

Federal Public Prosecutor's Office

Presentation of Results from the 1st Unified Audit Cycle in Legal Amazon Livestock Chain

October 26th, 2023

Event instructions

For those attending the event via Teams:

- The event will be streamed live on YouTube. You may choose to switch off the camera.
- During the presentations, we ask that you turn off the microphone.
- Questions and comments can be submitted via the platform chat or during the time allotted for discussion.

- **For those watching on Youtube:**

- Questions and comments may be posted in the chat. We shall monitor and select a few to be read during the time allotted for discussions.
- Journalists can use the MPF service system: saj.mpf.mp.br/saj

AGENDA

Release of the Results of the Audit of Livestock Agreements in the Legal Amazon		
MPF Auditorium - Belém - Pará		
26th October 2023		
14:00	Opening	
		Dr. Daniel Azeredo, MPF
		Dr. Priscila Lucas Bermúdez, MPF PA
14:15	Release of Livestock TAC audits	
		MPF Amazonas – Dr. Rafael Rocha
		MPF Rondonia – Dr. Gabriel De Amorim Silva Ferreira
		MPF Acre – Dr. Aryane Maia MPF Mato Grosso – Dr. Erich Masson
		MPF Pará – Dr. Ricardo Negrini
15:45	Livestock TAC discussion and general reports	
		Government of Pará, Acripará, UFMG, Pará Meat Alliance, <i>Boi na Linha</i> (Beef on the Line), Sindicarne and GTFI, Ministry of the Environment
		General information and TAC discussion
16:50	Closing	Federal Public Prosecutor's Office
17:00	Cocktails	
Program subject to change		

BOI NA LINHA PROTOCOL

Monitoring protocol for Amazon cattle suppliers - *Boi na Linha*

- Version 1.0
 - Approved on 05/12/2020
 - In effect from 07/01/2020 - 11/21/2021
- Version 1.1
 - Approved on 11/22/2021
 - In force from 11/22/2021 – to date
- Version 2.0
 - Currently in the approval phase
 - Draft presented to MPF, Technical Board and Meatpackers

AUDITING PROTOCOL

- Audit Protocol for Livestock Commitments in the Amazon - Version 1.0
 - Approved on 11/22/2021
 - In force as of 11/22/2021
- Completion of 1st unified audit cycle
 - Participation: AM, AC, MT, PA, RO
- Start of 2nd unified audit cycle
 - Revision of Audit Protocol: specific adjustments for fluidity
 - Inclusion of the state of TO
- Transparency
 - Standardization of audit cycle; "Automatic Audit" data in AM, AC and PA; Access to databases (GTA and CAR) in the states of AM, AC, PA
 - Challenges: Need for **databases of slaughtering units in the states of MT and RO.**

General information on the 1st unified audit cycle

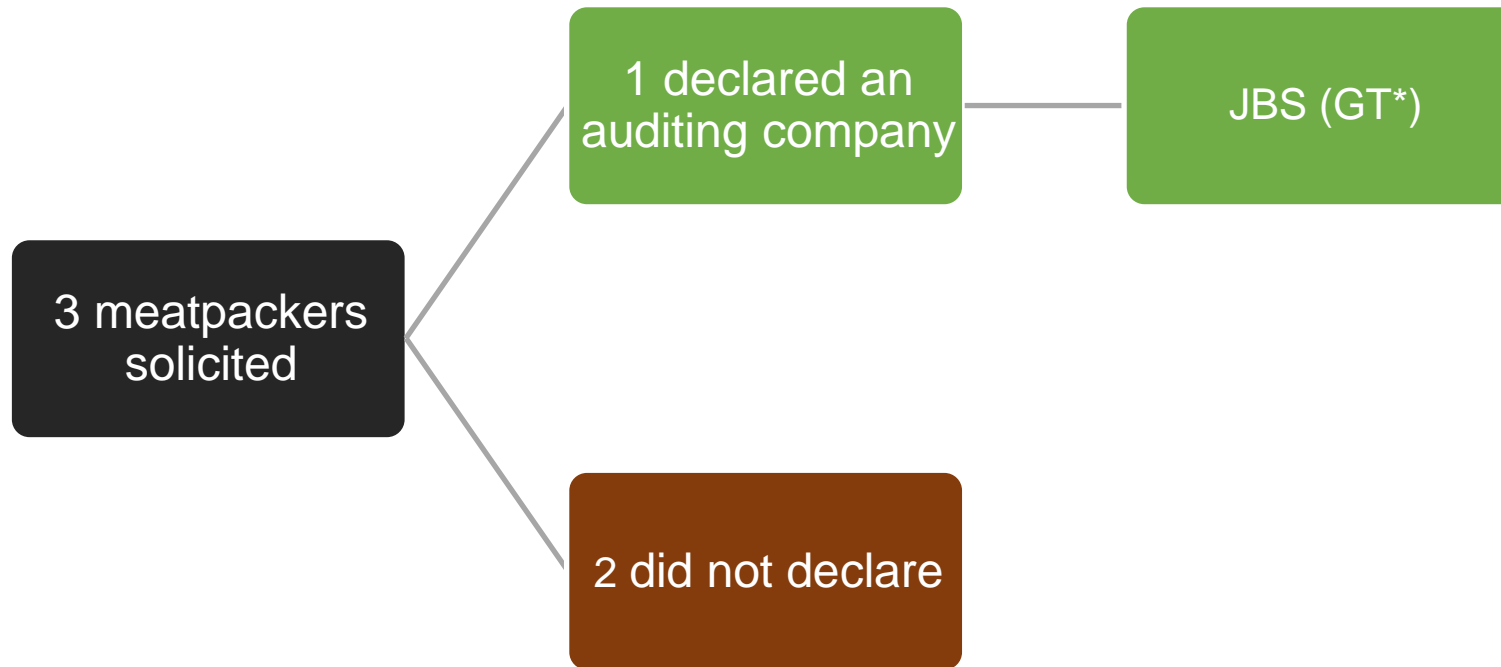
- Audits carried out in 2023
- Transactions from July 2020 to December 2021
- Auditing firms: Grant Thornton; GeoMaster; DNV and BDO; Aguiar, Albuquerque & Cassiano

The background is a dark blue gradient with a faint, high-resolution image of a large crowd of people. In the top right and bottom right corners, there are decorative elements consisting of multiple thin, yellow, wavy lines that curve upwards and outwards.

