



AUDIT PROTOCOL  
FOR CATTLE  
**COMMITMENTS  
IN THE AMAZON**



**VERSION 1.0**

Piracicaba, October 2021





**MINISTÉRIO PÚBLICO FEDERAL**  
**4ª CÂMARA DE COORDENAÇÃO E REVISÃO**  
*- Meio Ambiente e Patrimônio Cultural -*

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# **PROTOCOLO DE AUDITORIA DOS COMPROMISSOS DA PECUÁRIA NA AMAZÔNIA**

**Brasília, 22 de novembro de 2021**



**MINISTÉRIO PÚBLICO FEDERAL**

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Signatário(a): **RICARDO AUGUSTO NEGRINI**

Data e Hora: **22/11/2021 12:57:35**

Assinado com login e senha

Signatário(a): **ERICH RAPHAEL MASSON**

Data e Hora: **22/11/2021 10:26:19**

Assinado com login e senha

Signatário(a): **HUMBERTO DE AGUIAR JUNIOR**

Data e Hora: **22/11/2021 13:31:11**

Assinado com login e senha

Signatário(a): **RAFAEL DA SILVA ROCHA**

Data e Hora: **22/11/2021 10:19:07**

Assinado com certificado digital

Signatário(a): **MARIA OLIVIA PESSONI JUNQUEIRA**

Data e Hora: **22/11/2021 11:17:55**

Assinado com login e senha

Signatário(a): **ALVARO LOTUFO MANZANO**

Data e Hora: **22/11/2021 10:18:12**

Assinado com certificado digital

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## **Audit Protocol for cattle commitments in the Amazon**

### **Produced by:**

4th Council for the Environment and Cultural Heritage with participation of meat industry and retailers, audit organisations, civil society and Imaflora's support

### **Technical Coordination and facilitation:**

Imaflora

### **Approved by:**

Public Prosecutor's Office – 4th Council for the Environment and Cultural Heritage

### **Consultancies for content and graphic production:**

Kultiva Consultoria

KS Passos

W5 Publicidade

### **Acknowledgements:**

Abdias Machado, Marfrig; Alexandre Kavati, JBS; Andrey Barbosa, Marfrig; Bianca Nakamoto, WWF-BR; Camille Arnaud, GPA; Clayton Codo, Grant Thornton; Daiane Garcia, Minerva; Daniela Teston, WWF-BR; Edinei Menegetti, Niceplanet; Fabricio Zanuto, Marfrig; Felipe Antunes, DNV; Francisco Beduschi, NWF; Hillary Fenrich, NWF; Isabel Garcia Drigo, Imaflora; Jordan Carvalho, Niceplanet, Katiuscia Moriera, NWF; Laís Ernesto Cunha, WWF-BR; Leonel Almeida, Marfrig; Luana Castilho, BDO; Lucio Vicente, Carrefour; Marcelo Posonski, Proforest; Marcio Nappo, JBS; Marie Tarrise, Carrefour; Marina Piatto, Imaflora; Natalia Grossi, Amigos da Terra; Pedro Burnier, Amigos da Terra; Pedro Zanetti, Proforest; Ricardo Kayatt, DNV; Sarah Mary Antoine, GPA; Simon Hall, NWF; Susy Yoshimura, GPA; Tamara Lopes, Minerva; Viviene Bauer, BDO.

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# INTRODUCTION

In 2009, the largest beef meatpackers in the country signed commitments agreeing to monitor the purchase of cattle sourced from the Amazon in compliance with the Public Prosecutor's Office (formally called the Term of Adjustments of Conduct - TAC of Pará and TAC of Beef) and civil society organizations (Public Commitment for Cattle Ranching in the Amazon).

The goal of these commitments is the socio-environmental regularisation of the cattle chain in the Amazon with the purpose of curbing the sale of bovine products derived from deforested areas in the Brazilian Amazon, ranches that use slave labour, lack environmental license, are located on indigenous land or in protected areas, or present other environmental and social irregularities<sup>1</sup>.

The commitments include the criteria that should be used by the signatory meatpackers to monitor their supply chains. [The Protocol for the Monitoring of Cattle Suppliers in the Amazon \(2020\)](#), officially approved by the 4th Coordination and Review Chamber (Environment and Cultural Heritage) of the Public Prosecutor's Office, establishes the parameters and details the rules for analysing suppliers and cattle purchases.

In addition, the commitments define that the monitoring implemented by the meatpackers must be audited annually to verify that the commitment is being met. However, in the absence of a unified protocol dictating how exactly to audit, the methodologies established in the different audit protocols adopted by each meatpacker vary, as does the interpretation and implementation practices of auditors, resulting in different "weights" and "measures," which leads to results that are hardly comparable.

The alignment and unification of the audit procedures is essential for consistency and robustness, hence the need for this audit protocol. With clear instructions, audit results are more reliable and

transparent, generating value and potential new market access for the meatpackers.

After the monitoring and audit protocols have been implemented, the expectation is that:

- Meatpackers will be able to carry out an integrated audit to meet all their commitments and can demonstrate their efforts in monitoring cattle suppliers in the Amazon.
- Retailers, wholesalers, and the cash-and-carry sector<sup>2</sup> will be able to access the information they need to assess their beef suppliers and can supply their customers and consumers with products from responsibly-sourced cattle.
- Civil society can monitor the progress of the cattle sector in reducing deforestation in the Amazon.

Therefore, this document lays out the guidelines for conducting reliable, secure, and consistent audits on agreements concerning the beef chain in the Amazon.

The first section introduces the Audit Protocol and the main steps of the audit process. The second section offers guidelines for the meatpacker to define the scope of the audit and hire the audit organisation.

The next section involves the preparation and development of the audit for the audit organisation.

The final section provides guidance on how the audit firm should present the results and how the signatory company should disclose the public summary of the audit report.

<sup>1</sup> Introduction - TERMS OF REFERENCE FOR TAC AUDITS - Beef

<sup>2</sup> Cash-and-carry is a form of trade in which goods are sold from a wholesale warehouse operated on a self-serve basis.





# THE PROTOCOL

The main objective of the audit is to assess compliance in cattle purchases by verifying the effectiveness of the systems for monitoring cattle suppliers used by the meatpacker. This protocol should guide the verification of the following commitments:

- Term of Adjustment of Conduct (TAC) for Pará state (2009)<sup>3</sup>
- Official letter of the Public Prosecutor's Office of Pará (May/2018) - sent by the Office to signatory companies - providing guidance on the 2018 audit process and setting out new rules for monitoring suppliers<sup>4</sup>.
- Term of Adjustment of Conduct (TAC) for the Legal Amazon, referred to in this document as Beef TAC (2010)<sup>5</sup>.
- Official letter of the Public Prosecutor's Office of Mato Grosso (March/2017) - sent by the Office to the signatory companies - regarding the implementation of supplier monitoring criteria in response to the difficulties and suggestions brought up by meatpackers in a meeting with the Prosecutor's Office<sup>6</sup>.
- Public Cattle Commitment - Minimum criteria for industrial cattle operations in the Amazon biome (2009)<sup>7</sup>.

**3** Legal commitment that, if breached, authorizes the Public Prosecutor's Office to enforce sanctions without the need for judicial intervention. Signed between the Public Prosecutor's Office of Pará and the meatpackers that operate in the region. This commitment establishes the socio-environmental criteria that the companies have to comply with.

**4** This Official letter offers guidance to the companies regarding the 2018 audit, defines geospatial monitoring parameters, the use of Amazônia Protege data, CARs, GTAs, Ibama embargo polygons [Vector], among other topics.

**5** Legal commitment that, if breached, authorizes the Public Prosecutor's Office to enforce sanctions without the need for judicial intervention. Signed between the Public Prosecutor's Office and meatpackers operating in the Legal Amazon, it establishes the social and environmental criteria that the companies must comply with.

**6** This Official letter covers issues raised by the TAC signatories in Mato Grosso in regard to the monitoring and use of Rural Property Certificates (CCIRs), Rural Environmental Registries (CARs), Single Environmental Licenses (LAUs) and Provisional Operating Permits (APFs), state embargoes, Animal Transit Guide (GTAs), the emission and disclosure of lists for the Public Prosecutor's Office and consumers, among other topics.

**7** Commitment signed between Greenpeace, JBS, Marfrig and Minerva. This commitment establishes the socio-environmental criteria that the companies

The guidelines and procedures defined in this Protocol are intended for independent audit organisations to verify compliance with the terms of the public commitments. They replace the following provisions as agreed with the Federal Prosecutors:

- Audit Protocol of the Term of Adjustment of Conduct signed by the Public Prosecutor's Office and the state government of Pará and companies in the beef production chain in Pará State, 2017.
- Official letter of the Public Prosecutor's Office of Pará (05/2018) - sent by the Office to signatory companies - providing guidance on the 2018 audit process and setting out new rules for monitoring suppliers<sup>8</sup>.
- Terms of reference for auditors, – Beef TAC, 2018
- Official letter of the Public Prosecutor's Office of Mato Grosso (03/2017) - sent by the Office to the signatory companies - regarding the implementation of supplier monitoring criteria in response to the difficulties and suggestions brought up by meatpackers in a meeting with the Prosecutor's Office<sup>9</sup>.

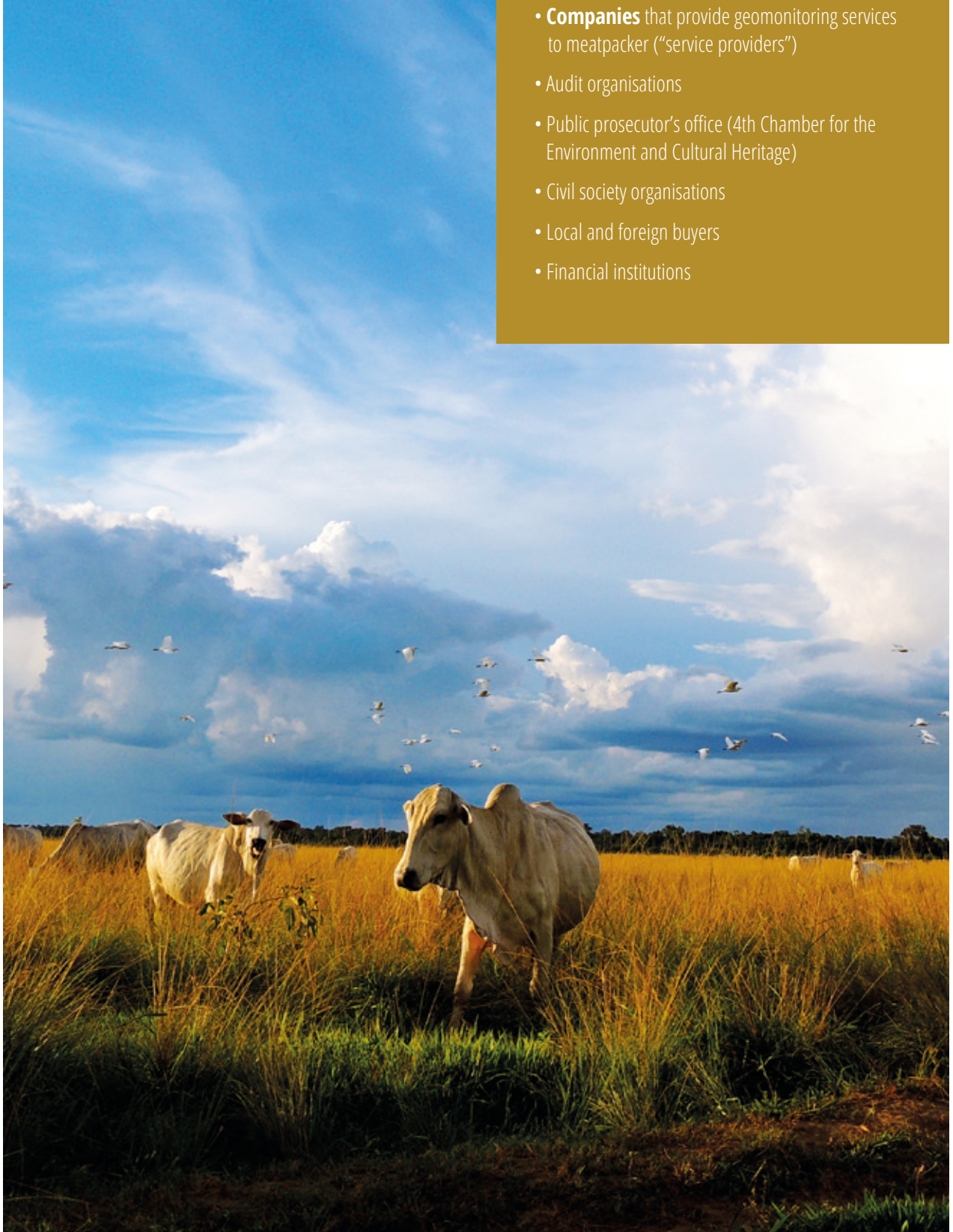
Likewise, from the standpoint of aligning the audit procedures, this audit protocol replaces the current determinations for compliance with the Public Cattle Commitment, described in the documents below:

- Terms of reference for third-party audits 2017 (base year 2016), of the Public Cattle Commitment

**8** This Official letter offers guidance to the companies regarding the 2018 audit, defines geospatial monitoring parameters, the use of Amazônia Protege data, CARs, GTAs, Ibama embargo polygons [Vector], among other topics.

**9** This Official letter covers issues raised by the TAC signatories in Mato Grosso in regard to the monitoring and use of Rural Property Certificates (CCIRs), Rural Environmental Registries (CARs), Single Environmental Licenses (LAUs) and Provisional Operating Permits (APFs), state embargoes, Animal Transit Guide (GTAs), the emission and disclosure of lists for the Public Prosecutor's Office and consumers, among other topics.

- Third-Party Audit Report for compliance with the “Commitment to adopt minimum criteria for operations with cattle and bovine products on an industrial scale in the Amazon biome”



## USERS

The main users of the Audit Protocol are:

- Meatpackers of all sizes in the Amazon
- **Companies** that provide geomonitoring services to meatpacker (“service providers”)
- Audit organisations
- Public prosecutor’s office (4th Chamber for the Environment and Cultural Heritage)
- Civil society organisations
- Local and foreign buyers
- Financial institutions





# AUDIT ORGANISATIONS

The audit organisations must be pre-approved by the Public Prosecutor’s Office or by institutions authorized by it.

In order to carry out audits, the principles that ensure the independence and ethical conduct of the audit organisation and auditors in relation to the audited company must be applied, among other principles established by nationally or internationally recognised auditing and verification protocols, ‘ISO 19011 - Guidelines for audit management system’, ‘NBC Standard TO 3000 - Different audit and review assurance work’ or NBC TSC 4400 ‘Work of Previously Agreed-Upon Procedures on Accounting Information’.

The audit organisation that will carry out the work must have authorisation to operate in a publicly-traded corporation in order to verify compliance with the TAC and must not provide this TAC compliance verification service to the same client for more than three consecutive cycles.

The organisation must prove through documents (diplomas, curricula, audit log) that it has a qualified audit team that has the following:

Previous experience with independent audits in agribusiness companies

- Previous experience in management system and data audits
- Has onboarded a qualified information technology (IT) specialist
- Is qualified to perform spatial analysis (SIG)

For more information regarding the required qualifications, skills and knowledge, please refer to the following table 110.

**10** REFERENCIAL FOR AUDITING BEEF CHAIN COMMITMENTS/ Isabel Garcia-Drigo, Lisandro Inakake de Souza, Marina Piatto, Nathalie Walker, Piracicaba, São Paulo State: IMAFLORA, NWF, 2019.

The audit organisation must keep all records needed to demonstrate that the auditors have complied with the above requirements and must make them available upon request.

In addition to proven qualifications, the audit team must be properly trained.

- All team members must receive at least formal training in the Protocol for the Monitoring of Cattle Suppliers in the Amazon.
- All team members must participate in the annual Workshop for the Audit Protocol for Cattle Commitments in the Amazon to update procedures and documentation.





**Table 1**  
**Required skills for the audit team**

Qualifications required	Skills Desired	Specific knowledge required
<b>Information technology (IT) specialist</b>	<ul style="list-style-type: none"> <li>• Experience in assessment of applicable databases, systems and processes.</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier registration, cattle purchases, and blocking systems</li> <li>• Understanding of the integrity of records and systems, including if the programming language has filters or biases that could influence the result of the operation.</li> </ul>
<b>Management and data system auditor</b>	<ul style="list-style-type: none"> <li>• Effective communication, both verbal and written, in a language that is appropriate and professional and that can be easily understood.</li> </ul>	<ul style="list-style-type: none"> <li>• Audit and verification of data and management system.</li> </ul>
<b>Agricultural Supply Chain Management</b>	<ul style="list-style-type: none"> <li>• Understanding of beef supplier management and the requirements of the Protocol for the Monitoring of Cattle Suppliers in the Amazon</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial cattle supply modes</li> <li>• Concepts of deforestation/conversion of native vegetation and applicable legal requirements</li> <li>• Environmental embargo methodology and company implications</li> <li>• Dynamics of official public lists: environmental embargoes and slave labour.</li> </ul>
<b>Spatial Analysis (SIG)</b>	<ul style="list-style-type: none"> <li>• Understanding of the methodologies to check the accuracy of SIG monitoring</li> <li>• Experience in geo-spatial analysis (cross-referencing the polygons of the supplier properties with the maps in the official databases)</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge of geomonitoring systems</li> <li>• Cartographic bases of: deforestation (Prodes Amazon), IL (Indigenous Land), PA (Protected Areas) and CAR databases.</li> </ul>

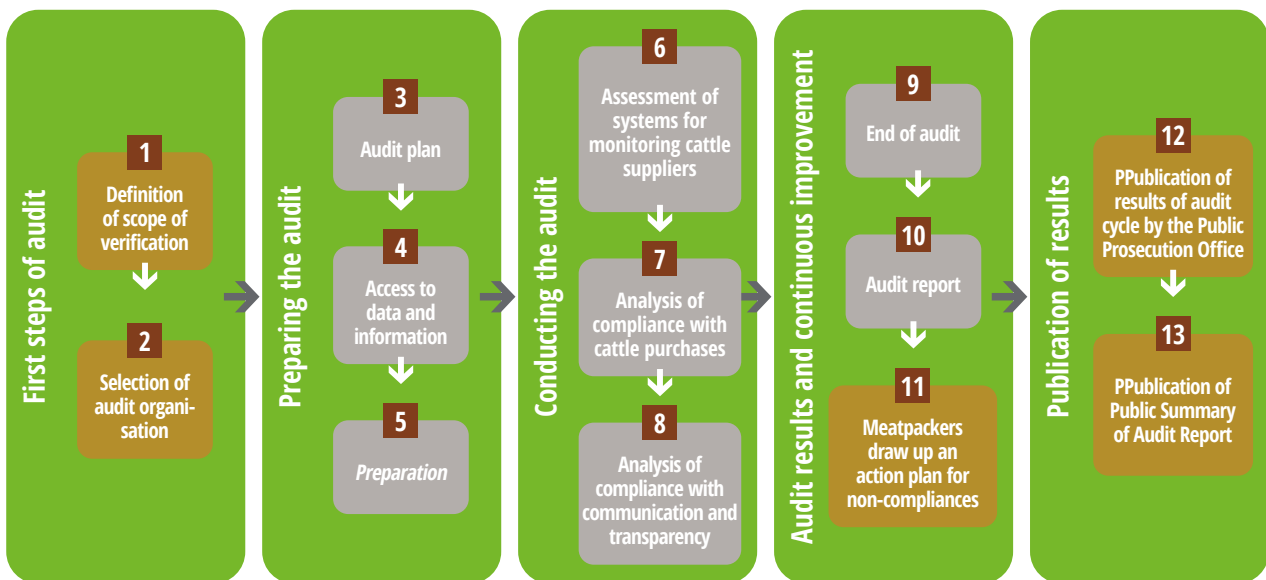




# AUDIT PROCESS

The following table offers a simple chart with the main steps of the audit process, including guidelines for the audited company (in orange - first steps, guidelines for continuous improvement and in the publication of results) and for the audit organisation (in white - preparation, conduct and closure of the audit and preparation of the audit report)

**Figure 1**  
Main steps of the audit process



## 3.1. First steps of the audit

The meatpacker must ensure the scope of the audit is defined in accordance with the commitments undertaken and hire the independent (third party) audit organisation to verify the compliance of the purchases and effectiveness of the monitoring of cattle suppliers.

