
Engage within and beyond supply chains to implement responsible sourcing commitments for beef

Beef Toolkit
Briefing Note 03



Version 1.1



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5-element approach



Figure 1 - A 5-element approach for sourcing environmentally and socially sustainable beef

Key Points

- In order to address risk and mitigate the negative impacts of beef production, companies should take action *within* and *beyond* their supply chains.
- Action within the supply chain relates to volumes directly purchased by a company as well as the performance of its suppliers.
- Buyers can use their leverage to encourage good practices throughout the supply base. This can be achieved through an effective supplier engagement programme.
- Actions beyond the supply chain relate to actions that can be taken upstream, at landscape or jurisdictional level, as well as those that can be taken at a sectoral level to address systemic issues and drive long-term transformational change.
- Recognising that many issues central to responsible beef sourcing are not under the control of a single actor in the supply chain, buyers are increasingly engaging in landscape or jurisdictional programmes as well as sectoral level initiatives.

Purpose of this briefing note

This briefing note is part of the “Responsible Sourcing: A Beef Toolkit” guide. It relates to **Element 3: Engage within and beyond supply chains** of the 5-element approach for responsible sourcing of beef and other cattle products (**Figure 1**).

The main purpose of this briefing note is to provide buyers of beef and other cattle products with an understanding of how the negative impacts associated with beef production can be addressed through a comprehensive approach for engaging their suppliers, as well as through involvement and investment in landscape/jurisdictional programmes and sectoral initiatives. Approaches will depend on the position of the company in the supply chain, as well as other variables such as geography and existing supplier performance. This briefing note shares some of the available tools and processes in Brazil, the world’s largest exporter of beef, although the framework can be adapted to other countries.

01 Working within supply chains

Why engage suppliers?

A framework to plan your engagement.

According to the **Accountability Framework Core Principle 6**, companies should manage their entire supply chain to proactively fulfil commitments, identify non-compliance, and resolve any issues expeditiously and effectively. In practical terms, the engagement is done via a set of mechanisms or interventions that contribute to driving change towards responsible production and delivering on a company's responsible sourcing commitments. The mechanisms which companies use to engage with their suppliers will vary depending on:

- the company's position in the supply chain (closer or further away from production),
- the suppliers' social and environmental performance,
- the company's leverage over its suppliers, and
- the existing initiatives companies can build on within their supply base.

There is no pre-defined system for supplier engagement, but rather a framework of good practices, some of which are referenced in the table below and detailed in the following sections:

