

MONITOR

NOVEMBER 2022



REPÓRTER
BRASIL

INFAMOUS CONNECTIONS

The relationship between
the French financial system
and deforestation in Brazil

MONITOR #19

STAFF November 2022

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Monitor is a **Repórter Brasil** bulletin that publishes studies on supply chain.

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Execution



Support



Collaboration



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EXECUTIVE SUMMARY

The Amazon is one of the main carbon sinks of the planet and, with the effects of the climate crisis increasingly visible, preserving the forest has become a concern for humanity as a whole. However, over the last decades, trees have been replaced by cattle farming as well as soy and grain crops – and this has not ceased even after grain trading companies and meatpacking companies have signed zero deforestation agreements and developed systems for raw material traceability, as evidenced by media and civil society organisations' reports.

Nevertheless, agribusinesses have received funds from financial institutions that are committed to providing credit or investing based on best social, environmental, and governance practices.

This report provides data on investments by French banks in Brazilian agribusiness companies with proven track records of deforestation in their supply chains. We detail the relationship between BNP Paribas, Europe's largest bank, and Brazilian meatpackers, particularly Marfrig, as well as the involvement of four major French banks in a credit operation for Bunge – the transactions were made at times when the companies were in the spotlight for allegations that their suppliers had engaged in deforestation.

The choice to focus on financial institutions in France was due to the country's legislation on due diligence. Passed in 2017, the law mandates that companies conduct assessments on the risk their operations pose to the environment – among other points. It is a pioneering law that is being copied by other European nations and has even inspired a new regulation proposed by the European Commission – and recently accepted by parliament – that requires companies, including banks, to conduct due diligence on their activities to ensure that they are not promoting deforestation in other nations.

A demonstration of the relevance of the debate raised in the following pages is that a few days before the conclusion of this text, a group of Brazilian and French organisations formally sued BNP Paribas for its financial contributions to meatpacking companies.

The survey described on the following pages shows that although the bank claims that "in 2021, it strengthened its contribution to the fight against deforestation in the Amazon," that was precisely the year with the largest volumes of investment in the three large Brazilian meat processing companies, whose activities put more than 6,000 hectares at risk, according to a study by Imazon.



DEFORESTATION AND GLOBAL SUPPLY CHAINS

In recent years, news about growing deforestation in Brazil has become frequent. Once again, deforestation rates are increasing rapidly and breaking successive records, while halting this devastation has become a priority for humanity in order to avoid climate collapse – the effects of which may be irreversible,¹ according to the Intergovernmental Panel on Climate Change (IPCC).

The Amazon Forest is an important regulator of global temperature due to its vast capacity to absorb carbon and distribute moisture through the so-called ‘flying rivers.’² However, the Cerrado savanna and grasslands also make important contributions by capturing water through their ‘inverted forests’ – the deep roots of the region’s trees that feed the flow of rivers even during the dry season.³ Both biomes are disappearing under the hooves of cattle or being replaced by soy⁴ and corn fields⁵ – which, in turn, are often used for animal feed.⁶

Deforestation rates in the Amazon are at their highest level in 15 years.⁷ As for the Cerrado, the Brazilian National Institute for Space Research (INPE) also points to an increase in deforestation from 2020 to 2021,⁸ concentrated mainly in the states that make up the MATOPIBA region – Maranhão, Tocantins, Piauí and Bahia –, Brazil’s new agricultural frontier. In 2018, a report released by the Trase platform showed that deforestation rates were especially alarming in this region.⁹

The year 2022 has seen record fires in both the Cerrado¹⁰ and the Amazon¹¹ – where August – the peak of the fire season – was the worst month in 12 years.¹²

The creation of pastures for cattle is still one of the main drivers of deforestation in the Amazon, despite efforts to establish stricter controls for the cattle supply chain. In 2009, for instance, a series of Conduct Adjustment Agreements (TACs) prepared by the Federal Prosecution

Service (MPF) were signed by Brazil's largest meat processing companies.¹³ The agreements stipulated that companies should not buy from producers that had illegally deforested, on properties overlapping conservation units or indigenous lands, or included on the slave labour 'dirty list' – a database with the names of all companies and individuals fined for using labour analogous to slavery after inspections by the Ministry of Labour and Welfare (MTPS).¹⁴

Greenpeace has also led an effort to reduce deforestation in the industry by signing public commitments for cattle ranching, but 10 years later, the goal of a deforestation-free beef supply chain remains distant.¹⁵ The Legal Amazon¹⁶ concentrates 41% of all Brazilian cattle¹⁷ and about 90% of the deforested area is occupied by pastures.¹⁸ Additionally, over 97% of deforestation alerts identified by MapBiomas in the country since January 2019 have no record of official authorization or inspection.¹⁹

The beef supply chain is very complex, with thousands of suppliers spread over a vast area – a factor that the three largest Brazilian meat processing companies (JBS, Minerva and Marfrig) often cite to justify why they have not met zero deforestation targets they set.²⁰ But the instruments to do so exist, and many of them are public,²¹ including lists of embargoes and maps of protected areas.

First launched in 2009, zero deforestation targets have not been met to date. In 2019, the three meat giants renewed their promises. However, the companies' monitoring systems do not include all levels of suppliers – in particular failing to appropriately account for indirect ones, which are largely responsible for illegal deforestation.

In addition, they rely on documents that can be forged and depend on voluntary submission of information by producers.²²

It is also worth noting that although Minerva and Marfrig claim they fully comply with TAC requirements in all their units,²³ they have not formally signed these agreements in all the states that comprise the Legal Amazon.²⁴

One of the likely reasons for the continued invasion of the Amazon by cattle is the replacement of pastures with agricultural crops in the Cerrado. An investigation of a 300-hectare area with several fire outbreaks during the so-called Day of Fire found that two years later, that property is being used to grow soy.²⁵

The favourable scenario for soy exports has created pressure to increase production. According to research published by Our World in Data,²⁶ production has increased by 680% and the land used has tripled since 1980. And it keeps on expanding, being more and more noticeable, despite the fact that some studies show that production could triple using land already cleared in the Cerrado.²⁷ Even if that demand could be met by increasing productivity, farmers do not use – for various reasons – existing best practices. That is why the area planted with soy continues to grow every year.

The monoculture process pushes planting to other areas and puts pressure on the preservation of Brazilian biomes. Estimates indicate that grain production was responsible for destroying almost 50% of the original Cerrado cover.²⁸ In the state of Mato Grosso, a study conducted by the Stockholm Environment Institute and Global Canopy in partnership with Imaflora and Instituto

Centro de Vida (ICV)²⁹ found that, between 2012 and 2017, 1.4 million ha of deforestation had taken place in registered farms. Of this, 27% happened on farms that were growing soy in 2017 and 95% was illegal.³⁰

The Soy Moratorium – an agreement to boycott the purchase of soy planted in areas deforested after 2008 in the Amazon biome – resulted in many advances but still presents several problems concerning the soy supply chain. There are cases of noncompliance by companies in the sector³¹ and schemes to ‘wash’ the illegally planted grain.³² Moreover, the agreement is restricted to the Amazon, while proposals to extend it to the Cerrado – which would have prevented the direct conversion of 3.6 million hectares of native vegetation had they been implemented until 2020³³ – have faced resistance from the private sector and members of Parliament that work in tune with the agribusiness lobby in Brazil, known as the Rural Caucus or *Bancada Ruralista*.

There has been some pressure for the meat and soy sectors to adjust their production standards to new environmental demands from investors and buyers. At the same time, the international scenario has made the exports of these products more lucrative, putting pressure on domestic production: due to increasing demand, it is more profitable for farmers to focus on soy rather than other crops. Meanwhile, the political scenario in Brazil undermined environmental policies³⁴ and the institutions responsible for monitoring and inspecting social and environmental violations. This provides great conditions for expanding production without regard for environmental protection.

Corruption also fuels illegal logging and deforestation in a range of ways:³⁵ from land grabbing and eventually clearing to laundering



Cattle raised in an area embargoed by Ibama

illegal timber by using shell companies. Deforestation in Brazil is closely related to land-grabbing as ill-intentioned cattle ranchers, soy producers and illegal loggers deforest and unduly claim ownership of public land to develop illegal activities. To this end, fraud in land registries and digital records is widespread³⁶ in Brazil and can be facilitated by corrupt lawyers, notaries, judges and other public servants. Illegal cattle ranchers and soy producers may hijack land regularization programs by pretending to be informal small farmers through various false declarations and documents to receive a property title on public land.

Land grabbers and environmental criminals can also bribe law enforcement officers to have access to leaked information on future environmental inspection operations and to

make sure that public authorities turn a blind eye to illegal activities. And illegal loggers and land grabbers are often well-connected to local and national politicians and can use their influence to manipulate land and forest policy making and implementation to ensure impunity for environmental crimes.

Finally, the main Brazilian companies have dozens of subsidiaries in tax havens.³⁷ Finding ways to pay less in taxes is not necessarily illegal, but tax evasion is more than questionable; the use of shell companies is problematic in itself as they often serve to move profit from illegal activities.

In a statement given to Brazilian authorities, businessman Joesley Batista, one of the owners of JBS, said he opened an offshore account to make deposits for political bribe starting in 2009.³⁸ As JBS used corruption to obtain advantages from politicians, Marfrig was convicted of illegally paying the salaries of the public servants who were supposed to inspect its factory in a municipality of Mato Grosso.³⁹

The same financial and commercial actors that commit to working towards a deforestation-free supply chain do not adequately monitor production sectors and do not press for transparency regarding suppliers. Moreover, some continue to provide various financial services to these companies, resulting in a message that is not in line with their actions. This report aims to understand what kinds of relationships exist between these two sectors – financial and productive – using some case studies as examples, and to reflect on existing gaps as well as on opportunities and possible solutions to the problem.



Burnt area used as pasture close to Flona de Jacundá, in Rondônia



THE FINANCIAL SECTOR AND THE EXPANSION OF COMMODITY AGRICULTURE IN BRAZIL

According to the World Bank,⁴⁰ the agribusiness sector accounted for 4% of global gross domestic product in 2018, totalling US\$ 3.4 trillion.⁴¹ In some developing nations, agribusiness may account for up to 25% of the GDP, which shows the relevance of the segment for the economy and development, especially in the poorest countries.

