

Greenpeace

Halting Deforestation for Cattle Ranching in the Amazon Biome

Commit or Cancel Policy

Consumer companies shall cancel contracts with suppliers of Brazilian beef or leather products unless those suppliers commit at a group level to comply with the following fundamental conditions: ^{1,2}

1. NO RECENT DEFORESTATION IN THE SUPPLY CHAIN:

*Cattle may only be sourced directly or indirectly from farms or groups fully committed to an immediate moratorium on deforestation and that have not engaged in deforestation in the Amazon biome since July 2006.*³

*Additionally, companies shall commit to working with NGOs and government authorities to support and promote a long-term strategy towards achieving Zero Deforestation in the region.*⁴

2. NO INFRINGEMENT OF INDIAN LANDS OR PROTECTED AREAS IN THE SUPPLY CHAIN:

Cattle may only be sourced directly or indirectly from farms not occupying land disputed by Indigenous groups or areas protected by federal, state or municipal legislation^{3,5}

3. NO SLAVE LABOUR IN THE SUPPLY CHAIN:

*Cattle may only be sourced directly or indirectly from farms or groups that have signed the Brazil's National Pact on the Eradication of Slave Labour, supported by the International Labour Organisation. Suppliers listed by the Ministry of Labour and Employment (MTE) as being involved with employing slave labour on farms anywhere within a group shall be suspended immediately*⁶

4. A FULL FARM TRACEABILITY SYSTEM NEEDS TO BE IN PLACE:

*Cattle may only be sourced from farms or groups formally committed to put in place a full system of traceability. Essential elements for a rigorous system shall include the following requirements as conditions of trade*¹

*a. Processors obtain geo-referenced maps for all farm boundaries within their direct and indirect supply chain*³

*b. Processors obtain appropriate evidence that all suppliers, with their direct and indirect supply chain, have applied for legal land registration and an environmental license for each farm property*³

c. Processors shall issue a certificate of origin for all cattle products attesting that deforestation and slave labour were not part of the chain of production^{1,7}.

5. ENSURE COMPLIANCE AND HIGH STANDARDS IN THE SUPPLY CHAIN:

*Inform suppliers of these requirements, making it clear that violators will not be accepted as suppliers. Verify compliance with all of these requirements through an independent audit*⁷.

24 July 2006 is the date when the soya moratorium on further Amazon deforestation was put in place and therefore needs to be consistent across all agri-business sectors; The boundary of the Amazon biome within Brazil is defined by the Brazilian Institute of Geography and Statistics (IBGE). The map is available at ftp://geofp.ibge.gov.br/mapas/tematicos/mapas_murais/biomas.pdf

NIKE, Inc. Footnotes

¹ NIKE, INC. AMAZON LEATHER POLICY:

Nike, Inc. (Nike) will require suppliers of Brazilian leather to certify, in writing, that they are supplying leather for Nike products from cattle raised outside of the Amazon Biome, as defined by IBGE. Suppliers of Brazilian leather for Nike products have until July 1, 2010 to create an ongoing, traceable and transparent system to provide credible assurances that leather used for Nike products is from cattle raised outside of the Amazon Biome. On a quarterly basis Nike will review suppliers' progress in establishing an ongoing, traceable and transparent system. If, after July 1, 2010, suppliers are unable to provide credible assurances that leather used for Nike products is from cattle raised outside of the Amazon Biome, Nike will consider increasing the exclusion area to include all of the Amazon Legal (as defined by IBGE). (**Raised** – refers to cattle's entire life. **IBGE** - Brazil's National Institute of Geography and Statistics. **Amazon Biome** – Amazon rainforest and its related ecosystem) **Amazon Legal** – The entirety of the nine Brazilian states that contain portions of the Amazon Biome (Acre, Amazonas, Roraima, Amapá, Pará, Rondônia, Mato Grosso, Tocantins and Maranhão)

² Nike will seek commitment from suppliers of leather to uphold the same standards for all of their customers.

³ . This requirement is superseded by Nike's policy (note 1) of sourcing outside of the Amazon Biome

⁴ Nike believes this is a broader supply chain issue, requiring the involvement of all stakeholders (meat industry, government, and other by-products like leather) to effect significant positive change. Nike will continue to work with the industry's Leather Working Group, Greenpeace and other stakeholders to address this issue across the supply chain and, moving forward, we will also require all suppliers of leather for Nike product to join the Leather Working Group by December 2009. In addition, while Nike will inform relevant Brazilian Government authorities of its policy on leather sourcing and its position on ceasing Amazon deforestation, further efforts can be discussed once clear advocacy goals are developed and approved by a group of key stakeholders

⁵ Nike understands that the "Commit or Cancel" policy only applies to lands within the Amazon Biome.

⁶ Nike commits to supporting the existing National Pact on the Eradication of Slave Labor by refusing to work with any supplier that appears on an ILO and/or government of Brazil "watch list". This policy's application to Amazon leather sourcing can be validated once a generally accepted "watch list" is published.

⁷ For a suspected breach of sourcing in accordance with 'Commit or Cancel' (See note 1), Nike and Greenpeace will agree to firstly investigate the issue and remediate if appropriate.