## Scope of the audit

Companies must send to the audit organisation:

- **The list of units of the scope that will be audited:**
  - Names, locations of plants/business units and company's registration number with the relevant inspection service (SIF, SIE or SIM). This includes:
    - all plants/business units that sourced cattle from the Amazon in the audit period.
    - all units listed in the signatory's commitments (TAC and CPP). If the cattle were not sourced from any of the units in the Amazon, include the reason in the report.
- Brief list of products (fresh cuts, processed beef, live cattle, leather, etc.) of the plants/business units that are included in the scope.
- Amount of cattle acquired by the meatpacker in the audit period.
- **The commitments to which the company is a signatory:**
  - Terms of Adjustment of Conduct for the state of Pará (TAC Pará)
  - Beef TAC (name the states where the company has a signed TAC)
  - Public Cattle Commitment

The scope of the audit must include the states in which the company has signed a TAC in the Amazon, and also its volunteer commitments (such as the Public Cattle Commitment).

It is the responsibility of the meatpackers to allow auditors full access to all information requested and pertinent to the scope and period under assessment, with the greatest possible completeness, accuracy, consistency and transparency. This includes access to all cattle purchase documents and their operation control systems, including interviews with the companies in charge of the geospatial analytics.

## Hiring the independent audit organisation and audit team

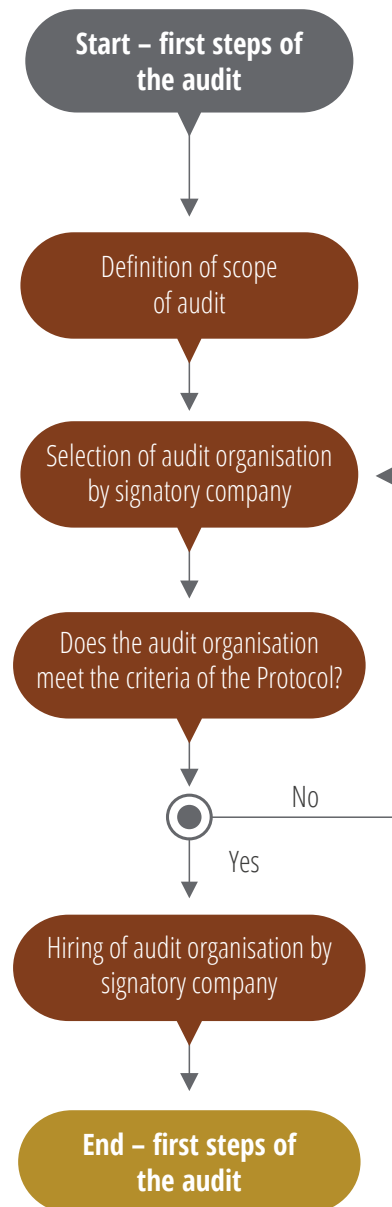
An audit organisation, qualified in accordance with the requirements in this protocol, must be hired and authorised by the Public Prosecutor's Office or the committee representing it.

The audit organisation must draw up a quote based on the number of purchases, units to be audited and the samples

defined by the Public Prosecutor's Office, whenever applicable<sup>11</sup>. The audit organisation and the company to be audited must agree on the details of the audit, such as dates and logistics when the audit takes place in person.

It is the responsibility of the meatpacker to ensure that the hired team has the necessary training, as specified in Chapter 2.

**Figure 2**  
**Flowchart of the first audit steps**



<sup>11</sup> As detailed in Annex I, if the audit is conducted based on the information in GTAs, provided by the Public Prosecutor's Office, the sampling will be calculated by the number of GTAs. If the audit is based on the information of the company procurement list, the sampling calculation will be based on the number of purchases (orders/contracts).





### 3.2. Preparation

The hired audit organisation must create an audit plan and request the meatpacker to send all the information defined in 'Access to data and information', and any other it deems necessary, for analysis of cattle purchases and the systems for monitoring suppliers.

The audit organisation must set a deadline, in agreement with the audited company, to receive the information and analyse the data.

#### Audit plan

The Audit Plan is a previous communication to formalise the process and present the estimated time for each stage, based on the scope received. The auditor must prepare an Audit Plan and send it to the company at least 14 consecutive days before the audit starts.

The Audit Plan must include at least the following information:

- **Clear objectives:**
  - Assess compliance with the terms of the commitments undertaken by the companies, which may be: TAC of Pará, Beef TAC and the Public Cattle Commitment. (list only the applicable commitments)
  - Assess the meatpackers' systems for monitoring cattle suppliers
  - Track the continuous improvement of the monitoring of cattle suppliers
- **Audit criteria:** clear definition of the requirements to be audited and supplementary instructions. A brief presentation of the criteria defined in the Protocol for the Monitoring of Cattle Suppliers in the Amazon.



- **Scope:** definition of the business units included in the company's scope and the departments involved in the cattle procurement process, including geomonitoring service providers; purchasing period under assessment and use of sampling, when applicable.
- **Auditors:** definition of the audit team and summary statement of their qualifications, to meet the requirements defined in chapter 2 of this Audit Protocol.
- **Schedule:** how many audit days are required and the audit activity schedule (at Headquarters/Corporate Office, Business Units and/or a remote audit).
  - Consider in the schedule the time that will be needed for the preparation phase.
  - Consider in the schedule the tests required, the interviews and the types of audit (see box).
  - The audit organisation must request and check in advance the company's monitoring procedures to confirm which departments and service providers need to be assessed and key persons need to be interviewed.
- **Access to information:** The Audit Plan must contain the agreement for full access to documents and information essential for assessing compliance (control systems, procedures, lists, records, supplier registers, tax documents, etc.) and must be approved by the head person assigned by the company.

### 4.2. Preparing the audit

The contracted audit organisation must draw up an audit plan and ask the meatpacker to send all the information defined in the "Access to data and information," and any other it requires, for the analysis of cattle purchases and of the supplier monitoring system.

The audit organisation must define a deadline, along with the company that will be audited, for the receipt of the information and data analysis.

# Types of audit

The audits can be conducted on-site, remotely or a combination of the two. The use of these types must be properly balanced and based on, among others, consideration of related risks and opportunities.

The audit will consist of activities that will be conducted by:

- **Preparation:** the auditor will review and analyse the data provided to him (procedures and records). There are no other interactions between the auditor and the auditee.
- **Remote audit:** a remote audit is a regular audit conducted while the auditor is not in the same physical location as the auditee. The outcome of the audit is not influenced by the application of remote techniques. Therefore, the remote audit must result in the same level of rigour and objectivity as an on-site audit. It includes an electronic exchange of information and interviews. The auditor interacts with the client based on the results of the audit activities. Remote audits refer to the use of technology to collect information, interview an auditee, etc., when "face-to-face" methods are not possible, desirable or necessary.
- **On-site audit:** an on-site audit is a regular audit conducted while the auditor is in the same physical location as the auditee, interacting with the client in audit activities – opening and closing meetings, interviews and reviewing documents, systems and records.

In the verification, according to this Audit Protocol, the auditor must plan the interviews with the people in charge of the processes (for cattle procurement, monitoring, blocking, unblocking, etc.), analysis of the monitoring system, extraction of the list of animal purchases during the audit period and tests in the purchase and geo-monitoring systems.

- The extraction of the procurement list must be carried out in the presence of an Information Technology (IT) expert from the audit team to assess the integrity of the procurement list, i.e. without exclusions or filters that direct records that do not represent the entirety of the company's animal purchases during the period in question.

On-site audits must be carried out at the premises of the contracting company (head office and/or business unit) or the outsourced geo-monitoring company, due to the access to information and the total base of purchases and systems used in the company's monitoring.

Remote audits from the office of the auditing organisation are allowed provided that access by conference call or more advanced technology is ensured, with sharing of screens and access to the company's systems, and that the auditor can collect the necessary evidence to record the audit report and ensure that the information is complete and accurate.

At the request of the Public Prosecutor's Office, on-site audits will be conducted when the Office believes that the risk or performance of the meatpacker does not ensure a good result by remote verification.

More information on audit methods is available in ISO 19011:2018<sup>12</sup>.

<sup>12</sup> ABNT NBR ISO 19011:2018, Guidelines for auditing management systems, third edition, 53 pgs. 20/12/2018.



## Access to data and information

The auditor must have access to data and information for prior analysis, during the preparation phase, and additional data and information will be verified later, as well as tests and checks on the control systems during the audit (remote or on-site).

In order to ensure uniformity in the analysis of the various commitments, all data and information defined in this audit protocol, must refer to the entire audit scope. In other words, a meatpacker that has a unit in Pará state and a unit in Mato Grosso must send data and information relating to both units (e.g.: list of purchases, contracts, blockages, etc.).

- **For preparation**

So that the auditor can get a full understanding of the systems and processes established in the company, as well as the compliance of cattle procurement, the company must submit all the information below to the auditor:

**Table 2**  
**Information and data that the audited company must provide to the auditor during preparation phase**

Information and data	Format
<b>Current company and contact information</b> (company name, contact person, telephone, e-mail and address of each audited unit).	Excel file or similar
<b>Manual describing the procedures performed by the signatory</b> company in its routine cattle procurement operations.	Word or pdf file
<b>List of suppliers</b> , containing the name of the supplier, identification document (CPF/CNPJ taxpayer registry number), the name and CAR number of the property and municipality/State.	Excel file or similar

In order to analyse the compliance of the monitoring criteria, the auditors must use the information and data made available by the Public Prosecutor's Office or the commission that represents it, as defined below, and in line with the parameters defined in the Protocol for the Monitoring of Cattle Suppliers in the Amazon.

**Table 3**  
**Information and data that the Public Prosecutor's Office, or the committee representing it, must provide to the auditor**

Information	Details	Deadline	Format
<b>GTA</b>	List of cattle purchased, through GTA issued to the signatory of the TAC, containing information about the GTA number, date of issue of the GTA, identification of the origin, including the name, CPF or CNPJ taxpayer registry number of the owner or the lessee (CPF or CNPJ) with whom the producer has a lease agreement that sold the cattle; municipality of origin, name of the property of origin, identification of the recipient of the cattle (buyer), including name of the establishment, CPF or CNPJ, quantity of animals transported and municipality of the recipient. The auditor will exclusively receive the Contractor's data.	All GTAs of the audited period	Excel file or similar
<b>CAR</b>	Polygons of properties registered in the Rural Environmental Registry (CAR) and related information: CAR number, date of registration, reference date of map, CAR status (active, pending, cancelled), name of the property, name of the owner, CPF/CNPJ number of the owner, total area of the property and its area for alternative land use and name and CPF/CNPJ number of the lessee (in the case of leased properties).	Base of CAR for the audited period, updated annually within 30 days following the disclosure of the deforestation rate by Prodes Amazônia/Inpe (estimate – disclosed in November of every year).	Shapefiles of the polygons and data list in Excel or similar file.
<b>Deforestation, IL, PA and Environmental Embargo vector (Ibama)</b>	Polygons from Prodes Amazônia, georeferenced boundaries of Indigenous Land and Protected Areas, and polygons of areas embargoed by Ibama.	All bases in effect in the audited period.	Shapefiles
<b>Slave Labour</b>	Slave Labour List, including Name or corporate title of employer fined, CPF or CNPJ taxpayer number, name of establishment, year of listing, municipality and state. Several lists will be provided and the auditor must point out which one(s) were used by the signatory.	All lists in effect in the audited period.	Excel file or similar
<b>Environmental Embargo List (Ibama)</b>	List of areas embargoed by Ibama for illegal deforestation containing deforested area (ha), A.I. no. (violation notice number), name or corporate title of offender, CPF or CNPJ of offender, municipality, date of listing.	All lists in effect in the audited period.	Excel file or similar
<b>State environmental embargo list (when defined by PMFGA, e.g: Semas-PA, LDI)</b>	State list of areas embargoed due to illegal deforestation (e.g.: Semas-PA, LDI) containing CodList, CAR number, CAR status, year of deforestation, deforested area (ha), deforested area in CAR - APRT (ha), municipality/state, name or corporate title of offender, CPF or CNPJ no. and Source.	All lists in effect in the audited period.	Excel file or similar

**Important:** In situations where the Public Prosecutor's Office, or the commission representing it, does not provide the database for verification of inconsistencies in cattle purchases, the auditor will not have the list of GTAs and the CAR base to identify the supplier properties. The auditor then must use the cattle procurement list extracted from the company's system. The CAR maps, Prodes polygons, for IL, PA and Ibama embargoes must be obtained by the audit team from the official public base (according to the database described in the Protocol for the Monitoring of Cattle Suppliers in the Amazon).



## Preparation of data and information

The auditor must use the data and information received from the Public Prosecutor's Office, or the commission that represents it, to find inconsistencies in the cattle purchases.

### • Sampling

The audit may be done using full or optimised sampling of the purchases, as established in **Annex I – Sampling**. The definition will be made by the Public Prosecutor's Office in accordance with an **Audit Program**, which is staggered over time, based on audit performance.

### • Procedure to identify inconsistencies in cattle purchases based on information provided by the Public Prosecutor's Office, or the commission representing it

Consider an **INCONSISTENCY** when it is identified a purchase from a producer or property considered noncompliant, in the property analysis rule, in each of the criteria of the Protocol for the Monitoring of Cattle Suppliers in the Amazon. This purchase will not be considered a 'noncompliant purchase' until evidence for its unblocking has

**IMPORTANT:** For such assessment, the date when the purchases were made should be considered and not the current situation of the property - this should be verified

## Analysis for the identification of inconsistencies

### 1) List of supplier properties:

#### • Properties without CAR

- Cross-reference the list of GTAs and the CAR database available at the beginning of the audited period (both provided by the Public Prosecutor's Office, or the commission representing it).
- Identify properties without CAR from this "list of supplier properties".
- Check in the "supplier list" provided by the company, if the producer issuing the GTA is the direct supplier or the lessee. Identify the rural property and respective CAR.

If after these analyses the CAR of the property is still not found, analyse the inconsistency with the meatpacker during the audit. If the property is leased, the lease agreement should be checked during the audit.

### 2) Environmental embargo for deforestation and slave labour:

- Cross-reference the database provided by the Public Prosecutor's Office for public and official lists of Ibama's environmental embargoes due to deforestation, state environmental embargoes due to deforestation from SEMA (when defined by PMFGA, e.g: Semas/PA - LDI) and Slave Labour Lists, with the "list of supplier properties" specified in item 1.
- Check if the CPF/CNPJ numbers of the property owner suppliers and lessees are included in the lists. Analyse the inconsistencies with the meatpacker during the audit.

### 3) "CAR map of supplier properties":

#### • Change in CAR property boundaries (rule applicable to the analysis of cattle purchases after 01/Jan/2022)

- Produce the map of the properties using the list of supplier properties specified in item 1 in the official CAR database.
- Check if there was a change in the boundary of the CAR maps of the supplier properties considering the base year of 2017, a year before the audit cycle and at the beginning of the audited period.
- In supplier properties where there has been a change in the CAR map, cross-check with the Prodes Amazônia polygon base (provided by the Public Prosecutor's Office).
- Check if the deforestation polygons in the area overlapped and were excluded from the property, identifying any inconsistencies due to changes in the CAR boundary, for analysis with the meatpacker during the audit.

### Examples:

**1) Audit cycle 2 - Year 2023:** in the audit of purchases from 01/Jul/2021 to 30/Jun/2022, assess the CAR bases available

- from 01/Jul/2021 to 31/Dec/2021: Dec 17; Dec 19; Dec 20\*
- from 01/Jan/2022 to 30/Jun/2022: Dec 17; Dec 20; Dec 21

**2) Audit cycle 3 - Year 2024:** in the audit of purchases from 01/Jul/2022 to 30/Jun/2023, assess the CAR bases available

- from 01/Jul/2022 to 31/Dec/2022: Dec 17; Dec 20; Dec 21
- from 01/Jan/2023 to 30/Jun/2023: Dec 17; Dec 21; Dec 22

\* PMFGA (Protocol for the Monitoring of Cattle Suppliers in the Amazon) implementation transition period: since there is no prior requirement for monitoring based on the CAR map, a noncompliance does not apply to the audit and purchases must be registered as justified.