Audits - Acre

ACRE AUDITS

➔ Audit status



*Grant Thornton

ACRE AUDITS

➔ Results overview

- Name of unit: JBS S/A II
- Municipality: Rio Branco

	Number of GTAs		Heads of cattle	
	Nº	%	Nº	%
Total purchases and head of cattle (global)	9,153	100%	199,107	100%
Total purchases and number of sampled cattle	956	10%	38,555	19%
1. Purchases in compliance	745	78%	29,492	76%
2. Purchases with justified compliance	111	12%	5,153	14%
3. Non-compliant purchases	100	10%	3,910	10%

ACRE AUDITS

➔ Automatic analysis

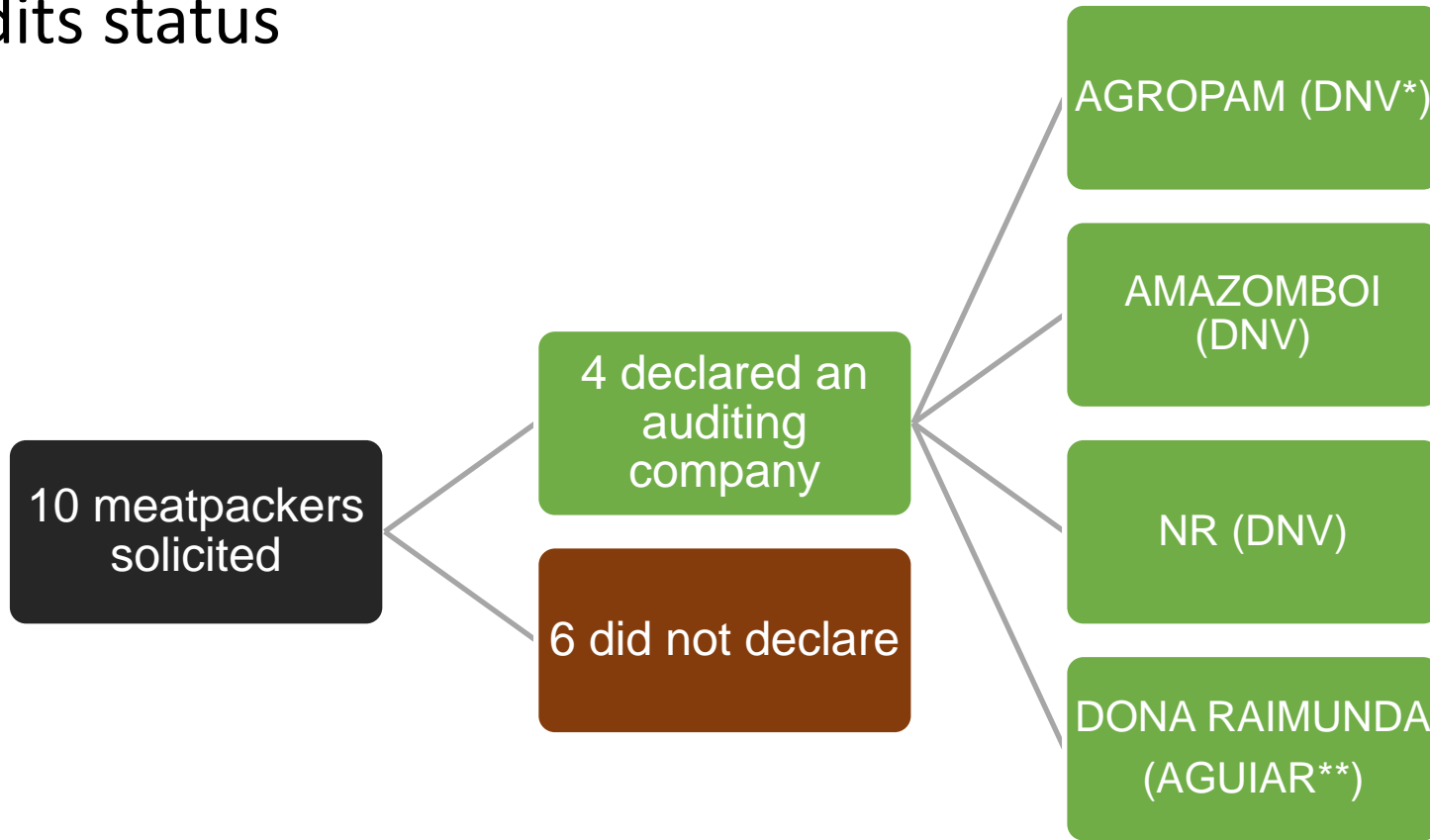
AUTOMATIC 1st CYCLE MEAT TAC AUDIT - Volume slaughtered/exp		JUL20 to DEC21 (TOTAL)	JUL20 to DEC21 (Irregularities)	Irregularities (%)
Notified companies that did <u>NOT</u> submit an audit		39,013	2,165	5.5%
1	FRICARNES	22,746	1,705	7%
2	MODELO	16,267	460	3%



Audits - Amazon

AMAZON AUDITS

➔ Audits status



To date, the MPF has yet to receive an audit report.

*DNV - Business Assurance Brasil

**Aguiar, Albuquerque e Cassiano Assessoria Contábil

AMAZON AUDITS

➔ Automatic analysis

AUTOMATIC 1st CYCLE MEAT TAC AUDIT - Volume slaughtered/exp		JUL20 to DEC21 (TOTAL)	JUL20 to DEC21 (Irregularities)	Irregularities (%)
Companies WITHOUT audits and WITH relevance		218,507	16,339	7.4%
1	AGROPAM - FRIZAM	65,418	9,107	14%
2	FRIGORIFICO AMAZONAS	22,715	2,003	9%
3	N R COMERCIO DE FRIOS LTDA - ME	55,634	2,315	4%
4	MAFRICO	12,447	1,423	11%
5	FRIGONOSSO	19,556	881	5%
6	NORTE BOI	32,407	529	2%
7	BOVINORTE	6,269	63	1%
8	DONA RAIMUNDA	1,579	11	1%
9	R. BATISTA	1,252	0	0%
10	FRIGO TEFE	1,006	0	0%

