

Nature



Connected



People

Economy

# Sourcing Beef Responsibly

A risk-based approach to supplier chain management

A world where  
**human  
choices**  
ensure  
**a sustainable  
future**



**OUR VISION**

To build  
**commitment** and  
**capacity**  
for  
**mainstreaming  
sustainability**

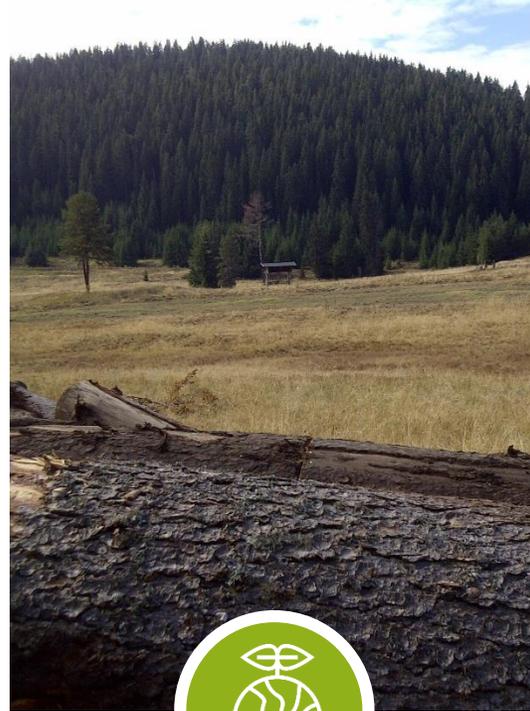


**OUR MISSION**

# NEPCon's Programme Focus



Conservation



Land Use

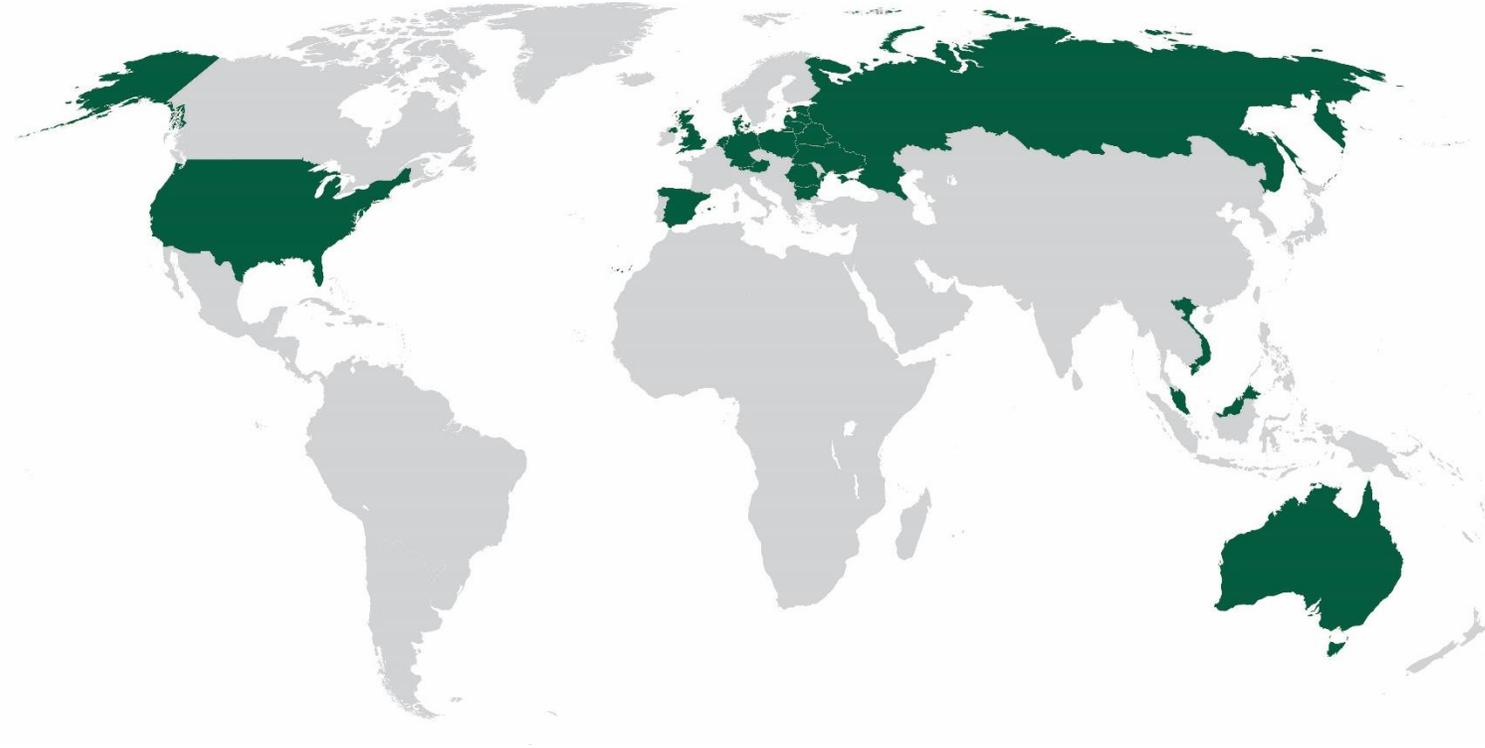


Traceability



Responsible Sourcing

# Our Team around the World



**120+** full-time staff

**19** countries

**24** nationalities

Network of **160+** consultants