According to data from the University of São Paulo's Centre for Advanced Studies on Applied Economics (CEPEA-Esalq),⁴² participation of agribusiness – including processing industry, services, inputs and agricultural activities – in Brazil's GDP has been growing in recent years. In a decade (2012–2021), it rose from 19.1% to 27.6%. This share, however, has been higher in the past – it reached 34.8% in 1996, the first year of the historical series. More recent analyses using different methods, however, reveal that the sector's contribution to the national economy may be more modest.⁴³

The sector's particularities – including the need to regularly address instability factors such as crop volatility, fluctuation in commodity prices in the global market, and logistics and infrastructure expenses – have made bank financing an important anchor for business growth.⁴⁴

This is true for both small and medium-sized producers, who often use subsidized credit provided by Banco do Brasil and the Brazilian Development Bank (BNDES), and the giants of the sector, which are able to raise funds from large private banks in Europe, Asia and North America to expand their operations and increase productivity.

In Brazil, BNDES is an important funder for agribusiness – the institution even holds large amounts of shares in corporations such as JBS.⁴⁵ But other global development banks have also turned their attention to Brazil's meat business through agreements that encourage

improvements in Environmental, Social and Governance (ESG) policies – issues that funders have increasingly considered when assessing businesses to invest in, instead of relying only on their short-term profitability.⁴⁶

The World Bank has funded Minerva's expansion,⁴⁷ although the results in terms of sustainability and labour rights are questioned by experts. Meanwhile, the Inter-American Development Bank has abandoned a loan agreement with Marfrig under pressure from international organisations.⁴⁸ According to a press statement sent to **Repórter Brasil**, the bank "carried out in-depth due diligence of Marfrig's Verde+ plan" and "came to a mutual agreement [with the company] that the conditions were not ideal to move forward with the loan."⁴⁹ Marfrig denies this information and says that the decision was made "due to a disagreement between the parties on the proposed financial conditions and the parameter used for measuring greenhouse gas emissions in scope 3." The full response of the meatpacker is published at the end of this report.

Commercial banks also support agribusiness through multiple financing modalities. Direct loans and revolving credit (when banks open a line of credit that can be used according to the client's needs) are the most traditional ones, and both involve contracts that include interest to be repaid by the client at the end of the payment period, which is usually short, between one and two years. They are common instruments when the goal is to pay for more immediate operational expenses,⁵⁰ but they can also be used to expand the production complex.

Other financial mechanisms are much more complex. That is the case with bonds, when a

company capitalises itself with the help of a bank or a group of banks that may play different roles, such as bond holder or bond issuer – in which case the institution will structure the bond offer. In practice, each bond issuance ends up operating as a loan⁵¹ because the bank works as an initial purchaser and, "in case the investment bank fails to sell all bonds it has underwritten, it will end up owning the bonds," according to Forests & Finance methodology.

Buying shares in agribusiness companies is another way in which financial institutions help inject resources into companies' cash flow. Some are large shareholders in Brazilian agricultural companies (as of October 2022, Dutch pension fund Algemeen Burgerlijk Pensioenfonds (ABP) held US\$ 18 million in Marfrig's shares, BlackRock held US\$ 12 million and Vanguard Group held US\$ 11 million, according to Forests & Finance.⁵² These companies may also list shares in international markets and major stock exchanges in Europe, Asia and the United States, which broadens the range of potential shareholders.

Connections with deforestation

The problem is that, while agricultural enterprises are attractive to the financial market, they can be associated with high deforestation risk. According to the Brazilian Climate Observatory (in Portuguese, Observatório do Clima), felling of native forest was the main driver of greenhouse gases emissions in 2020, accounting for 46% of the country's total GHGs emitted into the atmosphere. Agriculture and livestock (often on that cleared land) is the second largest emitter, contributing 27% of the national GHG emissions, while beef cattle accounts for almost two-thirds.⁵³

Since the Paris Agreement, consensus has been building: we will not be able to successfully curb climate change⁵⁴ if the financial sector does not align its investments, its leadership and its financial services to global climate targets.⁵⁵

This is why sectors such as coal mining have been increasingly subject to divestment by investors concerned with climate change – at least in public.⁵⁶ But large agribusiness companies are also major corporate emitters of GHGs, especially big cattle and livestock companies, with one study reporting that the top five meat and dairy companies – led by JBS – are responsible for more annual emissions than Exxon.⁵⁷ JBS questioned the methodology used in the study and refuted the results⁵⁸ – and repeated the criticism in its answers sent to comment on this report. “Any conclusion based on this study would be mistaken. JBS was a pioneer when it made its commitment to become Net Zero by 2040. It will fulfil it by following science,” said the meatpacker in a statement sent to **Repórter Brasil**, whose full version can be read at the end of this report.

In the case of agribusiness, while there are occasional initiatives – such as Nordea, the largest bank in Northern Europe, which withdrew US\$ 48 million⁵⁹ invested in JBS shares after finding that the company did not meet the required ESG standards –, major banks continue to bet on the sector. For instance, between 2015 – when the Paris Agreement was signed, and 2020 – banks injected US\$ 43.5 billion in deforesting meatpacking companies in Brazil,⁶⁰ and British banks alone have provided more than US\$ 2 billion to meat firms linked to deforestation in the Amazon, according to a report published by The Guardian in 2020.⁶¹

The Forests & Finance coalition has analysed the balance sheets of over 300 companies involved in the supply chains most often associated with destruction of tropical forests – such as meat, soy, palm oil, pulp and paper, rubber and timber – and mapped their direct relationship with major global banks.⁶² Some of the companies under scrutiny are global leaders in their segments, such as JBS, Marfrig, Cargill and Bunge. These companies are intimately involved in processing and trade of cattle and grain produced in the Amazon and Cerrado. In the Amazon, 90% of deforested areas become pasture for cattle,⁶³ while the Cerrado is currently the biome that is most affected by deforestation intended for planting grain crops.⁶⁴

In the words of Forests & Finance coordinator Merel van der Mark, “despite the financial sector’s commitments to the Sustainable Development Goals and the Paris Agreement, its pursuit of profits is leading us to a climate and public health disaster.”⁶⁵

Measures and initiatives for accountability

In Brazil, initiatives aimed at holding banks that finance deforestation accountable are slowly gaining strength, although they have not yet advanced in the courts. The Federal Prosecution Service (MPF) has already filed charges against state financial institutions such as Banco do Brasil and Banco da Amazônia for funding companies that deforest.⁶⁶ For the MPF, “the large volume of public funding for economic activities that encourage illegal deforestation in this region” is one of the most important hypotheses regarding the drivers of environmental degradation in the country.⁶⁷

In addition, the complaints filed indicate lack of monitoring by financial institutions regarding the impact of their clients' activities as well as the possible violation of their own sustainability standards.

In 2016, Santander, a private bank that has drawn the attention of the authorities, was fined more than US\$ 9 million by the Brazilian Institute of Environment and Renewable Natural Resources (Ibama) for "intermediating 95,100 sacks of corn produced in an embargoed area of 572.59 hectares."⁶⁸ However, due to a decision by the agency's president, this fine – among many others – may be annulled in 2022⁶⁹ and, since the case was never brought to court, it might end without any punishment to the financial institution.

However, MPF and Ibama are not the only actors that are beginning to demand socio-environmental responsibility from financial institutions. In a pioneering lawsuit, NGO Conectas Human Rights is demanding that BNDESPar, BNDES's investment arm, adopt a plan for reduction of greenhouse gas emissions to guide its investments.⁷⁰ The bank already has a capital market operation policy that prohibits investments in companies with records of environmental crimes or modern slavery. But so far these guidelines do not include the issue of climate change or the goals set out in the Paris Agreement.

On another front, the Federal Court of Accounts (TCU) has begun investigating⁷¹ BNDES funding of farmers under embargo for deforestation after **Repórter Brasil** revealed evidence of non-compliance with the Rural Credit Manual.⁷² Although both public and private funding to be used on embargoed properties is prohibited, deforesting farmers have received US\$ 5.5 million

from the bank through commercial institutions such as John Deere, to purchase machinery.⁷³

Repórter Brasil's investigations into the relations between BNDES's credit policy and deforestation also led the bank to review internal norms: after it was found that the institution was not complying with a regulation and was providing loans to meatpacking companies caught buying cattle raised in deforested areas or on farms that use slave labour,⁷⁴ BNDES announced changes. All contracts with meatpackers signed as of January 2022 include mandatory submission of independent audit reports.⁷⁵

Additional measures and actions may be needed to ensure wider accountability for funding industries that are driving and profiting from illegal deforestation in Brazil. However, as shown above, many of the leading companies also receive funding from a range of foreign financial institutions, and the accountability of these actors must also be examined.





DUE DILIGENCE LAWS AND OTHER REGULATORY PROPOSALS IN EUROPE

A range of legal obligations may apply to banks funding deforestation – and illegal deforestation, in particular. One prominent example is the growing body of corporate due diligence obligations – the most substantial of which is the French *Loi sur le Devoir de Vigilance*. This legislation has recently been highlighted in the media due to cases brought to Courts in France.

The French legislation, however, is not isolated; rather, it is the leader in a growing trend of similar obligations across Europe. Enforcement of these obligations to funders of deforestation – and the range of human rights impacts connected to and flowing from it – may thus inform enforcement of other national legislation as they come into force, as well as the completion and implementation of the EU’s proposals for corporate due diligence regarding human rights impacts and specific to commodities that pose deforestation risks.

The French *Loi sur le Devoir de Vigilance*

France’s Duty of Vigilance Law (*Loi sur le Devoir de Vigilance*)⁷⁶ – adopted by the National Assembly in February 2017 and enacted on 27 March 2017 – is ground-breaking. It opens up the possibility for large companies to be held legally accountable for human rights violations and environmental damages⁷⁷ that have occurred in their supply chains by integrating a number of articles to the country’s Code of Commerce.⁷⁸

Resulting from mobilization by trade union federations, civil society and political groups, experts considered this law as one of the most advanced in the world.⁷⁹ It establishes a duty of vigilance as a legal obligation of prudent and diligent conduct for parent companies of business groups with at least 5,000 employees in France or 10,000 employees worldwide – and the financial sector is not excluded from these rules.

For companies, this duty of vigilance consists in establishing, effectively implementing and publishing “reasonable vigilance measures adequate to identify risks and prevent severe impacts on human rights and fundamental freedoms, the health and safety of individuals and the environment.”⁸⁰ These measures must concern the operations of the company itself and the companies it controls as well as operations of subcontractors or suppliers with whom it maintains an established business relationship.⁸¹ They must be formalized in a vigilance plan, which should be drawn up with shareholder participation and needs to be made public to ensure transparency in its implementation and monitoring process.

