

## Beef: human rights abuses, deforestation and land conversion on the menu (Brazil)

**Sector:** Cattle

**Issues:** Deforestation, land-grabbing, slave labour

**The companies:** **JBS** is a Brazilian company and the biggest meat producer in the world.<sup>1</sup> The company receives funding in the form of loans and investment from many global banks, including UK banks. UK financial institutions including **Barclays** and **HSBC** are amongst a cohort of investment companies holding shares worth more than £230m in JBS. In 2021, Barclays facilitated a bond deal for JBS worth over £800m.<sup>2</sup> JBS is also a supplier to many UK supermarkets, including **Asda**, **Iceland**, **Morrisons** and **Sainsbury's**.<sup>3</sup> JBS is also linked to the value chain of the British Armed Forces through long-standing Ministry of Defence supplier, **Vestey Foods**, and its use of JBS canned beef in ration packs and tonnes of JBS Brazilian beef in military meals.<sup>4</sup>

**Affected rights holders:** Indigenous communities in the Amazon are continuously battling for land ownership and land use rights.<sup>5</sup> The Amazon is the ancestral home of many indigenous communities, and the root of societies and cultural practices, yet communities are left to fight for ownership and against the exploitation of their land and natural resources.

Workers at cattle ranches linked to JBS were forced to work 17 hours a day and were left to live in deplorable conditions. They were not provided with toilets, had only dirty water from pools filled with cow manure to drink, bathe, and clean utensils, and were forced to sleep among farmyard animals.<sup>6</sup>

Land-grabbing, the illegal practice of occupying public land, is ubiquitous in Brazil and has accounted for an estimated 2.6 million hectares of Amazon deforestation.<sup>7</sup> Research shows that 70% of the felled Amazon is now occupied by cattle.<sup>8</sup> Land-grabbing and industrialised agricultural expansion through deforestation is a major cause of biodiversity loss in the Amazon as forested areas are cleared for agricultural uses including cattle grazing.<sup>9</sup> Illegal commercial cattle ranching has led to the dispossession of indigenous lands as well as threats, violence and killings of environmental and human rights defenders.<sup>10</sup> Indigenous communities, including the Uru-Eu-Wau-Wau people live in areas which are hotspots for deforestation and attempts to expand commercial cattle ranching, including through threats of violence and intimidation.<sup>11</sup>

## Details:

JBS meat has been linked to deforestation, land-grabbing and slave labour, also linking UK banks and supermarkets to the same issues by funding and stocking products from JBS.<sup>12</sup>

Brazil's federal prosecutors carried out an official audit of JBS's cattle buying in Pará between 2018 and mid 2019 which revealed that 43.69% of JBS' cattle purchases in the region were "irregular".<sup>13</sup> As a result of its audit failures, it agreed with prosecutors to pay £800,000 to the state of Pará to improve ranchers' compliance with Brazil's laws relating to deforestation. This agreement also obliged JBS to adopt more stringent controls.<sup>14</sup> JBS announced in 2020 that it planned to introduce a new system to monitor its direct and indirect cattle suppliers by 2025.<sup>15</sup>

Brazil's Ministry of Work carried out inspections in 2006, 2018 and 2021 on two ranches in the Amazon state of Pará belonging to JBS suppliers, Sergio Xavier Luis Seronni and his son, Sergio Seronni.<sup>16</sup> In each case, the authority detected cases of slave labour.<sup>17</sup> The Seronnis have at different stages been added to the Ministry of Work's list of employers involved in slave labour. Most recently, a case which stemmed from a January 2021 inspection of one of the Seronnis ranches was taken to court by the Ministry of Work's prosecutor in which the ranchers were fined over £200,000 for breaching labour laws and the prosecutors are seeking to confiscate the ranch from the family.<sup>18</sup>

Global Witness has evidence which also shows that these ranchers destroyed vast areas of Amazon forest and were involved with land-grabbing and cattle laundering while supplying JBS.<sup>19</sup> Land titles obtained as part of the investigation showed that in 2010, part of the ranch claimed by the Seronnis was confiscated from them after a legal case ruled that it was land-grabbed.<sup>20</sup> However, 12 years later it is still declared by the Seronnis on the database as belonging to them.<sup>21</sup>