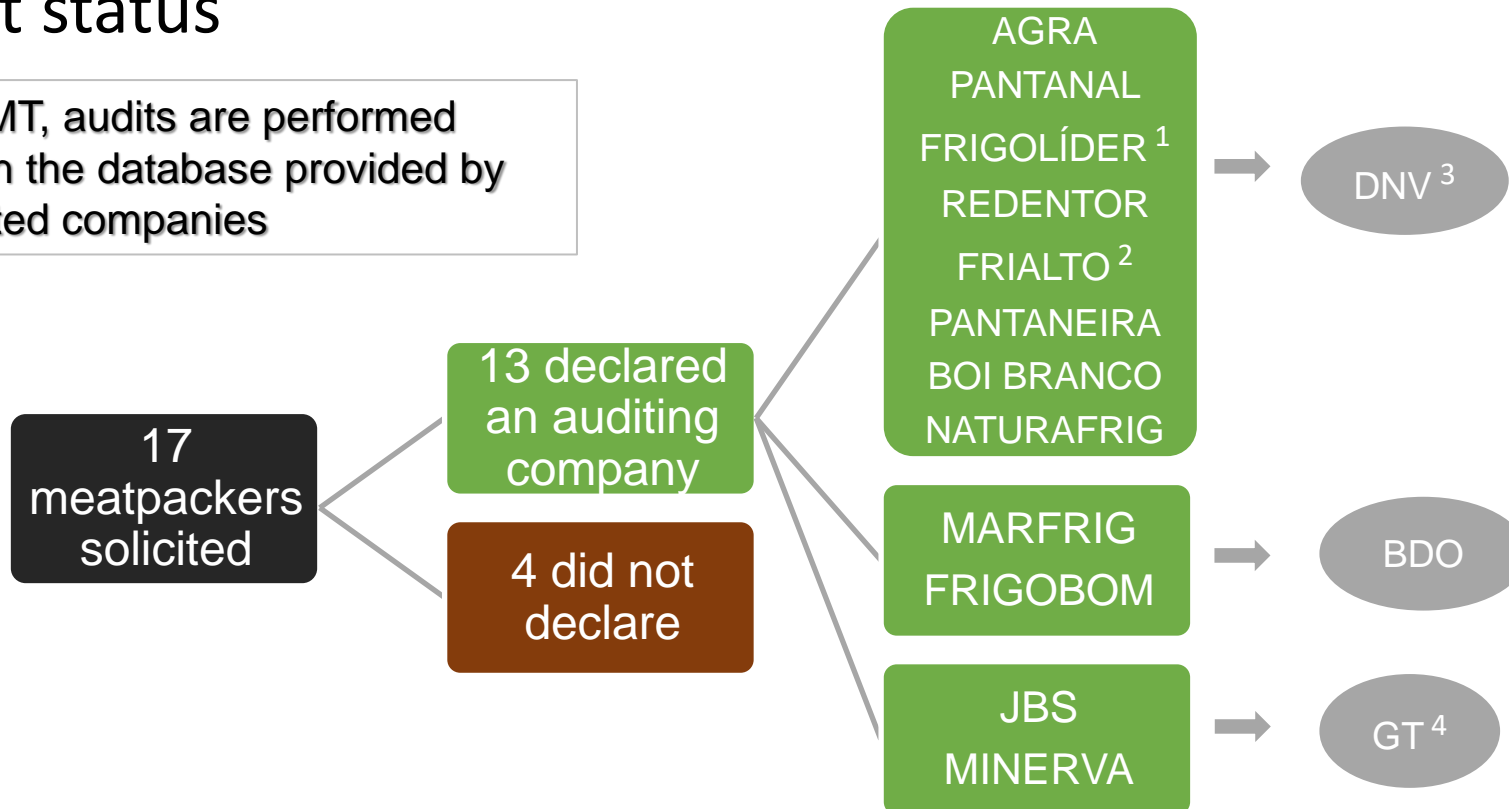


Audits - Mato Grosso

MATO GROSSO AUDITS

➔ Audit status

! In MT, audits are performed based on the database provided by the audited companies



To date, the MPF has only received reports from JBS, Marfrig and Minerva.

An additional deadline of Jan/2024 has been granted to companies that have contracted with DNV.

¹ Abatedouro e Frigorífico Colíder
² Vale Grande Indústria e Comércio
³ DNV - Business Assurance Brasil
⁴ Grant Thornton

MATO GROSSO AUDITS

➔ Results overview (JBS)

- Units/municipalities (15): Alta Floresta, Água Boa, Araputanga, Barra do Garças, Brasnorte, Confresa, Colíder, Diamantino, Juara, Juína, Pedra Preta, Pontes e Lacerda, Pimenta Bueno, São Miguel do Guaporé (RO*), Vilhena (RO*)

	Number of GTAs		Heads of cattle	
	Nº	%	Nº	%
Total purchases and head of cattle (global)	25.760	100%	1.985.465	100%
Total purchases and number of sampled cattle	1.024	4%	239.370	12%
1. Purchases in compliance	879	86%	207.431	87%
2. Purchases with justified compliance	114	11%	26.797	11%
3. Non-compliant purchases	31	3%	5.142	2%

* The unit is located in another state, but the cattle are purchased from ranches in the state of Mato Grosso.

MATO GROSSO AUDITS

➔ Results overview (Marfrig)

- Units/municipalities (3): Tangará da Serra, Várzea Grande, Pontes e Lacerda

	Number of GTAs		Heads of cattle	
	Nº	%	Nº	%
Total purchases and head of cattle (global)	7,918	100%	894,257	100%
Total purchases and number of sampled cattle	940	12%	105,839	12%
1. Purchases in compliance	910	96.80%	88,964	84.05%
2. Purchases with justified compliance	30	3.20%	16,875	15.95%
3. Non-compliant purchases	0	0%	0	0%

MATO GROSSO AUDITS

➔ Results overview (Minerva)

- Units/municipalities (4): Paranatinga, Mirassol D'Oeste, Palmeiras de Goiás, Rolim de Moura

	Number of GTAs		Heads of cattle	
	Nº	%	Nº	%
Total purchases and head of cattle (global)	2,837	100%	171,289	100%
Total purchases and number of sampled cattle	720	25%	87.426	51%
1. Purchases in compliance	695	97%	85.516	98%
2. Purchases with justified compliance	25	3%	1.910	2%
3. Non-compliant purchases	-	-	-	-

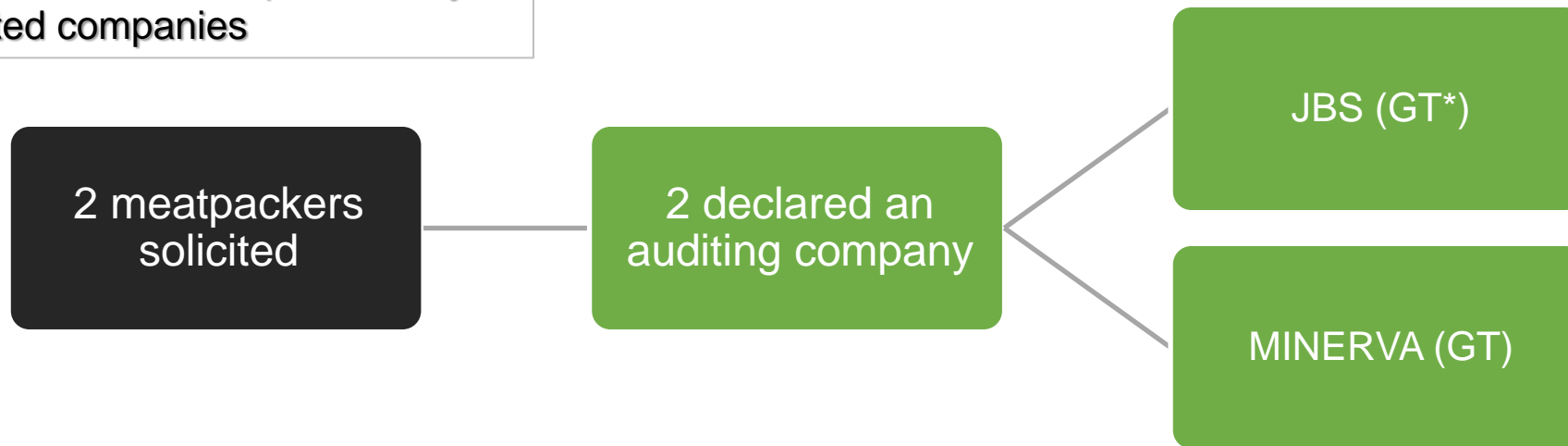


Audits - Rondônia

RONDÔNIA AUDITS

➔ Audit status

! In RO, audits are performed based on the database provided by the audited companies



*Grant Thornton

RONDÔNIA AUDITS

➔ Results overview (JBS)

- Units/municipalities (4): Pimenta Bueno, Porto Velho, São Miguel do Guaporé, Vilhena

