

GRILL

AWAY THE
AMAZON

How the supermarkets are helping
to destroy the Amazon Rainforest
with the beef they sell

GREENPEACE November 2015

AMAZON

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SUMMARY OFFINDINGS

In the first evaluation of whether Brazilian supermarkets are ensuring that they are avoiding deforestation in their beef sourcing, the sector is off to a disappointing start: seven supermarkets (representing approximately two-thirds of all grocery sales nationwide in Brazil) were evaluated by Greenpeace. None of them reached the green zone having a high quality of standards in all key areas. **WALMART** ranked highest out of the evaluated companies, with 62%. The other participating supermarkets received even lower marks: **CARREFOUR** earned only 23%, **GRUPO PÃO DE AÇÚCAR (GPA)** reached 15%, and **CENCOSUD** earned only 3%. The remaining supermarkets that decided not to participate in the survey process **FAILED OUTRIGHT**: they did not publicly provide any information on whether they have a deforestation-free policy. These non-participating **FAILING COMPANIES** include **GRUPO PEREIRA/COMPER**, **GRUPO DB AND YAMADA**.

Our methodology to score supermarkets centered around three key areas. First, Greenpeace evaluated

whether supermarkets have a responsible **PROCUREMENT POLICY** for sourcing beef. The second step was to check the **STRENGTH OF THESE STANDARDS FOR SOURCING BEEF** free from deforestation, violations of indigenous. People's and worker's rights, and land grabbing within the Amazon rainforest. The final evaluation criteria centered on how **TRANSPARENT** the supermarket is with the public about its beef sourcing. Related to all of these concerns is the issue of **TRACEABILITY**. The supermarkets experienced varying degrees of success in effectively checking their supply chains, which is a fundamental step towards safeguarding all other reforms. To its credit, **WALMART** has established a traceability system for fresh and frozen beef products, but this system has yet to be implemented. **GPA** and **CARREFOUR** have just begun to look into this critical issue with minimal ambition and the rest of the supermarkets have practically nothing in place.

WALMART has a robust policy addressing deforestation, which is still in the final testing phase. **GPA** and **CARREFOUR** still do not have a policy. While they have adopted certain beneficial sourcing criteria, it only applies to a portion of their overall beef sold. In terms of specific standards to avoid sourcing from deforestation, all but one supermarket fell far short of the ideal. **WALMART'S** standards distinguish the chain from the other laggard supermarkets. Nonetheless, once these standards are fully implemented, they could set a **BENCHMARK** for the sector.

Specifically regarding the issue of slavery, **WALMART**, **CARREFOUR** AND **GPA** consult the InPACTO list,¹ and **CENCOSUD** does not. It is also unlikely that **GRUPO PEREIRA/COMPER**, **GRUPO DB AND YAMADA** refer to this list at all. There is no excuse for supermarkets to refrain from using every tool that is available and taking proactive steps to ensure that this crime is not in their beef supply chain.

Finally, all profiled supermarkets struggled in transparently communicating enough information to consumers that would allow people to make informed decisions when shopping for beef. Not a single supermarket provided point-of-sale information regarding these issues for a significant amount of their beef sold.²

WHY BRAZILIAN SUPERMARKETS SHOULD BE A PART OF THE SOLUTION

As one of the largest customers of beef products, a commodity that has historically been the largest driver of deforestation in the Brazilian Amazon, the supermarket sector has a responsibility to source beef in a way that does not incur further deforestation. At more than 211 million head of cattle¹, there are more cattle than people in Brazil – alone in the Amazon more than 80 million animals.¹¹ Supermarkets are the largest market for Brazilian cattle products. The biggest four supermarket chains (**GPA**, **Carrefour**, **Walmart** and **Cencosud**) together represent more than 50% of the total market share.³ The Brazilian supermarket sector united in the Brazilian Supermarkets Association (**ABRAS**) as a whole generated almost 120 Billion USD in 2014.¹¹¹

Brazilians have the right to know if their next meal is contributing to the destruction of one of country's greatest treasures – the Amazon rainforest – or even to human rights violations. Ultimately, it is up to the supermarkets to decide whether they want to be part of the solution.

¹See box on slavery and slave-like labor, p. 15.

²GPA's Tãeq brand beef and Carrefour's Garantia de Origem brand beef do provide more information. However, Tãeq is only 5 to 7% of the total volume of beef sold for GPA, and Garantia de Origem is an undisclosed percentage of Carrefour's total (the company did not inform Greenpeace).

³Market share calculated based on their gross sales; see <http://www.abras.com.br/clipping.php?area=20&clipping=50049>

A great deal of work remains to be done, and Greenpeace will be monitoring progress among the supermarkets profiled. Deforestation, slavery, land theft and violence are issues of too great importance to simply hope that the market "sorts it out." But there is a silver lining. Based on the information provided to Greenpeace by these companies, there are a few major players who have demonstrated at least an interest in seriously addressing these issues. That is exactly what Greenpeace intended to find out with *Grilling Away the Amazon* – an evaluation of the level of commitment of seven major Brazilian supermarket chains in ensuring that the beef they sell is deforestation-free. Supermarkets can no longer claim ignorance, and Greenpeace is excited at the prospect of real change in the near future.

In recent years, large companies have already demonstrated a commitment to zero deforestation with the Soy Moratorium^{iv} and Cattle Agreement,^v which proves that such a commitment is not only possible, but is already being pursued. Furthermore, more and more of Brazil's consumers are demanding an end to deforestation, as shown by over 1.4 million individual Brazilian citizens who have signed a petition^{vi} in support of a bill that seeks to end deforestation in Brazilian forests. They are calling for change. Will supermarkets in Brazil listen to their call?



2

METHODOLOGY

How supermarkets were selected and evaluated for this report

Greenpeace as well as other organizations acknowledge that there is a number of ecological, social, moral, health and animal welfare rights issues associated to beef production and consumption, that's why Greenpeace strongly supports the reduction of beef consumption. This report is about one mayor problem – the deforestation of the Amazon Rainforest. The scope of this report is limited to the assessment of supermarkets purchasing policies on beef to avoid deforestation of the Amazon Rainforest and Indigenous rights violations or slavery.

Beef consumers have the right to have information necessary to avoid consuming any food product tied to deforestation or social crimes. For this report, Greenpeace selected the largest 4 national supermarket chains and largest 3 regional chains within the Legal Amazon⁴. Collectively, the following seven Brazilian supermarkets represent over two-thirds of total domestic sales of groceries: **GPA** (Pão de Açúcar, Casino Group), **Carrefour**, **Walmart**, **Cencosud** (GBarbosa), **Yamada** (Pará), **Grupo Pereira/Comper** (Mato Grosso) and **DB** (Amazonas, Rondônia and Roraima).

To find out where Brazilian supermarkets stand with regard to their beef purchasing policies, Greenpeace sent surveys at the end of April and beginning of May of 2015, and allowed four months for the supermarkets to respond. When there were unclear answers, supermarkets had the opportunity to clarify or complete information through dialogue or written communication with Greenpeace. This opportunity for follow-up was im-

portant to ensure a fair evaluation of the supermarkets' actions against the criteria stated in the questionnaire. The evaluation period concluded in August when the analysis was completed.

The methodology centered around three key areas: whether supermarkets have a responsible **PROCUREMENT POLICY** for sourcing deforestation-free beef, the **STRENGTH OF THEIR STANDARDS**, and finally, the supermarkets' level of **TRANSPARENCY** to the public. Each key area (policy, standards and transparency) was composed by questions which received different weights and points, according with their relevance. The maximum score achievable is 100%.

In the first section (Policy), in which the maximum achievable score is 7 (6 if the company has already committed to zero deforestation, or "ZD"), the highest scoring question, for example, is whether the company has a procurement policy on beef that considers environmental and social criteria.

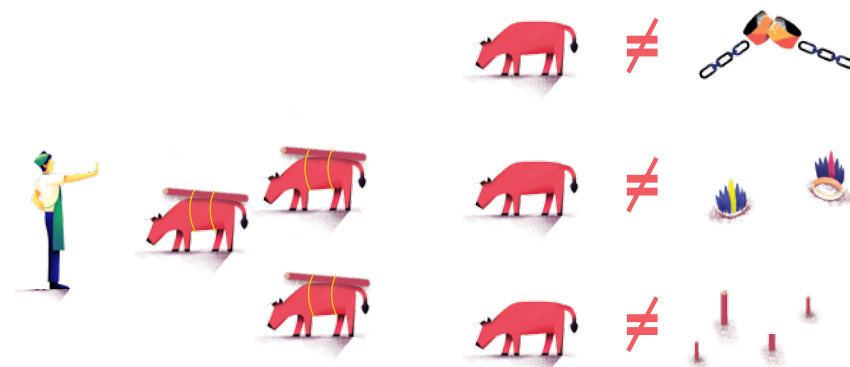
The second section (Standards), in which the maximum achievable score is 16, is comprised of minimum criteria/standards for the policies. Greenpeace asked the companies if they have mechanisms to check and reject suppliers who are linked to recent deforestation (from October 2009 onwards), linked to slavery, or involved in invasions into protected areas and land grabbing. There

⁴ Legal Amazon represents the territory of the Brazilian states Amazonas, Pará, Mato Grosso, Acre, Rondônia, Roraima, Amapá, part of Tocantins and Maranhão.

were also questions to determine how the supermarkets are checking their beef suppliers: if they demand maps from the farms who delivers the beef to the slaughterhouses, if there is a traceability system, and so on. This section received the most weight in the overall scoring.

