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Brazil Risk Mitigation Guide

Beef



This tool has been developed by NEPCon under the project “Responsible Sourcing of Soy, Palm Oil and Cattle” with support from DANIDA, Ministry of Foreign Affairs of Denmark.



COUNTRY SPECIFIC
TOOLS



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Brazil Beef Risk Mitigation Guide

NEPCo has evaluated the risk of illegality in Braziln Beef supply chains across 7 categories:



Business Issues



Social Issues



Environmental Issues



Conversion



GMOs



Animal Welfare



Traceability

This Beef Risk Mitigation Guide provides advice on how to mitigate the risks identified.

Beef source types and risks

There are four Beef source types found in Brazil. Knowing the “source type” that Beef originates from is useful because different source types can be subject to different applicable legislation and have attributes that affect the risks.

Calving ranches	Beef from both pastoral and feedlot farming. Usually small size and low intensity. Farms are both subsistence and commercial.
Fattening ranches	Beef from both pastoral and feedlot farming. Typically, they are large in size and low intensity. A significant proportion of beef from Brazil comes from this source.
Feedlot	Beef from large, high intensity farms. The large number of animals, and significant flows makes regulation more difficult. Many animals are sourced from other farm types.
Complete cycle	Beef from pastoral farms. Generally they are large in size, medium in intensity and commercially focused. There is a better possibility of identifying animals individually and providing a traceability system.

Map your supply chains

To effectively evaluate and mitigate risks in your supply chain, it is necessary for you to know where the source originates. This will allow you to determine your source type and mitigate the risks associated with that source type. As risks have been identified with all source types, supply chain mapping is necessary to further evaluate, specify and mitigate the risks.



The **Supply Chain Mapping Tool (DD-07)** can be used to record supply chain information at a detailed level.



The **Supplier Management Form (DD-04)** can be used to maintain a complete supply chain overview.



Business Issues

The following two risks have been identified related to business issues in Brazil:

1. Risk of illegal/undocumented land tenure. Many properties are under illegal possession, either because the land/property has not been legally registered or is based on forged documents. The Rural Environmental Registry (CAR) aims to register all farms by 2017.
2. Risk of tax evasion for Value Added Taxes. Reportedly, tax evasion is commonly practiced via: the sale of products without the emission of a fiscal bill of sale; the issuance of the fiscal bill of sale with a volume below the actual volume delivered; and/or the issuance of a fiscal bill of sale with the value of the product below the actual value.

Risk	Mitigation recommendations
Illegal/undocumented land tenure	<ol style="list-style-type: none">1. Verify the cattle farm has the following valid land tenure documents:<ul style="list-style-type: none">○ A CAR - A Rural Environment Registry receipt / record (Protocolo / recibo do Cadastro Ambiental Rural)○ A CCIR - Certificate of Registration of Rural Real Estate (Certificado de Cadastro do Imóvel Rural)○ An ITR - Proof of Registration of the Territorial Institute (Comprovante de Cadastro do Instituto Territorial)○ A Certificate of Deed of Entire Content of the Rural Real Estate (Certidão de Matrícula de Inteiro Teor do Imóvel Rural)○ A CNDIR - Negative Certificate for Debts of the Rural Real Estate (Certidão Negativa de Débitos do Imóvel Rural)

- A [CNPJ](#) Card Registration and Cadastral Situation of Legal Entity (Comprovante de Inscrição e de Situação Cadastral de Pessoa Jurídica)
 - Registered or Notarized Lease, Partnership or Lending Agreement - Contrato de Arrendamento, Parceria ou Comodato Rural Registrado ou com firma reconhecida em cartório
 - Recursos Hídricos)
 - Records Free Prior Informed Consent and copies of negotiated agreements
2. Verify the farm has a valid CAR status by checking its CAR registration number in the Public Module of the Rural Environmental Registry System (SiCAR, Simistema Nacional de Cadastro Ambiental Rural):
[www.http://car.gov.br/publico/imoveis/index](http://car.gov.br/publico/imoveis/index)
3. Review information on land tenure disputes and developments on indigenous and traditional peoples' land claims:
- Identify potential conflicts – especially for medium to large enterprises. Ask the supplier for a map identifying the traditional communities close to its farms and/or cross reference the farm location with the location of indigenous lands and Quilombolas communities which can be found on the following websites:
 - Indigenous lands in Brazil [website](#)
 - Quilombolas communities' [official website](#)
 - Research documented conflicts by [Brazilian states](#)
 - Information on traditional communities can be found on the Ministry of Environment's [website](#)
 - Review a [recent report](#) (2015) of well-known conflicts by Brazilian states
4. Consult with neighbours, local communities, landowners and other stakeholders to find out if A) land tenure rights are clear and – where applicable – lease of the land has been agreed by all the landowners; and B) if there are any court orders or other legal decisions that mean that the company is not allowed to operate due to conflicts of land tenure.