	Number of GTAs		Heads of cattle	
	Nº	%	Nº	%
Total purchases and head of cattle (global)	28,474	100%	1,295,415	100%
Total purchases and number of sampled cattle	1,029	4%	173,883	13%
1. Purchases in compliance	932	91%	142.006	82%
2. Purchases with justified compliance	43	4%	11,023	6%
3. Non-compliant purchases	54	5%	20,854	12%

RONDÔNIA AUDITS

➔ Results overview (Minerva)

- Name of unit (2): CSAP (RM)*, Minerva (RM)
- Municipalities: Rolim de Moura

	Number of GTAs		Heads of cattle	
	Nº	%	Nº	%
Total purchases and head of cattle (global)	8,833	100%	377,368	100%
Total purchases and number of sampled cattle	952	11%	119,473	32%
1. Purchases in compliance	901	95%	113,652	95%
2. Purchases with justified compliance	51	5%	5,821	5%
3. Non-compliant purchases	-	-	-	%

*Confinement



Audits - Pará

Company groupings

<u>Signatory</u> companies that submitted audits: 12	<u>Non-signatory</u> companies that submitted an audit: 1	<u>Relevant signatory</u> companies* that did not submit audits: 12	<u>Relevant non-signatory</u> companies* that did not submit an audit: 9
Agroexport	Frigorifico Valêncio	Fribev/Xinguara	Frigorífico Araticum
Frigorífico Aliança		Matadouro Marchanteria Planalto	Frigonorte - J M Soares
Frigorífico Altamira		Frigorífico São Francisco – Sampaio	Frig Munic Oriximiná
ForteFrigo		CE Mendonça Frigorífico Vitória	Mafrimar - Mat Marajoara
Frigol		Frigorífico Mararu - Frigomar	Frigus - R C Moreira
JBS		Frigorífico Ouro Verde	Frigovan - R Barcelos Ribeiro
Mafrinorte		Frigosan - Santarém	Marfribe - Frig Bezerra
Masterboi		Independência IG de Paula	Frigorífico Mariano
Mercúrio		R.E. Ribeiro Soares (Frig. Ribeiro)	163 Beef Ind
Minerva		Frigorífico Água Branca - Frinort	
Frigorífico Rio Maria		Casfrisa	
Estância Boi na Grotá			
*above 0.3% of annual slaughter/export volume			

Automatic Audit

AUTOMATIC 5th CYCLE MEAT TAC PARA AUDIT - Volume slaughtered/exp			JUL20 to DEC21 (TOTAL)	JUL20 to DEC21 (Irregularities)	Irregularities (%)
GROUP 5 - Companies WITH TAC, WITHOUT audit and WITH relevance			620,858	101,643	16%
1	CE Mendonça Frig Vitoria		12,052	5,495	46%
2	Mararu - Frigomar		21,047	8,998	43%
3	Ouro Verde		15,298	1,153	8%
4	Frigosan - Santarém		23,421	7,885	34%
5	Independencia IG de Paula		45,005	7,143	16%
6	R. E. Ribeiro Soares		28,930	8,022	28%
7	Mat e Frig Agua Branca - Frinort		13,916	3,946	28%
8	Fribev/Xinguara	*	161,485	16,988	11%
9	Matadouro e Marchanteria Planalto		41,194	5,469	13%
10	São Francisco - Sampaio	*	138,366	12,028	9%
11	Socipe	*	20,642	7,285	35%
12	Casfrisa		99,502	17,231	17%

Source: Technical Chamber of the TAC Support Committee

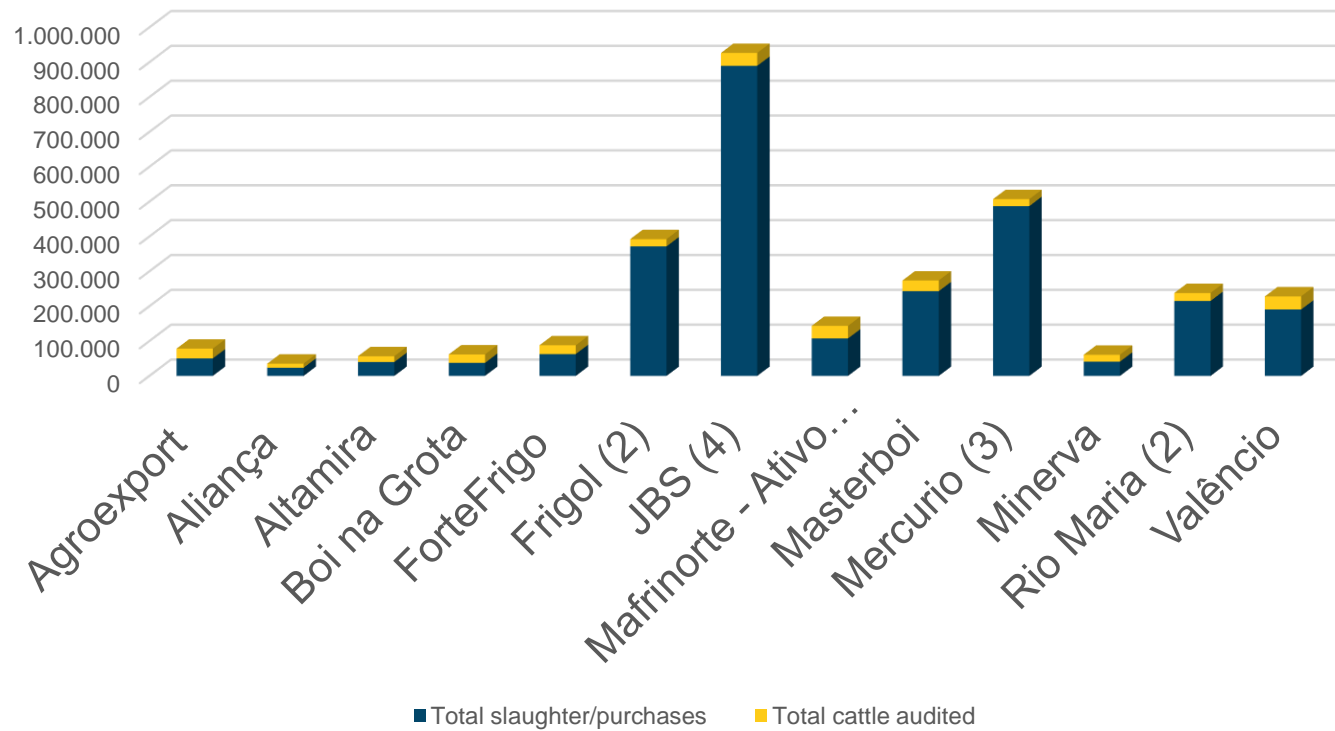
* Companies that provided justifications after the data were sent to the Technical Chamber. The justifications could not be taken into account in this study.