#### **4) Overlap with Prodes Amazônia, Indigenous Land, Protected Areas, Ibama's environmental embargo due to deforestation**

- Cross-reference the "CAR map of supplier properties" with the polygons of the Prodes Amazônia<sup>13</sup>, Ibama's environmental embargo due to deforestation (vectorial) and maps of Indigenous Land and Protected Areas.
- Based on the parameters and criteria defined in the Protocol for the Monitoring of Cattle Suppliers in the Amazon, identify inconsistencies arising from deforestation and overlaps with protected areas, for analysis with the meatpacker during the audit.

**5) The audit organisation must consolidate the full list of inconsistencies found in the preparation phase and send the list to the audited company so that the latter can present the justifications in the audit (on-site or remote).**

#### **6) GTAs issued in the name of the meatpacker and not recognised**

- In situations where the Public Prosecutor's Office provides a list of GTAs issued in the name of the meatpacker, and the company does not recognize the animals that are listed in the GTAs, the full list of these GTAs must be registered in the report, containing: the GTA number, date of issue of the GTA, identification of the origin, including the name, CPF or CNPJ taxpayer registry number of the owner or the lessee (CPF or CNPJ) with whom the producer has a lease agreement that sold the cattle; municipality of origin, name of the property of origin, identification of the recipient of the cattle (buyer), including name of the establishment, CPF or CNPJ, quantity of animals transported and municipality of the recipient.

<sup>13</sup> This protocol does not require the auditor to prepare a multitemporal analysis to assess deforestation in the preparation phase.

#### **• Procedure to identify inconsistencies in cattle procurement based on information provided by the company and public and official bases**

- The auditor will not have the list of GTAs to identify the supplying properties only in situations where the Public Prosecutor's Office, or the commission representing it, does not make the database available for the verification of inconsistencies in cattle purchases. In this case, the auditor must use the cattle procurement list extracted from the company's system.
- The CAR maps, Prodes polygons, Indigenous Land, Protected Areas and Ibama embargo maps must be obtained by the audit team from the public and official base (according to sources described in the Protocol for the Monitoring of Cattle Suppliers in the Amazon), to identify the supplier properties and any inconsistencies, in line with the same procedures described above when the Public Prosecutor's Office provides the base.

#### **Extraction of the cattle procurement list from the company's system**

The extraction of the procurement list must be carried out in the presence of an Information Technology (IT) expert from the audit team to assess the integrity of the procurement list without exclusions or the use of filters to compile records that do not represent the entirety of the company's animal purchases during the period in question.

- 1) Select from the company's commercial registry all suppliers who sold cattle within the audited period.

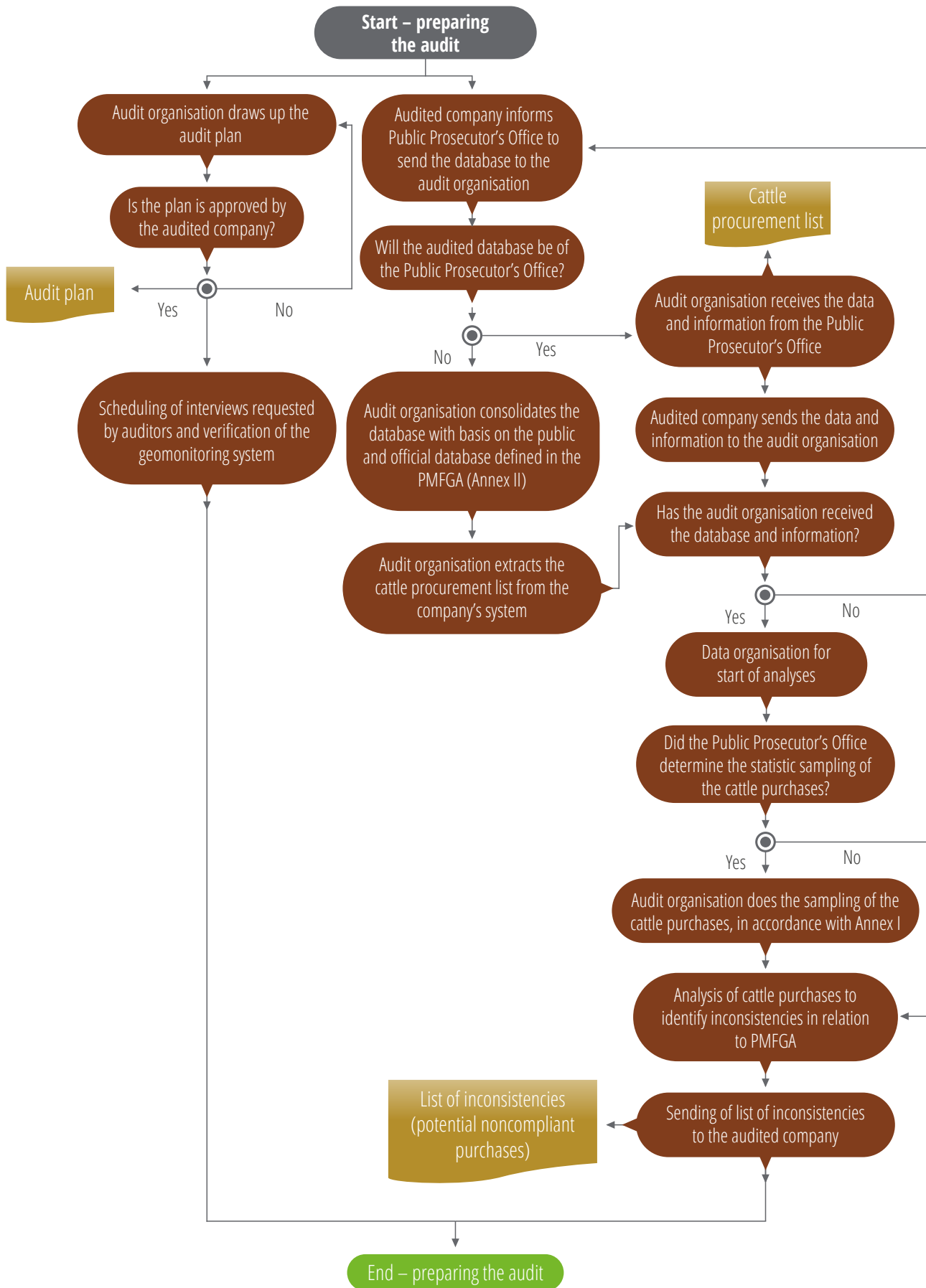
Request the information based on the purchase date (order or contract) within the audited period, associating at least the identification of the supplier (name, CPF/CNPJ number, farm, CAR registration number, municipality/state), the date of conclusion of the order/contract and the volume contracted.

- 2) Start the procedure to extract the list from the system, checking and registering the filters applied in the system and ensuring their integrity. ISO27001:2013 is an information security management system standard that can be adopted as a reference in the verification and testing of the systems for the extraction of the meatpacker's procurement list.
- 3) Register the procedure in the report, the result of the test for extracting the procurement list and any inconsistencies identified and justifications presented by the company.





**Figure 3**  
**Flowchart for audit preparation**





### 3.3. Conducting the audit

The steps for the audit are shown below:

- 1) assess the supplier management and monitoring system and adherence to the Protocol for the Monitoring of Cattle Suppliers in the Amazon
- 2) assess compliance of cattle purchases in the audit period and adherence to public cattle commitments
- 3) assess compliance with communication and transparency procedures and adherence to public cattle commitments

The audited company must schedule the auditors' meetings with the areas involved in the monitoring processes of the cattle suppliers, as well as the meeting for verification of the geomonitoring system with the service provider, if it is outsourced. The meetings must be planned with enough time for the interview, presentation of the applicable control systems, procedures, records and evidence, tests and drills.

The auditor with SIG training must attend the meeting for verification of the geo-monitoring system.

In addition to the information that will be assessed in the preparation phase, the auditor will verify other data and information while evaluating the company's management system, as shown in the table below. This data must be presented to the auditor, as requested, during interviews, tests and verifications.

**Table 4**  
**Information and data that the audited company must provide to the auditor**

Information and data	Time period	Format
List of rural supplier properties over 3,000 ha licensed or in the process of licensing, containing: number of the license or protocol, relevant environmental entity, total area of the property, area subject to licensing, name of the property, name of the owner, identification document (CPF/CNPJ) of the owner and lessee (in the case of leased properties).	All bases in effect in the audited period.	Excel file or similar
Meatpackers' control spreadsheet to calculate the productivity index, based on the size of the productive area of the properties and amount of cattle purchased.	All purchases made in the audited period	Excel file or similar
Records of all purchases and receipts of cattle in the audited period, verified through the GTAs and invoices issued.	All purchases made in the audited period	Original or scanned document
Data and documents proving the environmental regularisation of the properties (unblocked due to illegal deforestation).	Audited period	Excel, Word or pdf file
Information given to consumers about the origin of the product (identifying the properties and municipalities/state of origin of the cattle that make up that production batch).	Audited period	Link to the website
Transparency of audit results by publishing Public Summaries of the previous year's Audit Report. <sup>14</sup>	Audited period	Link to the website
List of Noncompliances of the previous audit cycle and description of the remedial actions and improvements implemented <sup>14</sup> .	Previous year's audit cycle	Word or pdf file
Supplier lease contracts, when the producer claims that it produces on leased land, informing name or corporate title, identification document (CPF/CNPJ number) of the property owner and lessee, size of the leased area, municipality/state and property name.	All purchases made in the audited period	Original or scanned document

<sup>14</sup> This information will only be available from the 2nd audit cycle following this protocol.



## Verification of system for monitoring cattle suppliers

During the audit, the auditors will have access to the control systems implemented by the company to monitor its suppliers so they can carry out their analyses and tests, as follows:

**Table 5**  
**Control systems that the company must show to the auditors**

Control systems
Cattle supplier registry system
Cattle procurement system (management of orders, contracts, and related reports)
Systems for monitoring cattle suppliers, which includes: <ul style="list-style-type: none"><li>• managing the blocking and unblocking of suppliers, in accordance with the Protocol for the Monitoring of Cattle Suppliers in the Amazon</li><li>• geomonitoring (geospatial analytics)</li><li>• management of documentation, public and official lists</li><li>• Management of the productivity of cattle suppliers</li></ul>

The assessment of the systems for monitoring and geomonitoring suppliers must follow the steps shown below, as well as the tests to be carried out in the meatpacker's system and the geo-monitoring system in the service provider company, when outsourced.

For all the indicators there are guiding questions, in Annex II, which should be used to increase the understanding of the company's system, assess compliance of requirements of this protocol and collect evidence that must be registered in the report. When the auditor finds an item where the company does not meet the requirement, he or she must investigate additional evidence to confirm the fact.

The tests of the main components of the monitoring system can be used to prove that the correct procedures and parameters are being applied by the meatpacker and the contracted monitoring company.

Analysis of the procedures for the systems for monitoring cattle suppliers: a **"noncompliance"** will be registered when the indicators in the checklist of the systems for monitoring cattle suppliers are not met (Tables 6 and 7).

**Table 6**  
**Checklist of systems for monitoring cattle suppliers**

<b>Management criteria:</b> avoid buying from suppliers who do not meet the criteria of the cattle commitments in the Amazon		
<p><b>Item to be checked:</b></p> <p><b>Quality of the information system on direct suppliers.</b></p>	<p><b>Indicator #1:</b></p> <p>The business registry (registry of suppliers) is complete and continuously updated.</p>	<p><b>Method of evidence collection:</b></p> <p>1. Use the guiding questions set out in ANNEX II</p> <p>1.1 Interviews with the business registry manager.</p> <p>1.2 Analysis of procedures</p> <p>1.3 Analysis of the records of a random sample of suppliers<sup>15</sup>:</p> <ul style="list-style-type: none"> <li>• assess the registry of suppliers with and without a block for irregularities in the Protocol for the Monitoring of Cattle Suppliers in the Amazon.</li> <li>• assess suppliers enrolled in the CPF (individual) and CPNJ (legal entity) taxpayer registry</li> <li>• assess direct supplier farm owner and lessee</li> </ul> <p>1.4 Include in the report examples of the print screens</p>
<p><b>Item to be checked:</b></p> <p><b>Quality of the geospatial monitoring system</b></p>	<p><b>Indicator #2:</b></p> <p>The geospatial database is complete and up to date.</p>	<p><b>Method of evidence collection:</b></p> <p>2. Use the guiding questions set out in ANNEX II</p> <p>2.1 Interview the people in charge of registration management and those operating the geospatial monitoring system.</p> <p>2.2 Analysis of procedures</p> <p>2.3 Analysis of the records of a sample of suppliers in the company's geomonitoring system<sup>16</sup>, with random properties:</p> <ul style="list-style-type: none"> <li>• of suppliers with and without blocks</li> <li>• of direct suppliers (farm owner) and lessee (of supplier property)</li> </ul> <p>2.4 Include in the report examples of the print screens</p> <p>Check if the database sources used in the geospatial analysis are at least those in the Protocol for the Monitoring of Cattle Suppliers in the Amazon.</p> <ul style="list-style-type: none"> <li>• If the company does not monitor all the sources defined in the Protocol, record a noncompliance.</li> <li>• If the geomonitoring system database is out of date on the day of the audit, record a noncompliance.</li> </ul> <p><b>Important:</b> the verification of the geomonitoring system must be done with the help of the geo expert of the audit organisation.</p>

<sup>15</sup> The auditor must define a representative sample to assess the quality of the company's management system.

<sup>16</sup> The auditor must define a representative sample to assess the quality of the company's management system.



## Management criteria:

avoid buying from suppliers who do not meet the criteria of the cattle commitments in the Amazon

<p><b>Item to be checked:</b></p> <p><b>Quality of the geospatial monitoring system</b></p>	<p><b>Indicator #3:</b></p> <p>The geospatial monitoring is implemented and ensures accuracy in the analysis of deforestation, environmental embargoes, changes in CAR boundaries and overlaps with protected areas.</p>	<p><b>Method of evidence collection:</b></p> <p>3. Use the guiding questions set out in ANNEX II</p> <p>3.1 Interview the people in charge of operating the geospatial monitoring system.</p> <p>3.2 Analysis of procedures</p> <p>3.3 Analysis of the geospatial monitoring method, by a geo expert who is part of the audit team.</p> <p>3.4 Include in the report examples of the print screens</p> <p>Evaluate in the geo-monitoring system if the parameters used in the geospatial analysis and the recommendations for blocking suppliers are those contained in the Protocol for the Monitoring of Cattle Suppliers in the Amazon.</p> <ul style="list-style-type: none"> <li>• If there are criteria of the PMFGA that are not monitored by the company, record a noncompliance.</li> <li>• If the parameters used by the company are less restrictive, record a noncompliance.</li> <li>• If the criteria and/or parameters used by the company are more restrictive, include this in the report (good practice).</li> </ul> <p><b>Important:</b> the verification of the geomonitoring system must be done with the help of the geo expert of the audit organisation.</p>
<p><b>Item to be verified:</b></p> <p><b>monitoring system for official public lists (environmental embargo and slave labour)</b></p>	<p><b>Indicator #4:</b></p> <p>There is no cattle acquisition from suppliers on environmental embargo lists for deforestation or slave labour.</p>	<p><b>Method of evidence collection:</b></p> <p>4. Use the guiding questions set out in ANNEX II</p> <p>4.1 Interview the people in charge of the control of the lists and of the purchase of cattle</p> <p>4.2 Analysis of procedures</p> <p>4.3 Analysis in the control system of a sample of suppliers<sup>17</sup>.</p> <p>4.4 Include in the report examples of the print screens</p> <p>Assess suppliers with and without blocks and assess direct supplier farm owners and lessees.</p> <ul style="list-style-type: none"> <li>• If the lists of slave labour, environmental embargoes due to deforestation by Ibama or state environmental embargoes due to deforestation by Sema (when defined by the PMFGA, e.g: Semas-PA, LDI), are not monitored, record a noncompliance.</li> <li>• If the parameters used by the company are less restrictive than those defined by Protocol for the Monitoring of Cattle Suppliers in the Amazon, record a noncompliance.</li> <li>• If the criteria and/or parameters used by the company are more restrictive, include this in the report (good practice).</li> </ul> <p>Check if the database for verification of documents and their validity are as per the Protocol for the Monitoring of Cattle Suppliers in the Amazon.</p> <ul style="list-style-type: none"> <li>• If the company does not monitor the appropriate database or if these are out of date, record a <b>noncompliance</b>.</li> </ul>

<sup>17</sup> The auditor must define a representative sample to assess the quality of the company's management system.

### Management criteria:

avoid buying from suppliers who do not meet the criteria of the cattle commitments in the Amazon

Item to be checked:	Indicator #5:	Method of evidence collection:
<b>documentation monitoring system</b>	No cattle acquisition from suppliers without GTA from the farm of origin, without CAR (or protocol) and without LAR (or protocol) on properties > 3,000 hectares	<p>5. Use the guiding questions set out in ANNEX II</p> <p>5.1 Interviews with the people in charge of the management of documents and cattle purchases</p> <p>5.2 Analysis of procedures</p> <p>5.3 Analysis of the document control system of a sample of suppliers<sup>18</sup>.</p> <p>5.4 Include in the report examples of the print screens</p> <p>Assess suppliers with and without blocks and assess direct supplier farm owners and lessees.</p> <ul style="list-style-type: none"><li>• If CARs, LARs or GTAs are not monitored, record a noncompliance.</li><li>• If the parameters used by the company are less restrictive, record a noncompliance.</li><li>• If the company does not verify the validity of the documents, record a noncompliance.</li><li>• If the parameters used by the company are more restrictive, include this in the report (good practice).</li></ul> <p>Check if the databases for verification of documents and their validity are as per the Protocol for the Monitoring of Cattle Suppliers in the Amazon.</p> <ul style="list-style-type: none"><li>• If the company does not monitor at least all the databases, record a <b>noncompliance</b>.</li></ul>

<sup>18</sup> The auditor must define a representative sample to assess the quality of the company's management system.