**16** legal registrations

across **Europe, US**

**Russia and Asia**



# Donors & Collaborators



European Commission



MINISTRY OF FOREIGN AFFAIRS OF DENMARK  
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DEVELOPMENT COOPERATION



**YAYASAN SABAH GROUP**

# Our Clients

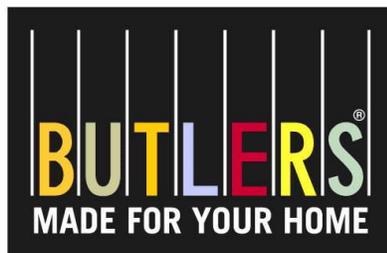


Chart 9: Global middle class in 2009 and prediction for 2030



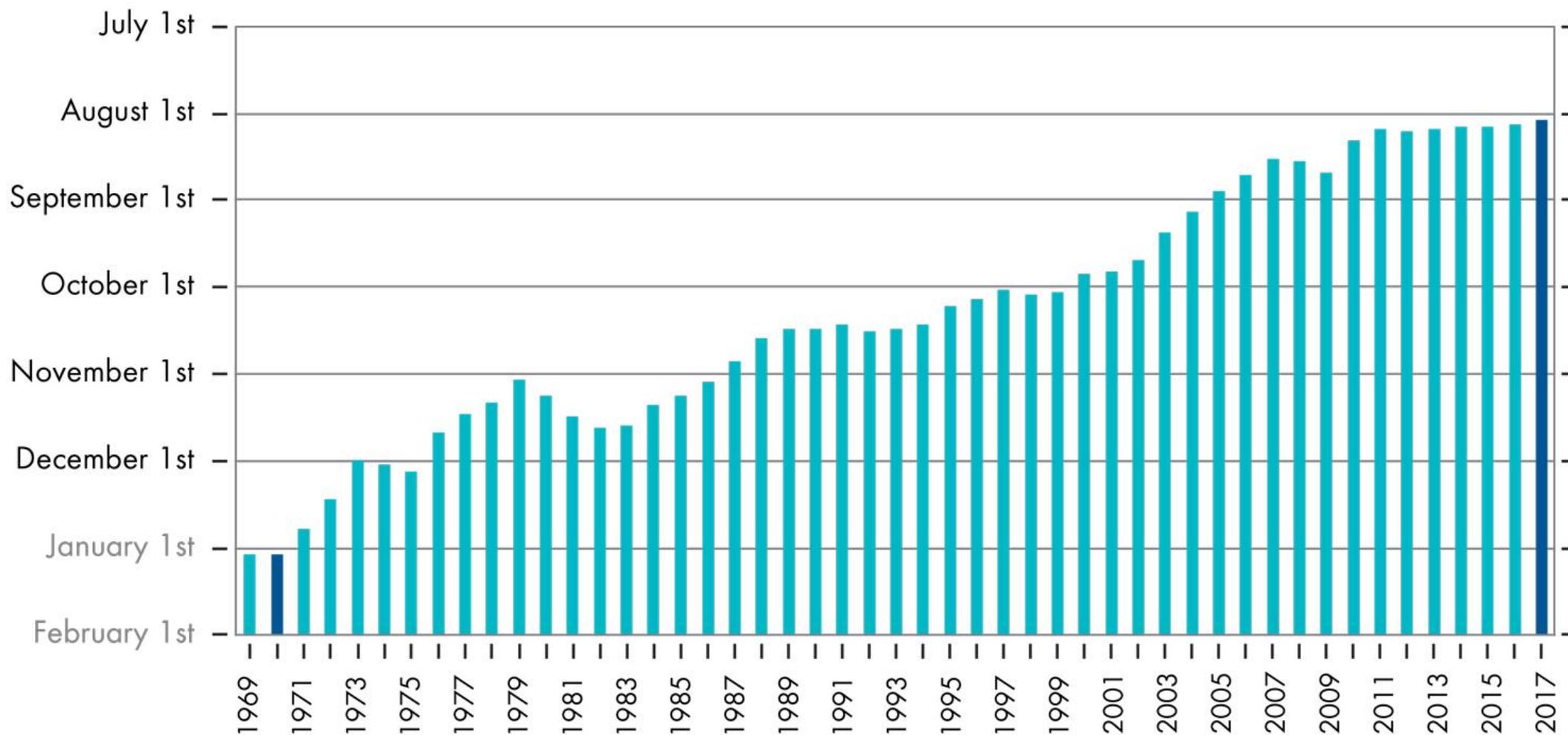


**1 Earth**

# Earth Overshoot Day 1969-2017



**1.7 Earths**



Source: Global Footprint Network National Footprint Accounts 2017

Earth Overshoot Day: [www.overshootday.org](http://www.overshootday.org)



