

# MONITORING THE BEEF TAC

SYSTEMATIZATION AND ANALYSIS OF THE RESULTS  
FROM THE FIRST UNIFIED CYCLE OF AUDITS



**Amigos  
da Terra**  
Amazônia Brasileira

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# INTRODUCTION



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## *What are the Terms of Adjustment of Conduct (TAC)?*

In 2009, the Federal Public Prosecutor's Office of the state of Pará (MPF-PA) filed lawsuits against meatpackers who were found to have purchased cattle from areas with illegal deforestation, and this led three meatpackers to sign agreements with the MPF-PA called Terms of Adjustment of Conduct (TACs), that detailed their obligations to avoid sourcing from ranches that don't conform with social and environmental laws. TAC agreements were subsequently implemented in additional Amazon states, with dozens of meatpackers, and are now one of the main instruments for controlling deforestation in the cattle chain in Brazil.

To clarify details about how meatpackers should source products to be in compliance with TAC agreements, a multi-stakeholder group was tasked with developing a Protocol for complying with TACs. The state of Pará was a pioneer in establishing and implementing TACs and is today the state with the largest number of signatories and most robust auditing system. The first round of audits occurred in 2017, and were limited in scope and states. While each subsequent round of audits has incrementally improved, 2023 represented a milestone for this verification mechanism. Through what is referred to as "the 1st unified cycle of audits of the Carne Legal (Legal Beef) Program" auditing has expanded to the states of Acre, Amazonas, Mato Grosso and Rondônia, representing the states which comprise the vast majority of Amazon slaughter volume.

## Why analyze TAC audits?

The annual audits are fundamental for assessing compliance with the TAC by companies in this state. The experience acquired and accumulated over four audit cycles has created the conditions for the initiative to gain momentum in other territories occupied by the Amazon biome, in addition to Pará.

	Year of audit	Analysis period (transactions)	Year the results were released
1st Cycle PA	2017	Jan. to Dec. 2016	2018
2nd Cycle PA	2018	Jan. to Dec. 2017	2019
3rd Cycle PA	2020	Jan. 2018 to Jun. 2019	2021
4th Cycle PA	2021	Jul. 2019 to Jun. 2020	2022
<b>1st Unified Cycle<sup>1</sup></b>	<b>2023</b>	<b>Jul.2020 to Dec. 2021</b>	<b>2023</b>

In this report, we set out the main results of this latest round of audits in all the states mentioned, highlighting some aspects that should be improved in the next rounds. In the case of Pará, we present a more detailed analysis with a comparison of the results of the five audit cycles already carried out, in order to assess the evolution of the companies' performance in implementing the commitment.

This report launches the De Olho no TAC da Carne (Keeping an Eye on Beef) series, which brings together analyses of the results of TAC audits with the aim of promoting continuous improvement in monitoring, reporting and verification procedures.

## MAIN CRITERIA ASSESSED IN TAC AUDITS

- ILLEGAL DEFORESTATION
- OVERLAP WITH INDIGENOUS LANDS
- OVERLAP WITH CONSERVATION UNITS
- ENVIRONMENTAL EMBARGO
- SLAVE LABOR
- RURAL ENVIRONMENTAL REGISTRY (CAR)
- CHANGES TO CAR LIMITS
- RURAL ENVIRONMENTAL LICENSING IN THE STATE OF PARÁ
- ANIMAL TRANSPORTATION FORM (GTA)
- PRODUCTIVITY

[1] Pará, Acre, Amazonas, Mato Grosso and Rondônia took part in the 1st Unified Cycle.

# AUTOMATIC AUDITS

In order to increase the scope of the TAC verification process and make monitoring practices more transparent, The MPF, beginning with the 1st Unified Cycle, has begun publishing the results of automatic analyses of companies that do not carry out audits or do not submit their reports<sup>2</sup>, making it possible to more broadly analyze irregularities in the direct supply chain<sup>3</sup>, as well as the performance of these meatpackers that omit to do so. Those subject to automatic audits are signatory and non-signatory companies that move significant volumes for slaughter/export.

It is worth noting that, unlike what happens in the third-party audit process<sup>4</sup>, in which evidence of irregularities can be challenged and justified, in the automatic audits, the meatpackers analyzed do not have this option, and therefore, this can lead to an overestimation of non-compliances. In the following sections we present the results of the third-party audits and the automatic audits.

## 1ST UNIFIED AUDIT CYCLE

### Scope

- Audits performed in 2023 in the states of Acre, Amazonas, Mato Grosso, Pará and Rondônia
- Transactions from July/2020 to December/2021
- Auditing firms: Grant Thornton; GeoMaster; BDO; DNV; and Aguiar, Albuquerque & Cassiano

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[2] The analyses are performed at the request of the MPF, based on the cross-referencing of public databases by a technical committee within the TAC Support Committee.















[3] Direct suppliers are those responsible for the animal's fattening or finishing phase and who sell cattle for slaughter and export directly to meatpacking companies.

[4] Third-party audits are performed by auditing companies hired by the meatpackers.

The TAC currently has 42 signatory companies in Pará<sup>5</sup>. Audits are only mandatory for companies with significant annual slaughter/export volumes (above 0.3% of the total number of cattle sold annually in the state).

## CALL FOR AUDITS

The MPF-PA calls for audits by means of dispatches. The dispatches are sent by company group:

GROUP 1	GROUP 2	GROUP 3	GROUP 4	GROUP 5
COMPANIES	COMPANIES	COMPANIES	COMPANIES	COMPANIES
 WITH TAC  SATISFACTORY AUDIT  RELEVANCE	 WITH TAC  UNSATISFACTORY AUDITS  SIGNIFICANT AUDITS	 WITHOUT TAC  WITHOUT AUDIT  WITH RELEVANCE	 WITH TAC <u>EXEMPT FROM AUDITS</u>  NOT RELEVANT	 WITH TAC  WITHOUT AUDIT  WITH RELEVANCE

A total of 24 signatory companies with significant slaughter/export volumes were summoned by the MPF in 2023, of which 12 were audited and another 12 did not submit audits. Another nine companies with significant slaughter/export volumes are not yet signatories to the TAC and have not submitted an audit. In addition, one company submitted an audit without having yet become a signatory<sup>6</sup>.

**Table 1 - Companies with a significant slaughter/export volume in Pará**

Audited signatory companies (Groups 1 e 2)	Unaudited signatory companies (Group 5)	Unaudited non-signatory companies (Group 3)
1. Agroexport	1. Xinguara Ind. e Com. - Fribev	1. Frigorífico Araticum
2. Frigorífico Aliança	2. Mat. e Marchanteria Planalto	2. Frigonorte – J. M. Soares
3. Frigorífico Altamira	3. Abatedouro de Bovinos Sampaio	3. Frigorífico Municipal de Oriximiná
4. Fortefrigo	4. C. E. Mendonça Frig. Vitória	4. Mafrimar – Matadouro Marajoara
5. Frigol	5. Frigorífico Mararu - Frigomar	5. Frigus – R. C. Moreira Costa
6. JBS	6. Frigorífico Ouro Verde	6. Frigovan – R. Barcelos Ribeiro
7. Mafrinorte - Ativo Alimentos	7. Frigorífico Santarém	7. Marfribe – Frigorífico Bezerra
8. Masterboi	8. Independência I.G. de Paula	8. Frigorífico Mariano
9. Mercúrio Alimentos	9. R. E. Ribeiro Soares – ME	9. 163 Beef Ind. e Com. de Carnes
10. Minerva	10. Frigorífico Água Branca – Frinort	
11. Frigorífico Rio Maria	11. Frig. Ind. de Castanhal - Casfrisa	
12. Estância Boi na Grota	12. Sociedade Cooperativa - Socipe	

[5] The list of signatory companies can be consulted on the Boi na Linha website, available at: <https://www.boinalinha.org/transparencia/>.

