



DURLICOUROS:

**IMPLEMENTATION JOURNEY OF ITS
DEFORESTATION AND CONVERSION-FREE
(DCF) PURCHASING POLICY**

November 2025

WWF-BRASIL

Executive Director
Maurício Voivodic

Conservation and Restoration Director
Edegar de Oliveira Rosa

Engagement Director
Daniela Teston

Conservation Specialist
Tiago Reis

Engagement Analyst
Mônica Salles

TECHNICAL LEADS

Authors
Cecília Golçalves Simões (Consultant), Marina Walder Galiano (Consultant), Tiago Reis (WWF-Brasil) and Ivens Teixeira Domingos (Durlicouros)

Technical Leads
Cecília Golçalves Simões (Consultant), Marina Walder Galiano (Consultant), Tiago Reis (WWF-Brasil) and Ivens Teixeira Domingos (Durlicouros)

Editorial Design
Regiane Guzzon (WWF-Brasil)

Cover Photo
© Mario Andrioli / Shutterstock

Landscape of the Serra do Mar in the state of Paraná, a region of preserved Atlantic Forest.

Design concept by WWF-Brasil



© Elsa / Durlicouros



CONTENTS

EXECUTIVE SUMMARY	4
1. INTRODUCTION	5
2. THE COMPANY	6
2.1 AREA OF ACTIVITY	6
2.2 SUSTAINABILITY JOURNEY	6
3. THE DCF COMMITMENT	7
4. THE TRACEABILITY AND MONITORING SYSTEM	8
4.1 INDIVIDUAL TRACEABILITY	9
5. TRACEABILITY JOURNEY - ACHIEVEMENTS AND CHALLENGES	13
5.1 IMPLEMENTATION DRIVERS	13
5.2 STAKEHOLDERS ENGAGEMENT	14
5.3 ACHIEVEMENTS AND CHALLENGESS	16
6. WHAT'S NEXT?	18

EXECUTIVE SUMMARY

- WWF-Brazil presents here a case study on the implementation of traceability and monitoring systems for deforestation-free and conversion-free (DCF) chains.
- As the study shows, it is possible to implement traceability and monitoring systems from the source, despite significant difficulties and problems that need to be overcome throughout the chain.
- The experience of DurliCouros, portrayed in this study, sheds light on some of these challenges, presents solutions and next steps, and invites the entire cattle farming chain, especially leather and meat, to engage in the challenge of eradicating deforestation and the conversion of natural ecosystems from their supply chains, thus contributing to the entire Brazilian and global society with the protection of biodiversity and the reduction of greenhouse gas emissions.
- Durlicouros (Durli) has been implementing traceability and monitoring of direct cattle suppliers in its chain since 2010, following the implementation of the Terms of Conduct Adjustment (TCA) by the Federal Public Ministry (MPF).
- Durlicouros does not yet have a public commitment to a deforestation and conversion free leather production chain because it believes in the principle of “doing first, then showing and committing.”
- Therefore, since 2023, Durlicouros has been implementing its Total Leather Traceability Initiative, which is based on ensuring traceability and compliance certification from indirect farms, the use of the Individual Traceability and Indirect Monitoring Program — PRIMI, a private certification protocol, which identifies, tracks and monitors cattle from the calf stage at their place of birth until slaughter.
- By October 2024, Durli had identified approximately 91 thousand animals with PRIMI program earrings identified on 56 certified farms. Of these animals, 40% were sent to slaughterhouses for meat and leather production, representing approximately 2.8% of Durli's total leather production in 2024.
- Around 25% of the certified leather produced to date came from cattle identified from birth (Category — IBG “Indirect with Birth Guarantee”), meaning they were tracked and monitored from their origin. The expectation is that, as demand for certified leather becomes more established and the first IBG animals enter the market, the traceability process will transition to a greater focus on animals identified from the farms of birth.
- Durli's experience shows that bonuses for producers are a crucial tool for enabling full traceability and initial engagement in DCF systems, but their sustainability depends on the financial co-responsibility of the entire chain, including meatpacking plants and purchasing brands.
- The lack of consistent demand from the purchasing market — especially from international brands — compromises the continuity of traceability initiatives; the entry into force of regulations such as the EUDR is essential to stimulate scale and commercial attractiveness.