Photo: Daniel Beltrá, Greenpeace

A complex **problem**



**Sourcing policies**



Implementing



**RISKS**  
at the ground level  
**?**

**A risk-based approach** can enable **YOU**  
to focus the most effort where there is the most need.

# What is a risk based approach?





Treat the risks

Assess the risks

Know your supply chain

# NEPCon Sourcing Hub



Timber



Palm Oil



Beef



Soy

[www.nepcon.org/sourcinghub](http://www.nepcon.org/sourcinghub)



78

Country risk assessments

for

timber, palm oil,  
beef, and soy

covering supply chains  
from all over the world



125+

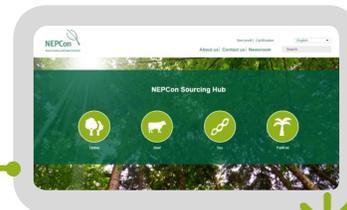
Guidance and tools

to help

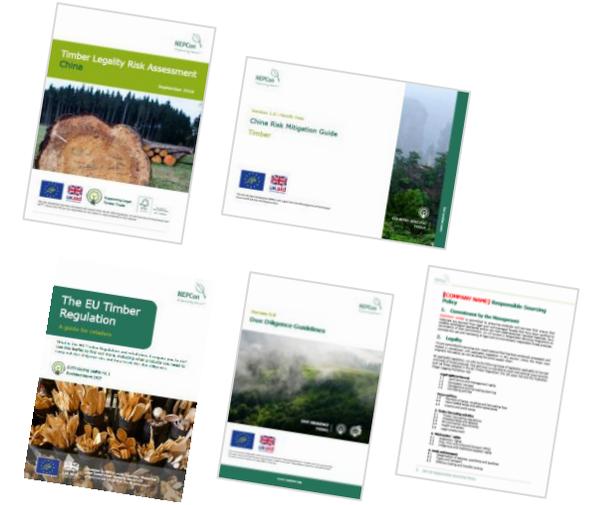
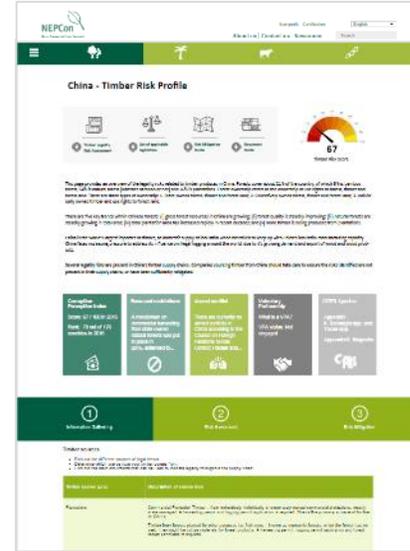
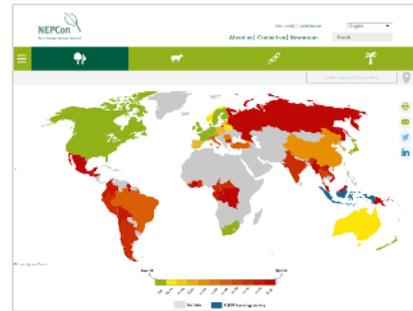
companies

