

# Webinar

## Alignment of Pilot Test for Audit Protocol

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Piracicaba, December 15, 2020.



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**LINHA**

## Introduction

The webinar **Alignment of the Pilot Test for the Audit Protocol** was held with the audit firms and the beef processing companies participating in the pilot test for the Audit Protocol. This test is being held with partner companies of the **Beef on Track Program**, which is aimed at anchoring the social and environmental commitments of the productive beef sector.

The report in question addresses the webinar for audit firms and meatpackers that took place on 15 December 2020 between 9 AM and 12 PM on the Teams online platform.

Thirty people attended, of which the organisers of Imaflora, 11 representatives of the audit firms, 11 representatives of the meat packing companies, 3 representatives of the geomonitoring companies that support the meat packers and Dr. Rafael Rocha, prosecutor from Amazonas and coordinator of GT Amazônia Legal of the 4th Chamber of Coordination and Revision of the Public Prosecutor's Office. The list of participants and their respective institutions is included in the annex.

Purpose of the webinar

The specific purpose of this workshop was to:

- Present project updates
- Discuss the pilot test process, timelines and Imaflora follow-up
- Point out the main items of the audit protocol

## Introduction

The webinar began with a welcome and presentation by the Imaflora team, followed by a presentation by Dr. Rafael Rocha, from the Public Prosecutor's Office, who talked about the **Carne Legal** (Legal Meat) program, regulating the links in the livestock chain and the standardising stage of the Audit Protocol criteria (current phase). He also pointed out that the Public Prosecutor's Office is a partner of the meatpackers in helping them achieve full compliance with the TACs of the Legal Meat, and that it is the Prosecutor's Office intention to bring more meatpackers into the project and standardize the agreements and expectations of ongoing improvement in the project so it can become a reality for all entities in the chain.





Figure 1 – Opening screen of webinar



Figure 2- Initial presentation

Next came the topics referring to the start of the pilot project which included:

- Updates of the Beef on Track Project and Planning for 2021
- The importance of the Audit Protocol and an overall analysis of the Global Witness Report (December 2020)
- Process for pilot tests and timelines
- Imaflora shadowing and follow-up
- Main points of the Audit Protocol

At the conclusion of the webinar, a time was set aside for the participants to ask questions and have discussions.

| State | Commitment      | Proposal               | Auditors       | Tests   |
|-------|-----------------|------------------------|----------------|---|
| AC    | TAC-Carne Legal | JBS (Agrotools)        | BDO            | Database: GTAs<br>Sampling: 100% of cattle purchases  |
| MT    | TAC-MT and CPP  | Marfrig (Geoflorestas) | DNV-GL         | Database: GTAs<br>Sampling: 100% of cattle purchases  |
| RO    | CPP             | Minerva (Niceplanet)   | BDO            | Database: GTAs<br>Sampling: 100% of cattle purchases  |
| PA    | TAC-PA          | Mercúrio (Niceplanet)  | Grant Thornton | <b>Database: GTAs</b><br><b>2 sampling tests:</b><br>Statistics and random sampling<br>100% of cattle purchases |
| AM    | TAC-AM          | Norte Boi (Agrotools)  | DNV-GL         | Sampling: 100% of cattle purchases<br><b>2 database tests:</b><br>GTAs<br>List of company purchases             |



|                    | 23-27/11 | 30-04/12 | 07-11/12 | 14-18/12 | 21-24/12 | 28-31/12 | 04-08/01 | 11-15/01       | 18-22/01 | 25-29/01 | 01-05/02 | 08-12/02 | 15-19/02 | 22-26/02 |
|--------------------|----------|----------|----------|----------|----------|----------|----------|----------------|----------|----------|----------|----------|----------|----------|
| <u>Frigorífico</u> |          |          |          | GTA      |          | CAR      |          | Previous audit |          | Audit    |          | Report   |          |          |
| <u>Mercúrio</u>    |          |          |          | GTA      |          | CAR      |          | Previous audit |          | Audit    |          | Report   |          |          |
| <u>Norte Boi</u>   | GTA      |          |          | CAR      |          |          |          | Previous audit |          | Audit    |          | Report   |          |          |
| <u>Marfrig</u>     |          |          | GTA      |          |          | CAR      |          | Previous audit |          | Audit    |          | Report   |          |          |
| <u>JBS</u>         |          |          | GTA      |          |          | CAR      |          | Previous audit |          | Audit    |          | Report   |          |          |
| <u>Minerva</u>     | GTA      |          |          | CAR      |          |          |          | Previous audit |          | Audit    |          | Report   |          |          |



Limit for acquisition of GTAs -> Public Prosecutor's Office (MPF)



Limit for acquisition of CARs -> Public Prosecutor's Office (MPF)

### Main Comments and Suggestions

The participants were invited to ask questions and make comments throughout the event. The main points are outlined below, further details on comments and queries are shown in the annex.

