An overview of initiatives that support corporate engagement in Mato Grosso, Brazil.

MAY 8, 2019
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ACKNOWLEDGMENTS

This pitchbook is a product of the Produce, Conserve, Include Institute and its multi-stakeholder body. We would like to specifically thank the project leaders for their contributions to making this publication a success:

» Aliança da Terra
» Pecsa
» Araguaia League
» Instituto Centro de Vida (ICV)
» Instituto de Pesquisa Ambiental da Amazônia (IPAM)
» Instituto Socioambiental (ISA)
» Nutripura
» Roundtable on Responsible Soy (RTRS)
» Sustainable Trade Initiative (IDH)

Special thanks also to Environmental Defense Fund and Tropical Forest Alliance for their support in compiling, editing and designing the book.
MATO GROSSO, BRAZIL: AN IDEAL REGION TO DELIVER ON THE JURISDICTIONAL APPROACH

Globally, many companies have committed to removing deforestation from their supply chains by 2020, but they are struggling to find effective solutions to meet these goals.

More and more emphasis is being placed on the jurisdictional approach as a potential means to support corporate goals and drive sustainable development. The jurisdictional approach encourages companies to collaborate with local governments, communities and producers in their sourcing regions.

By working together, the stakeholders ensure that local laws, regional efforts and corporate policies work in concert to catalyze reduced deforestation at the landscape scale, complementing supply chain efforts. Many companies have heard about the jurisdictional approach, but they need practical opportunities to prove the concept in first-mover jurisdictions.

Mato Grosso is one such jurisdiction that is ready for engagement. From 2004 to 2014, the state demonstrated that it is possible to reduce deforestation while increasing productivity. This agricultural powerhouse produces nearly 30% of Brazil’s soy and has the largest cattle herd in Brazil, with more than 30 million cattle (See Box 1). Determined to increase productivity across the state, all while maintaining native vegetation cover and reducing deforestation, Mato Grosso’s government and partners from different sectors created the Produce, Conserve, Include (PCI) strategy in 2015.

This strategy describes a new, sustainable vision for the future of Mato Grosso. By 2030, the PCI aims, among other goals, to reduce deforestation of the Amazon and the Cerrado woodland by 90 and 95 percent respectively, regrow natural forests on 6.7 million acres of land, increase the production of soy and cattle and provide technical assistance to all of the state’s 104,000 small-scale farmers. The PCI also plans to end illegal deforestation by 2020.

The PCI’s ambitious vision adds up to huge environmental benefits: over six gigatons of avoided emissions by 2030. Meeting these aggressive targets requires a multi-stakeholder effort, and the PCI brings together government agencies, civil society, producer groups and companies to drive toward impact.
MATO GROSSO IN NUMBERS

TOTAL AREA: 903,366 km²

NATIVE VEGETATION: 63,5% (of the total state area)

PRODUCTION AREA: 309,371,72 km²
Agriculture Production (2019 forecast)
- 66 Mton (soy, maize, cotton)
Livestock Production (2019 forecast)
- 30 million heads

PRODUCTION VALUE (2018): R$ 63,17 billion

POPULATION: 3,442 million

INDIGENOUS ETHNIC GROUPS: 43 in 79 territories

SMALLHOLDERS: 125 thousand families

PATHWAYS FOR SUSTAINABLE PRODUCTION LANDSCAPES

REDUCED DEFORESTATION AND INCREASED PRODUCTIVITY IN MATO GROSSO

![Graph showing reduced deforestation and increased productivity in Mato Grosso](image)
Starting in 2019, the PCI entered a new phase with the creation of the PCI Institute. The PCI Institute is an independent non-profit institution that aims to ensure the PCI strategy’s effectiveness, explore long-term policy creation and financing and provide transparent and inclusive governance. The Mato Grosso government appointed the PCI Institute as its official vehicle to enable multi-stakeholder coordination, advise on public policies and measures, lead fundraising efforts and manage and monitor PCI programs. Combined, these actions position Mato Grosso as a leader of sustainable and inclusive rural development in Brazil.

1. Connect to the Corporate Action Group (CoAG) as a way to learn more about the PCI and how to get involved. Launched in the fall of 2018, the CoAG offers an opportunity for companies to stay connected to the PCI with the most updated on-the-ground actions, learn about opportunities to engage and provide feedback from the corporate perspective.

2. Learn about PCI priority projects through this Pitch Book and get connected to the right opportunities in core sourcing regions.

3. Support these projects through technical/financial assistance, sourcing commitments or other mechanisms as relevant by project. This helps companies meet sustainable sourcing commitments while also building into a broader jurisdictional approach.

4. Design new projects, according to specific corporate needs, with support from the PCI Institute and other partners.

5. Support the PCI Institute with financial resources or other engagement.

6. Join the PCI Institute as an associated member.

7. Voice support for the PCI in public venues and to policy makers or other stakeholders.

While the long-term goal is for companies to be able to source in a low-risk way from Mato Grosso through the PCI strategy, we recognize that this will be challenging to achieve in the near-term. We encourage companies to view engagement in jurisdictional approaches like the PCI as additional and complementary to supply chain controls. Companies that source from Mato Grosso can source from or support priority PCI projects – which will help them manage their own supply chains more sustainably and help them build toward and scale the broader PCI vision. Over time, as the projects grow and new projects are launched in the state, we can amplify the impacts across all of Mato Grosso to drive toward the vision of a low-risk sourcing region.
HOW TO USE THIS PITCH BOOK

This pitch book aims to provide a “menu” of some of the on-the-ground programs in Mato Grosso that are ripe for corporate engagement. The goal is to make it simple for companies to understand how they can connect their supply chain efforts to the broader Mato Grosso PCI strategy to contribute to its success and achieve their own supply chain goals.

The projects in this book were chosen based on a set of criteria developed by the PCI multistakeholder committee. Each project has committed to supporting the goals of at least two of the pillars of the PCI (Produce, Conserve, Include) and has demonstrated commitment to zero illegal deforestation. The projects are already in progress and have the potential for replication across the state.

We also included a map of where the project is currently being implemented, using the Pathways for Sustainable Production Landscapes (PSLP) methodology (see page 4). These maps help classify each municipality based on past deforestation rates and remaining native vegetation to understand current sustainability performance.

