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Salmon on soy beans — Deforestation and land conflict in Brazil

 Rainforest Foundation
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Future in
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Cover photo: Reporter Brasil. Fallen and burned trees, and remaining original vegetation, inside São Phillipe Farm, nearby the entrance located by Repórter Brasil. Porto dos Gaúchos.

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Introduction

More than 100 million tons of soy are produced in Brazil every year. Plantations of that valuable grain cover over 30 million hectares¹ in South America's largest country. – roughly equivalent to the whole land area of Italy, three times that of Portugal, and over seven times that of the Netherlands.

Soy is a major item in the agricultural production of Brazil. The country is the world's second largest producer and the top exporter of that grain – in 2017, around 15% of all Brazilian export income came from soy products. According to estimates from the Brazilian Vegetable Oil Industries Association (Abiove), the sector generates around 900 thousand direct and indirect jobs in soy farms, logistics, and industrial plants. In addition, other relevant employers in the country – like the meat sector – rely on the soy industry as a key supplier of raw materials.

Soybean farming is highly mechanized, generating relatively few jobs for rural workers. Moreover, it requires substantial financial investments and large-scale planting to ensure economic viability – at least in the regions where soybean production is expanding today. This leads to social risks such as land concentration, and the reduction of areas for family farming.²

Soy farming has substantial socio-environmental impacts. Its expansion into new agricultural frontiers, especially in the Cerrado biome, has become a major contributor to the destruction of native forests, in addition to the impacts on indigenous communities and land conflicts. Slave labour is still practised on some soy farms, together with other violations of labour rights. In addition, highly dangerous pesticides are used – often without following health and safety regulations.

This report focuses on the soy production chain of three trading companies – *Caramuru*, *Selecta* and *Imcopa* – that play a key role in supplying fish feed to Norway's salmon industry.

The Norwegian salmon industry is highly dependent on soy cultivation in Brazil: The annual import of Soy Protein Concentrate (SPC) by Norwegian aquaculture was 282,448 tons in 2017.³

This study reveals instances where soy suppliers of these three companies have been found to practise illegal deforestation and use slave labour. It also presents evidence of land conflicts, irregularities in pesticide use and the advance of soy cultivation over indigenous lands. All these problems are directly or indirectly related to the soy business network that links Brazil to the Norwegian market.

In addition to showing illegalities in supply chains, this report examines the complex challenges faced by governments and buying companies. In many cases, they lack

¹ IBGE, 'Levantamento sistemático da produção agrícola': <<https://sidra.ibge.gov.br/home/lspa/brasil>>

² Imaflora, 'The soybean production in MATOPIBA: contradictions of the development model, risks and prospects for the Brazilian Cerrado conservation': <<http://www.imaflora.org/download-form.php?id=876>>

³ SSB, SSB Tabell: 08801: External trade in goods, commodity number 21069093

effective practices for tackling the above-mentioned issues. This study also shows the lack of transparency on the part of companies who were not willing to share information about their policies for dealing with the problems described here.

The specific cases described here concern farmers whose connection with the SPC producers were discovered during the investigative efforts conducted by Repórter Brasil. These examples give rise to concerns about company policies for preventing, identifying and mitigating such problems on a larger scale.

In addition, Repórter Brasil tried to contact the soy farmers mentioned in the report, to get their views. Only one of them – Luiz Bononi – could not be located. The others did not respond.

Brazilian soy and Norwegian salmon⁴

Norwegian fish-feed manufacturers are today the largest importers of soy to Norway. Soya, in the form of soy protein concentrate (SPC) from Brazil, is an important source of protein and a key ingredient in the feed consumed by Norwegian farmed salmon. As the world's largest producer of farmed salmon, Norway imported SPC extracted from 670,000 tons of soy in 2015, for use in fish feed. Ninety-four per cent of this soy came from Brazil.

Norwegian fish manufacturers buy SPC from three Brazilian suppliers: Caramuru, Imcopa and Selecta.

Salmon is one of Norway's main export products. The salmon farming industry is experiencing exponential growth, globally and in Norway. Globally, aquaculture is the fastest-growing sector within feed production. The global production of farmed salmon has more than doubled since 2000; roughly 2.07 million tons of salmon were produced globally in 2012. Over 60% of this came from Norway.

The Norwegian authorities would like the aquaculture industry to grow fivefold by 2050. This ambition involves a great responsibility for ensuring that Norwegian food production does not harm people or the environment.

In Norway, food and feed manufacturers are required to use soy that has not been genetically modified, non-GM soy. This entails strict control of the soy and imposes limitations on where it may be grown, which must be non-GM areas.

Most of the soy that fish-feed manufacturers import into Norway is certified according to the ProTerra standard, which is aimed at ensuring that the products are non-GM and have been grown according sustainability best practices.

⁴ Framtiden i våre hender (FIVH) and Rainforest Foundation Norway (RFN), 'From Brazilian farms to Norwegian tables': <https://d5i6is0eze552.cloudfront.net/documents/Publikasjoner/Andre-rapporter/Rapport_Soya_eng.pdf?mtime=20180319134546>

Methodology

Repórter Brasil visited soy growing areas in the states of Mato Grosso (MT) and Mato Grosso do Sul (MS) – respectively the top and the fifth-largest soy-producing states in Brazil.

In both states, soy is produced for export to Norway. In addition to their relevance as important farming areas, Mato Grosso and Mato Grosso do Sul were chosen for study due to the societal and environmental impacts linked to soy production in their territories.

Interviews were conducted with large and small farmers, lawyers, members of civil society organizations, state, federal and labour public prosecutors and members of indigenous groups, as well as public servants from several agencies. The report also draws on research, studies and information produced by civil society organizations, the corporate segment, and the Brazilian state.

Supply-chain information linking companies to the farmers mentioned in this report were obtained partially from confidential documents accessed by Repórter Brasil. Companies and producers were questioned about the findings. Their answers – or lack of answers – to the questions posed by Repórter Brasil are presented and analysed, as is the information on sustainability policies presented the company websites. The ProTerra certification is also discussed in this report.



