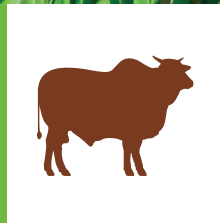
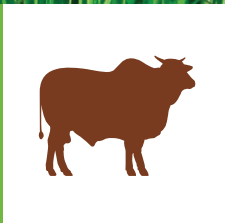
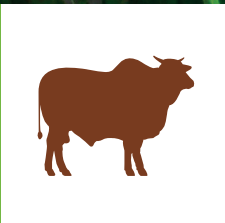


# GUIDANCE FOR DOWNSTREAM COMPANIES OF BEEF AND LEATHER PROCESSORS OPERATING **IN THE AMAZON AND IN THE CERRADO**



February 2025



## **Cattle Trail - Chapter 2 - Guidance for Downstream Companies of Beef and Leather Processors Operating in the Amazon and in the Cerrado**

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The purpose of this Guide is to provide guidance to companies purchasing fresh meat, leather, and by-products on requiring compliance with the Forest Code as a minimum requirement in the Amazon and Cerrado biomes. In the Legal Amazon, this must be achieved through the Legal Beef TAC and the implementation of the Monitoring and Audit Protocols of the Beef on Track Program. In the Cerrado, the Voluntary Monitoring Protocol applies. It is also recommended that banks and financial institutions adopt these protocols as minimum criteria within their ESG agendas for new financing to slaughterhouses. Finally, buyers may base their purchasing policies on public commitments related to the supply chain presented in this document.

### **About the Cattle Trail Collection**

Cattle Trail is a collection of documents that delve into topics addressed in the Monitoring Protocol for Amazon Cattle Suppliers (version 2.0). Produced by the Beef on Track Program, the series aims to strengthen the implementation of legal, responsible livestock in line with socio-environmental sustainability criteria.

### **About Beef on Track**

Created in 2019 by Imaflora in partnership with the Federal Prosecutor's Office, Beef on Track guides and qualifies agents in the meat and leather value chain to promote transparent livestock free of deforestation, slave labor and invasion of protected areas. With a priority focus on the Legal Amazon, the program seeks to demonstrate the social, economic, and environmental advantages of acting within the laws and with socio-environmental responsibility.

> [beefontrack.org](https://beefontrack.org)

### **About Imaflora**

Since 1995, Imaflora has been working to promote the sustainable and inclusive use of natural resources. Its projects reconcile environmental conservation and economic development, meeting the demands of the forestry, agriculture, socio-biodiversity, and climate agendas. It performs field work, technical assistance, ESG services and certifications, as well as data research and development.

> [imaflora.org](https://imaflora.org)

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REALIZATION

**Beef** on  
Track



# PREFACE

This document outlines procurement guidelines for buyers sourcing beef and leather from Brazil, focusing on using, as minimum requirements, the Monitoring Protocol for Cattle Suppliers in the Amazon, also known as the Beef on Track Protocol and the Voluntary Monitoring Protocol for Cattle Suppliers in the Cerrado, known as the Cerrado Protocol. The first protocol was initiated by a multistakeholder initiative composed of the largest Brazilian meatpackers, retailers, the Federal Prosecutor's Office (MPF in Portuguese), and the Institute for Forest and Agricultural Management and Certification (Imaflora in Portuguese). The main objective of this arrangement was to harmonize the parameters and criteria adopted by meatpackers to a unique standard for monitoring cattle suppliers in the Legal Amazon. The Beef on Track Protocol is mandatory. Its purpose is to monitor and manage cattle suppliers within the Legal Amazon, ensuring compliance with Brazilian socio-environmental laws and regulations while mitigating illegal deforestation. The second protocol, developed by Imaflora and led by Proforest with stakeholders from industry, retailers, and other civil society organizations, has the same goal as the Beef on Track, however, it is focused on the Cerrado biome. It is important to note that the implementation of the protocol is voluntary.

Brazil is a global leader in beef and leather production and exports, but it faces significant challenges due to the environmental impact of cattle farming, especially in the Amazon region. China, a major importer of Brazilian beef, relies on Brazil for over 50% of its beef imports to meet its growing domestic demand. Also, China is the main importer of leather, with around 29% of the total exported from Brazil in 2023. In 2024, the exports to Vietnam and Mexico increased by almost 70% and 26%, respectively. The main leather importers in the European Union are Italy and Germany.