## Management criteria:

avoid buying from suppliers who do not meet the criteria of the cattle commitments in the Amazon

Item to be checked:	Indicator #6:	Method of evidence collection:
<p><b>system for monitoring the productivity index of supplier properties</b></p>	<p>No purchase of cattle from suppliers with limits above the maximum productivity index</p>	<p>6. Use the guiding questions set out in ANNEX II</p> <p>6.1 Interviews with the people in charge of the control of the productivity index and the purchase of cattle</p> <p>6.2 Analysis of procedures</p> <p>6.3 Analysis of the productivity index control system of a sample of suppliers<sup>19</sup>.</p> <p>6.4 Include in the report examples of the print screens</p> <p>Assess suppliers with and without blocks and assess direct supplier farm owners and lessees.</p> <ul style="list-style-type: none"> <li>• If productivity indexes are not monitored, record a <b>noncompliance</b>.</li> <li>• If the company does not maintain the self-statements of producers with an index above the productivity limit established in the PMFGA, register a <b>noncompliance</b>.</li> <li>• If the parameters used by the company are less restrictive than those set out in the Protocol for the Monitoring of Cattle Suppliers in the Amazon, record a <b>noncompliance</b>.</li> <li>• If the criteria and/or parameters used by the company are more restrictive, include this in the report (good practice).</li> </ul>
<p><b>quality of the system for blocking purchases from irregular suppliers</b></p>	<p>The purchasing system blocks suppliers with irregularities.</p>	<p>7. Use the guiding questions set out in ANNEX II</p> <p>7.1 Interview those in charge of the purchase blocking operation.</p> <p>7.2 Documentary analysis (procedure for blocking and/or complementary analysis records for decision making).</p> <p>7.3 Include in the report examples of the print screens</p> <p>Check if the rules used in making the decision to block farms, suppliers or purchases are those contained in the Protocol for the Monitoring of Cattle Suppliers in the Amazon.</p> <ul style="list-style-type: none"> <li>• If the rules used by the company are less restrictive, record a noncompliance.</li> <li>• If the rules used by the company are more restrictive, include this in the report (good practice).</li> </ul> <p><b>Important:</b> the verification of the supplier blocking system must be done with the help of the systems expert of the audit organisation.</p>

<sup>19</sup> The auditor must define a representative sample to assess the quality of the company's management system.

## Management criteria:

avoid buying from suppliers who do not meet the criteria of the cattle commitments in the Amazon

<p><b>Item to be checked:</b></p> <p><b>quality of the system for blocking purchases from irregular suppliers</b></p>	<p><b>Indicator #7:</b></p> <p>The purchasing system blocks suppliers with irregularities.</p>	<p><b>Test of the blocking system and simulation of purchases from suppliers with inconsistencies</b></p> <p>The assessment of the blocking system must simulate purchases from suppliers who do not meet the PMFGA criteria in order to test its effectiveness.</p> <p><b>Note:</b> this test can only be carried out if the blocking system is automatic.</p> <p><b>1)</b> The auditor must select 20 properties with inconsistencies in the company's system, identified in the preparation phase. If there are not this many properties with inconsistencies, select the remainder randomly from the supplier list.</p> <p>In turn, carry out the following:</p> <ul style="list-style-type: none"><li>• 2 tests for blocking purchases on properties with deforestation (Prodes Amazônia)</li><li>• 2 tests for blocking purchases on properties with overlaps on Protected Areas</li><li>• 2 tests for blocking purchases on properties with overlaps on Indigenous Land</li><li>• 2 tests for blocking purchases on properties with Ibama's environmental embargoes due to deforestation [Vector]</li><li>• 2 tests for blocking purchases on properties with changes in CAR boundaries</li><li>• 2 tests for blocking purchases from suppliers included in Ibama's list of environmental embargoes due to deforestation</li><li>• 2 tests for blocking purchases from suppliers that are included in the list of state environmental embargo due to deforestation (when defined by the PMFGA, e.g: Semas-PA, LDI)</li><li>• 1 test for blocking purchases from suppliers included in the slave labour list</li><li>• 1 test for blocking purchases on properties that have not presented the CAR</li><li>• 1 test for blocking purchases on property <math>\geq 3,000</math> ha in Pará state, without presenting a current LAR</li><li>• 1 test to block the purchase of cattle without presenting the GTA from the property of origin</li><li>• 2 tests for blocking the purchase of cattle from farms that have the productivity index above the maximum limit</li></ul> <p><b>Note:</b> if the management of the purchasing monitoring system is not the same for all the company's Units, the analysis must be carried out by the Business Unit that has similar monitoring.</p>
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## Management criteria:

avoid buying from suppliers who do not meet the criteria of the cattle commitments in the Amazon

<p><b>Item to be checked:</b></p> <p><b>quality of the system for blocking purchases from irregular suppliers</b></p>	<p><b>Indicator #7:</b></p> <p>The purchasing system blocks suppliers with irregularities.</p>	<p><b>2)</b> Using the registration data of the selected properties, simulate the purchase process in the company's system. The auditor must assess if the suppliers who do not comply with the commitments are blocked.</p> <p><b>Considerations:</b> the geospatial analysis testing must be done in the geo-monitoring system, with the service provider (if outsourced), and other systems involved in the company's purchase blocking system.</p> <p><b>3)</b> All tests must be carried out with properties that have such blocking (real case) or should simulate situations with properties to demonstrate the effectiveness of the company's blocking system (fictitious case).</p> <p><b>4)</b> Examples of evidence of the tests must be collected for the purpose of presentation in the print screen, showing the compliance or failures to block suppliers with irregularities.</p> <p>If there is a failure to block, the company's justifications must be registered, and if these are considered insufficient, register a <b>noncompliance</b> in this indicator.</p> <p>The verification of the geomonitoring system must be carried out with the help of the geo expert of the audit organisation.</p>
<p><b>Item to be checked:</b></p> <p><b>quality of the system for blocking purchases from irregular suppliers</b></p>	<p><b>Indicator #8:</b></p> <p>When a supplier has been unblocked, the steps required for the unblocking have been completed.</p>	<p><b>Method of evidence collection:</b></p> <p>8. Use the guiding questions set out in ANNEX II</p> <p>8.1 Interview those in charge of the purchase unblocking operation</p> <p>8.2 Documentary analysis (written procedure for unblocking and/or records of unblocking analysis)</p> <p>8.3 Include in the report examples of the print screens</p> <p>Check if the unblocking rules of the <b>Protocol to Monitor Cattle Suppliers in the Amazon</b> have been followed.</p> <ul style="list-style-type: none"> <li>If the company does not verify the validity of the documents, record a <b>noncompliance</b>.</li> </ul> <p><b>Important:</b> the verification of the supplier blocking system must be done with the help of the systems expert of the audit organisation.</p>
<p><b>Item to be checked:</b></p> <p><b>analysis of continuous improvement of the monitoring system.</b></p>	<p><b>Indicator #9:</b></p> <p>Improvements in the system for monitoring cattle suppliers are implemented.</p>	<p><b>Method of evidence collection:</b></p> <p>9. Use the guiding questions set out in ANNEX II</p> <p>9.1 Interview those in charge of the monitoring system</p> <p>9.2 Analysis of procedures</p> <p>9.3 Analysis of noncompliances from the previous year, the action plans presented and associated information</p>

**Management criteria:**

avoid buying from suppliers who do not meet the criteria of the cattle commitments in the Amazon

	<ul style="list-style-type: none"> <li>If the company has presented noncompliant purchases in the previous year's audit, ask the company for the action plans put in place to prevent the failures.</li> <li>If no efforts are made to forward the action plan established in the previous year to eliminate the noncompliances, record this fact in the Audit Report and register a noncompliance.</li> </ul>
<p><b>Indicator #10:</b></p> <p>The company assesses other criteria in monitoring cattle suppliers.</p>	<p><b>Method of evidence collection:</b></p> <p>10. Use the guiding questions set out in ANNEX II</p> <p>10.1 Analysis of procedures</p> <p>10.2 Interview those in charge of the monitoring system.</p>

**Note:** The auditor must describe and analyse the company's processes and procedures in the Final Audit Report.

The guiding questions are a guide for the auditor to evaluate the processes and procedures and do not need to be answered directly in the Final Report, although the information collected must be included in the evidence log. Instructions to auditors on recording evidence and noncompliances are provided in the Audit Report Template.

**Table 7**  
**Checklist of compliance of cattle purchase records**

Criterion 1: Registration and control of cattle purchases		
<p><b>TAC-PA and Beef TAC</b> - Item 3.1 "The companies agree to maintain auditable records of the production lots of their beef products listing the property of origin of the cattle and other control elements for the purpose of verifying compliance with this instrument (...)"</p> <p>Paragraph 1 - "The companies must send a list of accredited and non-accredited suppliers to the Public Prosecutor's Office every six months"</p>		
<p><b>Item to be checked:</b></p> <p><b>quality of cattle purchase registration system</b></p>	<p><b>Indicator #11:</b></p> <p>All cattle purchases from direct suppliers are registered (procurement list).</p>	<p><b>Method of evidence collection:</b></p> <p>11. Use the guiding questions set out in ANNEX II</p> <p>11.1 Interview those in charge of the cattle purchase registration.</p> <p>11.2 Analysis of purchase registration procedure</p> <p>Request evidence that records of production lots of beef products are maintained, listing the property of origin of the cattle.</p> <ul style="list-style-type: none"> <li>If such evidence is not provided, a <b>noncompliance</b> must be registered in this indicator.</li> </ul>



## Criterion 1: Registration and control of cattle purchases

<p><b>Item to be checked:</b></p> <p><b>quality of cattle purchase registration system</b></p>	<p><b>Indicator #11:</b></p> <p>All cattle purchases from direct suppliers are registered (procurement list).</p>	<p><b>Extraction of the procurement list</b></p> <p>To ensure that the company keeps auditable records of production lots and links them to the property where the cattle are sourced, the company's procurement list must be extracted and its integrity needs to be verified. The procedure is described in chapter 3.2 (preparation).</p> <ul style="list-style-type: none"> <li>In the event of evidence that the list sent previously to the auditor does not contain all the purchases made by the company, i.e., filters were applied or purchases registered in the company's system were omitted (regardless of the cause), a <b>noncompliance</b> must be registered in this indicator.</li> </ul> <p>Notes:</p> <ul style="list-style-type: none"> <li>In situations where the Public Prosecutor's Office does not make the list of GTAs available, the auditor must conduct the audit based on the company's procurement list, using the list extraction procedure.</li> <li>Even when the Public Prosecutor's Office makes the list of GTAs available, the auditors must extract the procurement list to compare it with the list of GTAs, and verify if the company has records and control over cattle purchases.</li> </ul> <p>In this verification, if cattle purchases are found listed in the GTA list provided by the Public Prosecutor's Office, and the meatpacker does not acknowledge receipt of these purchases, and they are not listed in the meatpacker's records, the auditor must register all the information of these GTAs in table 14 of the Audit Report. In these cases, a <b>noncompliance</b> will not be registered.</p>
<p><b>Item to be checked:</b></p> <p><b>quality of cattle purchase registration system</b></p>	<p><b>Indicator #12:</b></p> <p>lists of accredited and non-accredited suppliers are maintained and provided to the Public Prosecutor's Office.</p>	<p><b>Method of evidence collection:</b></p> <p>12. Use the guiding questions set out in ANNEX II  12.1 Interview those in charge of the cattle purchase registration.  12.2 Analysis of purchase registration procedure</p> <p>Request evidence to prove that records are kept of the lists of accredited and non-accredited suppliers and that they are sent to the Public Prosecutor's Office every six months, except when a formal exemption is issued by the Office for the auditing cycle under assessment.</p> <ul style="list-style-type: none"> <li>If such evidence is not provided, a noncompliance must be registered in this indicator.</li> </ul>

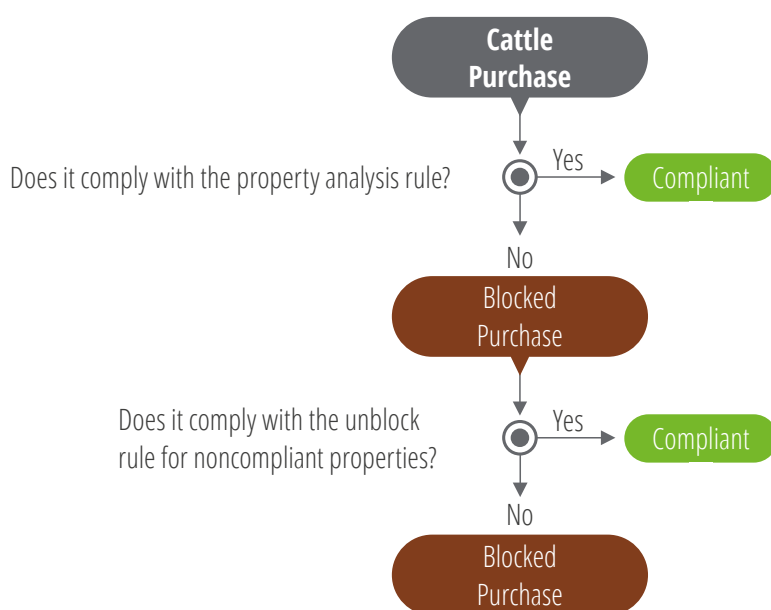


## Verification of the compliance of cattle purchases

After finding the inconsistencies in the preparation phase, the company must provide evidence to show compliance of the cattle purchase with the requirements of the public cattle commitments.

To this end, the auditor will check if the rules for unblocking noncompliant properties have been followed in all purchases under the audit scope, in accordance with the Protocol for the Monitoring of Cattle Suppliers in the Amazon, and presented in a basic form in Figure 4.

**Figure 4**  
**Basic chart for the rules of analysis and unblocking of the criteria of the Protocol for the Monitoring of Cattle Suppliers in the Amazon (PMFGA)**



- A noncompliant purchase will be registered when the evidence presented is insufficient to prove that the unblocking of the supplier/ineligible property occurred after the Protocol for the Monitoring of Cattle Suppliers in the Amazon.
- A justified compliant purchase will be registered when the evidence presented is sufficient to prove the correct unblocking of a noncompliant supplier/property after the Protocol for the Monitoring of Cattle Suppliers in the Amazon.



## IMPORTANT:

Purchases that were made by the meatpacker prior to the public commitment and the implementation of the criteria and rules of the **Protocol for the Monitoring of Cattle Suppliers in the Amazon**, may include inconsistencies that are justifiable since the company could have been following other monitoring parameters and blocking and unblocking rules.

The audit organisation must include such purchases in the report as a **“compliant purchase”**, provided that the established parameter is based on documented procedures for compliance with commitments to which the company is a signatory (TAC with the Public Prosecutor’s Office or Public Cattle Commitment or others). Otherwise, it must be considered a **“noncompliant purchase”**.

## Record of evidence:

The auditor must give evidence and include in a table in the Audit Report the following information regarding each of the justified compliant purchases and noncompliant purchases found in criteria 2 to 8 (indicators #13 to #26):

- Business unit (name, location and relevant inspection service - SIF, SIE or SIM)
- Name and identification of supplier
- Supplier status (owner or lessee)
- CPF/CNPJ number
- Property name
- Code of the property at the Agricultural Defence Agency (e.g. Adepará/PA)
- CAR number
- Total number of cattle sold (according to GTA)
- Comments

**IMPORTANT:** the evidence presented must refer to the period of purchase of the cattle, and evidence generated after the purchase or without a time stamp will not be accepted.



**Table 8**

**Checklist of compliance of cattle purchases based on environmental and slave labour embargoes**

Criterion 2: Block suppliers who are not compliant with the environmental and slave labour embargo criteria		
<p><b>TAC-PA</b> - Item 2.1.1, letter "a", "b" - "The companies agree not to acquire cattle from ranches that are included in the lists of embargoed areas and slave labour published on the internet by Ibama and the Labour Ministry , respectively, or whose embargoes and problems related to slave labour will be communicated to the companies by the Public Prosecutor's Office; are located in the state of Pará in which there have been facts that generated legal or criminal actions or civil lawsuits initiated by the Public Prosecutor's Office and/or the State Public Prosecutor's Office against their respective owners, squatters, managers and employees for practising slave labour."</p> <p><b>TAC-PA</b> (Official letter, 2018) - item 7 - "instruct the company to use all the polygons in the shape file, made available by Ibama, of the areas embargoed by the self-governing federal entity".</p>		
<p><b>Beef TAC</b> - Item 2.1.1, letter "a", "b", "c" - "The company agrees not to acquire cattle from ranches that are on the lists of embargoed areas published on the Internet on the website of the public agencies of Sisnama (Ibama, ICMBio and state environmental agencies); are on the lists of slave labour areas published on the Internet on the website of the Labour Ministry; are located in the states of the Legal Amazon and have a trial court conviction, in criminal and civil actions filed by the Federal, State or Labour Prosecution Offices and received by the Judiciary Power against their respective owners, squatters, managers and employees for practising slave labour.</p>		
<p><b>Item to be verified:</b></p> <p><b>control over cattle purchases from direct suppliers.</b></p>	<p><b>Indicator #13:</b></p> <p>Purchases from properties, producers or suppliers with areas embargoed by Ibama [Vector] are blocked.</p>	<p><b>Method of evidence collection:</b></p> <p>Request the company to provide the evidence used to unblock cattle purchases from blocked properties, producers or suppliers (identified with inconsistencies in the list of supplier properties due to Ibama's environmental embargo due to deforestation [Vector]).</p> <ul style="list-style-type: none"> <li>If the unblocking evidence complies with the unblocking rule, contained in the Protocol for the Monitoring of Cattle Suppliers in the Amazon, a justified compliant purchase must be registered. Other evidence not listed in the protocol should not be considered sufficient without being submitted to the Public Prosecutor's Office for validation. Evidence validated by the Public Prosecutor's Office will be informed to all the audited companies and auditors for alignment.</li> <li>If the unblocking evidence is not in compliance, consider it a noncompliant purchase</li> </ul> <p>The supporting documents to be verified by the auditor must include: List of areas embargoed by Ibama for illegal deforestation containing: deforested area (ha), A.I. no. (violation notice number), name or corporate title of offender, CPF or CNPJ of offender, municipality/state, date of listing. Polygon of embargoed areas.</p>