evaluate and manage  
the risks

in their supply chain



# Everything you need for due diligence in one place



1

**SELECT**  
commodity

2

**ACCESS**  
an overview map of  
sourcing risks  
+  
**SELECT**  
country for details

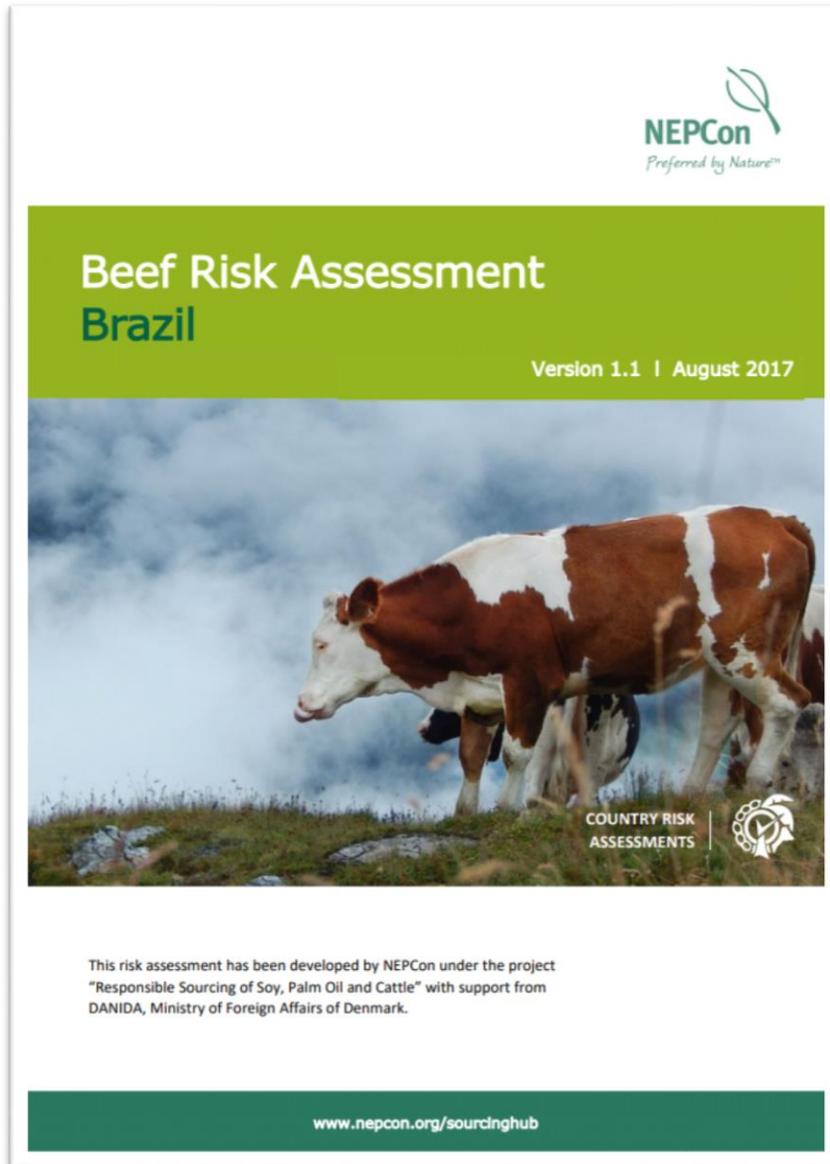
3

**VIEW**  
country detailed risk data  
(e.g. risks related to each  
type of forest  
production...)

4

**EXPLORE**  
a suite of country  
guidance and due  
diligence tools to  
mitigate the risks

# Risk assessments...



The **heart** of the Hub

# Risk assessments available for beef



## Environment

- Environmental regulations – air emissions, water use, chemical management, etc.
- Protected sites and species regulations
- High Conservation Values
- Value added taxes and other sales taxes



## Social issues

- Legal employment
- ILO fundamental conventions
- Health and safety
- Indigenous and traditional rights



## Business Issues

- Land tenure
- Farm registration & management rights
- Payment of royalties and required fees
- Value added taxes and other sales taxes
- Income and profit taxes
- Disclosure of information

## Conversion



- No new farms established after November 2005 on natural forests or ecosystems
- Fire avoidance

## GMOs



- There is no commercial use of genetically modified organisms (GMOs)

## Animal welfare (cattle)



- Health (nutrition, safety, medicines, health programmes, etc.)
- Well-being (no mistreatment, minimising stress & suffering, reproduction quality care, etc.)

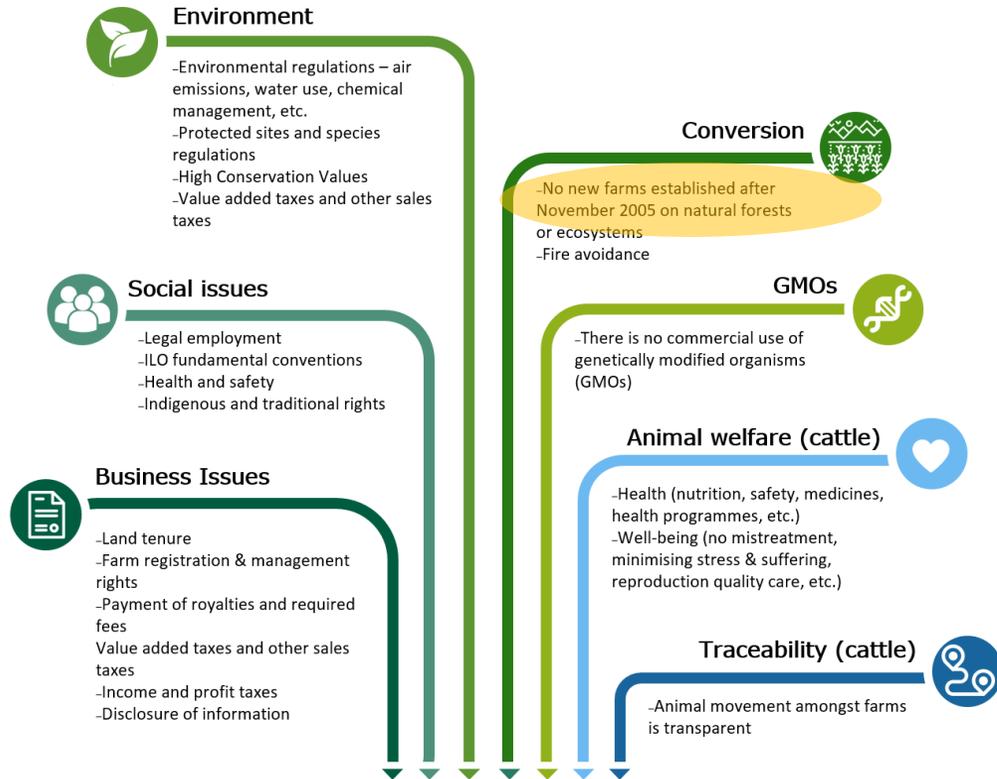
## Traceability (cattle)