Soy almost ready for harvesting in Mato Grosso, 2018

Land Conflicts

The most violent year

In 2017, Brazil experienced its most violent year in terms of conflicts and deaths in rural areas since 2003.⁵ According to data collected by the Land Pastoral Commission (*Comissão Pastoral da Terra, CPT*), no less than 70 people lost their lives in this way in 2017. The number of deaths related to land conflicts increased for the fourth year in a row, from 34 in 2013 to 70 in 2017.

The state of Pará had the highest figures for 2017, with 21 people murdered in conflicts in rural areas, while Mato Grosso ranked fourth, with nine murders.

Brazil has never conducted an effective programme of land reform. As a result, a highly concentrated land structure has been maintained, ever since colonial times. Some 45% of rural lands are concentrated in only 0.91% of the rural properties. These figures concern farms of one thousand hectares or more. By contrast, small farms of up to ten hectares correspond to 47% of the properties, but account for only 2.3% of the total agricultural land.⁶

For the poor peasant population, access to land throughout most of the 20th century was achieved through the political pressure exerted by social movements like the Brazil's Landless Workers' Movement (*Movimento dos Trabalhadores Rurais Sem-Terra, MST*). Groups of landless workers adopted the strategy of occupying large farms (quite often where no relevant agricultural activity had been developed), claiming these areas for land reform and distribution projects from the government.

Areas intended for land reform are among the main sources of land-related deaths and conflicts, also in Mato Grosso – the main soy hub of Brazil. According to the federal government, the state has 549 land reform settlements today, home to more than 82 thousand families.⁷

Creation of settlements is one of the Brazilian state's core official commitments for social inclusion in rural areas. Divided into lots occupied by different families, these settlements are created, at least in theory, to shelter landless rural workers who have no means to acquire property on their own.

However, it is common for outsiders to invade such settlement areas; also common is the overlapping of ownership titles and documents in the territories they occupy. Lack of land regularization creates legal insecurity and assists illegal occupation by 'outside' farmers in areas theoretically intended for agrarian reform.

⁵ CPT, 'Assassinatos no campo batem novo recorde e atingem maior número desde 2003':

<<https://www.cptnacional.org.br/publicacoes-2/destaque/4319-assassinatos-no-campo-batem-novo-recorde-e-atingem-maior-numero-desde-2003>>

⁶ Oxfam, 'Territórios da Desigualdade':

<https://www.oxfam.org.br/sites/default/files/arquivos/relatorio-terrenos_desigualdade-brasil.pdf>

⁷ INCRA, 'Informações gerais sobre os assentamentos da Reforma Agrária':

<<http://painel.incra.gov.br/sistemas/index.php>>

Moreover, lack of technical support, infrastructure and financial support to settlers jeopardizes economic viability in these areas. In this context, many people sell their lots to farmers with higher investment capacity – an illegal, but widespread, practice throughout the country.

In areas where the state has been notably distant or absent, illegal sales and overlapping land titles have underlain several violent conflicts over ownership of productive land.

Deaths in Campos de Júlio, MT

In this connection mention must be made of the Upper Juruena settlement in Campos de Júlio, MT. In January 2014, Maria do Carmo Moura Ferreira Araújo, 27, and Gonçalo Araújo, 57, were murdered there, by gunshot and sledgehammer blows in their own home. According to the Mato Grosso State Police, the crime was driven by the interest of third parties in trading the plot where they lived.⁸

Even after being shot in the arm, one of the sons managed to escape the ambush. He rushed to the property of a neighbour, who warned the police. A few days later, two gunmen and two other persons who had ordered the murders were arrested. According to the police authorities, one of them was Jaqueline Salustiano da Silva, the president of the Association of Small Farmers of the Upper Juruena VI – an organization that is supposed to represent the family farmers settled there.⁹

Further, according to the police, da Silva and her husband had previously been accused of threats and shooting, allegedly putting pressure on families to leave their lands. When da Silva was arrested, angry settlers set fire to her house.¹⁰ All four of those involved in the killings were later convicted and sentenced to more than 37 years in prison.

Families living in the Upper Juruena settlement have been represented by 15 different farmers' associations. Most of those associations failed to survive, or faced problems related to documentation, tax, debt, etc. Valmir França is the president of the Association of Small Farmers of the Upper Juruena IV, one of the few that has managed to continue. In March 2018, Repórter Brasil interviewed him at his home in Campos de Júlio. In his view, the 2014 crime was due mainly to lack of governmental supervision and presence in the area. 'They [Jaqueline and her husband] killed the couple. They were buying and selling lots, things that were not permitted.'

⁸ Mato Grosso State Civil Police, 'Polícia Civil prende mandantes e executores de duplo homicídio e tentativa em Campos de Júlio': <<http://www.pjc.mt.gov.br/noticia.php?id=9302>>

⁹ Idem.

¹⁰ Idem.



Valmir França, president of the Association of Small Farmers of the Upper Juruena IV

According to França, the murdered farmer Gonçalo Araújo had lived on that land for ten years, but was not one of the original settlers and did not hold actual ownership of the property. Therefore, da Silva, the president of the Upper Juruena VI Association, decided that she could sell the land to a third party – and the new owner wanted her to ‘clear the area’.

Soy plantations mark the landscape in the Upper Juruena area. Houses destroyed by the passing of time and the powers of nature show abandoned lots, testifying to the hardships of small farmers in the settlements. França speaks about his strategies for surviving there. ‘We will not deal with soy. It’s got to be family farming really, dairy cows, chickens, lemons... Small farmers here don’t deal with soy. That’s not possible for them. Soy needs 1,000 hectares or more [to be profitable]’. Soy requires considerable investments – machinery, many inputs. Today, his family focuses on cattle. ‘We make cheese, and homemade bread, too.’

Other conflicts in the area

Another conflict involving small farmers’ associations in the Upper Juruena was a result of the interest of outside farmers in producing soy in the area. These outsiders illegally occupied part of the land managed by another of the 11 local associations – the Association of Small Farmers of Upper Juruena IX.

The case was taken to court, forcing the association’s president to leave the area, fearing for his life in the face of threats – as he explained. ‘I went there in 2010. I had a dream; my father was a farmer, and so was my grandfather. Suddenly, it became a nightmare’, he told Repórter Brasil on the phone.