1. INTRODUCTION

WWF's institutional mission is to contribute to the conservation of natural resources, seeking to improve the quality of life of people in Brazil and around the world. WWF recognizes that it will not be possible to achieve the global target of Zero Habitat Conversion by 2030 if society is unable to shift commodity production away from deforestation and the conversion of natural resources. The acronym DCF, in the context of commodities, refers to 'Deforestation and Conversion Free', that is, value chains free from deforestation and conversion of natural ecosystems to plantation areas.

Food production to meet the growing demand of the world's population represents the greatest source of pressure on land use and is the main driver of destruction of natural ecosystems. The production, mainly of agricultural commodities, such as soy, meat, leather, palm oil and others, leads among the

causes of deforestation and conversion. Therefore, WWF and other civil society organizations have engaged with associations and commodity companies to develop and implement policies and commitments to purchase and supply deforestation-free and conversion-free (DCF) products

In this sense, Durlicouros, a company that has pioneered its deforestation- and conversion-free purchasing policy in the leather industry, and aligned with the core principles of the Accountability Framework Initiative, opened its doors to WWF to tell its story. WWF's objective in this work was to learn and report here in this document how Durlicouros' DCF commitment construction journey has been, understand what its main challenges and lessons learned are, how they are overcoming important obstacles, and what results have been achieved to date during this process.

**FOOD PRODUCTION
TO MEET THE
GROWING DEMAND
OF THE WORLD'S
POPULATION
REPRESENTS THE
GREATEST SOURCE
OF PRESSURE
ON LAND**



- ➞ Radiofrequency dryer (Mexico unit): ensures leather with balanced moisture, superior softness and even drying

2. THE COMPANY

Durlicouros was founded in 1960, in Erechim/RS, as a family-owned leather products industry sold directly to consumers. From 1974 onwards, the company began producing finished and semi-finished leather that also supplied other factories in the region. Exports began in 1986, focusing mainly on the Asian and European markets. With the founders' children taking over management, Durlicouros expanded its operations to other states in Brazil, establishing its first branch in Cuiabá in 2000. Years later, in 2018, it began its international expansion, with the opening of a unit in Paraguay. In addition to these two units, Durlicouros has consolidated its positioning and today has operations in Xinguara (Pará), Wanderlândia (Tocantins), São José dos Pinhais (Paraná), Presidente Médici (Rondônia), Santa Teresinha (Bahia), Campo Grande (Mato Grosso do Sul), Paraguay, and Mexico. In total, the company has 10 units and around 2000 employees.

2.1 AREA OF ACTIVITY

Even with a focus on the production of Wet Blue leather since its founding, Durlicouros has also directed efforts towards semi-finished leather production operations (crust leather), a reality at the Erechim/RS Unit, since the founding of this unit. Recently in 2022, it also started producing semi-finished leather at its headquarters in São José dos Pinhais, Paraná. Two years later, in 2024, the company acquired an operation in Mexico to produce semi-finished leather for the automotive sector. Wet Blue leather is the result of the initial tanning process, which gives the material greater durability and resistance, preparing it for later commercialization in different sectors. Durlicouros produces three variations from this type of leather: full, split (whole or half) and full Wet Blue split. The difference between these types is the division of the cowhide, which alters the resistance and durability of the product. Each type of leather has a

specific end application that is suitable for different products.

Semi-finished leather or “crust” is wet blue leather transformed through the retanning and drying processes. In this process, the characteristics of the leather are defined, such as color, thickness, softness and feel. Two types of crust leather are produced: semi-finished and semi-finished bio-leather. Bio-leather uses more advanced technologies to serve more specific customer niches.

Durlicouros also produces finished leather, which involves the processes of improving and protecting the painting, engraving, polishing and softening of semi-finished leather.

The company serves three market sectors: automotive, footwear and furniture. The production of 27,000 hides per day is sold both to the domestic (15%) and foreign (85%) markets. Export markets include the following countries: United States, Mexico, Dominican Republic, Argentina, Uruguay, Portugal, France, Spain, Italy, Germany, Austria, Serbia, Turkey, South Africa, India, China, Thailand, Vietnam, Malaysia, South Korea and Japan.