Finally, the last section (Transparency), in which the maximum achievable score is 7, relates to how the supermarkets have been communicating their policy and related practices to the consumers, in order to assure their right to know the origin of the beef they buy in the supermarket.

→ Greenpeace also defined the benchmark for each key area:



1 POLICY

The policy score reflects the long-term commitment that a company has in place to govern its purchasing decisions and to avoid supporting destructive practices. To be a leader in this category, a retailer would need to **establish** (and reinforce through **public** statements) **rigorous standards** to source responsibly from slaughterhouses and farms committed to achieving zero deforestation, assuring deforestation-free supply across **all** fresh and frozen beef in **all** stores.

2 STANDARDS

Strength of content in policy or current practices

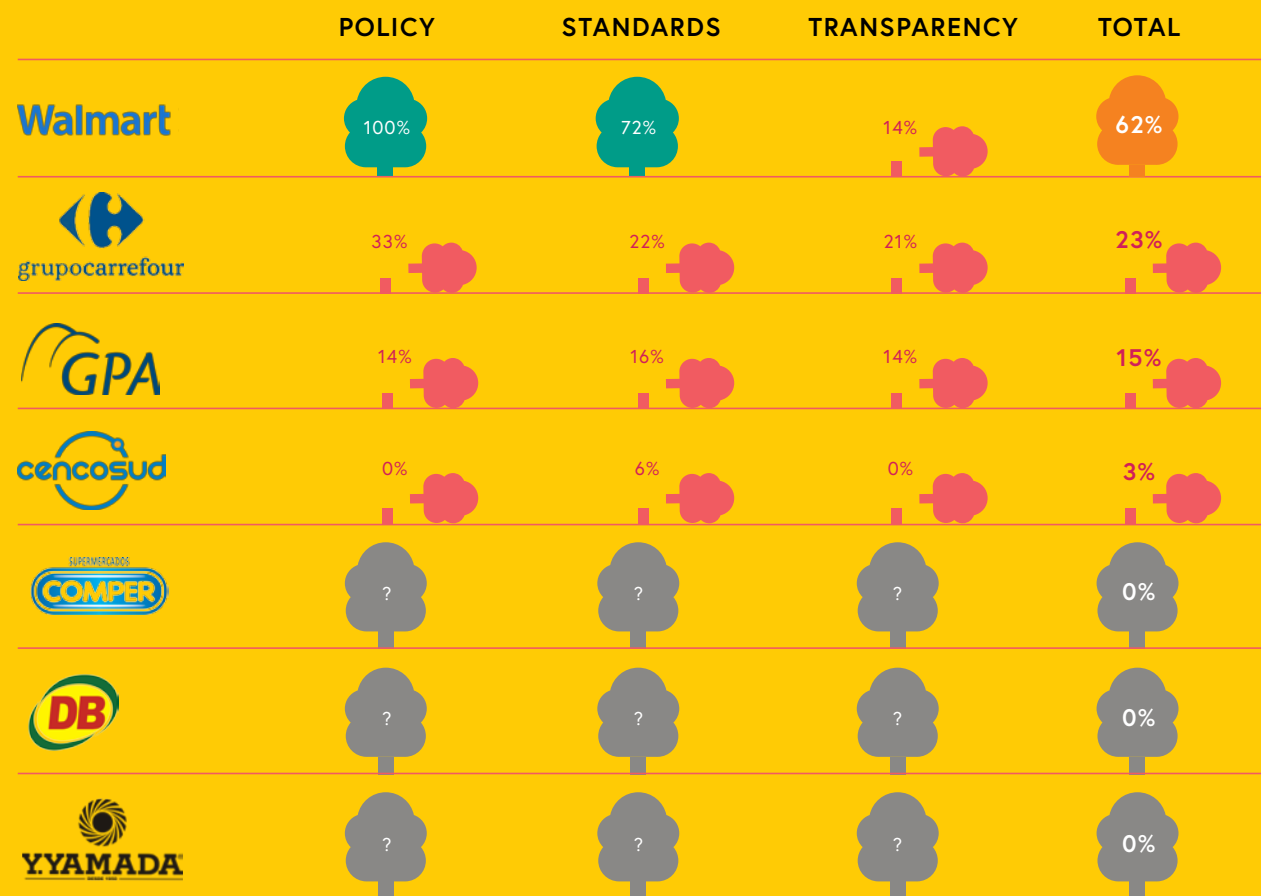
This score measures the content of the policy and/or the strength of the system currently in place. It assesses whether there are **rigorous standards**, clear criteria for beef purchasing, and measures to **systematically reject beef originating from any kind of deforestation, human slavery, the occupation of protected areas or indigenous lands, or involved in land conflicts**. A leader in this category would set clear **time-bound action plans to systematically eliminate** beef suppliers and products originating from these cases.

3 TRANSPARENCY

This score is determined by the company's level of transparency, related to: **1) where and to who** it sources its beef; **2) how clearly its policy is communicated to the customers/consumers**; and **3) whether a company pushes its own suppliers to be transparent**. For final consumers, some companies present this data at the point-of-sale, while others opt to make it accessible online but none provided point-of-sale information regarding these issues for a significant amount of the beef they sold. A leader in this category would create clear ways for people to learn more about the origin of the beef they buy and the impacts of their choices.



SUPERMARKET RANKING



RANKINGS



DISQUALIFIED

Supermarkets that failed to respond to Greenpeace's questions.



< 40% - URGENT MEASURES NEEDED

Supermarkets ranked red need to improve on all levels: Policy, Standards and Transparency. They do not have the policies or systems in place to guarantee consumers that the beef they sell is not linked to deforestation.



>40% - <70% - GOOD START VISIBLE BUT DEDICATED MEASURES NEEDED

Supermarkets ranked yellow already made major efforts to guarantee that their beef purchasing is not linked to deforestation of the Amazon rainforest. But companies in this category should strengthen certain criteria.



> 70% - MAINTAIN THE GOOD STANDARD AND IMPROVE WHERE POSSIBLE

Supermarkets ranked green have successfully managed to guarantee that the beef they offer to their customers does not contribute to deforestation. None of the major supermarkets in Brazil reached this level of commitment.

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Greenpeace

DEMANDS

SUPERMARKETS MUST



Publicly commit to to only buy and sell **de-forestation-free** beef;



Only buy beef from slaughterhouses that have adopted the *Minimum Criteria for Industrial Scale Cattle Operations in the Brazilian Amazon Biome* or "Cattle Agreement"^{vi}



Provide tools for the slaughterhouses who have not yet committed to zero deforestation;



Publicly present an annual action plan to achieve all commitments listed in its beef purchasing policy;



Publicize the results of an annual and independent audit that tests the effectiveness of the system and checks their beef suppliers.

Note: If the supermarket owns farms or slaughters the beef that it sells, it must adopt the Minimum Criteria for Industrial Scale Cattle Operations in the Brazilian Amazon Biome.

THE BRAZILIAN GOVERNMENT MUST



Adopt a zero deforestation policy;



Complete the Rural Environmental Registry (CAR) by registering the total area of rural properties by 2016;



Improve a public and mandatory traceability system, providing increased transparency and accessibility for the CAR and Animal Transport Guide (GTA);



Implement the land regularization of all public and private areas, including the unification of the various entries of existing land in a single database with public access;



Effectively implement the existing indigenous lands and protected areas; proactively stop efforts within the Brazilian Congress to undermine indigenous and other traditional communities' rights;



Guarantee the transparency of the slavery list.

CONSUMERS CAN



Only buy beef from supermarkets that can guarantee that the beef is free from deforestation.



Ask the supermarket butcher about the origin of the beef, and whether it was supplied by slaughterhouses not linked to Amazon deforestation. If they are not able to provide evidence that the beef is deforestation-free, buy instead from a supermarket than can.



Reduce your own beef consumption.
A diet based on vegetables is better for your health, for the forest and climate and for global food security.

The image features a bright yellow background with large, bold, white sans-serif typography. The main headline, split across several lines, reads "OUR NOW IT'S YOUR RIGHT TO KNOW DEMANDS". The word "DEMANDS" is oriented vertically on the far right. On the left side, a black horizontal bar contains the text "CONSUMERS CAN" in white. Below this bar are three distinct icons: a pink circle with a white checkmark, a pink circle with a white question mark, and a pink circle with a white fork. Each icon is followed by a short paragraph of white text.

CONSUMERS CAN

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ISSUE BRIEFS

on cattle-related deforestation in the Amazon

→ Is the Beef from Your Supermarket Destroying the Amazon?