- Animal movement amongst farms is transparent

The palm oil, soy and beef framework considers social, environmental and legality risks across **7 categories** and **19 sub-categories**

# What is in a risk assessment?

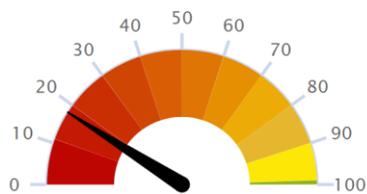


The palm oil, soy and beef framework considers social, environmental and legality risks across **7 categories** and **19 sub-categories**

- ✓ Applicable laws and regulations
- ✓ Legal authority
- ✓ Legally required documents or records
- ✓ Sources of information
- ✓ Overview of Legal Requirements
- ✓ Description of risk
- ✓ Risk conclusion (low or elevated)
- ✓ Control measures and verifiers

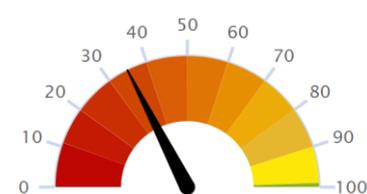
*For each of the 19 sub-categories*

# Brazil



| Legal Category       | Sub-category   | Risk conclusion                              |           |                   |                 |           |
|----------------------|--|--|-----------|-------------------|-----------------|-----------|
|                      |  | Complete cycle farm                          | Feedlot   | Fattening ranches | Calving Ranches |           |
| Business Issues      | 1.1. Land tenure   | Specified                                    | Specified | Specified         | Specified       |           |
|                      | 1.2. Farm registration & management rights   | Specified                                    | Specified | Specified         | Specified       |           |
|                      | 1.3. Payment of royalties & required fees  | Low  | Low       | Low               | Low             |           |
|                      | 1.4. Value Added taxes & other sales taxes   | Specified                                    | Specified | Specified         | Specified       |           |
|                      | 1.5. Income and profit taxes   | Low  | Low       | Low               | Low             |           |
|                      | 1.6. Disclosure of Information   | Low  | Low       | Low               | Low             |           |
| Social issues        | 2.1. Legal employment  | Specified                                    | Specified | Specified         | Specified       |           |
|                      | 2.2. ILO Fundamental Conventions are upheld.                                       | Specified                                    | Specified | Specified         | Specified       |           |
|                      | 2.3. Health and safety   | Specified                                    | Specified | Specified         | Specified       |           |
|                      | 2.4. IP and TP rights are upheld.  | Specified                                    | Specified | Specified         | Specified       |           |
| Environmental issues | 3.1. Environment   | Specified                                    | Specified | Specified         | Specified       |           |
|                      | 3.2. Protected sites and species   | Specified                                    | Specified | Specified         | Specified       |           |
|                      | 3.3. HCV   | 3.3.1. Species diversity.                    | Specified | Specified         | Specified       | Specified |
|                      |  | 3.3.2. Landscape-level ecosystems & mosaics. | Specified | Specified         | Specified       | Specified |
|                      |  | 3.3.3. Ecosystems and habitats               | Specified | Specified         | Specified       | Specified |
|                      |  | 3.3.4. Critical ecosystem services.          | Specified | Specified         | Specified       | Specified |
|                      |  | 3.3.5. Community needs                       | Specified | Specified         | Specified       | Specified |
|                      |  | 3.3.6. Cultural values.                      | Specified | Specified         | Specified       | Specified |
| Conversion           | 4.1. New farms since November 2008 have not replaced natural forest or ecosystems. | Specified                                    | Specified | Specified         | Specified       |           |
| GMOs                 | 5.1. No GMO feed/animals   | Low  | Low       | Low               | Low             |           |
| Animal Welfare       | 6.1. Animal Health   | Specified                                    | Specified | Specified         | Specified       |           |
|                      | 6.2. Animal Well-being   | Low  | Specified | Specified         | Specified       |           |
| Traceability         | 7.1. Tracking System   | Specified                                    | Specified | Specified         | Specified       |           |