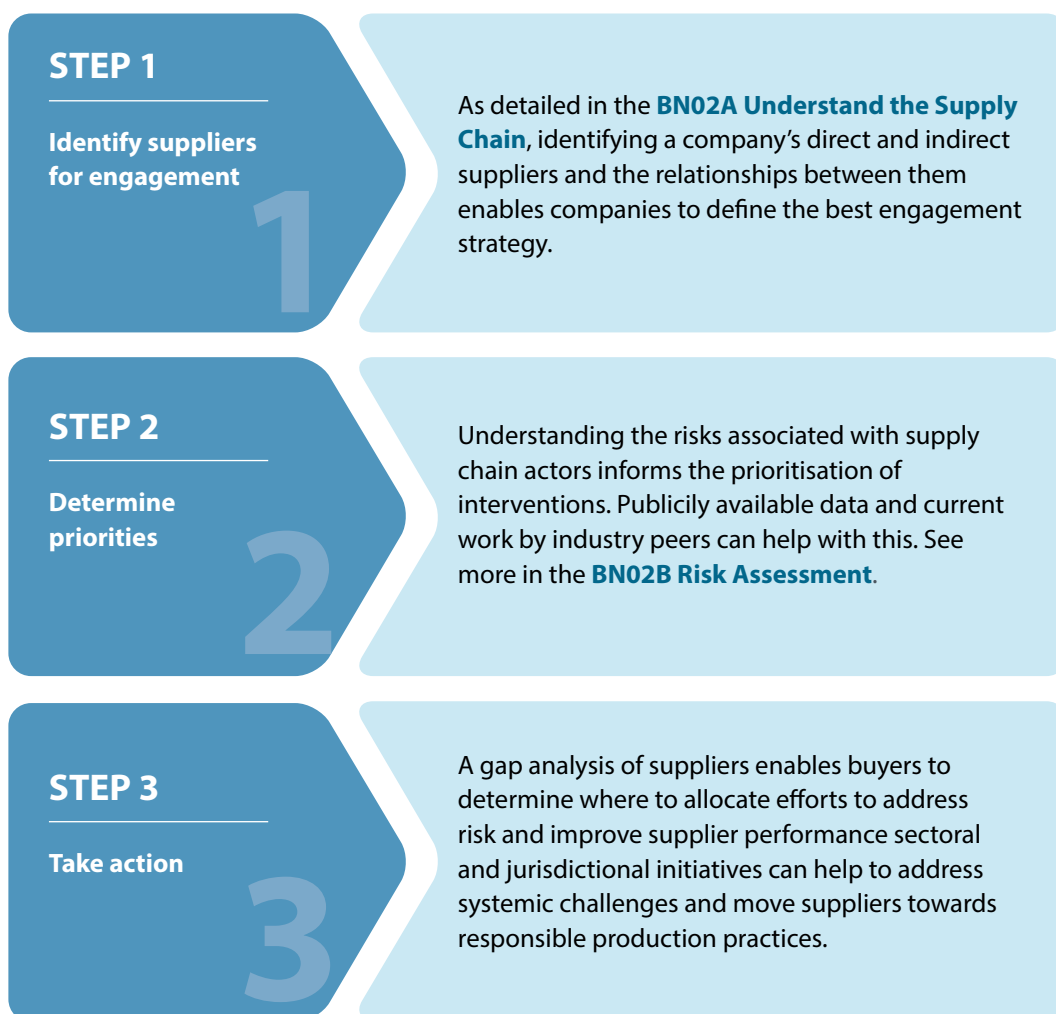


Figure 2: Steps for supplier engagement

Step 1: Identify suppliers for engagement

Cattle supply chain structure

The beef and cattle products supply chain is typically composed of a complex set of actors that are involved in different stages of cattle production and processing before products reach the end buyer. End buyers are as diverse as retailers, restaurants, pet food companies and leather industries. See **BN02A Understand the Beef Supply Chain**.

As of 2020, there were over 400,000 cattle farms across the Brazilian Amazon, from smallholders to big producers. However, only 154 slaughterhouses operate in the region and process all beef and cattle by-products from the farms.¹ Therefore, slaughterhouses have often been chosen as a strategic entry point for companies, government, and NGOs to engage and promote change throughout the beef supply base as shown in **Fig 3**.

The beef and cattle products supply base can be summarised as three types of industry suppliers:

- A) Cattle Ranchers**
- B) Slaughterhouses**
- C) Processors and retailers**
(which purchase directly or indirectly from slaughterhouses)