Over the past few decades, more than 750,000 km² of Brazilian Amazon Rainforest has been destroyed, and about 60%^{viii} of that was replaced by cattle pasture. This trend not only has global climate impacts, but it has also been associated with social consequences plaguing rural Brazil for many years. Nonetheless, when Brazilian consumers are picking up their picanha or contrafile cuts of beef from the local supermarket for the weekend churrasco bbq, images of deforestation, land-grabbing, slave labor or illegal invasion of Indigenous lands are probably far from their minds. After all, there are some beef suppliers that have already committed to avoid deforestation and associated social problems. But do you know whether or not the beef you buy is contributing to deforestation or is produced with slavery? In other words, is deforestation on your plate?

Cattle farming is still the main driver of forest loss in the Brazilian Amazon. In 2013, the activity was responsible for 62% of total Brazilian greenhouse gas (GHG) emissions, yet contributed only 5.4% of the country's GDP from 2010 to 2013.^{ix}

The environment is not the only victim in the widespread practice of cutting down virgin forests instead of rehabilitating already clear-cut land for cattle farming. Rampant slave labor and land-grabbing (such as the theft of Indigenous lands) often goes hand-in-hand with environmental destruction. The scale of deforestation and high incidence of human misery related to cattle production in the Brazilian Amazon have made it a focus

for Greenpeace, for other organizations, and for several private companies concerned about the sector's associated risks. While a variety of strategies have contributed to a decline in deforestation over the past decade,^x much of the beef sector still contributes to deforestation.

Most slaughterhouses have not committed to zero deforestation and are missing a reliable system to monitor their supplying farms. Another reason for the ongoing deforestation is that it is still "cheaper" for ranchers to clear the rainforest than to rehabilitate already-cleared land to use it for cattle farming. The overall costs of this clearance for the whole society, however, can be dramatically high, as the real costs are externalized and will be paid by future generations.

In fact, we can already feel some impacts of deforestation. By 2020, agricultural production within Brazil could suffer annual losses on the order of BRL 7.4 billion,^{xi} as a consequence of lower rainfall in different regions, especially the north and midwest of Brazil. In the Amazon Region, for example, rainfall could decrease by 15%-20%.^{xii} This projection appears to be becoming a reality in at least some regions of the Amazon, where droughts have worsened, due to the drastic removal of forest in recent years. Farmers are already reporting falls in both production and productivity. Basically, deforestation is eliminating the "sprinkler" service that the forest provides to agribusinesses. It also has even more direct human impacts. In Southeastern Brazil (where the biggest Brazilian cities are located), an unprecedented water crisis has become a daily problem for most of the population.

Finally, another key driver of deforestation is that not enough major buyers of cattle products are demanding deforestation-free beef products. So, how might that cut of beef for your next churrasco be problematic? It all begins at the farm level, where environmental violations and slavery can occur. From there, slaughterhouses buy the cattle directly or through another farm in between. These slaughterhouses supply supermarkets that bring the product to your local supermarket's butcher.

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Greenpeace →

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Greenpeace ↓



The Amazon in figures

The Amazon is a feast for the eyes. Home of millions of people, animals and plants, it is one of the richest regions in Brazil in terms of biodiversity and culture. But its greatness also hosts great challenges. And the cattle industry plays a central role in this scenario.

The Amazon biome covers an area of 6.9 million km², spread over nine South American countries: Brazil, Bolivia, Peru, Colombia, Ecuador, Venezuela, Guyana, Surinam and French Guiana.

80 billion TONS

The Amazon stores between 80 and 120 billion tons of carbon.

In Brazil, the Amazon biome covers around 4.1 million km² (49% of Brazil's territory) and encompasses nine states: Amazonas, Pará, Mato Grosso, Acre, Rondônia, Roraima, Amapá, part of Tocantins, and part of Maranhão.

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← Greenpeace

Amazon is home to 10% of all plant and animal species known on Earth.

Despite its huge environmental impacts, from 2010 to 2013, the cattle industry contributed with only 5.4% to Brazil's GDP.

Since 2003, over 21,000 workers have been freed from slavery in the Brazilian Amazon: 70% of those cases were related to the cattle sector.

From 1985 to 2013, the Brazilian Justice system received 768 murder report in the Amazon region. About 5% of the cases made it to trial and only 19 perpetrators received a punishment.

Approximately 750,000 km² of Amazon forest has already been cut down. This is about 19% of the biome.

= 62%
Brazilian GHG emission

More than 80 million cattle herd within the Amazon States. In 2013, the activity was responsible for 62% of Brazilian GHG emissions.

Cattle farming is the main driver of deforestation in the Brazilian Amazon: it occupies more than 60% of deforested areas.

60%

From 2005 to 2014, 325 people were murdered over land disputes in Brazil. About 67% of these cases occurred in the Amazon.

CATTLE FARMING: a leader in slave labor^{xiii}

Although formal slavery has been abolished in Brazil, the truth is that a modern version of this practice is still very much alive today. From 1995 to 2015, almost 50,000 people were freed from slave-like conditions throughout Brazil.^{xiv} In 2014 alone, the Ministry of Labor and Employment (MTE) rescued 1,590 workers from slave-like conditions, primarily in agriculture (including those who clear pasture for livestock farming).^{xv} Through inspections conducted by the MTE since 2003, over 21,000 workers were freed from slavery in the Amazon, and 70% of those cases were directly related to the cattle sector.^{xvi}

Since 2003,⁵ one of the main tools for exposing farmers and companies who still use slave labor had been the *Register of companies and individuals penalized for using slave labor*, more commonly known as the slave labor "Dirty List." The list, published by the MTE, was considered a milestone in the fight against this type of crime, since it provided transparency and access to information (as established in the Federal Constitution). To keep it relevant, MTE regularly updated the list twice a year. However, the list was prohibited to be published by MTE end of 2014.

Civil society groups, such as NGO Reporter Brasil and InPAC-TO (an umbrella organization of signatory companies⁶ in the National Pact for the Eradication of Slave Labor) obtained an alternative list called the "List of Transparency on Slave Labor." This was acquired from the MTE based on the Access to Information Act (LAI) 12.527/2012, which requires the government to supply information that society has the right to know.^{xvii} Some companies that have committed to not do business with suppliers named on the government list are using the List of Transparency on Slave Labor instead as a best available tool to avoid the suppliers that appear in the original list.

The list is the only instrument that companies currently have to remove this crime from their supply chains. Supermarkets have the power to demand that their suppliers avoid slave labor by not only canceling contracts with producers caught using these practices, but to proactively avoid signing new contracts with suppliers who are not fully transparent. The consumer also has the right to demand this. Everybody wants slavery off their plate.

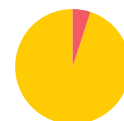
⁵ The year when the government launched the first National Plan to Eradicate Slavery, with the goal of coordinating multi-stakeholder efforts.

⁶ These companies include the three largest slaughterhouses and three largest retailers.

Over 24 million people live in the region



21,000
slaves freed, many more still enslaved



1985 → 2013

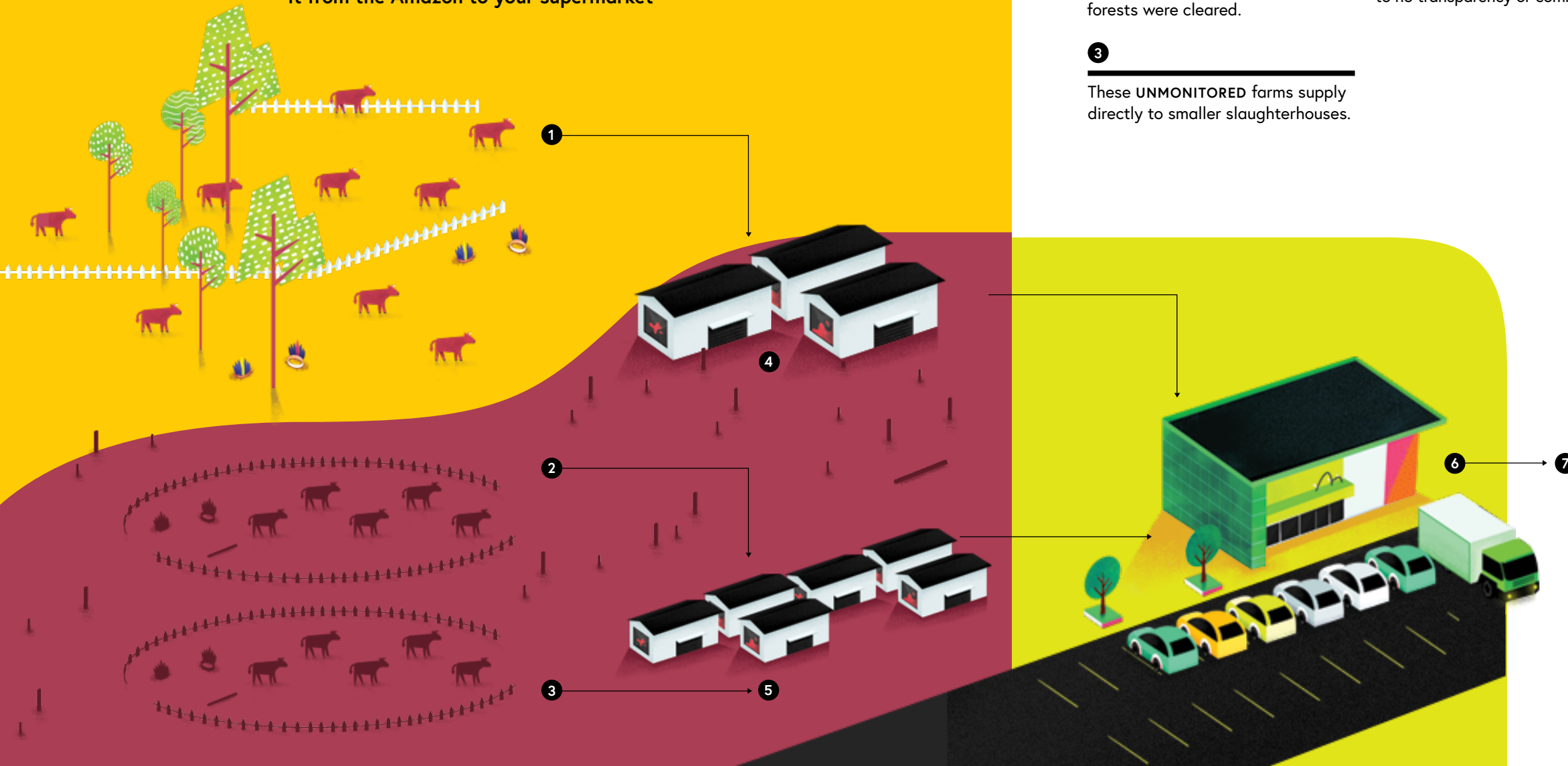
Only 5% of the murder cases in the Amazon region made it to trial