The green (high sustainability), yellow (medium sustainability) and blue (low sustainability) designations help the PCI determine the best ways to support each region and promote improvements. The classifications are not intended to exclude high-risk regions from market access, as that would impair the development of the PCI strategy as a whole. Instead, the goal is to ensure that the right incentives and actions are targeted to local needs so that the whole state of Mato Grosso can move forward toward efficient land use.

For each project, the PCI and project leaders worked together to determine specific ways that the private sector could support the projects to scale up and to encourage good practices. These action items, however, are intended to start the conversation; if you have other ideas for how you can support the PCI or a project directly, contact us to begin these discussions. Similarly, the PCI hopes to add more projects to this list over time, establishing sustainable sourcing in all regions of Mato Grosso in the long-term. If you are not seeing a program or opportunity that is a good fit for your organization, reach out so we can design tailor made interventions to meet our collective goals and the business strategy of your company.

We are glad you are here to engage in the PCI. Together, we can move forward toward a sustainable future for Mato Grosso. Welcome!

Fernando Sampaio
Executive Director, PCI Institute
Diretor.pci@gmail.com

JURISDICTIONAL APPROACHES: A COMPLEMENT TO SUPPLY CHAIN APPROACHES

Many private sector actors have made commitments to eliminate deforestation from their supply chains and have developed mechanisms to achieve their goals. The jurisdictional approach aims to complement, rather than replace, these strategies. Broader challenges, such as legal compliance, poor forest governance, unclear land tenure, or indigenous and smallholder support, may be difficult to address with supply chain initiatives alone. Left unchecked, they could undermine supply chains’ capacity to improve.

Through a jurisdictional approach, the private sector can support regions that are in the process of implementing effective environmental governance, which will reduce sourcing and investment risk while contributing to a successful transition to sustainable development across an entire political geography. Companies should engage in jurisdictional approaches while also continuing to implement supply chain policies.
ARAGUAIA LEAGUE
COMMODITY: BEEF (CATTLE)

GENERAL OVERVIEW
The Araguaia League is a movement comprised of 63 farms with 150,000 hectares of pasture dedicated to promoting sustainable intensification, environmental compliance with the Forest Code and carbon emissions monitoring. The league has been working toward specific projects for many years and is currently incorporating lessons learned from those projects into new iterations, focused on:

» 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;

» Increasing use of Good Agricultural Practices (GAP) and driving market development through a partnership between JBS and Imaflora;

» Supporting production models that reduce greenhouse gas (GHG) emissions from cattle farming through the Araguaia Low Carbon Beef project in partnership with Embrapa;

» In collaboration with the CONSERV project, piloting Payment for Environmental Services (PES), a financial compensation scheme for maintaining surplus Legal Reserve (LR, the legal requirement for forested area under the Forest Code);

» Engaging smallholders and rural workers through ecological tourism and community development initiatives.

The reference ranch, Fazenda Água Viva, in the municipality of Cocalinho, helps provide proof of concept for these methods.

NUMBERS AT A GLANCE

<table>
<thead>
<tr>
<th>Description</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total pasture area (63 farms)</td>
<td>150,000 ha</td>
</tr>
<tr>
<td>Area with productive intensification implemented (2019)</td>
<td>25,000 ha</td>
</tr>
<tr>
<td>Area in the process of intensification (2019 to 2022)</td>
<td>22,000 ha</td>
</tr>
<tr>
<td>Potential total area for intensification through 2030</td>
<td>70,000 ha</td>
</tr>
</tbody>
</table>
WHAT THE ARAGUAIA LEAGUE HAS TO OFFER

PRODUCTION: 90,000 head of cattle with the potential to market 35,000 to 40,000 head of cattle annually.

CONSERVATION: Zero illegal deforestation on 63 farms, which ensures conformity with the Forest Code on 150,000 hectares; 64,000 hectares dedicated to preservation and an additional 10,000 hectares in excess Legal Reserve.

EMISSIONS: Approximately 580,000 tons of CO₂ Eq. avoided by 2020;

GOVERNANCE: The project is comprised of a strong group of partners, informed and committed to the concepts and the model of the Araguaia League, and capable of executing projects and expanding good livestock practices.

CONTACTS
José Carlos Pedreira de Freitas, Liga do Araguaia
Email: hecta.sp@gmail.com
Website: www.ligadoaraguaia.com.br
Facebook: ligadoaraguaia
Instagram: ligadoaraguaia

OPPORTUNITIES FOR CORPORATE ENGAGEMENT

PROVIDE NEW MARKET ACCESS to farms in the Araguaia League based on sustainability attributes (approximately 5,000 head/year by 2022).

CREATE LONG-TERM CONTRACTS with ranchers to guarantee demand.

SUPPORT ONE OR MORE OF THE PROJECTS described in the General Overview section.

PROVIDE TRAINING AND TECHNICAL SUPPORT for producers and their employees.

PROVIDE INCENTIVES to ranchers for forest conservation through CONSERV.

INVEST IN THE PCI to expand sustainable intensification, forest restoration and social-environmental monitoring across the Araguaia League.

PARTNERS
Grupo Roncador, Fazenda Água Viva, Corteva, The Nature Conservancy (TNC), Sustainable Trade Initiative (IDH), Embrapa Gado de Corte and IMAFLORA

PHOTO CREDITS: ARAGUAIA LEAGUE AND EDF.
QUERÊNCIA +
COMMODITY: SOY AND FAMILY FARMING

GENERAL OVERVIEW
Querência is one of the leading municipalities in soy production in Mato Grosso. High production, however, has resulted in several environmental challenges, including deforestation, weakened smallholder supply chains and the highest levels of forest deficit on private properties inside the Brazilian Amazon. Querência + aims to develop the concept of a Sustainable Production Territory where high productivity and strong environmental protections go hand-in-hand.

The project will promote innovative forest restoration, connect supply chain companies to compliant producers, strengthen the technical assistance and rural extension coverage service (ATER) and support market creation among smallholder farmers. This project consolidates initiatives that two NGOs, Amazon Environmental Research Institute (IPAM) and Instituto Socioambiental (ISA), have been implementing in Querência since 2015. Successes to date include:

» Increasing local governance through creating a multi-sector forum (Q+ Forum) to discuss local environmental issues and reactivating the Municipal Environmental Council (CMMA);
» Assessing critical land use needs in the territory by mapping nearly 3,000 hectares of degraded riparian forest (Areas of Permanent Protection, APP) and 260,000 hectares of forest deficit.
» Supporting local government to develop five action plans to address the land use challenges.
» Restoring over 100 hectares of forests among small, medium and large farms.