For more than three years, Irineu was the president of the Association of Small Farmers of Upper Juruena IX. This was precisely when Jaqueline Salustiano da Silva, the president of the neighbouring association, offered areas of the settlement for sale, resulting in the conflicts that culminated in the murder of the Araújo couple.

After the deaths, Irineu says, part of the lands belonging to his association was invaded. Fences were torn down, houses were destroyed, demarcation of lots was erased and plantations were levelled and covered with earth. Then the association filed a re-possession lawsuit to remove the invaders from the site.¹¹



Abandoned house at the Upper Juruena settlement in Campos de Júlio, MT

Fearing retaliation, Irineu says he requested that the charges and the proceedings be held *in camera*, but the Public Prosecutor's Office replied that this would not be possible. 'I said: "look, my friend, I'm going to have to leave Mato Grosso", and then I moved to northern Paraná', he says. 'I left to avoid ending up like our neighbours, God forbid'. Irineu had often spoken with the Araújo couple, who told him about the threats against them. 'They had even been told that the house would be set on fire with them inside it.'

According to Irineu, the threats did indeed materialize. One day somebody dropped a eucalyptus log to block his passage down a road. He says that possession of the lot he occupied was already being negotiated with third parties.

¹¹ The lawsuit has been with the 2nd Civil Court of Comodoro since June 2014, under no. 1999-76.2014.811.0046, with no outcome as yet

Selecta and Caramuru

Sadi Luiz Piccinin Junior was one of the defendants in the lawsuit filed by the association. According to the charges, together with his father, Sadi Luiz Piccinin, he illegally occupied an area located within the settlement. Sadi Junior owns farms in at least three municipalities in Mato Grosso – Campos de Júlio, Campo Verde, and Dom Aquino – and supplies soy to Caramuru and Selecta.

Invoices obtained by Repórter Brasil show that Sadi Junior sold hundreds of tons of soy to Caramuru Alimentos for at least two years – 2016 and 2017. According to official documents, the products came from the Diadema and Princesa do Campo Farms – both located in the same municipality as the land conflict. The sales were made to Caramuru’s Sorriso, MT, unit, where the company produces Soy Protein Concentrate (SPC) intended for the Norwegian market.

When contacted by Repórter Brasil Caramuru stated: ‘unfortunately, there is no public and official source that allows consulting information on rural conflicts in an effective, consolidated and preferably automated way.’ Further, the company said that the situation made it extremely complex and technically impossible to establish trade bans. ‘However, if data were available for us to evaluate and identify the cases [*of rural conflicts*], we would be willing to include them in our protocol of consultations that precede grain purchase decisions.’

Piccinin Junior also supplied soy from the Diadema and Princesa do Campo Farms to Selecta, according to invoices obtained by Repórter Brasil. The trading company purchased it from him at least in 2016. These sales were intended for the company’s Diamantino, MT, unit. However, Selecta did not respond to the questions submitted by Repórter Brasil.

The Diadema and Princesa do Campo farms are located near the lands of the Association of Small Farmers IX, and irregular occupation of lots by its members started from those farms. But what is the real origin of the products acquired by trading companies like Caramuru and Selecta? Have they come entirely from the Diadema and Princesa do Campo Farms? Or were some of them planted in areas irregularly occupied within the Upper Juruena Settlement? Further: have these companies any policies aimed at avoiding the purchase of soy from producers involved in land conflicts?

Back in 2014, Piccinin Junior himself acknowledged in the case proceedings that the area under dispute belonged to the association, and promised to leave it. However, sources linked to small farmers say that the re-possession order was not granted and that the area was returned to the association even after that. The lawsuit is still in progress. According to Irineu, there was no re-possession, and the intruders are still present in the area. However, Repórter Brasil was not able to confirm the identity of the current intruders.



Area belonging to the Piccinin family, soy- suppliers to Caramuru and Selecta

Banned pesticides

Pesticides smuggling

Trading in smuggled products is part of everyday life in the big Brazilian cities. This problem involves increasingly large sums of money, according to official statistics. However, smuggled items include one type of product that few people would think of: pesticides.

Since 2008, Brazil has led the world rankings of crop pesticide consumption by total volume – about 20% of what is marketed worldwide. Various carcinogenic substances banned in the EU and elsewhere are still allowed in local plantations. Between 2000 and 2014, consumption in Brazil jumped from around 170 thousand tons of pesticides used in food production annually to 500 thousand tons – a 194% increase in 15 years.¹²

There have been many reports of poisoning in schools, rural communities and cities in important grain-producing regions.¹³ It is estimated that eight people are contaminated by pesticides every day – cases reported by doctors include symptoms

¹² Repórter Brasil, 'Brasil libera quantidade até 5.000 vezes maior de agrotóxicos do que Europa': <<https://noticias.uol.com.br/meio-ambiente/ultimas-noticias/redacao/2017/11/27/brasil-libera-quantidade-ate-5000-vezes-maior-de-agrotoxicos-do-que-europa.htm>>

¹³ Repórter Brasil, 'É diário', professor denuncia intoxicação por agrotóxicos como algo recorrente em escolas rurais': <<http://reporterbrasil.org.br/2018/07/e-diario-professor-denuncia-intoxicacao-por-agrotoxicos-como-algo-recorrente-em-escolas-rurais>>

such as nausea, diarrhoea, respiratory problems, or changes in blood and urine found by laboratory tests. In addition, for each case notified, there are probably another 50 that are not reported.¹⁴

Research conducted in Mato Grosso has shown an increase in cases of cancer in soy-producing regions.¹⁵ Other problems include pesticide contamination of water, air, blood, and even in the breast milk of mothers living in such areas.¹⁶

Pesticides are widely used in monocultures that characterize the main commodities in Brazilian agribusiness – such as soy. These agrochemicals – in some cases protected by patents held by large multinational companies such as Basf, Bayer, Dow, Monsanto, and Syngenta – cost hundreds of *reais* per hectare applied. They represent a major expense for farmers, harvest after harvest.