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Greenpeace



SUPPLY CHAIN

Where's the beef coming from? Tracing it from the Amazon to your supermarket



1

Farms ("suppliers")

These farms supply **DIRECTLY** to major slaughterhouses. The problem? Deforestation-free cattle are mixed with cattle raised in deforested areas.

2

These farms supply **INDIRECTLY** to slaughterhouses via other farms. There is no transparency about how the cattle were raised and whether forests were cleared.

3

These **UNMONITORED** farms supply directly to smaller slaughterhouses.

4

Slaughterhouses

The **BIG 3** slaughterhouses that have signed the Cattle Agreement (JBS, MARFRIG and MINERVA) are already monitoring direct suppliers and cutting ties with them. Now they must track the indirect suppliers.

5

There are slaughterhouses with little to no transparency or commitments.

6 7

Supermarkets... and you

Brazilian supermarkets are purchasing beef from several suppliers: Unless they have a policy and adopt measures to check their suppliers, how can consumers know where the beef is coming from? They can't.



DA FAZENDA À SUPPLY CHAIN

Slaughtering the Amazon and an Industry breakthrough

Prior to 2009, companies (whether a slaughterhouse or consumer-facing brand) were purchasing beef and other cattle products from cattle farms fairly indiscriminately. This shifted significantly after Greenpeace's report *Slaughtering the Amazon* was launched and the subsequent campaign demonstrated this link to the public. Many consumer-facing brands took action that encouraged their supplying slaughterhouse to adopt a commitment to not source cattle from direct or indirect suppliers (farmers) who had cleared rainforest from October 2009 onwards, had established farms illegally in indigenous peoples' lands, or had been cited for slave labor, environmental violations, or land grabbing.

As a result of the Greenpeace campaign and legal action taken by the Federal Prosecutor of Brazil, companies who today represent the three biggest Brazilian slaughterhouses (JBS, Marfrig, and Minerva) have pledged to change their sourcing practices to commit to not buy

from farms involved in rainforest clearance, slave labor, or invasions into indigenous lands. This public commitment is called the "*Minimum Criteria for Industrial Scale Cattle Operations in the Brazilian Amazon Biome*" and is widely known as the "Cattle Agreement"^{xxviii} or "zero deforestation market agreement." Part of this agreement requires the three committed slaughterhouses to track and monitor their direct and indirect beef/cattle suppliers. Since 2014, the three slaughterhouses have been publishing independent audits to assess their improvement and level of implementation and are making progress on a multi-year effort to map out and identify their direct suppliers (the farmers) of cattle. Mapping the *indirect* suppliers remains unresolved, and is a challenge that must be addressed urgently. After all, beef from cattle fattened on non-compliant properties with deforestation can be sent to slaughterhouses that lack comprehensive monitoring systems. Moreover, these cattle can also be laundered by moving them to a compliant ranch for direct sale to a slaughterhouse.

The Impacts of Zero Deforestation Commitments on the Ground

The signing of the Cattle Agreement has already begun to have an impact on slaughterhouse and farmer behavior in the Brazilian Amazon Rainforest region, although a substantial amount of work remains. In March 2015, *Conservation Letters* published a study that profiled the supply chain of JBS, the world's largest meat company, in the State of Pará. The study evaluated the efficiency of the Cattle Agreement signed by the aforementioned three major Brazilian slaughterhouses back in 2009 and its overall impact on deforestation in the Brazilian Amazon Rainforest.^{xix} The study concluded that "the supply chain agreements incentivized rapid change in slaughterhouse and farmer behavior related to deforestation and property registration in the state of Pará." ^{xx} It also found that JBS "actively excluded farms with deforestation from their supply chain, signaling to farmers that deforestation means reduced market access." ^{xxi} This in turn motivated their supplying farmers to map their farms at the request of their customers and register their properties, which accelerated compliance with what was otherwise a stalled government mandate.

Registration and property mapping are important steps in ensuring that the supplier is not involved in deforestation, because Brazil still does not have a functioning universal land registry system. Without a functioning universal land registry, most of the ownership and location of the cattle farms remains unknown. It is therefore extremely difficult for slaughterhouses to find out the origins of the cattle that they purchase. As a response to this logistical challenge, the three largest slaughterhouses in Brazil (who are committed to the Cattle Agreement) have set up their own monitoring system based on satellite images and farmland mapping.

Most promising, the study found that when contrasting pre-and-post Cattle Agreement impacts for one slaughterhouse, the rates of deforestation from 2010–2012 decreased by half on post-agreement supplying properties.^{xxii} In 2009, 36% of JBS supplying properties had recent deforestation but this fell to only 4% by

2013.^{xxiii} This is a good sign that the efforts paid off and an important signal to all remaining Brazilian slaughterhouses that have not yet committed to zero deforestation policies or set up an internal traceability system. Because of the Cattle Agreement, farmers registered their land in the land registration system CAR far more rapidly than was required by law.^{xxiv} Another study from the University of Bonn found that in "regard to output effectiveness moratoria [like the Cattle Agreement] have been more effective in developing ambitious standards to reduce deforestation than certification schemes." ^{xxv}

As much progress as the three largest slaughterhouses have made, there is more work to be done to end deforestation from the cattle sector in Brazil. Indirect suppliers need to be tracked and more slaughterhouses and retailers must adopt commitments for zero deforestation to impact a larger portion of farmers. The Brazilian government can be a part of this solution as well, by more effectively addressing cattle laundering, or banning new deforestation outright.

As successful as the Cattle Agreement has been, the absence of other slaughterhouses, combined with the modest attention paid to the issue by Brazilian supermarkets, make it possible for beef linked to deforestation to still end up on the consumer's plate. Brazilian consumers are currently unable to identify which sources of beef don't involve deforestation, as they lack the information to make the responsible choice when shopping at supermarkets. It remains unclear for them which supermarkets have committed to responsible sourcing practices, and it is still unknown where much of their beef comes from. This leaves Brazilian consumers with a dilemma, as no one wants to be an accomplice to deforestation or to slavery. It is the responsibility of the supermarkets to first identify the problems that likely lie within their own supply chains, taking them seriously, and then rectifying them.



The Anemic Efforts of the Brazilian Supermarkets Trader Association

As major consumers of Brazilian beef, the role of supermarket chains in deforestation has long been recognized. After a critique from Greenpeace and recommendations submitted by the Public Ministry in 2009, the Brazilian Supermarket Trade Association (ABRAS) unveiled a project entitled "Responsible Production Certification in the Bovine Chain of the Brazilian Supermarket Association."^{xxvi} The program's goal was to create a voluntary "self-regulation of the traceability and origin of cattle, ensuring that the beef sold in Brazilian supermarkets does not originate from illegal deforestation in areas across the country, including the Amazon." Although the program has relied on the participation of three major supermarkets and larger meatpacker companies, the initiative went no further. From 2009 to 2013, ABRAS never publicly revealed the results of the program or provided any evidence about ongoing practices to protect the Amazon rainforest, and failed to provide any information to consumers.

