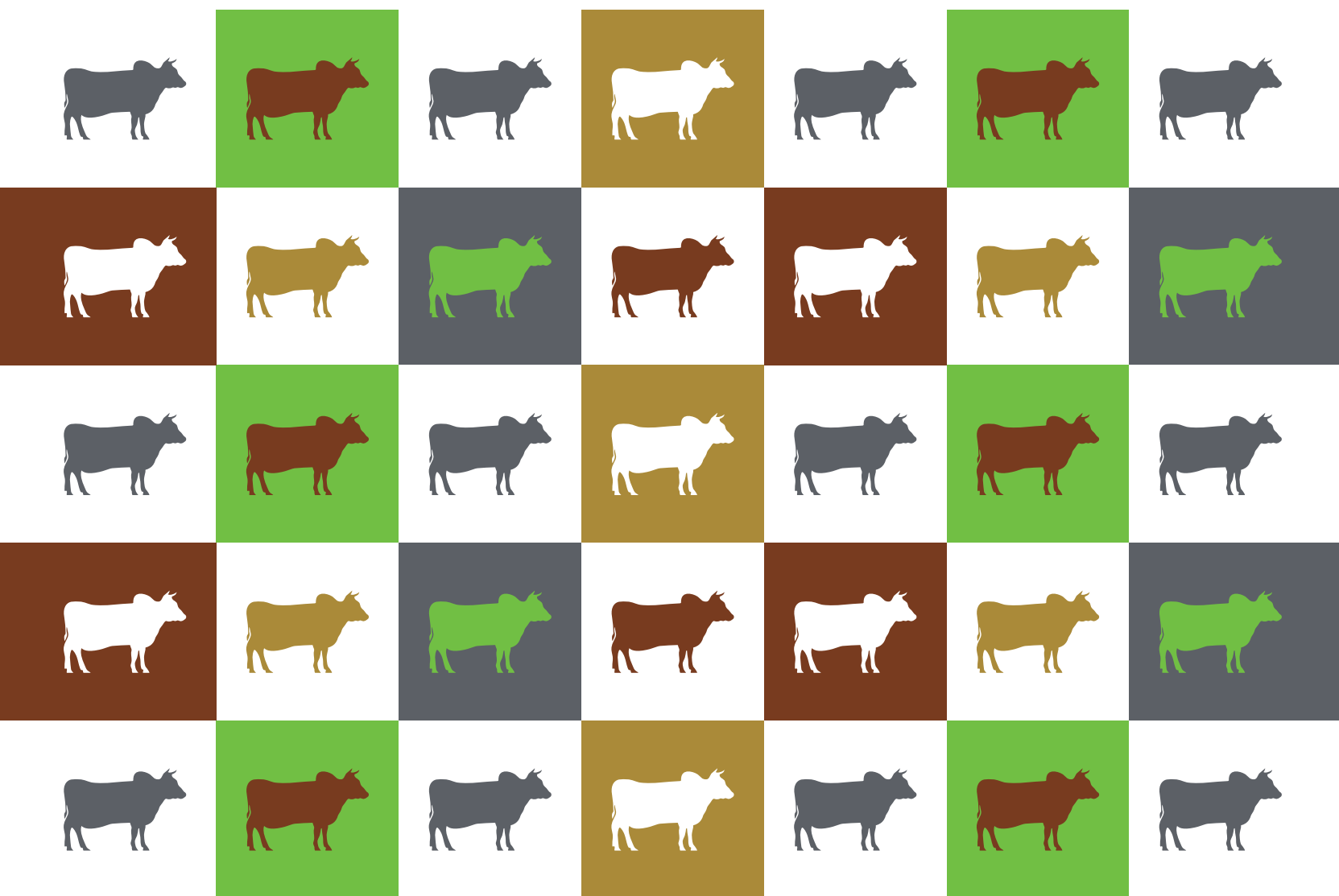


TRAINING
WORKSHOP FOR
**AUDITORS IN THE AUDIT
PROTOCOL FOR CATTLE
SUPPLIER COMMITMENTS
IN THE AMAZON**



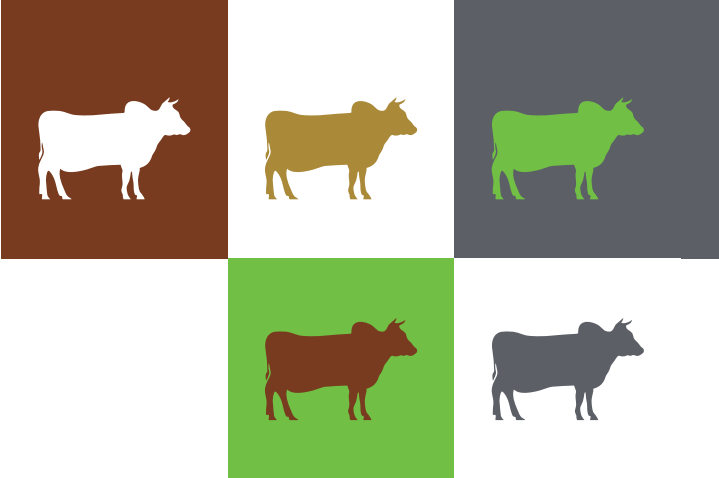
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 **imaflora**[®]