Pesticide spraying in Mato Grosso, on a farm located between Tangará da Serra and Campo Novo do Parecis, near the BR-364 highway

¹⁴ Repórter Brasil, 'Brasil libera quantidade até 5.000 vezes maior de agrotóxicos do que Europa': <<https://noticias.uol.com.br/meio-ambiente/ultimas-noticias/redacao/2017/11/27/brasil-libera-quantidade-ate-5000-vezes-maior-de-agrotoxicos-do-que-europa.htm>>

¹⁵ Moisés Silva Pereira e Fabio Angeoletto, Revista Espaço Acadêmico, Universidade Estadual de Maringá (UEM), 'Geografia médica e agronegócio: evolução espaço temporal dos cânceres do estômago, esôfago e pâncreas no estado de Mato Grosso a partir da década de 1990': <<http://periodicos.uem.br/ojs/index.php/EspacoAcademico/article/view/28215>>

¹⁶ Palma, Danielly Cristina de Andrade, 'Agrotóxicos em leite humano de mães residentes em Lucas do Rio Verde – MT': <<http://www.ufmt.br/ppgsc/arquivos/857ae0a5ab2be9135cd279c8ad4d4e61.pdf>>

The search for cheaper alternatives encourages the large-scale smuggling of pesticides. Federal Police analyses have shown that such 'pirate poisons' may contain substances other than those they are supposed to include – which, in addition to depriving farmers of proper pest control, expose the population to risks of potentially ingesting very harmful residues.

The threats to the environment and to human health begin in the transportation of smuggled goods. To circumvent surveillance, trucks may hide the pesticide products among their food cargo, entailing an obvious clear risk of contamination. To make matters worse, smuggling also brings substances already been banned in the country because of their high toxicity.

Another problem worsened by the illegal market concerns the empty containers – also a potential source of highly toxic waste. Since 2000, Brazilian farmers must return such containers to the locations indicated in sales invoices – for later collection by manufacturers for recycling or controlled incineration. Smuggled products, however, evade official control. Their containers are incinerated and buried in totally inadequate ways, or simply abandoned on roadsides or on other people's properties.

Banned products at the Serra Vermelha Farm

In addition to land conflicts (*see above*), Sadi Luiz Piccinin Junior and his father are also being sued in Mato Grosso's State Justice for using pesticides banned in Brazil. This lawsuit is a result of an inspection conducted in 2013 at the Serra Vermelha Farm, owned by Sadi Junior and located in Dom Aquino, MT. The area is used for soy and cotton plantations.

The lawsuit is based on the results of an inspection conducted by federal and state law enforcement agencies and later investigated by Federal Police, leading to the arrest of the farm's manager. At the site, police seized 16.5 kg of the pesticide Acetamisol (acetamiprid 70%) – an imported insecticide whose use is not authorized in Brazil. The label was written in Spanish.

During the investigations, police found out that Acetamisol had been applied on at least 40 hectares of the property. Three containers with an unidentified white substance were also found.

The defence lawyer of Piccinin Junior and his father says that they were not aware of the existence of such pesticides on their property, and that they could have even been left there by a salesperson as samples. In addition to claiming that there is no evidence of actual use of those inputs in the plantations, the defence holds that the prosecution has failed to prove the environmental impacts allegedly caused by the chemicals, and that the lawsuit was based mostly on testimony unsupported by any other evidence or factual elements.

After several investigative procedures, the Federal Prosecutor's Office concluded that there were not enough points to convict them of smuggling, as both the defendants are farmers and there were no indications of their being directly responsible for illegally importing the product.

As for the environmental crime resulting from the use of banned pesticides in plantations, the agency determined that State Justice was competent to hear it rather than Federal Justice. That brought the lawsuit was back to square one after more than three years at the federal level. Proceedings are currently under way in a civil court in Dom Aquino, MT.

Once again, Selecta and Caramuru

In 2016, Sadi Junior sold to Selecta's Querência MT unit hundreds of tons of soy produced at the Serra Vermelha Farm. His father, in turn, sold to the Sorriso MT unit of Caramuru 250 tons in the following year. The grain came from a nearby area in the same municipality. As mentioned, Caramuru produces Soy Protein Concentrate (SPC) for the Norwegian market at this unit.

That soy is purchased from a farm where the Federal Police have found illegal pesticides gives rise to important questions about trading companies' policies. Do companies have any tools for identifying such practices? And if so, what do they do?

Caramuru spokespersons hold that the company is not responsible for the sales of pesticides used by its suppliers. They also stressed that the company does not have access to information on the types of products purchased or the practices adopted on farms. In addition, they stated that Caramuru is not involved in its suppliers' decision-making process on the subject. 'We emphasize that producers, input sellers, technicians who make the prescriptions, companies that manufacture and sell the products, and the regulatory agency are the ones responsible for the type, dosage, validity and equipment employed in the use of agricultural pesticides.'

Selecta, however, did not respond to the questions submitted by Repórter Brasil.



Soy harvesting in Mato Grosso

Illegal deforestation

Soy and native areas

Between 1995 and 2004, deforestation rates in the Amazon reached an average of 20,600 sq km per year. That was the period with the largest loss of forest coverage since the Brazilian government began collecting satellite data in the 1980s. Then followed a considerable decline until 2012, when deforestation in the region reached its lowest level in history: 4,571 sq km.¹⁷

Since then, however, figures have grown again, reaching almost 7,000 sq km in 2017. The increase coincides with the approval of a new Forest Code in Brazil, which has softened rules for the maintenance of protected areas on farms and promoted an amnesty of fines applied for illegal deforestation until 2008.

¹⁷ OBT INPE, 'Taxas anuais de desmatamento na Amazônia Legal Brasileira (AMZ)': <http://www.obt.inpe.br/prodes/dashboard/prodes-rates.html>



Soy surrounded by native vegetation areas in Porto dos Gaúchos, MT

Several studies have pointed out that soy plantation plays only a minor direct role in recent deforestation in the Amazon. The most relevant data come from the Soy Moratorium – an initiative endorsed by the largest grain-trading companies in Brazil. The Moratorium bans purchase of grains from deforested areas within the Amazon biome after 2008, whether such deforestation is legal or illegal.

According to the latest monitoring report released by the Soy Moratorium in early 2018, in the last 11 years soy was planted only in 1.2% of deforested areas in the Amazon. This corresponds to 47,400 hectares of plantations not complying with the parameters of the Soy Moratorium – 27.5% more than the previous season. Since 2013, there has been a slight increase of soy in the deforested areas, from 0.6% to the current 1.2%.¹⁸

The Moratorium has major limitations, however. One is the lack of any policy focused on Cerrado, the main biome for soy expansion in Brazil for the last 20 years.