2.2 SUSTAINABILITY JOURNEY

Certifications are one of the main tools for attesting quality and commitment to environmental criteria, widely recognized by domestic and international markets. Therefore, since the beginning of the export process, Durlicouros has invested in certifications as a sustainability tool.

The company has LWG (Leather Working Group) certification in all its manufacturing units, which assesses the environmental performance and compliance of leather production facilities according to the following criteria: water and energy use, waste and effluent management, air and noise emissions, traceability, health and safety, chemical management

and compliance with restricted substances. All Durlicouros units are LWG Gold Rated certified.

Semi-finished and finished leathers also have ISO 9001 Quality System Certification, which establishes quality management criteria with the aim of improving efficiency and reducing production errors.

In addition to certifications, traceability has always been present in the leather chain up to the slaughterhouse level. At Durlicouros, this was initially due to industrial issues related to product quality. Since 2010, however, the company has implemented a geomonitoring system that monitors and verifies daily, using satellite images, the compliance of slaughterhouses with a series of socio-environmental criteria in its supply chain (farms). As of May 2021, its Responsible Raw Material Purchasing Policy is undergoing a review and improvement that

strengthens the minimum criteria and now meets the following commitments:

- Do not purchase raw materials from farms involved in deforestation of native forests; invasion of indigenous lands and environmental conservation areas; that are embargoed by the Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA) and/or other supervisory and regulatory bodies.
- Do not purchase raw materials from producers involved in rural violence or agrarian conflicts, or who use forced or child labor.
- Compliance with the legal requirements applicable in each country in which they operate, in relation to animal welfare.

3. THE DCF COMMITMENT

In 2009, the Federal Prosecutor's Office (MPF) signed the so-called Conduct Adjustment Term — Meat TAC — with meatpacking plants in six states in the Legal Amazon (Acre, Amazonas, Mato Grosso, Pará, Rondônia and Tocantins). Its objective was to prevent the purchase of cattle from areas with illegal deforestation, public lands or properties that violate labor laws. By signing the TAC with the MPF, the meatpacking plant assumes joint responsibility for the illegal production of its suppliers, and if the TAC commitments are violated in its supply chain, a fine is applied to the meatpacking plant and the Term is judicially enforced.

As signatory to the Meat TAC, since 2010 Durlicouros has been carrying out the traceability of its direct suppliers in the territories covered by the Terms¹. In

response to market demands, however, the company has been structuring and implementing its Total Leather Traceability Initiative since 2023, which includes a traceability and compliance monitoring system for DCF criteria, including and reaching its indirect suppliers as well. The system is in the implementation phase, and the expectation is that it will be consolidated and enable the establishment of a DCF commitment by 2025.

In interviews conducted for this study, the Durlicouros team emphasized that the company's organizational culture is based on “doing first and showing later.” Thus, Durlicouros states that a DCF commitment with clear targets will only be established when there is certainty that they can be met through the new traceability system, described below.

¹ Durlicouros was the first tannery to sign the TAC, however, to date there are no formal audit processes established by the MPF for tanneries in the TAC. Therefore, it was not possible to verify its performance in relation to the commitment term.

4. THE TRACEABILITY AND MONITORING SYSTEM

Since 2010, Durlicouros has implemented a traceability and monitoring system for direct suppliers of the slaughterhouses where its leather originates in the Amazon. In regions where the TACs are in force, all of the company's supplying meatpacking plants are signatories and undergo MPF audits.

Durlicouros' traceability system is based on a monitoring platform (SMGeo) developed by the consulting firm NicePlanet, which allows the tannery to double-check and verify daily compliance with the following environmental criteria:

CRITERION	INFORMATION	SOURCE
Deforestation	Detections as of 07/22/2008	PRODES/INPE
Overlap with Indigenous Lands	Delimited areas	Funai
Overlap with Conservation Units	Areas of full protection and sustainable use	ICMBio
Embargoed areas	Spatial base and official lists (CPF/CNPJ)	IBAMA
Child labor and slave labor	Official lists (CPF/CNPJ)	MTE
List of illegal deforestation in the states of origin	Official lists (CPF/CNPJ)	SEMAS

The platform allows buyers to generate reports and information for audits in real time, and maintains a collection of cartographic, land, environmental, and legal documents stored in the cloud, available for download and consultation. The information, however, is only made available to Durlicouros buyers, upon signing mutual confidentiality agreements (NDAs), as the content of documents such as the CAR and GTA is considered sensitive for availability, and also with the aim of complying with the General Data Protection Law (LGPD).