NUMBERS AT A GLANCE

<table>
<thead>
<tr>
<th>Description</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mapped riparian degraded areas</td>
<td>3,000 ha</td>
</tr>
<tr>
<td>Mapped Legal Reserves with forest deficit</td>
<td>260,000 ha</td>
</tr>
<tr>
<td>Restoration implemented from 2015</td>
<td>100 ha</td>
</tr>
</tbody>
</table>

WHAT QUERÊNCIA + HAS TO OFFER

PRODUCTION:
» Increasing environmental compliance on 50 embargoed properties to allow them to re-enter the market.
» Capacity to lift all deforestation embargoes in Querência and bring the entire soy production industry into compliance over time.

CONSERVATION:
» Ensure zero illegal deforestation on properties and settlement lots engaged in the project;
» Support up to 50 producers in achieving environmental compliance;
» Restore 100 hectares of degraded forest with current funds, with the capacity to initiate restoration on up to 500 hectares with support from landholders;
» Train agents to support producers in registering in the State Government Forest Code System (SIMCAR) with high quality data, which should speed up the property validation process.
OPPORTUNITIES FOR CORPORATE ENGAGEMENT

ENSURE MARKET DEMAND or other incentives for deforestation-free commodities produced in Querência.

PROVIDE TECHNICAL SUPPORT to train specialists in forest restoration.

PROVIDE FINANCIAL SUPPORT to project partners to help them offer efficient, low-cost technical assistance for environmental compliance, expand technical assistance to all smallholders and/or support a restoration seed network;

ENGAGE SOY SUPPLY CHAIN STAKEHOLDERS in Querência and invite them to participate in the project;

BUILD MARKET DEMAND for smallholder products outside of the soy supply chain.

PARTNERS
IPAM and ISA

EMISSIONS: 29,000 CO₂ tons sequestered through forest restoration so far.

GOVERNANCE: The project relies on the key role that Municipal Councils and City Hall play in Querência. Partners help build the capacity of members of the Municipal Councils (Environment and Rural Sustainable Development) to lead the restoration strategy and implement the family farming strengthening plan. They also support Querência’s Agriculture Agency and the state technical support agency to implement a pilot ATER model that can be scaled up to the entire state of Mato Grosso.

CONTACTS
Cecilia Simões, IPAM
65-3621-3109 / 65-99668-5567
Email: cecilia.simoes@ipam.org.br

PHOTO CREDITS: IPAM
GENERAL OVERVIEW
The Xingu Seeds Network (ARSX) is a community-based development network to support the creation of markets for seeds from native tree species and other native plants in the Xingu, Araguaia and Teles Pires regions (Cerrado and Amazon biomes).

Given the growing demand for restoration, the ARSX united in 2007 as a network to support seed collectors and connect them to restoration markets. ARSX has created a wide group of partners with qualified seed collectors and has catalyzed an organized and profitable production chain. Over the ten years of the project, around 196 tons of seeds from over 220 native species were used to restore more than 6,000 hectares of degraded areas in the Xingu and Araguaia River Basin and other regions of the Cerrado and Amazon.

Over 600 seed collectors benefit from the program, generating an income of around US$1.1 million (since 2007) transferred directly to the communities.

NUMBERS AT A GLANCE

<table>
<thead>
<tr>
<th>Restoration area with the seeds from ARSX (2007 to 2018)</th>
<th>6,000 ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tons of seeds produced (2007 to 2018)</td>
<td>196 tons</td>
</tr>
<tr>
<td>Revenue from the seeds production (2007 to 2018)</td>
<td>US$1.1 million</td>
</tr>
</tbody>
</table>
OPPORTUNITIES FOR CORPORATE ENGAGEMENT

PROVIDE FINANCIAL SUPPORT to project partners so that the organization can help the network continue to expand and meet growing demand for restoration.

PROVIDE TECHNICAL SUPPORT to land-owners who are implementing and monitoring restoration processes.

ADVOCATE FOR FOREST CODE COMPLIANCE and maintenance of indigenous territories to support the enabling environment that allows the ARSX to thrive.

ADVOCATE PRODUCERS in your supply chain to use the muvuca restoration technique.

PARTNERS
Instituto Socioambiental, Partnership for Forest, Articulação Xingu Araguaia, Instituto EcoSocial, AXS, Comissão da Pastoral da Terra, Operação Amazônia Nativa, Embrapa, Amora, OECA, MOYGU, AISA, Associação Tapawa, UNEMAT, UFPA, AIT, Yarikau, ATIX, Prefeitura de Canarana, ANSA, Rain Forest Foundation Norway, Atina, Moore Foundation, EDF, Natura, Funbio, Fundo Vale, BNDES, Borges & Prudente, Rock in Rio, and others

WHAT ARSX HAS TO OFFER

PRODUCTION: Cheaper restoration process for producers using muvuca, a low-cost, highly-effective restoration technique that uses a mix of seeds spread across the entire restoration area.

CONSERVATION: A seed bank of more than 220 native species from the Cerrado and the Amazon biomes to support restoration and aid producers to come into compliance with the Forest Code.

EMISSIONS: Reduced GHG emissions through forest and degraded area restoration.

GOVERNANCE: ARSX provides an organized association with more than 10 years of proven performance, concrete results for conservation and income generation for communities excluded from the market. The governance model of the network can easily aggregate new partners and collectors and is seen by others as a model to be adopted.

CONTACTS
Rodrigo Junqueira, ISA
Email: rodrigojunqueira@socioambiental.org
Website: www.sementesdoxingu.org.br
Facebook: Rede de Sementes do Xingu
Instagram: sementesdoxingu

PHOTO CREDITS: ISA AND THE XINGU SEEDS NETWORK
GENERAL OVERVIEW
The Producing Right Platform offers tools to improve social and environmental performance on farms of any size, location or type of production. It encourages real changes in the rural environment and provides transparency for agribusiness companies to fulfill their commitments for responsible production.

The Platform has created a robust and user-friendly system, including a mobile application, to help producers learn about and engage in management techniques that drive improved economic, social and environmental performance across their farms. Through working with the Platform, companies can connect to farmers and ranchers who are producing “right” to encourage responsible production and ultimately to meet consumer demand. The Producing Right Platform is a Brazil-wide program with significant presence in Mato Grosso – over 560 properties across 2.9 million hectares are engaged in the state.