A coalition of NGOs, companies and government officials is trying to change this situation by expanding the Moratorium to Cerrado.¹⁹ According to the Ministry of the Environment (*Ministério do Meio Ambiente*, MMA), 54% of Brazilian soy is now produced in that biome where high rates of deforestation are also present – in many cases, is being conducted illegally.

¹⁸ Soy WG (*Grupo de Trabalho da Soja*, GTS), 'Monitoring of the 2016/2017 Harvest Season': http://www.abiove.org.br/site/_FILES/Portugues/10012018-094820-relatorio_de_monitoramento_2017.pdf

¹⁹ WWF, 'Soya and the Cerrado: Brazil's forgotten jewel': http://assets.wwf.org.uk/downloads/soya_and_the_cerrado.pdf

In addition, the current Amazon agreement does not provide for effective responses to the *indirect* contribution of soy to deforestation of native forests. Soy plantations tend to expand into already consolidated agricultural areas where the logistics and soil correction costs are lower – a crucial aspect for economic viability. Thus, producers purchase land formerly used for other types of farming – notably cattle – and ‘push’ them into new agricultural frontiers.²⁰

Production in interdicted areas

In both the Amazon and Cerrado there are still several soy plantations within areas that were illegally deforested in the past. In such cases, Brazilian legislation grants environmental inspection agencies the right to interdict farming activities. Fines and penalties for illegal deforestation prior to 2008 were amnestied by a reform of the Brazilian Forest Code, approved in 2012. Only farmers who are committed to the environmental recovery of illegally deforested areas are entitled to this amnesty; further, they must abstain from any new plantations in those areas, to allow for natural regeneration of native forest.

In addition, Federal Decree 6514/2008 establishes that ‘acquiring, intermediating, transporting or commercializing any animal or vegetable product or by-product from interdicted areas’ are environmental violations. In other words, direct buyers who purchase soy or other products grown in these areas are also subject to heavy fines. That is, however, a crime with low rates of investigation and punishment in Brazil. Despite hundreds of cases where the authorities have caught farmers producing in interdicted areas, only a small number of official investigations have identified the companies who bought raw material from such areas.

One of the few examples is Operation Shoyo, conducted in October 2016 by the federal environmental agency IBAMA. This inspection operation in Mato Grosso focused on buyers of ‘pirate soy’ – soy produced in interdicted areas.

According to the agency, in its first phase of investigation Operation Shoyo resulted in about 170 million reais in fines related to plantation and trade of 148,643 sacks of grains (soy and corn).²¹ In addition to farmers and some small and medium-sized local trading companies, the operation covered institutions that funded production. The Spanish bank Santander, for example, was fined R\$ 47.5 million for having funded grain plantation in Amazon areas already interdicted by the agency.²²

In May 2018, a new phase of Operation Shoyo identified two major multinational trading houses – Bunge and Cargill – purchasing soy from interdicted areas. The crime was spotted on Cerrado farms in the states of Maranhão, Piauí, Bahia and Tocantins.

²⁰ G1, ‘Estudo aponta relação entre soja e desmatamento em Mato Grosso’:

<<http://g1.globo.com/Amazonia/0,,MUL1582100-16052,00.html>>

²¹ <http://www.IBAMA.gov.br/noticias/58-2016/395-IBAMA-e-mpf-responsabilizam-empresas-por-financiar-desmatamento-na-amazonia>

²² *Estadão*, ‘IBAMA multa o Santander em R\$ 47,5 milhões’:

<<http://economia.estadao.com.br/noticias/geral,IBAMA-multa-o-santander-em-r-47-5-milhoes,10000083694>>

Thus far, no IBAMA operation has found Caramuru, Imcopa or Selecta to be involved in this type of crime.

‘Soy, as well as cattle, is a main deforestation vector because its supply chain still markets product from illegal areas such as legal reserves’, according to a representative of the IBAMA technical staff. Legal reserve areas are a percentage surface that rural properties must preserve as native vegetation according to the law. They generally amount to 80% of the area in rural properties within the Amazonian biome, and 35% in the Cerrado.

Further, according to IBAMA staff, fraud is practised to cover the illegal origin of the products during marketing. In some cases, for instance, ‘grain producers carry out their activities in legal reserve areas and use invoices in behalf of figureheads or relatives whose taxpayer numbers are not interdicted according to IBAMA’S documents.’

IBAMA’s General Coordinator for Environmental Surveillance, Renê Luiz de Oliveira, has provided further details on how products from interdicted areas can be laundered. ‘A third party ends up selling the product or they claim that it was produced in another farm belonging to the same owner or in another area of the same farm that is not interdicted...’. Although such frauds are difficult to prove, evidence of illegality can be found – for example, by checking if the data provided by the farmer match the productivity possible in a given area. ‘Sometimes the amount of tons allegedly harvested per hectare is impossible. It’s often quite obvious’, Oliveira concludes.



Soy harvesting in Upper Juruena area, MT

Oliveira points out that any purchaser who acquires products from an irregular area is encouraging illegal deforestation. ‘Anyone who participates, willingly or not, can be punished’, he warns.

IBAMA is also working to inspect the foreign production chain. The agency has been seeking to establish partnerships with embassies of some countries – for instance, the USA, the UK and the Netherlands – and with international organizations such as Interpol. Monitoring the production chain is approaching a new stage focused on controlling sales abroad.

‘Pirate soy’ in Querência, MT

Data recently released by Imazon on deforestation in March 2018 identify Querência, (MT) as a region with high deforestation rates in the Amazon. The town, located near the Xingu Indigenous Park, is an important soy hub, with more than 300 thousand hectares planted. As in other regions, production also takes place in areas interdicted by IBAMA. Farmers recently fined are part of the Caramuru and Selecta supplier network.

One of them is Warno João Wentz, owner of the Wentz Farm, a 2.8-thousand-hectare property. Wentz was fined by IBAMA for clear-cut deforestation of a 483-hectare legal reserve area without a license. The violation was identified on 5 October 2017 and a R\$ 484,000 fine was set. He was also fined R\$ 200,000 for planting soy in an area of the property that had been interdicted in 2004, when IBAMA had found illegal deforestation at the Wentz Farm.

