

Mighty Earth files complaint with US Securities and Exchange Commission against JBS ‘green bonds’

Environmental group’s evidence to SEC claims that meat giant’s “sustainability-linked bonds” were misleading to investors and allegedly fraudulent



(Amanda Hurowitz, Kevin Galbraith, Edivan Guajajara, Glenn Hurowitz, Matthew Groch)

Picture credit:

Michael Brochstein/Split Stone Media

“Some...business leaders are saying one thing – but doing another. Simply put, they are lying, and the results will be catastrophic.”

UN Secretary General, Antonio Guterres, April 4, 2022

Washington DC, January 17, 2023 — Senior executives at Mighty Earth have filed a whistleblower complaint to the US Securities and Exchange Commission (SEC), calling for a full investigation into alleged misleading and fraudulent “green bonds” issued by the Brazilian meat giant JBS.

Evidence presented to the SEC details how JBS, the world’s largest meat processor with operations in over 20 countries, issued \$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.”

The heart of the complaint centers on the fact that JBS based the bond offerings on its commitment to achieve net zero emissions by 2040 – but that its emissions have in fact *increased* in recent years and it excluded ‘Scope 3’ supply chain emissions that comprise upwards of 97% of its climate footprint. It also omitted key information from investors about the actual number of animals it slaughters each year, denying US investors vital information to make fully informed decisions about JBS’s net zero and climate-related claims as they decided whether to purchase these SLBs.

Mighty Earth’s CEO Glenn Hurowitz said:

“JBS seduced investors with sustainability pledges, but those pledges had practically zilch to do with the actual source of JBS’ supersized climate impact. Companies simply shouldn’t be able to ignore the environmental impact of 97% of their operations and then market themselves as green.”

“The fact that the meat company arguably responsible for more climate pollution and deforestation than any other in the world was able to raise \$3.2 billion through green bonds is an indictment of the utter lack of safeguards in the world of ESG investing. JBS’ success in duping investors shows that SEC needs to step in right away to set clear rules about what does or doesn’t count as sustainable.”

“We need trillions of dollars in investment in decarbonization, but it shouldn’t be wasted on industrial meat companies that are driving deforestation and spewing pollution into the atmosphere.”

“The facts uncovered in today’s SEC filing should signal to investors that they can’t take company sustainability claims at face value. JBS’ materials make the company sound like Greta Thunberg even as their suppliers burned the Amazon and spewed enormous amounts of methane into the atmosphere. Before JBS makes elaborate claims like these, they need to first stop the bulldozers in their supply chain and slash their methane pollution.”

The complaint cites the official [Second Party Opinion](#) on JBS’ Sustainability-Linked Securities that concluded that the bonds “*were not material to the whole corporate value chain as the KPI does not include Scope 3 emission,*” which are responsible for an estimated 97% of the company’s footprint.

Our complaint – the first against a Sustainability-Linked Bond – highlights 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. These Scope 3 emissions relate to animals in its supply chain – from deforestation, methane, and land use change to rear cattle on the thousands of farms and feedlots, which directly and indirectly produce meat for JBS in Brazil, the United States and beyond.

Despite JBS' claims, the complaint shows that JBS is heading in the opposite direction when it comes to reaching net zero by 2040. The complaint argues that JBS omitted material information in its bond offering and investor presentations about its Scope 3 emissions. The most recent published analysis shows that instead of JBS' emissions footprint shrinking, it is estimated to have grown by between 17% and 56% between 2016 and 2021, to 288 million metric tons CO₂ equivalent in 2021, and may be as high as 541 million metric tons CO₂. For context, JBS' estimated total emissions of 288 mmt CO₂ in 2021 exceed the entire emissions of Spain.

Alex Wijeratna, Senior Director at Mighty Earth, said:

"This is greenwashing so severe that we hope the SEC investigates it as securities fraud. We're urging the SEC to conduct a full investigation into these \$3.2 billion of JBS green bonds, in order to protect investors from wrongdoers who mislead, conceal, and massively under-report their climate emissions."

Kevin Galbraith, attorney for Mighty Earth and the whistleblower, said:

"JBS' long history of corporate misconduct – resulting in billions of dollars in fines from several governmental agencies and yet no apparent modification of its behavior – make plain that the company needs more than a slap on the wrist. These facts require an energetic investigation of the material misrepresentations that we have alleged in the whistleblower complaint. JBS' greenwashing achieved its desired effect: the company accessed U.S. capital markets to raise billions from unsuspecting investors, including asset managers who had signed on to a pledge to avoid issuers whose conduct fuels climate change. We are confident that when the SEC's Climate and ESG Task Force carefully examines what has happened here, it will take appropriate action to hold JBS accountable and ensure that it lives up to its environmental promises."

Indigenous activist and filmmaker, Edivan Guajajara, who supported the SEC submission, said:

"For too long big business has held all the power, deforesting at will in the Amazon to rear cattle or grow soy, on land taken from Indigenous communities. The tide is turning and we're seeing more organizations willing to call out bad practice and pursue legal challenges. We support this, as none of us can fight this alone."

Notes to Editors

Key facts from the SEC JBS whistleblower complaint:

- SEC JBS complaint argues that JBS has violated the anti-fraud provisions of the federal securities laws, including but not limited to Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder; Section 13(a) of the Exchange Act and Rules 13a-1, 13a-16, and 12b-20 thereunder; as well as Section 17(a) of the Securities Act of 1933 (“Securities Act”).
- When JBS discloses its “total emissions” for [2020](#) as 6.1million metric tons of CO₂ equivalent, the figures exclude Scope 3 emissions from most animals in it supply chains and the emissions from deforestation, methane and land use change for which JBS is responsible, and which together make up the vast majority of the company’s climate footprint.
- JBS picks and chooses what it will disclose, and to whom, about its GHG emissions. When challenged on its public claims, JBS misrepresents the data and claims without evidence that the figures it provided had been independently verified. In one example JBS claimed its emissions reductions target was recognized by the “Science Based Target initiative (SBTi) when in truth, JBS refused to disclose its full emissions and as a result was ranked “very low” for both transparency and integrity.
- JBS’s 2021 methane emissions—a greenhouse gas that is estimated to have around 80 times more warming potential than CO₂ over a 20-year timespan—are estimated to exceed the combined livestock methane emissions of France, Germany, Canada, and New Zealand or compare to 55% of U.S livestock methane. See Changing Markets Foundation/IATP report, [Emissions Impossible, Methane Edition](#) (2022)
- JBS says it can only commit to reaching legal compliance on deforestation by 2025. This is a rehash of a deforestation promise JBS made in 2009 and failed to honor.
- A recent Chain Reaction Research [report](#) estimates JBS’s deforestation footprint in Brazil since 2008 may be as high as 200,000 hectares in its direct supply chain and 1.5 million hectares in its indirect supply chain.
- The number of JBS slaughterhouses in the Amazon has doubled since 2009, so its rapid expansion is cancelling out any potential emissions reductions.
- Some 17 US State Treasurers have requested Scope 3 emissions be explicitly required in the revised SEC climate reporting requirements, as outlined in this [letter](#) to SEC Chairman Gary Gensler.

About Mighty Earth

Mighty Earth is a global advocacy organization working to defend a living planet. Our goal is to protect half of Earth for Nature and secure a climate that allows life to flourish. We are obsessed with impact and aspire to be the most effective environmental advocacy organization in the world. Our team has achieved transformative change by persuading leading industries to dramatically reduce deforestation and climate pollution throughout their global supply chains in palm oil, rubber, cocoa, and animal feed, while improving livelihoods for Indigenous and local communities across the tropics.