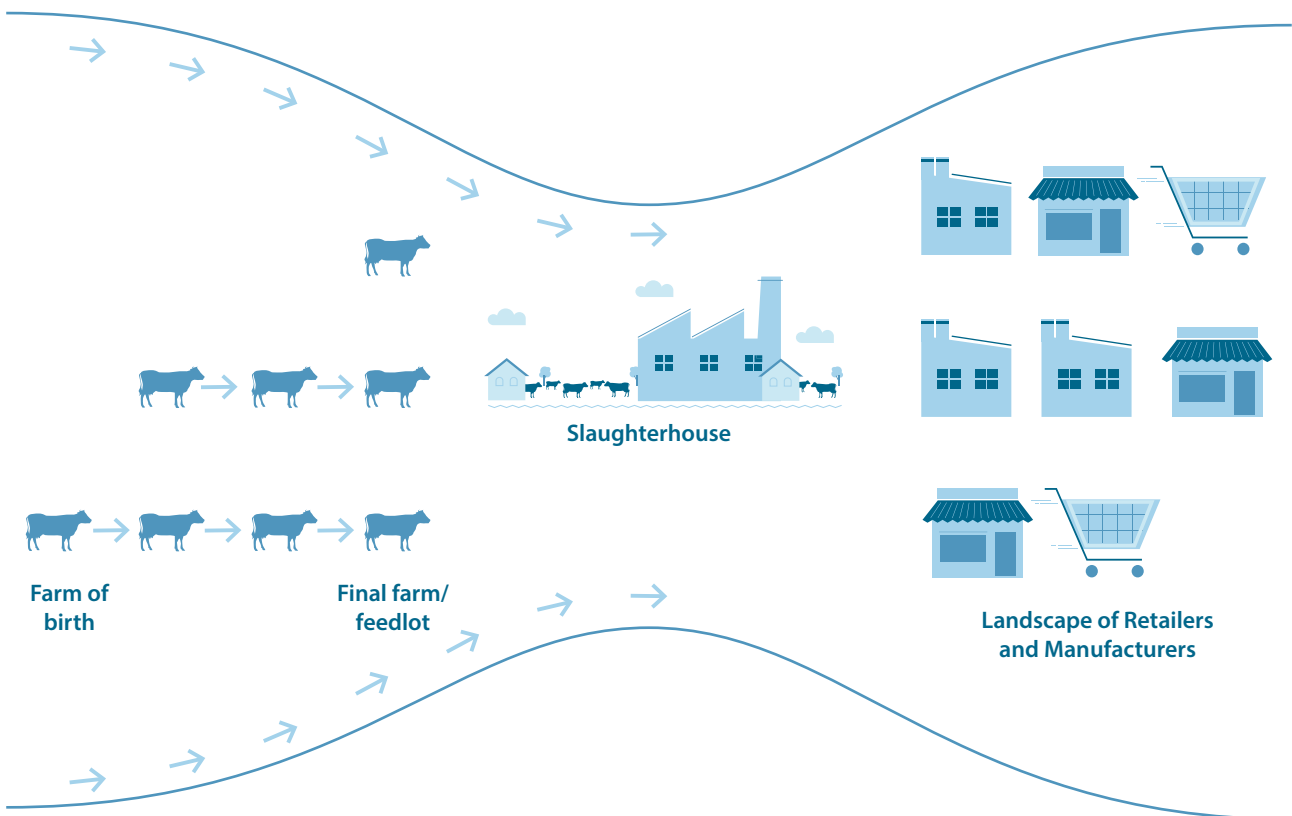


Figure 3: Typical beef and cattle products supply chain from cattle farms, through the slaughterhouses, to downstream companies (retailers and manufacturers).

Engagement with slaughterhouses

While engaging directly with slaughterhouses may seem straightforward, for companies which buy beef or cattle products from manufacturers, tanneries or processors, there is no direct relationship and no leverage with the slaughterhouses. Therefore, downstream companies can best translate and cascade their responsible sourcing requirements up the supply chain by engaging with their tier 1 suppliers, where they have leverage. Tier 1 supplier engagement should focus on clarifying what those tier 1 suppliers should expect from slaughterhouses and encouraging support for engagement with cattle ranchers.

For retailers, an initial strategy can be to focus on beef or cattle products with shorter supply chains (e.g. products which require less processing and therefore have fewer steps between cattle ranching and the final product) allowing for more direct links to the production level. Retailers also tend to focus on their own-branded products which may give them more leverage and control in implementing change in the supply chain.

Alternatively, downstream companies can collaborate in sectoral initiatives to achieve the following:

- i)** unify demands across buyers;
- ii)** aggregate multiple individual efforts; and
- iii)** communicate a stronger message to slaughterhouses.

Engagement with cattle ranchers

Gaining full visibility across the production level is one of the biggest challenges facing companies in Brazil. However, slaughterhouses buying directly from cattle farms can directly influence practices on those immediate farms and engage in improving their suppliers' practices.

Slaughterhouses sourcing from feedlots can work with them to gain better visibility of cattle ranchers in specific areas that supply the feedlots. These feedlots (or fattening farms) may have closer relationships with intermediaries and could help facilitate sharing of information as well as the implementation of improved practices.



Step 2: Determine priorities

Having understood at what level to engage, the company (whether a retailer, manufacturer or slaughterhouse) needs to decide which suppliers' and producing areas will be prioritised for engagement. This can be done by:

- Determining the level and nature of risk in the supply chain through geospatial analysis and risk assessment,
- Targeting high volume suppliers where leverage is greatest,
- Targeting suppliers where the severity of human rights impacts is the greatest,
- Targeting areas where ongoing initiatives are already in place.

Geospatial analysis and risk assessment

This method involves carrying out a comprehensive risk assessment across the supply base to rank suppliers according to the risk of deforestation and human rights violations. Companies can work with their immediate suppliers to map their supply chains to identify which sources are higher priority than others.

Ideally, risk assessment should be undertaken at farm level or, when unavailable, on slaughterhouses and meat processors. Where farm level assessment is not possible, the analysis can be run: (i) by location at the subnational level (state and municipality) and (ii) locally, based on a specific slaughterhouse location and projected direct sourcing area.

Companies can cross-check the location of the farm or the location of the slaughterhouse with data on cattle ranching expansion regions and publicly available information through satellite monitoring platforms, government databases and NGO reports. Examples are listed in the table below.

Publicly Available Information	Data Source
Deforestation and conversion of natural vegetation risks	TerraClass ² , MapBiomass ³
Data on deforestation and fires in cattle ranching regions	NPE - PRODES Amazonia/ PRODES Cerrado - DETER ⁴
Environmental embargoed farms list	IBAMA ⁵
Overlapping with Indigenous Lands	FUNAI ⁶
Overlapping with Protected Areas such as Conservation Units	ICMBio ⁷
Compliance with Laws and Regulations such as the Brazilian Forest Code	SICAR ⁸
Forced labour official data	Economy Ministry Dirty List of Slave Work ⁹
Land rights conflicts	Comissão Pastoral da Terra ¹⁰ - CPT
Forced labour and Child labour	InPACTO Vulnerability Index ¹¹

Note: InPACTO Vulnerability Index I is open to the general public at the state level. Members have access to the Vulnerability Index at the municipal level.

This analysis enables companies to identify specific violations of human rights or incidents of deforestation / natural habitat conversion, and which suppliers are potentially involved. This provides further transparency for a downstream company to target engagements and interventions using these sources.