Documents obtained by Repórter Brasil indicate that Selecta’s Querência, MT, unit maintained business relations with Wentz, and purchased soy planted at the Wentz Farm at least from March 2016 to February 2017. The company was contacted by Repórter Brasil, but did not respond.

IBAMA’s finding that Warno João Wentz was producing soy in interdicted areas leads to the following questions: 1) What is Selecta’s stance on maintaining business relations with farmers who are recidivists in serious environmental crimes? 2) Do the companies have effective tools for identifying the possible presence of ‘pirate soy’ in their purchases?

Caramuru’s local unit purchased soy produced in the property during the 2014/2015 harvest season. However, the company claimed that the product was traded on 25 March 2015 – the day before IBAMA publicly announced an environmental interdiction of the Wentz Farm.

IBAMA has a website with public information on the environmental infractions found by the agency and the areas it has interdicted.²³ One aim of the register is to provide names of farms and producers involved in environmental crimes in order to help in shaping purchasing policies. Although the Wentz Farm had been interdicted in 2004, IBAMA entered information about the case in only on 26 March 2015.

²³ IBAMA, ‘Consulta a Embargos e Autos de Infração’: <https://servicos.ibama.gov.br/ctf/publico/areasembargadas/ConsultaPublicaAreasEmbargadas.php>

Another case found in Querência – also concerning both companies – is the Signorini Farm. In 2013, IBAMA interdicted 230 hectares on the property. The owner, Claudino Signorini, was charged with preventing regeneration of native forests. Five years earlier, in 2008, he had been fined for illegal deforestation on the same property.

The interdiction has since been overturned by a 2018 court decision, based on a lawsuit where the farmer alleges that the crime found by IBAMA had been amnestied by the new Forest Code. But already in 2017, IBAMA had started an administrative procedure²⁴ to identify purchasers of grains allegedly planted during the 2016/2017 harvest season in the interdicted area. Revenue documents accessed by Repórter Brasil show that both Caramuru and Selecta purchased soy from Claudino Signorini in 2016 and 2017.

A Caramuru representative stated that the company had purchased soy from that producer every year between 2013 and 2018. In its response to Repórter Brasil, the company said it uses technological tools to analyse and approve grain purchases from suppliers. Such tools are used to compare information on plantation areas with satellite data on recent deforestation, in addition to IBAMA's public record of environmental interdictions. The company reported conducting such analyses, without finding any environmental interdictions associated with the purchases from Signorini.

Selecta, as mentioned, did not comment on this or other cases involving its suppliers.

Repeated crimes in Porto dos Gaúchos, MT

In another region of the state of Mato Grosso, about a thousand kilometres from Querência, a case links Caramuru to a farmer fined for illegal deforestation and for keeping agricultural activities in interdicted areas. Between February and May 2017, the company's Sorriso, MT, unit purchased more than 600 tons of soy produced by farmer Claudino Campeol. According to official data, the raw material came from two separate farms in the central part of the state: Campeol, in Nova Maringá, and São Pedro I, in Tapurah. Contacted by Repórter Brasil, Caramuru confirmed that it had purchased soy from both properties.

In addition to these properties, Claudino Campeol controls other farms in Mato Grosso. One of them is the São Phillippe Farm in Porto dos Gaúchos, to which IBAMA has applied huge fines.

²⁴ Process 02567.000021/2017-00.



Recent deforestation in the area surrounding Campeol's farm, in Porto dos Gaúchos, MT

In May 2015, 22.34 hectares of native forest on the farm were interdicted because they had been deforested without a license from the environmental agencies. Two years later, IBAMA returned to the site. In July 2017, the agency found new illegal deforestation of Amazonian forest – totalling 527.6 hectares – and in October, in addition to noncompliance with the interdiction, it fined the farmer for preventing recovery of native forests in a 438.8-hectare area. Fines against him totalled almost R\$ 6 million in 2017.

In March 2018, Repórter Brasil's team visited Porto dos Gaúchos and the São Phillipe Farm. Along the route, preserved forest and deforested areas alternate. The team struggled to locate the property, travelling roads in poor, even dangerous, condition.

It was possible to be sure that the correct property had been found only because of a sign lying on the ground by one of many farm entrances in the area. It bore the name of the property and the farmers responsible for it: 'São Phillipe Farm. Owners: Valcir Gaiatto and Partner Claudino Campeol'. Dozens of fallen and burned trees was lying nearby.

Repórter Brasil found no immediate signs of soy plantations there in 2018. However, the possibility could not be ruled out, given the lack of precise information about the boundaries of the São Phillipe Farm.

Repórter Brasil asked Caramuru about its policies on its relationship with soy producers such as Claudino Campeol, who had repeatedly been found practising environmental crimes and also producing in interdicted areas. The company replied that the purchases had not come from the farm subject to the environmental interdiction.

Asked about the risk of acquiring ‘pirate soy’ from Campeol, sold as if it came from a interdiction-free property, Caramuru claimed that the banned area in the farm lay 318 km away from its warehouses. According to the company, ‘the distance makes receiving any raw material impossible’. In practice however, soy trade involving similar distances is common in Brazil.²⁵

Soy and indigenous lands

Clash of realities

Today, Brazil’s indigenous peoples are facing more profound risks than at any time since the end of the military dictatorship and the approval of a democratic Constitution in the 1980s. This was the belief expressed by the UN Special Rapporteur on the Rights of Indigenous Peoples, Victoria Tauli-Corpuz, after a visit to Brazil in 2016 and talks with representatives of more than 50 ethnic groups. Land-related conflicts, leading to violence, threats and killing, were among the concerns noted in her final report. Such conflicts are linked to various factors, in particular agribusiness expansion on lands occupied by indigenous communities or claimed as part of their traditional territory.