Automatic Audit

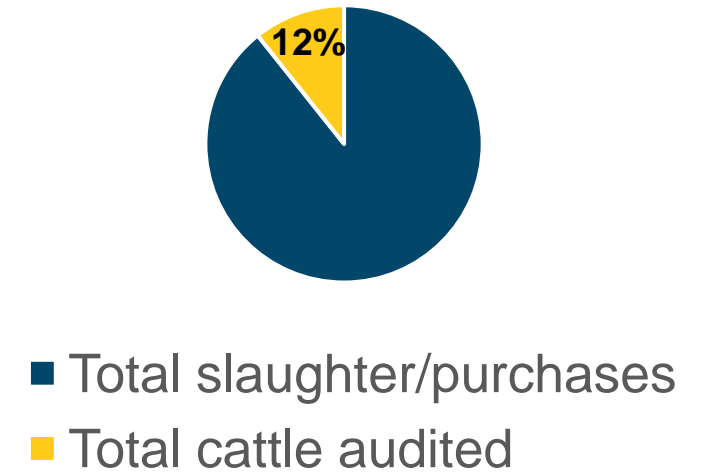
AUTOMATIC 5th CYCLE MEAT TAC PARA AUDIT - Volume slaughtered/exp			JUL20 to DEC21 (TOTAL)	JUL20 to DEC21 (Irregularities)	Irregularities (%)
GROUP 3 - Companies WITHOUT TAC, WITHOUT audits and WITH relevance			410,784	81,283	20%
1	Araticum		17,592	5,701	32%
2	Frigonorte - J M Soares	*	100,714	19,711	20%
3	Frigorífico Municipal Oriximiná		15,673	4,804	31%
4	Mafrimar - Mat e Frig Marajoara		30,470	10,352	34%
5	Frigus - R C Moreira		36,091	5,389	15%
6	Frigovan - R Barcelos Ribeiro		12,456	1,716	14%
7	Marfribe - Frig Bezerra		95,730	14,385	15%
8	Mariano		14,494	1,683	12%
9	163 Beef Ind		87,564	17,542	20%
Source: Technical Chamber of the TAC Support Committee					
* Companies that provided justifications after the data were sent to the Technical Chamber. The justifications could not be taken into account in this study.					

Sampling

Sampling by company (qty)



Total sampling (%)

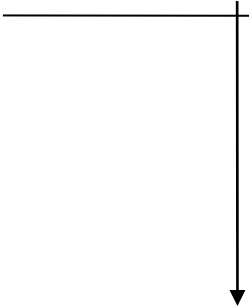


Representativeness of audits in the State of Pará and % of animals with nonconformities

Total animals marketed for slaughter/export..... 3,549,455 (100%)

Total number of animals marketed by audited companies..... 2,760,224 (78%)

Total of animals not audited..... 789,231 (22%)



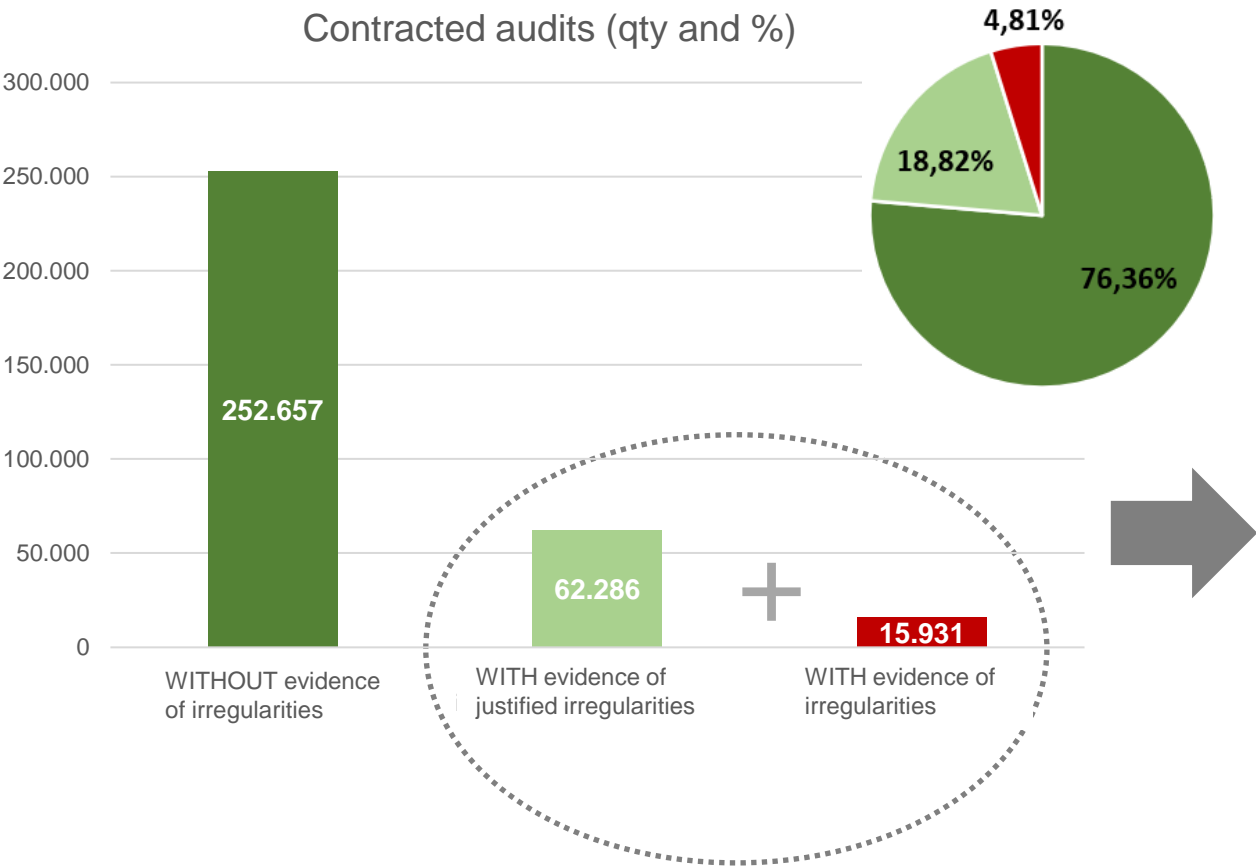
Representativeness of the 5th
Cycle Audit



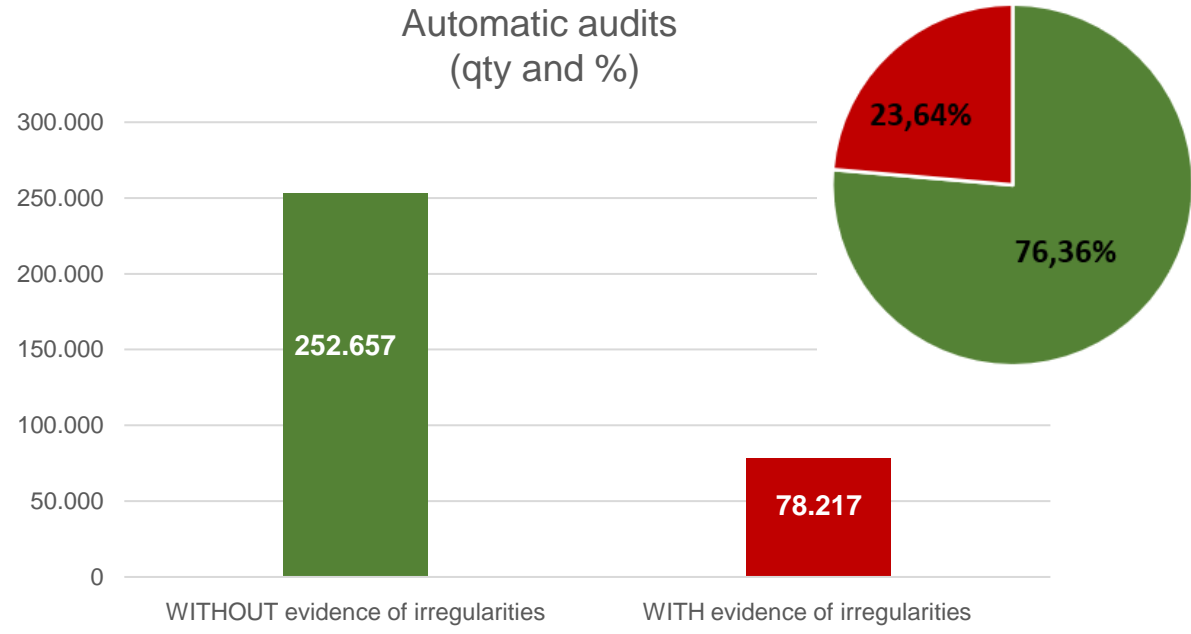
- Actual animals audited (sample)..... 330,874 (100%)
└─ Animals with nonconformities 15,931 (4.81%)