20 Atualmente Ministério do Trabalho e Previdência.



**Criterion 2:** Block suppliers who are not compliant with the environmental and slave labour embargo criteria

<p><b>Item to be verified:</b></p> <p><b>control over cattle purchases from direct suppliers.</b></p>	<p><b>Indicator #14:</b></p> <p>Purchases from properties, producers or suppliers with areas embargoed by Ibama [list] are blocked.</p>	<p><b>Method of evidence collection:</b></p> <p>Request the company to provide the evidence used to unblock cattle purchases from blocked properties, producers or suppliers (identified with inconsistencies in the list of supplier properties due to Ibama's environmental embargo due to deforestation [List]).</p> <ul style="list-style-type: none"> <li>• If the unblocking evidence complies with the unblocking rule, contained in the Protocol for the Monitoring of Cattle Suppliers in the Amazon, a <b>justified compliant purchase</b> must be registered. Other evidence not listed in the protocol should not be considered sufficient without being submitted to the Public Prosecutor's Office for validation. Evidence validated by the Public Prosecutor's Office will be informed to all the audited companies and auditors for alignment.</li> <li>• If the unblocking evidence is not in compliance, consider it a <b>noncompliant purchase</b></li> </ul> <p>The supporting documents to be verified by the auditor must include: List of areas embargoed by Ibama for illegal deforestation containing: deforested area (ha), A.I. no. (violation notice number), name or corporate title of offender, CPF or CNPJ of offender, municipality/state, date of listing. Polygon of embargoed areas</p>
<p><b>Item to be verified:</b></p> <p><b>control over cattle purchases from direct suppliers.</b></p>	<p><b>Indicator #15:</b></p> <p>Purchases from properties, producers or suppliers with areas under state environmental embargo due to deforestation are blocked (when defined by the PMFGA, e.g.: Semas-PA, LDI)</p>	<p><b>Method of evidence collection:</b></p> <p>Request the company to provide the evidence used to unblock cattle purchases from blocked properties, producers or suppliers (identified with inconsistencies in the list of supplier properties due to Ibama's environmental embargo due to deforestation defined by the PMFGA (when applicable, ex.: Semas-PA, LDI)</p> <ul style="list-style-type: none"> <li>• If the unblocking evidence complies with the unblocking rule, contained in the Protocol for the Monitoring of Cattle Suppliers in the Amazon, a <b>justified compliant purchase</b> must be registered. Other evidence not listed in the protocol should not be considered sufficient without being submitted to the Public Prosecutor's Office for validation. Evidence validated by the Public Prosecutor's Office will be informed to all the audited companies and auditors for alignment.</li> <li>• If the unblocking evidence is not in compliance, consider it a <b>noncompliant purchase.</b></li> </ul> <p>The supporting documents to be verified by the auditor must include: State list of areas embargoed due to illegal deforestation (when defined by the PMFGA, e.g.: Semas-PA, LDI) containing CodList, CAR number, CAR status, year of deforestation, deforested area (ha), deforested area in CAR - APRT (ha), date of listing, municipality/state, name or corporate title of offender, CPF or CNPJ no. and Source.</p>



**Criterion 2:** Block suppliers who are not compliant with the environmental and slave labour embargo criteria

<p><b>Item to be verified:</b></p> <p><b>control over cattle purchases from direct suppliers.</b></p>	<p><b>Indicator #16:</b></p> <p>Purchases from properties, producers or suppliers that are on the slave labour list are blocked.</p>	<p><b>Method of evidence collection:</b></p> <p>Request the company to provide the evidence used to unblock cattle purchases from blocked properties, producers or suppliers (identified with inconsistencies in the list of supplier properties due to slave labour).</p> <ul style="list-style-type: none"> <li>• If the unblocking evidence complies with the unblocking rule, contained in the Protocol for the Monitoring of Cattle Suppliers in the Amazon, a <b>justified compliant purchase</b> must be registered. Other evidence not listed in the protocol should not be considered sufficient without being submitted to the Public Prosecutor's Office for validation. Evidence validated by the Public Prosecutor's Office will be informed to all the audited companies and auditors for alignment.</li> <li>• If the unblocking evidence is not in compliance, consider it a <b>noncompliant purchase</b></li> </ul>
<p><b>Item to be verified:</b></p> <p><b>control over cattle purchases from direct suppliers.</b></p>	<p><b>Indicator #17:</b></p> <p>Purchases from properties, producers or suppliers that have been sentenced in court by the Public Prosecution Offices for the practice of slave labour are blocked.</p>	<p><b>Method of evidence collection:</b></p> <p>Ask if the signatory company, during the period under analysis, received any communication from the relevant official bodies with information on supplier farms with irregularities in these criteria.</p> <ul style="list-style-type: none"> <li>• If the information was made available by the Public Prosecutor's Office, compare the CFP/CNPJ of the supplier/farm that sourced the sampled cattle purchases with the CPF/CNPJ contained in the list received.</li> <li>• If the purchase is confirmed after the inclusion of the CPF/CNPJ in the list, a noncompliant purchase must be registered.</li> </ul>



**Table 9**

**Checklist of compliance of cattle purchases based on regularity and changes in the CAR boundaries**

**Criterion 3: Block suppliers that are not in compliance with the CAR criteria and any changes in the CAR boundaries**

**TAC-PA** - Item 2.2.1 letter "a" - "The companies agree to acquire cattle only from suppliers that present to the meatpacker (...) proof that they have submitted the request to obtain the CAR from SEMA (...)"

**TAC-PA** (Official letter, 2018) - item 6 and 8 - "use reliability analysis in the purchase decision process and the timeline of the submitted Environmental Registry" and "in case of partial embargo, verify by report (including satellite image) the embargo's compliance."

**Beef TAC** - Item 2.2.1 letter "a" - "The companies agree to acquire cattle only from suppliers that present to the meatpacker (...) proof that they have submitted the request to obtain the CAR from SEMA (...) for the Amazon biome and other biomes in the Legal Amazon region."

**Item to be verified:**

**control over cattle purchases from direct suppliers.**

**Indicator #18:**

Purchases from properties without presentation of the CAR are blocked.

**Method of evidence collection:**

- 1)** Ask the company for CAR records, or protocols, of cattle purchases for which no CARs were identified. If the requested evidence is not presented or is noncompliant, consider the **purchase noncompliant**.
- 2)** Request the rental contracts of properties whose CAR is not in the name of the direct supplier. If not presented, consider the **purchase noncompliant**.
- 3)** The auditor must request the CAR document from the sampled supplier properties, as determined by the sampling calculation defined in ANNEX I.

The company must present the CAR, or the CAR protocol, to the selected supplier properties. If the requested evidence is not presented or is noncompliant, consider the **purchase noncompliant**.

The supporting documents to be verified by the auditor must include: CAR number, CAR status (active, pending, cancelled), name of the property, name of owner, CPF/CNPJ number of owner, total area of property and its consolidated area<sup>21</sup> for alternative land use and name and CPF/CNPJ number of lessee (in the case of leased properties).

**Note:** CAR with cancelled status shall not be considered as valid evidence.

<sup>21</sup> When there is no consolidated area in the CAR, estimate according to the PMFGA (box on page 25 – Estimate of % of area consolidated with basis on the Forest Code of the total area declared in the CAR).

**Criterion 3:** Block suppliers that are not in compliance with the CAR criteria and any changes in the CAR boundaries

**Item to be verified:**

**control over cattle purchases from direct suppliers.**

**Indicator #19:**

Purchases from properties with changes in the CAR boundaries are blocked.

**Method of evidence collection:**

**1)** Request the company to provide the evidence used to unblock cattle purchases from blocked properties, (identified with inconsistencies in the list of supplier properties due to changes in the CAR boundaries). Consider:

- **Noncompliant purchase:** irregularities in purchases during the audited period that occurred according to the CAR database used in the audit, after Jan/2021<sup>22</sup>.
- **Justified compliant purchase:** irregularities in purchases during the audited period that occurred before Dec/2020.
- If the unblocking evidence complies with the unblocking rule, contained in the Protocol for the Monitoring of Cattle Suppliers in the Amazon, a **justified compliant purchase** must be registered. Other evidence not listed in the protocol should not be considered sufficient without being submitted to the Public Prosecutor's Office for validation. Evidence validated by the Public Prosecutor's Office will be informed to all the audited companies and auditors for alignment.
- If the unblocking evidence is not in compliance, consider the **purchase noncompliant**

The supporting documents to be verified by the auditor must include CAR number, CAR status (active, pending, cancelled), name of the property, name of the owner, CPF/CNPJ number of the owner, total area of the property and its consolidated area for alternative land use and name and CPF/CNPJ number of the lessee (in the case of leased properties).

The meatpacker must demonstrate that on the date of purchase of the cattle the polygon of the property was COMPLIANT. If it shows that the polygon was different from the one verified by the audit team, the last correction made to the CAR registration must be checked on the Sicar website. If the correction was made before the deadline for updating the CAR, which in the PMFGA defines up to 30 days after the annual release of the Prodes, it must be considered **noncompliant**.

**Example audit cycle (year 2023):** data audit from 01/Jul/2021 to 30/Jun/2022

- **CAR bases:** assess the available bases
- from 01/Jul/2021 to 31/Dec/2021: Dec17; Dec19; Dec20
- from 01/Jan/2022 to 30/Jun/2022: Dec17; Dec20; Dec21
- **Noncompliant:** if there is a change in the CAR boundary (and Prodes deforestation in the excluded area) between Dec/2020 and Dec/2021 for 1st half/2022 purchases and there is no evidence for unblocking, as described in the Protocol for the Monitoring of Cattle Suppliers in the Amazon.
- Would be considered noncompliant: if there is a change in the CAR boundary (and Prodes deforestation in the excluded area) between Dec/2019 and Dec/2020 for 2nd half/2021 purchases and there is no evidence for unblocking, as described in the Protocol for the Monitoring of Cattle Suppliers in the Amazon.

However, since there was no previous requirement for monitoring of the CAR base in these periods, noncompliance should not be considered - consider **justified compliant purchase**.

<sup>22</sup> Date of the first database for monitoring changes to the CAR map boundary, in accordance with the Protocol for the Monitoring of Cattle Suppliers in the Amazon in the Amazon, published in July 2020.



**Table 10**  
**Checklist of compliance of cattle purchases based on illegal deforestation**

Criterion 4: Block suppliers who are not compliant with the illegal deforestation criteria		
<p><b>TAC-PA</b> - Item 2.1.1, letter "e", "f" - "(...) new areas have been illegally deforested after the date this TAC was signed"; "(...) new areas have been deforested after the date this TAC was signed, except for management plans approved and authorised by the relevant environmental agency. (...)"</p> <p><b>TAC-PA</b> (Official letter, 2018) - item 9 - "use as a parameter for control of illegal deforestation the date of 01/08/2008 since the new forest code determines 22/Jul/2008 as the deadline for regularising these illegal deforestations."</p>		
<p><b>Beef TAC</b> - Item 2.1.1, letter "f" - The company agrees not to acquire cattle from farms that have carried out the illegal deforestation of new areas after 22/Jul/2008<sup>23</sup>.</p>		
Item to be verified:	Indicator #20:	Method of evidence collection:
<p><b>control over cattle purchases from direct suppliers.</b></p>	<p>Purchases from properties with illegal deforestation are blocked.</p>	<p>Request the company to provide the evidence used to unblock cattle purchases from blocked properties and suppliers (identified with inconsistencies in the list of supplier properties due to illegal deforestation).</p> <ul style="list-style-type: none"> <li>If the unblocking evidence complies with the unblocking rule, contained in the Protocol for the Monitoring of Cattle Suppliers in the Amazon, a <b>justified compliant purchase</b> must be registered. Other evidence not listed in the protocol should not be considered sufficient without being submitted to the Public Prosecutor's Office for validation. Evidence validated by the Public Prosecutor's Office will be informed to all the audited companies and auditors for alignment.</li> <li>If the unblocking evidence is not in compliance, consider it a <b>noncompliant purchase</b>.</li> </ul>

<sup>23</sup> The Protocol for the Monitoring of Cattle Suppliers in the Amazon in the Amazon sets the deadline at 01/Aug/2008 as a way to align the implementation of the TAC by all meatpackers in the Amazon states -AC, AM, MT, PA and RO.

**Table 11**

**Checklist of compliance of cattle purchases based on overlaps on Indigenous Land and Protected Areas**

**Criterion 5:** Block suppliers who are not compliant with the Indigenous Land and Protected Area criteria

**TAC-PA** item 2.1.1 letter "c" and "d" "have a trial court conviction (...) for invading indigenous land, for land violence, for land grabbing and/or for deforestation and other land conflicts; are causing damage (...) linked to the indigenous issue, to quilombola communities and traditional populations and provided that the damage has not been stopped until now".

**TAC-PA** (Official letter, 2018) - item 3 - "agreeing with the technical tolerance level for overlaps on deforestation areas, Indigenous Land or Protected Areas, namely, the Prodes precision of 6.25 ha and the criteria established between the signatory and the geomonitoring company for overlapping into protected areas (Indigenous Land or Protected Areas) (....) "It is important to emphasize that these tolerance levels must be immediately set aside when there is any other evidence or element that assures the real existence of the deforestation or the overlap into any protected area."

**Beef TAC** - Item 2.1.1, letter "d", "e", "g", "h" - have a trial court conviction (...) for invading indigenous land, for land violence, for land grabbing and/or deforestation and other agrarian conflicts; are causing damage (...) to interests related to the indigenous issue, quilombola communities and traditional populations and provided that the damage has not been stopped up to the moment of exclusion. (...); are located in recognized indigenous areas (...) as well as areas recognized (...) as Protected Areas (except those in which the law allows cattle breeding to take place; have had the CCIR repressed in administrative processes of registration inspection by Incra/State Land Authority due to disputes and/or overlaps on Indigenous Land, Protected Areas, traditional community areas (quilombolas) and public areas (land that is restored, in the process of collection or collected), except in cases where the measure has been judicially suspended."

<p><b>Item to be verified:</b></p> <p><b>control over cattle purchases from direct suppliers.</b></p>	<p><b>Indicator #21:</b></p> <p>Purchases from properties with overlaps on Indigenous Land are blocked.</p>	<p><b>Method of evidence collection:</b></p> <p>Request the company to provide the evidence used to unblock cattle purchases from blocked properties (identified with inconsistencies in the list of supplier properties due to overlaps on Indigenous Land).</p> <ul style="list-style-type: none"> <li>• If the unblocking evidence complies with the unblocking rule, contained in the Protocol for the Monitoring of Cattle Suppliers in the Amazon, a <b>justified compliant purchase</b> must be registered. Other evidence not listed in the protocol should not be considered sufficient without being submitted to the Public Prosecutor's Office for validation. Evidence validated by the Public Prosecutor's Office will be informed to all the audited companies and auditors for alignment.</li> <li>• If the unblocking evidence is not in compliance, consider it a <b>noncompliant purchase</b></li> </ul>
<p><b>Item to be verified:</b></p> <p><b>control over cattle purchases from direct suppliers.</b></p>	<p><b>Indicator #22:</b></p> <p>Purchases from properties with overlaps on Protected Areas are blocked.</p>	<p><b>Method of evidence collection:</b></p> <p>Request the company to provide the evidence used to unblock cattle purchases from blocked properties (identified with inconsistencies in the list of supplier properties due to overlaps on Protected Areas).</p> <ul style="list-style-type: none"> <li>• If the unblocking evidence complies with the unblocking rule, contained in the Protocol for the Monitoring of Cattle Suppliers in the Amazon, a <b>justified compliant purchase</b> must be registered. Other evidence not listed in the protocol should not be considered sufficient without being submitted to the Public Prosecutor's Office for validation. Evidence validated by the Public Prosecutor's Office will be informed to all the audited companies and auditors for alignment.</li> <li>• If the unblocking evidence is not in compliance, consider it a <b>noncompliant purchase</b></li> </ul>



**Criterion 5:** Block suppliers who are not compliant with the Indigenous Land and Protected Area criteria

Item to be verified:	Indicator #23:	Method of evidence collection:
<b>control over cattle purchases from direct suppliers.</b>	Purchases are blocked from properties, producers or suppliers that have been legally sentenced for Indigenous Land invasions, land violence, land grabbing and/or deforestation and other land conflicts; causing harm to indigenous people, quilombola communities and traditional populations; or whose CCIR has been repressed due to litigation and/or overlaps on Indigenous Land, Protected Areas, traditional quilombola community areas and public areas.	Ask if the signatory company, during the period under analysis, received any communication from the relevant official bodies with information on supplier farms with irregularities in these criteria. <ul style="list-style-type: none"> <li>• If the information was made available by the Public Prosecutor's Office, compare the CFP/CNPJ of the supplier/farm that sold the cattle with the CPF/CNPJ contained in the list received.</li> <li>• If the purchase is confirmed after the inclusion of the CPF/CNPJ in the list, a noncompliant purchase must be registered.</li> </ul>

**Table 12**  
**Checklist of compliance of cattle purchases based on environmental licensing**

**Criterion 6:** Block suppliers who are not compliant with the Rural Environmental Licensing (LAR) criteria

<b>TAC-PA</b> - Item 2.2.1 Item "b", "c" - "(...) submit (...) the request for environmental licensing to SEMA, except for the cases in which the CAR was not issued due to the exclusive fault of the relevant public agency. The consultation will be made at the State Environment Department's website; within 24 months from the date of execution of this term of commitment, have obtained the environmental licence (...)"		
<b>Beef TAC</b> - Item 2.2.1 Item "b" - "(...) submit the request for environmental licensing with Sema (...). The consultation will be made at the State Environment Department's website (...) for the Amazon biome and for other biomes of the Legal Amazon."		
<b>MT TAC</b> (Official letter, 2017) - item 4 - "requirement of the environmental license encompasses equivalent document issued by the relevant body. So, currently, in the state of MT it is the LAU, APF or similar document issued by Sema/MT. The meatpackers may include such clarification in the procedures manual".		
Item to be verified:	Indicator #24:	Method of evidence collection:
<b>control over cattle purchases from direct suppliers.</b>	Purchases of properties ≥3,000 hectares in PA, without presentation of current LAR or protocol, are blocked.	<ul style="list-style-type: none"> <li>• The auditor must request the current LARs or protocols from the sampled supplier properties, as determined by the sampling calculation defined in ANNEX I.</li> <li>• The company must present the LAR or LAR protocol to the selected supplier properties.</li> <li>• The protocol may have been made at the state Sema or the municipal environmental agency and the respective licence may or may not have been issued. The auditor must check the validity of the licence submitted by the company in the Simlam Public system. In the municipalities, the consultation is usually manual.</li> <li>• If the requested evidence is not presented or is noncompliant, consider the purchase noncompliant.</li> </ul>



**Table 13**  
**Checklist of compliance of cattle purchases based on GTA from the property of origin**

Criterion 7: Block suppliers that are not compliant with the Animal Transit Guide (GTA) criteria		
TAC-PA (Official letter, 2018) - item 5 - file the GTAs received in auditable procurement control systems."		
TAC-PA and Beef TAC - item 2.3.1 - the company agrees to acquire cattle only accompanied by the electronic animal transit guide (GTAE) provided that it is available in the state where the animals were acquired.		
<p><b>Item to be verified:</b></p> <p><b>control over cattle purchases from direct suppliers.</b></p>	<p><b>Indicator #25:</b></p> <p>Purchases without presentation of the GTA of the property of origin are blocked.</p>	<p><b>Method of evidence collection:</b></p> <p>The auditor must check a sample of the GTAs<sup>24</sup> of the purchases made in the audited period. The purchases must be selected as defined in the sampling method detailed in ANNEX I.</p> <p>The company must present the GTA from the property of origin of the selected purchases. - If the requested evidence is not presented or is noncompliant, consider the <b>purchase noncompliant</b>.</p> <p>The supporting documents to be verified by the auditor must include: GTA number, issue date of GTA, identification of origin, including the name, CPF or CNPJ taxpayer registry number of the owner or the lessee (CPF or CNPJ) with whom the producer has a lease agreement that sold the cattle; municipality/state of origin, name of the property of origin, identification of the recipient of the cattle (buyer), including name of the establishment, CPF or CNPJ, quantity of animals transported and municipality/state of the recipient.</p>



<sup>24</sup> The sample of GTAs to be checked must represent all properties selected in the sample and all months of the year.