NUMBERS AT A GLANCE

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
</tr>
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<tbody>
<tr>
<td>Total number of properties in Mato Grosso</td>
<td>568</td>
</tr>
<tr>
<td>Total area of properties engaged in the Platform in Mato Grosso</td>
<td>2,939,119 ha</td>
</tr>
<tr>
<td>Total area of native vegetation in engaged properties</td>
<td>1,370,783 ha</td>
</tr>
</tbody>
</table>

NEW MARKET OPPORTUNITIES
- Traders
- Industry
- Retailers
- Banks
- Legislation
- Certification
- Producing Right Platform
- Consumers
- Rural Producers

DEMAND FOR PRODUCTS FROM RESPONSIBLE ORIGIN

INCREASED PRODUCTIVITY THROUGH SUSTAINABLE LAND USE

PCI PRIORITY PROJECT PITCHBOOK
WHAT THE PRODUCING RIGHT PLATFORM HAS TO OFFER

PRODUCTION: 639,417 head of cattle and 939,328 hectares of grain production engaged in the program to date.

CONSERVATION: Over 1.3M hectares of native vegetation conserved and over 14,000 hectares to be restored.

EMISSIONS: Approximately 580,000 tons of CO$_2$ Eq. avoided by 2020.

GOVERNANCE: The platform has good relationships with producers with rural properties on the agricultural frontier.

CONTACTS
Aline Locks, Director, Alianca da Terra
Email: aline.locks@aliancadaterra.org
Website: www.aliancadaterra.org
Facebook: aliancadaterra
Instagram: @aliancadaterra

OPPORTUNITIES FOR CORPORATE ENGAGEMENT

PROVIDE TECHNICAL SUPPORT to help your supply chain connect to the Producing Right Platform.

PROVIDE FINANCIAL SUPPORT to Aliança da Terra to scale up the use of the Producing Right Platform in Mato Grosso.

ENSURE MARKET DEMAND or other incentives for commodities produced using the Platform.

PARTNERS
Aliança da Terra, ADM do Brasil, Brookfield, Celeiro, Grupo Pão de Açúcar

PHOTO CREDITS: TNC
GENERAL OVERVIEW

Pecsa (Amazon Sustainable Cattle Ranching) is an agricultural management and partnership company founded in June 2015 and based in Alta Floresta.

The mission is to transform livestock farming in the Amazon into a sustainable business by:

» Bringing innovative technology and practices from universities and research centers to producers to drive sustainable production.

» Aggregating ranchers to enhance access to financial resources and markets for sustainable production.

» Implementing a zero deforestation policy after a July 2008 cutoff date.

Pecsa evolved from the implementation of the Novo Campo Program, a pilot project of sustainable intensification of livestock farming developed by the NGO Instituto Centro de Vida (ICV) between 2011 and 2015.

Pecsa received €11.5 million in funding from the Althelia Climate Fund to bring the results of this pilot to commercial scale.

The seven-year contract with Althelia provides resources for the restoration of 10,000 hectares of degraded pastures, management of 34,000 head of cattle and restoration of 700 hectares of riparian forest.

Pecsa is the first cattle company in Latin America certified as a B Corporation.
WHAT PECSA HAS TO OFFER

PRODUCTION: Around 22,000 cattle head today with a 2020 goal of 35,000 head.

CONSERVATION: Rigorous policy of zero deforestation and full compliance with the Forest Code.

EMISSIONS: 90% reduction in emissions (77 kg CO₂/kg of carcass produced to less than 7 kg CO₂/kg of carcass produced) when compared to the conventional livestock production system.

GOVERNANCE: Pecsa provides a highly qualified team with proven practical experience in agricultural and financial management. The program has great capacity for the expansion of farms with GAP and zero deforestation.

CONTACTS
Laurent Micol, Pecsa
Email: laurent.micol@pecsa.com.br
Website: www.pecsa.com.br
Facebook: pecsapecuariasustainavel
Instagram: pecsapecuriasustainavel

OPPORTUNITIES FOR CORPORATE ENGAGEMENT

PROVIDE NEW MARKET ACCESS for Pecsa suppliers.

CREATE LONG-TERM CONTRACTS with Pecsa ranchers to guarantee demand.

INCENTIVIZE GOOD ENVIRONMENTAL PERFORMANCE with price premiums.

PROVIDE INCENTIVES to ranchers for environmental services and forest assets.

PARTNERS
Althelia Climate Fund
GENERAL OVERVIEW
The Roundtable on Responsible Soy (RTRS) is a global multistakeholder organization, created in 2006, to ensure that soy production is socially equitable, economically feasible and environmentally sound.

RTRS has more than 190 international members of the soy value chain and aims to create dialogue across three constituencies: producers; industry, trade and finance; and civil society. This multistakeholder process created the RTRS Standard for Responsible Soy Production, which is a certification based on five principles:

» Legal compliance and good business practices;
» Responsible labor conditions;
» Responsible community relations;
» Environmental responsibility; and
» Good agricultural practices.

Mato Grosso state has been increasing its use of the RTRS standard, with over 500,000 hectares certified and over 300,000 hectares of conservation in the state to date.

NUMBERS AT A GLANCE

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td>Total area of certified farms in Mato Grosso (as of 2018)</td>
<td>505,803 ha</td>
</tr>
<tr>
<td>Total area of conservation (as of 2018)</td>
<td>305,851 ha</td>
</tr>
<tr>
<td>Conservation area in the Cerrado biome</td>
<td>151,125 ha</td>
</tr>
<tr>
<td>Conservation area in the Amazon biome</td>
<td>154,726 ha</td>
</tr>
</tbody>
</table>
WHAT RTRS IN MATO GROSSO HAS TO OFFER

PRODUCTION: 79 farms with around 1.8 million tons of certified soy that exceed the legal compliance criteria of the Forest Code.

CONSERVATION: Zero deforestation and zero conversion of all natural land.

GOVERNANCE: RTRS provides a globally recognized certification standard with stringent standards and third party independent audits on each farm once per year.

CONTACTS
Cid Ferreira Sanches, Brazil External Consultant, RTRS
Email: cidsanches64@gmail.com
Website: www.responsiblesoy.org
Linkedin: www.linkedin.com/in/rtrs-info-867b0481
YouTube: RTRS
Twitter: @responsiblesoy

OPPORTUNITIES FOR CORPORATE ENGAGEMENT

PROVIDE NEW MARKET ACCESS for RTRS soy from Mato Grosso.