Purchased volumes

To deliver commitments on achieving a specific percentage of compliant raw material, companies can target their highest volume suppliers where purchasing leverage is greatest. *However, one important exception to this is for human rights, where prioritisation – and therefore intervention - must be based on severity of impact to individuals, and not volumes, as prescribed under the UN Guiding Principles on Human Rights.*



Step 3: Taking action

3.1 Planning interventions: Understanding current practices and gaps

Buyers of beef and other cattle products can start by looking at the policies and procedures of their direct product/raw material supplier to identify gaps and to identify areas for engagement and improvement. Processors and retailers buying directly from slaughterhouses may carry out site visits or commission third party audits. These companies can consider the following indicators when analysing their direct suppliers' policies.

Box 1 – Indicators for evaluating suppliers' engagement programmes

1

Level of engagement	Topic	Indicator
All levels	Policy commitments	The supplier's responsible sourcing commitments are consistent with the company's requirements, and apply to their full supply base (or there is willingness to adopt sustainable procedures).
	Supply chain traceability	The supplier's commitments and progress on traceability are consistent with the company's requirements and they are willing to share adequate information on the production base (e.g. slaughterhouse location or sourcing origins).
	Timebound action plan for implementation	The supplier has a robust action plan for implementing its social and environmental policy commitments, over an acceptable timeline.
	Progress reporting	The supplier reports regularly and publicly on progress towards implementation of its policy commitments.
	Social criteria	Companies should require suppliers to report on their human rights performance, covering the following: labour rights (including child labour, forced labour, freedom of association and collective bargaining, discrimination, wages, working hours, occupational health and safety); land rights; and right to water. Retailers and manufacturers should assess supplier's policies and commitments on human rights, as well as supplier's own engagement mechanisms to implement them. For more information refer to the UN Guiding Principles on Business and Human Rights publication.
Processing companies and retailers evaluating slaughterhouses	Scorecards	Supplier scorecards are a way for companies to assess their suppliers' performance against policy requirements. They provide a basis for information sharing and discussion between buyers and suppliers.
	Grievance process	To complement other activities the supplier also implements a grievance process for its entire supply base which includes public disclosure of grievances logged and actions taken.
Slaughterhouses evaluating cattle farms	Self-assessment questionnaires	The supplier assesses its performance and progress against its own commitments.
	Site Audits	The slaughterhouse carries out site visits to assess its suppliers' current practices against policy requirements.

The outcome for supply chain companies should be a common understanding of current practices and of the gaps between these practices and the requirements of responsible sourcing policies.

Self-reporting and questionnaires

Self-assessment tools and questionnaires are usually provided by downstream companies (retailers and manufacturers) to collect information from their suppliers (typically slaughterhouses and meat processors) to understand supplier gaps and progress toward specific targets. Self-assessments can help to build a full picture of the upstream supply chain. The tool can be structured in a way that provides guidance to suppliers on the processes and steps required to deliver compliance.

Site assessments and visits to farms

Site visits can be undertaken to investigate and verify specific issues identified in the earlier supplier evaluation process. It will help to inform buyers about the necessary steps for addressing verified grievance(s), which may include working with the supplier to develop a timebound action plan to address the issues. Site visits can be prioritised remotely through geospatial analysis and monitoring.

Box 2

2



The **GIPS Guide of Indicators for Sustainable Livestock (GIPS)** is a voluntary action and self-evaluation tool that uses a gradual approach for continuous improvement on the sustainability performance of the sector. The Guide of Indicators provides information and guidance on sustainable livestock.



Agrottools developed geospatial analysis tools to identify socio-environmental compliance, based on deforested areas, indigenous lands, embargoed areas, and conservation units, among other indicators.

3.2 Support change

There is no standard way to support change as this depends on the nature and extent of any issues identified; the type and the size of supplier and the resources available to them; what leverage the supply chain actor can exert; the presence or absence of potential support and incentives; as well as local circumstances. Some of the good practices available for supplier engagement are referenced in Table 1.