[6] Frigorífico Valêncio.

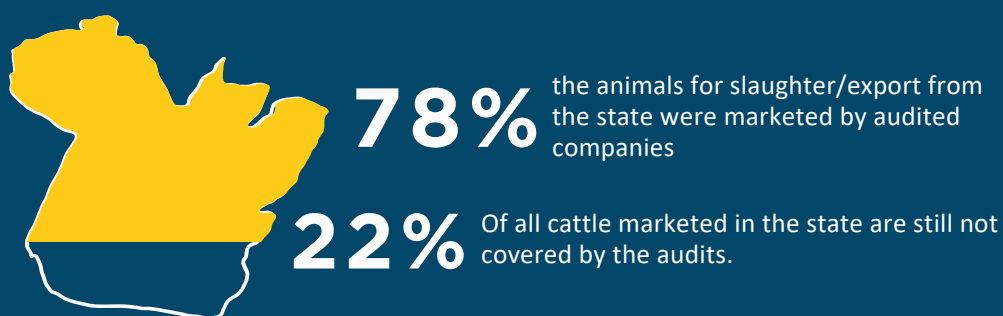
# SCOPE OF AUDITS IN PARÁ

*Do the audits cover a significant amount of the market?*

In Pará, the audits are already having a positive impact. The meatpacking companies covered by this verification mechanism accounted for 78% of the total number of cattle marketed for slaughter/export in the state in the 5th cycle of audits (1st Unified Cycle). In all, 3,549,455 cattle were sold for slaughter/export during the period covered (July/2020 to December/2021) in Pará. Of this volume, audited companies sold 2,760,224 cattle.

There are still a considerable number of signatory companies that have been exempted and/or have not submitted audits, and meatpackers with significant volumes that have not yet signed the TAC.

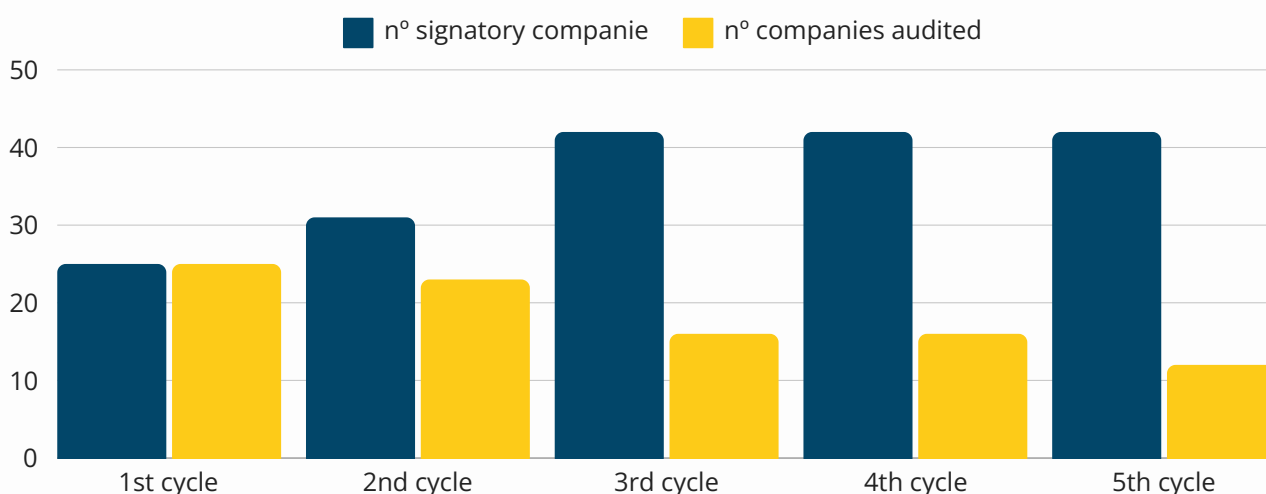
**Graph 1 - Cattle sold by audited and non-audited companies in Pará (%)**



*Has audit coverage increased over time?*

Over the course of the five audit cycles, there has been a gradual increase in the number of signatory companies, particularly between the 1st and 3rd cycles; on the other hand, there has been a reduction in the number of companies audited, as shown in the graph below.

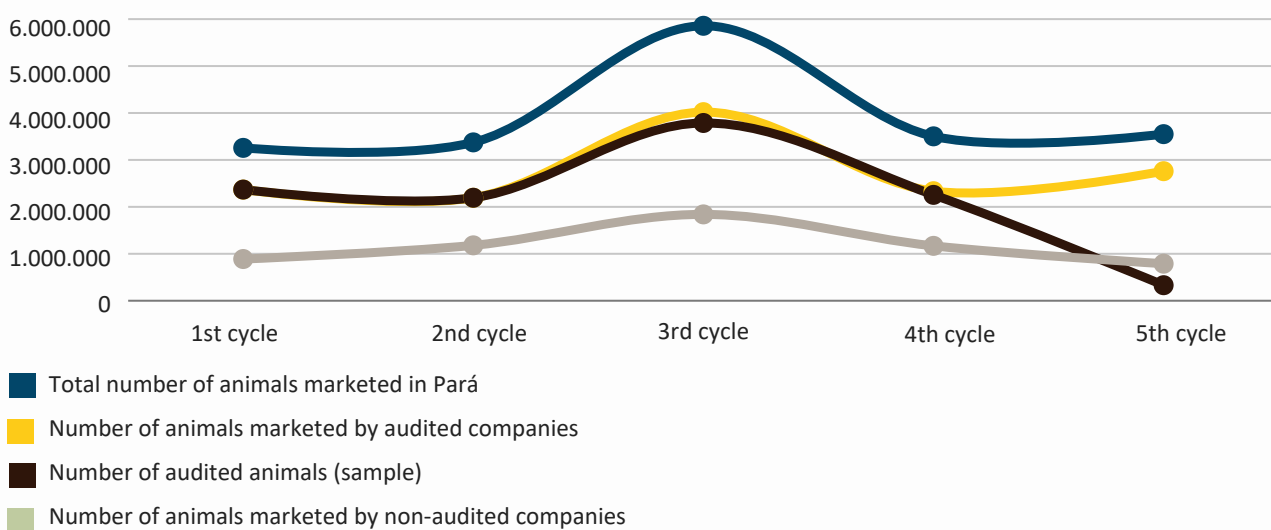
**Graph 2 - Number of signatory companies and number of companies audited**





Despite the reduction in the number of companies audited, especially from the 3rd cycle onwards, there was no loss in terms of the representativeness of the process, since the number of cattle marketed by audited companies remained at between 65 and 73% of the state's total slaughter/export volume over the previous four cycles and reached 78% in the 5th cycle. However, an in-depth analysis should be performed with the MPF and its technical support bodies to ascertain if this reduction is related to strategic decisions made within the scope of the TAC, such as prioritizing slaughterhouses with the most significant volumes. Or does it represent a point of attention to be considered within the continuous improvement processes for the effective implementation of the commitment? It should also be noted that in the 5th cycle there was an improvement in the sampling process<sup>7</sup> following the publication of the Audit Protocol for Livestock Commitments in the Amazon (v. 1.0), leading to a reduction in the number of cattle audited, as shown in Graph 3.