The Beef on Track Protocol and the Cerrado Protocol highlight an important opportunity for buyers to combat deforestation and promote social and environmentally friendly trade practices. Therefore, adopting both protocols improves the management of legal, environmental, and social risks. It enhances corporate reputation, facilitates a transition to low-carbon operations, and aligns with global sustainability standards. Embracing those protocols by beef and leather buyers can strengthen green supply chain practices, create market differentiation, and promote accountability across the industry.



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# THE BRAZILIAN CONTEXT



Since the 1990s, Brazil has ranked second among the world's largest beef producers, according to data from the Food and Agriculture Organization of the United Nations (FAO). The size of the Brazilian cattle herd exceeded 238 million head in 2023 (Municipal Livestock Research - IBGE). This accounts for 20% of the global herd and is distributed over approximately 164.6 million hectares of pastures. Beef production continues to grow and has reached almost nine million tons of carcass weight equivalent in 2023 (IBGE, 2024), of which 74% was consumed domestically, and 26% was exported – more than 2.2 million tons (Abiec, 2023). This represents a turnover of almost US\$ 13 billion. These exports reach a market of more than 150 countries, with China being the main destination. Regarding leather, the volume exported was almost 119 million square meters, reaching US\$ 1.12 billion in 2023 (CICB, 2024).

But, despite these important volumes of traded beef and leather, cattle ranching is still a recognized driver of deforestation, especially in the Amazon (MapBiomas, 2023). One of the ways to reduce the opening of new areas of native vegetation is by increasing the adoption of better management practices and intensifying production. Another way to address the issue of deforestation is through monitoring and traceability of the cattle supply chain, which is why this guide was created. The purpose of this guide is to expand knowledge about public and private commitments linked to cattle farming in the Legal Amazon and Cerrado, and support, with technical criteria, the actors that source beef and leather downstream of meat processors (importers, tanneries, retailers, brands).

This document provides practical guidance for downstream buyers on how to align with the Monitoring Protocol for Cattle Suppliers in the Amazon (the Beef on Track Protocol) and the Voluntary Monitoring Protocol for Cattle Suppliers in the Cerrado, both of them based on a robust Monitoring, Reporting, and Verification (MRV) System (for clarifications, see the glossary in the annex). The content within focuses on engaging, monitoring, and assessing supplier compliance in Brazil regarding deforestation and conversion-free commitments.

By implementing this guide, companies that purchase fresh meat, leather, and other cattle by-products (tannery, retail, and importers) will start to require compliance with the Brazilian Forest Code as a minimum requirement, both in the Amazon and Cerrado biomes. In the case of the Legal Amazon, this must occur through adherence to the Legal Beef Term of Adjustment of Conduct (TAC in Portuguese). This implies the application of the Monitoring Protocol for Cattle Suppliers in the Amazon and the Audit Protocol for Cattle Commitments in the Amazon, as guidelines of the Beef on Track Program, by its suppliers (i.e., beef processors) operating in the Legal Amazon. In the Cerrado Protocol, the application occurs through the adoption of the Voluntary Monitoring Protocol for Cattle Suppliers in Cerrado. It is also expected that banks and other agents in the financial sector will start to demand the adoption, as well as compliance with the protocols of the Beef on Track Program, and the Cerrado Protocol, as a minimum requirement for their ESG agendas, to be used as criteria in new financing contracts and credit lines for meatpackers operating in both biomes.

Downstream buyers of fresh meat, leather, and other by-product processors can use as a reference some of the main public commitments related to the supply chain to define purchasing policies, such as:

- Legal Beef Term of Adjustment of Conduct (TAC), signed by several meatpacking companies since 2009.
- Public Commitment for Livestock, signed in 2009 between JBS, Marfrig, Minerva, and Greenpeace1.
- Technical Cooperation Agreement for Sustainable Livestock, signed by the Brazilian Association of Supermarkets in 2013.
- Monitoring Protocol for Cattle Suppliers in the Amazon, produced by the 4th Chamber of Coordination and Review (Environment and Cultural Heritage) of the Federal Prose-

1. Greenpeace left the agreement in 2017.

- curator's Office coordinated by Imaflora.
- Audit Protocol for Cattle Commitments in the Amazon, within the scope of the Beef on Track Program.
- Voluntary Monitoring Protocol for Cattle Suppliers in the Cerrado.
- Guide of the Centre for the Brazilian Tanning Industry (CICB in Portuguese).
- SARB Regulation 026/2023 from the Brazilian Banks Federation (FEBRABAN in Portuguese).