Lisandro Inakake, Cecilia Korber, Karina Passos, Rodrigo Cascalles São Paulo, May 17 and 18, 2022.



SUMMARY



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INTRODUCTION

The Training Workshop for Auditors in the Audit Protocol on Cattle Supplier Commitments in the Amazon aimed to present the Audit Protocol, align the understandings and answer the questions of the representatives of audit and assessment firms. The representatives were invited by the meatpackers, that signed the Cattle Supplier Commitments in compliance with CIRCULAR LETTER no. 2/2022/9th OFFICE/PR/AM , which marked the beginning of the Unified Audit Program of the cattle supplier commitments in the Amazon. In this first cycle, the TACs of the states of Pará, Mato Grosso, Rondônia, Acre and Amazonas will be audited in the same time frame and in accordance with the aligned procedures.

The workshop was held by the Beef on Track Program headed by Imaflora and supported by the Public Prosecutor's Office. It was held on site in São Paulo on May 17 and 18, 2022, from 9 a.m. to 6 p.m.

https://www.beefontrack.org/public/media/arquivos/1653921441-oficio_circular_n._2-2022.pdf

The event was attended by 17 representatives of audit and assessment firms, a representative of civil society, the Imaflora organisers and Dr. Rafael da Silva Rocha, prosecutor of Public Prosecutor's Office of Amazonas. The list of attendees and their respective institutions is included in the annex.

Targets of the Workshop

The workshop covered the following specific topics:

1. Presentation of the Beef on Track Program
2. Presentation of the Audit Protocol
3. Discussion about the main points of the supplier monitoring and assessment process
4. Answering questions regarding the program and the protocols





PRESENTATION

The Training Workshop for Auditors in the Audit Protocol on Cattle Supplier Commitments in the Amazon aimed to present the Audit Protocol, align the understandings and answer the questions of the representatives of audit and assessment firms. The representatives were invited by the meatpackers, that signed the Cattle Supplier Commitments in compliance with CIRCULAR LETTER no. 2/2022/9th OFFICE/PR/AM , which marked the beginning of the Unified Audit Program of the cattle supplier commitments in the Amazon. In this first cycle, the TACs of the states of Pará, Mato Grosso, Rondônia, Acre and Amazonas will be audited in the same time frame and in accordance with the aligned procedures.

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The workshop covered the following specific topics

- Presentation of the Beef on Track Program
- Presentation of the Audit Protocol
- Discussion about the main points of the supplier monitoring and assessment process
- Answering questions regarding the program and the protocols

he workshop included practice exercises conducted on sample calculations, assessment and evidence reporting and a time was set aside for questions and discussions among the attendees.

Main Comments and Suggestions

- **Sampling** – must be done by purchase and not by property.
- **PRA** – The meatpackers believe that the mere existence of PRA authorises the purchase of cattle, however, the document (PRA), in itself, does not presuppose this authorisation. All the attending auditors agreed that the process (PRA) needs to be approved by the environmental agency in order for it to be accepted as evidence in the authorisation to unblock the supplier.
- **Several Prodes polygons** – it was made clear and agreed by the attendees that the finding of several Prodes polygons in the same property does not change the rule of 6.25ha. Supplier blocking must comply with Technical Note 1 set forth in the Protocol for Monitoring Cattle Suppliers in the Amazon.
- **Provisional Permit for Rural Activities** – illegal deforestation is characterised by the absence of authorisation to suppress. Currently, APF is not included in the protocol as accepted evidence for unblocking this criterion.
- **Rules for unblocking** – there is some doubt about which current law should be considered for the illegal deforestation criteria and which rules described in the Monitoring Protocol should be followed.
- **Productivity** - it was made clear that this is an indicator used as a "point of concern" for the Public Prosecutor's Office.
- **Public summaries** – the auditors believe that these reports



may cause some confusion and cannot, in accordance with specific standards, be issued by some audit and assessment companies. It was agreed that a disclaimer containing a description of the differences between the full report and the public summary may solve this problem. Imaflora will contact the auditors to align this issue before the unified audit.

