justice; and
- Profundo Research Foundation is a foundation that works with NGO and research partners on larger programs, in which research activities are combined with strategies to influence important stakeholders to bring about more sustainability and social justice. These programs are funded by governments and philanthropic donors. Additionally, the Foundation also works for a lower fee for civil society clients from low- and middle-income countries.

All staff is employed by Profundo B.V. Grants attracted by the Foundation are used to support our NGO partners and to fund research by Profundo B.V.

The director of both organisations is Jan Willem van Gelder. Jan Willem studied development sociology and economics. Prior to founding Profundo in 2000, he worked as free-lance journalist and researcher. Over the years, he has gained a broad expertise in economic and market research, financial analysis and policy advice.

Advisory board

To advise on the topics and approaches on which Profundo could work, an advisory board with three external experts is set up. The advisory board meets 3 to 4 times per year. The current members of the advisory board are:

- **Giuseppe van der Helm - chairman**

  Giuseppe van der Helm is the former director of the Dutch Association of Investors for Sustainable Development (VBDO). He now is the director of the cooperation Leren voor Morgen which aims to work with educational institutes in the Netherlands on sustainable development in education.

- **Alexandra Dawe - secretary**

  Alexandra Dawe is head of communications at Rainforest Alliance. As an independent communication specialist she previously advised and trained NGOs and companies on communication strategies related to sustainability. Before that, she worked as a financial journalist and as a communications specialist at Greenpeace International and FMO..

- **Annette Freyberg-Inan - member**

  Annette Freyberg-Inan is professor in Political Science and International Relations at the University of Amsterdam, with particular expertise on the theoretical and methodological terrain. Her research spans International Relations and International Political Economy, European integration and EU enlargement, transitions in Central and Eastern Europe and Turkey, and political protest.

What we focus on

Profundo aims to be a catalyst for change, by using our understanding of various sectors and sustainability themes to look for solutions and stimulate stakeholders to transition. We focus our research, advice and trainings on five thematic areas.

Climate change

To limit global climate change, a rapid and just transition of the energy and transport sectors is crucial. To stimulate these transitions, we research financial flows and corporate activities that contribute to the climate crisis. Together with CSO partners we develop long-term influencing strategies focussing on specific sub-sectors such as the airlines industry and the electricity sector.

Agriculture and food

We analyse international commodity supply chains and explore the opportunities for investments in sustainable and inclusive food systems, which avoid deforestation and related climate change, and which respect the rights of local communities and provide them a fair access to markets to improve livelihoods.

CSR governance

In the complex and evolving movement towards more sustainable practices and Corporate Social Responsibility (CSR) in the corporate and financial world, both private and public policies play important and inter-linked roles. We research public policies on sustainability, financial markers, international aid and trade, and more. In the field of private policies, we analyse and benchmark responsible credit and investment policies of financial institutions as well as commodity certification schemes.

Conflicts and migration

We focus especially on corporate and financial actors who carry a strong responsibility for exacerbating and continuing armed conflicts and who are at least partially responsible for most of the drivers of international displacements. Ensuring a more fair, humane, and effective European migration policy is therefore more than just a humanitarian obligation.

Labour and gender

Globalisation and the shift of the production of low-cost products to lower-wage countries have systematically gone hand in hand with labour rights violations, including child labour, union-busting, unfair renumeration of especially women, discrimination, and violence against human rights defenders. We aim to research the impacts of global supply chains on the rights of workers, taking an intersectional gender perspective.

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What we did in 2023

In 2023, Profundo worked on more than 190 research projects, covering many different sustainability topics, sectors and geographies. Below is a condensed overview of the projects we finished in 2023, grouped by the thematic areas on which Profundo is focusing: Agriculture and food, Climate change, Conflicts and migration, CSR governance, and Labour and gender.

Agriculture and food

The agriculture and food sectors are of crucial importance to feed a growing global population, but their continuous expansion creates many problems such as deforestation, climate change, biodiversity loss, labour issues, water scarcity, gender issues and land rights conflicts. Animal welfare issues and human health impacts as a consequence of the use of pesticides are other reasons for concern. In our research projects, we explore the opportunities for investments in sustainable and inclusive food systems, which avoid deforestation and related climate change, and which respect the rights of local communities and provide them a fair access to markets.

Through two long-term programmes, Chain Reaction Research and Forests & Finance, in which we collaborate with research and CSO partners, we address the roles that financial institutions can play in avoiding that tropical commodities such as palm oil, soy, and beef continue to contribute to deforestation - which in turn is linked to climate change, loss of biodiversity, corruption, and violations of the rights of local communities and workers. In addition we work on many other agriculture and food related projects as presented below.

Chain Reaction Research

Together with Climate Advisers and AidEnvironment, Profundo carried out four studies in 2023, in the final year of the Chain Reaction Research programme. We analysed the status of cross-commodity No Deforestation, No Peat, No Exploitation (NDPE) approaches at every stage of the palm oil supply chain and among financial institutions. The study also looked at the leverage opportunities for implementation and key challenges ahead.

Another study focused on soy trader Sodrugestvo, a Luxembourg-based agro-industrial group with Russian ownership. While less known than the top soy traders, it has significantly expanded its sourcing, processing, and trading of Brazilian soy in recent years. The company is linked to various social and environmental issues.

Chain Reaction Research also laid out a guide for understanding some of the most advanced Sustainability Due Diligence Initiatives that corporations and investors will have to manage. These initiatives will have significant impacts on producers, traders, and investors in tropical commodity supply chains like cattle, soy, palm oil and more as their efforts to eliminate deforestation and illegal activities are watched more closely.

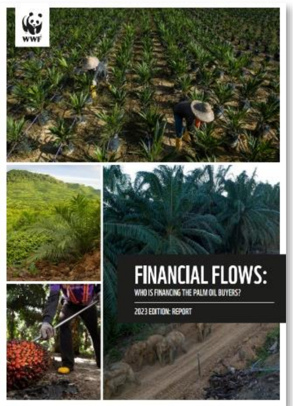
Finally, with our CRR-partners we drew lessons from 10 years of Chain Reaction Research on the Financial Risks of Commodity-Driven Deforestation. The report concluded, among others, that awareness of the impacts of forest loss and degradation on climate change has grown, that deforestation rates in Southeast Asia have declined, and that corporate accountability and (financial) transparency in supply chains have improved.

Forests & Finance

Forests & Finance is a coalition of civil society organisations from tropical forest countries and abroad that are collaborating on strategic campaigns to convince financial institutions to use their financial leverage over forest-risk sector by adopting and implementing strict ESG policies and due diligence systems. Based on Profundo research, the Forests & Finance website offers a database to CSOs and media on the finance received (in the forms of loans and investments) by over 300 companies directly involved in the beef, soy, palm oil, pulp and paper, rubber and timber supply chains, whose operations may impact natural tropical forests and the communities that rely on them in Southeast Asia, Central and West Africa, and parts of South America.

Profundo also assessed the quality of the ESG-policies of the 100 most important banks and investors financing these forest-risk commodity sectors, showing what these financiers should include in their policies to avoid become involved in forest destruction and the violation of the rights of workers and local communities. This year, Forests & Finance published the updated financial flows data and policy assessments in the first edition of the annual flagship report Banking on Biodiversity Collapse. With this report, and with the efforts of F&F's local partners in Brazil, Indonesia and Malaysia we are successfully bringing deforestation and related sustainability impacts high on the agenda of financial institutions and financial sector regulators.