Other initiatives can be used as a reference, such as:

- National and international initiatives (UN Sustainable Development Goals).
- Brazilian Roundtable of Sustainable Livestock.
- Indirect Suppliers Working Group.
- Global Roundtable for Sustainable Beef.
- The Deforestation-Free Call to Action for Leather.
- Implementation tools for meat production chain control (DCF Regional Guidance and Accountability Framework Initiative).
- Corporate guidelines of organizations (mission, vision, values, principles, and ambition).
- Cases of reference companies in the sector that have implemented a policy of purchasing fresh beef, leather, and/or by-products.

## 1.1. How is this guidance organized?

The purpose of this document is to guide buyers in adopting socio-environmental commitments already in place in Brazil as requirements for trading beef, leather, and other by-products. For this, the content is organized into four main topics:

- 1. Evaluation of supplier commitment:** Downstream buyers assess supplier qualifications, reviewing the supplier's adherence to the company's predefined socio-environmental requirements, as the purchasing policy outlines.
- 2. Supplier monitoring and compliance:** Based on the commitments agreed upon between suppliers and downstream buyers, and the definition of the level of those commitments, management levels must be established to evaluate the level of compliance.
- 3. Evaluation of traceability:** Some downstream buyers require traceability systems to guarantee the origin of beef, leather, and by-products. For this, there are different forms to evaluate the process, based on the type of commitment and the monitoring level adopted.
- 4. Transparency and communication of supplier performance:** Downstream buyers can adopt progress indicators to monitor suppliers' results, engaging them to advance to the next level of commitment, geared towards continuous improvement. This is why it is so important to show transparency in their performances and communicate it to the investors, civil society, and the general public.

By following these steps, the company ensures that all suppliers meet consistent standards, aligning with organizational policies and contributing to sustainable and responsible sourcing practices.

# PROCEDURES TO USE THE GUIDANCE



The following sections present steps for buyers to follow to implement the guidance and realize socio-environmental improvements across cattle value chains in the Legal Amazon and Cerrado.

## 2.1 Supplier evaluation

The first stage aims to provide downstream buyers with clear requirements to be discussed and agreed upon with suppliers based on common minimum qualifications. The selection is conducted through the evaluation of compliance with the company's pre-established requirements, according to its purchasing policy.

At this stage, the buyers present their commitments or the adopted policy to suppliers, demonstrating which social and environmental requirements are required for approval and which levels of commitment suppliers may adopt (see Table 1). In the short term, for instance, all suppliers can start with the Essential level of commitment, which means that the minimum requirement is to comply with the Beef on Track Protocol and/or the Cerrado Protocol – to monitor and verify their cattle suppliers. However, downstream buyers must set a deadline that pushes suppliers to reach the Advanced level.

**Table 1. Level of commitment acknowledged by suppliers**

LEVEL OF COMMITMENT	COMMITMENT TO SUPPLIER MONITORING
Essential	<ul style="list-style-type: none"> <li>• Beef on Track Protocol (TAC, direct supplier monitoring, and 3rd party audit) and/or</li> <li>• Cerrado Protocol (illegal conversion, direct suppliers monitoring, and 3rd party audit)</li> </ul>
Intermediate	<ul style="list-style-type: none"> <li>• Beef on Track Protocol (zero deforestation and 3rd party audit) and/or</li> <li>• Cerrado Protocol (zero conversion and 3rd party audit)</li> </ul>
Advanced	<ul style="list-style-type: none"> <li>• Beef on Track Protocol (illegal or zero deforestation, indirect supplier monitoring, and 3rd party audit) and/or</li> <li>• Cerrado Protocol (illegal or zero conversion, indirect suppliers monitoring, and 3rd party audit)</li> </ul>

It is noted that the Advanced commitment is related to monitoring indirect suppliers and is linked to the criterion of illegal deforestation or zero deforestation. This type of commitment

is related to the verification of the supplier company's system through auditing, as determined by the purchasing policy of the downstream companies.

## Amazon Cattle Supplier Monitoring Protocol v.2.0

Downstream buyers should expect that the slaughterhouses in their supply chains adhere to specific criteria to meet the minimum requirements of the Legal Beef TAC. These will be covered by the Monitoring Protocol for Cattle Suppliers in Amazon 2.0. Below are the 13 criteria that buyers must minimally adopt to meet the requirements of the **Legal Beef TAC**.