In March 2013, thanks to pressure from the Brazilian Federal Prosecutor (MPF), ABRAS signed a cooperation agreement for sustainable livestock with the Prosecutor. The main objective of the agreement was to "keep the Brazilian supermarkets from buying beef from illegal deforested areas in the Amazon or where they have identified other environmental and social irregularities, such as invasions of public land or the use of slave labor." On the date the agreement was signed, the president of ABRAS, Fernando Yamada (of the supermarket chain Yamada) delivered a "first draft of the association's action plan, which contains, for example, suggestions of practices to be implemented by supermarkets at the point of sale and meat counters."^{xxvii}

Ultimately, though ABRAS has taken minor steps, it did not move to actually address the challenges that still hang over the livestock sector. As a representative of the sector, it is strange that ABRAS neither desires to be transparent with supermarket consumers, nor

demonstrates even a remote interest in dialogue with civil society organizations. Greenpeace sent ABRAS the same questionnaire that was sent to supermarkets, and asked what concrete actions ABRAS had taken sector-wide. Our requests to communicate with ABRAS were never acknowledged.

The biggest supermarkets in Brazil assessed in this report set the benchmark for the whole sector. They therefore have a significant responsibility to lead the rest of the sector by insisting that their beef suppliers commit to zero deforestation and adhere to social criteria at least as strong as the Cattle Agreement. Doing so would encourage additional slaughterhouses to adopt environmental and social commitments and reduce access to the domestic market for cattle farmers still involved in deforestation to sell their cattle.

WHEN ZERO DEFORESTATION IS NOT ZERO

While many companies, governments and NGOs already recognize the value of zero deforestation, there are varying interpretations of the concept, which result in differing levels of forest protection:

I can destroy forest, as long as it is legal.



I've got the authorization for that!

ZERO ILLEGAL DEFORESTATION still allows for large areas to be cleared. In the Amazon biome alone an area between 10-20 million hectares of forest could still be legally deforested. This is a woefully inadequate option.

If I destroy forest in one place, it's just a matter of planting trees in another place



This is the way of never ending deforestation!

ZERO NET DEFORESTATION still allows forest loss, as long as it is compensated by reestablished forests or potentially even tree plantations in other areas (e.g., commercial eucalyptus plantations). Unfortunately, sometimes this interpretation can erroneously equate the ecological, climatic and social value of a native forest with the value of a recently planted forest, or in some cases a tree plantation. It also facilitates additional deforestation, as long as it is "compensated."

I will use the areas already deforested in the past. No need to chop down more forests!



Better use this



Save this

ZERO GROSS DEFORESTATION is the only acceptable option, as it is the only interpretation focused on ending forest losses entirely. Agriculture and livestock production is viable without additional deforestation in Brazil.⁷ The country already has large open areas that should be better used: there are 52 million hectares in degraded pasture alone.⁸



⁷ Strassburg et al., 2014 "When Enough Should Be Enough: Improving the Use of Current Agricultural Lands Could Meet Production Demands and Spare Natural Habitats in Brazil." *Global Environmental Change* 28 (0): 84-97 . Available at: <http://www.sciencedirect.com/science/article/pii/S0959378014001046> and Sparovek, Gerd, Alberto Barretto, Israel Klug, Leonardo Papp, and Jane Lino. 2011. "A Revisão Do Código Florestal Brasileiro." [Review of the New Forest Code] *Novos Estudos - CEBRAP*, no. 89 (March): 111-35. Available at: http://www.scielo.br/scielo.php?pid=S0101-33002011000100007&script=sci_arttext

⁸ ABC Observatory. <http://www.observatorioabc.com.br/>



SOLUTIONS

Toughest challenges to full traceability are political, not logistical

Full traceability of Brazilian beef production is still far from complete. However, the technical challenges to end deforestation and other conflicts related to cattle are secondary when compared to the political challenges.

First, there is no *public* traceability system, which could offer transparent and official information about the sourcing and transportation of cattle – from birth, to livestock farms, to slaughterhouses. The GTAs (documents for animal transit) are fundamental to track a purchase of a lot of cattle from a farm to a slaughterhouse. However they remain far from the social control.

At the moment, Brazil relies on one single system to track the movement of cattle: the SISBOV (the Brazilian System for Identification and Accreditation of Cattle and Buffaloes). SISBOV was designed to create an individual identification for each head of cattle. Although its purpose is sanitary (as opposed to social or environmental) control, it could also function as a powerful tool for monitoring and excluding cattle from deforested areas. However, this control mechanism is only mandatory for cattle products being exported to the EU. Unfortunately, SISBOV is not mandatory in the Brazilian domestic market.

In spite of these difficulties, there are several mechanisms that could already be used today by slaughterhouses and supermarkets to minimize the risk of ex-

posing consumers to products that destroy the Amazon Rainforest and its inhabitants' lives.

Brazil has the world's most comprehensive monitoring program for the deforestation of tropical forest.⁹ The information derived from this system is available on two official channels, quarterly reports on deforestation and a consolidated annual deforestation rate¹⁰ that accurately reveals the affected areas. Additional sources of public data include a list of areas embargoed by IBAMA (Brazilian Institute for the Environment and Renewable Natural Resources)¹¹ due to environmental offenses, and maps tracing the boundaries of protected areas¹² and indigenous lands.¹³ The Ministry of Labor and Employment provides a list of companies and employers identified as users of labor analogous to slavery.¹⁴

If all of this information were to be crossed-listed with data about farms and farm owners – required for the trading of animals – it would be relatively straightforward to identify and exclude embargoed farms, as well as employers who use slave labor in their supply chain. In addition to asking for such basic information, slaughterhouses should also request a digital map of the supplier farm before purchasing cattle.¹⁵

On May 2016, when the SICAR (National System for Agricultural and Environmental Registration) should finally be fully implemented, these maps will become officially

compulsory. Currently however, the Brazilian Ministry of the Environment is seeking to make it difficult for this important data to be made transparent.¹⁶ The data must be submitted into the Rural Environmental Registry (CAR), a registry that as of August 2015 only has data from 59% of all farms on a national level.^{xxviii} The comparison between the various sources of geographical information listed above will help exclude direct suppliers involved in deforestation and the invasion of indigenous land or protected areas.

Slaughterhouses can no longer cite either a lack of capacity or funds for the failure to have an effective monitoring system for beef that will reach consumers' tables. The mechanisms exist and are in place. But citizens need to have access to it. The right to know empowers consumers to act as citizens, and make informed decisions about which products to buy, and where they can be bought.

⁹ DETER - System for Real-Time Detection of the Deforestation of the Legal Amazon, available at: <http://www.obt.inpe.br/deter/>

¹⁰ PRODES – Project for Satellite Monitoring of the Deforestation of the Legal Amazon, available at: <http://www.obt.inpe.br/prodes/index.php>

¹¹ Public Information on Environmental Fines and Embargos, available at: <https://servicos.ibama.gov.br/ctf/publico/areasembargadas/ConsultaPublicaAreasEmbargadas.php>

¹² Boundaries of national and state conservation units, available at: <http://www.icmbio.gov.br/portal/servicos/geoprocessamento/51-menu-servicos/4004-downloads-mapa-tematico-e-dados-geoestatisticos-das-uc-s.html>

¹³ Boundaries of indigenous lands, available at: <http://www.funai.gov.br/index.php/servicos/geoprocessamento>

¹⁴ List of employers identified as users of labor analogous to slavery, available upon request at: <http://portal.mte.gov.br/portal-mte/acesso-a-informacao/institucional/>

¹⁵ According to the law, all farmers must register their lands with the Rural Environmental Registry (CAR) - a kind of identity card for properties in non-urban areas. One of its main functions is to prevent illegal deforestation in the Amazon.

¹⁶ See the law regulating the access to such information. There are several rules to get the information with many legal implications for civil society in case of using this information http://www.car.gov.br/leis/IN_CAR_3.pdf





SUPERMARKET PROFILES

Walmart

One of the top global retailers, Walmart opened its first store in Brazil in 1995. In 2014, the company had gross sales of almost BRL 30 Billion in Brazil, taking the third position in the List of Supermarkets made by ABRAS and Nielsen, with a market share of 11.3% of the Brazilian retail market in the food sector.^{xxx} Currently, the Walmart-Group, with its various brands in Brazil, is present in 19 Brazilian states and has 544 stores nationwide.

Walmart Brasil Ltda

COUNTRY OF ORIGIN United States

COMPANY SIZE (BASED ON REVENUE) 3rd

SCORE IN GREENPEACE RANKING 1st place with 62% scoring (18.5 points out of 30)

STORES 544

HEADQUARTERS São Paulo

GROSS REVENUE BRL 29,647,436,292

BANDEIRAS



BEEF PROCUREMENT POLICY In 2009, Walmart announced a commitment (Pact for Livestock) to *"Not to take part in the financing, use, distribution, commercialization and consumption of livestock product with having any illegality detected in its chain, above all deforestation and slave-like labor."*^{xxx} This commitment was announced after two catalysts: the publication of Greenpeace's report Slaughtering the Amazon and after the State Public Prosecutor of Pará threatened supermarkets with high fines if they continued to buy illegally-produced beef. The Greenpeace report revealed for the first time the links between internationally well-known companies to deforestation of the Amazon rainforest.