Palm oil



A study on the financing of palm oil buyers for WWF International reported that between 2016 to 2021, financial institutions provided USD 1.5 trillion in loans and underwriting to a list of 239 important buyers of palm oil in the period 2016-2021. In addition, financial institutions hold USD 2.9 trillion in bonds and shares issued by these companies as of April 2022. This gives these financial institutions significant leverage to ensure that buyers demand responsibly produced palm oil. But despite their ESG requirements, few financial institutions are exerting influence on these companies.

For Orbitas, Profundo calculated the costs of scope 3 deforestation emissions linked to raw materials (beef, coffee, rubber, palm oil and cocoa) imported into the United States, presenting material financial risks for investors and concerns for importing companies. These emissions totalled 21.2 million tonnes of CO_2 in 2019, and the total value at risk for imported forest-risk commodity deforestation emissions ranges from USD 7.3 billion to USD 115.0 billion.

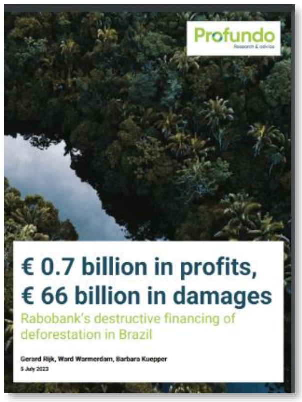
For TuK Indonesia we updated an overview of the major tycoons in the Indonesian palm oil and pulp & paper sectors, as well as their financiers.

Livestock and soy

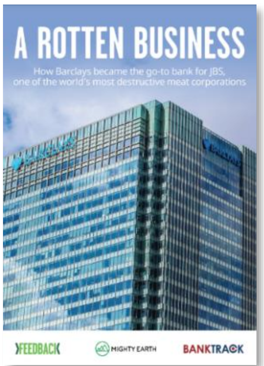
Soy farming is a major driver of deforestation in Latin America, driven by the demand for animal feed in China and Europe. Profundo research for Feedback Global shows that between 2015 and 2021 Rabobank, one of the biggest Dutch banks, provided extensive financial services to the world's five biggest meat and dairy companies, including a total of USD 1.9 billion in corporate loans, underwriting USD 1.2 billion in bond issuances and providing numerous revolving credit facilities.

'Rabobank loans cause major environmental damage in Brazil'

NRC, 23 July 2023 – on report for Greenpeace NL



For Greenpeace Netherlands, Profundo also researched Rabobank's financing of deforestation and environmental destruction in Brazil. In the period 2000-2022, Rabobank provided nearly USD 10 billion in loans and other financial services to companies in the beef, soy and pulp and paper sectors in the country, yielding at least EUR 700 million in profits. Meanwhile, the companies financed by Rabobank in this period created an enormous damage to climate, nature and health, estimated at EUR 66 billion. In a follow-up study, Profundo calculated that Rabobank is responsible for at least EUR 9.5 billion of the total damage caused by its clients in Brazil, and in the worst-case scenario that responsibility even could amount to EUR 61 billion. The reports lead to parliamentary questions in the Netherlands by the political parties D66 and PvdD. Both reports are based on the 'Profit Distribution in Supply Chain' (PDiSC) methodology, developed by Profundo.



Profundo mapped the financial backers of industrial livestock companies, including the Brazilian company JBS, the world's highest-emitting meat company, for a study carried out by BankTrack, Feedback Global and Mighty Earth. The British bank Barclays was the biggest financier of JBS over the last eight years, having provided more than USD 6 billion in finance between 2015 and 2022, despite Barclays' commitment to become net-zero by 2050.

We also researched the financing of Canadian meat and dairy companies for World Animal Protection Canada. And a study for Friends of the Earth Europe concluded that more than 60 European and international banks have invested over EUR 25.9 billion into 15 of the EU's largest meat, dairy and animal feed companies between 2016 and 2021. Many of these companies have been linked to human rights issues and environmental harms, land grabbing and labour rights abuses.

For Madre Brava, Profundo wrote a report on the impacts of a shift to plant proteins, showing that substituting meat consumption in regions with high animal protein intake with alternative proteins could save large volumes of human-made greenhouse gas emissions as well as land and water.

'Profundo's report found that net savings of 728 million tonnes of carbon dioxide a year would be achieved if countries with high levels of meat consumption — such as the US, China, Brazil, the EU and the UK — replaced 30 per cent of meat with plant proteins.'

The Financial Times – on report for Madre Brava, 30 November 2023

Other agricultural supply chains

For Oxfam Belgium, Profundo looked at the Belgian consumption of sugarcane ethanol from Brazil and Peru. Belgian imports of sugarcane bioethanol have increased dramatically while severe human right violations were identified in producing areas. These include harming the rights of

Greenpeace demonstrating at the headquarters of Rabobank in Utrecht (the Netherlands), demanding that the bank pays for the damage it is done to the environment.

women, children and indigenous communities, workers' rights, civil and political rights, health rights, the right to education, food, adequate housing, to physical integrity and to live. The findings are applicable for the broader context of first-generation biofuels.

For Ecologistas en Acción, Profundo also conducted an analysis of the possible implications of the ratification of the EU-Mercosur free trade agreement for the expansion of biofuels by way of additional quotas and free tariffs on raw materials imported from Mercosur countries.

For IDH the Sustainable Trade Initiative we analysed costs and prices in the upstream coffee supply chain for a number of coffee producing countries, to better understand how a living income could be achieved for East African coffee farmers and their families. For decades, farmers have seen a significant decrease in their purchasing power as prices do not keep up with inflation.

Expert view: From bean to brewer - Collaborative Due Diligence in the Coffee Supply Chain

Small farmers in the Global South are the main producers of coffee. The sector is mired by its farmers' poverty, insecurity, and indebtedness. The global community has taken various approaches to tackle these challenges, from voluntary certifications to disclosure-based and due diligence legislation. While these are significant steps forward, the effectiveness of any measure would depend on ensuring multi-stakeholder participation in the formulation and implementation stages. Taking a participatory approach towards due diligence would provide a more comprehensive and nuanced understanding of the adverse conditions faced by the producers and workers in the coffee sector.

For Oxfam Novib's Fair Value Chains and Food Systems team, Profundo mapped potential allies to understand the work of other stakeholders active in the food systems space, including their power, interests, interdependencies, differences, and sentiments. This mapping had to inform the design and strategy of Oxfam Novib's new campaign and to allow the organisation to understand whether other stakeholders' work in the food systems space aligns with Oxfam's vision and whether there is scope for forming strategic partnerships.

Climate change

In its latest report, the Intergovernmental Panel on Climate Change (IPCC) writes: "Urgent climate action can secure a liveable future for all", but "the pace and scale of what has been done so far, and current plans, are insufficient to tackle climate change." This complements the message of the International Energy Agency (IEA) in its Net Zero by 2050 scenario, which showed that the goal of limiting global temperature rise to 1.5 ºC can only be achieved if all investments in new fossil fuel developments will stop from now.

During 2023, Profundo contributed to many research reports which advocated that governments, businesses and the financial sector would take their responsibility to drastically shift investments away from fossil fuels to renewable energy.

Coal

As the most climate polluting energy source, ending the extraction and burning of coal should have the highest priority. Profundo cooperated in providing data for the Global Coal Exit List (GCEL) of Urgewald. The list was devised to help financial institutions navigate the complicated landscape of coal-based business models. It offers key statistics on over 1,400 companies operating along the thermal coal value chain. Out of the 1,433 companies on the GCEL, only 71 companies have announced coal exit dates. Meanwhile, 577 companies are still developing new coal assets.