Evasion of Value
Added Taxes

1. Confirm the farmer that the following related valid tax documents:
 - Confirm [Individual or Corporate Taxpayers' Registration Numbers](#) (CPF (Cadastro de Pessoas Físicas) /CNPJ (Cadastro Nacional da Pessoa Jurídica))
 - [Certificate of Debt Relating to Federal Tax Credits and to Active Union Debt](#)
2. Cross check samples of sales receipts that the appropriate VAT has been paid:
 - Fiscal bills of sale (Nota fiscal de venda do Produto) must include applicable VAT taxes.
 - Receipts for payment value-added taxes shall exist.
 - Sales prices shall be in line with market prices.
3. Confirm with authorities from the Federal Revenue ([website](#)) that operation is up to date in payment of applicable value-added taxes



Social Issues

The following three risks have been identified related to social issues in Brazil:

1. Risk that producers engage in illegal labour practices, particularly in relation to discrimination, womens' rights and minimum age issues. Reportedly, the labour laws are not well respected in the agriculture sector and rural workers tend not to be aware of their labour law rights.
2. Risk that workers are exposed to illegal health and safety risks. Reportedly, a large part of the cattle farm work force is not professionally trained or given health and safety guidance.
3. Risk of conflict on land tenure rights where beef producers claim land tenure over areas that are claimed to be traditionally owned by indigenous and/or traditional peoples. The risk that cattle farms operate in areas where there are outstanding land claims is significant, as there are several explicit cases of disrespecting the legal rights of indigenous and traditional people in Brazil.

Risk	Mitigation recommendations
Illegal labour practices	<ol style="list-style-type: none"> 1. Confirm the farm has the following valid relevant employment documents in place: <ul style="list-style-type: none"> ○ CAGED Statement - General Register of Employees and Unemployed (Cadastro Geral de Empregados e Desempregados) ○ Collective Agreement recorded by Ministry of Labour and Employment (MTE - Ministério do Trabalho e Emprego) ○ CNDT- Certificate of Negative Labor Debts (Certidão Negativa de Débitos Trabalhistas) ○ Certificate of Negative Labor Lawsuits

- CRF- FGTS Regularity Certificate (Certificado de Regularidade do FGTS - Fundo de Garantia por Tempo de Serviço)
 - CNDT - Certificate of Negative Labour Debts with the Federal Revenue Service);
 - CTPS - Work and Social Security Booklet (Trabalho e Previdência Social)
 - Employment contracts
 - Evidence of insurance (National Social Security Institute (INSS - Instituto Nacional do Seguro Social)
 - Salary payment receipts
2. A cross check of workers receiving government benefits for the unemployed and the company list of employees. Cross check documents on the Social Security Employee website of Brazil:
<http://sipa.inss.gov.br>
 3. Ensure a supplier is not listed in the black list of slave labour which is monitored and published by the NGO called [Reporter Brazil](#) and/or the Transparency List on Slave Labor on the [InPACTO website](#)
 4. Consult the Social Security Employee [website](#) of Brazil to ensure all employees are registered and all relevant insurances are in place.
 5. On-site verification shall confirm:
 - All workers are employed according to the regulations and required contracts
 - Employees:
 - Are covered by mandatory insurance policies
 - Hold certificates of competence required for the function that they perform
 - Are paid a salary which is officially stated by the employer according to legal requirements
 - Are above the minimum age for both cattle farm activities and hazardous work
 - Are paid at least the legally established minimum wage