The traceability process itself begins with the physical marking of the leather, upon receipt of the raw material at the tanning units, immediately after the “fleshing” stage. The raw material supplier (slaughterhouse) shares with Durlicouros documents and information regarding the results of the socio-environmental analyses of the farms, in addition to the origin of the cattle, via the Animal Transit Guide (GTA), and sales invoices for green leather. The presence of any irregularity leads to the exclusion of the supplier for

Durlicouros.

The leather is marked with an alphanumeric code, which allows the leather buyer to trace its origin back to the producing farm. This code is physically marked on the edges of the hides (in the tail region, also known as groupon), and contains the following information: the year; the tannery unit; the raw material supplier (slaughterhouse); the week of the year; and the day of the week of slaughter.

For slaughterhouses outside the scope of the Meat TACs, which include Bahia, Mato Grosso do Sul, and the Cerrado portion of Mato Grosso, origin data is collected through GTAs, in addition to the slaughter map, health inspection documents and invoice from the slaughterhouse to Durlicouros.

Currently, 100% of the leather sourced from direct suppliers through 42 Durlicouros partner slaughterhouses is tracked. Of these, 85% comply with the Meat TAC, and the remaining 15% have no compliance information because they are outside the scope of the Terms.

4.1 INDIVIDUAL TRACEABILITY

In response to market pressures, which have increasingly demanded deforestation- and conversion-free value chains, and with the aim of improving the efficiency and credibility of its traceability/compliance system, the company began a transition process from the batch-based, offline traceability described above to individualized, leather-by-leather traceability integrated into an online platform in a blockchain environment. This increased security and reduced reporting time for customers and key stakeholders. In June 2023, Durlicouros began implementing a pilot project to create its Complete Traceability Program.

The Program aims to guarantee buyers the traceability of leather pieces originating from both direct and indirect producers, and to this end, it establishes as a starting point the identification of “fresh hides” still inside the slaughterhouses, and no longer in the tanneries. The need for a **good relationship between Durlicouros and the meatpacking plants** is evident here.

Currently, the Program is being tested in partnership with two Durlicouros partner meatpacking plants — Frigorífico Rio Maria (Rio Maria Unit / PA) and Frigol (Água Azul do Norte Unit / PA), located in the State of Pará, and pilots are in the design phase with other partners for the states of Mato Grosso, Tocantins and Mato Grosso do Sul. These meatpacking plants represent long-standing business partners, with whom the Durlicouros team reports having built a strong bond of trust through frequent in-person visits and ongoing dialogue. This trust is crucial for the meatpacking plant to feel secure when sharing data and to be willing to change its operational processes to accommodate the new traceability model. Furthermore, Durlicouros does not have a direct relationship with cattle producers, leaving the entire process of engaging their suppliers to the slaughterhouses.

Durlicouros' Complete Traceability Program uses the PRIMI indirect supplier traceability and compliance protocol — Individual Traceability and Indirect Monitoring Program, created by NicePlanet and SBCert. Durli's full traceability program follows the process described below.

Basic premises of the PRIMI Protocol:

- Individual identification of animals with official number 105 (Sisbov), registered in the National Database (BND) and managed by MAPA.
- Tamper-proof identification set (Earring/Button) (Cannot be removed and reused).
- Traceability and control of all movements of certified animals between certified farms.
- Socio-environmental analyses are carried out on each movement of animals from and to farms, and the movement is only authorized if the farms are in compliance.
- Socio-environmental analysis is carried out before sending certified animals to the slaughterhouse for slaughter, and a PRIMI Certificate is issued, which is sent to the slaughterhouse and the tannery.