**Graph 3-** Cattle marketed in Pará over five audit cycles



**2.760.224**

Cattle marketed by audited companies

**330.874**

Cattle audited by sampling

The sample represented 12% of the total number of cattle marketed by the companies audited

**12%**



[7] The details of the sampling procedure are presented in the Audit Protocol for Livestock Commitments in the Amazon (version 1.0) drawn up by the Imaflores Boi na Linha initiative together with the PA MPF, which describes the parameters for calculating the size of a statistically significant random sample

# EVALUATION OF AUDITS BY THE PA MPF

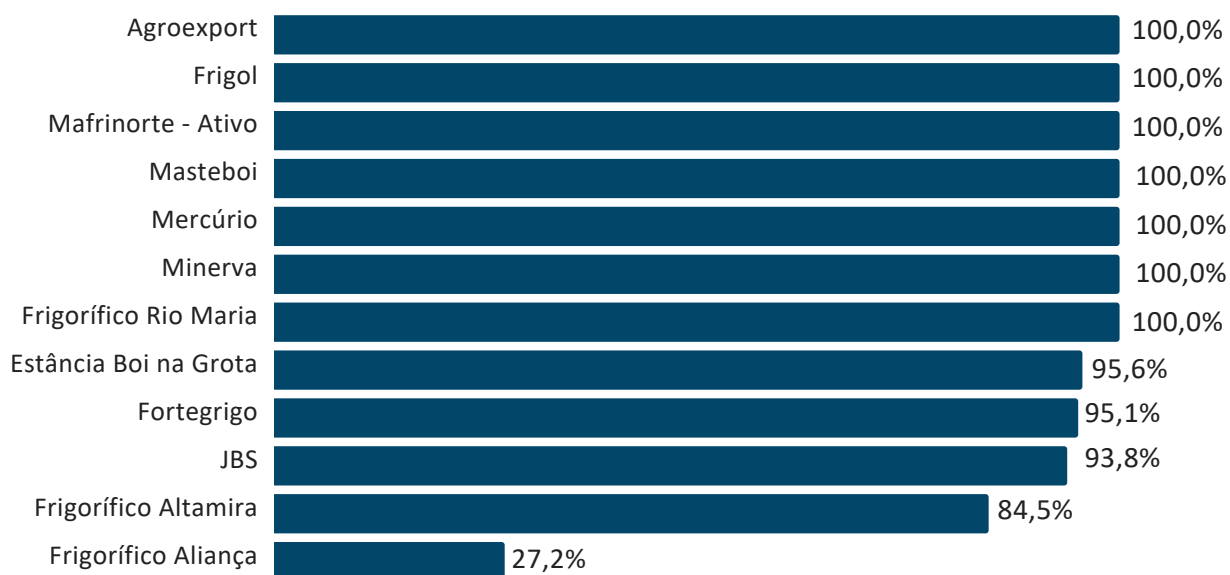
In order to evaluate the results of the audits from a perspective of continuous improvement, the MPF PA has established tolerance levels for the irregularities found in the audits, with a progressive increase in rigor with each new cycle.

CYCLE 1	CYCLE 2	CYCLE 3	CYCLE 4	CYCLE 5
UP TO 30%	UP TO 20%	UP TO 9,95%	UP TO 7%	UP TO 5%

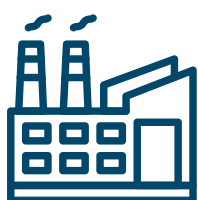
## RESULTS OF THE 5TH CYCLE OF AUDITS - GROUPS 1 AND 2

Of the 12 signatory companies audited, seven achieved 100% compliance, two had non-compliance levels within the MPF - PA tolerance level and three had non-compliance levels beyond the tolerance level, as shown in Graph 4.

**Graph 4 - Compliance rates of audited signatory companies**



Most slaughterhouses with 100% compliance have performed well since the first cycle.



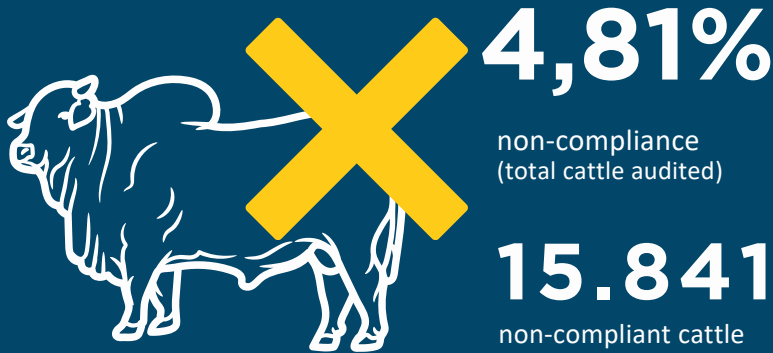
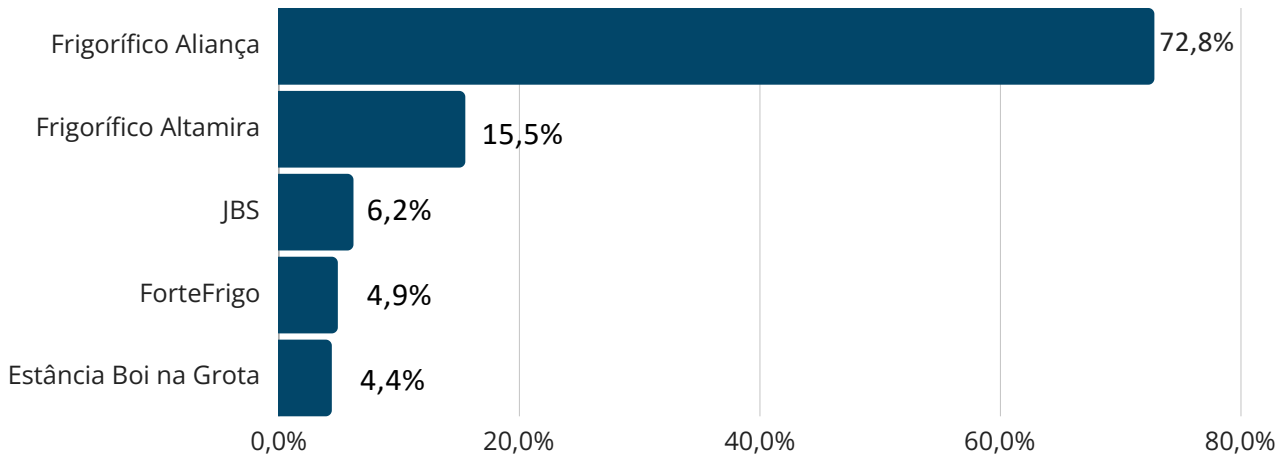
**AGROEXPORT, MAFRINORTE, MASTERBOI, MERCÚRIO, MINERVA and RIO MARIA** have remained above

**99% compliance**

in the last three audit cycles

Graph 5 shows the signatories that made irregular purchases, with Frigorífico Aliança, Frigorífico Altamira and JBS having non-compliance rates higher than the tolerance limit set by the MPF.

