A ROTTEN BUSINESS

How Barclays became the go-to bank for JBS, one of the world's most destructive meat corporations

FEEDBACK MIGHTY EARTH BANKTRACK

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Front cover image credit: Feedback Global.

INTRODUCTION

Barclays was the world's largest identified creditor to JBS from 2015 to 2022 – providing more corporate loans, bond issuances and revolving credit facilities to JBS and its subsidiaries than any other financial institution globally.

Barclays bank, a household name in the UK with over 48 million customers worldwide[1], is the bank of choice for one of the world's most destructive companies – the biggest global meat corporation, JBS. The bank has committed to reaching net zero by 2050 and claims that the way it conducts its business is "with empathy and integrity, championing … sustainability, for the common good and the long term."[2] However, Barclays continues to provide billions of dollars' worth of loans and underwriting services to JBS – the Brazilian meat giant infamous for its environmental and financial crimes.

Described as "the world's biggest butcher,"[3] JBS was founded in the Brazilian state of Goiás in 1953 by the Batista family. Two of the sons, Joesley and Wesley, widely known as "the Batista brothers", went on to grow the firm from a butcher into a global meat business, achieving notoriety as their firm became associated with the destruction of the Amazon rainforest for cattle ranching and after being embroiled in a series of high-level corruption scandals. Growing evidence has emerged to demonstrate JBS' environmental impact, which stems primarily from its commitment to maintain and expand its mass-production of meat on an unsustainable scale. The company has also been consistently accused of human and Indigenous rights abuses, including land grabbing, child and slave labour, and violations of workers' rights.

Yet none of these controversies have deterred Barclays from retaining JBS as a major client. New research released with this report reveals that Barclays was the world's largest identified creditor to JBS from 2015 to 2022 – providing more corporate loans, bond issuances and revolving credit facilities to JBS and its subsidiaries than any other financial institution globally. During this period, the research identified that Barclays provided approximately US$2.75 billion in corporate loans, US$450 million in revolving credit facilities to JBS and its subsidiaries and underwrote an estimated US$3.5 billion in bond issuances for the company[4]

"Barclays Plc has emerged as the go-to bank for the world's largest meat supplier after scandals at the company pushed Wall Street to the sidelines."

Bloomberg, 2019

In 2019 Bloomberg reported that "Barclays Plc has emerged as the go-to bank for the world's largest meat supplier after scandals at the company pushed Wall Street to the sidelines."[5] Between 2015 and 2022, Barclays was the financier of over a quarter of identified corporate loans (25.6%) and nearly a fifth of identified bond issuances (19.5%) provided to JBS and its global subsidiaries. The bank's reputation as the "go-to bank" for JBS is well-deserved, with this relationship blossoming even as JBS has been plagued by controversy.

While Barclays claims to be committed to achieving net zero and to have strict policies covering climate, deforestation, human rights and corruption, continuing to fund JBS makes a mockery of these commitments, and prompts the question: under what circumstances *would* Barclays stop financing this destructive sector? JBS has shown itself to be unable to escape scandal – Barclays' ongoing financing and engagement is not a viable strategy with a company viewed by many as deeply corrupt and wedded to the mass-production of environmentally destructive meat.

RECOMMENDATIONS

Barclays should immediately drop JBS as a client and introduce a robust time-bound plan to end financing to all industrial livestock companies.

In order to reverse the unchecked expansion of this destructive sector, the bank must support a just transition to lower meat and dairy production to avert climate and biodiversity crises.

Barclays must take immediate and urgent action to align its portfolio with the Paris Agreement and the Global Biodiversity Framework, including by introducing a policy that explicitly covers the industrial livestock sector.

JBS COMPANY PROFILE

With 250,000 employees and revenues surpassing $50 billion, JBS is the world's largest meat processor and among the top 5 largest food and beverage companies globally.[6]

Originally founded in Brazil 70 years ago, the company has grown significantly and now manages 70 brands, including Swift, Certified Angus Beef, Pilgrim's Pride, Moy Park, and Gold Kist. Its products are sold in over 180 countries.[7]

JBS runs cattle and sheep feedlots, as well as beef, pork, lamb and poultry processing facilities. It has the capacity to slaughter 76,150 heads of cattle, 132,000 pigs and 13.8 million poultry birds per day[8] and counts Burger King, Carrefour, KFC, McDonald's, Stop & Shop, Tesco, Walmart and Wendy's amongst its customers.[9]

JBS has recently expanded into a variety of other related categories, such as leather, collagen, and other non-food items, and a very small proportion of its business (around 1.2%) now comes from alternative proteins. However, JBS' core business is still industrial livestock and its continued expansion, with animal protein sales accounting for an estimated 91% of its revenue.[10]

Image credit: Fernando Martinho/Repórter Brasil

BARCLAYS AND JBS: TIMELINE OF A TOXIC RELATIONSHIP

2017

Barclays tells investors that the past year has been "a productive one...in shaping our global Citizenship agenda." The bank proudly points to its membership of initiatives aimed at eliminating deforestation such as the New York Declaration on Forests and the Soft Commodities Compact.[11]

Meanwhile JBS is fined almost US$ 8 million by Brazilian authorities for buying cattle from illegally deforested areas in the Amazon.[12] "Operation Car Wash", one of Brazil's largest ever anti-corruption investigations, uncovers $100 million of bribes by JBS executives.[13] JBS subsequently agrees to pay a record-breaking US$3.2 billion in fines. In 2017, Barclays made a total of £2.01 billion in corporate loans to JBS and its subsidiaries.