Still inside the slaughterhouse, before the green leather is completely removed from the carcass, the skin is individually identified with the application of a tag, called a “garrão label”, ensuring the connection of the animal's official number with the leather. The garrão label features a QR Code that contains information on the animal's origin, provided by the slaughterhouse, and data on certified animals provided by the PRIMI certification body. Among the documents shared between the slaughterhouse and the tannery as evidence of traceability are the slaughter map and copies of the GTAs, which are filed as additional evidence in the event of audits.

The QR Codes on the leather labels

Before implementing the individual identification solution with tags in the slaughterhouses, Durli, to manage traceability information and evidence by batch, while ensuring a level of individualization of the hides, began marking the fresh hides while still in the slaughterhouse with a manual hammer in the "leather room." This two-digit marking in the groupon region, with the slaughter sequence constant on the slaughter scale, allowed customers to audit hides received from Durlicouros, in addition to knowing the location, slaughter date and origin of the hides, and also to be certain that the hide belonged to a specific farm directly, by consulting the copy of the Abare Map offline. But with the implementation of the individual identification solution, this practice is being replaced.

are generated via the slaughterhouse's management system (ERP) and printed in accordance with the slaughter sequence; and in the case of animals that have certification and use earrings and identification buttons, this number is also inserted into the QR Code via the computer system. At the tannery, before the pre-fleshing process, the QR Codes on the labels are read hide by hide, via a digital reader, and the information is automatically sent to the tannery's ERP, which generates the code via the system that will then be printed on the green leather by a laser device.

After reading the QR Code on the leather label and laser marking leather by leather, everything is recorded in the system, and traceability can be monitored on the pallets via the ERP system. Through the system of labels and QR codes, it

is possible to segregate PRIMI Certified leathers (with the guarantee of indirect sources) and non-certified leathers (which have the guarantee of compliance from direct farms) in the tannery; certified leathers receive a different laser coding in the head region with 8 digits, and non-certified leathers are also identified by laser in the head region, but now with the same 6-digit alphanumeric “supplier code”.

Durlicouros has also been developing a Total Traceability Platform (<https://qr.durlicouros.com.br/>) that provides, via a computer system integrated in a blockchain environment, all individual traceability information. The platform is in its Beta version, however, it can only be accessed by Durlicouros customers. Customers and meatpacking plants requesting information from the platform must sign a confidentiality agreement, or NDA (Non-Disclosure Agreement), and data such as CPF, CAR, and producer identities are omitted.

The system's development costs, including expenses for the monitoring platform, the development of the QR Code and the laser marking machinery, among others, were covered by Durlicouros, which is betting on a positive market response, especially after the implementation of the European Union Deforestation-Free Regulation - EUDR (a new European Union law that prohibits the import of agricultural products and their derivatives from areas deforested after December 31, 2020, and which comes into force from December 30, 2025). To gauge market interest and encourage engagement in the Traceability Program, the developed protocol was shared with Durlicouros customers for validation before being implemented.

The traceability process, however, involves other costs, as shown in the table below.

Table 1. Durlicouros indirect traceability system costs.

PILOT PHASE

Cost (BRL)	Durli, Rio Maria, partners	Certifying body	Tannery
Earrings+buttons	12.00	-	-
Certification	-	6.00	-
Premium	-	-	25.00

PHASE II: GAIN OF SCALE

Cost (BRL)	Durli, Rio Maria, partners	Certifying body	Tannery	Producer	Market
Earrings+buttons	-	-	-	12.00	-
Certification	-	-	-	6.00	-
Premium	-	-	-		25.00

When the Program was launched in June 2023, Durlicouros donated earrings to more than 90 thousand animals. In addition to Durlicouros, Frigorífico Rio Maria also donated a batch of earrings, as did civil society partners such as WWF and NWF. The cost of PRIMI Certification was initially covered by the certifying bodies themselves, interested in opening up this new market. With the rapid growth in the number of animals joining the Program, which exceeded expectations in less than six months, in December 2023, the cost of earrings and PRIMI certification was passed on to producers. Since the beginning, however, Durli has been offering a bonus of BRL 25.00 for each animal included in the Complete Traceability Program. The value is seen as the main engagement mechanism in the Program, and helps cover the extra expenses generated, for example, by the purchase of earrings and PRIMI certification. Thus, with an average cost of BRL 18.00 per animal (earring + certification), the producer would have a profit of R\$7.00 generated by the BRL 25.00 bonus.