1. Illegal deforestation (from 22nd of July, 2008)
  2. Indigenous Lands
  3. Conservation Units
  4. Environmental Embargo (vector)
  5. Changes to the Rural Environmental Registry (CAR, in Portuguese) Limits
  6. Quilombola Territories
  7. Auxiliary properties
  8. Environmental Embargo (list)
  9. Slave Labor
  10. Rural Environmental Registry (CAR)
  11. Rural Environmental Licensing in Pará
  12. Animal Transit Guide (GTA, in Portuguese)
  13. Productivity Index
- This is an additional requirement for a **Zero Deforestation Commitment**.
14. The Public Livestock Commitment (from 1st October, 2009).

More about the Protocol: [https://www.beefontrack.org/wp-content/uploads/2022/10/1653923455-protocolo\\_monitoramento\\_gado\\_a4\\_40p\\_ingles\\_1.1\\_-\\_060-8767\\_v2.pdf](https://www.beefontrack.org/wp-content/uploads/2022/10/1653923455-protocolo_monitoramento_gado_a4_40p_ingles_1.1_-_060-8767_v2.pdf)

## Protocol for Voluntary Monitoring of Cattle Suppliers in the Cerrado

Below are the 11 criteria downstream buyers must adopt to meet the requirements of the Cerrado Protocol.

1. Deforestation and Conversion of Native Vegetation (as of 01/08/2008)
2. Indigenous Lands
3. Quilombola Territories
4. Conservation Units
5. Environmental Embargo (vector)
6. Changes in the CAR Limits
7. Environmental Embargoes (list)
8. Slave Labor
9. Rural Environmental Registry (CAR)
10. Animal Transit Guide (GTA)
11. Productivity

More about the Protocol: [https://www.beefontrack.org/wp-content/uploads/2024/05/Cerrado\\_ENG.pdf](https://www.beefontrack.org/wp-content/uploads/2024/05/Cerrado_ENG.pdf)

In the case of the Beef on Track Protocol, the third-party audit is conducted by companies previously approved by the Federal Prosecutor's Office or by institutions authorized by it, with a qualified audit team adequately trained by Imaflora. This process aims to demonstrate compliance by reporting data and verifying results. On the other hand, there is another type of verification that is being conducted by the Federal Prosecutor's Office. Unlike the third-party audit, which implies suppliers hiring an independent audit and incurring related costs, the automatic audit is performed by the Technical Chamber<sup>2</sup> which supports the Federal Prosecutor's Office and the TAC. This type of verification aims to increase transparency, evaluating the purchases of meatpackers

*2. The Technical Chamber is led by the Federal Prosecutor's Office representative of Para state, with the participation of representatives of civil society, geomonitoring companies, research institutions and meatpackers. The group is responsible for the decision-making process that involves the improvement of the TAC implementation.*

that do not present a third-party audit. The audit is based on the cross-checking database, linking the Animal Transit Guides (GTA) and Rural Environmental Registries (CAR) available by the states of the Legal Amazon (for more clarifications, see the glossary in the annex). The Cerrado Protocol also requires third-party verification. However, the process is not followed by the Federal Prosecutor's Office.

After approval, considering that the supplier meets the minimum requirements, they will be able to trade to downstream buyers. If the audit or verification reveals non-conformities, the supplier may have its commercial contract suspended, until the non-conformity is resolved or it can create an adequate action plan.





## 2.2 Supplier monitoring

After the evaluation process, downstream buyers must monitor their suppliers. The objective of this stage is to promote a supply chain (fresh meat, leather, or by-products) free of socio-environmental illegalities. For this, the downstream buyer (tannery, retail, and others), or importer must establish the requirements they wish to monitor in their chain, using as a baseline the Beef on Track Monitoring Protocol, and the Cerrado Protocol, always adhering to the latest versions.

Any necessary improvements in the supply chain on the part of the supplier must be agreed upon through goals and action plans that enable the company to identify and evaluate compliance with them, and when necessary, suspend supply and commercialization until adequate improvements have been made.

This guidance proposes three management levels for downstream buyers to monitor their suppliers (see Table 2).