Global Witness exposed direct links between JBS and 327 ranches on illegally deforested land, contrary to its legal obligations and agreements with Brazilian prosecutors.<sup>22</sup> Despite these obligations, and the signing of high-level no deforestation commitments at COP26, claiming it has a zero-tolerance policy for deforestation, JBS continued to be linked with deforestation. Another investigation by Global Witness published in 2022 connected JBS to 144 ranches in the Amazon state of Pará covering vast stretches of illegal clearance.<sup>23</sup> It also concluded that the company had failed to monitor an additional 470 ranches in its value chains, a commitment it had undertaken with prosecutors as part of its legal agreement.<sup>24</sup>

JBS denied the claim that all of the 144 direct supply ranches were non-compliant with its no-deforestation policy.<sup>25</sup> By virtue of their funding or sourcing, both financial institutions that provide general funding to JBS, or funding that directly supports its problematic beef sourcing, and supermarkets that buy its meat products for their stores are, at a minimum, directly linked to the human rights abuses and environmental harms associated with JBS's beef.

In response to the Global Witness investigation, Morrisons said that it would stop sourcing the JBS product for its stores, while Sainsbury's and Iceland claimed that they engage with suppliers to ensure that their beef is responsibly sourced.<sup>26</sup> Asda did not provide a comment in response to the allegations.<sup>27</sup>

HSBC responded to questions over whether the allegations against JBS would affect its financial interests in the company by saying that the shares it held as part of its asset management were held on behalf of others and that it did not have any influence over the decision to invest in JBS.<sup>28</sup> Barclays simply responded by commenting that it was committed to supporting its "corporate clients to achieve zero net deforestation".

## How could a UK Business, Human Rights and Environment Act have made a difference?

In our assessment, under a UK Business, Human Rights and Environment Act, **Barclays** and **HSBC** would likely have sought to identify any potential links between JBS and deforestation, land-grabbing and labour rights abuses in Brazil. They might have denied or withdrawn any funding to, or investment into the company until it was capable of demonstrating that such links did not exist, that it had appropriate processes in place to detect such links, and that any links actually found had been addressed, including through remediation.

Similarly, **Asda**, **Iceland**, **Morrisons** and **Sainsbury's** might have sought to identify any potential links between JBS's beef and deforestation, land-grabbing or labour rights abuses and might have refrained from purchasing the beef if it was found to be connected to deforestation. Considering the high risk of deforestation in Brazil and the likelihood that Brazilian beef is connected to illegal land clearance and deforestation, both the financial institutions and supermarkets would have been expected to follow a rigorous due diligence process which included disclosure of all due diligence steps taken and evidence that they were neither contributing nor linked to such impacts by virtue of their lending, investing, or sourcing activities.

The companies would have been incentivised to ensure that their due diligence processes included engagement with the potentially affected communities which arguably might have prevented violations from taking place.

## The UK Environment Act

The UK Environment Act became law in 2021 and includes restrictions on forest risk commodities that are produced illegally under the laws of the producer country.<sup>29</sup> This will help to root out certain types of deforestation from the UK's beef and other supply chains but leaves significant gaps in relation to abuse of indigenous peoples' rights where legal protections to indigenous land and the rights of indigenous peoples have been eroded by national governments. The extent to which human rights compliance is required by Schedule 17 remains unclear and left to be decided through secondary legislation. A **UK Business, Human Rights and Environment Act** would help to fill the critical gaps in protection offered by the Environment Act.

## Chicken in supermarkets and fast-food chains linked to deforestation in Brazil (UK)

Brazil's Cerrado is a tropical biome, wildlife habitat and a globally important carbon sink, critical for tackling climate change.<sup>30</sup> Biologists estimate that the Cerrado area stores the equivalent of 13.7bn tonnes of carbon dioxide – more than China's annual emissions.<sup>31</sup> It is the source of so many rivers that it is known as the "birthplace of rivers" and is the natural habitat of thousands of birds, reptiles and mammals. Almost half of its 10,000 plant species are nowhere else on the planet.