The bonus is expected to last three years and represents Durlicouros's bet that the leather-buying market will absorb this value, paying more for a product that actually requires greater investment.



→ Trimming the edges of the semi-finished leather to ensure uniformity and prepare the material for the next finishing steps

5. TRACEABILITY JOURNEY – ACHIEVEMENTS AND CHALLENGES

5.1 IMPLEMENTATION DRIVERS

When the Meat TAC was presented to the actors in the cattle chain in 2009, it generated apprehension at Durlicouros, and the fear that the sourcing of its raw material in the Amazon states would become unviable. However, the company quickly saw a market opportunity in these new demands. The decision, then, was to remain in the territory and jointly build with suppliers a new way of producing, adapted to the demands that arose. In this process, of the 18 meatpacking plants with which Durlicouros had commercial relations, only 11 remained in its origination roll. As a result, they developed the direct supplier traceability system, launched in 2010. As the system was developed in direct response to the Meat TAC, its incidence has since been reduced to states where the TAC also applies.

The indirect traceability system came into effect in 2023. This time not in response to the TAC, since it does not require traceability of indirect products, but in response to market demands that have been increasing in recent years, especially after the announcement of the new European import law, the EUDR. It is known that the effectiveness of voluntary sustainability initiatives, such as the Durlicouros Complete Traceability Program, is affected by the level of participation of companies in the chain and the product's purchasing market ([Clapp, 2017; Clapp and Thistlethwaite, 2012; van der Ven et al., 2018](#)), with the market being the primary reason why voluntary initiatives fail (Clapp, 2017; van der Ven et al., 2018).

In this sense, the success of the indirect traceability initiative initiated by Durlicouros will largely depend on a positive market response: if buyers do not absorb the production, producers will tend to become wary of investing in traceability without being able to sell the product due to its differentiated value. Until this case study was prepared, Durlicouros had managed to sell leather with full traceability to only four customers in Italy, as a test. The difficulty in selling has been attributed to two main reasons: 1. An unwillingness of buyers to pay a different price for the tracked product; and 2. the majority of animals in the pilot phase were identified from 12 months of age (IGO 12 or IGO 12+), to accelerate the entry of leather into the market and make the implementation of the traceability system financially viable, since the animal tracked from



**THE INDIRECT
TRACEABILITY
SYSTEM CAME
INTO EFFECT
IN 2023**



- ⇒ TAIC Dryer (Mexico unit): drying system with controlled heating and irradiation, which provides uniform leather, reduces processing time and improves texture

birth (IGN) would take at least 12 months longer to reach the market. The European leather buying market, however, seeks verified traceability from origin, or IGN, and has been unwilling to purchase IGO leather as a transitional step.

Table 2. Classification of animals identified by the PRIMI protocol according to the age of the animals.

Classification	Identification time	Place of identification
IGN	6 to 10 months	Breeding farm
IGO 12	10 to 12 months	Breeding/rearing farm, or only rearing
IGO 12+	Over 12 months	Breeding/rearing/fattening farm, or just fattening

5.2 STAKEHOLDERS ENGAGEMENT

Unlike meat, Brazilian leather is mostly sold outside the country, especially in Europe, where the demand for deforestation- and conversion-free chains is more present. Thus, it has been up to Brazilian tanneries, more than meatpacking plants, to lead the development of livestock traceability systems. This leadership, however, is built on a broad network of partners, without whom traceability would not be possible: meatpacking plants, producers, certification bodies, and civil society organizations.

In the case of Durlicouros, the journey of engaging these partners began with the meatpacking plants. Durlicouros reported that the initial reaction of partner meatpacking plants to the Complete Traceability Program was rejection, and none of its suppliers engaged in the initiative. Frigorífico Rio Maria was the first to show interest, after a process of intense dialogue and an invitation to a co-construction model. Again, many suppliers were against the initiative, fearing that it would be a "backfire", that is, that they would no longer be able to sell the cattle if it was not tracked, once the possibility of complete traceability existed. Durlicouros explains that, since

then, some meatpacking plants have shown interest, such as Frigol, which is also piloting the Program in its operations. The company maintains an engagement dialogue with all its suppliers, but reports that in some cases relationships remain strained.