Level of engagement	Good Practice	Examples
All levels	Awareness raising and training	Workshops, materials and/or webinars to explain to suppliers the importance of responsible sourcing expectations, combined with training on how to improve practices.
	Sectoral, Landscape or jurisdictional approaches in Brazil	To increase scale and impact, sectoral approaches focused on wider supplier engagement in a specific sector can be an efficient way of moving suppliers towards responsible production. This can include delivering farmer outreach programmes, capacity building, and continuous improvement. Another approach to achieve scale is to tackle issues or risks at landscape or jurisdictional level by focusing on common issues in a specific geographic area (e.g. the Amazon region or the Brazilian Cerrado).
	Collaboration	Supporting or joining collective efforts such as the Consumer Goods Forum's (CGF) Forest Positive Coalition and CFA (Collaboration for Forests and Agriculture) in which beef and cattle product buyers are working to drive transformational change in these key commodity landscapes. This not only allows companies to share costs, but also helps build shared understanding of the issues that must be addressed.
Processing companies and retailers engaging slaughterhouses	Commercial Incentives	Improving payment terms, increasing volumes, and establishing long-term contracts.
	Commercial Penalties	Reducing volumes (progressively and eventually to zero) and removing slaughterhouses from a preferred supplier list.
	Supporting sustainability policies and traceability system	Retailers and manufacturers downstream have great interest in co-building slaughterhouses' sustainability policies in order to align with their own and to support the adoption of traceability technology at the farm level. This can be done directly through the sustainability team or via a specialised consultancy.
	Establishing purchase control systems	Setting up procedures or systems to cross-check beef and cattle by-products purchases against a set of legal, environmental and social criteria, which will trigger specific actions from the buyer to support suppliers to improve. See Briefing Note 4: Establish a purchase control system for more information. ¹²
	Site Audits	Carrying out site visits to assess suppliers' current practices against policy requirements.
	External recognition	Publicly communicating the good performance of suppliers can build on the organisation's appetite to invest in sustainability and to continuously improve.

Level of engagement	Good Practice	Examples
Slaughterhouses engaging cattle farms	Commercial Incentives	Payment incentives based on quality, yield and/or wider sustainability criteria.
	Commercial Penalties	Reducing volumes (progressively and eventually to zero) and removing farms from a preferred supplier list.
	Encouraging cattle ranchers to join continuous improvement programmes	Introducing cattle ranchers to such programmes enables a process of gradual, continuous improvement of environmental, social and economic conditions on their land.
	Working towards legal compliance	Supporting cattle ranchers' compliance with the Brazilian Forest Code. Since January 1st, 2019, every single property in Brazil needs to be enrolled in the Rural Environmental Registry (CAR) otherwise they are illegal. Beef and cattle products buyers should request the CAR status information (if active, pending, suspended or cancelled), and those properties with liabilities should also be asked to commit to the Environmental Regularisation Programme (PRA).
	No deforestation or habitat conversion	Using monitoring systems based on PRODES Amazonia ¹³ and PRODES Cerrado ¹⁴ ; Deforestation Detection System – DETER ¹⁵ and Cerrado Deforestation Polygon Assessment Tool (Cerrado DPAT ¹⁶), which compiles deforestation alerts detected by PRODES-Cerrado and DETER-Cerrado.
	Supporting guidelines and protocols for production	Neutral Carbon Meat and Low Carbon Meat are initiatives with the Brazilian Agricultural Research Corporation (Embrapa) for the certification of meat produced in systems that neutralise or reduce methane emissions by animals. GIPS is a self-evaluation tool that also provides information and guidance on sustainable livestock.

In practice, these methods for delivering on responsible sourcing commitments are interlinked and complementary, and companies need to determine how to combine them to achieve the highest positive impact.

Processing companies and retailers engaging slaughterhouses will have to determine to what extent they engage in these activities depending on the evaluation of their suppliers' existing programmes outlined in step 2. If the supplier has an adequate programme in place already, the company may wish to simply monitor effectiveness of actions taken and support where needed, whereas for lower performing suppliers it may assist in organising and carrying out these activities. Retailers can start by supporting their direct suppliers to develop or enhance their upstream supplier engagement plans to ensure these activities get implemented at the production level. The examples below illustrate how retailers and manufacturers are engaging their suppliers.

MARS

Mars' Next Generation Supplier programme is an enhanced approach with a focus on better engaging and supporting tier 1 suppliers to deliver impact, by doing the following:

- Aligning all suppliers with Mars' social, environmental and ethical expectations through the Supplier Code of Conduct.
- Assessing the sustainability performance and existing social compliance audit results of prioritised suppliers using the EcoVadis online platform
- Supporting suppliers to improve performance through a new, longer-term collaboration model focused on driving systemic change and engagement of workers.

In Mars' Beef Sourcing & Deforestation Action Plan, tier 1 and 2 suppliers (slaughterhouses) are engaged through a collaboration model towards delivering a supply base that is free from deforestation and conversion, and is compliant with the Brazil Forest Code.



GPA participates in initiatives and programmes that aim to assess suppliers on continuous social and environmental improvement. As there are still challenges to be overcome in tracing volumes to indirect cattle suppliers, GPA has a partnership with an NGO, national wildlife federation, to use the Visipec tool. This complements existing traceability work to initiate a process of risk analysis which allows indirect farms to be prioritised for monitoring.

GPA recognises the need to solve challenges and opportunities arising from structural developments across the supply chain, including regulatory and technological developments. To this end, GPA participates in multisectoral groups, such as GTPS, GTFI, Coalizao Brasil Clima, and Florestas e Agricultura, to contribute to sustainable livestock production. GPA has also co-developed several tools and uses a platform developed by Imaflora called the Beef on Track Project.