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Global Coal Exit List 2023

Profundo conducted financial research for a study for Reclaim Finance that analysed the policies of financial institutions financing the expansion of metallurgical coal production, which is used to produce steel. The dependence on coal largely explains why the steel sector is responsible for 7% of global greenhouse gas (GHG) emissions and 11% of global carbon dioxide (CO_2) emissions.

Also, Profundo provided the Global Energy Monitor with ownership data for coal- and gas-fires power plants in GEM's database.

Fossil fuels

A study for ActionAid International revealed that global bank financing provided to the fossil fuel industry in the Global South in the seven years since the Paris Agreement was adopted reached an estimated USD 3.2 trillion. In the same period, bank financing for a total amount of USD 370 billion was provided to the largest industrial agriculture companies operating in the Global South.

For ActionAid Ireland, Profundo analysed financial institutions headquartered and registered in Ireland financing agribusinesses and fossil fuel industries. The study reveals that Ireland, because of its favourable tax climate, is a significant channel for global institutional investments in fossil fuels and industrial agriculture. Investment managers registered in Ireland held USD 6.2 billion in bonds and shares attributable to fossil fuels and agribusiness in the Global South.

'Banks pouring trillions to fossil fuel expansion in global south, report finds. Since the 2015 Paris Climate Agreement, banks have provided some $3.2tn to the fossil fuel industry to expand operations'

The Guardian – on report for ActionAid International, 4 September 2023

Despite their commitment to leave fossil fuels behind, French banks Société Générale, Crédit Agricole and Groupe BPCE invested close to EUR 365 million in June 2022 in an expansion project at the Corpus Christi gas terminal in the United States. The expansion, driven by the Cheniere Energy group, is expected to enable the company to increase its shale gas exports, including to France. Profundo provided the financial analysis, in a report for Disclose.

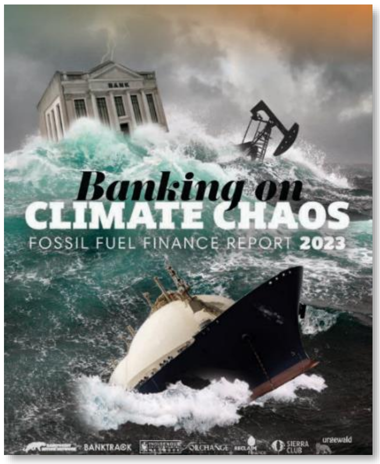
For Amazon Watch, we researched the financing PetroEcuador, the national oil company of Ecuador, for ActionAid Denmark we analysed the fossil fuel holdings of Danish pension funds, for Fossielvrij NL we analysed the financing of Gasunie, and for the Centre for Environmental Rights we researched the financing of natural gas projects in South Africa. For Responsibank, we identified the financial flows to fossil fuels and renewable energy from a selection of Indonesian financial institutions since COP21 in Paris. The research shows that credit flows to renewables are still not on track, and credit flows to fossil fuels still need to be greatly reduced.

A study for 350.org investigated the trends in fossil fuel and renewable energy financing by China's largest bank, and the largest multinational bank in the world – the Industrial and Commercial Bank of China (ICBC). Three-quarters (USD 53 billion) of ICBC's energy financing went to fossil fuels and one-quarter (USD 17 billion) to renewable energy. In the last 3-4 years, ICBC has increased its fossil fuel-attributable credit to the studied companies, while credit to renewable energy appears to be stable or declining.

Since the Paris Agreement, the world's 60 largest commercial and investment banks have financed fossil fuels with USD 5.5 trillion.

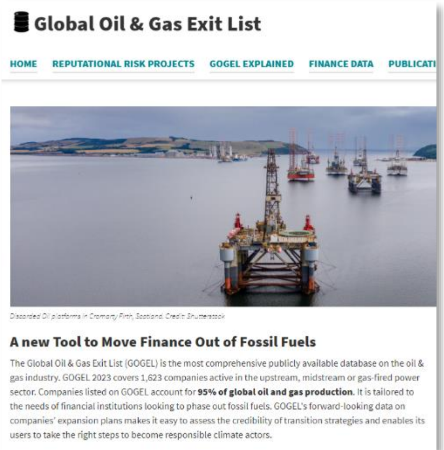
Banking on Climate Chaos - report for BankTrack, Rainforest Action Network & Urgewald, 2023

The Banking on Climate Chaos report for BankTrack, Rainforest Action Network & Urgewald analysed fossil fuel financing and policies from the world's 60 largest commercial and investment banks. Since the Paris Agreement, these banks have financed fossil fuels for an amount of USD 5.5 trillion. Moreover, even as fossil fuel companies made USD 4 trillion in profits in 2022, banks still provided USD 673 billion in financing. Furthermore, 49 of the 60 banks studied made net-zero commitments, but most banks have no strict policies in place excluding finance for fossil fuel expansion.



The Investing in Climate Chaos website, a joint project of Urgewald and more than 20 NGOs for which Profundo provided data, features over 6,500 institutional investors whose holdings of bonds and shares in fossil fuel companies total USD 3.07 trillion. A detailed breakdown of each investor's holdings in upstream oil and gas producers and companies operating along the thermal coal value chain. The two biggest fossil investors, Vanguard and BlackRock, account for 17% of all institutional investments in fossil fuel companies.

Profundo provided the financial analysis for a report for Reclaim Finance about the European gas power industry and its development by over USD 314 billion. Led by La Caixa Group, BNP Paribas, and Mitsubishi UFJ Financial in terms of financial services, these banks overwhelmingly have no policy regarding gas power. As of November 2022, investors held USD 200 billion in Europe's main gas power producers and developers through publicly listed debt and equity.



Profundo also contributed data to the Global Oil and Gas Exit List (GOGEL) of Urgewald. GOGEL is a public database that provides a detailed breakdown of the activities of oil and gas companies worldwide. It covers 1,623 companies active in the upstream, midstream or gas-fired power sector. Companies listed on GOGEL account for 95% of global oil and gas production.

A report for Sierra Club, Fair Finance International, BankTrack and Rainforest Action Network showed that just 7% of global banks financing for energy companies went to renewables between 2016 and 2022. Citi and JP Morgan Chase each pumped the most into energy companies but just 2% went to renewables, only 2% of Barclays' financing of the energy companies examined went to renewables. The report actually reveals that bank that are GFANZ members actually provide less financing for renewable energy, on average, than their counterparts that are not in the alliance. A study for Reclaim Finance came to the same conclusion. After committing to net zero by joining the Glasgow Financial Alliance for Net Zero (GFANZ), financial institutions have continued pouring hundreds of billions of dollars into the companies developing fossil fuels.

Between 2016 and 2022, only 7% of global banks financing for energy companies went to renewables. GFANZ members actually provide less financing for renewable energy, on average, than their counterparts that are not in the alliance.

Report for Fair Finance International, BankTrack and Rainforest Action Network, January 2023

Deforestation and carbon offsets

For the United Nations Environment Programme (UNEP), Profundo mapped the main timber and rubber companies and their financiers in the Lower Mekong Region, assessed their policies for mitigating deforestation risks, and evaluated the effectiveness of the region's financial sector policy environment. Between 2016 and 2022, USD 11.4 billion in forest-risk loans and services were provided by financial institutions to companies that represent a deforestation risk in the region. The report was also translated in a StoryMap, to bring the story across to relevant stakeholders.