Given the failure of the Brazilian authorities to ensure the rights of indigenous peoples adequately, observes Tauli-Corpuz, special caution is necessary from corporations. ‘The Special Rapporteur highlights the responsibility of businesses sourcing goods or materials, such as sugar, soy or animal produce, from Mato Grosso do Sul (...), to conduct adequate human rights due diligence to ensure respect for indigenous peoples’ rights in their supply chains’, according to her final report.²⁶

According to the latest census conducted by the government, there are about 896,000 indigenous people in the country, most of whom – 64% – live in rural areas.²⁷ Not only in Mato Grosso do Sul, but in several parts of Brazil otherwise, soy plantations are the backdrop to complex – and often conflicting – relationships between farmers and indigenous communities. Especially in the country’s Centre-West region, the presence of soy has become a reality in several areas inhabited by indigenous groups.

In the vicinity of the Xingu Indigenous Park, for instance, expansion of soy plantations has caused siltation and contamination of waters that supply the sources of the Xingu River, crucial to the way of life of those living in the largest indigenous territory in

²⁵ Canal Rural, ‘Falta de recursos gera déficit de armazenagem para 70 milhões de toneladas’: <<https://canalrural.uol.com.br/noticias/falta-recursos-gera-deficit-armazenagem-para-milhoes-toneladas-67226/>>

²⁶ UN Human Rights Council, ‘Report of the Special Rapporteur on the rights of indigenous peoples on her mission to Brazil’: <<http://unsr.vtaulicorpuz.org/site/images/docs/country/2016-brazil-a-hrc-33-42-add-1-en.pdf>>

²⁷ IBGE, ‘Ibge mapeia a população indígena’: <<https://agenciadenoticias.ibge.gov.br/agencia-noticias/2013-agencia-de-noticias/releases/14389-asi-ibge-mapeia-a-populacao-indigena.html>>

Brazil.²⁸ In the Maraiwtsedje Indigenous Land, in turn, dozens of farmers had planted soy illegally for years until a repossession order removed them from the site.²⁹ Other ethnic groups such as the Paresi, Irantxe and Nambikwara chose to partner with major farmers and allow plantations on their land, giving rise to complex issues of the legality of this type of agreement.³⁰

Soy is increasingly common in the vicinity of or even inside territories occupied by traditional populations – as re-confirmed by Repórter Brasil’s field research in March 2018, in Mato Grosso and Mato Grosso do Sul. The research surrounded a series of indigenous areas inhabited by peoples of various ethnic groups and several language families – territories at differing stages of recognition and protection. The degree of integration and/or conflict with neighbouring towns, large farmers and major agricultural enterprises operating in the area also varies.

Disputes in Guarani-Kaiowá Territory

In Mato Grosso do Sul, the impact of soy on indigenous communities remains highly disputed. The state is the fifth largest Brazilian producer: 2.7 million hectares were planted in the 2017/2018 season, with 9.5 million tons harvested in that period.³¹

Soy is already found inside several of indigenous areas, as shown by Repórter Brasil’s on-site visit in March 2018. According to local sources consulted, the grain is delivered to a cooperative that has already supplied soybeans to Imcopa, one of the Brazilian SPC manufacturers that exports this product to the Norwegian market.

In those territories, there are frequent reports of pesticide contamination of watercourses, damage to health, death of animals, and crop damage caused by aerial fumigation of herbicides or heavy truck traffic.

In addition, soy plantations are also present in many currently disputed areas claimed by indigenous groups as part of their traditional territories but owned by farmers. The land conflict affects mainly the Guarani-Kaiowá – the largest ethnic group in the state, with about 45 thousand individuals.

According to Flávio Vicente Machado, an advisor to the Indigenous Missionary Council (*Conselho Indigenista Missionário*, CIMI), the Guarani-Kaiowá have claimed some 700,000 hectares. That would amount to approximately one tenth of the territory they originally occupied. Their current areas correspond to only 0.2% of the state.

Under an agreement signed with the Federal Prosecutors in 2007, the federal government pledged to finish the identification and demarcation of areas traditionally

²⁸ ISA, ‘Encontro de Canarana’: <<https://www.socioambiental.org/pt-br/blog/blog-do-xingu-blog-do-pfds/o-encontro-de-canarana>>

²⁹ Repórter Brasil, ‘Impactos da soja sobre Terras Indígenas no estado do Mato Grosso’: <https://reporterbrasil.org.br/documentos/indigenas_soja_MT.pdf>

³⁰ Idem.

³¹ Canal Rural, ‘Produção de soja no Mato Grosso do Sul atinge volume recorde’: <<http://www.canalrural.com.br/noticias/soja/producao-soja-mato-grosso-sul-atinge-volume-recorde-73614>>

occupied by that ethnic group. More than ten years later, the process has become virtually paralyzed.

‘The politicians who are supposed to help us are contributing to our end, our massacre, our genocide. They are killing us with the pen and their delay in demarcating our land’, denounces Celso de Douradina, who represents the *Aty Guasu*, the Great Kaiowá and Guarani Assembly – an organization representing the interests of these peoples. ‘The Federal Constitution [promulgated in 1988, marking the return of democracy in Brazil] said this would take five years. We’re approaching 30 years’.



Members of the Great Kaiowá and Guarani Assembly

Year after year, violence associated with land conflicts results in alarming homicide rates in Mato Grosso do Sul. Between 2003 and 2016, 444 Indians were murdered in the state, according to CIMI’s annual Report on Violence against Indigenous Peoples³². Most cases are directly related to land conflicts – occupation of rural properties, actions by farmers’ militias, and similar.

The Panambizinho Indigenous Land

In March 2018, Repórter Brasil visited the Panambizinho Indigenous Land, in Dourados, MS. Soy farms were found to occupy a large part of the community’s territory. Founded around 1920 by *pa’i* (religious leader) Chiquito Pedro, Panambizinho is now home to some 80 families and 500 people, living on 1,270 hectares. It was officially declared as Indigenous Land in 2004.

³² Cimi, ‘o Relatório de Violência Contra os Povos Indígenas no Brasil’:
<https://www.cimi.org.br/pub/relatorio/Relatorio-violencia-contra-povos-indigenas_2016-Cimi.pdf>

Soy plantations are usually based on land leases. Through informal arrangements, Guarani-Kaiowás provide land plots to outsiders – including residents of other indigenous areas of the state – and receive about 25% of the output.

Among the residents of Panambizinho is the indigenous and human rights activist Anastácio Peralta. He considers grain cultivation to be the community's biggest problem today, noting that soy has become the main crop in virtually all Panambizinho lands. Only three or four families plant food items as their priority.

