



PROTOCOL TO MONITOR CATTLE SUPPLIERS. THE VITAL ROLE OF RETAIL IN FIGHTING DEFORESTATION

Louise Nakagawa¹, Lisandro de Souza Inakake²

¹ PhD in Energy, Researcher of Agricultural Chain Projects at Imaflora

² Agronomist Engineer, Senior Project Coordinator in the Area of Responsible Agricultural Chains at Imaflora

Key messages

- ✓ Supermarket associations play a fundamental role in the dissemination of good practices, as well as in the selection of beef suppliers for the consumer.
- ✓ The Retail Protocol offers clear and aligned guidelines for retailers who have not yet engaged in eliminating deforestation from their supply chains.
- ✓ It is important that the retail sector, as well as importers and traders of beef produced in Brazil, particularly in the Amazon, organise and take their demands to the meatpackers.

Brazil is one of the largest beef producers in the world. According to the United States Department of Agriculture (USDA), about 9.5 million tons were produced in 2021 and the expectation is to almost reach 10 million by the end of this year. The local market is the main buyer of Brazilian meat but exports have been increasing and reached 2 million tons in 2020, according to data from the Brazilian Foreign Trade Department (Secex/Siscomex). In 2020, about 26.07% of the beef produced in Brazil was exported, while 73.93% was consumed domestically (Abiec, 2021).

Cattle ranching is an important economic activity in the Amazon that generates employment and income but it has also been associated with deforestation and social conflict. Studies published by Mapbiomas (2021) show that between 1985 and 2020, cattle ranching increased by about 38 million hectares (about 200%) in the biome. This increase has caused the Amazon to top the list of the biome with the largest extension of cultivated pastures, with 56.6 million hectares, followed by the Cerrado, with 47 million hectares. It is important, however, to point out that in the past ten years, monitoring and traceability practices have evolved and been incorporated by companies in the production chain, which helps to reduce socio-environmental irregularities.



HOW THE RETAIL PROTOCOL EMERGED AND WHAT IT PROPOSES

With the implementation of the Terms of Adjustment of Conduct (TAC) of Pará and the Beef Industry, Public Cattle Ranching Commitment (PCRC or CPP in Portuguese), in 2009, meatpackers were required to present geospatial analyses and documents proving regularity based on socio-environmental criteria (Armelin et al., 2020). After more than ten years of negotiations, there are currently more than 100 meatpacking plants who have signed the TAC in the Amazon (Beef on Track, 2021).

In view of these agreements, the retail sector began to join the efforts in 2013 to ensure cattle ranching free of environmental irregularities. The Brazilian Supermarket Association (Abrás), therefore, committed to guide its members in the process of implementing tracking systems and encouraging them to display information about the origin of the beef to the consumers.

The Beef on Track Program, created in 2020, has already set in motion the Protocol for Monitoring Cattle Suppliers in the Amazon with the purpose of aligning criteria and parameters in the tracking of farms by meatpackers; the Audit Protocol for the Monitoring of Cattle Suppliers in the Amazon containing the audit procedures of meatpackers to make the process more reliable and transparent; and the Guide for Retailers: Developing an Effective Beef Procurement Policy that encourages retailers to build their own purchasing policy. Now, it was the time to kick off the Protocol to Monitor Beef Suppliers. Its objective is to offer a management system that applies to companies in the sector, so that they do not buy beef from the Amazon with socio-environmental irregularities.

The idea behind the protocol is for the audit results of the meatpackers and the traceability information of the beef lots to enable the retailers to check if the beef complies with their purchasing policy, which makes the process more transparent to the end consumer. The document proposes three monitoring requirement levels: essential, complementary



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and advanced. These levels were designed so that companies of all sizes are able to implement and develop improvements.

The system proposed by the Protocol is divided into a prior approval stage and a continuous monitoring stage based on indicators (KPIs). In the first phase, only the suppliers that offer less social and environmental risk to retailers are approved and, to do so, they need to offer some level of commitment that adheres to the purchasing policy. In addition, they must also have a geo-monitoring system and must undergo third-party audits, as per the criteria and rules of the Monitoring and Audit Protocols overseen by the Federal Public Prosecutor's Office.

The next phase, involving monitoring and traceability, is the base stage for retailers and it covers supplier management (table 1). After approval, the retailer can, in this stage, start to track its suppliers on an ongoing basis to ensure that the beef sold has no irregularities at source. The recommendation is for the retailer to always strive for the highest monitoring level so as to avoid the trading of lots with irregularities since it can rely on a partnership with meatpackers that have commitments.



Management level	Type of monitoring used by retailer	Information for M&T of direct sourcing farm	Information about M&T of the direct and indirect sourcing farm
Essential	(i) Stated information: Information provided by supplier to retailer (at least every 3 months)		
Complementary	(ii) Double check: The information provided by supplier at every transaction (Invoice) is used in the retailer's socio-environmental monitoring.	Traceability information of direct supplier	Traceability information of direct and indirect supplier
Advanced	(iii) Double check + Annual audit of 2nd part: Verification of the accuracy of the information received from the supplier for monitoring by the retailer.		

Therefore, in addition to supplier management, it is important for retailers to monitor the results of the meatpackers to make the process more transparent and improve the disclosure of these results. For the sector to further the socio-environmental agenda more effectively, it is important for:

1. the representative associations, in this case Abras and the state associations, to offer support and tools, especially for small and medium-sized companies, so that they can adapt to the requirements established in the Retail Protocol.
2. the retail companies, which operate in the Amazon, to engage in creating purchasing policies that are aligned with the efforts that are already under development by other retail chains.
3. retail companies, even those that do not operate in the Amazon but buy beef from meatpackers with plants in the biome, to also engage, giving preference to those that have commitments that are monitored, reported and verified by the Federal Prosecution Office.
4. the companies that import and sell beef produced in the Amazon, to follow the proposal set forth by the Retail Protocol as a way to strengthen the ongoing agendas and their commitments.
5. the financial institutions, banks and investors to be aware of the existence and

relevance of this set of instruments and mechanisms for monitoring, traceability and transparency so they can adopt the aligned benchmarks in the chain and raise funds for initiatives that have led to effective ways and solutions to reduce socio-environmental irregularities.

6. civil society organizations to help in engaging the different players in the beef value chain so the commitments that are in place can be reinforced.



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BEEF ON TRACK

Beef on Track: The transparency platform of the beef value chain.

The Beef on Track platform is a hub that offers access to systems, tools, data and technical information for a deforestation-free beef chain. Behind the scenes, a team of experts works with national and international strategic partners to develop solutions. There are two main objectives - to support and expand the implementation of socio-environmental commitments. As such, producers, meatpackers of all sizes, tanneries, supermarket chains and also investors can find in this environment the materials that will help them implement their commitments. As well as, of course, civil society, which now has a source of data and resources to track the performance of the agreements undertaken by the chain.

See more here and join us!

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Acknowledgements

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Imaflora is a Brazilian non-governmental organization created in 1995 to promote the conservation and sustainable use of natural resources by generating social benefits in the forestry and agricultural sector.

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