For a ActionAid report on the role of article 2.1(c) of the Paris Agreement, which aims to make “finance flows consistent with a pathway towards low greenhouse gas (GHG) emissions and climate-resilient development,” Profundo showed that annual financing provided by European banks to fossil fuel and industrial agriculture activities in the Global South comes to an average of USD 46.7 billion (EUR 40.2 billion) per year. European financial institutions are fuelling the climate crisis by providing hundreds of billions of dollars to the activities which contribute most to global greenhouse gas emissions.

For BankTrack we researched the financing of the supply chain of woody biomass for energy.

Profundo also conducted a training for indigenous and community leaders in Colombia on voluntary carbon credits and offsetting, to increase the understanding of the corporate and financial actors responsible for the negative experiences of many local communities with such projects in Colombia. For example, many projects cannot prove that they actually contribute to reducing deforestation while at the same time the lands of local and indigenous communities are often confiscated through dodgy deals, without free, prior and informed consent and without proper compensation. Meanwhile, big corporations support such projects to “offset” GHG emissions, giving them an excuse not to decrease the emissions of their own facilities and supply chains.

Energy transition

To meet the goals of the Paris Agreement, we need actions by many stakeholders to push for a global energy transition, replacing fossil fuels with renewable sources. But apart from such mitigation measures, there is an urgent need for adaptation measures as many local communities, especially in developing countries, see their livelihoods severely impacted by the consequences of climate change. Recognizing that industrialized countries have historically been responsible for the lion’s share of human greenhouse gas emissions, they already in 2009 committed to mobilize USD 100 billion per year to support developing countries with climate mitigation and adaptation measures.

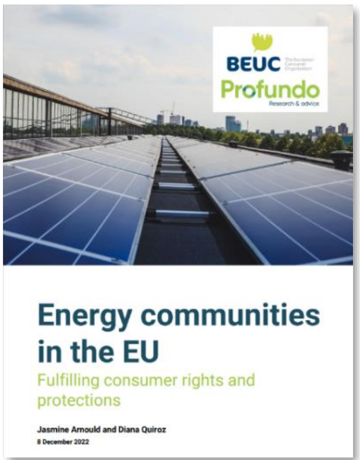
Against this background, Profundo for the second time researched public interventions funded by the Ministry of Foreign Affairs of the Netherlands (MFA), which is one of the countries bound by

Parliamentary questions were asked in the Netherlands in response to Profundo's report that 10 companies operating in the Netherlands, including Shell, Dow, and ExxonMobil, each year receive EUR 8.8 billion in fossil subsidies from the Dutch government.

the USD 100 billion per year commitment. Like other countries, the Netherlands aims to fulfil its share of this commitment not only by making public money available, but also by mobilizing private through co-finance constructions. We concluded that in 2022 the MFA mobilized EUR 372 million in private finance for development, EUR 639 million in private climate finance and EUR 11 million in private biodiversity finance.

A big obstacle for a rapid energy transition are the high tax exemptions and subsidies on fossil fuels which governments across the world continue to give to consumers and - especially - to large companies. Commissioned by Friends of the Earth Netherlands (Milieudefensie), Profundo calculated that 10 energy and basic industry companies operating in the Netherlands received EUR 8.8 billion in fossil subsidies every year in the period 2018-2022. This concerns the Dutch subsidiaries of Shell, Dow, Yara, ExxonMobil, BP, DSM, LyondellBasell, RWE, Tata Steel and Uniper. The study led to parliamentary questions by GroenLinks-PvdA in the Netherlands.

An important contribution to the energy transition has to come from companies operating in the transport sector. For Transport & Environment we therefore analysed in three reports the financial positions of the aviation sector, the shipping sector and the car lease sector in Europe, to understand their financial opportunities to invest in more sustainable forms of transport. On car lease companies we concluded that in the period 2018-2022 they have shown an increasing profitability, a healthy financial position, and a positive outlook. The companies should be able to contribute to the energy transition by investing more in electric cars.



But the energy transition can also be stimulated by initiatives from consumers, for instance by establishing energy communities which produce and consume their own renewable energy. In a report for the European Consumer Organisation BEUC we studied the extent to which energy communities in the EU are currently fulfilling obligations towards consumer rights and protections, including towards energy poor and vulnerable consumers.

Plastics

Plastics are made from fossil fuels, which means that burning plastic waste releases vast amounts of GHG emissions. The world needs less plastics and proper waste management of the remaining plastics, because of the negative impacts of plastics and their additives on climate change, biodiversity, human health and communities. A review of investors' and companies' climate commitments for Ocean Conservancy nevertheless showed that 11 of 12 investors and 25 of 28 companies do not include plastics in their climate commitments. Also, there is no transparency on how these companies and investors plan to mitigate the climate impacts of their value chains. Moreover, climate target-setting guidance and frameworks often omit the greenhouse gas emissions from plastics and, in some cases, incentivise continued growth of plastics

production and utilization.

Plastic waste generation increased in 2021 with 139 tonnes compared to 2019, as was revealed in the Plastic Waste Makers Index 2023 for Minderoo Foundation. Profundo supported the research by establishing the ownership structure of the producers of plastics and by calculating the revenues they generate from polymers bound for single-use plastic waste. One of the companies responsible for producing increasing volumes of plastic waste is Coca-Cola. For Oceana we analysed Coca-Cola and its main bottlers' balance sheets and identified their main financiers.

In a study for IUCN National Committee of the Netherlands on gender and plastics, Profundo explored key human rights issues arising from plastic pollution in the tourism, fisheries, and waste management sectors through a gender lens, on islands in the Caribbean and in the Pacific. The study includes socioeconomic and sociocultural analysis of the gendered power dynamics, opportunities, and constraints in the context of plastic pollution in the studied sectors.

> *'The world is creating more single-use plastic waste than ever, report finds'*
>
> *CNN, 5 February 2023*

While we have to reduce the use of plastics, a study for a group of environmental NGOs, including Reth!nk Plastic, FERN, Environmental Paper Network, European Environmental Bureau, and Zero Waste Europe, concluded that paper-based disposable food packaging is not a good alternative for plastics. Paper-based packaging requires large amounts of water, energy, results in deforestation, large waste streams, and pollution. Furthermore, paper to pack food is nearly always combined with plastics and chemical coatings and therefore difficult to recycle, while the coatings might also create human health risks.

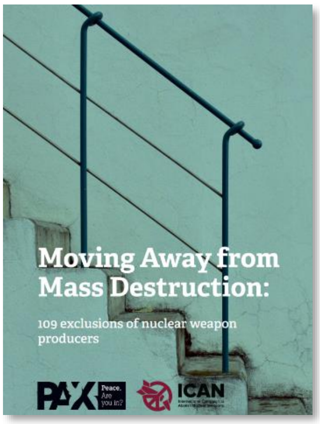
Conflicts and migration

We analyse the roles of government policies and corporate strategies in creating migratory flows and dealing with their consequences. In our work on conflicts we focus especially on corporate and financial actors who carry a strong responsibility for exacerbating and continuing armed conflicts, by supplying arms, financing arms producers or having economic ties with oppressive regimes and occupied territories.

Conflicts, both large-scale military conflicts and local land rights' conflicts, are important contributors to displacements. Many more factors play a role, including climate change, which drives farmers from arable lands because of increasing draughts and floodings, and unfair trade practices in agricultural supply chains. Projects related to these factors are described under Agriculture and food and Labour and gender.

Arms

A study by Fair Finance Guide Netherlands and PAX shows that large Dutch investors continue to invest in arms producers that supply weapons to states where there is a high risk of the weapons being used in violation of humanitarian norms. Investments by Dutch pension funds and insurance companies, including Allianz, Aegon Life, ABP, and Pensioenfonds Zorg & Welzijn (PFZW), surpassed EUR 5.7 billion in total. The financial research was carried out by Profundo.