**Graph 5 - Non-compliance rates of audited signatory companies**



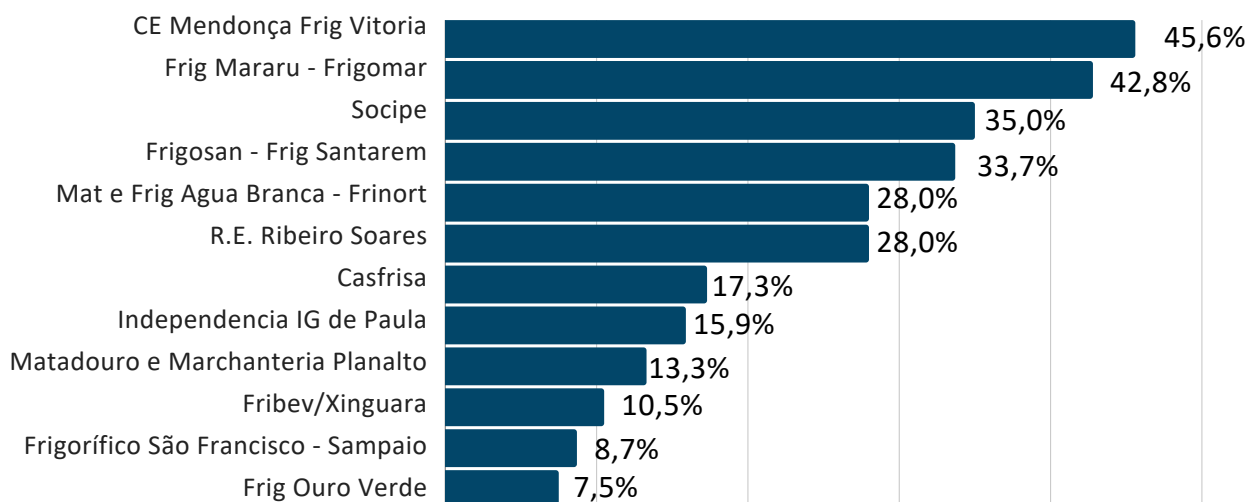
**55%** of non-conforming cattle correspond to a single slaughterhouse

Frigorífico Aliança	Frigorífico Al...	JBS	Forte Frigo
8664	2583	2295	1226
			Estância B...
			1073

## AUTOMATIC AUDIT RESULTS - GROUPS 5 AND 3

This section presents the results of the automatic analysis of cattle purchases made by companies that handled significant volumes and did not submit audits, whether they were signatories (Group 5) or non-signatories (Group 3).

**Graph 6 - Non-compliance rates of non-audited signatory companies**



**GROUP 5**



**16,19%**

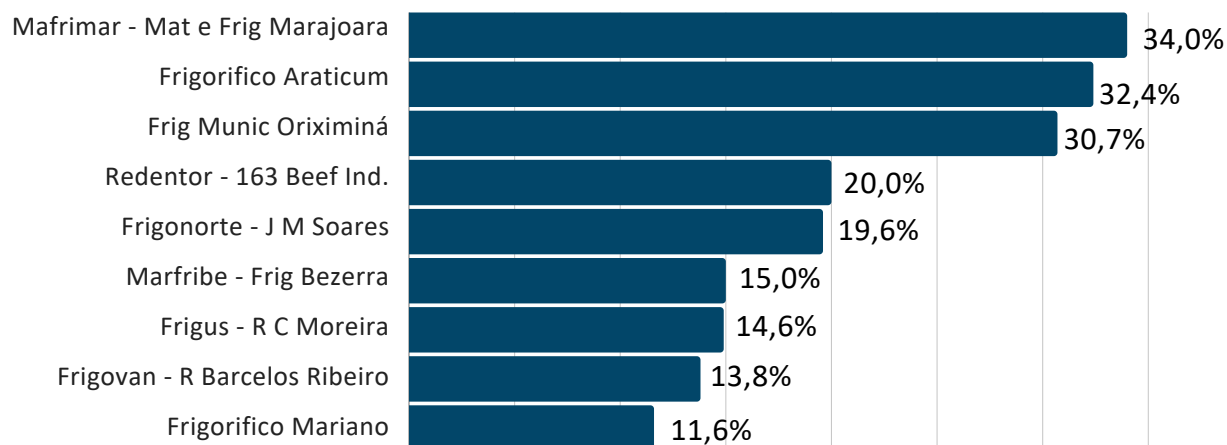
non-compliance  
(total cattle analyzed from group 5)

**105.577**

cattle with evidence of irregularities

IN D AUDITS, ALL EVIDENCE OF IRREGULARITIES IS CONSIDERED AS NON-CONFORMITIES, WITHOUT THE POSSIBILITY OF ANALYZING JUSTIFICATIONS

**Graph 7 - Non-compliance rates of unaudited non-signatory companies**



**GROUP 3**



**19,8%**

non-compliance  
(total cattle analyzed in group 3)

**81.283**

cattle with evidence of irregularities  
evidência de irregularidades

As can be seen in Graphs 6 and 7, all the companies in Groups 5 and 3 had non-compliance rates above the tolerance percentage set by the MPF. It is worth reiterating that in the process of automatic audits, the analysis is performed on the basis of the state databases that are made available, without the possibility of presenting justifications for the evidence of irregularities found. In the case of third-party audits, evidence of irregularities can be challenged by means of justifications, which, if proven valid, reduce the number of purchases and the number of non-compliant cattle recorded in the process. As an example of this, in the third-party audits of the 1st Unified Cycle in Pará, 78,217 cattle (or 23.63%) had evidence of irregularities, of which 62,286 (or 18.82%) had the associated evidence of irregularities justified, reducing the percentage of non-conformities of the total cattle audited to 4.81% (15,931 cattle).

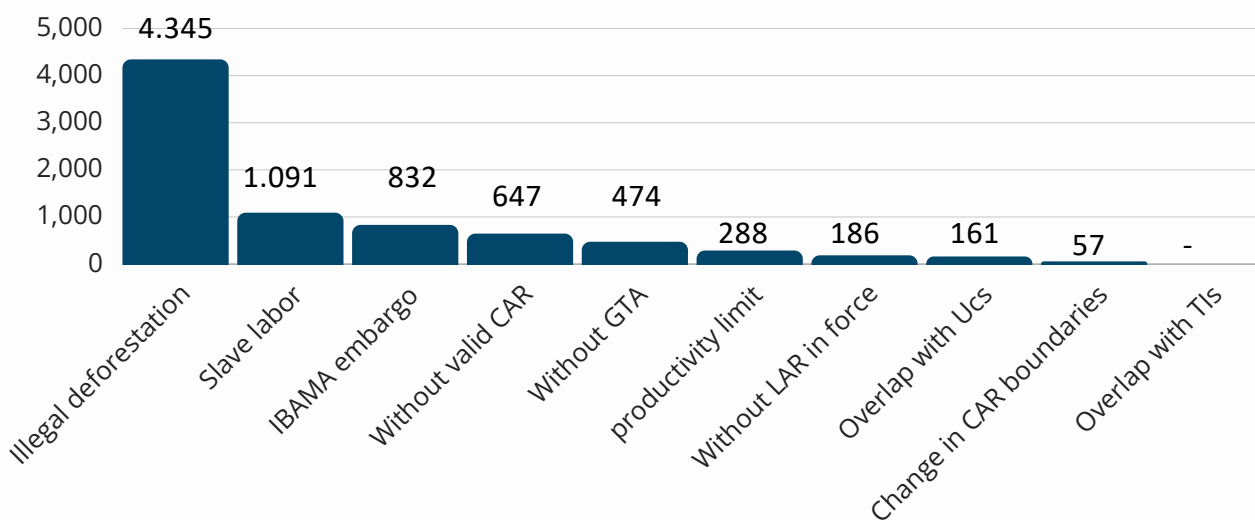
# MAIN IRREGULARITIES FOUND IN THIRD PARTY AUDITS

Considering all the signatory companies that submitted third-party audits for the last cycle in Pará, the analysis of non-compliances reveals that 57% of irregular cattle are associated with the lack of a valid CAR. Failure to identify a valid CAR compromises the analysis of non-compliance associated with the other TAC criteria, making it difficult to verify other irregularities linked to the geolocation of properties. In view of this finding, it is essential to point out that Pará is one of the states with the highest level of transparency and correspondence of the databases needed to verify irregularities.