CREATE LONG-TERM CONTRACTS with RTRS producers to guarantee demand.

PROVIDE TRAINING AND TECHNICAL SUPPORT for more farmers to become RTRS certified.

SOURCE RTRS CERTIFIED SOY.

PARTNERS
RTRS has over 190 partners globally, including ADM, Amaggi, CHS, Cargill, Mars, Tesco and World Wildlife Fund.

For a full list of partners, visit: www.responsiblesoy.org/about-rtrs/member

PHOTO CREDITS: RTRS
CONSERV
COMMODITY: ALL

GENERAL OVERVIEW
The main objective of CONSERV is to prove that standing forest assets have value and that targeted compensation to landowners can effectively prevent deforestation that could occur legally. CONSERV provides an opportunity for the industry to help mitigate climate change and participate in an innovative market experiment, while rewarding producers who are engaged in conservation.

Led by IPAM in collaboration with the Environmental Defense Fund (EDF) and Woods Hole Research Center (WHRC), CONSERV is creating a mechanism to pay farmers who are committed to maintaining forest assets that could legally be deforested.

CONSERV will operate on properties that have more native vegetation than what is required by the Forest Code. The model will include direct payments to producers and constant monitoring of the enrolled properties, effectively ensuring that no deforestation is occurring.

The project has identified its potential market size in Mato Grosso, modelled priority areas to begin implementation and identified groups of farmers with forest assets in key locations. At this stage, the goal is to test the hypothesis that targeted compensation can prevent deforestation. CONSERV will begin by operating in two municipalities and then will scale the approach to other municipalities across Mato Grosso.
WHAT CONSERV HAS TO OFFER

PRODUCTION: Payments from CONSERV can serve as the first direct payment to farmers engaged in forest conservation. It will create an incentive for producers to engage in better property management and provide an additional income stream for farmers with forest assets that exceed the legal requirements.

CONSERVATION: Mato Grosso has over 7 million hectares of privately owned areas that could legally be deforested. CONSERV will show that paying landowners to conserve this native vegetation is cost-effective when targeted correctly.

GOVERNANCE: Through CONSERV’s constant monitoring, it will evaluate the performance of the program.

CONTACTS
Marcelo C C Stabile, IPAM
Email: marcelo.stabile@ipam.org.br
+55 61 98124-2662

OPPORTUNITIES FOR CORPORATE ENGAGEMENT

PROVIDE FINANCIAL SUPPORT to CONSERV for the pilot phase and help influence the initial locations and governance of CONSERV.

PARTICIPATE IN THE GOVERNANCE of the CONSERV mechanism.

ENCOURAGE SUPPLY CHAIN PARTNERS to engage in CONSERV where appropriate.

PARTNERS
IPAM, EDF, WHRC, the Araguaia League, the Norwegian Embassy in Brasília, and Climate and Land Use Alliance (CLUA)
GENERAL OVERVIEW
The Canivete project is an initiative of Nutripura, a company based in Rondonópolis, Mato Grosso. The project began in 2013 with the goal of increasing dairy and cattle productivity and profitability in a sustainable way. Participating farms are selected based on the owner’s interest in applying new technologies and increasing productivity per hectare.

Canivete provides technical support to help the producer increase production through improved nutrition and pasture management. So far, 40 farms are engaged on over 5,900 hectares. With additional support, the project could intensify 40,000 hectares by 2022.

NUMBERS AT A GLANCE

<table>
<thead>
<tr>
<th>Description</th>
<th>Area (hectares)</th>
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<tbody>
<tr>
<td>Total pasture area (2019)</td>
<td>45,203</td>
</tr>
<tr>
<td>Area with productive intensification implemented</td>
<td>5,910</td>
</tr>
<tr>
<td>Area in process of intensification (2019 to 2022)</td>
<td>32,000</td>
</tr>
<tr>
<td>Potential area for intensification by 2022</td>
<td>40,000</td>
</tr>
<tr>
<td>Potential area for intensification by 2030</td>
<td>50,000</td>
</tr>
</tbody>
</table>
WHAT CANIVETE HAS TO OFFER

PRODUCTION: Services for pasture intensification on 60,000 hectares containing about 200,000 head of cattle.

CONSERVATION: Restoration of 737 hectares of APPs and 5,382 hectares of forest deficit. In addition, through the intensification of pasture, avoid 127,000 hectares of deforestation.

EMISSIONS: Estimated emissions reductions of over 5,900,000 tons of CO$_2$ eq. over the 10 years of the project.

GOVERNANCE: With the consent of the producers, Nutripura’s technical team will participate in the decision-making process of the farm, providing tools that yield the best technical and economic results for the business.

CONTACTS
Roberto Aguiar, Nutripura
Email: aguiar@nutripura.com.br
Paulo Ozaki, Nutripura
Email: gestor.canivete@nutripura.com.br
Website: www.nutripura.com.br/
Facebook: Nutripura
Instagram: Nutripura

OPPORTUNITIES FOR CORPORATE ENGAGEMENT

PROVIDE TECHNICAL ASSISTANCE AND TRAINING to Nutripura and the producer partners.

PROVIDE FINANCIAL SUPPORT to Nutripura to maintain the technical staff and support compliance with the Forest Code.

SUPPORT NEW RESEARCH on best practices and environmental impacts.

PARTNERS
Nutripura, Escola Superior de Agricultura Luiz de Queiroz da Universidade de São Paulo (ESALQ/USP), Universidade Federal de Goiás (UFG), Kansas State University, Terra Desenvolvimento Agropecuário and G.A Gestão Agropecuária

PHOTO CREDITS: NUTRIPURA/CANIVETE PROJECT
GENERAL OVERVIEW
The majority of rural properties in the north region of Mato Grosso are owned by smallholders who produce milk, agriforest or horticulture products.

Redes Socioprodutivas, coordinated by ICV, aims to strengthen smallholders’ organizations in the North and Northwest of Mato Grosso by supporting the value chain development of six products: cocoa, Babaçu (Attalea speciosa), Brazil Nut, fruits/vegetables, coffee and milk. By opening up markets for smallholders, the project fosters income generation, food security and forest protection across six municipalities.

The program aims to work alongside the community to meet their needs and provide truly sustainable development models.

Specific activities of the project include:
» Improving productivity and quality of products through organic practices or agroforestry production;
» Supporting community entrepreneurship and business management;
» Providing marketing support and negotiation strategies to smallholders;
» Disseminating local products to increase consumption.