# Argentina



| Legal Category          | Sub-category   | Regional Risk Designation                    |           |  |           |           |           |
|-------------------------|--|--|-----------|--|-----------|-----------|-----------|
|                         |  | NEA  | NOA       | Pampeña – Central                              | Cuyo      | Patagonia |           |
| Business Issues         | 1.1. Land tenure   | Specified                                    | Specified | Low  | Specified | Specified |           |
|                         | 1.2. Farm registration & management rights   | Specified                                    | Specified | Low  | Specified | Specified |           |
|                         | 1.3. Payment of royalties & required fees  | Low  | Low       | Low  | Low       | Low       |           |
|                         | 1.4. Value Added taxes & other sales taxes   | Specified                                    | Specified | Specified                                      | Specified | Specified |           |
|                         | 1.5. Income and profit taxes   | Specified                                    | Specified | Specified                                      | Specified | Specified |           |
|                         | 1.6. Disclosure of Information   | Low  | Low       | Low  | Low       | Low       |           |
| Social Issues           | 2.1. Legal employment  | Specified                                    | Specified | Specified                                      | Specified | Specified |           |
|                         | 2.2. ILO Fundamental Conventions are upheld.                                       | Specified                                    | Specified | Specified                                      | Specified | Specified |           |
|                         | 2.3. Health and safety   | Specified                                    | Specified | Specified                                      | Specified | Specified |           |
|                         | 2.4. IP and TP rights are upheld.  | Specified                                    | Specified | Specified                                      | Specified | Specified |           |
| Environmental issues    | 3.1. Environment   | Specified                                    | Specified | Specified                                      | Specified | Specified |           |
|                         | 3.2. Protected sites and species   | Specified                                    | Specified | Specified                                      | Specified | Specified |           |
|                         | 3.3. HCV   | 3.3.1. Species diversity.                    | Specified | Specified                                      | Specified | Specified | Specified |
|                         |  | 3.3.2. Landscape-level ecosystems & mosaics. | Specified | Specified                                      | Low       | Low       | Low       |
|                         |  | 3.3.3. Ecosystems and habitats               | Specified | Specified                                      | Specified | Specified | Specified |
|                         |  | 3.3.4. Critical ecosystem services.          | Specified | Specified                                      | Specified | Specified | Specified |
|                         |  | 3.3.5. Community needs                       | Specified | Specified                                      | Low       | Low       | Specified |
| 3.3.6. Cultural values. |  | Specified                                    | Specified | Low  | Low       | Specified |           |
| Conversion              | 4.1. New farms since November 2005 have not replaced natural forest or ecosystems. | Specified                                    | Specified | Low  | Low       | Low       |           |
|                         | 4.2. Fire Avoidance  | Specified                                    | Specified | Specified                                      | Specified | Specified |           |
| GMOs                    | 5.1. No GMO feed/animals   | Low  | Low       | Specified - Low risk for Small family ranchers | Low       | Low       |           |
|                         |  | Low  | Low       | Low  | Low       | Low       |           |
| Animal Welfare          | 6.1. Animal Health   | Low  | Low       | Low  | Low       | Low       |           |
|                         | 6.2. Animal Well-being   | Low  | Low       | Low  | Low       | Low       |           |
| Traceability            | 7.1. Tracking System   | Low  | Low       | Low  | Low       | Low       |           |

# Risks associated with Beef from Brazil





Risk of illegal / undocumented land tenure.



**Map your supply chains** – you need to know where your product is coming from to assess and mitigate the risks – tools available on the [Sourcing Hub](#)



**Obtain and verify documents** – e.g. a CAR - A Rural Environment Registry receipt / record (*Protocolo / recibo do Cadastro Ambiental Rural*) – full list on the [Sourcing Hub](#)



**Consult with stakeholders** – e.g. Staff at the Rural Environmental Registry System (*SiCAR, Simistema Nacional de Cadastro Ambiental Rural*) can verify the farm has a valid CAR status by checking its CAR registration number – full list on the [Sourcing Hub](#)



**Carry out on-site verification** – to confirm, for example Confirm cattle ranches takes place within the authorized boundaries in accordance with the relevant licenses – full list on the [Sourcing Hub](#)



## Risk of illegal / undocumented land tenure.



1. **Verify the cattle farm has the valid land tenure documents** (incl. A CAR - A Rural Environment Registry receipt / record (Protocolo / recibo do Cadastro Ambiental Rural and a CCIR - Certificate of Registration of Rural Real Estate (Certificado de Cadastro do Imóvel Rural; An ITR - Proof of Registration of the Territorial Institute (Comprovante de Cadastro do Instituto Territorial)



2. **Verify the CAR status by checking its CAR registration number in the Public Module of the Rural Environmental Registry System (SiCAR, Simistema Nacional de Cadastro Ambiental Rural):**  
[www.http://car.gov.br/publico/imoveis/index](http://car.gov.br/publico/imoveis/index)



3. **Review information on land tenure disputes and developments on indigenous and traditional peoples' land claims**, for example - Ask your supplier for a map identifying the traditional communities close to its farms and/or cross reference the farm location with the location of indigenous lands and Quilombolas communities which can be found on the Indigenous lands in Brazil website or the Quilombolas communities' official website)



4. **Consult with neighbours, local communities, landowners and other stakeholders** to find out if A) land tenure rights are clear and – where applicable – lease of the land has been agreed by all the landowners; and B) if there are any court orders or other legal decisions that mean that the company is not allowed to operate due to conflicts of land tenure.