However, a more in-depth analysis of the data revealed that the high incidence of non-compliance in the CAR criterion across the universe of signatory audited companies arose almost entirely from the performance of two companies, Frigorífico Aliança and Frigorífico Altamira. Combined, the two companies accounted for 93% of the non-compliant cattle (8,325) because of the lack of a valid CAR, yet they represent only 2.3% of the volume marketed by the audited companies. As previously mentioned, both companies had the lowest level performance in the audits and demonstrated a major lack of control over their production chains.

For these reasons, when analyzing the overall trend in performance of companies that have non-compliances in the various criteria, for the case of the CAR criterion we have excluded the volumes of the two companies mentioned above, as they deviated significantly from the average for this criterion (Graph 8).

**Graph 8 - Total number of non-compliant cattle per TAC criterion<sup>8</sup>**



Of the cattle audited, 27% came from deforested areas, 7% from properties with slave labor, 5% from areas embargoed by IBAMA, 4% from properties without a valid CAR, 3% did not have a GTA, 2% exceeded the productivity limit, 1% did not have a current LAR and overlapped with Conservation Units (UC), and 0.4% had altered CAR limits.

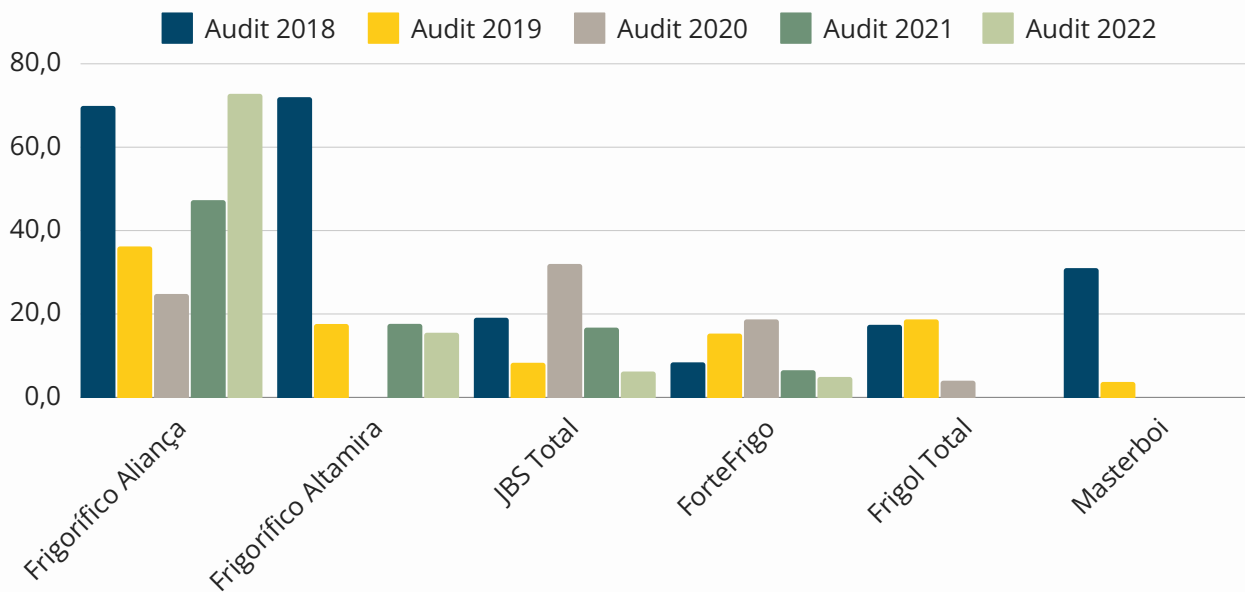
[8] The graph shows the incidence of non-compliance in all the TAC criteria, with the exception of the CAR criterion for two companies (Frigorífico Aliança and Altamira).

# COMPLIANCE WITH THE TAC - OVERVIEW

Is company performance improving over the years?

Graph 9 shows the non-compliance rates of the signatory meatpacking companies over five cycles of TAC audits in Pará. It only shows the companies that had a third-party audit in the last cycle<sup>9</sup> and in at least four cycles. The five companies that achieved over 99% compliance in all cycles are not shown in the graph.

**Graph 9 - History of non-conformities by signatory companies in audit cycles**



Although the performance of the companies fluctuated across audit cycles, a generally improving trend was identified from the 3rd cycle onwards

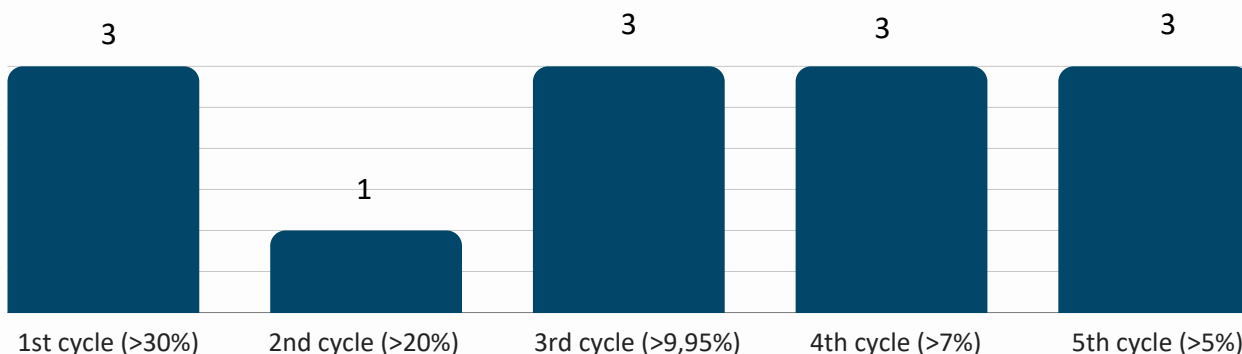


**AGROEXPORT, MAFRINORTE, MERCÚRIO, MINERVA and RIO MARIA** maintained a compliance **rate above 99%** in all five cycles

[9] The results of the automatic audits in the 5th cycle were not included, as this method accounts for evidence of irregularities that could be justified, leading to an overestimation of the companies' non-compliance rate.

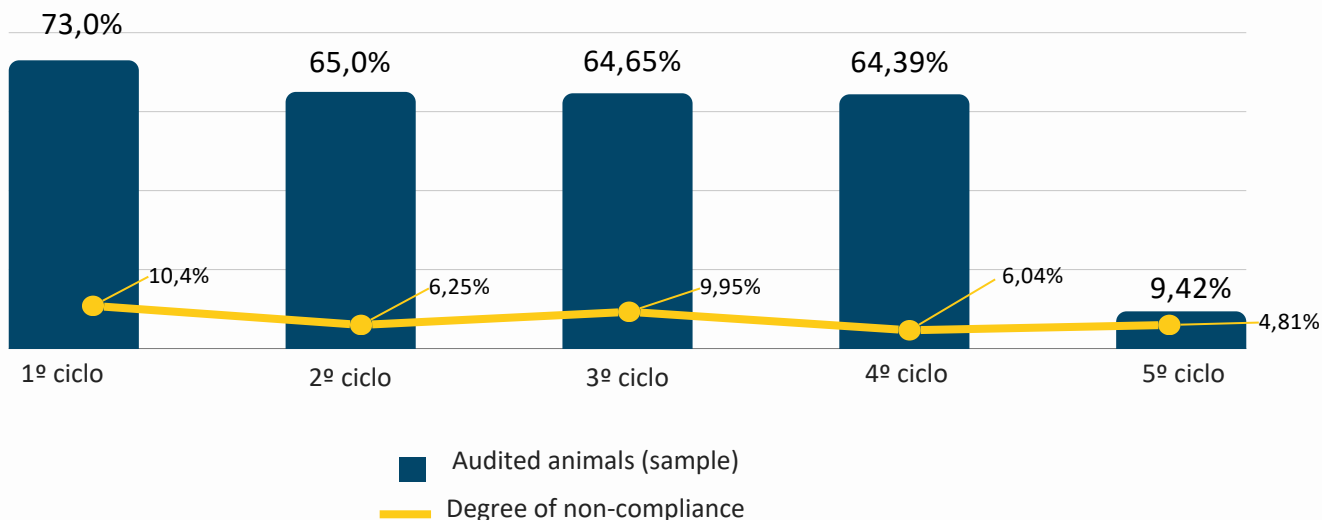
Analyzing the results obtained in each cycle based on the tolerance levels defined by the MPF - PA (Graph 10), it can be seen that, although tolerance limits are becoming increasingly restrictive, the number of companies with non-compliance rates remains the same. This can be interpreted as an evolution in the control of supply chains by companies.