2018

Former Barclays CEO James E. Staley tells investors "It is only in an inclusive society, which uses its resources in a sustainable manner, that our clients and customers and, in turn, our business, can thrive. So, strengthening our approach to Environmental, Social and Governance issues makes good business sense."[14]

Meanwhile Brazilian police undertake Operation Capitu, arresting JBS boss Joesley Batista and accusing him of obstructing an investigation into an alleged bribery scheme involving JBS and officials from the Ministry of Agriculture. [15]

The Federal Prosecutor's Office in the Amazon state of Pará publishes an audit finding that 19% of all JBS' cattle purchases – over 118,000 head of cattle – failed to comply with its legally-binding no-deforestation agreements.[16] These figures are contested by JBS.

In 2018, Barclays provided approximately US$123 million in corporate loans, underwrote US$322 million in bond issuances, and provided US$116 million in revolving credit facilities to JBS and its subsidiaries.

2019

Barclays publishes a Forestry and Palm Oil Policy[17] that states the bank "has no appetite for providing financial services" to companies involved in illegal logging, illegal or uncontrolled fire in forestry or plantation operations, acts of violence against or exploitation of people and local communities, or operations that do not comply with applicable laws and regulations." [18] Barclays also publishes its first Energy and Climate Change Statement[19] which states Barclays' aim of "helping to limit the threat that climate change poses to people and to the natural environment."[20] Neither of these policies explicitly covers the industrial livestock sector and associated risks and impacts.

Meanwhile JBS is embroiled in multiple lawsuits in the US.

In June the US Department of Justice begins a criminal probe into allegations that a JBS subsidiary colluded with other poultry producers to fix prices.[21] The company later pays out US$110 million to settle the charges.[22]

The company is also accused of polluting a Colorado river with slaughterhouse waste. Two US civil society organisations (CSOs) file a lawsuit in federal court against the US-based JBS Swift Beef Company, accusing it of treating Colorado's waterways as "a sewer for dangerous meatpackingwaste."[23]

In 2019, Barclays provided approximately US$537 million in corporate loans and underwrote US$570 million in bond issuances to JBS and its subsidiaries.

2020

Barclays pledges to become net-zero by 2050 and to align with the Paris accord. The bank publishes a Forestry and Agricultural Commodities Statement,[24] reiterating its appetite criteria stated in its 2019 policy but still failing to explicitly cover industrial livestock companies.

Meanwhile JBS is hit with a flurry of reports by CSOs – including Amnesty International, Greenpeace and Global Witness – all accusing the firm of buying from ranches linked with deforestation in the Amazon.[25]

Barclays also publishes a new Financial Crime Policy Statement, stating that "economic crime can threaten laws, democratic processes and basic human freedoms."[26]

Brazilian prosecutors accuse the Batista brothers, who at the time control JBS,[27] of corruption, money laundering and organized crime linked to bribes for tax benefits.[28]

2021

Barclays declares that climate change is now considered a 'Principal Risk' by the bank. Barclays also signs up as a founding member of the Net Zero Banking Alliance, committing to be Net Zero by 2050.[29]

Meanwhile, Brazilian prosecutors publish an audit[30] finding that over 43% of JBS cattle purchases in the Amazon state of Pará were not compliant with the firm's legal obligations. JBS claims that in 11% of those cases it was justified in buying from non-compliant ranches.

Police also investigate a JBS slaughterhouse in the Amazon state of Rondônia, accusing it of placing the health of 25 people at risk due to an ammonia leak, claiming the company sought to cover up the issue.[31]

In 2021, Barclays lent a total of approximately US$84 million in corporate loans, underwrote US$1.05 billion in bond issuances, and provided US$96 million in revolving credit facilities to JBS and its subsidiaries.

2022

Barclays publishes a new Climate Strategy, telling investors: "The drive to net zero will be one of the defining issues of our lifetime, with implications for each one of our customers and clients." The Chairman of Barclays emphasises that it will continue to provide "support to those companies which we believe are committed to the transition."[32]

Meanwhile, a study by the Institute for Agriculture and Trade Policy and Changing Markets Foundation finds that, primarily through cattle methane emissions, JBS' annual emissions footprint is estimated at 287.9 million tonnes CO_2e[33], exceeding the overall emissions of Spain.[34]

JBS settles another US price-fixing case, this time in the pork sector, paying out US$20 million.[35]

The firm is also accused by Global Witness of sourcing from ranchers linked with alleged slave labour, land-grabbing, cattle laundering and illegal deforestation.[36] Further reports by the Environmental Investigation Agency,[37] Repórter Brasil[38] and The Washington Post[39] allege that JBS had been involved in buying cattle raised on illegally deforested land.

In 2022, Barclays underwrote approximately US$1.54 billion in bond issuances, and provided US$241 million in revolving credit facilities to JBS and its subsidiaries.

2023

Barclays publishes a Climate Change Statement[40] updating its previous positions and outlining its "three-part strategy to turn our net-zero ambition into action," including through reducing its financed emissions in line with the Paris Agreement. The bank assessed its financed emissions for six sectors but failed to consider agriculture in its assessment. [41]

In January, Mighty Earth files a whistleblower complaint to the US Securities and Exchange Commission (SEC) in the US, calling for a full investigation into alleged misleading and fraudulent "green bonds" issued by JBS. Evidence presented to the SEC shows how JBS issued US$3.2 billion in four separate debt issuances or "green bonds" in 2021, referring to them as Sustainability-Linked Bonds (SLBs) tied to its stated goal to cut its emissions and achieve "Net Zero by 2040." [42]

The US National Advertising Division recommends that JBS USA Holdings, Inc. discontinues advertising claims relating to its goal of achieving "net zero" emissions by 2040, after a challenge is brought by the Institute for Agriculture and Trade Policy. The ruling notes that JBS had not presented a suitable publicly available and verified strategy to demonstrate the steps needed to achieve its net zero claims.