- **Audit Report** - the need for a report with detailed evidence was questioned. A few stated that the audit firms can maintain all their papers/trails and audit information and, if necessary, can show them when requested to do so. Likewise, audit credibility can be validated through shadow audits that do not burden the original process. However, after the proposed version of the audit report was presented, the companies were put at ease and now think it is simpler than the model used in the pilot audits carried out the previous year. They also asked for the term "Conclusions" to be changed to "Findings of the auditor". Another suggestion put forward was to change the colour of the indicators that refer to the management system so they stand out. For the companies that do not agree with the inclusion of prints and evidence, according to the Audit Protocol guidelines, it was explained that they can adopt the confirmation method that they find most suitable, as long as such is in accordance with the terms of the Public Prosecutor's Office.

- **Audit firms** – questions were raised about which firms will be able to conduct the process. Are there any restrictions? It was informed that Imaflora will send the list of companies that attended the workshop to the Public Prosecutor's Office and only those on this list will be recommended for the next audits. The following text of the Audit Protocol (pg. 10) was questioned: The audit organisation that will carry out the work must have authorization to operate in a publicly-traded corporation, in order to verify compliance with the TAC(...)." It was pointed out that this requirement is contained in the Mato Grosso-state TAC, clause 3.5(1).
- **Use of procurement list** – in situations where the Public Prosecutor's Office does not make the GTA and CAR database list available, the audit firms must be informed how the CAR databases should be obtained. This is a costly process, and if made available by an institution such as Imaflora, it may increase alignment among all auditors and reduce audit costs.