- **Samplings** - Although it was agreed in the pilot that 100% of purchases from a predefined period will be assessed, it is a concern of those involved that a sampling of purchases not be defined since audits that include 100% of the information are long and costly, despite larger samples resulting in more robust and reliable processes. The TACs currently establish that samplings be defined (MT and PA) and this should be re-assessed in the review of the Protocol.
- **Productivity Index** - Since the protocol is valid from July 2020, it is not yet possible to have a complete analysis of the maximum index of 3 heads/ha/year. It has been decided that this value will be maintained in the verification of the pilot test, i.e., the purchases of 3 heads/hectare in the audited period of 3 months will be evaluated.
- **False positive** - It is not clear to auditors how false positive cases should be assessed during audits, and this is a weakness in the verification and conclusion of the audit. The auditors of the geo analysis find the potential false positives but do not compare them with the results of the meat packers. It was made clear that this procedure is not in fact considered in the audit protocol and may be discussed in a next version.
- **Opinions with caveats** - the pilot participants understand that opinions with caveats regarding if the procedure is compliant or non-compliant is not necessary. The 'opinions with caveats' should be considered compliant.
- **GTAs and CARs** - it is important to unify the way in which documents and data are acquired and consider in the pilot the difficulties involved of this acquisition of this information from official sources.



## Conclusions and courses of action

The plan, after this alignment, is to keep a line of communication open with the institutions that took part in the webinar with the intention of supporting the pilot assessment of the Audit Protocol. The event was an important step in getting all project participants on par and defining the next steps of the pilot.



## Annexes

### Agenda

| Agenda - December 15, 2020 |   |
|----------------------------|---|
| Time                       | Content   |
| 09:00 AM                   | Intro   |
| 09:10 AM                   | Updates of Beef on Track Project                            |
| 09:20 AM                   | The importance of the Audit Protocol                        |
| 09:30 AM                   | Process of Pilot Test and Timeline                          |
| 09:45 AM                   | How will Imaflora's shadowing and follow-up be carried out? |
| 10:00 AM                   | Main points of the Audit Protocol                           |
| 11:00 AM                   | Questions and comments                                      |
| 12:00 PM                   | Conclusion  |

### List of Participants

| Name of Institution | Name                        | Name of Institution | Name                           |
|---------------------|-----------------------------|---------------------|--------------------------------|
| JBS                 | Alexandre Kavati            | JBS                 | Guilherme Whyte                |
| DNV                 | Alexandre Santos            | DNV                 | Juliana Scalon                 |
| Marfrig             | Andrey Izidoro Barbosa      | Norte Boi           | Karen Nobre                    |
| JBS                 | Aureste Gomes               | Imaflora            | Karina Passos                  |
| Grant Thornton      | Beatriz Macedo Lopes        | Marfrig             | Leonel Augusto Martins Almeida |
| Imaflora            | Cecilia Korber              | Imaflora            | Lisandro Inakake de Souza      |
| Marfrig             | Cesar Augusto Alves         | BDO                 | Luana Castilho                 |
| Grant Thornton      | Clayton Codo                | Minerva             | Marinalva Jeronimo Souza       |
| Minerva             | Daiane Alves Garcia         | Imaflora            | Marco Lentini                  |
| Geoflorestas        | Diego                       | Agrotools           | Pamela Avanço                  |
| Grant Thornton      | Eduardo da Matta Diab       | MPF                 | Rafael Rocha                   |
| Agrotools           | Fabiana Souza               | DNV                 | Ricardo Kayatt                 |
| Marfrig             | Fabricio Cesar Souza Zanuto | BDO                 | Rodrigo Zichelle               |
| DNV                 | Felipe Lacerda Antunes      | Minerva             | Tamara Leite Ferreira Lopes    |
| Grant Thornton      | Gabriel Jesus Rodrigues     | BDO                 | Vivieni Bauer                  |