Environmental assessor CDP (formerly the Carbon Disclosure Project) publicy announces that it no longer backs the A- climate rating it gave JBS, after concerns were raised by over 20 CSOs. CDP confirmed; "We recognise that A- is too high a score for a non-public response, so we will change our classification criteria to reflect this in future."

When contacted for a response to this report, Barclays stated "as per our recent 2022 Annual Report disclosures, we will be publishing an updated policy statement in relation to financing of Forestry and Agricultural Commodities prior to our 2023 AGM. Despite not being included in our current Statement, since 2021, we have conducted enhanced due diligence and oversight for clients engaged in beef production or primary processing operations in Brazil. Barclays has not provided financing to entities that undertake these activities since 2021."

JBS provided no response when contacted about the report.

Image credit: Arnold Bartels/EyeEm/Getty Images

"Barclays recognises that economic crimes have an adverse effect on individuals and communities wherever they occur. Endemic economic crime can threaten laws, democratic processes and basic human freedoms, impoverishing states and distorting free trade and competition."

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Despite Barclays' stated commitment to fighting corruption, tax evasion and other financial crimes[43], the record of its client JBS seems to tell a different story. The meatpacker and its owners have been the subject of an astonishing litany of investigations and lawsuits in Brazil.

THE 'CAR WASH' – JBS' ROLE IN A SCANDAL THAT ROCKED BRAZIL'S GOVERNMENT

In July 2016 the Brazilian press reported that Joesley Batista, JBS chairman and a member of the family that founded and controls the firm, was the target of *Operation Sepsis*. This was an enforcement probe looking into his alleged bribes aimed at securing payment from Brazil's state-run severance fund – created to protect workers dismissed without just cause.[44] Months later in September 2016, Federal Prosecutors[45] carried out *Operation Greenfield*, investigating Brazil's state-run pension funds for suspected fraudulent investments in companies linked to JBS and its controllers.[46] Then in January 2017 Federal Prosecutors undertook *Operation Cui Bono* ("Operation Who Stood to Profit")[47], looking into alleged corrupt transfers of money from Brazil's state-owned Federal Savings Bank (*Caixa Econômica Federal*) to companies linked to JBS.

The same month, JBS executives approached prosecutors offering information on corruption in exchange for leniency, sensing *Operation Lava Jato* ("Operation Car Wash"), one of Brazil's largest ever anti-corruption investigations, was closing in.[48] One executive admitted bribing 1,829 politicians to the tune of almost US$100 million.[49] Others implicated included former President Michel Temer, who was secretly recorded by Joesley Batista, endorsing payments to a notorious politician imprisoned for corruption.[50] A report in the Guardian noted that the story "gives a sense of the power of the Brazilian meat tycoons."[51] The revelations in May 2017 reportedly wiped almost 9% off the Brazilian stock market, its worst fall in nine years.[52]

In the fallout, the legal cases and investigations of JBS rumbled on. In May 2017, JBS was investigated by enforcement authorities in *Operation Bullish* under suspicion of receiving illegal advantages when securing financing from Brazil's state-owned National and Economic Development Bank (BNDES).[53] Some weeks later JBS agreed to pay a record-breaking 10.3 billion Reals fine (US$3.2 billion) for its role in the various corruption scandals.[54]

INSIDER TRADING, ROTTEN MEAT AND JBS ARRESTS

JBS' brushes with Brazilian authorities over egregious business practices have not been restricted purely to bribery. In March 2017, JBS and others were investigated by Federal Police, in *Operation Carne Fraca* ("Operation Weak Flesh"), for selling rotten meat made to look fresh. The police alleged that sell-by dates were doctored, that chemicals were used to camouflage the meat's rot and that this was sold to schools to feed children.[55]

In June 2017 *Operation Tendão de Aquiles* ("Operation Achilles Heel") was carried out by the Federal Police investigating insider trading by the Batista brothers.[56] The brothers were arrested three months later.[57] Later that year, Federal Prosecutors investigated a corrupt scheme through *Operation Baixo Augusta*, involving Brazil's tax authority and which allegedly benefited JBS to the tune of 2 billion Reals (US$621 million).[58] Such was the scandal surrounding JBS that in 2018, the Norwegian Government Pension Fund's Council of Ethics recommended divestment from the company, stating "there remains an unacceptable risk of gross corruption associated with JBS."[59]

Image credit: Andre Coelho/Bloomberg/Getty Images Wesley Batista, former chief executive officer of JBS SA, exits after a congressional inquiry hearing from the National Congress building in Brasilia, Brazil, on Wednesday, Nov. 8, 2017. The securities regulator opened an investigation on October 26 accusing brothers Joesley and Wesley Batista for insider trading and market manipulation. JBS SA, Joesley and Wesley have repeatedly denied any wrongdoing.