Slaughterhouses engaging cattle ranchers can use the following steps to take concrete actions with prioritised suppliers:

- **Action planning:** Develop a time-bound action plan for addressing the risks and gaps identified in the cattle ranchers' current practices. This can be led either by the supplier themselves, the company implementing the responsible sourcing commitments, or a second party hired by the company or as part of a wider existing initiative.
- **Support the implementation of the action plan:** Build up the cattle ranchers' understanding of what is needed to achieve compliance through activities such as training events and workshops. This can be done one by one for each producer or for many producers at the same time in collaboration with other companies, producer associations and/or local NGOs.
- **Providing support and incentives:** Possibly the most crucial step for achieving real change with suppliers, especially producers, is to ensure adequate practical support is provided and that there are clear benefits for the cattle rancher. This is especially important in sectors where there is a lack of monetary incentives for producers to implement sustainability criteria. However, these incentives for compliance do not necessarily have to be monetary (e.g. paying premiums), and can include providing support for improving pasture management, increasing yields, or improving meat and leather quality, all of which can improve the economic performance of ranchers, while also requesting environmental and social safeguards in order to receive this kind of support. Incentives may also include support for achieving certification, access to loan finance, lowering financial costs, agricultural inputs and capacity building workshops and training.
- **Companies should also ensure that the benefits and results from improving practices are communicated to their suppliers and across their supply chains.**

The examples below illustrate how slaughterhouses are engaging their suppliers.



Supplier Regularization Programme (Marfrig Club Program): technical support offered to suppliers to obtain environmental license and registration in the National Rural Registry System. In order to receive guidance on any inconsistencies found in the socio-environmental analysis of their properties, ranchers can seek support from Marfrig technicians.

Sustainable Meat Programmes: Marfrig promotes a series of initiatives aimed at disseminating good sustainable livestock practices in rural properties, in line with the provisions of the Brazilian Forest Code.



JBS carries out engagement campaigns with farmers and entities to adhere with its **JBS Green Platform**. The Platform uses blockchain technology to combine supplier information with animal traffic data, providing confidentiality and transparency in responsible sourcing assessments. The work is audited and its results reported in the Company's Annual and Sustainability Report.

In addition, the Company provides agricultural, environmental and legal advice to assist producers in regularising or improving the management of their properties.

02 Working beyond the supply chain

Many issues central to responsible beef sourcing commitments are not under the control of a single actor in the supply chain. Addressing these issues therefore requires action beyond a company's own supply chain, and it is increasingly recognised that this can be done through one or more of the following approaches:

- Landscape or jurisdictional approaches – collaboration between stakeholders to tackle issues in a specific production geography or administrative area.
- Multi-stakeholder initiatives and sectoral approaches – company and stakeholder collaboration across sectors in order to address systemic issues and encourage long-term transformational change.

Companies can choose the best approach to take, and the level of engagement required, based on an overarching responsible sourcing strategy which has itself been informed by a clear understanding of risks and issues within the supply chain. By working collaboratively in this way companies can help to scale positive long-term impacts and more effectively deliver on their supply chain commitments.

Landscape or jurisdictional approaches

The need to align interventions and actively collaborate in the places where commodities are produced has led to a growing focus on landscape or jurisdictional initiatives. Although there is no formal definition for this approach, landscape/jurisdictional approaches broadly involve collaboration between companies, national and local government, civil society and local people to tackle issues in a specific geographic or administrative area.

Some benefits of landscape/jurisdictional initiatives:

- Raising the standard of production and reducing the gap between high and low performing suppliers (e.g. certified and uncertified operations), making it less costly to improve the practices of low performing producers.
- Strengthening legal frameworks and improving governance thereby making it easier for both government and companies to enforce standards.
- Providing a platform for pooling resources and combining company supply chain and government incentives (e.g. access to finance and technical advice) to better support producers and scale up impact.
- More effectively including small producers by combining support programmes and monitoring.
- Beef and cattle product buyers can collaborate on engagement visits or sharing pre-competitive information on sustainability performance levels in a given landscape/jurisdiction, enabling them to share costs and build a shared understanding of the issues that must be addressed in each landscape/ jurisdiction.
- Scaling sustainable productivity through livestock integration, management and pasture intensification. The goal is to share best practices and reduce transaction costs to drive increased uptake across the region.
- Identifying areas of overlapping supply sheds for livestock will allow slaughterhouses to implement joint and pre-competitive actions with producers, eventually overcoming commercial competitiveness.

For more information, see the [Proforest Infonote 3¹⁷ “Engaging with landscape initiatives - A practical guide for supply chain companies”](#).

How to engage in a landscape programme

Proforest has developed a guidance note “Engaging with landscape initiatives - A practical guide for supply chain companies” which outlines 10 steps on how companies can engage in a landscape. The Tropical Forest Alliance (TFA), WWF and Proforest have also developed a Practical Guide for Companies (PCI) capturing real examples of how companies can take action within landscapes.