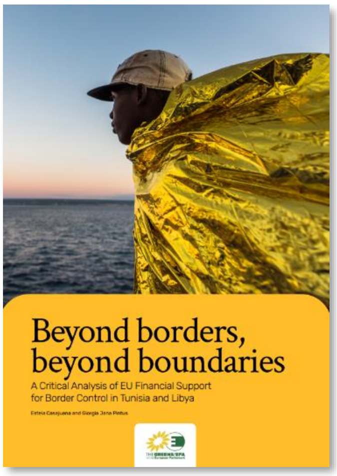
Financial research on the Canadian financiers of gun manufacturers, in a study for Eko, found out that Scotiabank's investments in Elbit Systems is estimated around USD 500 million. TD Bank and Royal Bank of Canada holds around USD 3 million in shares combined in the company. Elbit Systems is an Israeli weapons manufacturer and is connected to human rights abuses.

A report for PAX profiles financial institutions with policies that restrict or completely exclude investments in the companies involved in nuclear weapon production. Of the 109 profiled institutions, 55 comprehensively exclude any financial involvement with nuclear weapon producing companies. The other 54 institutions have a policy that is not all-inclusive. Since last year, 11 new institutions have been added, of which 6 have complete exclusion policies in place.

EU migration policy

European political, corporate and financial players are at least partially responsible for most of the drivers of international displacements. Ensuring a more fair, humane and effective European migration policy is therefore more than just a humanitarian obligation.

The report 'Beyond Borders, Beyond Boundaries', for the Greens in the European Parliament, seeks to shed light on the EU-supported border management initiatives in Tunisia and Libya, their implications on human rights, the normative frameworks underpinning them, and the decision-making processes at play behind the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe), the EU's primary financial instrument for external action.



The report highlights that the shortcomings in human rights compliance within border control programs, coupled with the lack of proper transparency clearly contradicts EU and international law. Moreover, this results in the insufficient consideration of the risk of human rights violations when allocating funding for both ongoing and new programs.

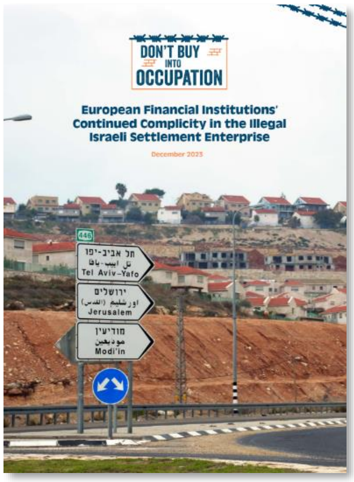
Following the study, a petition entitled 'Europe, stop paying for human rights violations at our borders!' was initiated by the Greens. And in March 2024 the European Parliament adopted a resolution asking the European Commission to clarify a variety of concerns surrounding the transfer of 150 million euros to Tunisia. The study helped in informing this resolution.

Conflict areas

Research on ongoing investment by French financial institutions in companies that are linked to the Myanmar junta shows that Five private French financial groups - Crédit Agricole, Groupe BPCE, BNP Paribas, La Banque Postale, Société Générale - and a public fund - Fonds de Réserve pour les Retraites - invest more than 6 billion USD in companies linked to the Myanmar military cartel. More than 75% of these investments are related to fossil fuels.

A number of European banks and investors have been funding extreme violence through their investments in South Sudan's oil sector. These are the findings of a report released by Global Witness, using data provided by Profundo. The report shows how these investments in the oil sector are tied to violence and recommends that financial institutions should be bound to due diligence legislation.

For Earthsight we looked at the US shareholders of American pulp & paper company International Paper, which continues to profit from its transactions with Russian oligarchs linked to president Putin, despite making promises to divest. For BankTrack we screened the portfolio of Austrian banking group Raiffeisen, as this is the most important European bank still active in Russia,



Don't Buy Into Occupation (DBIO) is a joint initiative of 25 Palestinian, regional and European organizations that aims to expose the financial relationships between businesses involved in the illegal Israeli settlement enterprise in the Occupied Palestinian Territory and European financial institutions. On their request, Profundo investigated financial flows into illegal Israeli settlements in the Occupied Palestinian Territories.

The 2023 report shows that European financial institutions remain heavily invested in companies involved in the illegal Israeli settlement enterprises. Between January 2020 and August 2023, 776 European financial institutions, including banks, asset managers, insurance companies, and pension funds, had financial relationships with 51 businesses actively involved with Israeli settlements.

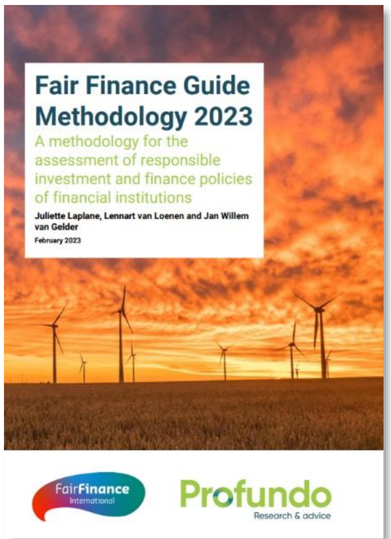
'Israeli colonies : BNP Paribas, Belfius and Solvay singled out'

Le Soir (Belgium), 12 December 2023

CSR governance

In the complex and evolving movement towards more sustainable practices and Corporate Social Responsibility (CSR) in the corporate and financial world, both corporate and public policies play important and inter-linked roles. Profundo analyses government policies on market regulation and CSR, as well the CSR policies of financial institutions and certification standards used in international value chains.

Credit and investment policies



In many projects we analyse and benchmark responsible credit and investment policies of various financial institutions, often using the Fair Finance Guide (FFG) methodology which we developed in collaboration with Fair Finance coalitions from across the world and Fair Finance International. In 2023, Profundo updated the Fair Finance Guide methodology, in collaboration with Fair Finance coalitions from across the world, to cover the latest standards and developments.

The methodology describes how financial institutions are expected to deal with 9 sustainability themes (from Climate change to Tax, and from Labour rights to Biodiversity), with 8 economic sectors with significant sustainability risks and with 4 themes (such as Transparency and Financial inclusion) covering how financial institutions operate and are managed. The methodology is used by Fair Finance coalitions in different countries to assess the responsible credit and investment policies of financial institutions.

For the Eerlijke Bankwijzer (Dutch Fair Finance Guide), Profundo updated the assessment of the sustainability policies of eight Dutch banks on the basis of his methodology. The results show that larger banks' sustainability policies lag behind those of their smaller rivals. All banks need to do more to combat tax avoidance by clients and, although gender equality policies remain unsatisfactory, banks have made progress in this area since the last assessment.

On behalf of Fair Finance International, Profundo also supported Fair Finance coalitions in Germany, Norway, Pakistan and Indonesia in carrying out assessments of banks operating in their countries, using the Fair Finance Guide Methodology.

For World Animal Protection UK, Profundo assessed the policies of ten of the UK's biggest banks on criteria concerning the biggest animal welfare issues today, including factory farming. Nine of the ten banks scored poorly overall on policies covering animal welfare, with five of them scoring zero out of 10. A similar study was done for World Animal Protection Canada.