The law provides for two different implementation mechanisms. One concerns compliance with the law as a preventive measure, with the possibility of appeal. The other refers to the common civil liability law in the event of damage resulting from lack of vigilance. Indeed, any person having a legal interest in suing – including communities or persons affected by harmful practices – may, after a formal notice is unsuccessful for a period of three months, ask the courts to order the company to comply with its vigilance obligations at the risk of being fined. In addition, in the event of damage, victims may seek compensation in court, even if the damage takes place abroad.

However, enforcement may be difficult due to a loophole: the burden of proof still falls partially on those affected by the company, which can be a barrier for victims in their search for justice.⁸² It is up to them to prove, in court, the causal relationship between the damage suffered, the role played by the companies involved in the facts, and how these facts stem from non-compliance with their vigilance obligations.

Nevertheless, there are cases in which courts have been called upon to demand more robust vigilance measures from a company. In October 2022, BNP Paribas was notified by Brazil’s Land Pastoral Commission (in Portuguese, *Comissão Pastoral da Terra*) and French NGO Notre Affaire à Tous for financially supporting Marfrig activities.⁸³

Before this, in March, fast-food chain McDonald’s was formally asked to adopt and effectively implement a vigilance plan in compliance with legal requirements to ensure its suppliers are not involved in environmental crimes or labour violations.⁸⁴ This formal notice is the first step established by legislation.⁸⁵ Then, a three-month period is given for the company to adjust its conduct. If it fails to do so, the courts may be called upon and order the company to comply with the law, possibly under financial compulsion.

This charge came after **Repórter Brasil** revealed that the meat in McDonald’s hamburgers, its orange juice, certified coffee and even the soybeans that feed chickens it slaughters in Europe are subject to deforestation and slave labour.⁸⁶

Perhaps the most famous case involving the French due diligence legislation occurred last year, when indigenous peoples from the Amazon and international NGOs filed a lawsuit against supermarket group Casino.⁸⁷ The case revolves around the fact that, in Brazil, the Pão de Açúcar supermarket chain – which is part of the Casino group – resold meat from JBS coming from 592 suppliers that had deforested an area five times the size of Paris. Investigations by **Repórter Brasil** have also supported the lawsuit with concrete cases.⁸⁸

Due diligence proposals in member states and at EU level

The French law does not stand alone. Other EU countries have passed legislation – some of it of general application (Germany) and some of it narrower (Norway, Netherlands) – while others are in the process of drafting or considering similar laws (Spain, Denmark, Belgium).

In 2019, the Dutch Senate adopted the Due Diligence Act against child labour,⁸⁹ introducing a duty of vigilance to prevent the supply of goods and services produced by child labour. Unfortunately, it is far less ambitious than the French law due to its sector-based application.

The German Act of Corporate Due Diligence Obligations in Supply Chains, approved in 2021,⁹⁰ will come into force in January 2023. It provides for penalties such as fines of up to two percent of a company's global turnover, in addition to barring it from entering into contracts with public authorities for up to three years in cases of serious environmental or human rights violations.

Additionally, the Norwegian Transparency Act,⁹¹ which came into force on July 1st, 2022, aims at promoting enterprises' respect for fundamental human rights and decent working conditions but does not cover environmental damages.

And the EU is also developing a directive on this subject. In order to “foster sustainable and responsible corporate behaviour throughout global value chains,” “to address consumers' concerns who do not want to buy products that are made with the involvement of forced labour or that destroy the environment,” and ensure “legal certainty” for businesses in Europe,⁹² the European

Commission approved a draft proposal for its mandatory Human Rights and environmental due diligence (mHRDD) law in February 2022.⁹³

The EU Corporate Sustainability Due Diligence and amending Directive, as it is called, provides for companies' obligations to identify and prevent environmental and human rights abuses throughout their value chains. But it still needs to be approved by the European Parliament and the Council⁹⁴ – which may take up to a year. Once enacted, EU countries will have two more years to transpose the directive into national laws.

The draft legislation is not limited to multinationals with headquarters in Europe, also covering large companies with business within the bloc that exceeds 40 million euros or with more than 250 employees based in the continent.⁹⁵ While it does include the financial sector, the proposal applies a series of limitations to the sector's institutions: only very large ones must exercise pre-investment due diligence, and risks in clients' value chains are not considered. In addition, the credit can be maintained even if the borrower worsens its environmental or social practices while the contract is in force.⁹⁶

EU proposal for regulation on deforestation-free products

The EU is also in the process of adopting regulation that seeks to limit deforestation associated with products sold on its market. The proposed law will cover a number of commodities posing high deforestation risks. A proposal for regulation was published by the EU Commission on November 17, 2021.⁹⁷ The EU Parliament adopted its position on the proposal put forward by the EU Commission on the September 13, 2022.⁹⁸

This new law would require companies to ensure that goods placed on the EU market have not been produced on recently deforested or degraded land. It also seeks to ensure that these products have not caused human rights violations, in accordance with international law provisions. Companies would be subject to due diligence obligations and would need to assess the risk in their supply chains. The due diligence process can be supported by audits, satellite monitoring and isotope testing. This information should be shared with relevant EU authorities, and anonymised data will be publicly available. The obligations will vary depending on the risk level of the country where the commodity was produced, which will be determined by the EU Commission.

The Parliament's position also indicates that financial institutions will be subject to requirements to ensure their activities are not contributing to deforestation.⁹⁹ EU financial actors in this regulation can also help increase the effectiveness of the law and mitigate the risk of creating a segregated market where commodities produced on already deforested

areas are sold to the EU while the same companies continue to deforest and sell commodities produced on recently cleared land in other markets. By ensuring that investors abide by the same rules, the regulation can go beyond the volumes of commodities placed on the EU market and potentially encompass companies' entire operations in deforestation-risk supply chains.

The EU Parliament will now start the tripartite negotiations with the EU Commission and the EU Council in order to reach agreement on the law. This process is expected to lead to a final version of the EU Regulation on deforestation-free products by late 2022 or early 2023.¹⁰⁰

Against this background, the next chapter will present some case studies that cast doubt on whether financial institutions are adequately identifying the risks and taking the appropriate and effective measures to avoid abuses in their value chains by analysing their investments in agribusiness companies connected with environmental and human rights damages.



Destroyed forest is the traditional initial stage for pasture formation



CASE STUDIES

BNP Paribas and the beef sector

BNP Paribas is the leading French player investing in the sector, according to data compiled by the Forests & Finance (F&F) coalition. The institution has operated in the country since 1950 and, according to its institutional website, it offers products and services in three main areas: Corporate and Institutional Banking, Asset Management, and Wealth Management.¹⁰¹

The institution has published annual Vigilance Plans since 2017, according to the French Duty of Diligence law. Its most recent version¹⁰² states that BNP Paribas conducted risk mapping including due diligence on the company's human resources, its suppliers and subcontractors, and the main business lines. The plan claims that issues such as child labour and forced labour, disrespect for the rights of local communities, as well as climate risks, greenhouse gas emissions,

and degradation of ecosystems and biodiversity – among others – were addressed. “In line with its CSR commitments, BNP Paribas has included several risks in its vigilance approach (‘Duty of Care,’ part of our Universal registration document 2021), including that of harm to the environment, and in particular the issue of deterioration of ecosystems and biodiversity,” says the bank in a statement sent to **Repórter Brasil** (which can be read at the end of this report).

In its 2021 financial report, the company states that “in 2021, it strengthened its contribution to combating deforestation in the Amazon and the Cerrado, adopting new criteria,” and that it encourages its clients that produce or buy beef or soy produced in the Amazon and Cerrado in Brazil to become ‘zero-deforestation’ and show their progress in a transparent way.

However, according to data from Forests & Finances, this is precisely the year that registers

the largest volume of an investment in one of the three large Brazilian meatpackers – a contradiction, considering that cattle ranching is one of the main drivers of deforestation in the Amazon.

Besides this, in 2022, BNP Paribas carried out eight different financial operations that contribute resources to the meat giants threatening the forest in Brazil, amounting to almost US\$ 456.5 million total.

Purchase of shares was the most recurrent financial instrument in the relationship between the bank and meatpacking companies. Thus, BNP Paribas became a partner to these companies which together put almost 6 million hectares in the Amazon at risk, according to a study published by Imazon in 2017.¹⁰³

In BNP’s most recent vigilance plan, it presents a table with risk assessment for its investments, ascribing high, medium and low levels to each one. But it does not list what these investments are nor their sectors – it only indicates how many operations it identified this way each year.

Forests & Finance provide a ranking that evaluates financial institutions’ socio-environmental policies on a scale of 0 to 10. BNP scores only 4.1 for its ESG policies – although other French financial institutions receive even lower scores – and 5.5 for policies concerning the meat and soy sectors.¹⁰⁴

In its latest financial report, BNP states it has 1,297 companies on its credit exclusion list and another 183 on its monitoring list – a total of 1,480, up from 1,446 in 2020. Nonetheless, it does not provide details about the companies or the segments in which they operate or why it considered that it should not do business with them. The bank also claims it has assessed in detail 2,500 complex or sensitive transactions from a socio-environmental responsibility point of view. Again, it provides no further information on what those transactions were, with which companies they were made, and whether they were approved after review or not. In 2020, they were 2,340 transactions. Despite the lack of detailed information, BNP maintains that it can guarantee that “the main risks have been covered” by its Vigilance Plan.

YEAR	TYPE	BANK	VALUE (US\$)	GROUP
2013	Bond issuance	BNP Paribas	57 million	Marfrig
2019	Bond issuance	BNP Paribas	50 million	Marfrig
2021	Bond issuance	BNP Paribas	136 million	Marfrig
2022	Shareholding	BNP Paribas	4.8 million	Minerva
2022	Shareholding	BNP Paribas	1.5 million	JBS
2022	Shareholding	BNP Paribas	6 million	JBS
2022	Shareholding	BNP Paribas	1.2 million	Marfrig
2022	Shareholding	BNP Paribas	200 thousand	Marfrig

In the Plan, BNP also states that it “will not provide financial products or services to companies – meat producers, packers, processors and traders – without strategies to achieve zero deforestation in their production and supply chains by 2025 at the latest,” information that is included in its policies for agriculture.¹⁰⁵

Among the three major Brazilian meatpackers, Marfrig works with 2025 as a deadline for the Amazon and 2030 for the other biomes, and Minerva promises zero deforestation in its supply chain throughout Latin America by 2030.¹⁰⁶ Only JBS sets a zero-deforestation target for all Brazilian biomes by 2025, but the company’s monitoring plans do not include the second level of its indirect suppliers (Tier 2) – meaning those that sell to the suppliers of its direct suppliers – which account for 11% of the deforestation associated with the supply chain, according to a National Wildlife Federation estimate.¹⁰⁷

Minerva and Marfrig said that the companies fulfil their commitment to monitor 100% of their direct suppliers. According to Marfrig’s statement, “[f]or the Amazon, the target [for zero conversion] is 2025, and so far we have already achieved 72% control of indirect suppliers. As for the other biomes whose target is 2030, Marfrig has been making every effort to meet them in advance, so much so that, for the Cerrado, for example, we have already achieved 73% control of indirect suppliers.” Regarding monitoring of indirect supplier farms, Minerva sustains that it “demands not only investment in tools, but also engagement of the entire value chain to ensure full traceability of the cattle. The greatest difficulty in advancing in this challenge is still related to lack of access to or even non-existence of official data on other levels of the value chain.”

