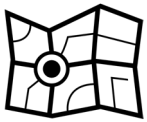


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Brazil Risk Mitigation Guide

Soy



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 Soy Risk Mitigation Guide

NEPCo has evaluated the risks in Brazilian Soy supply chains across five categories:



Business Issues



Social Issues



Environmental Issues



Conversion



GMOs

The key CSR risks identified in this report concern business issues, social issues, environmental issues, conversion and GMOs. This Soy Risk Mitigation Guide provides advice on how to mitigate the risks identified.

Soy source types and risks

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

Large commercial farms

Soy from large commercial farms greater than 2,500 hectares. Such farms are mainly privately owned, many with uncertain land tenure.

Medium-sized farms

Soy from medium-sized commercial farms of an average of 500 hectares. Such farms are mainly privately owned, many with uncertain land tenure.

Small cooperative farms

Soy from small cooperative farms in the Atlantic biome. The farms are mostly privately owned, many with uncertain land tenure. A small portion of soy is also produced by smallholders in rural settlements who mainly sell their production through cooperatives. Land tenure is less contentious than in the other two main soy producing tropical regions of Brazil.

Note that this source type occurs only in the Atlantic Forest Region.

We have analysed the risks for all source types and found the risks are different depending on the region sourced from.

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. There is a risk that many properties are under illegal possession due to land/property not being properly registered or being based on forged documents. The Rural Environmental Registry (CAR) is aiming 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 soy 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)

	<ul style="list-style-type: none"> ○ 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 <p>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</p> <p>3. Review information on land tenure disputes and developments on indigenous and traditional peoples' land claims:</p> <ul style="list-style-type: none"> ○ 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: <ul style="list-style-type: none"> ▪ 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 ○ 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.
<p>Tax evasion for Value Added Taxes</p>	<p>1. Confirm the farmer that the following related valid tax documents:</p> <ul style="list-style-type: none"> ○ 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 with respect to discrimination, womens' rights and minimum age issues. Reportedly, the labour laws are not well respected in the agriculture sector and rural workers tend to be unaware of their labour rights.
2. Risk that workers are exposed to health and safety risks beyond legal limits. Reportedly, a large part of the soy farm work force is not professionally trained or given health and safety guidance.
3. Risk of conflict on land tenure rights where soy producers claim land tenure over areas that are claimed to be traditionally owned by the indigenous and/or traditional peoples. The risk that soy 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
Producers engage in 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

	<ul style="list-style-type: none"> ▪ Are above the minimum age for both soy farm activities and hazardous work ▪ Are paid at least the legally established minimum wage ○ The company does not employ unregistered workers, either on probation, or who receive government benefits for the unemployed <p>6. Confirm soy ranches takes place within the authorized boundaries in accordance with the relevant licenses</p>
<p>Workers are exposed to health and safety risks beyond legal limits.</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:

	<p>5. Verify 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</p>
<p>Conflicts on land tenure rights where soy producers claim land tenure over areas that are claimed to be owned by the indigenous and/or traditional peoples.</p>	<ol style="list-style-type: none"> 1. Ensure the mitigation recommendations for and tenure control measures are implemented 2. Review information on land tenure disputes and developments on indigenous and traditional peoples' land claims: <ul style="list-style-type: none"> ○ 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: <ul style="list-style-type: none"> ▪ 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 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 Soy harvesting regulations in Brazil:

1. Risk that the Brazilian Forest Code, the main environmental protection requirement, is not complied with. There is also a 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.
2. Risk that natural forests are converted (cleared) to make way for soy 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 soy farm regions is insufficient.

Risk	Mitigation recommendations
The Brazilian Forest Code is not complied with.	<ol style="list-style-type: none">1. Verify the soy 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/index3. Verify if PRAD (restored degraded areas), if required, is implemented according the Forest Code and TCA requirements. Obtain the shape file of the soy 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:

- www.globalforestwatch.org
 - <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

Natural forests are converted (cleared) to make way for soy farms, having a significant negative impact on protected sites and species.