**Table 14**  
**Checklist of compliance of cattle purchases based on productivity**

Criterion 8: Block suppliers who are not compliant with the productivity criteria		
<p><b>TAC-PA</b> (Official letter, 2018) - item 4 - "instruct the company to establish a criterion that can detect cases of CPF/CNPJ triangulation for the purpose of circumventing the blocking system. This parameter may be based on the level of productivity of the properties".</p>		
<p><b>Beef TAC</b> - 2.1.1 Paragraph 4 - The company agrees not to acquire cattle from feedlots, cow/calf operations and fattening farms (...)." In regard to indirect suppliers, "the Procedures Manual" will detail an evolving and feasible way to gradually implement the commitments undertaken in this instrument."</p>		
<p><b>Item to be verified:</b></p> <p><b>control over cattle purchases from direct suppliers.</b></p>	<p><b>Indicator #26:</b></p> <p>Purchases from properties with a productivity index above the maximum limit are blocked.</p>	<p><b>Method of evidence collection:</b></p> <ul style="list-style-type: none"> <li>The company must present the control system used for the productivity index of the cattle providers, referring to the audited period.</li> <li>The auditor must verify the self-statements of the sampled supplier farms, when they have a productivity index that is above the maximum limit in the audited period, as determined by the sampling method detailed in ANNEX I.</li> <li>The auditor must verify the unblocking system of the properties that presented productivity rates above the maximum limit, that include evidence of the cattle production system applied to the property that justifies the productivity.</li> <li>If the unblocking evidence complies with the unblocking rule, contained in the Protocol for the Monitoring of Cattle Suppliers in the Amazon, a justified compliant purchase must be registered. Other evidence not listed in the protocol should not be considered sufficient without being submitted to the Public Prosecutor's Office for validation. Evidence validated by the Public Prosecutor's Office will be informed to all the audited companies and auditors for alignment.</li> <li>If the requested evidence is not presented or is noncompliant, consider the purchase noncompliant.</li> </ul>

## Assessment of compliance with communication and transparency procedures

A **noncompliance** will be registered when the communication and transparency procedures are not compliant.

**Table 15**  
**Checklist of compliance of consumer information procedures**

Criterion 9: Consumer information		
<b>TAC-PA and Beef TAC</b> - Item 3.2. - "Inform the lots of the farms, via the Internet, to its consumers, with the respective municipality of origin of the cattle."		
<b>Item to be checked:</b>  <b>tracking system that supports transparency to origin of the acquired cattle.</b>	<b>Indicator #27:</b>  The consumers are informed of the origin of the product.	<b>Evidence:</b>  <b>1)</b> Request evidence to prove that the consumers have been made aware of the origin of products, except when exempted by the Public Prosecutor's Office for the auditing cycle under assessment, except when exempted by the Public Prosecutor's Office for the auditing cycle under assessment. <ul style="list-style-type: none"> <li>• If the transparency of the information is not provided, a noncompliance must be registered in this indicator.</li> <li>• Register the e-mail address submitted, the date of verification and provide proof with a print screen of the page visited as an example.</li> </ul>



**Table 16**  
**Checklist of compliance of cattle purchases based on zero deforestation**

**Criterion 10: No new deforestation for cattle ranching will be accepted after 5 October 2009** (Item 1 of the Minimum Criteria for Industrial-scale Cattle and Beef Product Operations in the Amazon biome)

CPP - Item 1. "no new deforestation for cattle ranching will be accepted after October 5, 2009."

**Item to be verified:**

**control over cattle purchases from direct suppliers.**

**Indicator #28:**

Purchases from properties with new deforestation after October 5, 2009.

**Method of evidence collection:**

Request the company to provide the evidence used to unblock cattle purchases from blocked properties and suppliers (identified with inconsistencies in the list of supplier properties due to deforestation).

- If the unblocking evidence complies with the unblocking rule, contained in the Protocol for the Monitoring of Cattle Suppliers in the Amazon, a justified compliant purchase must be registered. Other evidence not listed in the protocol should not be considered sufficient without being submitted to the Public Prosecutor's Office for validation. Evidence validated by the Public Prosecutor's Office will be informed to all the audited companies and auditors for alignment.
- If the unblocking evidence is not in compliance, consider it a noncompliant purchase

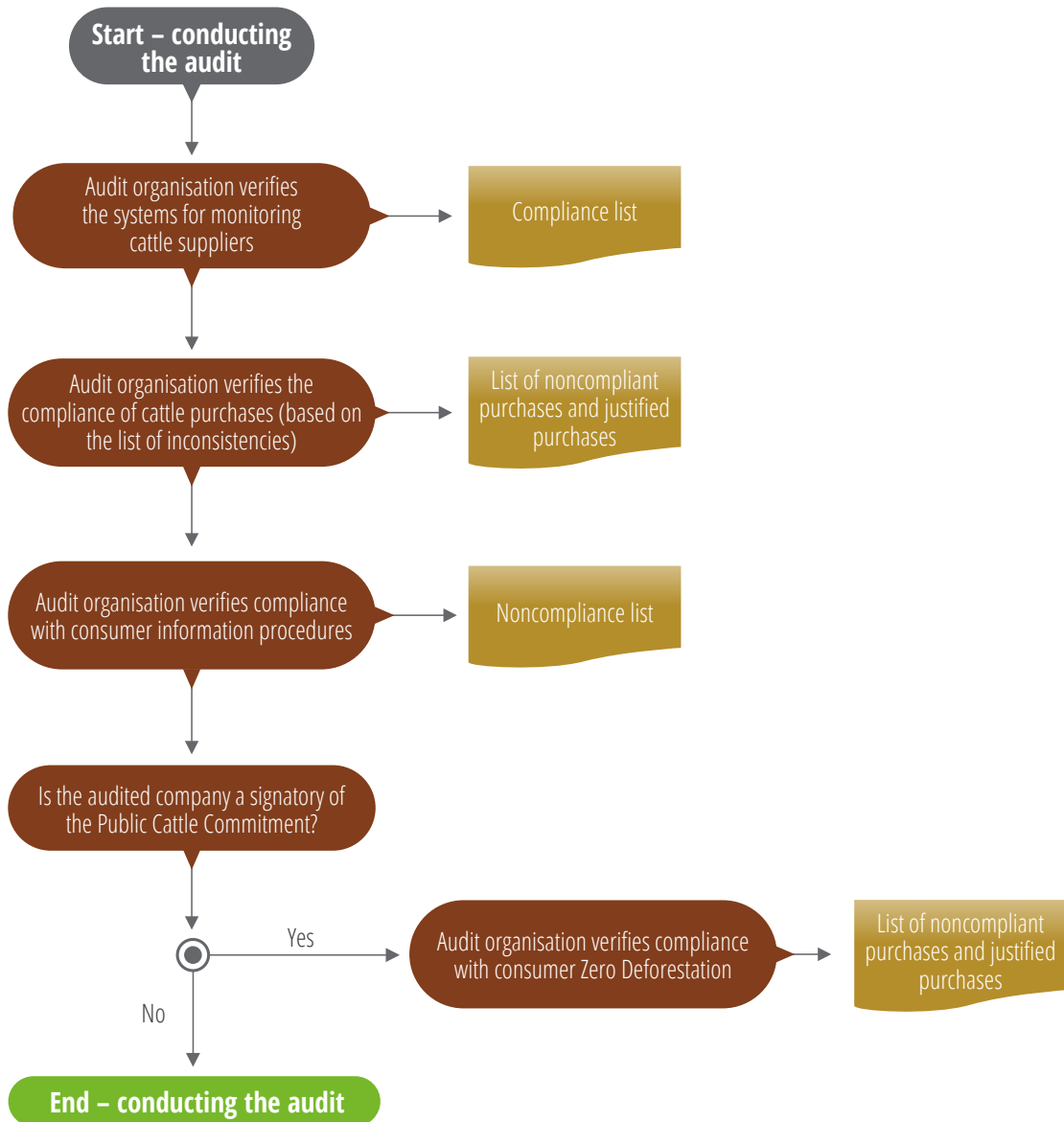
**IMPORTANT:** the evidence presented must refer to the period of purchase of the cattle, and evidence generated after the purchase of the cattle or without a time stamp, will not be accepted.

**Evidence:**

The auditor must give evidence and record in a table in the report the following information regarding each of the justified compliant purchases and noncompliant purchases:

- Business unit (name, location and relevant inspection service - SIF, SIE or SIM)
- Name and identification of supplier
- Supplier status (owner or lessee)
- CPF/CNPJ number
- Property name
- Code of the property at the Agricultural Defence Agency (e.g.: Adepará/PA)
- CAR number
- Total number of cattle sold (according to GTA)
- Comments

**Figure 5**  
**Audit Flowchart**



### 3.4. Outcome

#### Closing meeting

At the closing, the audit team must deliver to the company a clear and objective summary of the outcome, with the entirety of the compliant purchases, justified compliant purchases and noncompliant purchases, in accordance with the table below, consolidating the data for: all the business units (overall result) for each state (result by TAC) and by audited unit.



**Table 17**  
**Summary of total/sampled cattle purchases (TAC)**

	Purchase transactions*		Head of cattle*	
	No.	%	No.	%
<b>Total of purchases and heads of cattle (universe)</b>		100%		100%
<b>Total of purchases and heads of cattle assessed by sampling</b>				
1. Compliant purchases				
2. Justified compliant purchases				
3. Noncompliant purchases				
<b>Description of noncompliant purchases(**)</b>				
<b>Criterion 2: Environmental embargo and slave labour</b>				
With embargo for deforestation by Ibama (vector)				
With embargo for deforestation by Ibama list				
With state embargo for deforestation by the Sema list (when defined by the PMFGA, e.g: Semas-PA, LDI)				
On the slave labour list				
<b>Criterion 3: CAR and changes to the CAR boundaries</b>				
No (or invalid) CAR				
With change in CAR boundaries				
<b>Criterion 4: Illegal Deforestation</b>				
With illegal deforestation after 01/Aug/2008				
<b>Criterion 5: Indigenous Land and Protected Areas</b>				
That overlap Protected Areas				
That overlap Indigenous Land				
<b>Criterion 6: Rural Environmental License (LAR)</b>				
Without valid LAR in Pará				
<b>Criterion 7: Animal Transit Guide (GTA)</b>				
Without GTA of property of origin				
<b>Criterion 8: Productivity</b>				
Over the productivity limit without justification				



(\*) The data presented must refer to the sample of verified purchases.

In procurement operations, if the audit was based on the GTA information provided by the Public Prosecutor's Office, record the number and percentage in relation to the GTAs. If the audit was based on information in the company's procurement list, record the number and percentage in relation to the purchases.

(\*\*) Some purchases may have more than one irregularity. As such, the sum of transactions/number of heads of cattle from noncompliant purchases does not match the total cattle purchases. The final percentage refers to the sum of cattle purchases and does not consider the description of noncompliant purchases.

Reach a conclusion about compliance or noncompliance with the general requirements of the audit, which must be included in the final report:

**Table 18**  
**Outcome of Audit Program verification (TAC)**

	Verification requirements	
<b>Registration of cattle purchase (Criterion 1)</b>	(yes/no)	
<b>Issuance of the list of registered and unregistered suppliers to the Public Prosecutor's Office (Criterion 1)</b>	(yes/no/waived by the Public Prosecutor's Office)	
<b>% of compliant and justified compliant purchases (Criteria 2 to 8)</b>	XX%	IC= XX%*
<b>Inform consumers of the origin of the product (criterion 9)</b>	(yes/no)	

\* confidence interval calculated from the sample calculation spreadsheet (more details in Annex I)

Show the list of noncompliances and the justification that led to this conclusion. This information will be included in detail in the Final Report to be delivered to the company within a period to be defined by the parties. In the case of disagreements between the company and the auditor, during the audit and in the final conclusions, such must be included in the final report.

Note: for signatory companies of the Public Cattle Commitment, the table below must also be reported, with the assessment of purchases in the zero deforestation criteria, consolidating the data for all the company units (overall result).

**Table 19**  
**Summary of total/sampled cattle purchases (CPP)**

Zero Deforestation (Criterion 10)	Purchase transactions*		Head of cattle*	
	No.	%	No.	%
1. Compliant purchases				
2. Justified compliant purchases				
3. Noncompliant purchases				
<b>Total cattle purchases</b>		<b>100%</b>		<b>100%</b>

\* The data presented must refer to the sample of verified purchases and that which represents the total universe of purchases.

In procurement operations, if the audit was based on the GTA information provided by the Public Prosecutor's Office, record the number and percentage in relation to the GTAs. If the audit was based on information in the company's procurement list, record the number and percentage in relation to the purchases.



## Audit Report

The audit organisation must send the company a Final Audit Report, with its conclusion and its findings, based on the template included in the annex of this Audit Protocol<sup>25</sup>.

Compliance with the criteria of the Protocol for the Monitoring of Cattle Suppliers in the Amazon and the commitments to which the company is a signatory and that were audited must be clear.

The auditor must:

- describe in the report the company's monitoring procedures for the criteria and indicators assessed in the audit.
- provide a list of evidence to support the noncompliances: clearly showing the assessed criteria that has not been met and the list of evidence supporting the statement of noncompliance.

**Reminder:** the guiding questions in this Audit Protocol are a guide for the auditor to follow when assessing the processes and procedures and they do not need to be directly answered in the Final Report. More instructions for auditors regarding the registration of evidence and noncompliances are provided in the Audit Report Template.

## Public Summary of the Audit Report

The audit organisation must issue a Public Audit Summary that contains the summary results of the audits, safeguarding all confidential information, as defined in the Audit Report Template.

The topics of the report labelled with the word confidential must not be included in the Public Summary (keep the topic in the brief of the summary so that the items that make up the report can be properly identified).

## Sending reports to the Public Prosecutor's Office and the meatpacker

The audit organisation must submit the Audit Report and the Public Summary of the Audit Report to the Public Prosecutor's Office, or the committee representing it and to the meatpacker, according to the schedule stipulated in this Protocol, or as defined by the Public Prosecutor's Office in writing to the parties involved.

The final reports will be assessed for their quality and adjustments or clarifications may be requested by the audit organisation.

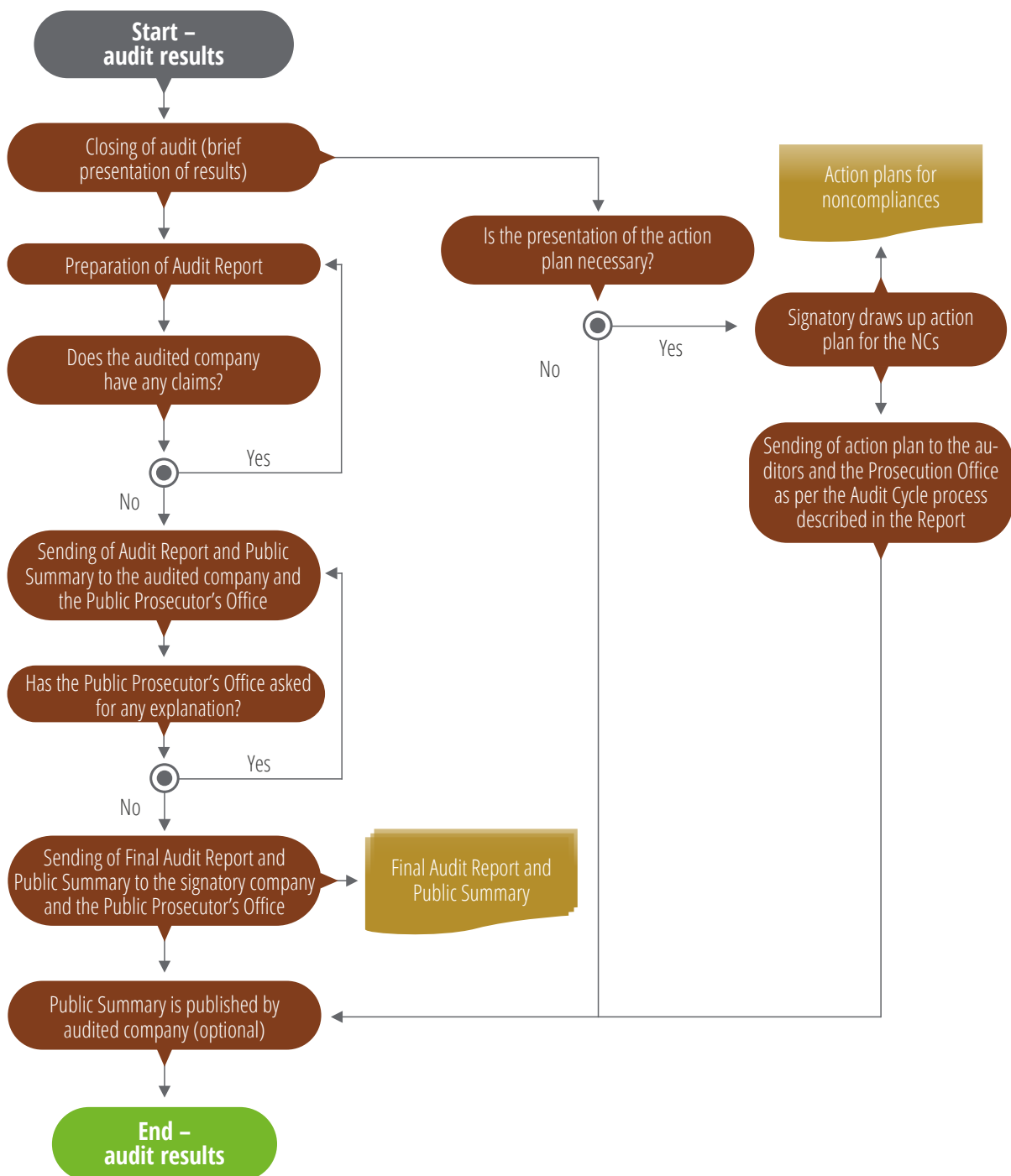
<sup>25</sup> Audit organisations having their own final report template must adapt their final report to include all items defined in the Audit Report Template of this protocol and present a table of equivalence of the final report produced with the template of this protocol, so that the completeness and comprehensiveness of the assessment results can be assessed.