The approach used is to value what the slaughterhouse has already done, such as direct traceability and the choice of the garrão label to identify the animals, to build the new process from there. Furthermore, Durlicouros reports that the guarantee of information security, especially the identification of producers, is also important.

With slaughterhouses engaged, the process of onboarding producers began, with whom several collective meetings organized by the slaughterhouses themselves were held. So far, producer engagement numbers have been surprising. The expectation at the beginning of the implementation of the Complete Traceability Program was to engage 10 farms with approximately 10 thousand head of cattle by the end of 2023. The target achieved during the period, however, was much higher, reaching 40 engaged farms and 113 thousand animals tracked. These numbers indicate the initiative's high potential impact and can serve as an incentive for market players and other potential partners in the value chain.

Successful producer engagement is directly linked to contributions from other stakeholders in the chain, such as certification bodies and civil society. Both contributed expertise in developing the traceability system, as well as incentives that helped reduce the cost of traceability for producers, such as the cost of PRIMI certification in the first six months of the Program, and the donation of earrings by civil society organizations.

With the value of leather representing less than 1% of the value of the slaughtered animal, the leather industry has very little negotiating power and engagement among producers. Furthermore, tanneries do not have a direct relationship with producers, only with meatpacking plants, and are therefore dependent on this intermediary link to engage producers in their sustainability actions. In this scenario, the bonus for tracked leather has proven to be an essential engagement tool. The initiative's sustainability and scale, however, will likely be tied to the ability to track the meat, and not just the animals' hides, in a process that will involve greater sharing of costs and responsibilities between the meat and leather industries.

Along this journey, Durlicouros has also developed other partnerships that have complemented its efforts towards a DCF commitment. The company relied on its European buyers to review and validate the process, and recently, Durlicouros has been approaching NGOs such as WWF, Imaflora, and others to build a feasible public DCF commitment, with a protocol and audit process that are recognized by civil society.

Despite these advances, the company had to temporarily suspend the bonus offered to direct producers. The main reason was the lack of real demand from brands in the end consumer market. This fact highlights one



**THE TARGET
ACHIEVED DURING
THE PERIOD,
HOWEVER, WAS
MUCH HIGHER,
REACHING
40 ENGAGED
FARMS AND
113 THOUSAND
ANIMALS TRACKED**

of the critical bottlenecks for the consolidation of DCF chains: the need for economic co-responsibility throughout the entire value chain.

Literature and practical experiences indicate that direct financial incentives to producers are essential for adherence to and permanence in DCF systems, especially in their initial phase. When the purchasing market does not recognize this value - whether through bonuses, long-term contracts, or price differentiation - the continuation of good practices becomes impossible.

Durli's experience therefore reinforces the importance of bonus mechanisms being supported by integrated strategies between the leather and meat sectors. Meatpacking plants and retail brands need to work together to ensure the promotion of sustainable production systems. The cost of traceability — which benefits both sectors — should be shared, so as not to overburden the tannery individually.

Finally, the entry into force and effective implementation of regulations such as the European Union's Deforestation-Free Regulation (EUDR) will be crucial to creating sufficient demand for traceable leather and meat. Without this regulatory pressure and the engagement of the entire chain, progress towards truly deforestation-free livestock farming will remain limited.

5.3 ACHIEVEMENTS AND CHALLENGESS

Durlicouros shared that the Complete Traceability Program is in the pilot phase and therefore still has operational flaws that are being corrected as the processes are tested.

Internally, the company faces some resistance to the new processes implemented for indirect traceability, especially within the tanneries, which end up having their dynamics altered. The company reports, however, that the organizational culture of teamwork stands out, and employees end up struggling to adapt. Furthermore, the ESG team has been working on changing the mindset within the company, based on the idea that transparency (through traceability) is valuable, and that their good work should be proactively showcased to society, rather than merely responded to.