It is estimated that 50-80% of the original biome has been replaced with cattle ranches and soya farms.<sup>32</sup> Cargill, which supplies UK farms with soya feed for chickens which are sold in UK supermarkets and fast food restaurants, sources soya from suppliers that have been linked to recent land clearance spanning at least 300 square miles in the Cerrado.<sup>33</sup> Cargill states that it has neither broken rules nor its own policies and that it does not source from illegally deforested land.<sup>34</sup>

The Brazilian Government's relaxation of controls on deforestation, including the Forest Code in 2012, to bolster international trade, has left an accountability gap. While the recently enacted **UK Environment Act 2021** aims to address deforestation in the value chains connected to UK companies, making it illegal for companies to import food products linked to illegal environmental destruction, this fails to address situations in which national legislation does not include certain environments within its definition of protected areas.<sup>35</sup> Despite the importance of conserving the Cerrado, it is not recognised as a protected area in Brazil, indicating that deforestation in the Cerrado may not be described as 'illegal' under the Environment Act. Where the Environment Act falls short of protecting areas such as the Cerrado from deforestation, a UK Business, Human Rights and Environment Act might have ensured that companies' approaches to due diligence considered risks such as deforestation, biodiversity loss and climate change, and aligned with international standards of protection.



# Endnotes

- 1 The Guardian (10 June 2021), "[World's biggest meat producer JBS pays \\$11m cybercrime ransom](#)".
- 2 Global Witness (23 June 2022) "[Banks and financiers back beef giant JBS to the tune of almost \\$1bn despite links to widespread deforestation, land grabbing and slave labour in the Amazon, with tainted beef and leather entering British and European markets](#)".
- 3 Global Witness (23 June 2022), "[Cash Cow](#)".
- 4 Earthsight (17 September 2019), "[British troops fed by corrupt Brazilian meat firm tied to illegal Amazon deforestation](#)".
- 5 [Earth.org](#), "[Amazon rainforest: the legal battlefield for land ownership and land use rights](#)". Accessed 14 February 2023.
- 6 Global Witness (23 June 2022).
- 7 Global Witness (23 June 2022).
- 8 MDPI (27 March 2018), "[Reducing Amazon Deforestation through Agricultural Intensification in the Cerrado for Advancing Food Security and Mitigating Climate Change](#)".
- 9 Greenpeace (22 May 2020), "[Biodiversity and the Amazon Rainforest](#)".
- 10 Amnesty International (15 July 2020), "[Brazil: From forest to farmland – Cattle illegally grazed in Brazil's Amazon found in JBS's supply chain](#)".
- 11 Amnesty International (15 July 2020), pp. 28-29.
- 12 The Guardian (24 June 2022), "[Banks and UK supermarkets accused of backing deforestation in Brazil](#)".
- 13 Global Witness (23 June 2022).
- 14 Global Witness (23 June 2022).
- 15 Amnesty International (7 October 2020), "[Brazil: Cattle illegally grazed in the Amazon found in supply chain of leading meat-packer JBS](#)".
- 16 Global Witness (23 June 2022).
- 17 Global Witness (23 June 2022).
- 18 Global Witness (23 June 2022).
- 19 Global Witness (23 June 2022).
- 20 Global Witness (23 June 2022).
- 21 Global Witness (23 June 2022).
- 22 Global Witness (2 December 2020), "[Beef, Banks and the Brazilian Amazon](#)".
- 23 Global Witness (23 June 2022).
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- 25 Global Witness (23 June 2022).
- 26 Global Witness (23 June 2022).
- 27 Global Witness (23 June 2022).
- 28 Global Witness (23 June 2022).
- 29 UK Government (2021), "[Environment Act](#)".
- 30 The Guardian (25 November 2020), "[Revealed: UK supermarket and fast-food chicken linked to deforestation in Brazil](#)".
- 31 Unearthed (25 November 2020), "[Soya linked to fires and deforestation in Brazil feeds chicken sold on the British high street](#)".
- 32 The Guardian (25 November 2020).
- 33 The Guardian (25 November 2020).
- 34 The Bureau of Investigative Journalism (25 November 2020).
- 35 The Bureau of Investigative Journalism (25 November 2020), "[British chicken driving deforestation in Brazil's 'second Amazon'](#)".