**Graph 10** – History of the number of signatory companies with non-compliances above the tolerance levels established by the MPF - PA in each cycle.



Graph 11 shows the percentage of cattle sampled in third-party audits in relation to the total volume of slaughter/exports in each cycle and the degree of non-compliance found in the samples (number of non-compliant cattle/number of cattle in the sample). It shows that from the 3rd cycle onward, there has been an average annual reduction of 2.57% in the percentage of animals for which non-conformities were found.

**Graph 11** – Sampling history and degree of non-compliance in audits







There are seven signatory companies to the TAC in Acre<sup>10</sup>. A total of three signatory companies with significant slaughter/export volumes were summoned by the MPF in 2023, of which only one submitted an audit.

**Chart 2** – Signatory companies with a significant slaughter/export volume in Acre

Audited signatory companies	Unaudited signatory companies
JBS	Fricarnes Distribuidora
	Matadouro Modelo Ind. e Com. de Carnes

## SCOPE OF AUDITS IN ACRE

*Do the audits cover a significant amount of the market?*

The audits had a limited reach in Acre given that only one company was covered by this instrument. However, that company accounted for 66% of the total cattle marketed for slaughter/export in the state over the audit period (July/2020 to December/2021). Altogether, 302,082 cattle were sold in the state. Of this volume, the audited company sold 199,107 cattle.



There are still a considerable number of signatory companies that have been exempted and/or have not submitted audits, in addition to several relevant meatpacking plants that have yet to sign the TAC.

# 34%

of all cattle marketed in the state are still not covered by audits.

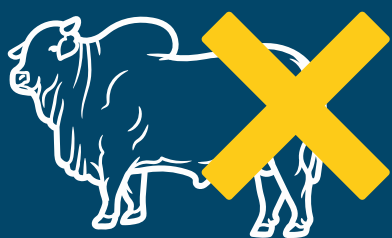
[10] The list of signatory companies can be consulted on the Boi na Linha website, available at: <https://www.boinalinha.org/transparencia/>.

# RESULTS OF THE 1ST UNIFIED AUDIT CYCLE

The following table shows the results of the third-party audit.

**Chart 3** – Summary of the results of audits of signatory companies in Acre

Company	Total cattle sold	Total cattle audited (sample)	No. of non-compliant cattle	Non-conformity index
JBS	199.107	38.555	3.910	10%



**10.14%**  
non-compliance

**3.910**  
non-compliant cattle



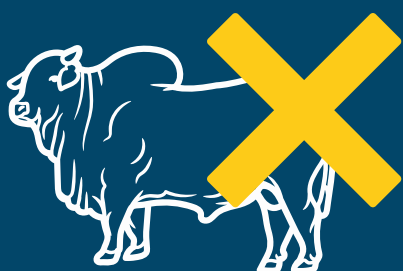
**19,36%**  
of cattle audited (sample)

Illegal deforestation was the most prevalent form of non-compliance in the third-party audit, accounting for 69.20% of the verified irregularities, followed by the lack of a valid CAR (28.96%) and violation of embargoes (1.82%).

## RESULTS OF AUTOMATIC AUDITS

**Table 4** – Summary of the results of the automatic analysis of signatory companies in Acre

Signatory companies that did not submit an audit	Total cattle slaughtered/exported	No. of non-compliant cattle	Non-conformity index
FRICARNES	22.746	1.705	7,5%
MODELO	16.267	460	2,8%
Total	39.013	2.165	5,5%



**5,5%**  
non-compliance  
**2.165**

non-compliant cattle



We would point out that the results of the automatic mated analyses were affected by a high number of unidentified CARs in this state, which possibly led to an underestimation of non-compliances.



# AMAZONAS

The Amazonas TAC includes 10 signatory companies. All of them have a significant slaughter/export volume and were asked to submit to an audit. Of these 10 signatories, four identified the companies appointed to carry out the audits, but none submitted a report with the results[11]. Another six signatory companies also did not submit audits. Automatic analyses were performed for all the signatory companies.

**Chart 5 – Companies with a significant slaughter/export volume in Amazonas**

Signatory companies that have not submitted audit reports	Unaudited signatory companies
Agropam	Mafrico
Frigorífico Amazonas	Frigonosso
NR Comércio de Frios	Norte Boi
Dona Raimunda	Bovinorte
	R. Batista da Silva Agropecuária
	Frigo Tefé

## SCOPE OF AUDITS IN AMAZONAS

*Do the audits cover a significant amount of the market?*

In Amazonas, third-party audits are not available, as mentioned above. As a result, automatic analyses were carried out for the ten meatpacking companies summoned by the MPF for the verification process. These analyses accounted for 95% of the total cattle marketed for slaughter/export in the state during the audit period (July/2020 to December/2021). In all, 229,584 cattle were sold in the state. Of this total, 218,283 cattle were analyzed.



No relevant signatory company presented an audit in Amazonas.

# 5%

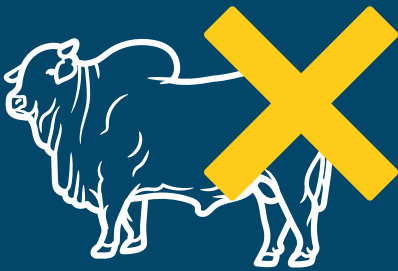
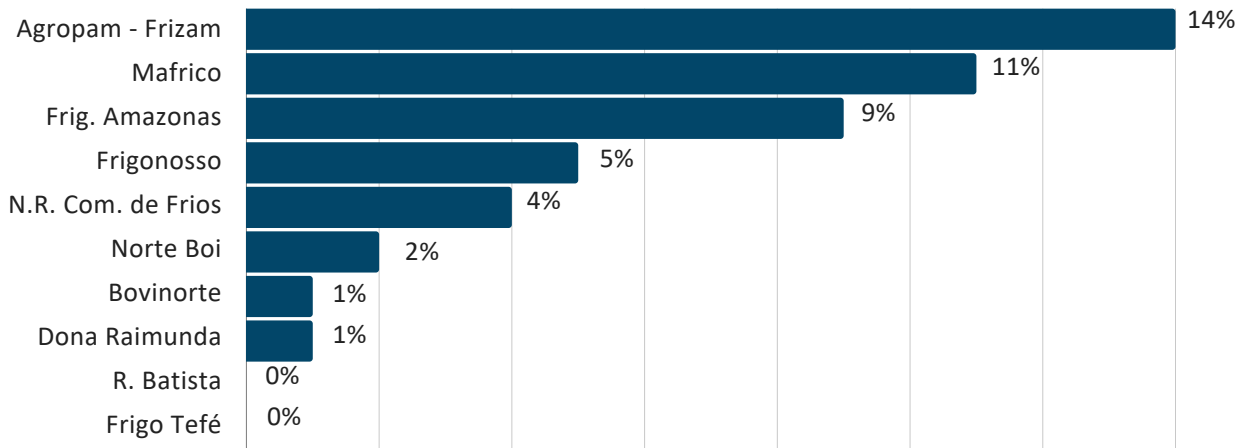
of all cattle marketed in the state were not analyzed (automatic audit)

[11] Three companies (Agropam, Amazomboi and NR) had indicated DNV as the company responsible for the audit and one (Dona Raimunda), Aguiar, Albuquerque e Cassiano Assessoria Contábil. The problem was found in meatpacking plants in other states that also hired DNV.