**Low risk**



# Tools to help source responsible beef from Brazil

**NEPCon**  
Nature Economy and People Connected

Non-profit | Certification | English

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Select country of origin here

## Brazil Beef Risk Profile

**Toolbox**

- Beef Risk Assessment
- Risk Mitigation Guide
- Supplier checklist

Risk Score: 18

This page provides an overview of the corporate social responsibility (CSR) risks related to beef produced in Brazil.

The Brazilian beef sector has 210 million animals distributed over 170 million hectares. Livestock ranching covers 70% of area available for agriculture. Approximately 40 million animals were slaughtered in 2014 (10% sourced from feedlots) and this produced 10 million tons carcass equivalent of meat. 20% of this meat was exported.

The Brazilian Amazon includes 70 million hectares of pasture which expanded in a limited way in the past ten years. The Amazonian cattle herd consists of 82 million head of cattle. Between 1997 and 2013 the herd in the Amazon states increased by 200%, while elsewhere the Brazilian herd increased by 60%. To date, feedlots are not common practice in Brazil but are a growing trend. Most beef raised in the Amazon is slaughtered and processed inside the Amazon biome. Around a quarter of this slaughter takes place within the clandestine 'unofficial/underground' industry.

The absence of a robust traceability system for the cattle sector is the main issue linked with illegal farm establishment, management and trade of livestock.

A number of CSR risks are present in Brazilian beef supply chains. The risks are wide ranging and appear across the business, social and environmental areas. If you are sourcing beef from Brazil you should take care to ensure the extensive risks identified are not present in your supply chains, or have been sufficiently mitigated.

**Corruption Perceptions Index**

Score: 40 / 100 in 2016

Rank: 79 out of 176 countries in 2016

**Bans and restrictions**

Import restriction: After the 'Weak Flesh Probe' in 2016, these countries banned Brazilian beef. China and the EU (among others) have lifted the ban

**Armed conflict**

There are currently no armed conflicts in Brazil according to the Council on Foreign Relations' Global Conflict Tracker

According to the Uppsala Conflict Data Program there were 51 deaths from 2010-2015

1 Information Gathering      2 Risk Assessment      3 Risk Mitigation

## Beef Risk Assessment Brazil

Version 1.1 | August 2017

COUNTRY RISK ASSESSMENTS

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

[www.nepcon.org/sourcinghub](http://www.nepcon.org/sourcinghub)

## Brazil Risk Mitigation Guide Beef

Version 1.0 | August 2017

COUNTRY SPECIFIC TOOLS

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

## Supply chain evaluation checklist Beef from Brazil

Version 1.0

COUNTRY SPECIFIC TOOLS

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[www.nepcon.org/sourcinghub](http://www.nepcon.org/sourcinghub)



# Supplier Checklist

Version 1.0

## Supply chain evaluation

### Beef from Brazil



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

**Supplier Name:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**Material Type:** \_\_\_\_\_  
**Material Certification:** \_\_\_\_\_  
**Date of evaluation:** \_\_\_\_\_  
**Description of evaluation** \_\_\_\_\_

#### Document Guidance

Please fill out this form by indicating 'Y' for Yes or 'N' for No for each numbered indicator if the supplier is compliant with the requirements. Please also tick the 'DOC' column if a copy of the required document is provided with this form. For all 'N/A' answers please provide an explanation. 'N/A' is not applicable.

The red dot next to the indicator highlights where there is a detected at the national level for palm oil in Malaysia and where more information is provided on the red dotted indicator.

#### 1. The supplier is compliant with all the relevant laws which apply to their business, and has records of this.

- 1.1. The supplier has a valid, non-contested and appropriate right, that is registered.

##### Document required:

- CCIR (Certificate of Registration of Rural Real Estate - Cadastro do Imóvel Rural) (I) <http://www.incra.gov.br/fundaria/regularizacao-fundaria/cadastro-rural>
- Proof of Registration of the Territorial Institute - Comp. Cadastro do Instituto Territorial - ITR (I)
- Certificate of Deed of Entire Content of the Rural Real Estate - Certidão de Matrícula de Inteiro Teor do Imóvel Rural (I) <http://www.registradores.org.br/>
- CNDIR (Negative Certificate for Debts of the Rural Real Estate - Certidão Negativa de Débitos do Imóvel Rural) (III) <http://www.receita.fazenda.gov.br/aplicacoes/atspo/cndir/nitr.asp>
- CNPJ Card (III) [http://www.receita.fazenda.gov.br/pessoajuridica/cnpj/eva\\_solicitacao.asp](http://www.receita.fazenda.gov.br/pessoajuridica/cnpj/eva_solicitacao.asp)
- Registered or Notarized Lease, Partnership or Lending Contract - Contrato de Arrendamento, Parceria ou Comodato Rural com firma reconhecida em cartório (I)
- Rural Environment Registry receipt / record - Protocolo Cadastro Ambiental Rural - CAR (IV) - <http://www.car.gov.br/>

- 1.2. The supplier has all relevant farm registration and management rights.

