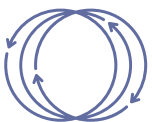

Comparative analysis in the beef value chain: setting the bar to create the Voluntary Protocol for Monitoring Cattle Suppliers in the Cerrado Region (Protocolo Voluntário de Monitoramento de Fornecedores de Gado no Cerrado - PVMFGC)

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01 Summary

The Cerrado biome has gained increasing visibility and importance in the public commitments of the beef supply chain. This study analyzed the criteria and parameters established in the platforms, public and company commitments, and shows that most of the companies and non-governmental initiatives in this analysis have agreed not to deforest the biome, however, there is a lack of alignment in the criteria and parameters used. There is also no consensus on the reference dates, neither in the cut-off date nor the target date. The former has ranged from 2009, 2017 or 2018, while the latter runs from 2020 to 2030. Lists of federal environmental embargoes, slave labour, indigenous land and conservation units are the most frequently mentioned by the companies, however, they are not common to all the commitments and there is no definition about how to monitor them. The challenge for the industry to monitor indirect cattle suppliers and achieve full product traceability is clear but it is already being considered by many companies in their commitments for coming years.

02 Introduction

Beef production involves more than 2.5 million¹ cattle farms and around 214 million heads of cattle² in Brazil. In the state of Mato Grosso alone the bovine herd totals 30 million animals. The journey from farm to plate goes through the Brazilian beef industry, which is well known worldwide for the vast amount of beef it exports.

Despite some companies having committed to conserving the Cerrado biome, there is a lack of alignment on how to operationalise this in the beef sector. **To date, there is no protocol for the beef industry to analyse the procurement of cattle in the Cerrado biome**, like there is in the Amazon biome, where the criteria, parameters and analysis rules have been defined.

This publication, therefore, presents the **criteria, scopes and specificities** of the main initiatives that drive deforestation and conversion-free chain practices in the Cerrado biome³, and underpins the establishment of the criteria base for the first version of the **Voluntary Protocol for Monitoring Cattle Suppliers in the Cerrado (Protocolo Voluntário de Monitoramento de Fornecedores de Gado no Cerrado - PVMFGC)**.

03 Analysis

Comparisons have been made of initiatives put in place based on a survey of the criteria and parameters that platforms, public commitments, frameworks and companies use for monitoring the Cerrado to identify which criteria would be the most relevant for a PVMFGC.

Three **platforms** were reviewed: Forest 500, Trase and Supply Change. The aspects most considered for evaluating, scoring and ranking companies were the types of deforestation they commit to (zero deforestation, illegal deforestation, gross or net deforestation, and/or conversion), traceability systems and greenhouse gas (GHG) emissions. On the other hand, compliance with legal requirements at a national and sub-national level, to which companies are subject to, were not on the scope of criteria on these platforms.

Six **commitments** were analysed by the survey: Conduct Adjustment Term (TAC) established by the Public Prosecutor's Office for the Legal Amazon; SoS Cerrado Manifesto; New York Declaration on Forests (NYDF); Amsterdam Declaration; Chinese Sustainable Meat Declaration and Austrian Market Declaration. Of these commitments, three (TAC, SoS and

¹ According to the 2017 Agricultural Census (Brazilian Statistics Bureau - IBGE).

² According to the 2019 Municipal Livestock Survey (Brazilian Statistics Bureau - IBGE).

³ The Accountability Framework Initiative (AFI) recommends that companies with an existing no-deforestation commitment replace it with a no-conversion commitment for the Cerrado and companies that do not yet have a commitment to the Cerrado adopt a no-conversion commitment directly. (AFI Operational Guidance on Applying the Definitions Related to Deforestation, Conversion, and Protection of Ecosystems, 2019). When referring to company commitments, we are using the term adopted in their commitment (conversion and/or deforestation)

NYDF) offer more details about the criteria and parameters that imply reducing or eliminating deforestation in the Cerrado. Only two (TAC and Amsterdam declaration) do not explicitly refer to the reduction of greenhouse gas (GHG) emissions.