1. Confirm location of the soy farm is not located in [a protected area](#)
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 soy farm boundaries, some sources include:
 - [Global Forest Watch maps](#)
 - [PRODES/INPE \(high resolution\)](#)
 - [DETER/INPE \(high resolution\)](#)
4. Conduct on-site verification to:
 - Check that the Forest Code requirements and environmental controls are implemented in the field
 - Confirm management plans for protected sites, species and High Conservations Values are implemented and monitored.
 - Maps/remote sensing images for deforestation assessed reflect reality
 - Verify the supplier has documentation or a copy of a management plan that ensures required legally protected areas and species are safeguarded in accordance with the law.
 - ICMBIO - [Fauna Species](#)
 - Brazilian Forest Service - [SNIF](#) - National System of Forest Information on threatened species

Note: See the list of Endangered Species: [Flora](#) and [Terrestrial Fauna](#) for reference

Natural forests are converted (cleared) to make way for soy farms, having a significant negative impact on high conservation values (HCVs).

In addition to the carrying out the mitigation recommendations relating to the Forest Code and protected sites and species described above, to address the risks associated with HCVs, we recommend:

1. Confirm the farm has the following in place:
 - Biodiversity surveys and High Conservation Value (HCV) assessments
 - Conversation/High Conservation Value (HCV) management plans
 - Historical remote sensing imagery evidence to confirm no conversion of primary forest, peatlands and HCVs post 2008.
2. Confirm location of the farm is not located in an area threatening High Conservation Values.
3. 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 \(NWF\)](#)
4. Conduct on-site verification to:
 - Confirm management plans for High Conservations Values are implemented and monitored.

For **HCV 2 - Landscape-level ecosystems & mosaics**, in the Amazon region the risk is low for soy suppliers committed to the Soy Moratorium. The moratorium is a pledge adopted by Brazilian Grain Exporters Association (ANEC)'s 35 associate members and Brazilian Vegetable Oil Industry Association (ABIOVE)'s twelve associate members to not trade or finance soya originating from land in the Amazon Biome - which together represent over 90% of the Brazilian soya trade.

- ANEC members: <http://www.anec.com.br/en/>
- ABIOVE members: <http://www.abiove.org.br/>

The risk is also low for the South Region, but elevated for Cerrado.



Conversion

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

1. There is a risk that natural forests or ecosystems are cleared to establish soy farms. Reportedly, the expansion of soy plantations in the Cerrado biome is one of the main drivers of land conversion threatening natural ecosystems and is done through illegal or legal means. For soy suppliers not committed to the Soy Moratorium in the Brazilian Amazon there is still a risk that soy farms drive deforestation in the Amazon. The risk of land conversion for soy production is low in the Atlantic region

Risk	Mitigation recommendations
<p>Natural forests or ecosystems are cleared to establish soy farms.</p> <p><i>Note: the risk is low in the South Region, and in the Amazon region for companies committed to the Soy Moratorium.</i></p>	<p><i>Amazon region</i></p> <ol style="list-style-type: none"> 1. Confirmation of that the soy supplier(s) is committed to the Soy Moratorium in the Brazilian Amazon. The moratorium is a pledge adopted by Brazilian Grain Exporters Association (ANEC)'s 35 associate members and Brazilian Vegetable Oil Industry Association (ABIOVE)'s twelve associate members to not trade or finance soya originating from land in the Amazon Biome - which together represent over 90% of the Brazilian soya trade. <ul style="list-style-type: none"> o ANEC members: http://www.anec.com.br/en/ o ABIOVE members: http://www.abiove.org.br/ <p>Cerrado and Amazon (where suppliers and soy producers are not committed to the Soy Moratorium)</p> <ol style="list-style-type: none"> 1. Confirm the farm has the following in place: <ul style="list-style-type: none"> o Historical remote sensing imagery evidence to confirm no conversion of primary forest, peatlands and HCVs post July 2008. o Check if a farm has been <u>apprehended (black listed)</u> by the federal government for illegally converted natural forests and ecosystems

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2. Assess the risk of deforestation and PRAD (restored degraded areas) compliance using satellite time series images to detect the land change cover within the soy farm boundaries, some sources include:
 - a. [Global Forest Watch maps](#)
 - b. [PRODES/INPE \(high resolution\)](#)
 - c. [DETER/INPE \(high resolution\)](#)

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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