To date, the project has worked with smallholder communities to design and implement community action plans that catalyze technical assistance, investments, financing and value chain creation for smallholders.

Critical successes include:
» Training over 330 participants on organic production management, agroforestry, restoration, economic analysis, enterprise management and other relevant topics;
» Providing tailored technical assistance to 97 individual families;
» Supporting 63 community meetings to share technical support broadly;
» Providing financial investment for 98 farms to support sustainable production or restoration;
» Catalyzing the approval of a subsidized public rural credit line in Alta Floresta;
» Partnering with Instituto Federal de Mato Grosso (Alta Floresta campus) to launch a professional development course in Cooperative Development;
» Expanding market access through four new trade agreements, improved logistics for three organizations and marketing investments.
WHAT REDES SOCIOPRODUTIVAS HAS TO OFFER

PRODUCTION: Improvement of six value chains focused on organic and agroforestry production in 20 community organizations, involving about 580 family farms.

CONSERVATION: Supports environmental compliance, restoration of degraded areas and practices that avoid deforestation.

GOVERNANCE: Redes Socioprodutivas emphasizes a participatory process focused on community business management. The project team coordinates various topic areas across the program to catalyze dialogue between different stakeholders and to support communities to take responsibility for sustainable development.

CONTACTS
Renato Farias - Executive Director Instituto Centro de Vida - ICV
+ 55 65 992014094
Email: renato.farias@icv.org.br
Website: www.icv.org.br
Twitter: @icvcentrodevida
Instagram: @institutocentrodevida

OPPORTUNITIES FOR CORPORATE ENGAGEMENT

PROVIDE FINANCIAL SUPPORT to project partners to scale these initiatives.

PROVIDE MARKET INCENTIVES for small-holders to support the transition to organic production.

BUILD NEW MARKET DEMAND for small-holders by partnering with the program to create new sourcing.

PROVIDE LONG-TERM SOURCING CONTRACTS for producers involved in the program.

PROMOTE THE PROJECT TO SMALL-HOLDERS in sourcing regions to help grow the network overtime.

PARTNERS
Amazon Fund/Brazilian Development Bank, Instituto Federal de Mato Grosso - IFMT (campus Alta Floresta), University of Florida Masters Program of Sustainable Development Practice, and more than 20 Producers Associations, Cooperatives and Woman Association of the North and Northwest regions of Mato Grosso.
SUSTAINABLE PRODUCTION OF CALVES PROGRAM
COMMODITY: BEEF

GENERAL OVERVIEW
The Sustainable Production of Calves Program aims to transform the calf supply chain in northern Mato Grosso. The program, which is funded through a joint investment of EUR 2.5 million by IDH and Carrefour Foundation, works with 457 smallholder calf producers across 258,000 hectares in the Juruena and Araguaia Valleys, with the potential to protect and restore more than 151,000 hectares of tropical forest.

This Program is changing business practices by promoting sustainable production throughout the beef value chain, including smallholder calf producers, finishing producers (São Marcelo Farm), the state association of cattle producers (ACRIMAT), meat processors and a large retail group (Carrefour).

The Program will supply beef to Carrefour and covers 11 municipalities that are responsible for 40% of calves’ production in Mato Grosso State. There is a potential to scale the Program results across Mato Grosso to more than 4,000 farmers associated with ACRIMAT.

The main objectives are:
» Transforming the calf supply chain in North-west and Northeast Mato Grosso by increasing net profits for calf producers and supporting environmental and land tenure compliance.
» Promoting strong market connections and a responsible business platform

Key activities include intensifying cattle ranching, restoring degraded pastureland, and freeing up land for increased sustainable production.

NUMBERS AT A GLANCE

<table>
<thead>
<tr>
<th>Description</th>
<th>Area (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total farm area in the Program (457 farms)</td>
<td>256,000</td>
</tr>
<tr>
<td>Potential total area for intensification through 2023</td>
<td>102,464</td>
</tr>
<tr>
<td>Potential total area for forest protection and restoration through 2023</td>
<td>151,000</td>
</tr>
</tbody>
</table>

This will accelerate economic development in the area without the need for converting forests into farmland.

In addition, the initiative will boost livelihood opportunities by providing smallholder with technical assistance, access to credit and support in Brazilian Forest Code compliance.

So far, the program has initiated work with more than 300 smallholder producers, with 262 farms engaged in a preliminary sustainability diagnosis and 108 farms engaged with technical assistance.
WHAT THE SUSTAINABLE PRODUCTION OF CALVES PROGRAM HAS TO OFFER

PRODUCTION:
» Implement practices/tools that improve productivity, profitability and management on 457 farms with total area of 256,000 hectares
» Engage with market buyers to promote value chain solutions for sustainable beef
» Catalyze innovative financial mechanisms to support land recovery through technical assistance

CONSERVATION:
» Protect and restore 151,000 hectares of forest
» Support 457 cattle producers to comply with CAR registry at SIMCAR

EMISSIONS: Estimated GHG mitigation of approximately 385,000 t CO$_2$ in the first ten years of the program.

GOVERNANCE: The Program is coordinated by IDH and Carrefour and implemented through the local partners, ACRIMAT in Araguaia Valley and NatCap Consulting in Juruena Valley.

CONTACTS
Daniela Mariuzzo – Diretora IDH Brasil
mariuzzo@idhtrade.org
Ivens Domingos – Oficial de programa IDH Brasil
domingos@idhtrade.org

OPPORTUNITIES FOR CORPORATE ENGAGEMENT

PROVIDE INCENTIVES to ranchers for environmental services, forest assets, and legal deforestation avoidance.

PROVIDE TECHNICAL AND FINANCIAL SUPPORT for the forest restoration activities

SUPPORT THE CREATION/AVAILABILITY OF CREDIT LINES for cattle ranching intensification

PARTNERS
IDH Sustainable Trade Initiative, Carrefour Group, Carrefour Foundation, ACRIMAT, NatCap Consulting, JD Group, and São Marcelo Farm

PHOTO CREDITS: IDH
GENERAL OVERVIEW

Juruena Valley is located in the northwest of Mato Grosso state and was colonized around 30 years ago, starting its history of logging activities. The region plays an important role in the production of milk and beef in Brazil, accounting for about 35 percent of the calves in Mato Grosso state. It is also important for environmental conservation due to its extensive forest area, of which 85 percent is conserved. Cotriguaçu and Juruena municipalities are considered part of the arch of deforestation in the Amazon because of low productivity in cattle ranching and issues with indigenous people. The region also has many opportunities linked to family agriculture, which when well-managed, can generate forest conservation. The municipalities of Juruena and Cotriguaçu have signed an agreement with key stakeholders to promote sustainable production, forest conservation and social inclusion, which falls under Mato Grosso state’s PCI strategy. The Compact aims to restore up to 182,904 hectares of degraded pastureland for sustainable production across both municipalities by 2023, primarily through intensified cattle farming. It also commits to preserve 970,000 ha of the Amazon Rainforest.