For Friends of the Earth US, we analysed the policies of ten Multilateral Development Banks (MDBs) and the Equator Principles (EP). The assessment focused on the MDBs' commitments with regard to the *8 No Go Areas* identified by the *Banks and Biodiversity Campaign*, aiming to prohibit unsustainable and environmentally and socially harmful activities in and around sensitive areas.

Finally, a study for Both ENDS concluded that the approaches of Development Finance Institutions (DFIs) to engage with communities are often not publicly available or poorly documented. In addition, the DFIs' focus seems to be more on a "do no harm" objective, rather than on a real involvement of communities in the design, implementation, and evaluation of the initiatives.

Responsible finance trainings

To further explore the way in which the financial sector operates, explain the FFG methodology and discuss strategies which CSOs can use to push the financial sector towards facilitating transitions towards sustainability, Profundo researchers provided face-to-face trainings in 2023 to Fair Finance coalitions in Pakistan, Nigeria and Ghana, Bolivia, and Indonesia.

Online trainings were provided to Fair Finance coalitions in Thailand, Cambodia, Vietnam, Laos and the United Kingdom. These trainings helped strengthen civil society to increase their understanding of the relationships between the financial sector and environmental and social impacts. Sometimes local bankers from these countries were also invited to join and to explored more in depth how financial institutions should deal with certain economic sectors, such as mining, or sustainability themes, such as climate change and gender.

In Cambodia the trainings for bankers and CSOs focused on the Just Energy Transition and the role of financial institutions. Also in Indonesia the training was given on the Just Energy Transition in Indonesia. The online training for Fair Finance Thailand discussed recent developments on ESG disclosure frameworks at international level, and the development of the green taxonomy in Thailand and how it can contribute to the Just Energy Transition.

Also, we provided a finance for campaigners training for PAX and a training on corporate and financial flow research for the Office of the United Nations High Commissioner for Human Rights.

These trainings discussed methodologies in identifying and mapping corporate structures and financial flows, which have increasingly enabled human rights defenders and civil society to identify and analyse the companies, financiers and other actors behind investment projects associated with human right violations.

Financial intermediaries

An important loophole in the responsible credit policies of Development Finance Institutions (DFIs) are the so-called Financial Intermediaries (FI) they finance: banks and investors who are not bound by the DFI's policies when they use the DFI funds to finance various companies and projects. Oxfam Novib therefore want Dutch development bank FMO to adapt their policies on Financial Intermediaries and to take responsibility on the financial flows directed via the FI. Profundo analysed which high-risk projects and companies are financed by the FI that in turn received funding from FMO.

Climate action plans

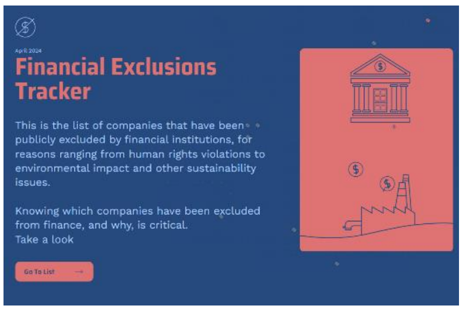
For the Dutch Fair Finance Guide, Profundo also assessed the quality of the climate action plans published by ten Dutch financial institutions. In general, these plans of Dutch banks, insurers and pension funds like ING, NN Group and PFZW are still inadequate and insufficient to meet the goal of limiting global warming to 1.5°C. On average, the ten financial institutions received a total score of 4.5 points out of 10 for their climate action plans. The report was discussed in March 2023 by the Finance Committee of the Dutch parliament, in a debate on the plans of the Minister of Finance to make the financial sector act in a more sustainable way.

Expert View: What to expect from a financial institution's climate action plan?

To limit global climate change, financial institutions should ensure that sufficient financing is available for all kinds of companies to invest in developing new products and transforming their production processes. While this challenge is clear, most financial institutions are not yet addressing it with the urgency required. This Expert View provides guidance on what can be demanded from them based on our recent assessment of the climate action plans of ten major Dutch financial institutions.

Financial exclusions

Profundo collected the data presented by the Financial Exclusions Tracker. This is a new public website, the first if its kind, that tracks which companies are being excluded for sustainability reasons from investments or loans by investors and banks. The tracker lists a total of 4,532 companies that have been excluded by 87 financial institutions in 16 countries. The main motivation for excluding companies is climate or fossil fuels (40%), followed by controversial weapons (17%), tobacco (12%), and human rights (7%). The website received global media attention and researcher Ward Warmerdam was interviewed by the BBC.



Certification standards

For WWF Germany and IUCN National Committee of the Netherlands, Profundo performed a benchmark of deforestation and conversion-free soy in Europe. The report compares the European Feed Manufacturers' Federation Soy Sourcing Guidelines (FEFAC SSG) and 20 Voluntary Standard Systems (VSS) against a set of provisions and requirements that cover the most important sustainability topics in the soy industry, such as deforestation and ecosystem conversion, landscapes and biodiversity, social issues and human rights, traceability, and governance and assurance.

Expert view: Sustainable finance taxonomies - actual trends and desired outcomes

In recent years, many sustainable finance taxonomies have sprung up at both national and regional levels, and many more are still to come. How is this emerging universe going to develop? What trends are already visible, and how can they help to make green and social financial products more accessible for a wider range of companies, and even entirely new sectors, and ultimately help with the environmental and social transformation of our societies?

Labour and gender

Globalisation and the shift of the production of low-cost products to lower-wage countries have systematically gone hand in hand with labour rights violations, including child labour, union-busting, unfair renumeration of especially women, discrimination, and violence against human rights defenders. At Profundo, we aim to research the impacts of global supply chains on the rights of workers, taking an intersectional gender perspective.

Garments

For the Asia Monitor Resource Centre, a Profundo report provided an overall picture of the impacts of the Covid-19 pandemic on electronics and garment workers in Asia and the implementation and limitations of brands' corporate social responsibility initiatives. The report helped to understand how workers and civil society groups can be empowered to hold brands accountable for the labour conditions of their workers.

A study with CNV International's Fair Work Monitor, in collaboration with Cambodian trade unions, shows a further decline in the Cambodian garment sector workers' conditions since the 2022 survey. The average monthly wage of Cambodian garment workers is USD 260, while average costs are USD 500. About 40% of surveyed workers have taken secondary jobs due to low wages and frequent overtime. 77% of workers borrow money for daily expenses, implying a lack of living wages.

The report was used for the collective bargaining negotiations between unions and garment companies, as well as in their social dialogue with governments, employers, and Dutch buyers. The unions were trying to reach substantial increases in salaries, to beat inflation. Unfortunately, the outcomes of such negotiations were disappointing and increases were not sufficient to help workers.

Construction

For global workers' union Building and Wood Workers' International (BWI), Profundo wrote a report on the labour impacts of China's Belt and Road Initiative (BRI), a USD 1,000 billion infrastructure program in the Pan- European region. The study focussed on Serbia, Croatia, and Kyrgyzstan.

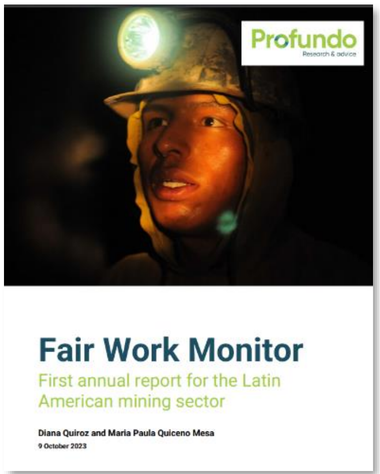
For Amnesty International, we made an inventory of Dutch construction companies, including suppliers, engineering firms, etc., that have been active in the past five years or will be active in Saudi Arabia. Labour rights are violated in many of the large Saudi construction projects.