Its Agricultural Sector Policy states that “[f]or all clients, BNP Paribas will require full traceability of beef and soy supply chains – both direct and indirect – by 2025.” However, meatpackers still do not have plans to do this across their entire supply chains. In the cattle supply chain, it is common for animals to go through three or four farms before reaching slaughterhouses. And even industry groups recognize that the bulk of deforestation occurs on indirect-supply farms.

Additionally, that very policy also states that: “For the Amazon, BNP Paribas will not finance clients producing or purchasing beef and soy on/from areas cleared or converted after 2008, i.e. clients must apply a 2008 cut-off date in the Amazon, in line with regulation and sector agreements.” However, in the most recent MPF audit on cattle purchases in the state of Pará, released last year and which adopted 2008 as a parameter, JBS was singled out as the champion of irregularities.¹⁰⁸ According to the company, its control systems initially used 2009 as the year of reference. In a statement sent to **Repórter Brasil**, JBS says that “the Company’s strategy follows the recommendations of Good Practices of the Indirect Suppliers Work Group – GTFI, a multi-sector organisation composed of various segments of society, including the third sector and internationally renowned universities, which proved to be the most recommended and accepted practices by the actors involved in conservationist issues related to cattle ranching in Brazil.” Full statements can be read at the end of the report.

Minerva and JBS also publicly state that, for indirect producers, 2019 is adopted as the cut-off date for deforestation; for direct suppliers, in turn, the cut-off date is now 2008.¹⁰⁹ Furthermore,

both companies pledge zero illegal deforestation only in theory, since in practice they are tolerant if the problem has occurred on only one farm that supplies their suppliers. These rules were adopted by the two companies following a suggestion by the Indirect Suppliers Work Group, a round table that includes all meat processing companies to discuss solutions for the issue.¹¹⁰ Therefore, Marfrig may also adopt similar criteria.

BNP Paribas said that they cannot “comment on the data linked to [their] clients on a case-by-case basis, for confidentiality reasons.”

Financing of Marfrig

Marfrig, the world’s second-largest beef producer, is BNP Paribas’ third main client in terms of deforestation risk in Brazil, according to the Forests & Finance database.¹¹¹

According to Forests & Finance, the processing company benefited from US\$ 245 million in five operations involving purchase of shares (US\$ 1.4 million) and bond operations in which BNP acted as underwriter.

Among these, the transaction holding the highest value contributed by BNP Paribas to Marfrig was the 2021 bond issuance operation in which the French bank guaranteed US\$ 136 million to ensure the refinancing of the company, payment of fees and expenses, and other general corporate purposes. BNP Paribas acted as Joint Bookrunner¹¹² – a kind of securities broker that directs the operation – and as Underwriter,¹¹³ while also buying a small instalment of US\$ 452.

At the end of 2021, Marfrig highlighted the expansion of both the slaughter volume and the deboning

area in its Várzea Grande unit as one of the results of its “strategic investments” for the year. Two years earlier, the Várzea Grande facility was caught red-handed, when it was revealed its purchase of hundreds of animals from a farmer who had been fined twice before for illegal deforestation.

The bond holding operation in 2019 is a controversial one, as it was supposed to mark the meat packer’s entry into the green bond universe. BNP Paribas played the roles of Global Coordinator, Joint Sustainability Advisor & Joint Bookrunner in this operation. This means it acted as the lead arranger for the structuring and launch of the papers in the financial markets around the globe, guarantor for the operation and also as sustainability advisor.

The backstage behind the decision to launch the titles was revealed by an article from Reuters. Planning the launch of these bonds in early 2019, the banks involved with the operation knew it would be difficult to place a “green bond” – debts issued with interest backed by environmentally friendly targets – for one of the world’s largest meatpacking plants, which slaughters thousands of animals raised on farms in the Amazon every day: “The first time we looked at this, the proposal was to do a green bond, which we had to refuse,” said one banker involved. “We thought it was not possible”. The banker also told there was a roadshow in London to gather opinions on the initial, ultimately abandoned, proposal.

It was then that the banks involved decided to change the name of the operation: instead of a green bond, which would bring with it many obligations the processing company could hardly guarantee, they called the operation a “sustainable transition bond,” which would reflect

the company's efforts to clean up its supply chain rather than objective targets to be reached.

In fact, despite the initial controversy, banks managed to reverse investors' resistance, as proven by the operation's results: demand was three times higher than supply, according to specialized news reports.¹¹⁴

Bel Hadj Soulami, global head of sustainable investments at BNP Paribas, said that the bank's central role was to "look at how things can be improved, even in sectors that are not green by nature." He added to Reuters: "That is not easy, but it is something we want to encourage." According to Reuters, although the bank's management was confident it was a good deal to support, there was resistance among employees.

The difficulty of keeping the meatpacker's sustainability targets has been coupled with lack of rules that clearly state what a 'transition bond' is: "As a result, some argue the asset class is open to abuse by banks keen to earn fees from deals and issuers and investors keen to be able to boast about their own, sometimes empty, credentials," the Reuters report explains. Marfrig says that there are clear rules for the operation, and that the company followed the precepts recommended by the Green Bond Principles.

Payment for financial services

BNP Paribas also supported Marfrig's financing as global coordinator. The hiring of BNP Paribas was authorized by Marfrig's Board of Directors and registered in an official advertisement.¹¹⁵

According to the prospectus,¹¹⁶ Marfrig expected to raise US\$ 495,978,000 from the offering, as

US\$ 4 million would go towards "expenses and commissions." The prospectus also indicates that the transition bonds would pay interest at 6.625% twice a year – on February 6 and August 6 – starting in February 2020.

This indicates that BNP may have received interest remuneration in February and August 2020, February and August 2021 and February 2022 for the bonds that were not resold immediately after the initial purchase. The bond's maturity date is August 6, 2029, when Marfrig is expected to redeem it and pay the investors that still hold the papers at that moment.

Neither Marfrig nor BNP have commented on the details of the contract involving both parties.

Sustainability Advisor

BNP Paribas has also been hired by Marfrig as its Sustainability Advisor, a role that includes a range of tasks¹¹⁷ such as guidance on best practices and requirements for issuance, advice on the commitments made, and even very concrete tasks such as preparing the terms of reference to conduct monitoring of targets and reviewing the draft issuance prospectuses.

In the bond prospectus, Marfrig defined that 100% of the cattle purchases financed by the issuance would come from environmentally correct areas, i.e., they would not come from deforested farms or farms that violate indigenous lands and conservation units. However, when listing the operation's risks in the prospectus, the company admits: "We have some properties that do not comply with these environmental laws and regulations."¹¹⁸

The green bonds were launched in July 2019. On August 31, a month after the transition bond's public offering, **Repórter Brasil** revealed that Marfrig's facilities in Tucumã (in the state of Pará) probably received cattle from an illegal rancher operating in an embargoed area.¹¹⁹ The embargo was published on Ibama's website in January 2019, before the bond was launched on the financial market. In its answers sent to **Repórter Brasil**, which can be read in full at the end of this report, Marfrig stressed that all direct suppliers to this unit were regular and that audits were conducted at the plant while it operated.

In the prospectus, the company stresses that "(...) the initial purchasers make no assurances as to (i) whether the notes offered hereby will meet investor criteria and expectations regarding environmental impact and sustainability performance for any investors, (ii) whether the net proceeds will be used for the Sustainable Transition Project (as defined and described herein) or (iii) the characteristics of the Sustainable Transition Project, including its environmental and sustainability criteria."¹²⁰

Moreover, the Second Party Opinion issued by Vigeo Eiris¹²¹ indicated that the assurance on Marfrig's ability to manage and mitigate the environmental and social risks associated with the bond targets was not fully credible.

In fact, **Repórter Brasil** has revealed many issues involving the meatpacker's supply chain after the bond's launch:

1. Between January 2018 and August 2019, Marfrig bought cattle from a farm caught using slave labour in São Miguel do

Araguaia (state of Goiás). The purchases occurred after the operation that rescued 15 workers carried out in January 2018 but before the producer entered the 'dirty list' in April 2022. The cattle rancher was also fined US\$ 2,104 by Ibama for illegally deforesting 10,800 hectares of native vegetation in July 2018. Therefore, part of the operations took place after the fine;¹²²

2. Between July 2018 and November 2019, Marfrig bought cattle from farms linked to José Carlos Ramos Rodrigues, who received at least 13 environmental fines from Ibama between 2007 and 2016. His properties are located in São José do Xingu, state of Mato Grosso. Rodrigues was also held responsible for using slave labour: workers were rescued in 2007, in São José do Xingu;¹²³
3. Between 2018 and 2019, Marfrig purchased animals from an illegally deforested farm in Paranatinga, in Mato Grosso;¹²⁴
4. In 2019, Marfrig acquired hundreds of animals from a cattle rancher who had been fined twice for illegal deforestation in Aripuanã, in Mato Grosso;¹²⁵
5. In 2019, Marfrig slaughtered animals from farmers with properties illegally located within the Apyterewa Indigenous Land in São Félix do Xingu, Pará state;¹²⁶
6. Marfrig bought cattle from a group that acquired it from the owner of one of the

farms responsible for starting the fires in the Pantanal (state of Mato Grosso do Sul) in 2020.¹²⁷

As this list shows, Marfrig is not free from the environmental issues faced by other meatpackers or from other human rights violations – there is plenty of complaints regarding the beef industry and slave labour in Brazil, which also involve direct and indirect suppliers.

And while the company – like its peers – has stated its commitments to addressing these issues in its supply chains, its progress does not seem to match the requirements or the speed to effectively mitigate or stop the sector’s connection to deforestation and other violations. Considering how deforestation has increased at higher rates in recent years, these measures seem even more lacklustre.