After Walmart's Pact for Livestock from 2009, the company introduced a commitment to Zero Deforestation. In November 2013, Walmart Brazil announced that it had developed a beef procurement policy.^{xxxi} According to the company, it is an "internal document that defines the rules and responsibilities for all employees in the commercial area that relate to the process of the sale of beef from the Amazon Biome." This document is available on the intranet for all employees, and was made available to Greenpeace for review. The document includes criteria such as the commitment to zero deforestation, forbidding the invasion of indigenous lands and protected areas within the Amazon Rainforest biome, and the rejection of slavery. The policy also includes development of the chain of custody and an effort to better communicate and raise awareness of its employees and consumers.

WALMART'S STANDARDS The company merits praise for actively developing an internal traceability system on beef purchasing in line with zero gross deforestation. In this regard, Walmart is ahead of the sector in Brazil and one can hope that this system, once fully in place, only encourages other stakeholders to follow suit. Walmart plans to soon implement a system of Monitoring and Social and Environmental Risk Management of cattle products. The system relies on geographic information about deforested areas of the Amazon rainforest, indigenous lands and protected areas, information about the use of labor analogous to slavery, and information about officially embargoed areas within the Amazon rainforest, based on satellite imagery.¹⁷ The company collects this information to analyze the cattle farms (located in

the Amazon Biome) that provide meat for the supplying slaughterhouses for Walmart.

Once implemented, its supplying slaughterhouses must pass this risk assessment to detect possible environmental crimes at the farm level. All supplying farms must provide at least one satellite-based geographic coordinate. If a "point of interest" is detected within a 10km radius, the supplying slaughterhouse is notified by Walmart to provide more information about the farmer, such as a geo-referenced map of the farm or a description of any nearby Indigenous Land. This additional information must be provided to Walmart within 90 days of notification; otherwise Walmart will decide to block this supplying farmer from any business relationship.

But this is also an area of great risk for Walmart: during the 90-day time limit within which the slaughterhouse must provide more information about the farm in question, that suspect beef can still easily find its way into Walmart stores. Indeed, even if the farm is eventually blocked as a supplier, the cattle were long ago purchased and processed into beef. Walmart must find a solution to address this gap. Furthermore, it remains to be proven how Walmart's system will be able to block irresponsible farmers who indirectly supply the supermarket. Currently, these suppliers can continue to deforest and evade scrutiny by supplying responsible slaughterhouses with beef, with the confidence that supermarkets will be unable to trace the cattle back to them.

Walmart's inability to identify and control the indirect cattle suppliers, even after implementation of its internal traceability system, is indeed a sectoral problem that needs to be tackled from all slaughterhouses and leading supermarkets. Walmart would be wise to use its experience with monitoring to expand into this "grey zone" of the cattle chain of custody.

TRANSPARENCY This is definitely the key area where Walmart has room for improvement. Walmart communicated to Greenpeace that it expects to begin using its monitoring system in regular purchase operations and communicate it at the end of 2015. Despite this Walmart has already informed its supplying slaugh-

¹⁷ These publicly-available sources for data are discussed in more detail in the traceability section on page 22 of this report.

terhouses regarding its beef purchasing policy, the company fall short to communicate with its customers. The next needed step for Walmart must be to provide to the public clear information about its ambitions and objectives over the next few years regarding how it plans to eliminate deforestation entirely from its beef supply chain.

When Walmart responded to Greenpeace's questionnaire for this assessment, it was mainly silent with consumers about its commitment to end deforestation, and about the way in which it intends to monitor its beef suppliers. Just shortly before the publication of this report, Walmart released new content on its web site in its sustainability section that, in Brazil, the company had incorporated Zero Deforestation as a criteria for its cattle monitoring system. Consumers deserve, at minimum, this level of transparency. This new information does not contribute to Walmart's score in this report because the evaluation period had already lapsed.

Carrefour

Carrefour is the second largest supermarket chain in Brazil. The French company opened its first Brazilian store in 1975. Currently, Carrefour has stores in 24 Brazilian states. In 2014, the company recorded gross sales of almost BRL 38 billion in Brazil alone, making Brazil the second largest market for Carrefour, with a market share of almost 15%.

CARREFOUR Com Ind Ltda

COUNTRY OF ORIGIN France

COMPANY SIZE (BASED ON REVENUE) 2nd

SCORE IN GREENPEACE RANKING 2nd place with 23% scoring (7 points out of 30)

STORES 258

HEADQUARTERS São Paulo

GROSS REVENUE BRL 37,927,868,864

BANDEIRAS



BEEF PROCUREMENT POLICY Internationally, Carrefour has committed to achieving zero (net) deforestation by 2020. This objective is in line with the Consumer Good Forums (CGF) pledge from September 2014, of which Carrefour is a member. Although Carrefour first made a commitment to Zero Deforestation in 2010, five years later Carrefour still does not have a specific policy covering the purchasing of the commodity that most contributes to deforestation of the Amazon - beef. Unfortunately, the supermarket keeps its beef purchasing guidelines secret and has only once informed its suppliers of its commitment to zero (net) deforestation back in 2010 via its sustainability report. Enforcement of

that commitment by the supermarket is another matter. Since that time, Carrefour has not made public any plan on how to reach the stated 2020 targets to zero (net) deforestation.

Despite this international commitment to achieve zero (net) deforestation by 2020, Carrefour Brazil communicated to Greenpeace within this survey that it currently only rejects beef from cattle farms involved in illegal deforestation. In practice, this means that Carrefour Brazil presently accepts deforestation for the beef it purchases, so long as it has been authorized. While Carrefour had previously announced objectives to protect the planet by eliminating deforestation from its shelves, this current practice does not appear to be the right step towards achieving that stated goal.

Even Carrefour Brazil's entry-level commitment will be difficult to implement unless additional measures are in place. Given that most of the deforestation in Brazil is illegal, it is nearly impossible to segregate what beef comes from legal or illegal deforestation. Greenpeace calls on slaughterhouses and supermarkets to commit to zero deforestation without any loopholes and exceptions, and urges companies to refuse products from those producers who continue to destroy the rainforest.

According to Carrefour, the Brazilian slaughterhouse companies that already signed the Cattle Agreement (and are committed to Zero Deforestation) provide up to 90% of the beef sold today in its stores. While this is a positive figure, it does not appear to be backed up with a zero deforestation commitment, and this purchasing decision can be changed easily. Moreover, Carrefour Brazil's definition of deforestation as only encompassing the illegal subset of deforestation creates confusion in interpreting the company's performance.

To promote consumer confidence, it is important that Carrefour convert its current purchasing decisions into a binding purchasing policy and make this available and transparent for all of its suppliers and consumers. For the roughly 10% of beef in its stores from suppliers not committed to zero deforestation, Carrefour does not explain what are the mechanisms to monitor its

origin and to guarantee that it is without links to deforestation of the Amazon. There is great risk that this beef may come from cattle farms involved in environmental and social crimes.

Only a transparent purchasing policy can prevent a company from buying beef from any supplier according to the whims of the market, and guarantee that the company's decisions are instead based on rewarding those slaughterhouses who are committed to not destroy the Amazon rainforest further. Carrefour Brazil should use its position as the second largest supermarket to take the needed steps to become deforestation-free, by pushing these beef suppliers to commit to zero deforestation as well.

CARREFOUR'S STANDARDS Carrefour Brazil informed Greenpeace that the supermarket is in the process of developing a supply chain monitoring system to complement the system used by leading slaughterhouses in Brazil, who are committed to zero deforestation. This system relies on information provided by the suppliers about their operations with regard to deforestation and applies to beef sold bearing either the *Rainforest Alliance* logo or *Carrefour's Guarantee of Origin* logo. This system is a good first step, but only if Carrefour relies on it (once implemented) to actively delist those slaughterhouses who continue to buy from cattle farmers that are involved with deforestation and other environmental and social crimes.

Carrefour Brazil does not demand geographical information from the slaughterhouses about the farmers supplying the beef to the company. This is an oversight in a country where land ownership and usage is poorly regulated. Without detailed geo-referenced information, the origin of the beef is hard to validate and it is nearly impossible to determine whether the supplying farm is involved in deforestation, as just the name of the supplier is insufficient alone to make sure that no further deforestation is taking place.

Carrefour Brazil also states that it will refuse to purchase beef originating from cattle farms within Indigenous lands or from areas with land conflicts, but only if they are informed about these activities. It would be better if the company were to be proactive and detect

these illegal activities ahead of time by making this a permanent criterion in its monitoring system, instead of passively waiting to hear of news of wrongdoing.

To its credit, Carrefour Brazil is taking some steps to monitor and delist suppliers involved with slave labor. It is using the latest published version of the *Dirty list of Employers using workers to conditions analogous to slavery* from December 2014. It also relies on the recently-published list of slaveholders provided by the Brazilian Ministry of Work to the NGO Reporter Brazil and InPACTO.

TRANSPARENCY Finally, Carrefour, as well as the other leading supermarkets in Brazil, must dramatically increase the level of transparency about what is being done to avoid enabling and supporting environmental or social crimes. The adoption of a binding beef purchasing policy and making it publicly available is an important first step.