**Table 2. Management levels adopted by downstream buyers about the monitoring process implemented.**

MANAGEMENT LEVEL	TYPE OF MONITORING ADOPTED BY DOWNSTREAM BUYERS	SUPPLIERS MONITORING, VERIFICATION AND COMPLIANCE LEVEL
Essential	<i>Beef on Track Protocol: 3<sup>rd</sup> party audit results from the unified cycle of audits conducted annually by the Federal Prosecutor's Office</i> <i>and/or</i> <i>Cerrado Protocol: results from the verification process contracted by the supplier, also carried out annually</i>	Direct suppliers
Intermediate	<i>Beef on Track Protocol and/or Cerrado Protocol results</i> + <i>Supplier-declared information: presentation of the invoices generated from animal transactions (minimum every 3 months) and are used for socioenvironmental monitoring</i>	
Advanced	<i>Beef on Track Protocol and/or Cerrado Protocol</i> + <i>Supplier-declared information</i> + <i>2<sup>nd</sup> party audit: results from the verification contracted by the supplier, carried out according to their internal policy</i> <i>or</i> <i>Double-checking<sup>3</sup>: downstream buyer contracts another 3<sup>rd</sup> party audit to verify the results from the Beef on Track Protocol and/or the Cerrado Protocol, the supplier-declared information and/or results from the 2<sup>nd</sup> party audit presented by the supplier</i>	Indirect suppliers

3. Double-checking can be done when the beef or leather supplier's policy is more permissive than the downstream buyer's policy.

It is highly recommended that downstream buyers and importers always adopt the most advanced level of monitoring man-

agement to prevent the commercialization of non-compliant products.



## Guide applied to the financial sector

The financial sector plays a critical role in the socio-environmental responsibility of the fresh meat, leather, and by-product supply chains in Brazil. Existing regulations in the sector are important, as they raise sustainability standards and guide the provision of financing and credits, which can contribute to the prevention of deforestation and conversion. Thus, in addition to complying with industry regulations (such as and not restricted to **SARB 26/2023**), financial entities must adopt a Business Policy establishing the criteria for monitoring and compliance of their customers.

# TRACEABILITY



Retailers and tanneries require a traceability system, which allows the evaluation of the conformity of products to socioenvi-

ronmental criteria. Some traceability information that may be requested by downstream buyers is listed in Table 3.

**Table 3. Traceability information from the farms of origin**

1. <i>GTA Number</i>
2. <i>Total number of animals</i>
3. <i>CAR number</i>
4. <i>Latitude and Longitude of the Providing Property</i>
5. <i>Rural property/farm name</i>
6. <i>Municipality and state</i>
7. <i>Supplier Name</i>
8. <i>Supplier's Social Security Number (CPF in Portuguese) and/or Corporate Tax Identification (CNPJ in Portuguese)</i>
9. <i>Date of slaughter</i>

Thus, traceability can be conducted in three ways:

**Date of the animal's slaughter:** segregation is conducted according to the date of slaughter of the animals. If the level of management applied in the supplier's monitoring is *Intermediate* or *Advanced*, the meatpacker needs to present the invoices generated from animal transactions, which are used for socioenvironmental monitoring purposes, to the requesting company. It is worth noting that in this modality it is not possible to perform individualized traceability of indirect suppliers, but it allows mapping of all possible cattle suppliers that were slaughtered on that specific day.

**Animal batch:** segregation is conducted by the batch of slaughtered animals. If the level of management applied in the

supplier's monitoring is *Intermediate* or *Advanced*, the meatpacker also needs to present the invoices generated from animal transactions to the requesting company. In this modality, it is also not possible to trace indirect suppliers, but only the list of possible suppliers in that batch.

**Individual identification:** segregation is conducted individually, by slaughtered animals. Through individual identification, it is possible to monitor the complete chain of indirect suppliers. If the level of management applied in the monitoring is *Intermediate* or *Advanced*, the meatpacker also needs to present the invoices generated from animal transactions to the downstream buyer. This is the most advanced form of traceability.

Table 4 shows the association between the levels of monitoring, commitment, and traceability. It is possible to observe the op-

eration and evolution of the management system of the downstream buyer or importer.

