

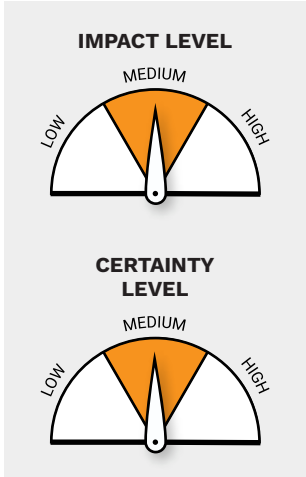
CASE STUDY: CUSTOMERS REPLACE BEEF WITH ALTERNATIVE PROTEINS

SECTOR
Beef

LOCATION
Brazil

New technologies in the production of meat and protein alternatives, including plant-based, microbial and fermented proteins, are increasing substitution risk for meat products, especially as they become cheaper to make and more affordable and desirable to customers.

Emission intensive cattle producers with low-intensity, low-yield practices will be the most exposed to these substitution effect risks and will be less likely to survive demand shocks due to lack of preparedness for climate transitions.



INCOME STATEMENT IMPACTS

Sales Revenue

Beef could become less desirable to consumers.	RISK →	Producers could see lower demand and fewer units sold , resulting in decreased revenue.
	OPPORTUNITY →	Those who diversify production could see increased revenue .

Cost of Goods Sold (COGS)

Inefficient, land intensive and high emission practices could increase production costs	RISK →	Emissions pricing and rising land prices under climate transitions could result in higher operating costs for producers that do not adopt climate smart technologies and practices.
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BALANCE SHEET IMPACTS

Write-downs and Impairment

Available technologies and consumer preferences are changing with increased awareness of climate change.	RISK →	As customers substitute away from beef, some assets could lose their value .
	OPPORTUNITY →	Producers who change production patterns could avoid this and diversify their income streams .

Source: NCBI — Meat Substitutes: Resource Demands and environmental footprints