The level and type of involvement a company has with a landscape/jurisdictional initiative depends on multiple factors, including where they sit in the supply chain. Companies directly linked to production are well-placed to play a leading role in such initiatives using their existing infrastructure and expertise to accelerate progress. Companies further downstream may support financially and use their influence to connect actions on the ground with end user markets.

The examples presented below illustrate some landscape/jurisdictional initiatives in Brazil:



The Produce, Conserve, and Include jurisdictional initiative was created in 2015 by the Mato Grosso government and partners from different sectors. Projects aim at increased productivity, while maintaining native vegetation cover, reducing deforestation and including smallholders and indigenous and traditional populations across Mato Grosso, Brazil. Meeting these targets requires a multistakeholder effort that brings together government, civil society, producers, and companies.



The Araguaia League is a collective initiative of rural producers from the Araguaia region, located in the state of Mato Grosso, Brazil, aimed at contributing towards constructive discussions on rural development in the Araguaia Valley, and sustainable intensification of the cattle market in the region, in compliance with the Forest Code.



PECSA is a cattle ranching management company based in the northern region of Mato Grosso state, Brazil. This initiative provides technical solutions to support best sustainable practices with cattle ranching in the Amazon.



Instituto Mato-Grossense da Carne – IMAC is formed by representatives of the production sector, of the industry, of society, and of the state government to promote the meat produced in Mato Grosso. IMAC has the purpose of certifying the origins of the meat by checking its compliance with protocols and applying a verification programme that attests the compliance of the entire meat production system.



The Associação Sul-Mato-Grossense dos Produtores de Novilho Precoce – ASPNP adopts the Novilho Precoce Protocol (PNP) for fair and sustainable production systems, aiming to guide associated producers regarding the requirements of the national and international meat market. PNP was based on Embrapa’s guidelines (Brazilian Agricultural Research Corporation), and both are important tools to evaluate the producers’ performance and identify opportunities for improvement.



Produzindo Certo Initiative (Aliança da Terra) delivers an evaluation protocol combining face-to-face action with the use of satellites to deliver proposals for changes in the rural environment, offering from diagnosis and guidance to the complete management of the supply network.

Multi-stakeholder initiatives and sectoral approaches

As well as working within specific production landscapes, it is also important for companies to collaborate across the sector, both to address systemic issues and to support long-term transformation.

Within the beef sector, a range of sectoral initiatives, both national and international, have emerged to bring companies together to work on specific issues and recognised industry challenges.

The examples below illustrate some of these initiatives:



The Global Roundtable for Sustainable Beef GRSB is a global, multi-stakeholder initiative, established in 2010, working with the beef industry and environmental groups to improve sustainability within the global beef value chain. Rather than setting standards or a certification scheme, GRSB works to develop a common understanding of what is meant by sustainable beef that can be used by national initiatives and roundtables to meet their commitments. GRSB's members fall into 5 sectors: producers, commerce and processing, retail, civil society, and roundtables, as well as observer members.



Boi na Linha Programme (Beef on Track) was created in 2019 by the NGO Imaflora in partnership with the Brazilian Prosecution Office (MPF) in actions related to the commitment of the "TAC da Carne". The Program is a joint effort to strengthen social and environmental commitments in the beef value chain in the Amazon and boost its implementation. The initiative promotes alignment between different actors in the beef supply chain by improving the monitoring and verification processes, increasing the transparency of results and training of the different links in the chain. In addition, the initiative provides access to systems, tools, data and technical information for a deforestation-free beef supply chain.



Collaboration for Forests and Agriculture (CFA) led by NWF, TNC and WWF, encourages action at a sectoral level to achieve solid commitments to zero conversion by the leading companies that buy, distribute and process soy and beef in the Amazon and Cerrado regions in Brazil, and in the Gran Chaco region of Argentina and Paraguay. The focus is to work with a critical mass of leading companies across the supply chain so that they collaborate to align, strengthen and expand the adoption of commitments to supply zero-deforestation commodities.



Statement of Support for the **Cerrado Manifesto** is an initiative by FMCG companies and investors to halt deforestation and incentivise sustainable land management in the Brazilian Cerrado.



GTPS – Brazilian Roundtable on Sustainable Livestock is a multi-stakeholder forum that brings together representatives from different sectors of the production chain: producers, financial institutions, industries, civil society, inputs and services, academia, retailers and restaurants. GTPS and its members commit to sustainable livestock development, through supply chain mapping, capacity building and support for continuous improvement.



The **Forest Restoration System - SIRFLOR**, was created by Acripará (representative farmers organisation in Pará State) as a simplified path to rehabilitate cattle farms that have carried out illegal deforestation, as determined by the Prosecution Office (MPF) in the TACs, since 2009. SIRFLOR supports the forest restoration through PRA - Environmental Regularisation Program, with periodic monitoring by remote sensing, being 100% auditable in all its stages.