The company recognizes “the challenges of the cattle supply chain” and said it plays a “role as an important agent of change.” “All environmental commitments disclosed by Marfrig since 2009 have been maintained and expanded in a progressive timeline that is publicly available, to meet the commitment of achieving zero deforestation in the supply chain in the Amazon Biome by 2025 and in the other biomes by 2030.”

From the documents available and consulted for this report, it is not clear what role BNP Paribas and other financial institutions involved with the beef sector seem to see themselves playing in addressing their connections to deforestation and how their vigilance plans affect their involvement with the sector in these circumstances. The bank did not comment on that.

Financing of Bunge

On December 16, 2019, Bunge Finance Europe B.V., a wholly owned subsidiary of Bunge Limited, announced its first Sustainability-Linked Revolving Credit Facility¹²⁸ that amended and extended Borrower’s existing US\$ 1,750,000,000 revolving credit facility dated December 12, 2017.

This revolving credit line was anchored on environmental targets that relied on banking services of BNP Paribas, Crédit Agricole, BPCE Groupe and Société Générale.

The coordination of the operation was led by BNP Paribas and Natixis – the international corporate and investment banking, asset management, insurance and financial services arm of Groupe BPCE. They served as Active Bookrunners, Mandated Lead Arrangers and Coordinators, while Crédit Agricole Corporate and Investment Bank and Société Générale helped as Mandated Lead Arrangers and Bookrunners for the transaction. The latter bank informed **Repórter Brasil** that “according to the Agriculture, fisheries and agri-food policy, Société Générale has committed, from 2023, to providing financial products and services only to clients with a commitment to deforestation- and conversion-free activities (own operations and supply chain) and that are committed to establishing and systematising traceability in their value chains and able to report progress in terms of scope of implementation and/or percentage of achievement on an annual basis.” The full statement can be read at the end of this report.

In December 2021, Bunge announced the refinancing of its US\$ 1.75 billion, three-year revolving credit facility.¹²⁹ For this transaction, BNP Paribas, Crédit Agricole Corporate and Investment

Bank, and Natixis were Active Bookrunners, Mandated Lead Arrangers and Coordinators.

All these roles are related to the structuring of the operation: as bookrunners, the banks were responsible for tracking other parties to determine demand and the price of the papers, and as mandated lead arrangers, they had to provide the largest portions of the loan and perform administrative duties.

Because of their central role as coordinators, BNP Paribas, BPCE (Natixis) and Crédit Agricole Corporate collect the largest percentage of fees. And BNP Paribas and Natixis were also ‘Sustainability Co-coordinators.’

However, their Vigilance Plans do not include specific policies for this kind of financial service. The sections listing the risks related to these institutions’ financial products and services are usually intended to point out possible problems regarding exclusion of social segments from banking activities and protection of their customers’ data.¹³⁰ Crédit Agricole’s plan includes a section on climate risks regarding their investments¹³¹ but does not provide much detail: one of the measures refers to introducing consideration of global warming issues and a carbon price in the analysis of credit dossiers without informing when this analysis will be conducted or which sectors it will focus on.

ESG assessments are mentioned in the investment sections of their financial reports, but in general the plans do not specifically mention Brazil or the Amazon and do not impose zero deforestation targets for companies with which they maintain financial relations. And between the two launchings of the revolving credit facility

(2019 and 2021), not much has changed in the Vigilance Plans of financial institutions involved.

Additionally, according to the aforementioned Agriculture Sector Policy, BNP Paribas claims it will not finance clients in the Amazon who produce soy in or source it from areas deforested or converted after 2008; the bank pledges not to finance soy produced in or sourced from deforested or converted areas in the Cerrado after January 1st, 2020, in accordance with global standards; and that it will require full traceability of – both direct and indirect – beef and soy supply chains for all clients by 2025. BPCE/Natixis and Crédit Agricole do not seem to have a sector-specific policy for agriculture in general¹³² or measures in place to mitigate possible deforestation connections related to soy in Brazil, indicating that they may not consider these sectors as risk sectors.

BPCE/Natixis never answered the questions asked by **Repórter Brasil**. Crédit Agricole sent an official statement (that can be read in full at the end of this report) where it claims that the bank “has adopted sectoral policies with criteria that reflect the societal issues that have been identified as the most relevant for a corporate and investment bank, particularly with regard to respect for human rights, the fight against global warming and preservation of biodiversity,” and suggested reading the Forestry and Palm Oil sector policy.¹³³ But, as previously stated, the situation in the Amazon and the Cerrado has been increasingly deteriorating. The first half of 2022 was the worst time in seven years in terms of deforestation.¹³⁴ In fact, Brazil has broken successive deforestation records in the largest tropical forest on the planet.¹³⁵ The Amazon Environmental Research Institute (IPAM) has

shown that deforestation rates skyrocketed under the current government: between August 2018 and July 2021, they were 56.6% higher than in the same months from 2015 to 2018.¹³⁶

And the soy sector holds its share of blame. According to the CGF Forest Positive Coalition of Action's Soy Roadmap, published in June 2022,¹³⁷ 97% of deforestation in soy took place in South America, with 60% occurring in Brazil (48% in the Amazon and 45% in the Cerrado), 21% in Argentina, 9% in Bolivia, and 5% in Paraguay.

As a company operating in this sector, Bunge is not exempt from its responsibility. When the sustainability facility was first launched in December 2019, Bunge was facing a hard year in Brazil. Between April and June, it bought soy from a deforestation area in the Amazon biome in the state of Mato Grosso, belonging to Fiagril. In a statement sent to **Repórter Brasil**, Bunge informed that it has "strictly followed the procedures of the Soy Moratorium since its inception. In all audits carried out by the initiative, performed by third parties, Bunge was 100% in compliance with the commitment." The full statement can be read at the end of this report.

Even though the irregularity was only revealed last year by **Repórter Brasil**, in cooperation with The Bureau of Investigative Journalist and Unearthed,¹³⁸ this was not the only case involving the company that year.

On December 3, 2019 (13 days before the facility launching), Greenpeace International revealed that Bunge had purchased soy "contaminated by violence and deforestation" from Estrondo Agribusiness in Formosa do Rio Preto, state of Bahia,¹³⁹ in the Cerrado biome, which is not

covered by the Soy Moratorium. According to a report published by Harvest and Rainforest Foundation Norway,¹⁴⁰ Bunge currently sources 45% of its Brazilian soy supply from the Cerrado. The report has also shown that Bunge is one of the traders that have silos in four municipalities with some of the highest absolute deforestation rates in all of the Cerrado, the greatest increase in deforestation rates, and the vast majority of farmland dedicated to soy.¹⁴¹ Bunge says it already has "approximately 64% of traceability and monitoring of its indirect purchases in the Cerrado and expects to reach 100% in 2025."

Then, in November 2021, a Global Witness report¹⁴² stressed that Bunge negotiated with producers involved in intimidation and threats against traditional communities in western Bahia. This was only one month before the refinancing of the three-year revolving credit facility was announced.

According to Bunge,¹⁴³ the interest rate under the Amended Facility was tied to five sustainability performance targets in the following three areas: 1) reducing greenhouse gas emissions by improving industrial efficiency; 2) increasing traceability for the main agricultural commodities; and 3) supporting increasing levels of adoption of sustainable practices across the wider soy and palm oil supply chains. The company is committed to eliminating deforestation in its supply chains by 2025, considering both direct and indirect sourcing.

Chain Reaction Research asked Bunge for more details,¹⁴⁴ including how the goals to be achieved will be measured, what the penalties are for not meeting sustainability targets, and the relation between these targets and the idea of keeping interest rates low but did not receive a response.

Repórter Brasil was not able to find precise details regarding the goals linked to this operation, only generalisations like those presented in Bunge's 2021 Sustainability Report.¹⁴⁵ The document states that 176 farms are currently blocked¹⁴⁶ for not complying with commitments related to the Amazon Biome (Soy Moratorium). But Global Witness, Greenpeace and **Repórter Brasil** have reported cases of non-compliance involving Bunge during the period of the financial operation (2019-2021).

While the company does not mention its targets towards the Cerrado, its website says that it aims "to have 100% of its direct and indirect purchases monitored in risk areas in the Cerrado by 2025, the deadline for its global commitment to deforestation-free chains worldwide."¹⁴⁷ By May 2022, the company reported it had doubled "in one year, from 30% to 64%, its monitoring of indirect Cerrado soybean suppliers, with a program that seeks to help the company eliminate deforestation from the supply chain of its purchases."¹⁴⁸


According to Forbes, most of Bunge's soy purchases in the Cerrado biome come from direct suppliers, which comprise 79% of the origination. Additionally, the company claims the initiative contributes to achieving the goal of sourcing 95%

of deforestation-free soy in the so-called priority regions, having 2020 as the point of reference. But how many of its indirect suppliers Bunge has covered – if any – is also an important question to be answered.

To **Repórter Brasil**, Bunge said that "to be free of deforestation and native vegetation conversion in the value chains in 2025 is a central part of company's business strategy and planning and encompasses geographies where deforestation is considered a higher risk such as areas in Brazil's Cerrado."

Additionally, it is not clear how these financial institutions see their roles in deforestation connected to the soy sector through an operation that took place while the company was facing issues regarding its suppliers – as shown by the cases mentioned above. The lack of detail on vigilance guidelines in their plans might be an indication that financial institutions are not working with a strict process of due diligence towards their financial partners. And this is precisely one of the bottlenecks of the *Loi sur le Devoir de Vigilance*. Experts have pointed out that its wording is vague regarding the methodology to be adopted when preparing the vigilance plan,¹⁴⁹ giving rise to innocuous and superficial strategies.





FAILURES AND REMEDIES

This report has pointed out some issues in the way financial actors operate regarding environmental risks and violations, which might also be applied to other rights violations concerning their operations – after all, it is not uncommon for these violations to be connected (for instance, slave labour and deforestation).

Although financial institutions seem to be concerned about these risks connected to their portfolios and clients, there is evidence pointing to operations underway regardless of the risk a company or a sector might pose to the environment.

Given the current context of climate events being more frequent and intense than ever and, in Brazil, the increase in deforestation rates over the last years, there is an urgent need for regulation ensuring that funding is not provided to activities that directly or indirectly contribute to loss of biodiversity

and ecosystems and lead to GHG emissions. Financial institutions have a key role to play and the time for voluntary measures or lighter regulations has long passed.