**4.81% with
nonconformities**

Benefits of Contracting Audits



Irregularities	
Contracted audits	Automatic audits
4.81%	24%



5-year Audit Comparison

		12 months	12 months	18 months	12 months	18 months
		1 st Audit cycle	2 nd Audit cycle	3 rd Audit cycle	4 th Audit cycle	5 th Audit cycle
	Total Pará (slaughter+export)	3,256,635	3,373,663	5,857,602	3,502,567	3,549,455
	%	100%	100%	100%	100%	100%
	Number of animals marketed by audited companies	2,368,089	2,193,834	4,018,115	2,333,642	2,760,224
	%	73%	65%	69%	67%	78%
	Number of animals marketed by non-audited companies	888,546	1,179,829	1,839,487	1,168,925	789,231
	%	27%	35%	31%	33%	22%
	Number of animals audited (sampling)	2,368,089	2,193,834	3,787,055	2,255,319	330,874
	%	100%	100%	94%	97%	12%
	Degree of Nonconformity	246,343	137,093	376,812	136,172	15,931
	%	10.40%	6.25%	9.95%	6.04%	4.81%

Compliance rates of audited companies (%)

Company	Conformity (%)
Agroexport	100.0%
Aliança	27.2%
Altamira	84.5%
Estância Boi na Grotta	95.6%
ForteFrigo	95.1%
Frigol	100.0%
JBS	93.8%
Mafrinorte - Ativo	100.0%
Masterboi	100.0%
Mercurio	100.0%
Minerva	100.0%
Rio Maria	100.0%
Valêncio	99.8%

Audit history - non-conformities

Non-conformities (%)					
Companies	1 st Audit cycle	2 nd Audit cycle	3 rd Audit cycle	4 th Audit cycle	5 th Audit cycle
Agroexport	0.00	0.00	0.00	0.00	0.00
Aliança	69.90	36.20	24.80	47.30	72.80
Altamira	72	17.60	--	17.63	15.45
Alvo Consultoria Agropecuária	--	--	0.68	0.00	--
Boi na Grota	--	--	--	--	4.43
ForteFrigo	8.40	15.30	18.70	6.51	4.86
Fribev - Xinguara	0.00	0.06	0.67	0.00	--
Frigol Total	17.40	18.70	4.10	0.00	0.00
JBS Total	19.10	8.30	32.00	16.73	6.17
Mafrinorte	0.30	0.00	0.70	0.00	0.00
Marchanteria Planalto	43.10	12.10	31.10	20.74	13.28
Masterboi	31.00	3.70	0.00	0.00	0.00
Mercurio Total	0.30	0.20	0.00	0.04	0.00
Minerva	0.00	0.30	0.00	0.00	0.00
Rio Maria	0.00	0.00	0.00	0.00	0.00
São Francisco - Sampaio	--	30.80	15.20	4.50	9.69
Valêncio	--	--	--	--	0.24

Companies that
have maintained
over 99%
compliance for the
last three audit
cycles

Agroexport

Mafrinorte

Masterboi

Mercúrio

Minerva

Rio Maria

Satisfactory levels

% Tolerance				
Audit 2018	Audit 2019	Audit 2020	Audit 2022	Audit 2023
1º Cycle	2º Cycle	3º Cycle	4º Cycle	5º Cycle
Up to 30%	Up to 20%	Up to 9.95%	Up to 7%	Up to 5%

Federal Public Prosecutor's Office

NEXT STEPS

October 26th, 2023

Next steps

Companies without audits

- Enforcement of TACs against non-participating companies (ongoing);
- Filing lawsuits against companies without TACs (ongoing);
- Recommendations to traders and financial institutions;
- Work with MMA and OEMAS to prioritize inspections of companies without audits (ongoing);
- Automatic audits for all companies;
- Monitoring Protocol 2.0

New TAC

- Redrafting of the TAC
- Dialogue in the Social Chamber
- Key points:
 - Blocking requirements;
 - Support for monitoring protocol;
 - New penalty system based on audits;
 - Updating of outdated or obsolete regulations.

Next steps

Indirect suppliers

- Signatories notified to be aware of indirect data (automatic analysis)
- GTFI and Technical Chamber studies to include indirects in screening criteria as of July 2024 - initially for diagnosis and notifications only

Meat TAC Support Committee

Technical Cooperation Agreement signed between MPF-PA, Imaflora
and AdT in October 2021

BOL_{NA}
LINHA

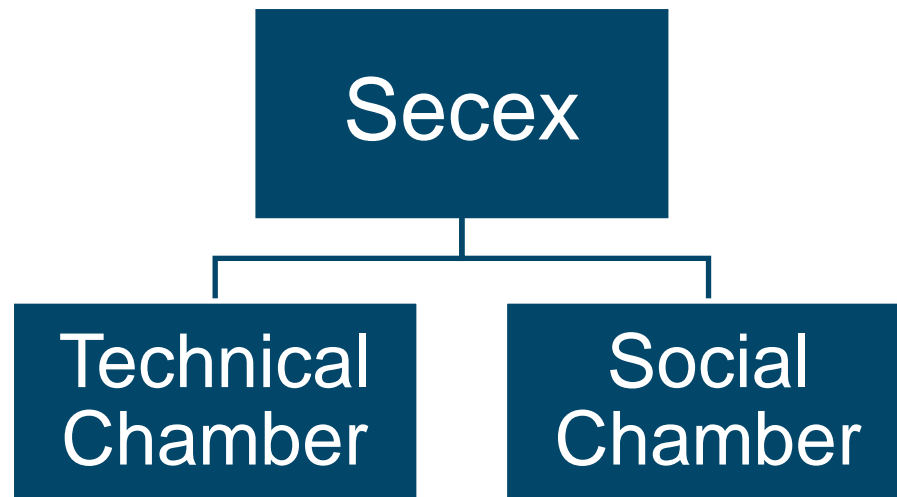


Pará Meat TAC Support Committee Objectives (CAT PA)

- a) Assist in the effective implementation of the Meat TAC in the State of Pará;
- b) Assist in the expansion of the Meat TAC in the State of Pará (expansion to new slaughterhouses);
- c) Serve as a **technical, scientific, advisory** and **instructional** resource to improve the efficiency and **transparency** of the processes related to the implementation of the Meat TAC, enabling its implementation and communication in a structured and organized manner with respect to private actors.