Netherlands-based downstream buyers of minerals mined in Bolivia, Colombia, and Peru should engage with suppliers and governments in the origin countries to find collective solutions and share the financial costs of addressing the most pressing OSH issues in the mineral supply chain.

Recommendation in report for CNV Internationaal, March 2023.

Mining

For trade union CNV Internationaal, Profundo looked into the labour risks in the mining industries of Bolivia, Colombia, and Peru. The study's findings highlight the vulnerability of workers in the mining sector and underscores the utmost importance of safeguarding workers' rights, particularly in a context of increasing mineral demand, such as that driven by the energy transition.



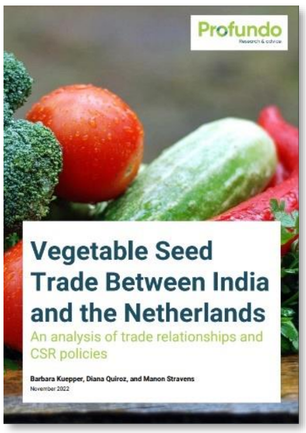
Another study for CNV Internationaal consolidated the evidence base of Occupational Safety and Health (OSH) risks in the mining sector in Bolivia, Colombia, and Peru. The goal of the report was to increase understanding of what these risks mean for the Due Diligence obligations of downstream companies in the Netherlands, notably the Dutch metal companies that have signed an agreement on International Corporate Social Responsibility.

Both reports were used for the collective bargaining negotiations between unions and companies, as well as in the social dialogue with governments, employers, and Dutch buyers.

A report by the Eerlijke Geldwijzer (Dutch Fair Finance Guide) shows that two of Glencore's mines have severely impacted communities living around the mines in Peru and Colombia. External pressure from investors, banks, trading partners, policy makers and regulators is key to force a change in Glencore's behaviour. Profundo analysed which financial institutions are involved in financing Glencore.

A report for the Business & Human Rights Resource Centre investigated the financiers of South African mining companies and their human rights policies and practices. The conclusion was that the 15 banks (5 local, 10 international) linked to the financing of transition minerals extraction are failing to take adequate measures to avoid contributing to violations of human rights and labour rights in this particularly risky sector. Profundo identified the banks with potential exposure to significant transition minerals mining projects in South Africa.

Agriculture

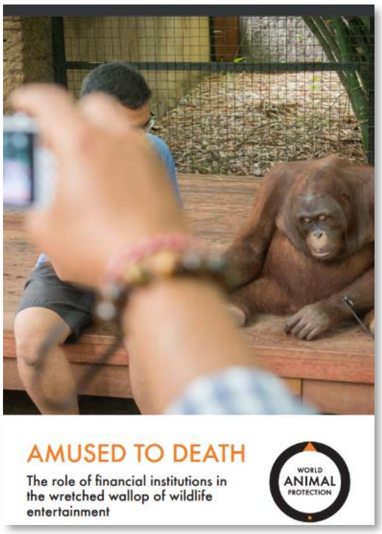


A study for trade union FNV Mondiaal assessed the corporate social responsibility (CSR) policies of ten Netherlands-based vegetable seed companies against fundamental, internationally accepted human and labour rights guidelines. The results show that corporate efforts are falling short in their adequacy to prevent and mitigate labour rights breaches in the supply chain, such as living wages, child labour, and women's rights. Several of the assessed seed companies have no CSR policies in place. Companies with a CSR policy in place still fall short of describing how those commitments are brought into practice.

For CNV Internationaal, Profundo analysed where profits are generated within the global cane sugar supply chains originating in Bolivia and El Salvador. By exposing the profit distribution within the chains, the companies earning the most in the cane sugar value chain will be incentivised to pay workers fair wages or press for fair wages in their own supply chains.

Other projects

An assessment of financial links for World Animal Protection Netherlands showed that seven Dutch financial institutions have financial links to selected tourism companies such as TUI Group, Trip.com, and SeaWorld through share- and bondholdings. These companies are involved in the organisation of wildlife tourism attractions that negatively impact animal welfare. ING Group is the largest investor, with USD 23 million invested in SeaWorld, among others. Of the seven identified financial institutions, three do not mention animal welfare in their sustainability or responsible investments policies.



The oil spill and subsequent environmental disaster in Peru beginning 2021 has no impact on Spanish oil company Repsol's financial status, as revealed by a study for OjoPublico. In Peru, Repsol's subsidiary increased its revenues by 73%. Furthermore, Repsol attracted financing - through issuing shares and bonds - from close to a thousand new investors.

For Acción Ecológica, Profundo did a shareholders analysis of Hidrotambo S.A., a hydroelectric company in Ecuador. This company has harmed dozens of farming communities and destroyed the Dulcepamba river in the country.

The Deep Sea-Mining Campaign is working for a moratorium on Deep Seabed Mining (DSM), an emerging industry sector which poses unacceptable risks to the already fragile ocean ecosystems, as well as to climate due to the related carbon emissions. To support the campaign, Profundo identified pure-play DSM companies and large, diversified companies with DSM activities through their specialised subsidiaries.

In a scoping study for WWF Netherlands, we looked at the key investors and financiers behind the companies that aim to become more active in the arctic region, through oil and gas drilling, deep sea mining, fishing, and shipping industries. For Re:Common we did a portfolio screening of the Italian development bank Cassa Depositi e Prestiti, to identify companies which create strong sustainability risks. For SNV we performed a sustainability due diligence of the Japanese conglomerate Mitsui & Co. And for the Waddenvereniging we calculated the societal costs of developing a new gas field under the Waddensea in the Netherlands.

3

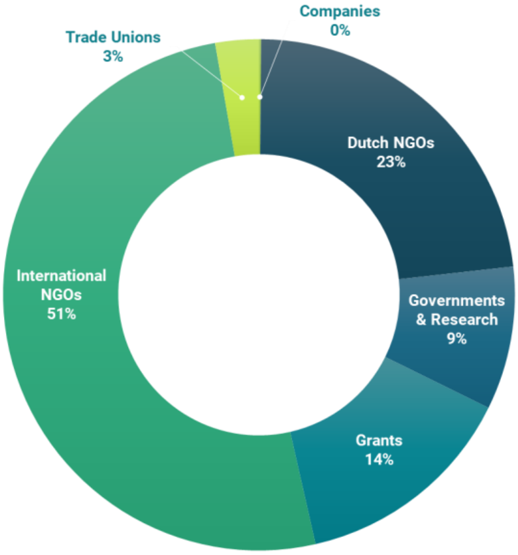
For whom we worked in 2023

Our most important group of clients in 2023 were international NGOs, accounting for 51% of net revenues. Grants and projects attracted via Profundo Research Foundation accounted for 20% of total revenues.

Client groups

In 2023 we worked for 91 different clients and donors from 21 countries across the world. The figure shows the distribution of our net revenues across our different client groups in 2023.

Distribution of net revenues in 2023 across our client groups (%)



As shown in the figure, International NGOs were our main clients in 2023 (51%), followed by Dutch NGOs (23%), Grants (14%) and Governments and Research institutes (9%). Trade unions (3%) and Companies (less than 1%) play a smaller role.

Projects attracted via Profundo Research Foundation

Profundo Research Foundation had a total income of EUR 433,000 in 2023. Of this amount, EUR 374,000 was used by Profundo B.V. for research activities and EUR 47,000 was disbursed to our NGO partners with whom we work together in larger research and influencing programmes. The remaining amount of EUR 12,000 was used to cover the costs of Profundo Research Foundation itself and was added to the reserves of the Foundation.