The European Union has taken some steps to advance this issue within its borders and in its areas of influence. Being such a prominent economic and political actor, the EU and its members have substantial leverage regarding the Global South. And considering its past shared history, European countries have a responsibility to address some of the issues they helped create.

Therefore, regulations seeking to ensure products placed on trade with the EU market meet sustainability standards and are free of environmental and social damages should also encompass the financial sector, for the significance of both its economic size and its

environmental footprint. This sector should be subjected to the same rules as others.

As this report has shown, financial institutions have an important role to play in maintaining the agriculture sector functioning. Using their position to demand and require more than promises from companies operating in high environmental risk sectors would be an important step.

While there is currently a trend towards establishing mandatory requirements for companies both at national and EU levels, financial institutions should set the example, going above and beyond what is required. In the case of the French duty of

vigilance legislation, financial institutions should be more transparent and more specific regarding which sectors they operate in, in which countries or regions, what the environmental and human rights risks associated with them are, and what they are doing to prevent and respond to possible violations connected to their activities, their clients and their investment portfolios.

Moreover, in the case of the existing instruments, such as the *Loi sur le Devoir de Vigilance*, there needs to be room for constant improvement. Vigilance plans should be more than open promises and intentions, and address the specific risks connected to each company/sector under the law.



APPENDIX

Full statements

BNP Paribas

First of all, we cannot comment the data linked to our clients on a case-by-case basis, for confidentiality reasons. But we welcome the opportunity to bring you more information on the actions taken by our Group to fight against deforestation, in the frame of our financing and investment activities. BNP Paribas is well aware that the fight against deforestation is a priority issue, in particular to protect biodiversity and act against climate change. Convinced that financial institutions have a key role to play, BNP Paribas is thus accelerating its actions to fight against deforestation and to preserve biodiversity as a leading economic player, both individually and through collective initiatives.

This is why, as early as in 2010, BNP Paribas was a pioneering bank, with the implementation in 2010 of strict financing and investment sector policies to address ESG risks, in at-risk sectors for forests (Agriculture, Wood pulp and Palm oil sectors, for instance). These policies are binding public commitments by the Bank and their application mobilises employees around the world. They have continuously been reinforced and will regularly continue to be.

With regard to the specific issue of deforestation linked to soy and beef in the Brazilian Amazon and Cerrado regions, our Agriculture sector policy was revised in April 2021. To date, through this reinforcement, BNP Paribas is the first and only international bank to have adopted such precise, stringent and timed requirements in terms of no deforestation and traceability.

With a new commitment made in February 2021, BNP Paribas strengthened its financing and investment criteria in the soybean and beef sectors in the Amazon and Cerrado (Brazil) to accelerate the progress of its customers in terms of fighting against deforestation and ensuring traceability. As a result, BNP Paribas now only provides financial products or services only to the relevant soybean and beef producers, meat conditioners and traders who have a strategy to achieve zero deforestation in their production and supply chains by 2025 at the latest.

More specifically:

- For the Amazon, BNP Paribas does not finance clients that produce or purchase beef and soy from areas cleared or converted after 2008. Clients must thus apply a 2008 cutoff date in the Amazon, in line with regulation and sector agreements.
- For the Cerrado, BNP Paribas engages with its clients to ask them not to produce or source beef or soy from areas cleared or converted after January 1, 2020, in line with global norms.
- For all clients, BNP Paribas also requires full traceability of beef and soy supply chains (direct and indirect) by 2025.

In parallel, the Group monitors producers and traders' activities, asking to demonstrate progress on specific points by 2025:

- Applying deforestation and conversion risk assessment of their beef and soy supply chains;
- Implementing monitoring systems to map and trace their direct and indirect beef and soy supply chains in the Amazon and Cerrado;
- Regularly reporting on progress towards deforestation and conversion-free beef and soy in their supply chains; implementing supplier engagement programs to promote zero deforestation practices;
- Excluding suppliers who contravene their zero deforestation strategy;
- Publishing or providing on demand the criteria of non-compliance and the course of action for the resolution of non-compliant suppliers.

In the frame of its Agriculture policy, its clients and their progresses are being assessed every year. In the case of a possible misalignment, the companies are placed under a monitoring or eventually we can decide to end the relationship if they fail to comply with the Group's standards and commitments.

As a result, BNP Paribas is engaged in a strong dialogue with its clients in the soy and beef sectors, to accompany and encourage their transition towards more sustainable and responsible activities.

This policy has already led to concrete positive impacts, as some top tier actors with whom BNP Paribas has set up a dialogue already have brought forward their zero-deforestation target from 2030 to 2025.

We believe that only a collective commitment can be totally effective in fighting against deforestation and improve the practices of large agricultural traders involved in soybean trading. In this context, simply ceasing to fund them would have no positive impact on their practices, as they would continue to be able to rely on a number of other lenders which would largely be sufficient for their business to continue.

Also, BNP Paribas in Brazil is part of the Brazilian Business Council for Sustainable Development (CEBDS) and the Brazilian Coalition for Climate, Agriculture and Forests. Both have released collective public statements on the need to preserve the Brazilian Amazon.

Beyond agricultural activities, BNP Paribas is conscious of the need to implement effective policies for other sectors which present potential risks to forests and biodiversity. This is why, in May 2022, the Group decided to strengthen the requirements applicable to its clients' projects in the Amazon region and committed to exclude all financing and investment in new oil and gas projects (and related infrastructures) located in IUCN I to IV or RAMSAR zones or in the Amazon Sacred Headwaters.

The Group's sector policies regularly receive recognition from various stakeholders', such as from Global Canopy in January 2021 in its 'Forest500' ranking. The UK based NGO ranked BNP Paribas in the top 5 out of 150 financial institutions assessed in terms of sustainable financing policies and deforestation criteria in a comprehensive range of agricultural commodities sectors.

Regarding question 4 about the Equator Principles application

Since 2020, BNP Paribas has been applying the 4th version of the Equator Principles (EP4), after having actively participating in the process of updating them. We would like to highlight the fact that the EP apply to Project Finance only. Classification A B, C are not based on specific sectors but rather on specific projects. Should we be asked to finance projects in the field of soy and beef, the EP would indeed apply, and assessment would be made according to the EP guidelines.

Regarding the topic of Duty of Care in question 1:

We would like to flag that In line with its CSR commitments, BNP Paribas has included in its vigilance approach ("Duty of Care", part of our Universal registration document 2021) several risks, including that of harm to the environment, and in particular the issue of deterioration of ecosystems and biodiversity.

Crédit Agricole

La politique de Crédit Agricole SA consiste à ne pas commenter les chiffres donnés par les ONG. Afin d'évaluer ce que représente le montant que vous citez dans le portefeuille de Crédit Agricole, nous vous invitons à consulter le Document d'enregistrement universel de CACIB ([lien ici](#)) ou vous trouverez les prêts bruts à la clientèle qui se montent à 168Md€ en 2021.

Crédit Agricole CIB est la première banque française à avoir adhéré au Principes d'équateur, à leur lancement en 2003. Ces Principes constituent un engagement volontaire à procéder à une analyse détaillée des aspects environnementaux et sociaux de chaque nouveau financement ou mandat de conseil relatif à un projet et à exiger que les projets soient développés et exploités en conformité avec les standards environnementaux et sociaux de la Société Financière Internationale. La politique générale RSE de CACIB est disponible [ici](#).

Crédit Agricole CIB a adopté des politiques sectorielles RSE qui explicitent les critères environnementaux et sociaux pris en compte dans les politiques de financement de la Banque. Ces critères reflètent essentiellement les enjeux sociétaux qui ont été identifiés comme les plus pertinents pour une banque de financement et d'investissement, notamment en ce qui concerne le respect des droits humains, la lutte contre le réchauffement climatique et la préservation de la biodiversité.

Nous vous invitons à prendre connaissance de la politique sectorielle Forêt et Huile de palme de CACIB disponible ici.

CACIB suit les principes « Sustainable Linked Loans Principles » disponible via ce lien Sustainability Linked Loan Principles.

Les politiques sectorielles RSE publiées par Crédit Agricole SA et disponibles sur notre site dans la rubrique RSE explicitent les critères sociaux, environnementaux et sociétaux introduits dans les politiques de financement et d'investissement. Ces critères concernent notamment le respect des droits humains, la lutte contre le changement climatique et la préservation de la biodiversité.

Le Crédit Agricole ne souhaite pas commenter l'affaire citée en objet.

Société Generale

Societe Generale Group is highly concerned by the negative impacts of deforestation on local communities, water resources, biodiversity, soil fertility and, on a global scale, climate change.

The Group has published 9 sector wide Environmental & Social policies ; you will find the Agriculture, fisheries and agri-food policy here.

From publication of this policy until the end of 2022, the Group has engaged with its existing corporate clients active in the most sensitive sectors as regards deforestation to assess their strategies to tackle deforestation. And, according to the section 5.3 of the Agriculture, fisheries and agri-food policy, Societe Generale has committed, from 2023, to only provide financial products and services to clients with a commitment to deforestation - and conversion-free activities (own operations and supply chain) and that are committed to establish and systematize traceability in their value chain and able to report progress in terms of scope of implementation and/or percentage of achievement on an annual basis.

Since Feb. 2022, the publication date of the Agriculture, fisheries and agri-food policy, the Group refrained from onboarding prospect companies active in palm oil or South American soy and cattle sectors that are not committed to deforestation - and conversion-free activities (own operations and supply chain) nor committed to establish and systematize traceability in their value chain.

Regarding Sustainability-Linked Loans & Bonds, you will find further information on our website, we also confirm that we follow market standards (SLL Principles) in the structuring and analysis of Sustainability-Linked Loans.

In terms of Ethics & Governance, Societe Generale has published a Group's transversal statement on Human Rights. The Group is committed to the respect and promotion of human rights, as one of the foundations of its E&S Risk management system. Societe Generale is aware of its role in preventing serious human rights breaches, both in its activities and for the risks directly associated to its purchases or its products and services. The Group has enshrined the respect and protection of human rights in its Code of Conduct and in its E&S General Principles and develops E&S Sector Policies, processes and operational procedures to implement these commitments towards human rights.

Bunge

Bunge's commitment to be free of deforestation and native vegetation conversion in the value chains in 2025 is a central part of company's business strategy and planning and encompasses geographies where deforestation is considered a higher risk; such as areas in Brazil's Cerrado.

Bunge does not source soy from illegally deforested areas and, in priority regions in Brazil, has leading traceability and monitoring data of its direct and indirect purchases - we have over 12,000 farms monitored, reaching more than 16 million hectares. Our monitoring uses cutting-edge satellite technology and is capable of identifying changes in land use and soy planting on each of the farms we source from. We also check whether the farm has capacity to provide the volume that has been purchased.

