

Beef, Banks and the Brazilian Amazon

By [Global Witness](#)

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Preserving tropical rainforests is critical to help stop climate breakdown and to safeguard the rights of the local communities and indigenous peoples who depend on and defend them. Moreover, the Covid-19 pandemic has brought into sharp relief the importance of preserving biodiversity hotspots like the Amazon in order to prevent the spread of zoonotic diseases.

Stopping the destruction of rainforests to make way for pasture for beef production could reduce Brazil's agricultural carbon emissions by 69%, help slow the sixth mass extinction of species and maintain a crucial carbon sink, vital for cooling our climate.

But as our [new investigation](#) reveals, a chain of actors from cattle ranchers through to multinational beef traders, international financiers, supermarkets and fast-food chains, and the governments that regulate them, are either destroying rainforests or are complicit in the destruction of the Amazon, with flawed audits undertaken by US and European auditors.

Fresh evidence shows that major Brazilian meat traders JBS, Marfrig and Minerva are failing to remove vast swathes of deforested Amazon land from their supply chains, which flawed audits by DNV-GL and Grant Thornton did not identify. All while big banks like Barclays, Morgan Stanley and Santander continue backing these meat traders, despite many warnings of their failures. Well-known high street stores and brands, like Burger King, Sainsbury's, Subway, McDonalds, Walmart, Carrefour, and Nestlé are also recent customers of theirs.

Some of this forest devastation also involves serious human rights abuses against indigenous peoples and land rights activists.

Our exposé clearly shows how relying on an unregulated private sector with voluntary no-deforestation policies has failed to tackle forest destruction, and could contribute to the permanent loss of the Amazon ecosystem. Especially in the context of an alarming escalation of Amazon deforestation in recent years, with the Brazilian government rolling back its forest law enforcement and accountability.

Unless governments take urgent action to confront these issues and hold their businesses to account, the world's biggest rainforest could face an irreversible tipping point that might destroy its ecology, further accelerate climate breakdown and threaten the communities that live in and rely on it.

All of the beef companies, banks and auditors featured in the report were approached for comment.

Key findings

- In just one Amazon state over three years, beef giants JBS, Marfrig and Minerva bought cattle from a combined 379 ranches containing 20,000 football fields' worth of illegal deforestation.
- They also failed to monitor an additional 4,000 ranches further down their supply chains with an estimated total of 140,000 football fields' worth of deforestation, to ensure cattle from these ranches did not end up in their supply chains.
- This illegal deforestation contravenes these beef giants' public no-deforestation pledges and agreements with federal prosecutors in Brazil.
- Original case studies also show how the beef companies are failing to stop buying cattle from ranchers that have been accused by Brazilian authorities of land-grabbing and of human rights abuses against indigenous peoples and land rights activists.
- Flawed assessments by international auditors DNV-GL and Grant Thornton claimed compliance with the companies' pledges, failing to flag a vast number of cases of sourcing from deforested areas.
- World-famous financial institutions such as Deutsche Bank, Santander, Barclays, BNP Paribas, ING, HSBC, the World Bank, Morgan Stanley and BlackRock continue bankrolling the firms despite many warnings of their failures.

Brazil's Beef Giants

JBS, Marfrig and Minerva are Brazil's three largest beef companies. Combined, in 2017 alone, they slaughtered more than 18 million cattle. They account for more than 40% of the slaughter capacity in the Amazon and 64% of total Brazilian beef exports, with their products reaching markets in the EU, US and China. And this is a cash-cow business. The companies' combined gross profit for 2019 amounted to over \$7 billion.

Rather than rearing their own cattle, they source cows from thousands of independent ranches. If they wanted to, these three companies could use their buying power to demand environmentally responsible business practices amongst their suppliers. Instead, as our investigation shows, they are linked to huge amounts of illegal deforestation and actors all along the supply chain are profiting off the destruction of the Amazon.

It is estimated that 70% of cleared lands in the Brazilian Amazon are now populated by cattle, leading Brazil to have the second largest herd in the world. There are more cows in Brazil than people, 40% of them in the Amazon, all bred, bought and sold by some 390,000 ranches.

Beef production in Brazil alone is reported to be the leading driver of deforestation emissions across Latin America. Between 2002 and 2018, the World Resources Institute calculates more than 20 million hectares of primary tropical forest were lost in the Brazilian Amazon. This destruction is equivalent to a forest almost the size of the UK, millions of years old, being cleared in just 16 years.

Forest fires driven by deforestation continue to ravage the Amazon at record speed, with [25% more fires](#) so far in 2020 than in the same period in 2019.

In the absence of the necessary laws in consumer countries and financial hubs like Europe and the US, banks, investors, credit rating agencies, importers and supermarkets can continue making money off devastating deforestation and face no consequences. This must

change.

Recommendations

- Governments should introduce legislation requiring businesses, including financial institutions, who use or finance forest-risk commodities to identify, prevent, mitigate and report on deforestation risk.
- JBS, Marfrig and Minerva should ensure full, accessible and publicly available data on their supply chain which would allow independent scrutiny – including by civil society. They should also have a better plan to remove indirect suppliers from their supply chains, and require all their suppliers to prove that their operations are deforestation-free.
- The financial actors, importers and supermarkets who deal with these companies should immediately suspend any business dealings with them until, at a minimum, conditions are put in place to undertake basic due diligence on the companies, including full supply chain transparency. Additionally, they should adopt a zero tolerance policy for threats and attacks on environmental and human rights defenders.
- DNV-GL and Grant Thornton should investigate and publicly report on why their auditing of JBS, Marfrig and Minerva failed to identify the cases uncovered in this report.
- Brazil's Federal Government should reverse the recent de-funding of forest enforcement and protection agencies and fully implement Brazil's Forest Code. It should also ensure that publicly available and independent data that tracks the lifecycle of cattle, such as cattle transport permits that show which ranches the beef companies buy from, are easily accessible.

When asked for comment, the beef companies justified their purchases from the ranches and denied any wrongdoing, which Global Witness in turn disputed (see full report for details). The ranchers concerned likewise denied the allegations.

In response to our allegations, the auditors DNV-GL and Grant Thornton claimed that restrictions on the audits may have excluded them from investigating the cases found by Global Witness (see report for more details). When asked for comment, all of the banks mentioned in our report defended their financial relationships with the meat traders.

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Featured image: Between 7-10 July, Greenpeace Brazil flew over the state of Mato Grosso to capture images of fires burning in the Amazon © Christian Braga / Greenpeace

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