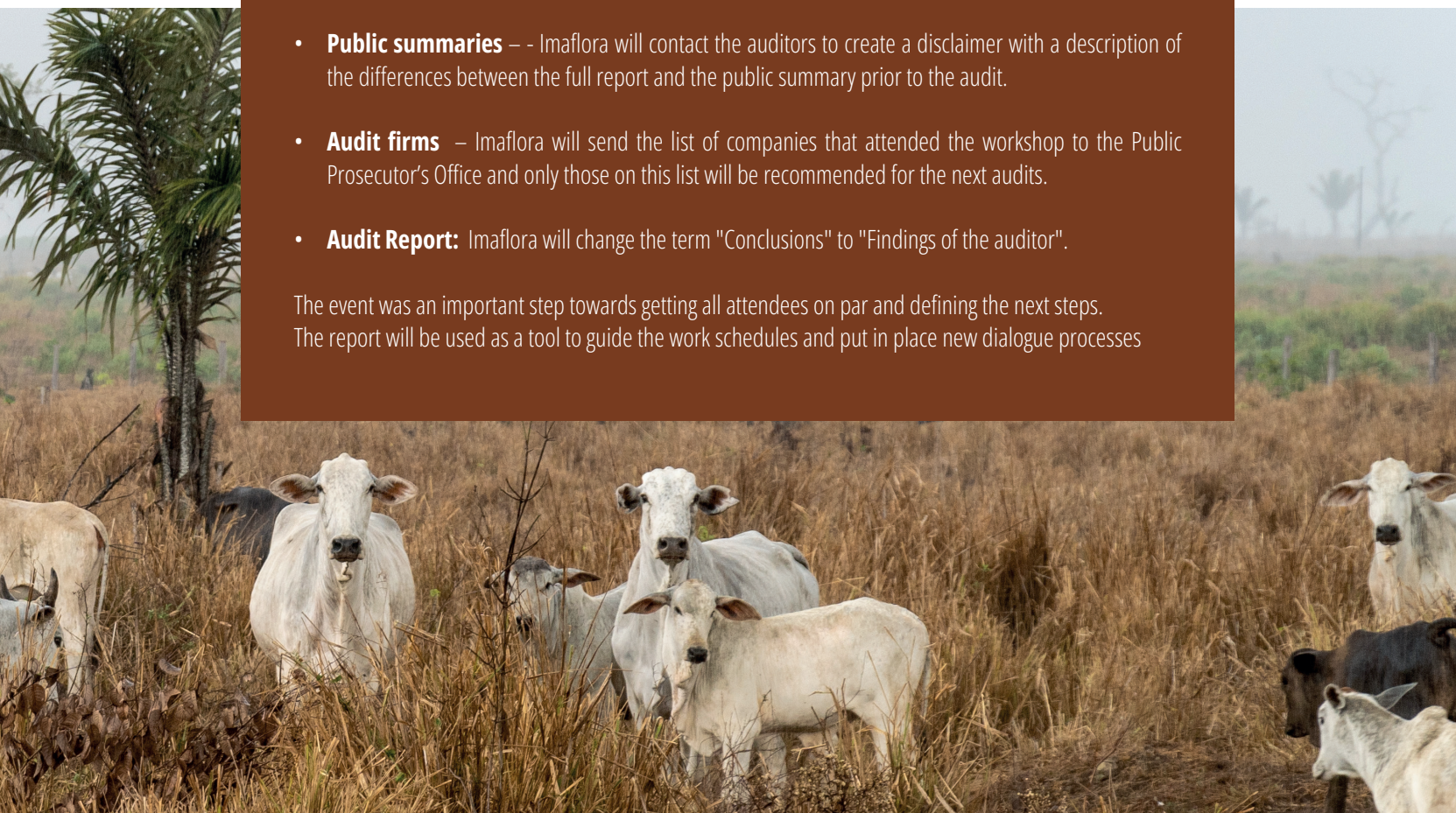
CONCLUSIONS AND COURSES OF ACTION

In this 1st unified audit cycle, cattle purchases in the 2nd half of 2020 and the whole year of 2021 must be audited, and as stated in CIRCULAR LETTER no. 2/2022/9th OFFICE/PR/AM, in situations where the purchases of 2020 have already been audited and the report delivered to the Public Prosecutor's Office, there is no need for them to be re-audited.

All auditors must sign a Statement of Independence before performing the audits.

- **Public summaries** – Imaflora will contact the auditors to create a disclaimer with a description of the differences between the full report and the public summary prior to the audit.
- **Audit firms** – Imaflora will send the list of companies that attended the workshop to the Public Prosecutor's Office and only those on this list will be recommended for the next audits.
- **Audit Report:** Imaflora will change the term "Conclusions" to "Findings of the auditor".

The event was an important step towards getting all attendees on par and defining the next steps. The report will be used as a tool to guide the work schedules and put in place new dialogue processes





ANNEXES

Annexes

Agenda - May 17, 2022	
Time	Content
09:00 AM	Intro and Welcome
09:30 AM	Beef on Track Program and the existing commitments
10:30 AM	Break
11:30 AM	Protocol to Monitor Cattle Suppliers in the Amazon Preparing for the audit and sampling
01:00 PM	Lunch
02:00 PM	The Protocol and the audit organisations and the initial steps of the audit
03:00 PM	Practice Activity - Initiating an audit
04:00 PM	Break
04:30 PM	Conducting the audit
05:30 PM	Closing the audit and publishing the results

Agenda - May 19, 2022	
Time	Content
09:00 AM	Intro and Welcome
09:30 AM	Practice Activity - Sampling and Audit Preparation (handling the audit kit and finding potential irregularities)
10:30 AM	Break
11:00 AM	Practice Activity - Conducting the audit and checking the evidence
12:30 PM	Lunch
01:30 PM	Report and Guiding Questions
02:30 PM	Practice Activity - Reporting Evidence and Noncompliances
03:30 PM	Questions and closing remarks of workshop
05:00 PM	<i>Coffee Break</i>

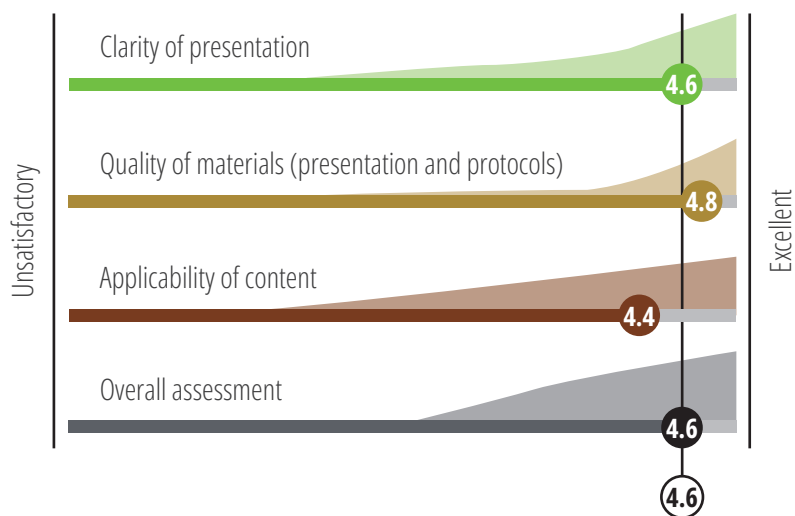
List of Attendees

Name	Institution
Alexandre F. de Almeida	Maesso
Alexandre Santos	DNV
Amanda Morelli	Control Union
Carolina Palhares	Control Union
Cecília Korber	Imaflora
Clayton Codo	Grant Thornton
Eduardo da Matta	Grant Thornton
Elisandro Albuquerque	Auditor
Gabriela Migliori	BDO
Guilherme Albuquerque	BDO
Igor Fernandez	DNV