Regarding our operations in the Amazon biome, we have strictly followed the procedures of the Soy Moratorium since its inception. In all audits carried out by the initiative, performed by third parties, Bunge was 100% in compliance with the commitment.

Bunge is committed to a sustainable supply chain and to respect current legislation. Through its Supplier Relationship Policy, the company maintains strict control of social and environmental criteria over its operations in Brazil. The monitoring actions include daily and automatic checks on the available noncompliance public lists of embargoed areas and the Ministry of Labor and Social Security as well as the Soy Moratorium, besides other legal requirements and formally assumed commitments.

We also make our expertise and technology available to our partners. In 2021, the Company launched Bunge Sustainable Partnership, an unprecedented program that helps resellers implement supply chain verification systems, including satellite and farm-scale images in the Cerrado region of Brazil. Resellers can adopt independent imaging services or use Bunge's geospatial monitoring structure at no cost. With the engagement of resellers, Bunge, which already has approximately 64% of traceability and monitoring of its indirect purchases in the Cerrado, expects to reach 100% in 2025.

Bunge is committed to reaching deforestation-free supply chains in 2025. We were the first to announce the most ambitious commitment at our scale in our industry and we will continue to use our market position to lead the industry's progress in this direction. This commitment extends to all regions where we operate including our direct and indirect sourcing.

Using our protocols, Bunge is a leader in supplying deforestation-free products to the market, going beyond current consumption demands. Our soy certification portfolio includes the Round Table on Responsible Soy (RTRS), Biomass Biofuel Sustainability Voluntary Scheme (2BSVs), ProTerra, among others.

We also aim to be an accountable leader within our industry, helping to raise the bar on our sector's performance by regularly tracking and disclosing progress on our commitments and performance. Since 2016 we have been publishing regular updates about traceability and our non-deforestation commitment. We are the only company in our sector to produce these reports and over this length of time. Our latest progress report for soy can be viewed [here](#).

Bunge will continue to work to advance leading standards and to develop practical and sustainable approaches. This is part of our strategy, and we will remain committed to this journey.

Marfrig

1) A Marfrig não assinou o TAC da Carne em todos os estados da Amazônia Legal, embora publicamente diga que todas as suas unidades cumprem com os requisitos deste acordo. A empresa quer se manifestar?

R: Em 2010, a Marfrig assinou o Termo de Ajustamento de Conduta (TAC) da pecuária, junto ao Ministério Público Federal em Mato Grosso, envolvendo toda a Amazônia Legal e abrangendo os mesmos critérios preconizados no compromisso público da Amazônia, assinado no ano anterior junto ao Greenpeace.

Ou seja, desde 2009, a companhia se comprometeu a não adquirir animais provenientes de áreas de desmatamento, terras indígenas, unidades de conservação, áreas embargadas pelo Ibama e fazendas com condições de trabalho análogas à escravidão. Esse compromisso é objeto de auditoria de terceira parte anualmente, para a qual os resultados são de conformidade em todos os critérios. Esses relatórios são públicos e estão disponíveis no site da Marfrig.

Portanto, tanto o TAC no Mato Grosso (2010) quanto o pacto anterior assumido pela Marfrig (2009) fazem com que a política de compra de gado da empresa seja replicada para todos os estados localizados na Amazônia Legal, o que incluiu o Pará (enquanto a Marfrig manteve operação nesse local). Vale ressaltar, no entanto, que a Marfrig não origina mais animais nesse estado desde março de 2020, quando encerrou suas operações no Pará.

Em 2010, a Marfrig implementou um sistema de geomonitoramento via satélite que rastreia 30 milhões de hectares, uma área maior do que o Estado de São Paulo. Ao longo dos anos, esse sistema vem se aprimorando e, desde 2020, com o Plano Marfrig Verde+, atinge com mais efetividade a cadeia produtiva como um todo, incluindo produtores indiretos.

Além dessas ações em curso ao longo de mais de uma década, a Marfrig participou ativamente do desenvolvimento do Protocolo de Monitoramento de Fornecedores de Gado na Amazônia, liderado pelo Ministério Público Federal e coordenado pelo Instituto de Manejo e Certificação Florestal e Agrícola - Imaflo. Esse protocolo incorpora todos os critérios e requisitos do TAC, além de outros

aspectos fundamentais que englobam a manutenção da biodiversidade daquela região. Dessa forma, a Marfrig atende, em sua política de compra, todos estes requisitos citados acima - compromisso com o Greenpeace, TAC da pecuária no MPF-MT e Protocolo da Amazônia.

2) Em 2017, a Marfrig foi condenada por oferecer suborno a inspetores de suas plantas de abate. A empresa quer se manifestar?

R: Não existe qualquer ação que trate de suborno à inspeção federal. Existe, sim, uma ação judicial que ainda não transitou em julgado em relação a Marfrig e que questionou a sistemática de contratação de técnicos por parte da prefeitura de Tangará da Serra.

3) Nós analisamos os planos de devida diligência apresentados por bancos franceses que financiam a indústria da carne no Brasil, uma obrigação legal segundo uma lei da França. Entre eles, o BNP Paribas, que possui investimentos em ações e bond issuance na Marfrig, segundo levantamento da coalizão Florestas e Finanças. Neste sentido, solicitamos seus comentários sobre os seguintes fatos:

a) O banco afirma em suas políticas que “não fornecerá produtos ou serviços financeiros a empresas (produtores de carne, embaladores, processadores e comerciantes) que não possuam estratégia para atingir o desmatamento zero em suas cadeias de produção e fornecimento até 2025. Mas a Marfrig anunciou planos de desmatamento zero até 2025 apenas para a Amazônia, enquanto em outros biomas a meta é 2030. Como a Marfrig explica essa contradição?

R: Vale lembrar que o compromisso da Marfrig com o desmatamento teve início em 2009 e, desde então, a empresa tem investido para desenvolver diversas ações nesse sentido que podem ser comprovadas.

No Plano Marfrig Verde +, lançado em julho de 2020, a Marfrig reafirma seu compromisso com o desmatamento e a conversão zero para todos os biomas ao longo de toda sua cadeia de fornecimento, envolvendo fornecedores diretos e indiretos. Para a Amazônia, a meta é 2025, sendo que até o momento já obtivemos 72% de controle de fornecedores indiretos. Para os demais biomas, cuja meta é 2030, a Marfrig vem fazendo todos os esforços para que essa entrega ocorra antecipadamente, tanto que, para o Cerrado, por exemplo, já obtivemos o índice de 73% de controle de fornecedores indiretos nesse bioma. Ressaltamos ainda que a Marfrig já controla 100% de seus fornecedores diretos em todos os biomas.

b) O BNP também diz que “não financiará clientes que produzem ou compram carne bovina e soja em/para áreas desmatadas ou convertidas após 2008” e que exige rastreabilidade completa de seus clientes. No entanto, para os produtores indiretos, o Grupo de Trabalho de Fornecedores Indiretos sugere a adoção de 2019 como data de corte para averiguar o desmatamento neste elo da cadeia e permite a tolerância de até uma fazenda desmatada entre fornecedores indiretos de frigoríficos. A Marfrig adota critérios diferentes dos sugeridos pelo GTFI? Em caso afirmativo, quais?

R: A Marfrig já adota a data de corte de 2008 para fornecedores diretos na Amazônia. Quanto aos indiretos, a companhia utiliza os critérios do GTFI, porém, com maior grau de restrição que as regras de boas práticas propostas por esse grupo, uma vez que aplicamos o protocolo a todos fornecedores indiretos, independentemente do tamanho da propriedade ou da quantidade de fornecedores que não estejam aderentes.

4- O Banco Interamericano de Desenvolvimento (BID) abandonou um acordo de empréstimo com a Marfrig após pressões de organizações internacionais, pois não ficou satisfeito com o plano Verde+ após realizar o processo de devida diligência nesta estratégia. Isso coloca em dúvida outros investimentos que a empresa receba?

R: Conforme manifestação anterior à **Repórter Brasil**, em 5 de julho de 2022, a Marfrig informa que a suspensão do processo de concessão de um financiamento junto ao Banco Interamericano de Desenvolvimento (BID) ocorreu por decisão mútua em função de um desacordo entre as partes sobre as condições financeiras propostas e o parâmetro utilizado para a medição de emissões de gases do efeito estufa no escopo 3. A Marfrig tem suas metas baseadas em metodologia científica submetidas e aprovadas pela Science Based Targets Initiative, enquanto a instituição financeira trabalha com outras metodologias. A adoção da metodologia e dos critérios aceitos pelo SBTi é condição necessária para qualquer KPI (Key Performance Indicator) numa eventual operação financeira com a Marfrig. A companhia reforça ainda que o Plano Marfrig Verde+ não foi um impeditivo para o prosseguimento da proposta junto ao BID. Qualquer informação diferente desta não é verdadeira.

5-A respeito dos investimentos específicos do BNP Paribas na Marfrig, gostaríamos que comentassem:

a- Em 2021, o BNP Paribas atuou como Joint Bookrunner e Underwriter em uma operação de emissão de bonds com fins corporativos gerais nos quais destinou US\$ 61 milhões, além de ter adquirido a parcela de US\$ 452 dos bonds. No final daquele ano, a Marfrig destacou como investimentos estratégicos realizados, a expansão de sua unidade de Várzea Grande, que em 2019 foi o destino de centenas de animais vendidos por um fazendeiro multado por desmatamento ilegal. A receita advinda do bond em questão foi utilizada na expansão desta unidade envolvida com ilegalidades anteriormente?

R: A informação de que a unidade de Várzea Grande (MT) tenha recebido animais de um fazendeiro que não cumpriria os nossos critérios socioambientais de compra não procede. Ressaltamos que, no momento de toda e qualquer negociação, verificamos a conduta dos fornecedores quanto a não desmatamento; não sobreposição com áreas embargadas, não sobreposição a Unidades de Conservação, não sobreposição a terras indígenas, e não constar em "lista do trabalho escravo". Somente após a aferição desses critérios as compras são realizadas. Caso haja uma não conformidade, o fornecedor é bloqueado e a aquisição não é realizada.