# RESULTS OF AUTOMATIC AUDITS

No quadro a seguir são apresentados os resultados da auditoria de terceira parte.

**Gráfico 12** – Non-compliance rates of non-audited signatory companies in Amazonas



**7,5%**

cattle with evidence of irregularities

**16.332**

cattle with evidence of irregularities

**218.283**

cattle marketed by the companies analyzed



It is important to point out that the results of the automatic analyses were potentially affected by a high number of unidentified CARs in this state, possibly leading to an underestimation of non-conformities.



# MATO GROSSO

The Mato Gross TAC has 23 signatory companies<sup>12</sup>. Seventeen signatory companies with significant slaughter/export volumes in the state were summoned. Of these, 13 appointed an auditing company<sup>13</sup>, but only three submitted audit reports (JBS, Marfrig and Minerva). Another four companies did not carry out an audit.

Unlike the procedure adopted in the audits of the other states, the GTA database was provided in an incomplete form by the state agricultural and livestock agency to the MPF - MT for audits to be performed in the state, and the CAR database was provided in an unsatisfactory format. For this reason, the verification procedure was performed using the databases provided by the audited companies themselves. As a result of this restriction, it was not possible to perform automatic analyses of companies that had not been audited by a third party.

**Chart 6** - Companies with a significant slaughter/export volume in Mato Grosso

Signatory companies audited	Unaudited signatory companies
JBS	Agra
Marfrig	Pantanal
Minerva	Frigolíder - Abatedouro e Frigorífico Colíder
	Redentor
	Frialto - Vale Grande Ind. E Com
	Pantaneira
	Boi Branco
	Naturafrig
	Frigobom

[12] Available at: <https://www.boinalinha.org/transparencia/>.

[13] The Agra, Pantanal, Frigolider, Redentor, Frialto, Pantaneira, Boi Branco and Naturafrig meatpacking plants had appointed DNV as their auditors and Frigobom appointed BDO. However, as was the case in Amazonas, even with the additional deadline granted by the MPF until January 2024, the audit reports have not been submitted.

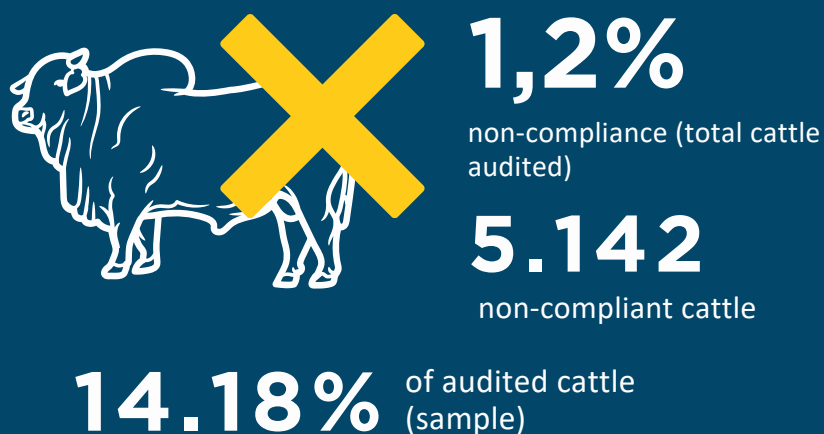
## SCOPE OF AUDITS IN MATO GROSSO

It was not possible to estimate the coverage of third-party audits or carry out automatic analyses in the state due to the incomplete availability of the databases needed for this verification.

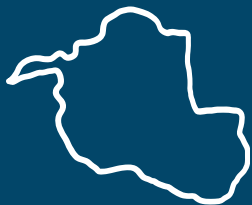
## RESULTS OF THE 1ST UNIFIED AUDIT CYCLE

*Chart 7 - Summary of the results of the audits of the signatory companies in Mato Grosso*

Audited signatory companies	Total cattle sold	Total cattle audited	No. of non-compliant cattle	Non-conformity index
JBS	1.985.465	239.370	5.142	2%
Marfrig	894.257	105.839	0	0
Minerva	171.289	87.423	0	0
Total	3.051.011	432.632	5.142	1,2%



Illegal deforestation was the most prevalent non-compliance in the third-party audit, accounting for 72% of the irregularities verified, followed by embargoes (47%) and the lack of a valid CAR (1.4%).



# RONDÔNIA

The Rondonia TAC has three signatory companies. Two signatory companies with significant slaughter/export volumes in the state were summoned (Chart 7). Both appointed an auditing company and submitted reports. As in Mato Grosso, the audits were performed using the companies' own databases, since the CAR and GTA databases were not available from the state environmental and health surveillance agencies, respectively.

*Chart 7 - Companies with a significant slaughter/export volume in Rondônia*

Empresas signatárias auditadas
JBS
Minerva

## SCOPE OF AUDITS IN RONDÔNIA

It was not possible to estimate the coverage of third-party audits or carry out automatic analyses in the state due to the lack of availability of the necessary databases for this verification.

## RESULTS OF THE 1ST UNIFIED AUDIT CYCLE

*Chart 8 - Summary of the results of the audits of the signatory companies in Rondônia*

Audited signatory companies	Total cattle sold	Total cattle audited	No. of non-compliant cattle	Non-conformity index
JBS	1.295.415	173.883	20.854	12%
Minerva	377.368	119.473	0	0
Total	1.672.783	293.356	20.853	7,1%



**17.5%** of the cattle audited (sample)

**7,1%**

non-compliance (total cattle audited)

**20.853**

non-compliant cattle

Illegal deforestation was the most prevalent non-compliance in the third-party audit, accounting for 99.7% of the irregularities verified, followed by embargoes (0.3%).

# FOLLOW UP FROM TAC AUDITS IN PARÁ

As announced at the event to present the results of the 1st unified cycle of TAC audits, on October 26, 2023, in Belém/PA, the MPF-PA has begun filing enforcement actions against signatory companies that repeatedly fail to comply with the process, including fines that vary according to the number of non-compliant cattle and other actions against non-signatory companies. Based on the overall levels of non-compliance, the MPF intends to issue recommendations to retailers and financial institutions about the irregular conduct in the Amazon biome. Additionally, the MPF has sought to strengthen its activities and work more closely with the Ministry of the Environment (MMA) and state environmental agencies (OEMA) to prioritize the inspection of companies that have not submitted to third party audits.

Another step announced at the event for the next cycle of audits will be to perform automatic audits for all companies whose sales volumes are considered relevant. The results will be presented to the meatpacking companies and can be used to direct and speed up third-party audits.

In addition to the actions mentioned above, the MPF has been working with the productive sector to update a Monitoring Protocol for Amazon Cattle Suppliers (PMFGA) and make it more robust and rigorous. At the same time, a new version of the TAC was recently drafted and discussed with the Social Chamber of the TAC Support Committee (CAT), with the intention to standardize and update the processes and parameters within it. The new version will be shared with signatory companies in order to update their commitments in Pará and in the other states participating in the Carne Legal Program. The new version of the PMFGA's main lines of action are: defining the obligations of signatory companies to block purchases from non-compliant suppliers; how these will be implemented; a new penalty system based on audits; and updating rules that are no longer in use or obsolete.