In 2018 Federal Prosecutors and Police undertook *Operation Porteira Aberta* ("Operation Open Door") looking into an alleged corruption scheme on the fraudulent issuance of health certificates for a JBS slaughterhouse in the state of Mato Grosso.[60]

Meanwhile Brazilian police implemented *Operation Capitu*, once again arresting Joesley Batista, this time accusing him of obstructing an investigation into an alleged bribery scheme involving JBS and the Ministry of Agriculture during President Rouseff's term.[61]

Despite this litany of allegations Bloomberg reported that Barclays' relationship with JBS was blossoming, noting that it had "emerged as the go-to bank for the world's largest meat supplier after scandals at the company pushed Wall Street to the sidelines."[62]

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Such controversies have not been restricted to Brazil. The U.S. Department of Justice began a criminal probe into allegations that US-based Pilgrim's Pride Corp (owned by JBS) in June 2019, as well as other poultry processors, colluded to fix prices.[63] The company would later pay out US$110 million to settle the charges.[64]

Some months later, the Brazilian Federal Police implemented the second part of *Operation Porteira Aberta*, expanding it to five other states and involving allegations of bribes paid out by JBS subsidiaries to phytosanitary inspectors amounting to 6 million Reals (US$1.4 million).[65]

October 2020 saw Brazilian prosecutors accuse Joesley and Wesley Batista of corruption, money laundering and of organized crime linked to bribes for tax benefits, in *Operations Vostok* and *Lama Asfáltica* ("Operation Concrete Mud").[66]

The same month in the US, Brazil's J&F Investimentos (the parent company of JBS) pleaded guilty to U.S. foreign bribery charges and agreed to pay US$128.25 million in criminal fines. The charges related to allegations that "between 2005 and 2017 the company conspired to bribe officials to secure financing and "equity transactions" from state-controlled banks BNDES and Caixa Economica Federal, as well as Petros, the pension fund for employees of state-controlled oil company Petroleo Brasileiro SA." [67]

In March 2021, JBS paid compensation of 555 million Reals (US$99 million) to the state of Mato Grosso for involvement in a scheme that allegedly gave it undue tax benefits during a previous governor's term.[68]

Barclays, though, seems unconcerned by the litany of corruption-related fines and settlements – in total topping US$3.5 billion – that JBS has racked up in the wake of law enforcement investigations. It begs the question of how serious the corruption, or other corporate governance concerns, would really have to be for Barclays to decide to stop bankrolling JBS.

THE ENVIRONMENT

"Barclays is committed to managing the direct and indirect environmental risks associated with commercial lending."

Barclays Annual Report 2022

Barclays, like other high street banks, has produced numerous policies purporting to address the impacts of its operations and lending on the planet. Nonetheless, the bank has been a target for criticism by environmental activists, particularly on climate change where it has been accused of weak targets[69] and failure to shift away from fossil fuel lending.[70]

In JBS it has retained a client associated with a plethora of environmental red flags. The bank's "appropriate management of environmental and social impacts helps to ensure the longevity of our business and our ability to serve our clients."[71] But its deep and ongoing relationship with JBS calls such statements into serious question.

THE DESTRUCTION OF THE AMAZON

JBS has received global attention primarily for its contribution to deforestation in the Amazon. As far back as 2009, Greenpeace Brazil revealed how the company and other major meatpackers frequently bought cattle from ranches linked to deforestation.[72] JBS and peers in the industry subsequently made a voluntary commitment not to source from ranches that had been 'embargoed' by IBAMA, Brazil's state environmental agency. In the same year, to avoid legal sanction, JBS entered into binding agreements with Brazilian prosecutors not to source from ranches where illegal deforestation had taken place since 2008.[73] JBS has been accused of breaking these voluntary and legally binding commitments on multiple occasions, though these reports have invariably been denied by the company.[74]

Image Credit: iStock Getty Images. Amazon fire.

In 2017, IBAMA, discovered that two JBS slaughterhouses had bought 49,468 cattle from embargoed areas – farmland that is banned from economic activity because of previous illegal deforestation. The company was fined almost US$8 million as a result. JBS denied the purchasing claims and appealed the fine, saying it does not buy animals from farms involved in deforestation of native forests or areas embargoed by IBAMA.[75]

In the same year the Federal Prosecutor's Office in the Amazon state of Pará published an audit finding that 19% of all JBS' cattle purchases – over 118,000 head of cattle - had failed to comply with its legally binding no-deforestation agreements.[76] JBS contested these figures.

In 2019, an investigation by Repórter Brasil, The Guardian and The Bureau of Investigative Journalism (TBIJ) alleged JBS was purchasing cattle from ranches that contained embargoed areas.[77] JBS denied the charge, pointing to audits it claimed showed its cattle purchases were 99.9% compliant with its commitments. In March 2020 Repórter Brasil again accused JBS of purchasing cattle from ranches that had, in turn, bought cattle from an Amazon rancher accused of involvement in a massacre that left nine dead following a land dispute.[78] JBS denied the rancher was on their list of suppliers.[79] In June of the same year, Greenpeace Brasil accused JBS of purchasing thousands of cattle linked to ranches with deforestation in the state of Mato Grosso – which the company again denied.[80]

In December 2020 Global Witness published the Beef, Banks and the Brazilian Amazon report, alleging that in just one Amazon state between 2017 and 2019 JBS bought from 327 ranches with 20,000 football fields worth of illegal deforestation, contrary to its agreements with prosecutors. Worse, the investigation alleged that the company failed to monitor 3,270 ranches further up its supply chain containing an estimated 98,000 hectares of deforestation. JBS it had failed to comply with its commitments.[81]

In addition to its direct imprint on the Amazon, JBS' status as the world's biggest meat processor has broader implications for the world's forests. Production of meat, aquaculture, eggs, and dairy currently uses approximately 83% of the world's farmland, despite providing only 37% of our protein and 18% of our calories[82] - driving pressures for deforestation. Around 41% of global tropical deforestation is caused by expanding pastures for cattle production, whilst a further 7% is caused by soya production primarily for animal feed.[83] And JBS has been consistently targeted as one of the worst culprits. Mighty Earth's Soy and Cattle Deforestation Tracker gave JBS its lowest score of 1/100, estimating it was linked to 100,711 acres of deforestation in the two years since March 2019, of which 74,701 acres was potential illegal clearance.[84]

In October 2021, prosecutors published audit results of JBS' compliance with its legal no-deforestation agreement, finding that over 43% of its cattle purchases in the Amazon state of Pará were not in compliance with its legal obligations.[85]

In December 2021 research by Repórter Brasil[86] found multiple alleged examples of "cattle laundering" – beef processed by JBS and sourced from "fattening" ranches that, in turn, buy from other ranches whose cattle were raised and fed on farms officially sanctioned for illegal deforestation in the Amazon or other biomes. Numerous European supermarkets dropped products from JBS as a result, including Sainsbury's.[87]

Image credit: SentinelHub. Cattle-driven deforestation in the Amazon. Modified Copernicus Sentinel data (2017).