**Table 4. Level of monitoring, commitment, and traceability.**

		MONITORING		
		ESSENTIAL 3 <sup>rd</sup> party audit results with slaughter date and farm information (socioenvironmental compliance)	INTERMEDIATE Information shared at least by batch (invoice with animal transactions)	ADVANCED Information shared at least by batch, used in the 2 <sup>nd</sup> party audit or double-checking
TRACEABILITY Information Level				
COMMITMENT	ESSENTIAL Beef on Track and/or Cerrado Protocols (direct suppliers)	ESSENTIAL Slaughter date	ESSENTIAL Slaughter date	INTERMEDIATE Animal batch
	INTERMEDIATE Beef on Track and/or Cerrado Protocols (direct suppliers), both DCF	ESSENTIAL Slaughter date	INTERMEDIATE Animal batch	ADVANCED Individual identification
	ADVANCED Beef on Track and/or Cerrado Protocols (indirect suppliers)	INTERMEDIATE Animal batch	ADVANCED Individual identification	ADVANCED Individual identification

From the table above, it is possible to achieve an advanced level of commitment to traceability per batch of animals, however, the supplier would need to prove the compliance of all probable suppliers included in that batch. This increases the risk of suppliers being contaminated with non-compliance, due to the substantial number of possible indirect suppliers involved who were not necessarily part of that batch.

Here is important to flag that although there is already a well-established Brazilian sanitary traceability system, socioenvironmental traceability is still a challenge and must be improved and disseminated throughout the entire country. Downstream buyers, as key players in the cattle value chain, can use their engagement with suppliers to request and support the implementation of more transparent and responsible sourcing strategies.

# INDICATORS AND DISSEMINATION OF RESULTS



The implementation of key performance indicators (KPIs) to internally analyze the monitoring results of fresh meat, leather, and by-product suppliers is critical. Each indicator must have a specific objective and a goal with achievable percentages laid out for the short, medium, and long terms, in addition to aligning with the purchase policy of the negotiating/buying company.

As there are no foolproof systems and it is possible to identify non-conformities in cattle purchases, the supplier must demon-

strate that it has a management system to prevent failures and correct any inconsistencies.

Some progress indicators can be used to disseminate the results of monitoring. In this sense, downstream buyers (tanneries, retailers, importers) and financial entities must define a disclosure strategy aligned to their purchasing policy. Table 5 shows an example of indicators relevant to internal monitoring, which do not need to be disclosed to the public.

**Table 5. Indicators used in the internal monitoring of supply chains and individual downstream buyers.**

	ESSENTIAL	INTERMEDIATE	ADVANCED
Overall Supply Chain Indicators	<p><b>For companies:</b></p> <ul style="list-style-type: none"> <li>• % volume of fresh meat, leather, or by-products from processors that have monitoring, and 3<sup>rd</sup> party audit reports completed annually, in the Amazon and/or Cerrado.</li> </ul> <p><b>For the financial sector:</b></p> <ul style="list-style-type: none"> <li>• Presentation of a traceability and monitoring plan for direct and indirect suppliers in the Amazon and/or Cerrado (following industry regulations).</li> </ul>	<p><b>For companies:</b></p> <ul style="list-style-type: none"> <li>• % volume of fresh meat, leather, or by-products from processors that have socio-environmental extracts (minimum every 3 months).</li> </ul> <p><b>For the financial sector:</b></p> <ul style="list-style-type: none"> <li>• Volume and % of cattle slaughtered, tracked, and monitored to direct suppliers (following industry regulations).</li> </ul>	<p><b>For companies:</b></p> <ul style="list-style-type: none"> <li>• % volume of fresh meat, leather, or by-products from processors that conduct 2<sup>nd</sup> party auditing and that present socio-environmental extracts.</li> <li>• % volume of fresh meat, leather, or by-products tracked from direct and indirect suppliers.</li> </ul> <p><b>For the financial sector:</b></p> <ul style="list-style-type: none"> <li>• Volume and % of cattle slaughtered tracked and monitored to indirect suppliers (following industry regulations).</li> </ul>