Two wide-ranging **frameworks** used in the beef chain were analysed: the Accountability Framework Initiative (AFI) and the Collaboration for Forests and Agriculture (CFA) Operational Guidance. Both include non-conversion criteria but AFI is more comprehensive and covers more criteria related to, for example, human rights and protected areas.

With regard to **companies**, the survey took into consideration four beef processors (JBS, Marfrig, Minerva and Plena Alimentos), four from the food industry (McDonald's, Mars, Tyson Foods and Parker-Migliorini International) and five from retail (GPA, Carrefour, Grupo BIG, Walmart and Tesco). It was clear that, for the most part, beef companies and retailers agree to use the criteria in the "Monitoring Protocol for Cattle Suppliers in the Amazon" to cover other biomes but there has not yet been a common cut-off date set for the Cerrado.

The largest beef companies recently set a target date to eliminate deforestation in their supply chain in the Cerrado. Marfrig's goal is to reach zero deforestation by 2030. Minerva has committed to zero illegal deforestation throughout its supply chain in South America by 2030. JBS has brought forward its target and is now committed to zero illegal deforestation by 2025. Other companies that had predefined target date for the Cerrado were Tesco⁴ and McDonald's (2020), Walmart (2022), Mars (2025).







In general, the beef companies, retailers and industrial plants in the study and operating in Brazil showed concern for protected areas and indigenous lands, as well as labour issues. However, support for local communities and the inclusion of small producers in the value chain are not criteria considered by most of the companies.

What was observed, particularly in the case of platforms, frameworks and public commitments, is that few define the monitoring criteria for legal requirements at a national or sub-national level. The companies have adopted some common criteria in the monitoring of beef suppliers, regardless of the biome, such as the IBAMA embargo and slave labour lists from the Ministry of Economy's Labour Department and the analysis of overlapping indigenous lands, protected areas and deforestation polygons, in this case using the Prodes/INPE database.









The following table includes the most robust parameters and criteria used by companies and civil society initiatives in the cattle supply chain that contribute to fighting conversion in the Cerrado and other biomes in Brazil, and which were used as a basis for drafting the **Voluntary Protocol for Monitoring Cattle Suppliers in the Cerrado**.



⁴Stopped buying beef from Brazil in 2018.

Criteria	Parameter
	<p>1. Conversion</p> <p>Zero conversion of native Cerrado vegetation. Production only in areas already converted into agricultural production areas.</p> <hr/> <p>Cut-off date: 2009 (Tesco); 2017 (Mars, Carrefour); 2018 (McDonald's)</p> <hr/> <p>Target date: 2022 (Walmart); 2025 (Mars); 2030 (Marfrig).</p>
	<p>2. Slash-and-Burn</p> <p>Geomonitoring of fires to prevent deforestation. Information base of the Brazilian Space Research Institute (INPE).</p> <hr/> <p>Support fire prevention by implementing action plans in the supply chain.</p>
	<p>3. GHG emissions</p> <p>Reduce GHG emissions from land use change in its operations/supply chain, in metric tons of CO₂ equivalent. Essential criterion if "zero conversion" is not one of the commitments.</p>
	<p>4. Embargoed areas</p> <p>Embargo lists from IBAMA, state environmental agencies and ICMBio, including owner and tenant farmers/lessees under review.</p>
	<p>5. Rural Environmental License (Cadastro Ambiental Rural - CAR)</p> <p>Valid CAR.</p> <hr/> <p>Environmental Reserve Quota (CRA) can be used for offsetting purposes.</p>
	<p>6. Changes to the CAR limits</p> <p>Annual update of the suppliers' database to control changes in CAR limits.</p>
	<p>7. Indigenous land</p> <p>Use of a Georeferencing System to identify suppliers involved in invasions of Indigenous Land. No properties overlapping into Indigenous Land.</p>