	<ul style="list-style-type: none"> ○ The company does not employ unregistered workers, either on probation, or who receive government benefits for the unemployed <p>6. Confirm cattle ranches takes place within the authorized boundaries in accordance with the relevant licenses</p>
<p>Exposure to illegal health and safety risks</p>	<ol style="list-style-type: none"> 1. Confirm the farmer has the following required valid Health and Safety (H&S) documents in place: <ul style="list-style-type: none"> ○ H&S Manager employee contract ○ SSO – Occupation Health and Safety Training Procedures (Segurança e Saúde Ocupacional) ○ PGSSMATR - Rural Work Safety, Health and Environment Management Program (Programa de Gestão de Segurança, Saúde e Meio Ambiente de Trabalho Rural (NR – 31)) ○ PPRA - Program for the Prevention of Environmental Risks (Programa de Prevenção de Riscos Ambientais (NR – 9)) ○ PCMSO - Program for the Medical Control of Occupational Health (Programa de Controle Médico e Saúde Ocupacional (NR – 7)) ○ Minutes of the CIPA/CIPATR - Internal Commission for the Prevention of Accidents of Rural Work (Comissão Interna de Prevenção de Acidentes do Trabalho Rural) ○ ASO - Occupational Health Certificate (Atestado de Saúde Ocupacional) ○ Labor Ministry Inspection Book (Livro de Inspeção do Trabalho) 2. Ensure a supplier is not listed in the black list of slave labour which is monitored and published by the NGO called Reporter Brazil and/or the Transparency List on Slave Labor on the InPACTO website 3. Consult the Social Security Employee website of Brazil to ensure all employees are registered and all relevant insurances are in place. 4. On-site verification shall confirm that the company has an occupational safety and health (OSH) management system and program, a H&S officer position (required for large-scale plantations), training, procedures and equipment are in place

Conflict over land tenure rights in areas that are claimed to be traditionally owned by indigenous and/or traditional peoples

1. Ensure the control measures related to *illegal/undocumented land tenure* are implemented
2. Review information on land tenure disputes and developments on indigenous and traditional peoples' land claims:
 - a. Identify potential conflicts – especially for medium to large enterprises. Ask the supplier for a map identifying the traditional communities close to its farms and/or cross reference the farm location with the location of indigenous lands and Quilombolas communities which can be found on the following websites:
 - i. Indigenous lands in Brazil [website](#)
 - ii. Quilombolas communities' [official website](#)
 - b. Research documented conflicts by [Brazilian states](#)
 - c. Information on traditional communities can be found on the Ministry of Environment's [website](#)
 - d. Review a [recent report](#) (2015) of well-known conflicts by Brazilian states
3. Consult with neighbours, local communities, landowners and other stakeholders to find out if A) land tenure rights are clear and – where applicable – lease of the land has been agreed by all the landowners; and B) if there are any court orders or other legal decisions that mean that the company is not allowed to operate due to conflicts of land tenure.



Environmental Issues

The following two risks have been identified related to the Beef harvesting regulations in Brazil:

1. Risk that the Brazilian Forest Code, the main environmental protection requirement, is not complied with.
2. Risk that the code and several complementary significant state laws under the Environmental Adjustments Program (PRA) have not been subsequently established and/or implemented leading to inadequate and/or variable permitting regulations.

Risk	Mitigation recommendations
<p>Brazilian Forest Code is not complied with, and several complementary state laws under the Environmental Adjustments Program (PRA) have not been established and/or implemented.</p>	<ol style="list-style-type: none"> 1. Verify the cattle farm has the following valid Forest Code documents: <ul style="list-style-type: none"> ○ A CAR - A Rural Environment Registry receipt / record (Protocolo / recibo do Cadastro Ambiental Rural) ○ A TCA – Term of Environmental Commitment Term (Termo de Compromisso Ambiental); ○ A PRAD (Restoration of degraded areas projects if required by the Brazilian Forest Code) 2. Verify the farm has a valid CAR status by checking its CAR registration number in the Public Module of the Rural Environmental Registry System (SiCAR, Simistema Nacional de Cadastro Ambiental Rural): www.http://car.gov.br/publico/imoveis/index 3. Verify if PRAD (restored degraded areas), if required, is implemented according the Forest Code and TCA requirements. Obtain the shape file of the cattle farm property’s boundaries and compare/overlay with mapping data from the following initiative that are using satellite time series images to detect the land change cover: <ul style="list-style-type: none"> ○ www.globalforestwatch.org