If the company were to tighten its purchasing standards and provide easily-accessible traceability information regarding the origin of the beef sold in its stores every day, Carrefour Brazil could make significant strides toward the end goal of externally verifiable deforestation-free beef, nationwide. As it now stands, the supermarket cannot afford to be currently purchasing deforestation-free beef by coincidence – it owes more to consumers. Carrefour has an opportunity to be a positive influence on the cattle sector and is inexplicably not positioning itself as part of the solution.

GPA - Grupo Pão de Açúcar

Grupo Pão de Açúcar is the largest supermarket chain in Brazil, with over 2,140 stores located in most states of Brazil.^{xxxii} It is part of the French company "Casino-Group," a world leader in food retailing. Today GPA is one of the largest private companies in Brazil, with over 150,000 employees. Alone, GPA has a market share of nearly 30% in Brazil.^{xxxiii}

GPA Companhia Brasileira de distribuição (group Casino)
COUNTRY OF ORIGIN France
COMPANY SIZE (BASED ON REVENUE) 1st
SCORE IN GREENPEACE RANKING 3rd place with 15% scoring (4.5 points out of 30)
STORES 2.143
HEADQUARTERS São Paulo (Grupo Pão de Açúcar is a subsidiary of the French Casino-Group)

GROSS REVENUE BRL 72,318,920,859

BANDEIRAS



BEEF PROCUREMENT POLICY GPA acknowledges that it does not have a beef purchasing policy that includes social and environmental criteria. Neither does GPA have clear guidelines for its purchasing staff, meaning that there is no way to ensure that beef sold at GPA is not coming from farms contributing to the ongoing deforestation of the Amazon Rainforest or other high conservation value forests, using slave labor, illegally occupying Indigenous Peoples' land, or involved in other environmental crimes.

GPA'S STANDARDS According to GPA, 70% of its beef is provided by three large slaughterhouse companies that are already committed to zero deforestation by signing the Cattle Agreement in 2009, and which have implemented monitoring systems to block direct farmers as suppliers if they are still involved in deforestation. A majority of the beef coming from these three companies is not evidence of a policy, however, and these percentages could change anytime if, for instance, more favorable prices could be found. It would be far more valuable for GPA to have zero-deforestation standards than simple luck. Furthermore, GPA's traceability system is underwhelming (as outlined below) thereby casting doubt on the 70% figure in the first place. Finally, the question remains for customers at GPA's markets: where is the remaining 30% of the beef coming from?

GPA is making initial efforts to improve traceability and scrutiny over many product categories, including beef. Such programs include the PEQ (Evolution of Quality Program) and QDO (Quality of Origin).

The beef sold using the exclusive GPA-brand called "TAEQ" is tracked from production to the supermarket shelves through the PEQ program. However, the sales of this brand only represent between 5-7% of the beef sold in stores of Pão de Açúcar and Extra. The aim of the PEQ is to allow consumers to use a QR code on the meat package to identify the supplying cattle farmer and the slaughterhouse that directly supplied GPA. While innovative in concept, when Greenpeace repeatedly tested the QR-code functionality for this publication, the system was not working and no information was revealed.

Greenpeace's evaluation of GPA's policies on beef sourcing and deforestation focused more on the QDO program (as opposed to the PEQ program) because the PEQ Program only covers a small percentage of the beef sold whereas the QDO applies to all beef sold. According to GPA, the QDO program does not require the supermarket to monitor along the various steps in the supply chain as needed under the PEQ Program. GPA claims that it (internally) audits the QDO program, with the supplying slaughterhouses. These audits and the

program overall are only able to prevent sourcing from farms that have been cited by authorities for illegal deforestation, but do not aspire to prevent sourcing from farms involved in any deforestation. Both GPA's QDO and PEQ programs demonstrate that control and monitoring of beef origin and supply is possible, but the ambitions fall short of a zero deforestation policy.

Both GPA and Greenpeace agree that tracing indirect suppliers is still a challenge for the whole sector. However, large-scale customers like GPA have the responsibility to commit to a zero deforestation supply chain and take an active role in supporting a solution for improved traceability by suppliers. The most important first step for GPA is to ensure that its slaughterhouse suppliers are implementing a tight chain of custody and monitoring from farm to slaughterhouse to guarantee deforestation-free beef in GPA's stores.

GPA earned some points in this evaluation for its efforts to avoid sourcing from suppliers using slave labor. To monitor and de-list suppliers involved in such crimes, GPA is consulting both the most recent list of companies involved in slave labor publicized by the Brazilian Ministry of Labor and Employment (MTE) in December 2014, and the list of companies involved in slave labor provided by the MTE to the NGO Reporter Brazil and InPACTO (obtained via the Brazilian Access to Information Act of 2015).

As for the relationship with supplying slaughterhouse companies, GPA does not require them to provide geo-referenced maps of the cattle farms that sell the animals to the slaughterhouses. GPA does not publicly share a list of its beef suppliers, nor an annual work-plan to update or improve its programs to control its beef supply chain.

TRANSPARENCY When asked about their intention to commit to the Zero Deforestation, as many other companies have done already, GPA states *"the Casino Group's culture is not to make public commitments, but to prefer to work on internal measures rather than to publish goals."* Even if GPA were to commit to zero deforestation, the company added that this would not be enough to ensure a full implementation of the commitment. But not publicly committing to end deforestation

makes the Casino Group an anomaly among other major global retailers that have already publicly committed to source high risk commodities responsibly. Greenpeace agrees that actions are more important than public commitments, but public commitments are crucial for setting expectations internally and outside of GPA, and for providing a framework for accountability.

Unfortunately, despite being the clear market leader in the Brazilian supermarket sector, GPA does not do enough to ensure that deforestation is not in its supply chain. GPA does not have robust traceability mechanisms to confidently check the beef it is buying and offering to its consumers. The biggest question that remains for GPA consumers is what guarantees can GPA provide to assure them that they are not taking deforestation back home with them when preparing their next churrasco?

Cencosud Group

This giant Chilean retailer has operated throughout Latin America for over 50 years, and in 2007 it began to acquire local supermarket chains in Brazil, accumulating annual revenues of over 9 billion BRL. The Group has expanded throughout the Brazilian Northeast, consolidating its position as one of the largest in the sector in the country. In addition to GBarbosa, Cencosud acquired the chains Mercantil Rodrigues, Perini, Bretas and Prezunic, and today has 220 establishments spread across eight states (Alagoas, Bahia, Ceará, Goiás, Minas Gerais, Pernambuco, Rio de Janeiro, and Sergipe).

CENCOSUD GROUP Cencosud Brasil Comercial Ltda

COUNTRY OF ORIGIN Chile

COMPANY SIZE (BASED ON REVENUE) 4th

SCORE IN GREENPEACE RANKING 4th place with 3% scoring (1 point out of 30)

STORES 220

HEADQUARTERS Sergipe (SE)

GROSS REVENUE BRL 9,795,213,632

BANDEIRAS



BEEF PROCUREMENT POLICY Cencosud has shared with Greenpeace its general commercial agreement signed by all of its suppliers, and has publicly posted its code of ethics on the company's website. However, these documents do not qualify as a beef purchasing policy with clear guidelines and established socio-environmental criteria for the purchasing team to follow. Cencosud states that the commercial agreement is a document that is widely used and disseminated among suppliers and the commercial department, and noncompliance could result in termination of commercial relations. However, it is a generic document used for routine commercial contracts that does not contain any criteria to prevent the purchase of meat originating from deforestation, invasion of Indigenous lands, protected areas, slave labor, and land grabbing in the Amazon rainforest.

The only social and environmental criteria cited deal with compliance with legislation prohibiting slave labor, the National Environmental Policy, and the Law on Environmental Crimes. This merely means that Cencosud has contract terms that require their suppliers to do nothing more than obey the law. The company did not even indicate whether it regularly checks the slave labor *Dirty List* based on data supplied by the Ministry of Labor and Employment based on requests for public information by the NGO Reporter Brasil and InPACTO. The only mention of meat in the document "General Terms of Commercial Agreement - Cencosud Brasil" refers to technical specifications for the shipping of types of meat.

CENCOSUD'S STANDARDS Besides having no policy, Cencosud has yet to commit to zero deforestation. When we questioned the company about its intention to commit to zero deforestation by the end of 2015, the company replied that it is "working internally to structure and develop this policy for Cencosud Brasil." ^{xxxiv} However, no further evidence was made available that the policy is being developed and disseminated to the meatpacking plants that supply meat to the supermarket chain.

While supposedly 70% of Cencosud beef-purchases come from slaughterhouses that are already committed to zero deforestation, without a written policy there is no guarantee that this is a permanent decision. Like

other supermarkets, it therefore does not earn credit in the assessment if the purchases were not deliberately positioned as part of deforestation-free policy (not to mention the concerns over verifiable traceability). As for the other 30%, the company says that it is "working to make progress on this issue with the other suppliers." But Cencosud does not specify how this work is actually being done.