The amount received by Profundo B.V. from Profundo Research Foundation, originated from grants by foundations and governments (40%) and projects for NGOs in low- and middle-income countries (60%). The funds received through Profundo Research Foundation equal 20% of the net revenues of Profundo and are included in the categories International NGOs and Grants shown in the graph above.

In 2023 we worked for 91 clients and donors from 21 countries

RETHINK PLASTIC

global witness

Ocean Conservancy

THE FREEDOM FUND

EKŌ

THE DAVID & LUCILE Packard Foundation

urgewald
Anwalt für Umwelt & Menschenrechte

ResponsiBank Indonesia

AEBEL

TuK INDONESIA

IUCN National Committee of The Netherlands

Planbureau voor de Leefomgeving

STAND.earth

CNV Internationaal

RECLAIM Finance

OXFAM België

DISCLOSE

Global Energy Monitor

Power in People actionaid

Both ENDS
Connecting people for change

CENSAT Agua Viva

AMAZON WATCH

THE GREENS/EFA in the European Parliament

OXFAM Novib

FOSSIELVRIJ NL

ORBITAS
A Climate Advisers Initiative

MELLEMFOLKELIGT SAMVIRKE actionaid

AMNESTY INTERNATIONAL

20 YEARS OF Business & Human Rights Resource Centre

UNITED NATIONS HUMAN RIGHTS
OFFICE OF THE HIGH COMMISSIONER

#ACT with facts

FAIR FINANCE ASIA

GORDON AND BETTY MOORE FOUNDATION

madre brava

European Commission

JUSTICE FOR MYANMAR

TRANSPORT & ENVIRONMENT

the waterloo foundation

4

Financial results in 2023

While we had more than sufficient projects in 2023, our financial results were not good. With net revenues of EUR 1.71 million we realized a net decrease of our reserves of € 111,000. But as our reserves now stand at € 471,200, equalling 47% of total equity and liabilities, our financial position is sufficiently strong. Steps are taken to return to a positive result in 2024.

Revenues, costs and loss in 2023

			All figures in EUR
Total Income			**1,769,295**
	Free lance researchers	-26,916	
	Other direct project related costs	-31,059	
Net Revenues			**1,711,321**
	Salaries and holiday allowances	-1,137,511	
	Social premiums and pension premiums	-259,543	
	Other direct labour costs	-83,632	
Salaries and other labour costs			**-1,480,686**
	Depreciation costs	-5,366	
	Internship remunerations	-1,208	
	Office rent	-149,763	
	Databases and literature	-106,038	
	IT maintenance and support	-30,598	
	Office costs	-23,211	
	Website and other sales costs	-3,938	
	Exchange rate differences	-4,033	
	Accountancy costs	-7,502	
	Membership fees (incl. donations)	-5,001	
	Insurances	-3,273	
	Other costs	-1,308	
	Interest costs	-837	
Overhead costs			**-342,076**
Result before Tax			**-111,441**
	Income tax	0	
Change in reserves			**-111,441**

Total income in 2023 amounted to € 1.77 million, but for assessing our financial results it is more relevant to look at our *net revenues*: total income minus the costs reimbursed directly by clients. This is because these reimbursed costs might fluctuate strongly - depending on whether we attract projects for which we need a lot of travelling and/or external researchers - and can not be used to cover our personnel and overhead costs.

In 2023 our net revenues amounted to € 1.71 million, which was not sufficient to cover our personnel costs (€ 1.48 million) and our overhead costs (€ 0.34 million). The result before tax amounted to minus € 111,441. This amount, equalling 6.5% of our total net revenues in 2023, was deducted from our reserves.

The negative financial result in 2023 was not caused by a lack of demand for our services. It was caused by a combination of reasons: we increased our fees too late, budgeted some large projects too low and had to deal with a high sickness rate. During 2023 we have taken measures on all three points which will hopefully lead us to a positive financial result in 2024 again.

Assets, reserves, and liabilities as of 31 December 2023

		All figures in EUR
Assets		
	Inventory and equipment	19,175
Fixed assets		**19,175**
	Invoices sent	117,329
	Ongoing research projects	322,978
	Prepaid costs	123,958
	Bank account	421,535
Current assets		**985,799**
Total Assets		**1,004,975**

Equity and Liabilities		
	Capital and reserves	471,200
Equity		**471,200**
	Pension provisions	72,616
Long-term liabilities		**72,616**
	Costs to be paid	27,978
	Taxes to be paid	64,126
	Holiday allowances and days	135,045
	Prepaid research projects	234,009
Short-term liabilities		**461,158**
Total Equity and Liabilities		**1,004,975**

Total assets of Profundo at the end of 2023 amounted to € 1.0 million, of which 99% are current assets.

Profundo is not financed by loans from banks or other stakeholders. After the reduction of our reserves with an amount of € 111,441 in 2023, our reserves now stand at € 471,200. This equals 47% of our total equity and liabilities.

Profundo's research in the media in 2023

Enormous environmental damage due to Rabobank loans in Brazil

Het Financieele Dagblad (Netherlands), 5 July 2023

Here are the companies that are snubbed by investors

Dagens Industri (Sweden)
4 October 2023

Only 7% of global energy financing goes to green projects, data shows

Asian Banking Times, March 2023

If climate response is insufficient, 'money will dry up'… This accounts for 40% excluding investments in the financial sector

News Tree Korea,
10 October 2023

Citi, BofA Lead Wall Street Banks Funding Fossil-Fuel Expansion

Bloomberg, 17 January 2023

Burma: Crédit Agricole and Axa offer investments in companies that sell arms to the junta

Le Monde (France)
6 July 2023

Global banks are fuelling Africa climate crisis: report

Business Daily Africa, 4 September 2023

Ireland's tax system makes a mockery of our climate policies

The Irish Times (Ireland), 4 September 2023

Argentina bets on giant gas pipeline to alleviate economic crisis

Folha São Paulo (Brazil)
19 June 2023

Controversy surrounding a Glencore mine in Peru, accused of polluting "air, water and soil"

Le Temps (Switzerland), 18 November 2023

Food goes on a diet at COP28

La Vanguardia (Spain), 12 December 2023

Barclays toughens deforestation rules for beef sector clients

Reuters, 3 May 2023

Palm oil buyers compromise no-deforestation pledges by sourcing from conglomerates with logging, mining assets

Eco-Business, 17 January 2023

Biofuels green? "Major social and ecological problems", says Oxfam

De Standaard (Belgium)
30 March 2023

EU Parliament seeking clarification on the 150 million in macroeconomic assistance to Tunisia

EU News, 14 March 2024

The Japanese firms and megabanks funding rainforest destruction

The Japan Times
4 June 2023

Banks still investing heavily in fossil fuels despite net zero pledges – study

The Guardian (UK), 17 January 2023

Food and farming rise up the agenda at COP28

Financial Times (UK), 30 November 2023

Picture credits

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Page 7: Protest at headquarters Rabobank, photo by Bart Hoogveld / Greenpeace.
Page 12: Demonstration against fossil subsidies, photo by Dorotea Pace / Both Ends.
Page 20: Mineworkers in Bolivia, photo by Pedro Henrique Santos on Unsplash.
Page 28: Livestock in Brazil, photo by Alf Ribeiro on iStock.
Page 29-30: Newspapers, photo by Juliana Malta on Unsplash.
Page 31: Plastic waste, photo by William Millek on iStock.

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