Investing in extinction

The Global Financial Sector and Wildlife Trafficking

Money matters. For most people, it's a frequent thought – how much did that cost? What is my money going towards? For large financial institutions, these questions take on even greater significance. With billions at their disposal, the global financial sector wields immense power to drive positive change – or unwittingly contribute to the exploitation of endangered species.

Investing in Extinction, a report produced by our partner, the Environmental Investigation Agency (EIA), revealed that financial institutions are unknowingly — or negligently — supporting companies involved in the illegal trade of leopards, pangolins and other wildlife products, through the manufacture of some Traditional Chinese Medicine (TCM) products.

Leopards, which have lost 85% of their historic range, and pangolins, relentlessly hunted for their scales, are on the brink of extinction. Like rhino horn, their international sale is banned under the Convention on International Trade in Endangered Species of wild fauna and flora (CITES). Yet rhino horn (below), leopard bones and pangolin scales (top right) — or derivatives of each — continue to appear in some licensed TCM products with no verifiable legal sourcing of ingredients.

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The lack of transparency fuels the problem, raising critical questions: where do these ingredients come from, and why does this trade persist? Encouragingly, many members of the TCM community are advocating for better practices, promoting sustainable substitutes for endangered wildlife ingredients. But are investors doing the same?

EIA's report found 62 different banks, insurance companies and asset managers (many of which are household names from across the UK, USA and EU) had invested in three major Chinese pharmaceutical groups linked to TCM products containing derivatives of endangered wildlife parts.

Many of these institutions publicly support biodiversity conservation, but their actions contradicted these commitments. Only a handful of financial institutions screened their investments or acknowledged the risks associated with funding companies that exploit endangered species.

EIA

What can financial institutions do?

- Move money away (divest) from companies involved in the exploitation of endangered species
- Increase screening of investment portfolios, ensuring biodiversity considerations are prioritised and investments align with corporate values
- Publicly commit to moratoriums on future investments in any company linked with the illegal wildlife trade

Beyond the moral imperative to prevent extinction, biodiversity underpins healthy ecosystems, climate stability, and human wellbeing — all of which are critical to the global economy. As consumers increasingly demand ethical and sustainable practices, they send a clear message to corporations and financial institutions: align investments with values that protect our planet. By divesting from practices that harm wildlife and instead prioritise biodiversity, financial institutions can ensure their investments build a resilient, thriving world for both people and nature.

Leading by example

Norges Bank

Following the release of *Investing in Extinction*, in September 2024, Norges Bank, which manages Norway's sovereign wealth fund, published its decision to exclude one of the companies named in the report, Tianjin Pharmaceutical Da Re Tang Group Corp Ltd, from its shareholding portfolio due to an unacceptable risk of the company contributing to severe environmental damage. This decisive action underscores how financial institutions can lead by example, aligning their investments with global conservation goals.

Morgan Stanley Capital International (MSCI)

MSCI, one of the leading Environmental, Social and Governance ratings agencies, has flagged the TCM companies mentioned in the report with a yellow flag for biodiversity and land use controversies.