Operational Structure

Pará TAC Support Committee



Meat
TAC

Meeting history

Meetings of the Committee's Technical Chamber

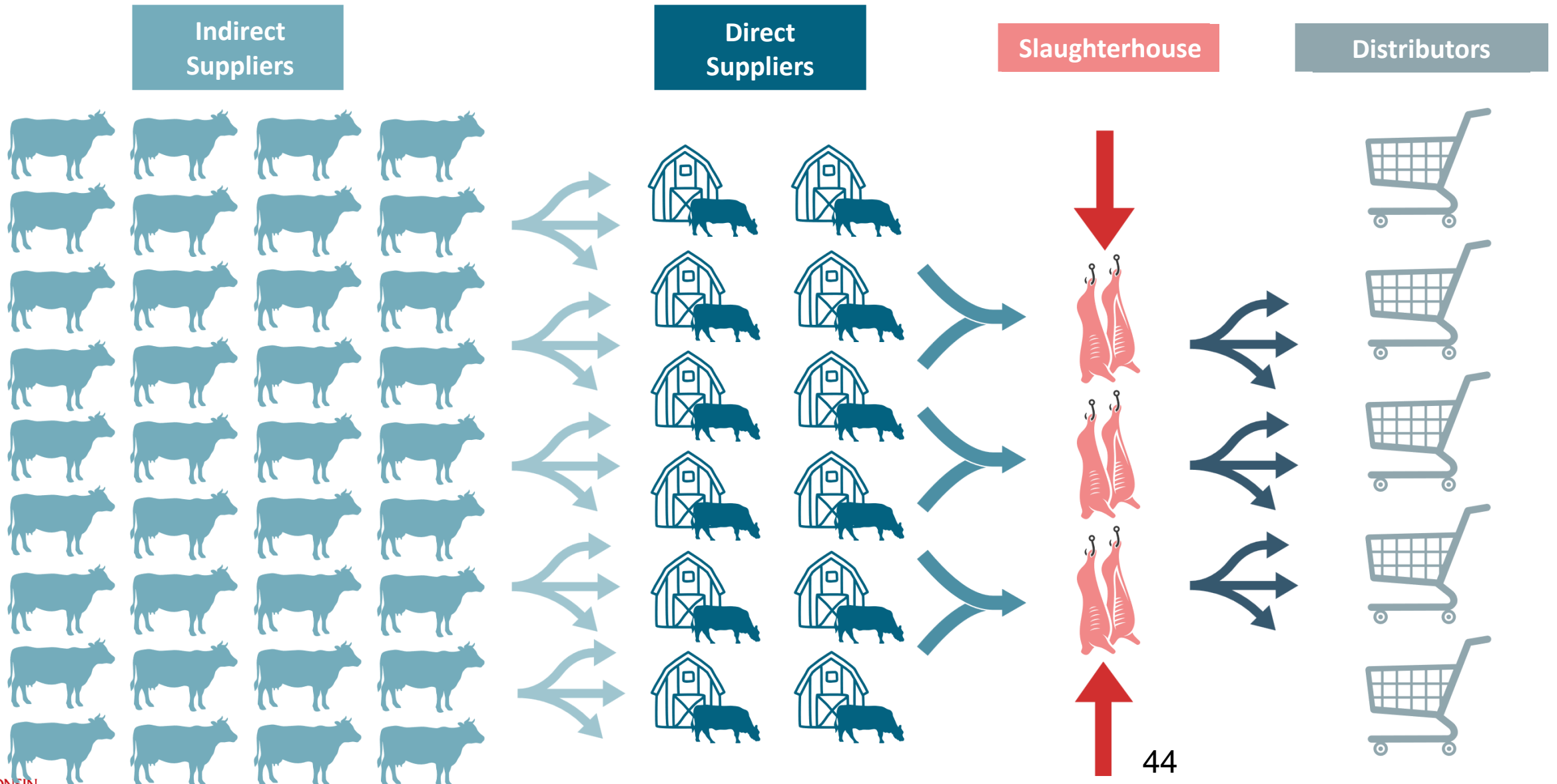
Date	Agenda Item
07.20.22	Presentation of the Committee and formation of the Technical Chamber Definition of the relevant issues to be addressed by the Technical Chamber
09.29.22	Defining the working premises of the Committee Establishing the working format of the Technical Chamber Begin reviewing the monitoring protocol
04.24.23	Definition of methodologies for carrying out automatic analyses Review of the monitoring protocol
08.04.23	Automatic analysis and results of the 5th audit cycle Preparation for the next cycle Impact assessment of the new version of the monitoring protocol
10.17.23	Release of the 5th cycle audit results

Meeting history

Meetings of the Pará Social Chamber

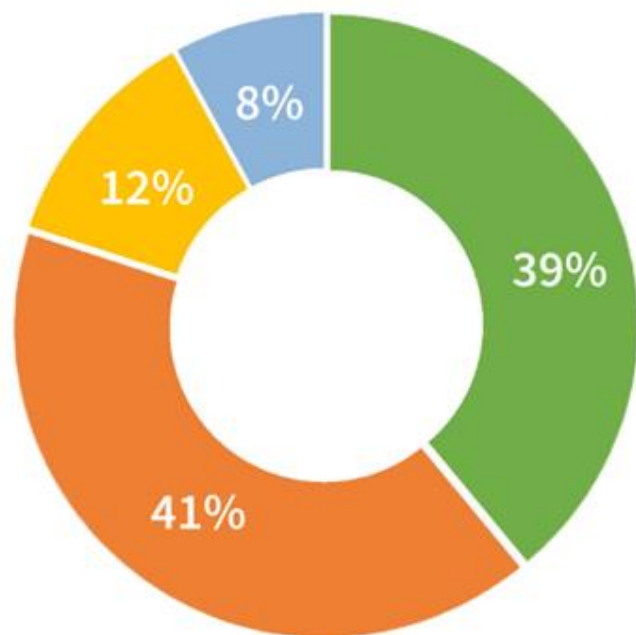
Date	Agenda Item
11.03.22	Presentation of the Committee and formation of the Social Chamber Presentation and discussion of the points for revision of the Monitoring Protocol
04.10.23	Feedback on the proposals of the Social Chamber regarding the points for revision of the Protocol Re-qualification for producers The Social Chamber's proposals for strengthening the TAC
06.12.23	Proposal to update and standardize TAC text Revise the criteria for classifying relevance