The main objective is to transform Juruena Valley region into a key deforestation-free sourcing area for both cattle and family agriculture products through the engagement of both public and private local and state actors committed to time bound targets for implementation. The PCI Regional Compact in Juruena created an enabling environment for the launch of a co-funding project in the beef supply chain with EUR 2.5 million of a joint investment from IDH and Carrefour Foundation. The compact has specific objectives related to all three pillars of the PCI:

» PRODUCE: Increase cattle production; increase volumes and sales for family agriculture products.

» CONSERVE: Avoid new illegal deforestation in Cotriguaçu and Juruena; support the CAR validation and farmers in meeting forest code demands.

» INCLUDE: Promote land tenure solutions; support family agriculture value chains in the region through market access and infrastructure investments.

So far, the Compact has implemented its official governance, has launched a field program to support sustainable calf production (see Sustainable Production of Calves Program overview for more detail), and is attracting other companies to purchase new products.

### NUMBERS AT A GLANCE

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total farm area under the Compact (3,107 farms)</td>
<td>813,841 ha</td>
</tr>
<tr>
<td>Cattle production (2017)</td>
<td>538,543 heads</td>
</tr>
<tr>
<td>Potential total area for intensification by 2023</td>
<td>182,924 ha</td>
</tr>
<tr>
<td>Potential total area for forest protection by 2023</td>
<td>907,790 ha</td>
</tr>
<tr>
<td>Potential total area for forest restoration (APP and LR) by 2023</td>
<td>14,666 ha</td>
</tr>
</tbody>
</table>
WHAT THE JURUENA VALLEY REGIONAL PCI COMPACT HAS TO OFFER

PRODUCTION:
» Intensify cattle production on 183,000 ha
» Convert 5,000 hectares from degraded pastures to grain production (rice, corn and soybeans)
» Develop Forest Management Plans for native wood extraction
» Increase market recognition for wood produced under the Trade and Transport System of Forest Products (Sisflora-MT) regulation and for the cocoa value chain

CONSERVATION:
» Restore 2,425 hectares of Legal Reserve areas and 12,241 hectares of Areas for Permanent Preservation (APP)
» Develop non-timber forest product chains, including resin, vine, oil, seeds, ornamental plants, and medicinal plants
» Develop REDD+ projects on private lands
» Use native vegetation conserved above legal requirements for compensation models
» Support 1,437 local producers to comply with CAR registry at SIMCAR
» Promote a deforestation-free sourcing area for calves

EMISSIONS: Reduced GHG emissions through cattle intensification, forest and degraded pastureland restoration, deforestation reductions and eliminating illegal deforestation

GOVERNANCE:
» Governance structure led by local stakeholder committee based on institutional leadership
» Regional coalition working on targeted actions that align with local interest and state strategies
» Seed funding from IDH to support the governance and to develop business cases for innovative investors.

OPPORTUNITIES FOR CORPORATE ENGAGEMENT

PROVIDE INCENTIVES to ranchers for environmental services, forest assets or legal deforestation avoidance.

IMPROVE MARKET ACCESS for family agriculture products.

PROVIDE TECHNICAL AND FINANCIAL SUPPORT for forest restoration activities.

SUPPORT THE CREATION/AVAILABILIT Y OF CREDIT LINES for cattle ranching intensification.

DEVELOP THE VALUE CHAIN for timber, cocoa and coffee.

PARTNERS
Juruena Municipality, Cotriguaçu Municipality, IDH Sustainable Trade Initiative, Grupo JD, São Marcelo Farm, Carrefour, NatCap Consulting, Sicredi, Agro Amazônia, Mato Grosso’s Meat Institute (IMAC), Copavam, Environment Secretary of Mato Grosso (SEMA), Family Agriculture Secretary of Mato Grosso (SEAF), Sustainable Municipalities Program from Mato Grosso (PMS)

CONTACT
Daniela Mariuzzo – Diretora IDH Brasil
mariuzzo@idhtrade.org
Ivens Domingos – Oficial de programa IDH Brasil:domingos@idhtrade.org
### APPENDIX

#### MATRIX OF PCI GOALS TO PROJECT GOALS

<table>
<thead>
<tr>
<th>PCI GOALS</th>
<th>PRODUCE</th>
<th>CONSERVE</th>
<th>INCLUDE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recover 2.5 Mha of low productivity pasture areas by 2030</td>
<td><strong>PCI GOALS</strong></td>
<td>Maintain 60% of native vegetation in MT</td>
<td>Achieve technical assistance and rural extension coverage (ATER) to 100% of family farms by 2030</td>
</tr>
<tr>
<td>Increase livestock productivity to 95 kg / ha / year by 2030</td>
<td><strong>PCI GOALS</strong></td>
<td>Reduce deforestation in the forest by 90% compared to the baseline period (2001-2010) [PRODES] of 5,714 km², reaching 571 km² / year by 2030</td>
<td>Increase family farming products share in the state market to 70% by 2030</td>
</tr>
<tr>
<td>Increase cultivated area (grains) over degraded pastures to 12.5 million hectares by 2030</td>
<td><strong>PCI GOALS</strong></td>
<td>Reduce deforestation in the Cerrado by 95% compared to the baseline period [2001-2010] of 3,016 km² (SEMA), reaching 150 km²/year by 2030</td>
<td>Increase family farming products share in institutional markets to 30% by 2030</td>
</tr>
<tr>
<td>Increase grain yield to 92 Mton by 2030</td>
<td><strong>PCI GOALS</strong></td>
<td>Eliminate illegal deforestation in MT by 2020</td>
<td>Increase access to rural credit by family farmers, achieving R$ 1.3 billion/year by 2030</td>
</tr>
<tr>
<td>Expand the area under sustainable forest management to 6 Mha by 2030</td>
<td><strong>PCI GOALS</strong></td>
<td>Conserve 1 Mha of area subject to legal deforestation</td>
<td>Achieve land tenure regularization on 70% of family farming lots by 2030</td>
</tr>
<tr>
<td>Expand the area of silviculture (planted forests) over areas already cleared to 800 thousand ha by 2030</td>
<td><strong>PCI GOALS</strong></td>
<td>Register 90% of rural properties (CAR) by 2016</td>
<td></td>
</tr>
<tr>
<td>Increase wood production from silviculture to 11.75 M m³ by 2030</td>
<td><strong>CONSERVE</strong></td>
<td>Validate 100% of the CAR by 2018</td>
<td></td>
</tr>
<tr>
<td><strong>INCLUSIVE</strong></td>
<td></td>
<td>Recover 1 Mha (100%) degraded APP by 2030</td>
<td></td>
</tr>
<tr>
<td>Achieve environmental regularization of 5.8 Mha (100%) of Legal Reserve by 2030</td>
<td><strong>INCLUSIVE</strong></td>
<td>Achieve environmental regularization of 5.8 Mha (100%) of Legal Reserve by 2030</td>
<td></td>
</tr>
<tr>
<td>(1.9 Mha through restoration)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## PRODUCE