In March 2022 an investigation by The Washington Post alleged that between January 2018 and October 2020 JBS bought from at least 114 ranchers who at the time owned at least one property cited for illegal deforestation.[88] JBS claimed to The Washington Post it was one of the world's most effective companies in removing the problem from its supply chain. And in December 2022, Federal Prosecutors in the Amazon state of Pará published audits of JBS' cattle purchases from July 2019 to June 2020, finding that it bought over 90,000 cows from ranches that failed to comply with its legal no deforestation obligations.[89] By that measure, it was the worst performing company of all those assessed.

In 2021, JBS promised to ensure 'zero deforestation' in its global supply chain by 2035. Environmentalists derided the firm for setting such a distant target, with Greenpeace pointing out that "JBS will continue to fuel deforestation in the Amazon and beyond for at least another 14 years."[90] JBS subsequently brought forward its zero deforestation target date to a marginally more ambitious 2030.[91] HSBC analysts recently warned that JBS "has no vision, action plan, timeline, technology or solution" for monitoring whether the cattle it buys originate from farms involved in rainforest destruction.[92]

For its part, Barclays has made pledges to protect the world's rainforest, for example by signing up to the New York Declaration on Forests and the Soft Commodities Compact as far back as 2014. Both of these initiatives aimed to help achieve zero net deforestation by 2020. Clearly these initiatives failed comprehensively to achieve this goal,[93] perhaps unsurprising when signatories like Barclays were ramping up support to companies linked to extensive deforestation.

It is striking that Barclays fails to explicitly cover the industrial meat sector in its policies on forestry or climate, despite the well-documented deforestation and climate risks associated with the industry and the staggering amount of finance the bank has provided to JBS and other meat companies.

FUELLING THE CLIMATE CRISIS AND POLLUTING RIVERS

Involvement in the degradation of the world's largest rainforest is only one way in which JBS is contributing to the climate crisis. Research has also indicated that the company is responsible for enormous greenhouse gas emissions, primarily in the form of methane from livestock. A study by the Institute for Agriculture and Trade Policy and the Changing Markets Foundation, found that JBS' annual emissions footprint for 2021 was an estimated 288 million tonnes CO_2e, a staggering figure exceeding the overall emissions of Spain. The analysis found that JBS' emissions dwarfed those of other firms, concluding, "one meat company alone, JBS, is responsible for nearly 40% of the estimated livestock emissions" by the 15 global meat and dairy corporations looked at. [94]

In January 2023 Mighty Earth submitted a complaint to the US Securities and Exchange Commission (SEC) about a series of four JBS "green bonds" alleging that "since 2017 JBS has concealed the true scale of its emissions footprint, by failing to disclose the number of animals it slaughters every year, which are the primary source of its greenhouse gas (GHG) emissions." Mighty Earth's concerns were echoed by the US National Advertising Division, which recommended that JBS should stop using its 2040 net zero target in its advertising as the company's record "does not support the message conveyed" about its climate aspirations.[95]

Image credit: Lagui, Shutterstock. Liquid cow manure in a storage pit.

"Without reducing and cutting down on meat consumption and the associated high-intensity agriculture systems, we will not be able to keep global warming to 1.5°C."

Prof Hans Pörtner, scientist and co-chair of the UN Intergovernmental Panel on Climate Change

JBS' emission figures make striking reading when compared with Barclays' pledge "to [align] its financing with the goals and timelines of the Paris Agreement, consistent with limiting the increase in global temperatures to 1.5°C."[96]

Livestock production causes at least 16.5% of the total annual anthropogenic (human-caused) greenhouse gas emissions globally.[97] If current trends continue, the global meat and dairy industry will account for almost half the world's 1.5°C emissions budget by 2030 – that is, the amount of emissions we can safely emit to stay within 1.5°C of climate change[98] – effectively putting the 1.5°C target out of reach. For this reason, Prof Hans Pörtner, scientist and co-chair of the UN Intergovernmental Panel on Climate Change, recently told the European Parliament: "Without reducing and cutting down on meat consumption and the associated high-intensity agriculture systems, we will not be able to keep global warming to 1.5°C."[99] This is because even the very lowest impact meat, farmed fish and dairy products still almost always cause much more environmental harm than the highest impact pulses, nuts, fruits and vegetables.[100] JBS meanwhile has told its shareholders that a key pillar of its strategy is a projected 30% increase in per capita meat consumption by 2030.[101]

In addition to these devastating impacts on forests and climate, JBS has also been accused of contributing to significant air and water pollution from its slaughterhouses and meat processing facilities in the US, where their supply chains generate an estimated 45 million tons of manure per year.[102] For instance, in the US, 15,900 deaths per year are attributed to air pollution from food production, with 80% of this caused by livestock, mainly by manure.[103]