Além disso, todas as unidades em operação no bioma Amazônia, inclusive Várzea Grande, foram auditados por terceira parte, sendo que os respectivos relatórios de auditoria são públicos.

b- Em 2019, a Marfrig lançou um bond que deveria marcar seu ingresso no universo dos green bonds (com o apoio do BNP). Mas de acordo com a Reuters, essa perspectiva foi abandonada diante da dificuldade da empresa de atender aos padrões que essa emissão exige. Ao invés disso, o título foi substituído por um “sustainable transition bond”, que refletiria de forma mais adequada os esforços da empresa de melhorar as práticas socioambientais em sua cadeia produtiva. A empresa confirma essa mudança?

R: A Marfrig ingressou efetivamente no universo dos green bonds naquele momento. À época, analisando as opções de Sustainability Bonds preconizados pelos “The Green Bonds Principles” e também pelo “Climate Transition Finance”, verificou-se que a operação mais adequada para aquele momento era justamente o “Sustainable transition bond”. A decisão veio, portanto, em função do grau de adequação da operação financeira com o propósito da utilização dos recursos.

c) Ainda segundo a Reuters, como não há regras claras para este tipo de bond (sustainable transition), o título da Marfrig estaria sujeito a abusos. Como o frigorífico vê essa afirmação?

R: A afirmação não procede. Há, sim, regras claras para a operação realizada. A operação da Marfrig seguiu os preceitos preconizados pelo Green Bond Principles. São eles: 1) Use of proceeds; 2) Processo for Project Evaluation and Selection; 3) Management of proceeds e 4) Reporting – todos presentes no documento “Marfrig Sustainable Transition Bond Framework overview”, e cuja verificação foi realizada por meio de second party opinion efetivada pela Vigeo Eiris.

Reforçamos que, conforme parecer de second party opinion, o “Sustainable Transition Bond” está alinhado com os critérios core do Green and Social Bond Principles voluntary guidelines (June 2018) – dessa forma, é absolutamente improcedente a colocação de que a operação em questão estaria sujeita a abusos.

d) De acordo com o prospecto, a Marfrig esperava levantar US\$ 495.978.000 com a oferta desse bond, já que US\$ 4 milhões iriam para “despesas e comissões”. O prospecto também indica que os títulos de transição pagariam juros de 6,625% duas vezes por ano – em 6 de fevereiro e 6 de agosto – com início em fevereiro de 2020. Qual foi o valor pago ao BNP pelos serviços de Global Coordinator e Bookrunner? Como comprador inicial, o BNP recebeu remuneração em juros da oferta? Qual foi o valor desse pagamento?

R: A Marfrig não comenta valores envolvidos na contratação de serviços financeiros específicos.

e) O BNP Paribas também foi o Sustainability Advisor da operação. Quais eram suas tarefas e qual foi a remuneração paga por este serviço?

R: A Marfrig não comenta valores envolvidos na contratação de serviços financeiros específicos.

f) No prospecto do título, a Marfrig definiu que 100% das compras de gado financiadas pela emissão viriam de áreas ambientalmente corretas, ou seja, não viriam de fazendas desmatadas ou de fazendas que violam terras indígenas e unidades de conservação. Entretanto, ao listar os riscos da operação, a empresa admite que “algumas propriedades fornecedoras não atendem a estas leis e regulamentos ambientais”. De fato, um mês após a oferta pública do título de transição, a **Repórter Brasil** revelou que as instalações da Marfrig em Tucumã (no Estado do Pará) haviam recebido gado de um fazendeiro ilegal operando em uma área embargada. O embargo foi publicado no site do Ibama em janeiro de 2019, antes do lançamento do título no mercado financeiro. Como a empresa explica essa contradição nos próprios termos postos pela operação? A empresa avalia que está cumprindo com o que se propôs no prospecto do título?

R: A Marfrig reafirma que todas as suas compras somente são realizadas após verificar que as respectivas fazendas atendem 100% de seus critérios de compra, coibindo que a matéria prima adquirida seja oriunda de fazendas localizadas em áreas de desmatamento ou embargadas, unidades de conservação, terras indígenas ou mesmo com uso de trabalho escravo, de acordo com compromissos públicos assumido pela empresa.

Além disso, todas as unidades em operação no bioma Amazônia – inclusive Tucumã (PA) enquanto operou – foram auditadas por terceira parte, sendo que os respectivos relatórios de auditoria são públicos.

Portanto a Marfrig ressalta que não há nenhuma ilegalidade nas operações de compra direta de gado na referida unidade.

g) O Parecer de Segunda Parte para esta operação, feito por Vigeo Eiris, indicou que a capacidade da Marfrig de administrar e mitigar os riscos ambientais e sociais associados às metas da emissão “não era totalmente confiável”. A Marfrig concorda?

R: A Marfrig tem plena consciência dos desafios da cadeia produtiva da pecuária e reconhece seu papel como importante agente de transformação para estimular os processos de produção, preservação e inclusão na cadeia pecuária brasileira.

Todos os compromissos ambientais divulgados pela Marfrig desde 2009 foram mantidos, e mais, ampliados – como pode ser visto no Plano Marfrig Verde +, lançado em julho de 2020, que possui uma visão clara para os próximos anos, tratando do abastecimento (fornecedores diretos e indiretos) em um cronograma progressivo disponível publicamente, para cumprir o compromisso de obter 100% do desmatamento da cadeia produtiva do Bioma Amazônia em 2025 e, em 2030, para os demais biomas.

Para as metas de emissão de gases de efeito estufa, principalmente escopo 3, a Marfrig é a única empresa do setor que incorpora a contabilização das emissões por fermentação entérica e agora

utiliza também a metodologia FLAG (Forest, Land and Agriculture), publicada recentemente pelo SBTi (Science Based Target Initiative), entidade de autoridade mundial que aprovou as metas da Marfrig.

JBS

A JBS está comprometida com a sustentabilidade em todos os biomas em que opera e vem contribuindo com diversas iniciativas que têm o mesmo objetivo. O relatório da **Repórter Brasil**, no entanto, se baseia em um apanhado de informações e reportagens antigas, algumas de mais de cinco anos atrás, todas já devidamente respondidas pela empresa. Portanto, o levantamento não contribui com nosso objetivo comum de promover uma produção de alimentos cada vez mais sustentável.

Entre as informações antigas e equivocadas está um estudo sobre as emissões de gases de efeito estufa de empresas do setor de carne e laticínios, incluindo a JBS. Os autores se basearam em relatório do IATP que já foi analisado e teve seus erros metodológicos estabelecidos, conforme documentos anexados, e da FAO, que também já foi desqualificado globalmente, inclusive com admissão dos autores sobre a falha metodológica. Também chama a atenção o número de referências bibliográficas antigas, chegando até 2004, com apenas uma referência de 2021 – não ligada à pecuária.

Portanto, qualquer conclusão a partir desse estudo seria equivocada. A JBS reconhece sua responsabilidade perante o desafio de descarbonizar a produção de alimentos, tanto que foi pioneira no setor ao assumir o compromisso de se tornar Net Zero até 2040. Vai cumpri-lo seguindo a ciência.

A **Repórter Brasil** também fez questionamentos sobre os esforços da JBS para expandir o monitoramento socioambiental para os fornecedores de seus fornecedores. A estratégia da Companhia segue as recomendações preconizadas nas Boas Práticas do Grupo de Trabalho de Fornecedores Indiretos – GTFI, organização multissetorial composta de diversos segmentos da sociedade, inclusive do terceiro setor e de universidades de renome internacional, demonstrando ser a mais recomendada e aceita pelos atores envolvidos nas questões conservacionistas relativas à pecuária no Brasil.

Minerva

POSICIONAMENTO

A sustentabilidade está no centro de nossa estratégia e é um pilar prioritário na Minerva Foods.

Como parte de nossas iniciativas para combater as mudanças climáticas e proteger os ecossistemas, anunciamos, em 2021, o nosso Compromisso com a Sustentabilidade, focado na descarbonização da cadeia produtiva e no combate ao desmatamento ilegal. Atualmente, monitoramos 100% dos nossos fornecedores diretos no Brasil e no Paraguai, 90% deles na Argentina e mais de 40% na Colômbia.

Destacamos que obtivemos os melhores resultados entre as empresas líderes do setor na última auditoria do Ministério Público Federal do Pará (MPF-PA). Esta auditoria é a única verificação de terceira parte da cadeia com a supervisão do MPF, sendo a principal e mais confiável avaliação do controle de desmatamento na Amazônia por parte dos frigoríficos.

Reiteramos, ainda, que o mesmo compromisso e práticas adotadas na região do Pará são replicadas em todas as regiões em que mantemos operação e comercialização com fornecedores diretos.

Com foco no monitoramento das fazendas fornecedoras indiretas, o maior desafio de todo o setor, demanda não apenas investimento em ferramentas, mas também o engajamento de toda a cadeia de valor para garantir a rastreabilidade completa do gado. A maior dificuldade para o avanço neste desafio ainda está relacionada à falta de acesso ou mesmo inexistência de dados oficiais para a verificação de outros níveis da cadeia de valor.

Temos como meta desenvolver e implementar um programa de monitoramento em todos os países de operação na América do Sul até 2030.

De forma pioneira no setor, avançamos com medidas para avaliar e monitorar a cadeia de fornecedores indiretos com o Visipec, uma ferramenta que funciona de forma complementar e que avalia riscos relacionados a esses fornecedores. Desde 2020, realizamos testes com a tecnologia desenvolvida pela National Wildlife Federation NWF, em parceria com o Gibbs Land-Use and Environment Lab da Universidade de Wisconsin-Madison ("UW"), e que atualmente é gerenciada pela National Wildlife Federation (NWF). Os resultados demonstram conformidade de 99,7%, e analisaram 2.833 fornecedores indiretos e 1.740 fornecedores diretos - uma relação total de 1,6 fornecedor indireto para cada fornecedor direto da operação.

Adicionalmente, entendemos que o esforço para combater o desmatamento ilegal deve ser coletivo e para engajar a cadeia produtiva nesse movimento, lançamos o SMGeo Prospec um aplicativo que coloca na palma da mão do produtor rural a mesma tecnologia que utilizamos para monitorar nossos fornecedores diretos, incentivando que nossos parceiros também avaliem a conformidade socioambiental de seus próprios fornecedores na tomada de decisão.

Seguimos com esforços contínuos em melhorias de nossos processos e sistemas, buscando tecnologias que possam agregar à rastreabilidade da cadeia. Somado a isso, trabalhamos em conjunto com organizações independentes, entidades e associações que apoiam o desenvolvimento sustentável da pecuária no Brasil e nos demais países em que mantemos operações, orientados pelas melhores práticas produtivas e que respeitem o meio ambiente e a sociedade.

NOTES

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MONITOR #19

NOVEMBER 2022