### 3.5. Action plans for noncompliance

The results of the audits must be used not only to demonstrate compliance (and noncompliance), the existence of compliant and noncompliant purchases, but also to drive corrections and improvements for the audited company.

Therefore, the audited company that has noncompliances must come up with a Remedial Action Plan (ANNEX IV) based on root cause analysis for each noncompliance found and send it to the auditing organization and the Public Prosecutor's Office, or the commission representing it, and attach it to the Audit Report.

**Figure 6**  
**Audit Outcome Flowchart**





# PUBLISHING THE RESULTS

## Publishing the reports

The Public Prosecutor's Office may disclose the result of the audit cycle in a consolidated manner, comparing the performance of the companies and publishing the Public Summary of the Audit Reports, which contains the summary results of the audits, safeguarding all confidential information, in accordance with the Audit Report Template.

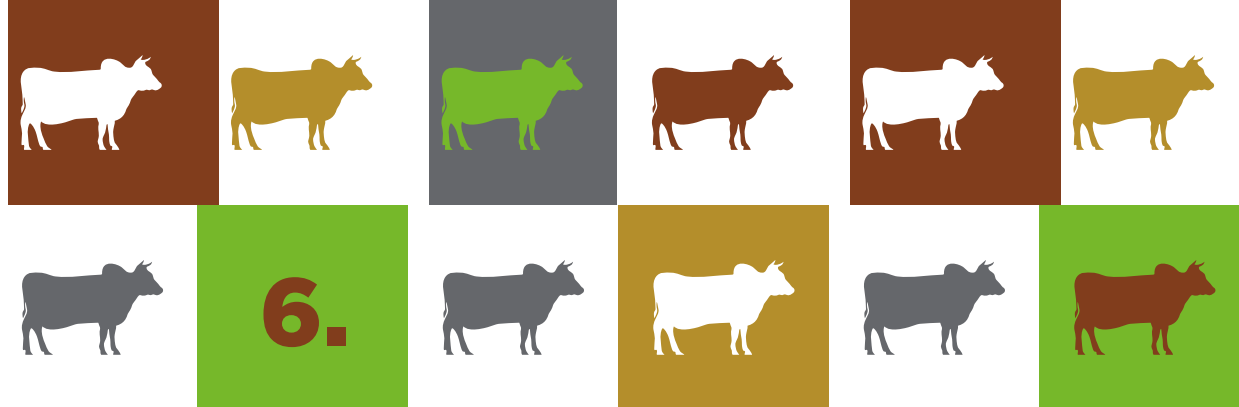
After the final reports have been approved by the Public Prosecutor's Office, it is considered good practice for the audited company to publicly disclose the audit and post the **Public Audit Summary** on its communication platforms for stakeholders.

The Beef on Track Transparency platform, [www.beefontrack.org](http://www.beefontrack.org) provides current information on the companies that are signatories to the TACs and the Public Cattle Commitment and that undergo annual audits. The companies may publish the report summaries on the platform to increase transparency with society.









# ANNEXES

## Annex I - Sampling

The verification of compliance of the cattle purchases with the criteria of the Protocol for the Monitoring of Cattle Suppliers in the Amazon must follow the sampling defined below.<sup>26</sup>

**Full option** - The audit should be performed on:

- 100% of cattle purchases based on geospatial, public list and productivity criteria.
- statistical and semi-random samples of procurement operations to assess documentation criteria: CAR (criterion 3, indicator #18), LAR and GTA.

**Optimised option** - The audit must be carried out as follows:

- Audit 100% of cattle purchases: slave labour criterion (criterion 2, indicator #16).
- Audit a statistically significant random sample of procurement operations to assess criteria for deforestation, indigenous lands, protected areas, embargoes, changes in the CAR limit, CAR, LAR, GTA and productivity.

### Cattle purchases

If the audit is conducted based on the **information in the GTAs, provided by the Public Prosecutor's Office**, the sampling will be calculated by the number of GTAs.

If the audit is based on the **information of the company procurement list**, the calculation will be based on the number of purchases (orders/contracts).

To define a statistically significant and semi-random sample size, use a margin of error equal to 3% or 5% and a confidence level of 95%, as defined in the **Audit Program**.

<sup>26</sup>The verification of the criteria of the systems for monitoring cattle suppliers (Table 6) follows its own sampling defined by the auditor, except when determined (such as in the blocking test), and that takes into consideration the assessment of the auditor regarding the system and risk of the company.



To simplify the calculation and facilitate the verification of the result among auditors, companies and other stakeholders, use the **Support Spreadsheet for Sample Calculation**<sup>27</sup>, available in the online version of the Audit Protocol.

**Note:** in order to standardise the processes in all Amazon states covered by the TACs, it is recommended for the sample definition determination to be the same for every audit cycle in all states where a meatpacker has plants or units.

## 2- Presentation of audit compliance results

The result of the audit, expressed by the compliant and noncompliant purchase percentage must be presented along with the confidence interval information. The confidence interval enables a more COMPLIANT comparison to be made between the indexes of different companies or between the indexes of the same company in different years.

E.g.: company A = 92% ± 2% and Company B = 96% ± 3% > the results are comparable because there is intersection between the ranges (A = 90 to 94%; B = 93 to 99%).

To simplify the calculation and facilitate the verification of the result among auditors, companies and other stakeholders, use the Support Spreadsheet for Sample Calculation, available in the online version of the Audit Protocol.

## 3- Selecting the purchases and properties of the predefined sample

### 1) The purchasing universe must be stratified using:

- All units/plants of the meatpacker
- Every month of the year
- Size of the supplier properties calculated according to the number of cattle sold for each unit (ABC curve).

ABC Curve - the auditor must classify the list of supplier properties of each unit, according to the total number of heads sold in the period (from the largest to the smallest) and calculate the representativity of each of the supplier properties. Sum the representation percentage of the unit's supplier properties until the value set out in the table below is reached.

**Table 20**  
**Stratification of supplier properties by different size.**

Size of supplier properties	% of total heads of cattle received by the meatpackers in the audit period
<b>Large</b>	The largest supplier properties account for up to 50% of the total cattle
<b>Medium</b>	This category represents those that sold 30% of the total number of cattle
<b>Small</b>	The smallest supplier properties are those that account for 20% of the total number of heads of cattle received by the meatpacker in the audited period.

<sup>27</sup> AUDIT BENCHMARK FOR COMMITMENTS OF THE BEEF CHAIN. / Isabel Garcia-Drigo, Lisandro Inakake de Souza, Marina Piatto, Nathalie Walker, Piracicaba, São Paulo state: Imaflora, NWF, 2019. 28 pp; 21X28 cm



Example:

**Table 21**  
**Example of calculation to classify the size of the supplier properties**

	Head of cattle	% of each supplier property	accumulated %	Supplier property classification
Property A	5.500	20%	20%	Large
Property B	4.000	14%	34%	Large
Property C	4.000	14%	48%	Large
Property D	3.500	13%	61%	Medium
Property E	3.200	11%	72%	Medium
Property F	2.900	10%	83%	Small
Property G	1.500	5%	88%	Small
Property H	1.000	4%	91%	Small
Property I	800	3%	94%	Small
Property J	700	3%	97%	Small
Property K	500	2%	99%	Small
Property L	250	1%	99%	Small
Property M	150	1%	100%	Small
<b>Total</b>	<b>28.000</b>			

## 2) Define the sample and stratification

- Use Confidence Level 95% and Sampling Error 3 or 5%, as determined in the Audit Program, and calculate the sample for each unit
- Distribute the sample among the strata (by month and size of supplier property) in each unit.

To simplify the calculation of the Unit samples, use the **Support Spreadsheet for Sample Calculation**, available in the online version of the Audit Protocol.

## 3) Performing the random draw

- Random draw of the items to be audited in each unit (purchases/properties) for each stratum (month and supplier property size).

## Annex II - Guiding Questions

**Table 22**  
**Guiding questions for the verification of the management criteria**

**Management criteria:** avoid buying from suppliers who are not in compliance with the criteria of the cattle commitments in the Amazon

### Indicator #1:

**The business registry (registry of suppliers) is complete and continuously updated.**

- 1.1 Is there a standard procedure used to register suppliers?
- 1.2 Is the registration done centrally or by each procurement unit?
- 1.3 Is the registration done to identify all direct suppliers?
- 1.4 What types of documents are required for supplier registration (CAR, state registration, property registration (deed or enrolment), lease, etc.)?
- 1.5 What types of supplier data are entered (tabular and/or geographic)?
- 1.6 What types of geographic data of the production units (georeferenced map, shapefiles etc.) are inserted?
- 1.7 Are the system-blocked suppliers maintained in the supplier registry?

### Indicator #2:

**The geospatial database is complete and up to date.**

- 2.1 Who manages the geospatial database (in-house, outsourced)?
- 2.2 If outsourced, is the service provider duly qualified to carry out the activities described?
  - Assess the company's corporate mission and the company's Federal Council of Agronomy and Engineering (Cnae), the Technical Responsibility at the Regional Engineering and Agronomy Council (Crea).
  - Does it have a Technical Responsibility Entry (ART) record related to its business activities during the year of the audit?
  - In the service provision contract, what is the scope carried out by the "Contracted Party" within the scope of the monitoring process? Are the "products" generated identified?
  - Is there a procedure in place for describing the process for receiving data from suppliers, processing, checking and returning the analysis to the meatpacker?
  - Check the existence of a procedures manual or documentation that contains the geographic analysis criteria contracted.
- 2.3 How is the geospatial database formed? What bases are being used in the analysis process?
  - Are the bases updated to assess criteria regarding overlaps with deforestation polygons, Indigenous Land, Protected Areas, Ibama environmental embargo vector and changes in the CAR boundaries?
- 2.4 How is the database updated (responsibilities, frequency)?
  - Is the history of database updates maintained or is information overridden?
- 2.5 Does the geospatial database include 100% of registered suppliers?
  - If less than 100%, what is the development/constitution status of the geospatial database?



**Management criteria:** avoid buying from suppliers who are not in compliance with the criteria of the cattle commitments in the Amazon

**Indicator #3:**

**The geospatial monitoring is implemented and ensures accuracy in the analysis of deforestation, environmental embargoes, changes in CAR boundaries and overlapping with protected areas.**

3.1 Who implements the geospatial monitoring?

3.2 Are the criteria regarding overlaps with deforestation polygons, Indigenous Land, Protected Areas, Ibama environmental embargo vector and changes in the CAR boundaries monitored?

- What monitoring parameters are used for each of the criteria?
- Are contiguous CARs related to the same CPF/CNPJ number assessed on the date the cattle is purchased in an attempt to locate cases of possible fraud?

3.3 What are the monitoring stages?

3.4 How often is monitoring carried out?

3.5 How is the collected dataset evaluated?

3.6 How are the assessment results reported for the purpose of decision-making?

3.7 Are complementary geospatial analyses (e.g. temporal dynamics of deforestation) performed?

Is other criteria evaluated in the geomonitoring (for example, land title regularisation/SIGEF, state environmental embargoes, Amazônia Protege, etc.)?

**Indicator #4:**

**There is no cattle acquisition from suppliers on environmental embargo lists for deforestation or slave labour.**

4.1 Are the criteria regarding slave labour, environmental embargoes due to deforestation by Ibama or state environmental embargoes due to deforestation (when defined by the PMFGA, e.g: Semas-PA, LDI) monitored?

4.2 Is the control process of the lists automated or manual?

4.3 Who monitors the environmental embargo and slave labour lists?

4.4 How is impartiality guaranteed?

4.5 What are the steps for monitoring the lists?

4.6 What is the monitoring frequency?

4.7 How is the data on environmental embargoes and slave labour updated?

4.8 Does the company use the appropriate lists when checking cattle purchases?

4.9 How is the data assessed? Does it include all the CPFs/CNPJs of the property owners and lessees?

4.10 How are the assessment results reported for decision making?

4.11 Does the company keep a history of the lists and documents checked on the date of purchase of the cattle?

**Indicator #5:**

**No cattle acquisition from suppliers without GTA from the farm of origin, without CAR (or protocol) and without LAR (or protocol) on properties > 3,000 hectares**

5.1 Is the appropriate criteria monitored?

- Is it monitored if the suppliers have CAR (or protocol)?
- If the supplier is from Pará and the property is larger than 3,000 hectares, is the LAR (or protocol) monitored?
- When the animals are received, is the GTA checked to see if it includes the farm of origin, as shown in the CAR of the supplying property?

5.2 Is the documentation control process automated or manual?

- Who carries out the analysis of the documents of each property/purchase?

**Management criteria:** avoid buying from suppliers who are not in compliance with the criteria of the cattle commitments in the Amazon

- 5.3 What are the steps for analysing the documents?
- 5.4 How often are documents analysed?
- 5.5 How is the validity of the documents received managed?
- 5.6 How is document control data maintained (e.g. validity and status)?
- 5.7 Does the company use the updated information of the documents when checking cattle purchases?
  - How is the data assessed?
- 5.8 How are the assessment results reported for the purpose of decision-making?
- 5.9 Does the company keep a history of the documents checked on the day of purchase?

#### **Indicator #6:**

##### **No purchase of cattle from suppliers with limits above the maximum productivity index**

- 6.1 Is the supplier farms' productivity index criteria monitored?
- 6.2 Is the control process of the productivity index automated or manual?
- 6.3 Who controls the productivity index of the properties?
- 6.4 What are the steps for analysing the productivity index?
- 6.5 How often is the productivity index analysed?
  - How is the productivity index updated?
  - Does the company use the updated information of the productivity index when checking cattle purchases?
- 6.6 How is the data assessed?
- 6.7 How are the assessment results of the productivity index reported for the purpose of decision-making?
- 6.8 In which situations are producers' self-statements requested?  
Are the statements analysed? Are they registered and stored?

#### **Indicator #7:**

##### **The purchasing system blocks suppliers with irregularities.**

- 7.1 Who is in charge of blocking the suppliers?
- 7.2 What are the steps planned to block purchases when the monitoring system(s) signals an irregularity in the ownership of a potential supplier?
  - At what stage of the cattle purchasing process (supplier registration, order/contract, geo-monitoring system, etc.) does the blocking occur?
  - Is the blocking put in place at the registration of the supplier, the registration of the property, the purchase of cattle or at what stage?
- 7.3 Is the blocking manual or automated?
- 7.4 When is the blocking reported? How and to whom is the blocking reported?

#### **Indicator #8:**

##### **When a supplier has been unblocked, the steps required for the unblocking have been completed.**

- 8.1 Who is in charge of unblocking the suppliers? Is there a conflict of interest in unblocking the purchase/property?
- 8.2 What are the criteria and steps put in place for unblocking purchases?
- 8.3 Is there a blocking mechanism to prevent unintentional unblocking?



**Management criteria:** avoid buying from suppliers who are not in compliance with the criteria of the cattle commitments in the Amazon

**Indicator #9:**

**Improvements in the system for monitoring cattle suppliers are implemented**

- 9.1 Is there a procedure in place for the continuous improvement of the monitoring system?
- 9.2 Are internal audits conducted?
- 9.3 Are improvement, remedial or preventive action plans established for noncompliances identified in the audits (internal and external)?
- 9.4 Are plans established based on root cause analysis?
- 9.5 Is the implementation of the action plans monitored? Is the effectiveness of the action plans assessed?

**Indicator #10:**

**The company assesses other criteria in monitoring cattle suppliers.**

- 10.1 Is there a procedure in place that offers more criteria than the Cattle Suppliers PMFGA (e.g. land title regularisation, conflicts with quilombola communities, state environmental embargoes, land violence, monitoring of indirect suppliers, etc.)?
- 10.2 What systems or information are used to monitor these criteria?
- 10.3 What decisions are made in relation to these criteria when purchasing cattle?

**Table 23**  
**Guiding questions for the verification of the cattle procurement criteria**

**Criterion 1: Registration of cattle purchase**

**Indicator #11:**

**All cattle purchases from direct suppliers are registered (procurement list).**

- 11.1 Is there a procedure in place to guide the registration of cattle purchases?
- 11.2 Who is in charge of the registering the cattle purchases?
- 11.3 How is the cattle procurement list extracted?

**Indicator #12:**

**Lists of accredited and non-accredited suppliers are maintained and provided to the Public Prosecutor's Office.**

- 12.1 Did the company receive a letter from the Public Prosecutor's Office exempting it from sending the list of accredited and non-accredited suppliers during the audit period?
- 12.2 If it does not have an exemption letter for the audited period, how is the list of accredited and non-accredited suppliers for the audited period drawn up?
- 12.3 Who is in charge of drawing up and sending the list to the Public Prosecutor's Office?
- 12.4 Are records of the half-year lists kept? Are records kept of the half-yearly issuance to the Public Prosecutor's Office of the list of registered and unregistered suppliers?