The company was accused of polluting the Platte River and important wildlife habitat in Colorado in the US with slaughterhouse waste. As a result, two US CSOs filed a lawsuit in federal court against the US-based JBS Swift Beef Company in 2019, accusing them of treating Colorado's waterways as "a sewer for dangerous meatpacking waste."[104] This appears not to have been an isolated incident. A comprehensive 2018 report by the Environmental Integrity Project linked eleven JBS-owned slaughterhouses to the nitrogen pollution in numerous rivers across the US. [105] Many of these problems were linked to Pilgrim's Pride, a JBS subsidiary and one of the largest poultry producers in the US. The CSO Mighty Earth wrote that in 2018 alone Pilgrim's Pride's poultry division produced 1.6 billion pounds (over 725,000 tonnes) of manure, adding that "the EPA's toxic release inventory shows Pilgrim's Pride discharged 16,973,640 lbs of water polluting toxins from its facilities from 2012 to 2017."[106]

With an environmental record that includes a role in the destruction of the world's largest rainforest and fuelling of greenhouse gas emissions allegedly dwarfing those of some nations, **it seems baffling that financing their activities could be acceptable to a bank with any climate commitments**. Yet despite Barclays claiming to align its lending with the Paris Agreement on Climate, its relationship with JBS has only grown since the 2016 Agreement was signed. The recent SEC complaint covered alleged inaccuracies in JBS' reporting of their Greenhouse Gas emissions to their investors and raised serious questions regarding the rigour of Barclays' due diligence assessment on its finance for JBS against a backdrop of criminal and regulatory breaches.

HUMAN RIGHTS

While Barclays claims to uphold international standards on business and human rights, its continued relationship with JBS raises significant concerns about how rigorously the bank screens clients. This is particularly true when it comes to human rights and modern slavery, an issue to which the bank gives a high profile in its corporate communications on sustainability. In Barclays' own words "forced, bonded or compulsory labour, human trafficking and other kinds of slavery and servitude represent some of the gravest forms of human rights abuse in any society".[107]

"Barclays is committed to operating in accordance with the International Bill of Human Rights and takes account of other internationally accepted human rights standards...

Barclays recognises that deforestation [...] is frequently linked with significant adverse human rights impacts"

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"SLAVE LABOUR" IN BRAZIL

JBS has been accused of sourcing cattle from Amazon land that has been seized from Indigenous peoples, from ranchers using modern "slave labour" and from violent landgrabbers.

In a 2020 report, Amnesty International alleged that cattle illegally grazed in protected Indigenous areas had entered JBS' supply chain in an investigation into three Indigenous reserves in the Brazilian state of Rondônia: from Uru-Eu-Wau-Wau Indigenous territory and the Rio Jacy-Paraná and Rio Ouro Preto Reserves. These reserves have long been targeted by violent logging and land grabbing gangs, with rural residents subject to intimidation, threats, forced displacement and even murder, according to Amnesty. While not accusing JBS of direct involvement in such abuses, Amnesty alleged that JBS had purchased cattle from ranches located within the reserves where commercial cattle ranching is illegal. Amnesty concluded that "under the terms of the UN Guiding Principles, JBS has contributed to human rights abuses against Indigenous peoples and residents of Reserves in their territories by participating in the economic incentives for cattle illegally grazed in protected areas."[108]

In 2022, Global Witness[109] reported that JBS had bought cattle from a family of ranchers called Seronni who were alleged to have used slave labour and accused of being previously involved in land-grabbing. The CSO said that official documents from Brazil's Ministry of Labour showed how "one worker said he was forced to sleep with the farm animals. Another said labourers worked 15-hour shifts, were often not paid their salaries, landed with unspecified debts and handled toxic chemicals without protective equipment." Global Witness had previously reported in 2020 that JBS purchased cattle from a rancher under investigation for involvement in the murder of two activists from Brazil landless rural workers' movement Movimento dos Trabalhadores Rurais Sem Terra (MST).[110]

Similar accusations have been levelled at JBS by Greenpeace, who in 2022 reported that the firm had sourced almost 9,000 cattle from rancher Chaules Pozzebon or his family. According to Greenpeace, "Pozzebon is currently serving a 99-year sentence for crimes including leading a criminal gang. He has been separately convicted of using slave labour.[111] He is appealing both sentences." On one Pozzebon farm a Ministry of Labour inspection reportedly found "22 workers living in conditions akin to slavery. Three of them were minors...They had to wash in streams, and often urinated and defecated in the undergrowth, as there were insufficient bathrooms provided."[112]

WORKERS IN JBS MEAT FACTORIES

JBS has been linked with poor working conditions in Brazil and beyond. Reports into the conditions of workers in poultry and meat processing facilities in the US have cited JBS as a problematic employer. A 2019 report by Oxfam US documented the denial of bathroom breaks in poultry facilities including some owned by JBS subsidiary Pilgrim's Pride. According to Oxfam one worker at a Pilgrim's Pride plant in Alabama "witnessed many women crying about not getting to go to the bathroom, even if they were menstruating." Another worker at a Pilgrim's plant in Texas claimed, "people in her plant wear diapers to work." [113]

Another 2019 report, this time by Human Rights Watch, raised concerns about the rate of serious injuries to workers in US meat and poultry plants, including facilities owned by JBS subsidiaries. The CSO found that, based on official data, a worker in US meat and poultry plants (many of which are owned by JBS subsidiaries) lost a body part or was sent to the hospital for in-patient treatment about every other day between 2015 and 2018 – an injury rate which is higher than in sawmills, industrial building construction, and oil and gas well drilling. [114] Since 2000, JBS US subsidiaries have been fined $34 million for employment-related offences – including wage violations and employment discrimination – and $3.2 million for safety-related offences.[115] The US Department of Labor found 27 minors working in a JBS plant, using dangerous chemicals, for a cleaning contractor that was hit with a subsequent $1.5 million fine.[116]

This record on worker rights reads in stark contrast to Barclays' Statement on Modern Slavery, which claims "We do not tolerate any form of modern slavery, human trafficking or forced labour and are committed to trying to identify and seeking to address these risks across our value chain." The bank claims to have screened hundreds of corporate clients for such issues as part of its broader ESG procedures.[117]

Image credit: Diego Giudice/Bloomberg/Getty Images. Employees work at the Swift & Co. meat processing plant, owned by JBS SA, in Rosario, Argentina.