TRANSPARENCY Currently, the company relies on the control systems developed by the slaughterhouses that supply their beef, but do not have their own mechanism to check slaughterhouses that are not committed to zero deforestation. In practice, this means that consumers who frequent their stores are "playing the odds" by running the risk of purchasing beef that is tainted by deforestation, indigenous conflicts, slave labor, and other serious crimes that threaten the Amazon forest and its people. There is simply no way to know.

Cencosud is failing to address the urgent issue of deforestation and seems to be far away taking its first steps towards a purchasing policy. It lacks a zero deforestation policy for beef, and has no mechanisms in place to ensure that its future plans to achieve zero deforestation are feasible. Cencosud should swiftly elevate the importance of this issue in order to one day give its customers a reliable answer to what beef they are buying.

Grupo Pereira/Comper

The first store of Pereira/Comper Group was opened in 1972. Today the Pereira/Comper Group is made up of the following chains: Comper Supermercados, Forte Atacadista and Bate Forte, totaling 58 stores in six states.^{xxxv} The Group has an estimated annual revenue of 4 billion reais in 2014, leads the retail market in Cuiaba, and is one of the largest supermarkets in Mato Grosso state.^{xxxvi} Mato Grosso is one of the Brazilian states with the greatest amount of deforestation every year.^{xxxvii}

GRUPO PEREIRA Comper

COUNTRY OF ORIGIN Brazil

OVERALL SIZE (BASED ON GROSS SALES) Not listed in ABRAS ranking

SCORE IN GREENPEACE RANKING FAILED (0 points)

STORES 58

HEADQUARTERS ?

GROSS REVENUE BRL 4 Billion

BANDEIRAS



GREENPEACE COMMENTS Though the Mato Grosso state is a leader in cattle production and is involved with various environmental and social crimes arising from the beef industry, Pereira Group / Comper did not show the slightest interest in transparent dialogue about their beef purchasing policy. Despite Greenpeace’s numerous attempts to contact the company by registered mail addressed to the supermarket’s executive management, emails, and several telephone calls, the company never responded with answers to the questionnaire sent by Greenpeace.

Companies that do not answer the questionnaire (nor publicly post any other information) are scored as not having a policy for beef purchasing or any environmental and social criteria. Unfortunately, consumers have no idea what the Pereira Group/Comper is doing – if anything – to ensure that deforestation, slave labor, and other environmental and social problems are not ending up on their dinner plates.

Grupo DB

The DB Group began in 1982 in the wholesale business and expanded to retail in 1995, opening the first hypermarket in Amazonas state. The group has expanded throughout the Northern region and is the largest retail chain of supermarkets and hypermarkets in Amazonas, Rondônia, and Roraima states. It currently has 22 stores.^{xxxviii}

GRUPO DB

COUNTRY OF ORIGIN Brazil

OVERALL SIZE (BASED ON GROSS SALES) Not listed in ABRAS ranking

SCORE IN GREENPEACE RANKING FAILED (0 points)

STORES 22

HEADQUARTERS Amazonas - AM

GROSS REVENUE BRL 4 Billion

BANDEIRAS



GREENPEACE COMMENTS The DB Group did not respond to the questionnaire sent by Greenpeace. After numerous attempts to contact the company, by registered mail addressed to the supermarket's executive management, emails, and several phone calls, we received only one email from the marketing manager, Guto Coubert, on July 21, 2015. He stated that the questionnaire only arrived in his hands on that date, and the next day he reported that he had forwarded the survey to DB's main slaughterhouses supplying them – Friboi (JBS) and Frigon – and that DB would purportedly get back to Greenpeace based on the slaughterhouses' answers. After two months and several attempts, Greenpeace has not received any answer from the company.

On its homepage, DB gives no details of its beef purchasing policy, likely because it does not exist. It is also very succinct and non-specific when reporting on its environmental and social initiatives on its homepage.^{xxxix} Here, DB addresses issues such as: "deforestation control, reduction of forest fires, increase in industrial production of forestry base [...] and regularization of possessions and farms." However, DB does not explain what it is doing in each project nor provide any evidence. One would hope that DB is doing something to stop buying (and selling to its customers) the destruction of the Amazon rainforest, particularly since its stores are based in the three states within the Amazon rainforest where cattle production is increasing and deforestation continues at a high rate.

It is clear that consumers do not know – and possibly even the DB Group itself – what the supermarket is doing to ensure that deforestation, slave labor, and other problems are not going to reach their dinner plates.

Yamada

Founded in 1950, the supermarket Yamada is today the largest retail chain in Pará. In addition to food sales, the group also manages businesses that provide consumer credit and promote cattle production. Yamada's annual revenue is almost 2 billion BRL, and it serves over 2 million consumers.

The president of Yamada, Fernando Yamada, also holds the position of president of ABRAS, the Brazilian trade association that represents at least 1,000 supermarket companies throughout the country. Pará is the leading producer of cattle in the Amazon rainforest. The state also tops rankings in deforestation for 2014,¹⁸ and leads the nation in slave-like labor activity according to the most recent slave labor blacklist issued by the Ministry of Labor and Employment.

YAMADA

COUNTRY OF ORIGIN Brazil

OVERALL SIZE (BASED ON GROSS SALES) 14th

SCORE IN GREENPEACE RANKING FAILED (0 points)

STORES 36

HEADQUARTERS Pará - PA

GROSS REVENUE BRL 1,957,902,912

BANDEIRAS



GREENPEACE COMMENTS With so many challenges to face and its position in ABRAS, Yamada has a remarkable opportunity to play a key role in pushing slaughterhouses located in the Amazon rainforest to commit to zero deforestation as soon as possible. But this valuable opportunity has been squandered.

The supermarket has not shown the least interest in having a frank and open discussion. Despite Greenpeace's numerous attempts to contact the company, by registered mail addressed to the supermarket's executive management, e-mails, and numerous telephone calls, Yamada has not responded to the questionnaire sent by Greenpeace.

Yamada's slogan reads "With you, we have it all." We hope Yamada takes on the challenge and really will "have it all" soon: a transparent and publicly-available beef purchasing policy with no deforestation or slave labor in the supply chain.

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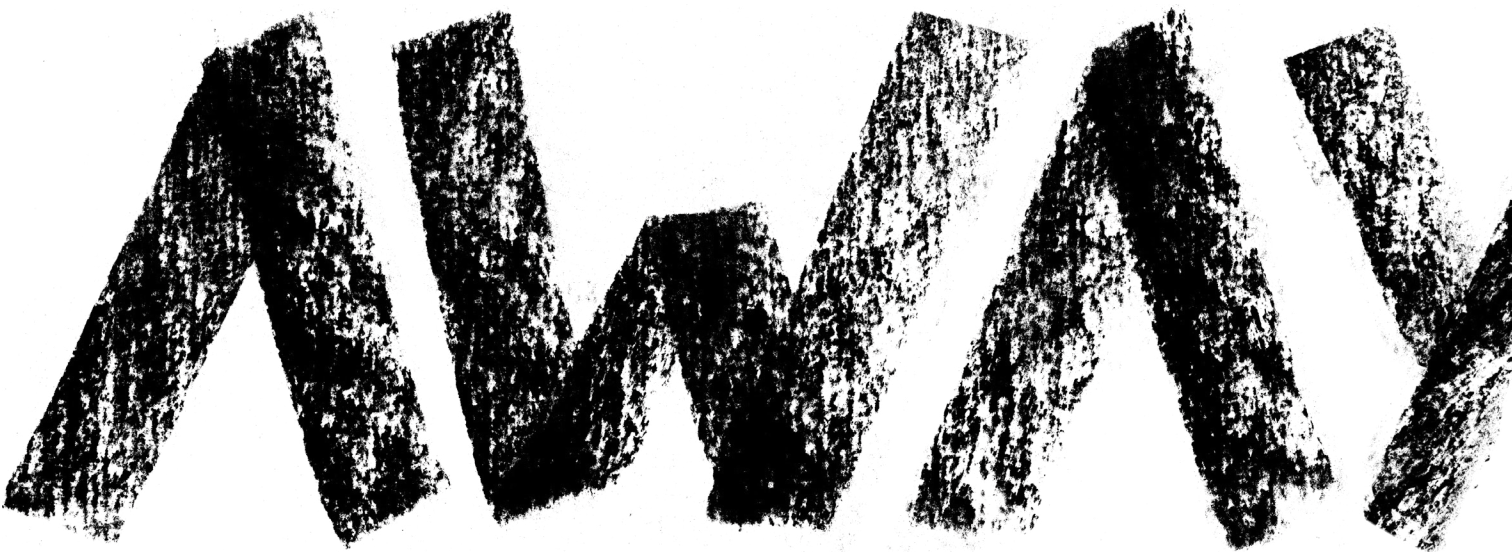
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WING

Greenpeace is a global, independent organization that works to protect the environment and promote peace, inspiring people to change attitudes and take action. Investigating, exposing and confronting environmental crimes, challenge decision makers to review their positions and adopt new concepts. We also defend economically viable and socially just solutions that offer hope for this and future generations.



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