Another key issue to be addressed in the upcoming audits is how to incorporate indirect suppliers into the TAC. In the 2nd unified audit cycle that will be completed in 2024, automatic analyses of the indirect supply chains of the signatory companies will be conducted by the CAT Technical Chamber at the request of the MPF, and companies will be notified of the results. At the same time, guidelines are being drawn up for the inclusion of indirect suppliers in the monitoring and verification criteria<sup>[14]</sup>. According to the MPF-PA, automatic analyses for the 2nd cycle will include these suppliers. However, at this initial stage, the analyses will only be for the purposes of diagnosing and notifying the companies of the non-compliance so that they are aware of the data. Penalties will not be applied at this stage. From this initial diagnosis, it is hoped that companies will begin to address the problems identified, either by supporting regularization or by blocking suppliers.

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*[14] Guidelines and technical requirements for monitoring indirect suppliers are being drawn up within the framework of the Indirect Suppliers Working Group (GTFI), a multi-stakeholder forum dedicated to traceability, monitoring and transparency solutions with a focus on controlling deforestation in indirect suppliers. For more information, visit: <https://gtfi.org.br/o-gtfi/>.*



# FINAL CONSIDERATIONS

The 1st unified cycle of audits marks the beginning of a process to expand use and verification of one of the most important instruments for controlling illegal deforestation in the Brazilian Amazon – the TAC. The state of Pará, a pioneer in implementing these commitments, completed its fifth cycle of audits in 2023, at the same time that the first round of audits in the states of Acre, Amazonas, Mato Grosso and Rondônia were occurring.

In this report we have presented an analysis of the results of the 1st unified cycle of audits, with the aim of understanding how compliance with these commitments has evolved in Pará and, at the same time, creating a baseline for analyzing the performance of companies in the other states.

In the 1st unified cycle, most of the signatory companies summoned by the MPF did not submit audits. However, in this cycle, the audit process has been improved through the use of automatic analyses that allow MPF and companies to verify the regularity of cattle purchases by relevant meatpacking companies who did not carry out or submit audit reports, increase impartiality of the audit process, and improve transparency of the production chain as a whole. However, the lack of transparency on the part of state-level organizations in Mato Grosso and Rondônia has made it impossible to assess the regularity of cattle purchases made by companies with significant volumes in these states. This has limited the scope of this TAC instrument in the case of companies that have not performed third party audits and, at the same time, the robustness of the process in the case of those that have done so because, without the necessary databases, the audits have to be carried out using the companies' own purchase lists.

In this regard, we stress that the collaboration of state agencies in providing CAR and GTA databases in full and in the right format is critical for the effective implementation of audits. Based on the MPF's efforts to open up data for this purpose, audits during the 2nd unified cycle will hopefully be expanded, more accurate, and more reliable. In addition, the state of Tocantins will be joining forces in this process, as meatpackers in the state began signing TACs in 2021, and the first cycle of audits is expected to begin in 2024.

In Pará, the results show an evolution in performance by the signatory meatpacking companies, with a progressive reduction in the degree of non-compliance from the 3rd cycle of audits onwards. Meanwhile, all five companies that performed well since the 1st cycle have maintained non-compliance rates below 1% in all subsequent cycles.

With regards to the types of irregularities, a high proportion of unidentified CARs was observed in Acre, Amazonas and Pará. In the case of Acre and Amazonas, this result was verified through automatic analyses, while in Pará, the results were verified through third-party audits. In Pará, except for the CAR criterion, the highest incidences of non-compliance occurred in the following criteria: illegal deforestation (27%), slave labor (7%), embargoes (5%), GTA (3%), and productivity limit (2%). In all other states, illegal deforestation was the main irregularity, followed by embargoes.

Finally, we emphasize the importance of including indirect suppliers in the verification process in order to increase efficiency of audits and TACs in eliminating illegal deforestation in the Amazonian beef cattle chain. In addition, we recommend that the commitments be extended to the Cerrado, a biome that has registered alarming rates of deforestation in recent years.

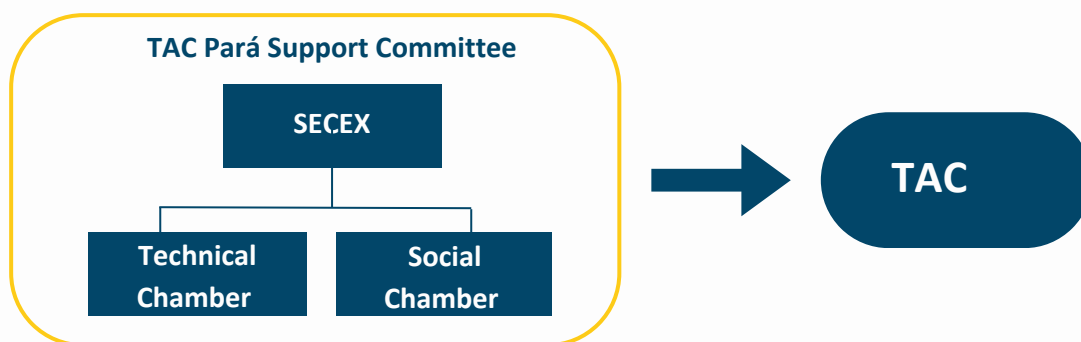
## MPF MAIN RECOMMENDATIONS

Companies without audits	<ul style="list-style-type: none"> <li>• Execute TACs with companies currently absent from the process (in progress);</li> <li>• File of lawsuits against companies without TACs (ongoing);</li> <li>• Make recommendations to retailers and financial institutions;</li> <li>• Work with the MMA and OEMAS to prioritize inspections of companies without audits (ongoing);</li> <li>• Complete automatic audits of all companies;</li> <li>• Complete monitoring protocol version 2.0</li> </ul>
New TAC	<ul style="list-style-type: none"> <li>• Revise wording of the TAC</li> <li>• Discuss TACs in the Social Chamber</li> <li>• Main lines of action:             <ul style="list-style-type: none"> <li>- Blocking obligations;</li> <li>- Support from the Monitoring Protocol;</li> <li>- New penalty system, based on audits;</li> <li>- Updating rules that are in disuse or obsolete.</li> </ul> </li> </ul>
Indirect suppliers	<ul style="list-style-type: none"> <li>• Notification of signatories for data (automatic analysis) on indirect suppliers</li> <li>• GTFI and Technical Chamber studies to include indirect screening criteria from July/2024 - initially only for diagnosis and warning</li> </ul>

# ANNEX 1 - TAC SUPPORT COMMITTEE

Since October 2021, the MPF-PA has convened the TAC Support Committee (CAT), a body responsible for supporting the effective implementation of these commitments and expanding its reach. The Committee acts by providing technical, scientific, advisory and instructive support to improve the efficiency and transparency of the processes related to TAC implementation, enable its implementation, and communicate of its utility in a structured and organized manner to private sector actors.

This support was formalized through a Technical Cooperation Agreement between MPF-PA, Amigos da Terra – Amazon Program (AdT) and the Institute for Agricultural and Forest Management and Certification (Imaflora), organizations that make up the Executive Secretariat (Secex) of this committee. Two technical committees are part of the CAT: the Technical Chamber, made up of researchers from universities specializing in geomonitoring, and the Social Chamber, made up of representatives from the cattle ranching sector and industry, geomonitoring service providers and related civil society organizations operating in the state. SECEX is working to expand the model of support provided by CAT to the MPF - PA and to other states through the Carne Legal Program.





**Amigos**  
**da Terra**  
Amazônia Brasileira