Conecta – Partnerships for Responsible Agriculture was developed by a Brazilian traceability company, and implemented with support from The Nature Conservancy and Amigos da Terra - Amazônia Brasileira, two non-governmental organisations. The tools of the Safe Trace Blockchain platform assist in the initial diagnosis of suppliers, development of action plans for responsible livestock, monitoring of results and audits.



The **GTFI - Indirect Suppliers in Brazilian Livestock Working Group** - is the main discussion forum on monitoring indirect suppliers in the livestock supply chain in Brazil. Aiming at viable solutions for good practices on a large scale, GTFI recommends tools to complement the slaughterhouses' monitoring systems for direct suppliers.



InPACTO provides technical support for its members to carry out collective and local action plans to remedy the risks of human rights violations based on a Vulnerability Index (IVI). IVI provides a risk scale for incidence of slave labour, or other human rights violations such as child labour, in a given municipality.



Sustainable Production of Calves Programme: The programme, convened by IDH and led by Acrimat (Association of Mato Grosso Breeders), Carrefour Brasil Group and Carrefour Foundation, spans three municipalities in Araguaia (Mato Grosso state in Brazil), and started engaging cattle ranchers aiming to adopt best management practices to intensify calf production and free up land for sustainable farming.

Box 3 – The CGF Forest Positive Coalition Launches Beef Working Group

The Consumer Goods Forum (CGF) **Forest Positive Coalition of Action**, a CEO-led initiative of leading consumer goods companies taking collective action for a forest positive future, has launched a Beef Working Group as part of its ongoing efforts to remove deforestation, forest degradation and conversion from key commodity supply chains.

To guide members' collective action, this Working Group will develop a Roadmap outlining the Coalition's commitments and actions to address deforestation concerns specific to the beef sector. The Beef Roadmap will also incorporate the four **Coalition-wide goals**:

1. Accelerate efforts to remove commodity-driven deforestation from our individual supply chains.
2. Set higher expectations for traders and meatpackers to act across their entire supply base.
3. Drive transformational change in key commodity landscapes.
4. Define measurable outcomes on which all members agree to track and report individually and collectively.

The Forest Positive Coalition was formed in 2020 by The Consumer Goods Forum and brings together 19 of the world's largest retailers and manufacturers, with a combined market value of \$1.8 trillion, to take collective action to remove deforestation, forest conversion and degradation from key commodity supply chains. For more information, visit the Coalition's **website**.



Key challenges and potential solutions

Traceability to indirect cattle suppliers at the farm level

Although there are legal requirements for the handling and transport of animals, carried out through GTA¹⁸, as well as the mandatory agreements between public authorities and private companies that need to comply with TACs¹⁹, traceability to indirect suppliers at the production level for cattle is still challenging for most slaughterhouses. According to a recent report by the Brazilian Coalition on Climate, Forests and Agriculture²⁰, Brazil is faced with numerous limitations to implement control and individual cattle identification, ranging from a lack of technical capacity to cost.

However, slaughterhouses (directly) and retailers and processors (indirectly) are currently exploring systems and tools to enhance traceability to indirect suppliers. These include Visipecc²¹, and blockchain technology. See **Briefing Note 2: Understand the Beef Supply Chain** for more information.

Uncooperative suppliers

Even with an effective engagement programme, some suppliers may still be unwilling to comply with responsible sourcing commitments.

This may be especially challenging in the beef sector considering the high level of competitiveness in the market which allows farmers to choose between buyers, and reduces the influence that downstream companies have on them. Nevertheless, companies in the beef sector must engage these suppliers or cattle ranchers if they want to prevent reputational damage and potential higher operational costs in cases where violations lead to strikes, regulatory fines or having to suddenly change supplier in reaction to consumer and public pressure.

Possible solutions:

- Providing adequate incentives for producers and convincing them of the business case for complying with sustainability policies. This could include: progressively increasing volumes; improved payment terms and premium price; actions for capacity building; in-kind support and external recognition of suppliers' performance.
- As a last resort, temporary restrictions for non-compliant suppliers can be used, such as reducing volumes (progressively and eventually to zero) or removing suppliers from preferred supplier lists. This should be backed up by a clear process of reintegration for suspended suppliers. That includes engaging directly with non-compliant suppliers, and supporting them to develop a timebound corrective action plan so that they can achieve full compliance (see **Briefing Note 4: Establish a purchase control system**).
- Collaborating with other companies both upstream and downstream through multi-stakeholder programmes. This not only increases the likelihood of commitments being passed on to beef and cattle products suppliers but also provides greater leverage over suppliers as they will have fewer opportunities to switch buyer.

Learn more and help us improve

More information is provided in the references below and at www.beef toolkit.net

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