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- <http://www.obt.inpe.br/prodes/index.php> - PRODES/INPE (high resolution)
 - <http://www.obt.inpe.br/deter/index.html> - DETER/INPE (high resolution)
4. Check that the Forest Code requirements and environmental controls are implemented in the field



Conversion

The following risk has been identified related to conversion in Brazil:

1. Risk that natural forests are cleared to make way for cattle farms. This can have a significant negative impact on protected sites and species and HCVs. The overall level of official protection of HCV values in the cattle farm regions is insufficient.

Risk	Mitigation recommendations
<p>Natural forests are cleared to make way for cattle farms</p>	<ol style="list-style-type: none"> 1. Request historical remote sensing imagery evidence to confirm no conversion of primary forest, peatlands and HCVs post 2008. 2. Check if a farm has been apprehended (black listed) by the federal government for illegally converted natural forests and ecosystems 3. Assess the risk of deforestation and PRAD (restored degraded areas) compliance using satellite time series images to detect the land change cover within the cattle farm boundaries, some sources include: <ul style="list-style-type: none"> o Global Forest Watch maps o PRODES/INPE (high resolution) o DETER/INPE (high resolution) 4. If buying from JBS, Marfrig and Minerva verify the companies' compliance against their zero Amazon deforestation October 2009 commitment. Review the companies' progress reports here and corroborate results with a Brazilian stakeholders like WWF, Greenpeace Brazil, National Wildlife Federation (NWF) 5. Conduct on-site verification to confirm all the Forest Code requirements and environmental controls are implemented in the field



Animal Welfare

The following risk has been identified related to animal welfare in Brazil:

1. Risk of poor animal welfare conditions for Feedlot, Fattening ranches and Calving ranches because of a lack of common vertical integration, low technological and professional production standards and a lack of a uniform mechanism to measure and monitor animal welfare conditions.

Risk	Mitigation recommendations
Poor animal welfare conditions for Feedlot, Fattening ranches and Calving ranches	<ol style="list-style-type: none">1. Obtain a copy of the cattle farm's Carcass performance report from the Federal Inspection Service (SIF - Serviço de Inspeção Federal).2. Obtain a copy of the cattle farm's policy and procedures that demonstrates animal welfare is considered3. Check the Brazilian Association of Meat Exporters website indicates which slaughterhouses have a valid SIF certificate and are permitted to export4. Confirm with on-site verification that animal welfare policy and procedures are being implemented.



Traceability

The following risk been identified related to the Beef harvesting regulations in Brazil:

1. Risk of low traceability due to a lack of proper traceability systems that monitor the complete life cycle of animals in the cattle sector. This raises a risk of illegal Brazilian cattle production through two main loopholes: leakage and laundering.

Risk	Mitigation recommendations
<p>Low traceability due to a lack of proper traceability systems</p>	<ol style="list-style-type: none"> 1. Ensure the cattle farm has the following valid animal transportation documents in place: <ul style="list-style-type: none"> ○ Extract list of GTAs (Animals Transit Document (GTA) or Electronic Animal Transit Document - e-GTA) issued or received by the farm ○ Traceability System report(s) demonstrating animal(s) farm of origin ○ Fiscal Bill of sale 2. Verify on-site that animal farm of origin is documentation is valid

About

Responsible Sourcing of Soy, Cattle and Palm Oil

Responsible Sourcing of Soy, Cattle and Palm Oil is a project aimed at creating awareness and capacity among Danish companies to minimise risks of social and environmental problems connected to sourcing palm oil, soy and cattle from developing countries. The project is run by NEPCon and SEGES and funded by DANIDA, Ministry of Foreign Affairs of Denmark.



NEPCon (Nature Economy and People Connected) is an international, non-profit organisation that builds commitment and capacity for mainstreaming sustainability. Together with our partners, we foster solutions for safeguarding our natural resources and protecting our climate.

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