CONCLUSION

Barclays' continued relationship with JBS does not only pose a reputational risk, but also a financial risk to Barclays and its investors.

Barclays has continued to deliver financial support to JBS, despite a decade of being linked to significant criminal, civil and environmental offences. Barclays, in turn, is profiteering from this ongoing finance for JBS. The sheer volume and severity of the JBS activities described in this report should be sufficient to make any financier wary. And yet there does not appear to have been a change in finance strategy from Barclays, raising the question:

What *would* it take for Barclays to draw the line and stop financing JBS?

Many other banks have come to the conclusion that JBS is unsustainable. For instance, HSBC analysts recently warned that JBS "has no vision, action plan, timeline, technology or solution" for monitoring whether the cattle it buys originate from farms involved in rainforest destruction.[118]

As a result, banks and financial institutions are defunding and divesting from JBS. In 2018 the world's largest pension fund, Norway's Government Pension Fund Global, divested from JBS, after the Executive Board of Norges Bank concluded that there was "an unacceptable risk that [JBS] is responsible for gross corruption."[119] In 2020, Nordea Asset Management, the investment arm of northern Europe's largest financial services group, also divested from JBS over deforestation links, selling €40 million in shares.[120] The Philips pension fund expects to drop JBS from its portfolio soon.[121]

In this context, Barclays looks ever more isolated – and its role as JBS' "go-to bank" is even more shameful.

Barclays' continued relationship with JBS does not only pose a reputational risk, but also a financial risk to Barclays and its investors. As the world begins to move towards a much-needed green transition, which includes moving away from meat-based food patterns, laggards like JBS will be left behind, along with Barclays' loans. However, with a 2023 Climate Change statement which does not reference agriculture[122] and a deforestation policy which fails to cover beef – the biggest driver of deforestation – Barclays does not appear to have the relevant strategy in place to deliver on its public promise to reach Net Zero by 2050. Despite Barclays' claim in its reply to our report that it has ceased funding "beef production or primary processing operations,", the research paints a different picture in regard to Barclays' finance to JBS. In fact, any internal due diligence mechanisms appear to have failed, proven by its continued finance for JBS despite the overwhelming evidence. Ultimately, JBS' profit margins continue to be good business for Barclays despite those gains being made in a highly controversial sector.

RECOMMENDATIONS

Barclays should immediately drop JBS as a client and introduce a robust time-bound plan to end financing to all industrial livestock companies.

In order to reverse the unchecked expansion of this destructive sector, the bank must support a just transition to lower meat and dairy production to avert climate and biodiversity crises.

Barclays must take immediate and urgent action to align its portfolio with the Paris Agreement and the Global Biodiversity Framework, including by introducing a policy that explicitly covers the industrial livestock sector.