	ESSENTIAL	INTERMEDIATE	ADVANCED
Specific Supplier Indicators	<p><b><u>For companies:</u></b></p> <ul style="list-style-type: none"> <li>• % of direct supplier farms in compliance with the Beef on Track and/or Cerrado Protocols.</li> </ul> <p><b><u>For the financial sector:</u></b></p> <ul style="list-style-type: none"> <li>• % of meatpackers with 100% compliance of 3<sup>rd</sup> party audits, in Amazon and/or Cerrado.</li> </ul>	<p><b><u>For companies:</u></b></p> <ul style="list-style-type: none"> <li>• % of direct supplier farms in compliance with the Beef on Track and/or Cerrado Protocols, in addition to compliance with the additional criterion of zero deforestation.</li> </ul> <p><b><u>For the financial sector:</u></b></p> <ul style="list-style-type: none"> <li>• % of meatpackers with 100% compliance in the presentation of socio-environmental extracts (minimum every 3 months), in the Amazon and/or Cerrado.</li> </ul>	<p><b><u>For companies:</u></b></p> <ul style="list-style-type: none"> <li>• % of indirect supplier farms in compliance with the Beef on Track and/or Cerrado Protocols.</li> </ul> <p><b><u>For the financial sector:</u></b></p> <ul style="list-style-type: none"> <li>• % of meatpackers with 100% compliance in the 2<sup>nd</sup> party audits and the socio-environmental extracts, in the Amazon and/or Cerrado.</li> </ul>

With the result of the indicators, suppliers can be categorized based on information shared and compliance level, supporting

buyers to understand the compliance levels of their suppliers and engage in discussions to make improvements.



# COMMUNICATION AND TRANSPARENCY



Providing clear and transparent communication is essential to value the efforts implemented by processors and downstream buyers, or those that finance their operations. Therefore, it is recommended that they use, as means of communication: sustainability reports, websites, social networks, and progress reports

of purchasing policy, among others. Communication increases supplier engagement, consumer awareness, and accountability to investors in the financial sector, public agencies, and society. To this end, it is also important to set clear communication indicators (see Table 6).

**Table 6. Basic indicators used in downstream company communications.**

<b>Proposal of basic indicators</b>
<i>% of suppliers or customers committed to the criteria of Beef on Track Protocol and/or Cerrado Protocol</i>
<i>% of suppliers or customers with a geomonitoring system in the Amazon and/or Cerrado</i>
<i>% of suppliers of fresh meat, leather, or by-products, or customers who monitor their chain, in the Amazon and/or Cerrado</i>
<i>% of suppliers or customers blocked for non-compliance, in Amazon and/or Cerrado</i>
<i>% of suppliers or customers unblocked for readjusting, in Amazon and/or in the Cerrado</i>
<i>% of the volume of fresh meat, leather, or by-products, from suppliers with TACs and with 3rd party auditing</i>
<i>% of the volume of fresh meat, leather, or by-products, from suppliers with Public Livestock Commitment</i>
<i>% of the volume of fresh beef, leather, or by-products, from suppliers with Voluntary Commitment in the Cerrado</i>

More advanced indicators can and should be applied, according to the evolution of the sector in monitoring its suppliers. Table 7 below presents improved indicators that may be avail-

able on the Transparency Platform of the Beef on Track, or in the communication channels of the companies downstream of the processors.

**Table 7. Improved indicators used in downstream buyers' communication.**

	ESSENTIAL	INTERMEDIATE	ADVANCED
<b>Beef on Track Transparency Platform</b>	<ul style="list-style-type: none"> <li>• % of suppliers or customers who are listed on the Beef on Track transparency platform and are signatories of the TAC or Public Livestock Commitment</li> <li>• % of suppliers or customers who appear on the Beef on Track transparency platform and who audit the commitments via 3rd party</li> </ul>		
<b>Communication of KPIs</b>	<b>Engagement:</b> % of suppliers or customers in compliance with the pre-established conditions in the approval		
	<b>Monitoring and verification:</b> % of the volume of fresh meat, leather or by-products purchased, or % of the negotiations, that companies downstream of the processors, or financial entity or purchasing country, monitor by 3rd party audit + declared information + 2nd party audit, following their requirements of the company's commitment (direct or indirect)		
			<b>Traceability:</b> % of the volume of fresh meat, leather, or by-products, purchased or % of the negotiations, on which the company receives traceability information up to the following links in the supply chain: indirect (level 1 or from birth)

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# ANNEX

## Glossary

**Animal Transit Guide (Guia de Trânsito Animal, GTA in Portuguese):** This is a document that must accompany cattle throughout their movements between properties. It is intended for health control and provides information on the age and sex of the animals, vaccination history, origin, destination, and purpose of their transportation, as well as information on the buyer and seller.

**Audit Protocol for Cattle Commitments in the Amazon:** Document published in 2021 that standardizes the audit process for meatpacking companies.

**Brazilian Forest Code:** Brazil's law on native vegetation protection, also known as Law 12.651. The law provides for the conservation, sustainable use, and development of native forests and other native plants.