By October 2024, Durlicouros reported having identified a total of 91,595 animals with PRIMI protocol earrings and bottoms, distributed across 56 certified partner farms. Of these, around 40% (37,528 animals) were sent to slaughterhouses for meat and leather production, representing around 2.8% of Durli's total leather production in 2024. Durlicouros also estimates that around 25% of the PRIMI leather produced to date has been identified at birth (IGN), meaning it has been tracked and monitored from the farm of origin. Another 25% were identified at the beginning of the fattening phase, between 10 and 12 months (IGO12), and the remaining animals were identified after 12 months (IGO 12+). The focus on identifying older animals was considered a necessary strategy to ensure the entry of animals into the market as soon as possible, generating demand to, in the medium

to long term, transition to a majority of IGN animals being tracked and monitored. This strategy was adopted taking into account that even if animals are identified on rearing and fattening farms, the farm of origin is also verified, as well as all farms through which the animal passes until slaughter, to ensure compliance throughout the indirect chain.

One of the most obvious lessons learned from the project, however, was that the implementation of DCF chains depends not only on the technical capacity or voluntary adherence of producers, but on a systemic market commitment, especially from brands and end buyers. The bonus, although limited, played an important role in engaging producers and building relationships of trust. Its suspension due to lack of commercial support reveals the fragility of strategies that do not rely on an economically engaged chain from start to finish.

Another critical point is the segmentation between the meat and leather chains. DCF cattle traceability benefits both markets and cannot be treated as the sole responsibility of one link. The search for markets and cost solutions for traceability must be joint—involving tanneries, meatpacking plants, and brands—and not separate.

Finally, the delay in the regulation and effective implementation of legislation such as EUDR (European Regulation against Deforestation) also negatively impacts the viability of initiatives like Durli's. Without regulatory pressure or formal requirements for proof of origin, many buyers choose to maintain traditional business models, not creating sufficient demand for traceable and DCF leather.

Even though it is so new and in the pilot phase, and even though there is no public DCF commitment yet, the company has already gained visibility for being the first to track indirect leather in the Amazon. It is not yet possible to measure the size of this gain, but the expectation is that in the medium term this will guarantee a prominent position in the international market, especially after the implementation of the EUDR.



**THE SEARCH FOR
MARKETS AND
COST SOLUTIONS
FOR TRACEABILITY
MUST BE JOINT—
INVOLVING
TANNERIES,
MEATPACKING
PLANTS, AND
BRANDS**

6. WHAT'S NEXT?

- Establish a DCF commitment, with clear deadlines and criteria.
- Prepare the Indirect Traceability Protocol with recognized external audit.
- Make adjustments to the numbering of identification earrings to comply with the requirements of the Pará State Traceability Law (Decree 3,533 of 2023): PRIMI's certification body, SBCert, is in the process of aligning with the state government to carry out the transition. The expectation is that the transition process to the ISO 076 numbering will begin in December 2026, in accordance with the schedule established by the Traceability Law. From then on, PRIMI certification will begin to request only ISO 076 earrings for farms located in the state of Pará. Labels already issued with number 105 up to the transition date will continue to be accepted and entered into the state government database.
- **Ensure the engagement of purchasing brands at the end of the chain**, with public commitments to purchasing traceable leather and DCF.
- **Reestablish and structure bonus mechanisms for producers**, with financing shared between tanneries, meatpacking plants, and end buyers.
- **Integrate efforts between the meat and leather chains**, promoting joint traceability initiatives, market communication, and demand building.
- **Establish formal partnerships between actors in the chain** (slaughterhouses, tanneries, brands) to make complete cattle traceability economically viable.
- Expand the scope of traceability systems with socio-environmental monitoring to other biomes outside the Amazon. This can happen voluntarily, without the need for new public policies such as the Meat TAC.

© Elsa / Durlicouros

Semi-finished leather:
material that has
already undergone
the tanning and initial
preparation process,
but still requires final
finishing of color,
texture and surface

**OUR MISSION IS TO
CONSERVE NATURE
AND REDUCE THE MOST
PRESSING THREATS
TO THE DIVERSITY
OF LIFE ON EARTH.**