The Brazilian cattle supply chain



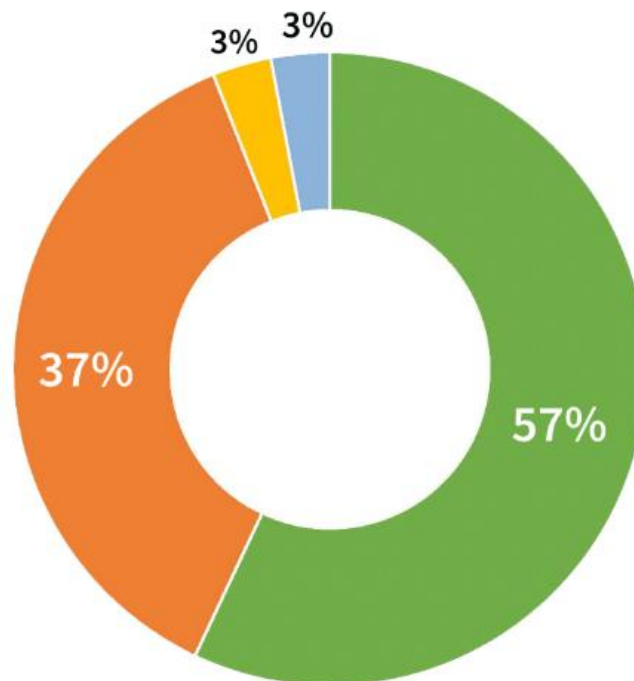
Direct and Tier 1 indirect suppliers (>100 ha) constitute 80% of deforestation and 94% of the remaining forest

Chart 1



Deforestation 2019-2021 in the state of Pará

Chart 2



Remaining forest 2021

- Direct supplier properties**
SUPPLIERS WHO SELL DIRECTLY TO MEATPACKERS
- Tier 1 indirect supplier properties greater than 100 hectares**
INDIRECT SUPPLIERS WHO SUPPLY CATTLE TO DIRECT SUPPLIERS
- Tier 1 indirect supplier properties under 100 hectares**
INDIRECT SUPPLIERS WHO SUPPLY CATTLE TO DIRECT SUPPLIERS
- Tier 2+ indirect supplier properties**
INDIRECT SUPPLIERS WHO SUPPLY CATTLE TO OTHER TIER 1+ INDIRECTS

Source of analysis: University of Wisconsin-Madison

85% of non-compliant cattle of Tier 1 indirect were sold to TAC slaughterhouses

Time frame* for tier 1 indirects (02/January/2019 - 31/December/2020)

Sales from Indirect Suppliers tier 1	Million head of cattle	% of total	% of total non-compliance
Total number of heads	8,18	100%	
Total number of heads in compliance	2,97	36%	
Total number of non- compliant heads	5,21	64%	100%
Total number of non-compliant heads sold to non-TAC direct suppliers	0,79	10%	15%
Total number of non-compliant heads sold to direct suppliers Non-compliant TAC	2,07	25%	40%
Total non-compliant head sold to compliant TAC direct suppliers	2,35	29%	45%

* Based on the time frame of 1-2 years before the sale date to direct suppliers

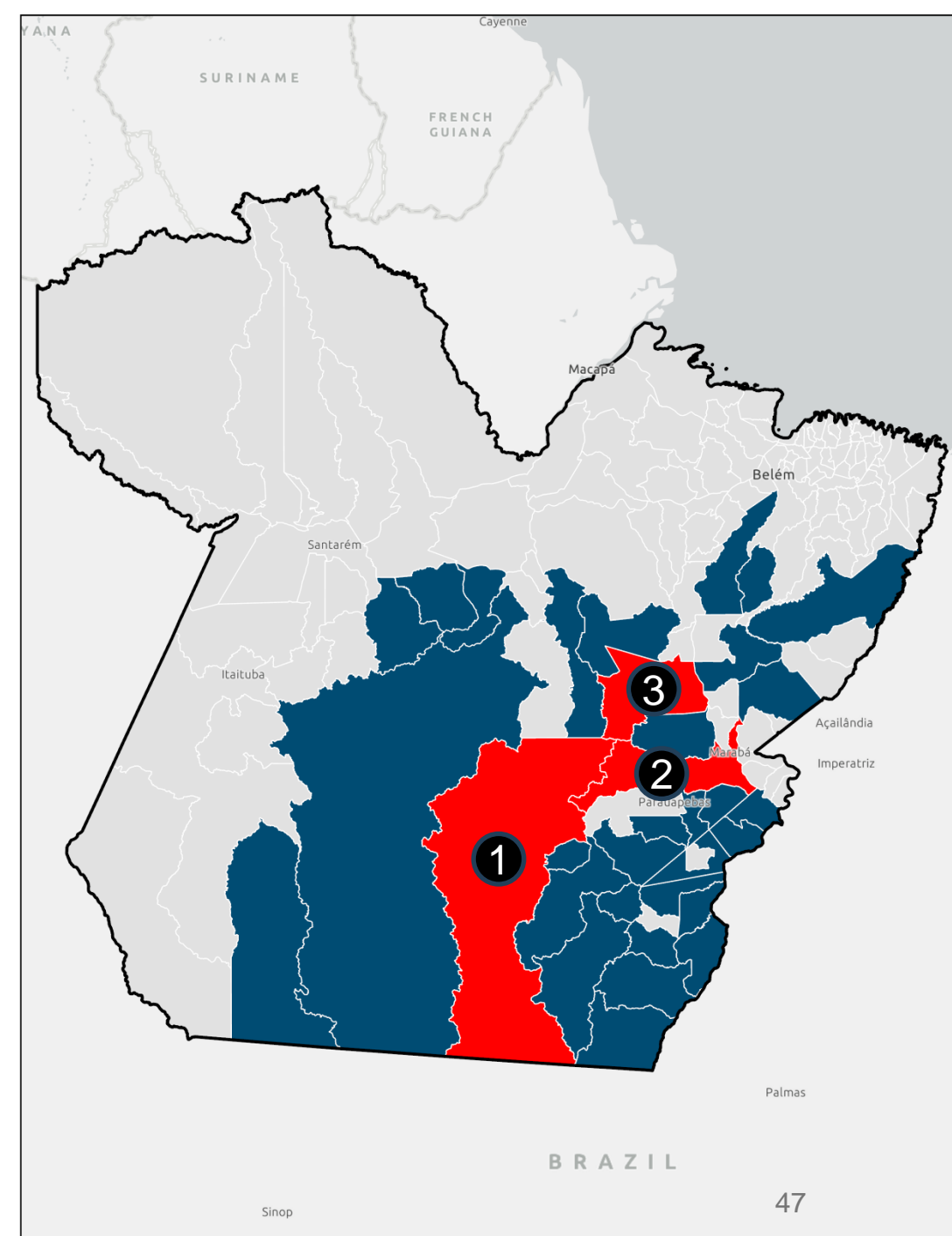
45% of non-compliant cattle from tier 1 indirects were sold to compliant TAC direct suppliers

33 municipalities accounted for 80% of the cattle that were transferred from Non-Compliant Indirect Suppliers to Direct Suppliers of Compliant TAC Meatpackers (5th Cycle)

Time frame for Tier 1 indirects
02/January/2019 - 31/December/2020

Top 3 (24%)

1. São Félix do Xingu
2. Marabá
3. Novo Repartimento



SGT Indirect Monitoring Technician: Key Deliverables

- 1) Impact analysis on the application of good practices - GTFI and supplier reintegration measures
- 2) Technical requirements for the implementation of CAR + GTA approaches
- 3) In-depth protocol for integrating indirect suppliers into TACs

THANK YOU

October 26th, 2023

MPF

Ministério Público Federal