**Cerrado:** The largest tropical savanna region in South America and the second largest in Brazil after the Amazon. At over 2 million square kilometers, it is the most biodiverse tropical savanna in the world.

**Direct suppliers:** Properties that have a direct commercial relationship with companies that purchase cattle for slaughter. They are also known as fattening farms.

**Indirect suppliers:** Properties that sell cattle to other properties one or more steps away from the purchasing companies. Known as breeding and rearing farms. They present a challenge for monitoring.

**Federal Prosecutor's Office (Ministério Público Federal, MPF in Portuguese):** An agency independent of the three branches of the Brazilian government (executive, legislative, and judicial); its functional independence is guaranteed by the Brazilian Constitution. The MPF is both a law enforcement agency and also works in the civil, criminal, and electoral fields.

**Legal Amazon:** A political concept created in 1953 for territorial and socio-economic planning purposes. Its geographical scope includes the Brazilian states of Acre, Amapá, Amazonas, Mato Grosso, Pará, Rondônia, Roraima, Tocantins and western Maranhão. The area includes not only the Brazilian Amazon biome but also parts of the Cerrado and Pantanal biomes.

**Monitoring Protocol for Cattle Suppliers in the Amazon:** This is the reference for companies that slaughter (slaughterhouses) and process the meat (processors) of cattle produced in the Amazon to comply with their social and environmental commitments, whether they are established by Terms of Adjustment of Conduct (TAC) or by publicly assumed private policies. It establishes monitoring criteria for compliance with commitments.

**Monitoring, Reporting, Verification (MRV):** It refers to a multi-step process of measuring the performance of specific mitigation activities (such as reducing emissions from deforestation and forest degradation) over some time and reporting these results to an approved third party. The third-party verifies the reports, thereby certifying the results.

**Rural Environmental Registry (CAR):** It is a national public electronic registration system that is the main legal instrument of the new Brazilian Forest Law (Law 12615). All rural properties are required to be registered in this system, which contains geo-referenced spatial information of the property, as well as the delineation of Permanently Protected Areas (APP), Legally Protected Areas (RL), Remnant Areas of Native Vegetation, Rural Integrated Areas, and Areas of Social Interest and Public Utilities.

**Second (2<sup>nd</sup>) Party Audit:** Performed by the company, conducted by a related entity that has an interest in the company or business being assessed, such as a commercial customer of a production/processing business or a contractor that provides other services in addition to verification.

**Third (3<sup>rd</sup>) Party Audit:** A systematic, independent, and documented process of collecting audit evidence that is objectively evaluated to determine compliance with the objective being reviewed

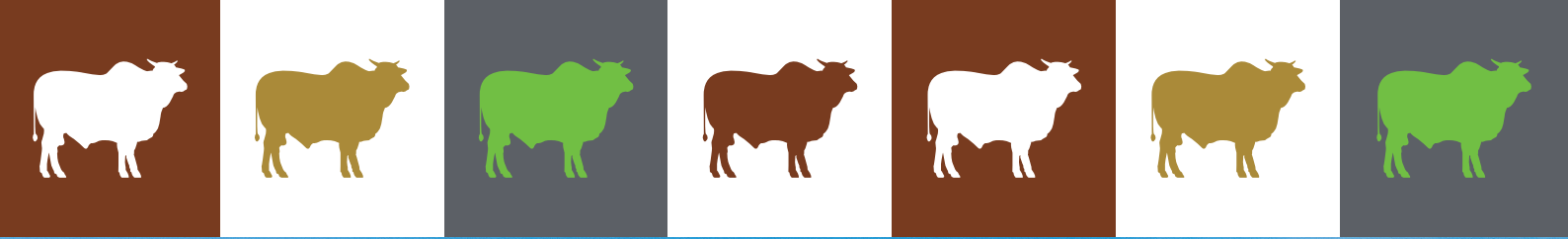
(a policy, procedure, or requirement). Audit evidence is records, statements of fact, or other verifiable, relevant information.

**Traceability:** The ability to track a product or its components through various stages of the supply chain, such as production, processing, manufacturing, and distribution.

**Term of Adjustment of Conduct (TAC):** An initiative of the Federal Prosecutor's Office that works with the Brazilian beef industry to reduce deforestation caused by beef production in the Brazilian Amazon. Signatories to the TAC must meet a series of socio-environmental standards and provide proof of compliance.







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