- Recover 2.5 Mha of low productivity pasture areas by 2030
- Increase livestock productivity to 95 kg / ha / year by 2030
- Increase cultivated area (grains) over degraded pastures to 12.5 million hectares by 2030
- Increase grain yield to 92 Mton by 2030
- Expand the area under sustainable forest management to 6 Mha by 2030
- Expand the area of silviculture (planted forests) over areas already cleared to 800 thousand ha by 2030
- Increase wood production from silviculture to 11.75 M m³ by 2030

## CONSERVE

- Maintain 60% of native vegetation in MT
- Reduce deforestation in the forest by 90% compared to the baseline period (2001-2010) (PRODES) of 5,714 km², reaching 571 km²/year by 2030
- Reduce deforestation in the Cerrado by 95% compared to the baseline period (2001-2010) of 3,016 km² (SEMA), reaching 150 km²/year by 2030
- Eliminate illegal deforestation in MT by 2020
- Conserve 1 Mha of area subject to legal deforestation
- Register 90% of rural properties (CAR) by 2016
- Validate 100% of the CAR by 2018
- Recover 1Mha (100%) degraded APP by 2030
- Achieve environmental regularization of 5.8 Mha (100%) of Legal Reserve by 2030 (1.9 Mha through restoration)

## INCLUDE

- Achieve technical assistance and rural extension coverage (ATER) to 100% of family farms by 2030
- Increase family farming products share in the state market to 70% by 2030
- Increase family farming products share in institutional markets to 30% by 2030
- Increase access to rural credit by family farmers, achieving R$ 1.3 billion/year by 2030
- Achieve land tenure regularization on 70% of family farming lots by 2030

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**ARAGUAIA LEAGUE**
**QUERÊNCIA+**
**XINGU SEEDS NETWORK**
**PRODUCING RIGHT PLATFORM**
**PECSA**
**RTRS MT**
**CONSERV**
**CANIVETE**
**REDES SOCIO PRODUTIVAS**
**SUSTAINABLE PRODUCTION OF CALVES**
**JURUENA VALLEY COMPACT**

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**30**
DEFINITIONS

» **Areas of Permanent Protection (APP):**
  areas that are physically and ecologically fragile—such as riparian areas, springs, hilltops, mountain slopes, and mangroves—and are characterized by the important environmental services they provide at a landscape level.

» **Corporate Action Group (CoAG):**
  a group of the PCI that aims to engage companies in specific actions that support PCI goals.

» **Excess Legal Reserve:**
  the area of a property that has more native vegetation than is required by the Forest Code and therefore could legally be deforested.

» **Forest Code:**
  legislation on land management in Brazil that governs how rural properties can manage land with native vegetation. Landowners in the Amazon biome must maintain 80% of the property in forest, while landowners in the Cerrado biome must maintain 20-35% of their property in native vegetation.

» **Forest Deficit:**
  the area of a property that has less native vegetation than is required by the Forest Code. In these situations, landowners must restore or compensate for the forest deficit in order to come into compliance with the law.

» **Illegal deforestation:**
  deforestation that is beyond what is allowed by the Forest Code and other Brazilian laws or deforestation without an environmental license.

» **Legal Reserve (LR):**
  the legal requirement for native vegetation cover on a property according to the Brazilian Forest Code.

» **Muvuca:**
  a low-cost, highly-effective restoration technique that uses a mix of seeds spread across the entire restoration area.

» **Pathways to Sustainable Landscape Production (PSPs):**
  maps that help classify each municipality based on past deforestation rates and current remaining native vegetation. The green (high sustainability), yellow (medium sustainability) and blue (low sustainability) designations help the PCI determine the best ways to support each region and promote improvements. The goal is to ensure that the right incentives are connected to the local needs so that the whole state of Mato Grosso can move forward toward efficient land use.
ACRONYMS

» ACRIMAT: Mato Grosso Association of Cattle Producers
» ARSX: Xingu Seeds Network
» ATER: Technical Assistance and Rural Extension Coverage Service
» CAR: Environmental Rural Registry
» CLUA: Climate and Land Use Alliance
» CMMA: Municipal Environmental Council
» EDF: Environmental Defense Fund
» GAP: Good Agricultural Practices
» GHG: Greenhouse gas
» Ha: Hectares (1 hectare is equivalent to approximately 2.47 acres)
» IBAMA: Institute of Environment and Renewable Natural Resources
» ICV: Instituto Centro de Vida
» IDH: Sustainable Trade Initiative
» IMAFLORA: Forestry and Agricultural Management and Certification Institute
» IPAM: Amazon Environmental Research Institute
» ISA: Instituto Socioambiental
» MT: Mato Grosso
» PCI: Produce, Conserve, Include strategy
» Pecsa: Amazon Sustainable Cattle Ranching
» PES: Payment for Environmental Services
» PRODES: Program for the Calculation of Amazon Deforestation
» RTRS: Roundtable on Responsible Soy
» SEMA: State Secretariat for the Environment of Mato Grosso
» SIMCAR: State Government Forest Code System
» SISFLORA: Trade and Transport System of Forest Products
» TNC: The Nature Conservancy
» WHRC: Woods Hole Research Center