**Table 24**  
**Guiding questions for the verification of the environmental embargo and slave labour criteria**

Criterion 2: Block suppliers who are not compliant with the environmental and slave labour embargo criteria
<p><b>Indicator #13:</b></p> <p><b>Purchases from properties, producers or suppliers with areas embargoed by Ibama [Vector] are blocked.</b></p>
<p>13.1 Does the company block properties with environmental embargoes due to deforestation by Ibama [Vector], according to the geospatial analyses of the PMFGA?</p> <p>13.2 Does the company file the analyses of compliant/noncompliant properties, producers or suppliers?</p> <p>13.3 Is the evidence to justify the unblocking of properties, producers or suppliers with environmental embargoes due to deforestation by Ibama [Vector] maintained?</p>
<p><b>Indicator #14:</b></p> <p><b>Purchases from properties, producers or suppliers with areas embargoed by Ibama [list] are blocked.</b></p>
<p>14.1 Does the company block properties, producers or suppliers with environmental embargoes due to deforestation by Ibama [list], according to the public and official lists of the PMFGA?</p> <p>14.2 Does the company file the analyses of compliant/noncompliant properties, producers or suppliers?</p> <p>14.3 Is the evidence to justify the unblocking of properties, producers or suppliers with environmental embargoes due to deforestation by Ibama [list] maintained?</p>
<p><b>Indicator #15:</b></p> <p><b>Purchases from properties, producers or suppliers with areas under state embargo are blocked (when defined by the PMFGA, e.g.: Semas -PA, LDI).</b></p>
<p>15.1 Does the company block properties, producers or suppliers with a state environmental embargo due to deforestation (when defined by the PMFGA, e.g.: Semas-PA, LDI), according to analyses of public and official lists of the PMFGA?</p> <p>15.2 Does the company file the analyses of compliant/noncompliant properties, producers or suppliers?</p> <p>15.3 Is the evidence to justify the unblocking of properties, producers or suppliers with state environmental embargoes due to deforestation maintained (when defined by the PMFGA, e.g.: Semas -PA, LDI)?</p>
<p><b>Indicator #16:</b></p> <p><b>Purchases from properties, producers or suppliers that are on the slave labour list are blocked.</b></p>
<p>16.1 Does the company block properties, producers or suppliers included in the slave labour list, according to the public and official lists of the PMFGA?</p> <p>16.2 Does the company file the analyses of compliant/noncompliant properties, producers or suppliers?</p> <p>16.3 Is the evidence to justify the unblocking of properties, producers or suppliers that are on the slave labour list maintained?</p>





**Criterion 2:** Block suppliers who are not compliant with the environmental and slave labour embargo criteria

**Indicator #17:**

**Purchases from properties, producers or suppliers that have been sentenced in court by the Public Prosecution Offices for the practice of slave labour are blocked.**

- 17.1 Has the company received from the Prosecution Offices the list of properties, producers or suppliers that have been sentenced in court by the Public Prosecution Offices for the practice of slave labour?
- 17.2 Does the company block properties, producers or suppliers that have been sentenced in court by the Public Prosecution Offices for the practice of slave labour?
- 17.3 Does the company file any communication from the relevant official bodies with information on supplier farms with irregularities in these criteria?
- 17.4 Is the evidence to justify the unblocking of properties, producers or suppliers that are on the slave labour list received from the Federal, State or Labour Prosecution Offices maintained?

**Table 25**  
**Guiding questions for the verification of CAR criteria**

**Criterion 3:** Block suppliers that are not in compliance with with the CAR criteria and any changes in the CAR boundaries

**Indicator #18:**

**Purchases from properties without presentation of the CAR are blocked.**

- 18.1 Does the company block properties that do not submit the CAR, according to the analyses of documents in the PMFGA?
- 18.2 Does the company file the analyses of compliant/noncompliant properties?
- 18.3 Is the evidence to justify the unblocking of properties that have not presented the CAR maintained?

**Indicator #19:**

**Purchases from properties with changes in the CAR boundaries are blocked.**

- 19.1 Does the company block properties with changes in CAR boundaries, according to the geospatial analyses of the PMFGA?
- 19.2 Does the company file the analyses of compliant/noncompliant properties?
- 19.3 Is the evidence to justify the unblocking of properties with changes in the CAR boundaries maintained?

**Table 26**  
**Guiding questions for the verification of illegal deforestation criteria**

Criterion 4: Block suppliers who are not compliant with the illegal deforestation criteria
<p><b>Indicator #20:</b></p> <p><b>Purchases from properties with illegal deforestation are blocked.</b></p>
<p>20.1 Does the company block properties with Illegal deforestation, according to the geospatial analyses of the PMFGA?</p> <p>20.2 Does the company file the analyses of compliant/noncompliant properties?</p> <p>20.3 Is the evidence to justify the unblocking of properties and suppliers with illegal deforestation maintained?</p>

**Table 27**  
**Guiding questions for the verification of Indigenous Land and Protected Area criteria**

Criterion 5: Block suppliers who are not compliant with the Indigenous Land and Protected Area criteria
<p><b>Indicator #21:</b></p> <p><b>Purchases from properties that overlap Indigenous Land are blocked.</b></p>
<p>21.1 Does the company block properties that overlap Indigenous Land, according to the geospatial analyses of the PMFGA?</p> <p>21.2 Does the company file the analyses of compliant/noncompliant properties?</p> <p>21.3 Is the evidence to justify the unblocking of properties that overlap Indigenous Land maintained?</p>
<p><b>Indicator #22:</b></p> <p><b>Purchases from properties that overlap Protected Areas are blocked.</b></p>
<p>22.1 Does the company block properties that overlap Protected Areas, according to the geospatial analyses of the PMFGA?</p> <p>22.2 Does the company file the analyses of compliant/noncompliant properties?</p> <p>22.3 Is the evidence to justify the unblocking of properties that overlap Protected Areas maintained?</p>
<p><b>Indicator #23:</b></p> <p><b>Purchases are blocked from properties, producers or suppliers that have been legally sentenced for Indigenous Land invasions, land violence, land grabbing and/or deforestation and other land conflicts; causing harm to indigenous people, quilombola communities and traditional populations; or whose CCIR has been repressed due to litigation and/or overlaps on Indigenous Land, Protected Areas, traditional quilombola community areas and public areas.</b></p>
<p>23.1 Has the company received from the relevant official entities the list of properties, producers or suppliers that have been legally sentenced for Indigenous Land invasions, land violence, land grabbing and/or deforestation and other land conflicts; causing harm to indigenous people, quilombola communities and traditional populations; or whose CCIR has been repressed due to litigation and/or overlaps on Indigenous Land, Protected Areas, traditional quilombola community areas and public areas?</p> <p>23.2 Does the company block properties, producers or suppliers that are on the list disclosed by the relevant official bodies?</p> <p>23.3 Does the company file the communication from the relevant official bodies with the information on supplier farms with irregularities in these criteria?</p> <p>23.4 Is the evidence to justify the unblocking of properties, producers or suppliers that are on the lists maintained?</p>



## Table 28

### Guiding questions for the verification of LAR criteria

**Criterion 6:** Block suppliers who are not compliant with the Rural Environmental Licensing (LAR) criteria

#### Indicator #24:

**Purchases of properties  $\geq 3,000$  hectares in PA, without presentation of current LAR or protocol, are blocked.**

24.1 Does the company block properties  $\geq 3,000$  hectares in PA that do not submit a current LAR or protocol, according to the analyses of documents in the PMFGA?

24.2 Does the company file the analyses of compliant/noncompliant properties?

24.3 Is the evidence to justify the unblocking of properties that have not presented the LAR maintained?

## Table 29

### Guiding questions for the verification of GTA criteria

**Criterion 7:** Block suppliers that are not compliant with the Animal Transit Guide (GTA) criteria

#### Indicator #25:

**Purchases without presentation of the GTA from the property of origin are blocked.**

25.1 Does the company block purchases without the GTA from the property of origin, according to analyses of the PMFGA documents?

25.2 Does the company file the analyses of compliant/noncompliant properties?

25.3 Is the evidence to justify the unblocking of purchases that have not presented the GTA from the property of origin maintained?

## Table 30

### Guiding questions for the verification of productivity criteria

**Criterion 8:** Block suppliers who are not compliant with the productivity criteria

#### Indicator #26:

**Purchases from properties with a productivity index above the maximum limit are blocked.**

26.1 Does the company block properties with productivity rates above the maximum limit, according to the productivity analyses in the PMFGA?

26.2 Does the company file the analyses of compliant/noncompliant properties?

26.3 Is the evidence to justify the unblocking of properties with a productivity index above the maximum limit maintained?

26.4 Besides the self-statements, what information and documentation is requested to check if the productivity index is coherent with the production system?

**Table 31**  
**Guiding questions for the verification of the consumer information criteria**

Criterion 9: Consumer information
<p><b>Indicator #27:</b></p> <p><b>The consumers are informed of the origin of the product.</b></p> <p>27.1 Is there a procedure in place to track production lots?            27.2 Does the tracking control of the product lots relate to the information about the origin of the cattle?            27.3 Who is responsible for tracking the production lots?            27.4 How is the traceability information conveyed to consumers (by farm of origin, by set of possible farms, by municipality, etc.)?            27.5 How is the information made available to consumers updated?            27.6 Has the company received an official letter from the Public Prosecutor's Office that exempts it from presenting the information of origin to consumers during the audited period?</p>

**Table 32**  
**Guiding questions for the verification of the zero deforestation criteria**

Criterion 10: <u>No new deforestation for cattle ranching will be accepted after 5 October 2009</u> (Item 1 of the Minimum Criteria for Industrial-scale Cattle and Beef Product Operations in the Amazon biome)
<p><b>Indicator #28:</b></p> <p><b>Purchases of properties with new deforestation after October 5, 2009 are blocked.</b></p> <p>28.1. What is the method/procedure used to analyse the properties and classify them as COMPLIANT or NONCOMPLIANT according to the zero deforestation criteria?            28.2. Does the company classify properties with new deforestation after 5 October 2009 as noncompliant and block purchases from these suppliers?            28.3 When the noncompliant properties were unblocked, was the proof of the false positive or the technical reports containing the records of the reparation of the environmental damage on the property available and did they justify the unblocking?</p>



## Annex III - Limitations

The criteria requested in the TACs and listed below are not referenced in the Protocol for the Monitoring of Cattle Suppliers in the Amazon and will not be the subject of the audits that follow this protocol.

It stands to reason that there are limitations in fully meeting the requirements of the commitments on which it is based. It is expected that the criteria that are not currently monitored can be included in the next versions, in line with the technological progress, the availability of public information and the development of signatory companies to ensure full compliance with the commitments undertaken with the Public Prosecutor's Office and civil society.

**Table 33**  
**List of limitations for full compliance with TAC requirements**

Requirements	TAC-PA	Beef TAC
Traceability of information from indirect suppliers	Official letter 2018 item 11	2.3.2
Amazônia Protege Project	Official letter 2018 item 10	-
List of ICMBio and state environmental embargoes	-	2.1.1 a
List of slave labour reports disclosed by the Public Prosecutor's Office	2.1.1 b	2.1.1 c
List of the Public Prosecutor's Office and the federal or state land Institute for land violence	2.1.1 c	-
"Judicial conviction" and "causing injury" to TI	2.1.1 c	2.1.1 d
"Judicial Sentence" for land violence	2.1.1 c	2.1.1 d
Overlap into quilombola communities and traditional populations	2.1.1 d	2.1.1 e
"Inhibition of CCIR"	-	2.1.1 h
Georeferencing certification	-	2.2.1 c
Rural Environmental License or equivalent document in MT and RO	-	2.2.1 b



## Annex IV - Remedial action plan models

The remedial action is an action taken to ensure that a certain problem does not occur again. A remedial action must be taken on the “root cause” that gave rise to the noncompliance.

For each noncompliance found in the verification audit, an investigation is required to determine its cause so that the remedial action can target the correct part of the system.

When developing a plan to address a noncompliance, the company must consider:

- I What actions need to be taken to address the problem that has occurred (remedial)
- II What changes need to be made to the system to correct the current situation (remedial) and
- III What should be done to prevent the problem from recurring, i.e. eliminate the cause (preventive).

When carrying out the root cause analysis, record in the table below the actions that will be taken in accordance with the brief instructions above for each noncompliance.

**Note:** This document must be filled out and forwarded to the Public Prosecutor’s Office, or the committee representing it, together with the Audit Report drawn up by the Audit Organisation. The Action Plan is part of the assessment of the verification process of compliance with cattle commitments.

No.	01/XX	Aspect of the NC	Choose an option
			<ul style="list-style-type: none"> <li>&gt; Audit process</li> <li>&gt; Registration of supplier</li> <li>&gt; Registration of lists of non-compliers</li> <li>&gt; Blocking System</li> <li>&gt; Operational Procedures</li> <li>&gt; Geomonitoring</li> <li>&gt; Other</li> </ul>
<b>Description of the noncompliance</b>	<i>Briefly describe the noncompliance issued with basis on the item assessed and mention the requirement and indicator that is not in compliance.</i>		
<b>Evidence</b>	<i>Briefly describe the evidence found that justifies the noncompliance.</i>		
<b>Root cause analysis (filled in by the company)</b>	<i>Carry out an analysis of what caused the noncompliance.</i>		
<b>Action plan (filled in by the company)</b>	<i>Actions that will be carried out so that the noncompliance does not occur again.</i> <i>Describe briefly with actions, deadlines and responsible parties.</i> <i>Obs: The actions must be linked to the root cause found.</i>		



## Annex V - Glossary

**Remedial action:** This is an action taken to ensure that a certain problem does not occur again. A remedial action must be taken on the “root cause” that gave rise to the noncompliance.

**Multi-temporal analysis** - a resource used to diagnose the variation of images over time. This analysis is done by comparing satellite images of different dates to verify, for example, any changes in the vegetation of a certain area, i.e., of an area with or without deforestation.

**Independent auditor:** This is a professional who is independent from the business undergoing the audit. Independence is the basis for audit impartiality and the objectivity of audit conclusions.

**Embargoed areas** - Embargoes are administrative sanctions and/or precautionary administrative measures designed to encourage the regeneration of the environment and make the recovery of degraded areas feasible<sup>28</sup>

**Noncompliant purchase:** business transaction carried out by the company that does not meet the requirements of the Protocol for the Monitoring of Cattle Suppliers in the Amazon.

**Embargo for illegal deforestation in Pará** - The LDI (List of Illegal Deforestation in the State of Pará) is the legal instrument that discloses the illegally deforested areas in the state, and is managed by Semas/PA for consultation by state public agencies and the general public. The LDI encompasses information on deforested areas embargoed by Semas/PA and by Municipal Environment Entities (Omma).

**Blocked** - status of a noncompliant cattle supply farm.

**Unblocked** - resource used to change the status of a noncompliant supplier farm through proof of analysis and documentation.

**False-positive** - the term “false-positive” refers to the result of the deforestation analysis reported by the Prodes/Inpe system, based on satellite images, in which clear cutting was not identified in the period in question or the occurrence of deforestation prior to 2008. In other words, in a more in-depth analysis, deforestation was not confirmed.

**Slave Labour list** - a list of employers who have submitted workers to conditions similar to slavery, published by the Labour and Social Security Ministry.

**Noncompliance:** the failure to fulfil any of the requirements in this protocol. A noncompliance may be issued on purchases or on a failure to comply with a certain procedure established and agreed upon in the protocol.

**Business units:** independent units of the same company that carry out their core business in an integrated manner with the parent company. In the case of companies in the beef chain, the business units are the slaughterhouses, meat-packing plants, processing plants, live animal centres for export, etc.

**Cattle triangulation** - triangulation enables producers who are blocked to “launder” and sell their cattle as if they were within the law. Example: when selling a lot to a slaughterhouse, the producer must present the GTA, which shows the name of the farm that sourced the cattle. Since the farmer knows that the meatpacker cannot accept animals from embargoed areas, the farmer uses the GTA of another farm that is “clean” with the environmental agencies.

<sup>28</sup> ICMBio - Accessed on 5 February 2020. Available at: <http://www.icmbio.gov.br/portal/infracoesambientais/areas-embargadas>



## List of acronyms

**CAR** (Cadastro Ambiental Rural) - Rural Environmental Registry

**CCIR** (Certificado do Cadastro do Imóvel Rural) - Certificate of Registration of Rural Property in the National Rural Property Registration System (SNCR)

**GTA** (Guia de Transporte Animal) - Animal Transit Guide

**Ibama** (Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis) - Brazilian Environment and Renewable Natural Resource Institute

**LAR** (Licença Ambiental Rural) - Rural Environmental Licensing for the State of Pará

**LDI** (Lista de Desmatamento Ilegal) - Deforestation list for the State of Pará

**MPE** (Ministério Público Estadual) - State Public Prosecutor's Office

**MPF** (Ministério Público Federal) - Public Prosecutor's Office

**MPT** (Ministério Público do Trabalho) - Public Labour Prosecutions Office

**PMFGA** (Protocolo de Monitoramento de Fornecedores de Gado da Amazônia) – Protocol for the Monitoring of Cattle Suppliers in the Amazon

**NC** - Noncompliance

**Omma** (Órgãos Municipais de Meio Ambiente) - Municipal Environment Entities

**Sema** (Secretaria Estadual de Meio Ambiente) - State Environmental Department

**SIG** (Sistemas de Informação Geográfica) - Geographic Information Systems

**SIE** (Serviço de Inspeção Estadual) - State Inspection Service

**SIM** (Serviço de Inspeção Municipal) - Municipal Inspection Service

**SIF** (Serviço de Inspeção Federal) - Federal Inspection Service

**Simlam** (Sistema Integrado de Monitoramento e Licenciamento Ambiental) - Integrated System for Environmental Monitoring and Licensing

**Sisnama** (Sistema Nacional do Meio Ambiente) - National Environmental System

**TAC** - Term of Adjustment of Conduct

**IT** - information technology

**IL** - Indigenous land

**PA** – Protected Areas









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