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Criteria	Parameter
	<p>8. Protected areas</p> <p>Use of a Georeferencing System to identify suppliers involved in invasions of Protected Areas. No suppliers located in Protected Areas.</p>
	<p>9. Quilombola Communities</p> <p>Use of a Georeferencing System to identify suppliers involved in invasions of Quilombola areas based on information from the Brazilian Settlement and Land Reform Institute (Incra).</p>
	<p>10. Forced or slave-like labour</p> <p>No suppliers or farms that are included in the Slave Labour List. Consider all farms linked to the taxpayers' numbers (CNPJ/CPF) included in the list.</p>
	<p>11. Land Registry</p> <p>Proof of land registration from Incra's National Rural Registration System or guarantee document.</p>
	<p>12. Animal Transit Guide (Guia de Trânsito Animal - GTA)</p> <p>Suppliers issuing GTA from the property of origin. Legal requirement used by beef processors and retailers.</p>
	<p>13. Productivity Index</p> <p>Maximum number of heads of cattle per hectare per year destined for slaughter or prove capacity to have higher productivity, via a statement.</p> <p>Increase the productivity of already converted pasture areas and preserve the property's vegetation, by supporting studies and projects.</p>
	<p>14. Traceability system</p> <p>Traceability system in the cattle supply chain with information on origin (property, municipality, state, owner, CNPJ and CPF taxpayer registry number)</p>
	<p>15. Other</p> <p>Local Communities: ensure access to land for indigenous people, traditional and local communities and family producers.</p> <p>Inclusion of small producers in the supply chain to adopt best production practices and recover native vegetation.</p>

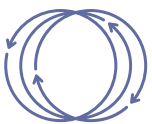
04 Final considerations regarding the criteria assessed:

- Most companies claim to monitor all their suppliers, which automatically includes the Cerrado, even if this biome has not been explicitly mentioned.
- The cut-off date, a reference for monitoring non-conversion, is used by the following companies: Mars (2017), McDonalds (2018), Tesco (2009) and Carrefour (2017)⁵.
- The target dates to achieve the commitment of no deforestation in the Cerrado vary widely among the companies. In industry - McDonalds (2020) and MARS (2025); in retail - Walmart (2022) and Tesco (2020); while for beef companies - Marfrig aims at zero deforestation by 2030, and JBS and Minerva at zero illegal deforestation by 2025 and 2030, in that order.
- Monitoring slash-and-burn activities is not a relevant aspect to all companies. JBS participates in a prevention plan, Marfrig monitors using data from Inpe, and Walmart has this criterion as a principle.
- Most companies mentioned the Forest Code as a benchmark in environmental law, however, they did not specify any of the monitoring criteria and parameters.
- Lists of federal environmental embargoes, slave labour, indigenous lands and protected areas was the criteria most cited by the companies.
- The list of environmental embargoes of the states and the changes in the CAR limit are not common legal requirements for companies. The latter was identified when the "Monitoring Protocol for cattle suppliers in the Amazon" was adopted.
- The productivity index, linked to "cattle laundering," is used by the three large beef processors and GPA. Concurrently, the largest beef processors have initiatives in place to improve the productivity of their supply chain.
- It is not always clear where companies stand with regard to the commitments adopted in monitoring indirect cattle suppliers. However, JBS, Marfrig and Minerva have recently committed to plans to have a deforestation-free chain in the Cerrado, including the monitoring of indirect cattle suppliers.
- Developing and implementing their own tracking system has been the path adopted by most companies to increase transparency in the chain.
- Half of the companies assessed are making an effort to include small producers in their supply chain.
- Companies in the cattle production chain rarely use climate change parameters.

All the differences pointed out in the analysis of the criteria and parameters established in the public and private commitments confirm the challenge of implementing the effective monitoring of cattle suppliers in the Cerrado, starting with the need to increase the number of companies committed to ending conversion in the biome and establishing a cut-off date and a target date. Based on the commitments, the companies should tackle the bottlenecks restricting the implementation of monitoring and verification systems to ensure, in fact, greater transparency for the parties involved.

In conclusion, the study showed that it is possible to create a first version of the **Voluntary Protocol for Monitoring Cattle Suppliers in the Cerrado**, a document that can be used in the consultation process involving companies from different sectors, civil society entities and other parties involved in a responsible beef chain, such as the public prosecutor's office, retailers, industry, geomonitoring companies and others.

⁵Following the conclusion of this study, Carrefour updated its Beef Procurement Policy, and included a cut-off date for deforestation in the Cerrado biome (from Prodes 2018).



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