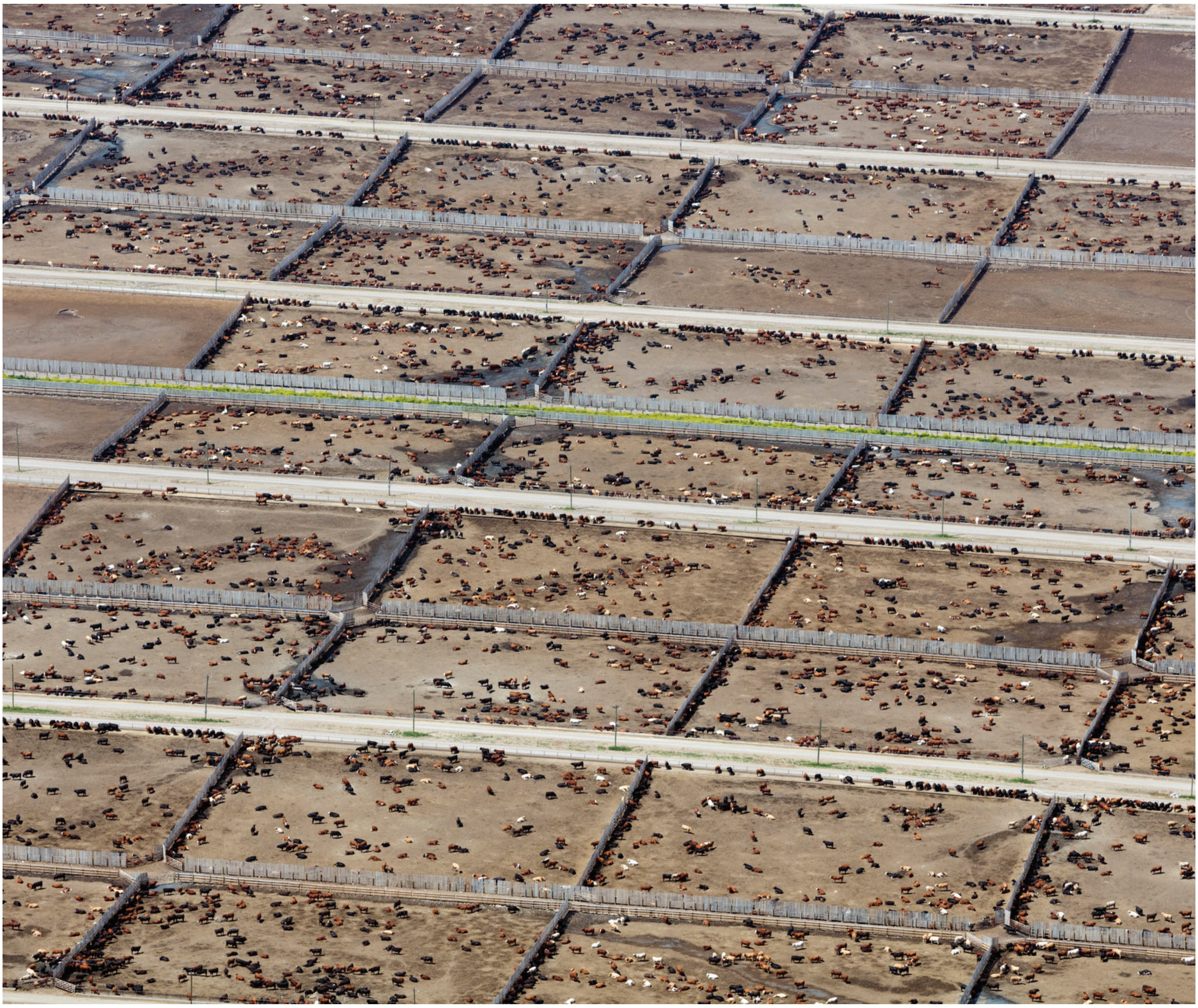

Image credit: Dan Prat. Cattle feedlots.

APPENDICES

APPENDIX A: JBS SUBSIDIARIES FINANCED BY BARCLAYS

Most of Barclays' financing of JBS went to JBS USA Lux S.A., which received 94% of corporate loans (US$2.58 billion) and 63% of bond issuances (US$2.2 billion), out of total financing of JBS and its subsidiaries. JBS USA Lux S.A. is a wholly owned subsidiary of JBS S.A., which produces and processes meat products for customers in the United States, including beef, chicken, pork, poultry, lamb, and other meat products[i].

The second biggest recipient of Barclays financing was JBS' subsidiary Pilgrim's Pride Corp, which received 12% of bond issuances (US$430 million) and 6% of corporate loans (£170 million) of the Barclays total financing of JBS and its subsidiaries. Pilgrim's Pride is one of the world's largest poultry producers and a fully integrated pork producer, providing nearly 1 out of every 5 chickens in the US, and operates in Mexico and Europe – particularly in the UK where it owns poultry producer Moy Park, as well as pork and prepared foods company Tulip Limited[ii].

The remaining 25% of bond issuances were issued to JBS Investments Gmbh (US$547 million) and JBS Finance Luxembourg Sarl (US$292 million).

APPENDIX B: BARCLAYS DIVISIONS PROVIDING FINANCE TO JBS

The finance provided to JBS and its subsidiaries came from various divisions of Barclays bank, including: Barclays; Barclays Bank; Barclays Bank PLC (US); Barclays Capital; Barclays Capital Group; and Barclays PLC.

APPENDIX C: METHODOLOGY

Feedback commissioned the not-for-profit research firm Profundo to map the financial backers of industrial livestock companies, including Barclays's financing for JBS and its relevant subsidiaries. The financial research utilised Refinitiv, Bloomberg, IJGlobal, Trade Finance Analytics, company publications, company registers and media archives to identify financial relationships.

This report covers loans and underwriting between January 2015 and December 2022. As of the most recent filing date, March 2023, no JBS shareholdings or bondholdings were found for Barclays.

The databases relied on for this research do not always include details on how individual banks contribute to a financial deal. For syndicated loans and underwriting, we include this information where possible. When this information is not available, we use a two-step method to calculate this amount drawing on the total value of a loan or issuance, as well as the number of banks involved.

In step one, a ratio of an institution's management fee to the management fees received by all institutions is calculated.

Participant's contribution:

$$\left(\frac{\textit{individual participant attributed fee}}{\textit{sum of all participants' attributed fees}} \times \textit{principal amount}\right)$$

When the fee is unknown for one or more participants in a deal, a second method is used, called the 'bookratio'. This determines the commitment distribution of bookrunners and other managers.

$$\text{Bookratio: } \frac{\textit{number of participants} - \textit{number of bookrunners}}{\textit{number of bookrunners}}$$

Table 1 shows the commitment assigned to bookrunner groups with this estimation method. When the number of total participants in relation to the number of bookrunners increases, the share that is attributed to bookrunners decreases. This prevents very large differences in amounts attributed to bookrunners and other participants.

Table 1: Commitment assigned to bookrunner groups

Bookratio	Loans	Issuances
> 1/3	75%	75%
> 2/3	60%	75%
> 1.5	40%	75%
> 3.0	< 40%*	< 75%*

* In case of deals with a bookratio of more than 3.0, we use a formula which gradually lowers the commitment assigned to the bookrunners as the bookratio increases. The formula used for this:

$$\frac{\frac{1}{\sqrt{bookratio}}}{1.443375673}$$

The number in the denominator is used to let the formula start at 40% in case of a bookratio of 3.0. As the bookratio increases the formula will go down from 40%. In case of issuances the number in the denominator is 0.769800358.

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Feedback regenerates nature by transforming the food system. To do this we challenge power, catalyse action and empower people to achieve positive change.

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