Name	Institution
Joana Paula Carvalho	Control Union
Karina Passos	Imaflora
Lisandro Inakakede Souza	Imaflora
Luana Castilho	BDO
Luiz Henrique Araújo	Ernst & Young
Marina Spadafora	Ernst & Young
Marjorie Basile	Control Union
Natália Grossi	ADT
Rafael Rocha	MPF/AM
Ricardo A. Souza	VACC Auditores

Assessment of Event

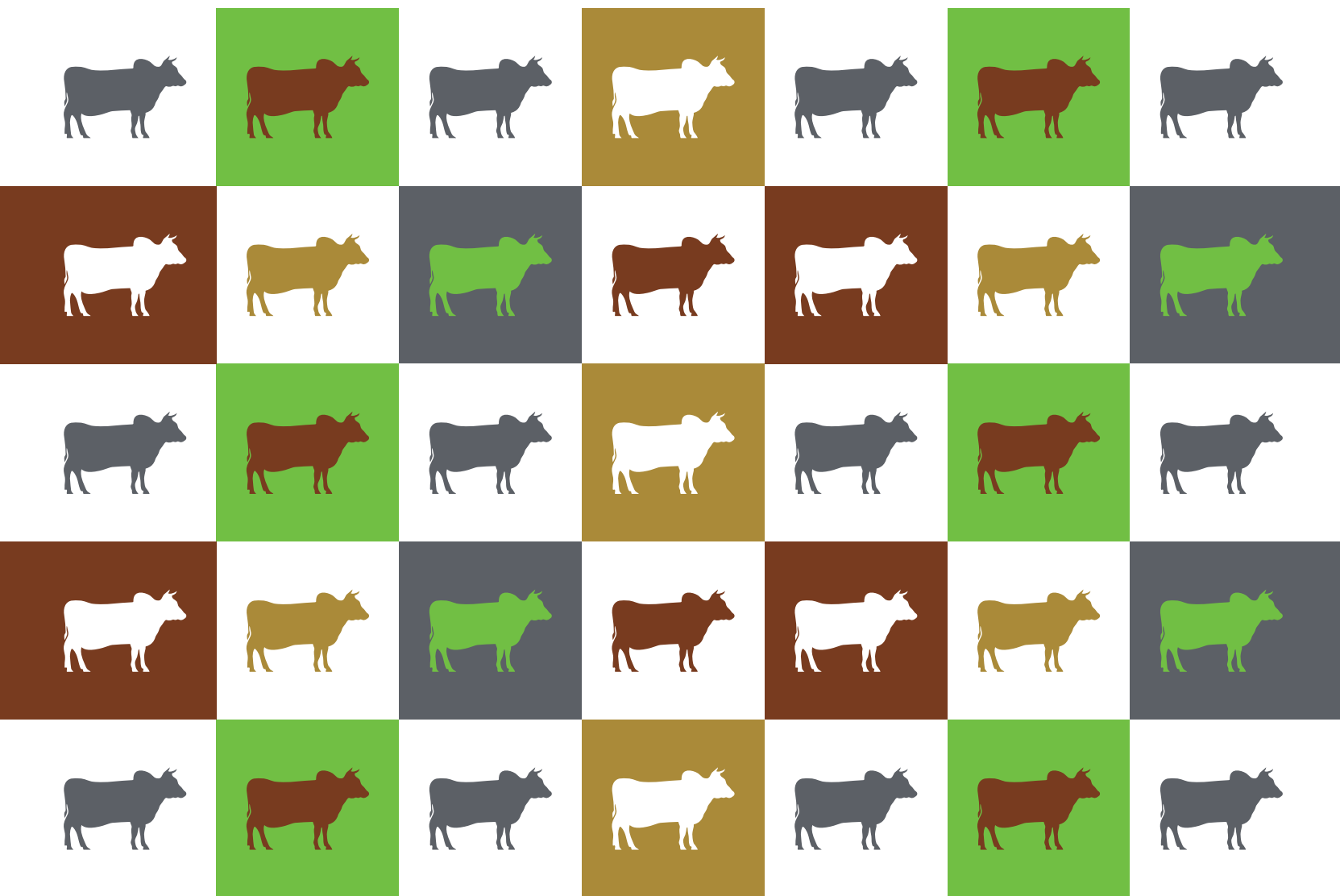
Workshop Protocolo de Auditoria - auditores



Photographic Record







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