

CLIMATE TRANSITION TYPE

Downstream Technology, Market

LOCATION

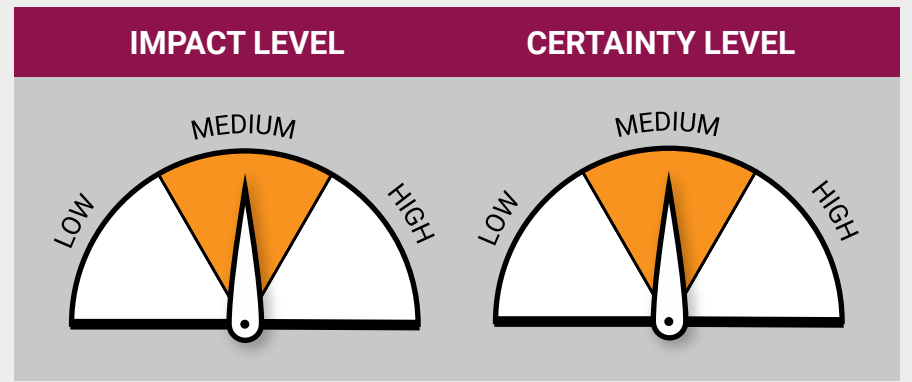
Brazil

SECTOR

Beef

## CUSTOMERS REPLACE BEEF WITH ALTERNATIVE PROTEINS

New technologies in the production of meat and protein alternatives could be substituted for meats, especially as they become cheaper to make and more affordable and desirable to customers. Brazilian cattle small-holders that have low-intensity low-yield will be the most exposed to these substitution effect risks and will be less likely to survive demand shocks due to the lack of economies of scale and scope.



### Income Statement

Revenue  
Expenses  
Net income

### Income Statement Impacts

Climate-related risks that affect income, expenses and revenue

#### Sales Revenue

Beef could become less desirable to consumers.

RISK

Producers could see **lower demand, falling prices, and fewer units sold** resulting in decreased revenue.

OPPORTUNITY

Those who diversify production could see **increased revenue.**

#### Cost of Goods Sold (COGS)

Decrease in demand could change production costs

RISK

**Operational costs** such as holding costs for cattle ranchers and smallholders **could increase.**

### Balance Sheet

Assets  
Liabilities  
Shareholders' equity

### Balance Sheet Impacts

Climate-related risks that affect assets, liabilities and shareholder equity

#### 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.**