##### Document required:

- Rural Environment Registry - Cadastro Ambiental Rural
- Restoration of degraded areas projects - PRAD (if available)
- Grant of Right to Use Water Resources - Outorga de Direitos Recursos Hídricos (VI)
- Transitory authorization of rural activity operation - Autorização Provisória de Funcionamento de Atividade Rural - APF <https://monitoramento.sema.mt.gov.br/apfrural/Index>
- Environmental Commitment Term - Termo de Compromisso Ambiental (TCA) (VI)
- Environmental Permits (VI)

#### 2. The supplier fulfills all obligatory taxes, fees and business registration disclosure required for conducting the defined business activity.

- 2.1. The supplier met all legal obligations regarding the payment of royalties and required fees.

##### Document required:

- 8.3. The supplier ensures any species that have official protected status and/or are considered High Conservation Value (HCVs) species/ecosystems in Brazil are protected within the boundary of the farm and are not threatened by any farm activities.

##### Document required:

- o Proof that legally protected areas, species and HCVs are included in the management plan or related documentation.

#### 9. The supplier has not been responsible for converting natural forest or natural ecosystems to beef plantations since 2008.

- 9.1. The supplier has not been not apprehended for illegal conversion of natural forests/ecosystems is black listed by the federal government.

##### Document required:

- o Confirmation that supplier is on the list of farms apprehended for illegal conversion of natural forests/ecosystems by the federal government. <https://servicos.ibama.gov.br/index.php/carta-de-servicos-ao-cidadao/351-lista-de-embargos>

- 9.2. The supplier has not been responsible for converting natural forest or natural ecosystems into beef plantations after 2008.

##### Document required for suppliers operating in the Cerrado region:

- Map with farm boundaries cross referenced against one of the following land cover satellite time series images:
  - o [www.globalforestwatch.org/](http://www.globalforestwatch.org/); **OR**
  - o <http://www.obt.inpe.br/prodes/index.php> - PRODES/INPE; **OR**
  - o <http://www.obt.inpe.br/deter/index.html> - DETER/INPE

#### 10. The supplier does not produce or use genetically modified (GM) beef.

- 10.1. The supplier has not used or farmed genetically modified beef.

##### Document required:

- o Laboratories GMO-free certificate
- o Organic beef certificate

#### 11. The supplier ensures animal welfare and wellbeing is protected

- 11.1. The supplier ensures animal welfare, including health issues such as nutrition, safety, health and medical care, is maintained.

##### Document required:

- o Carcass performance report from the Federal Inspection Service - SIF. Organic beef certificate

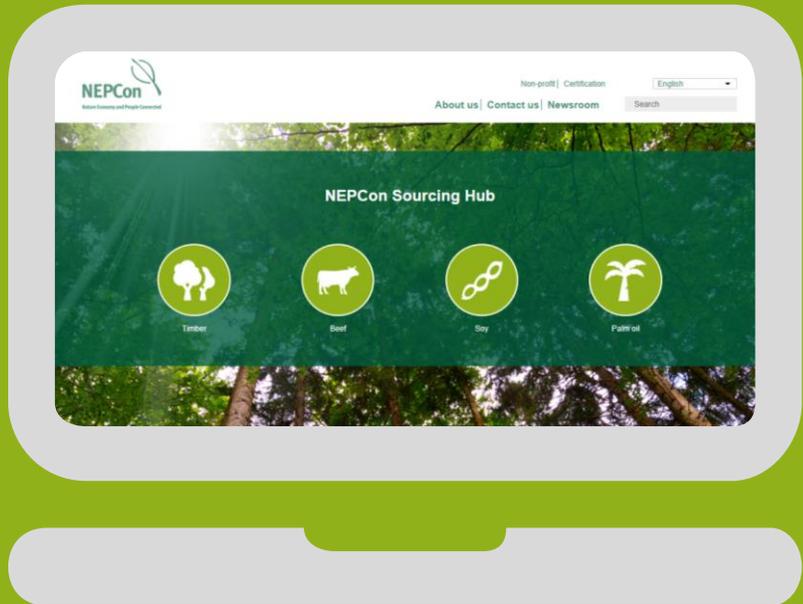
#### 12. The supplier ensures cattle movement amongst farms is tracked and transparent.

- 12.1. The supplier complies with the legal requirements for cattle movement.

##### Document required:

- o Animal Traffic Document - GTA
- o Electronic Animal Traffic Document - e-GTA

# Everything you need for due diligence in one place



# Thank you

**MINISTRY OF FOREIGN AFFAIRS OF DENMARK**  
**DANIDA** | INTERNATIONAL  
DEVELOPMENT COOPERATION



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