Agrochemical application on local crops, Peralta continues, already affects environmental quality, including damages to traditional organic crops. This situation affects the community's food sovereignty, encouraging sedentarianism and increasing alcoholism. The income from soy does not demand labour from the Indians who give up their lands, thereby leading to idleness. 'People used to have their little plantations, their healthier food. Today, most of them only lease it; they don't plant together.'



Anastácio Peralta

Local chief Valdomiro Aquino has a different view. Favourable to the plantation, he says that the income coming from that monoculture enables residents to improve their lives. Repórter Brasil interviewed one of the indigenous people involved in soy production in the area. He reported that the soy planted there is 100% non-GM; further, that the activity has been guided and endorsed by all agricultural development agencies as well as the Prosecutor's Office.

That, however, was not confirmed by the Prosecutor's Office. 'We will work to ensure that sanctions are enforced to prevent the next harvest from being traded', State Prosecutor Marco Antônio Delfino de Almeida from Dourados, MS, has warned about

soy plantation in indigenous areas, at least as it occurs in Panambizinho. He holds that farming in indigenous areas on land leased to outsiders violates the legal uses for those territories, and adds that he will seek punishment for anyone involved in such business.

This kind of lease is the subject of considerable controversy today. From a legal point of view, Brazil's Indian Statute of 1973 expressly prohibits the leasing of indigenous areas: they are reserved for the exclusive use of their traditional residents. A 2006 regulatory standard from the federal government reinforces this understanding – but leases continue to exist.

The federal government has been participating in negotiations with Congress aimed at changing this.³³ Meanwhile, official inspections have continued. In July 2018, the Federal Police and the Federal Public Prosecutor's Office launched an operation to investigate leases on the Xaçecó Indigenous Land, in Santa Catarina State.³⁴ In the previous month, IBAMA had indicted 16 lessees and five indigenous associations involved in transgenic soy plantation in Mato Grosso. Soy was being planted illegally in 16.2 thousand hectares of indigenous lands.³⁵ R\$ 129.2 million was applied in fines.

Besides interference in traditional land-uses, the leaser relationship is usually unbalanced, with low payments to the indigenous people. However, some indigenous voices also claim that banning the practice represents a violation of their right to self-determination. As seen in Panambizinho, leases are quite often disputed within the communities themselves, giving rise to division and conflicts.

C.Vale and Imcopa

Members of the local community in Panambizinho told Repórter Brasil that the C.Vale agro-industrial cooperative is a partner in planting and purchasing soy produced in that area, even providing inputs to plantations.

The alleged presence of C.Vale in indigenous areas is not limited to Panambizinho. In the Dourados Amambaieguá I Indigenous Land, farmers whose lands overlapped the area got support from C.Vale to sell their product, according to interviews conducted in the area.

C.Vale is based in Palotina, PR. It also has units in Santa Catarina, Mato Grosso and Rio Grande do Sul, as well as in Paragua. It has more than 19,000 members.

³³ Estadão, 'Ruralistas negociam com governo MP para arrendar terras indígenas':

<<https://economia.estadao.com.br/noticias/geral,ruralistas-negociam-com-governo-mp-para-arrendar-terras-indigenas,70002027426>>

³⁴ MPF, 'MPF em SC e PF deflagram operação de combate ao arrendamento de terras indígenas':

<<http://www.mpf.mp.br/sc/sala-de-imprensa/noticias-sc/mpf-sc-e-pf-deflagram-operacao-de-combate-ao-arrendamento-de-terras-indigenas>>

³⁵ IBAMA, 'IBAMA combate plantio de transgênicos em Terras Indígenas no oeste de MT':

<<http://www.IBAMA.gov.br/noticias/436-2018/1486-IBAMA-combate-plantio-de-transgenicos-em-terras-indigenas-no-oeste-de-mt>>

Repórter Brasil contacted the cooperative, which operates in the purchase of both conventional and GM soy. Company representatives said that C.Vale follows the cases of conflicts between indigenous people and its members ‘through the press and also through reports by [its] employees’, adding, however: ‘C. Vale cannot interfere in those conflicts because it is not directly involved and because it has no legal prerogative for it’. Further: ‘It is not within our power to resolve conflicts over land; it is up to executive, legislative and judicial authorities to find solutions. Of course we want peaceful coexistence between rural and indigenous producers, but we cannot intervene in the matter.’



Traditional indigenous agriculture in the Panambizinho Indigenous Land

Regarding the purchase of soy planted by indigenous people specifically in Panambizinho, the company said that ‘it does not have any policies for trading inputs within indigenous areas.’

Repórter Brasil found a 2007 financial brochure of Imcopa, giving the C. Vale cooperative as the company’s main soy supplier – 500,000 tons per year, equivalent to 21.8% of its soy purchases.³⁶ A document on the 2010/2011 harvest season indicates that, at least until that date, the cooperative had remained a major supplier of Imcopa.³⁷

³⁶ Irish Stock Exchange, Debt documents (p. 62):
<http://www.ise.ie/debt_documents/IMCOPA_8147.pdf>

³⁷ Grupo Arinos: ‘Representantes da imcopa Fábrica do óleo de soja leve promove encontro em Nova Mutum’: <<https://www.youtube.com/watch?v=GLEqxfKsYQI>>

Repórter Brasil asked Imcopa about its current business relationship with C.Vale and its corporate responsibility policies on indigenous communities, but the company did not respond.

Precarious and slave labour

Rural labour in Brazil

Informal labour – that is, working without a formal contract – is still the reality for most Brazilian rural workers. Six out of ten rural wage earners – or 2.4 million people – work informally and are paid less than formal workers.³⁸ Lack of formal documents is an obstacle to measuring the scale of the problem, but many cases identified by Ministry of Labour inspections show that the problem is also present in soy farms.

Brazilian law guarantees a minimum wage to registered workers. Other rights include paid holidays, maximum of 44 working hours per week, Sundays off, overtime pay, unemployment insurance, paid leave in cases of illness, and severance pay. In addition, employers have to provide other mandatory benefits, like paying social security contributions. By depriving non-registered workers of these rights, informality is especially damaging in times of social vulnerability as a result of unemployment, old age or illness.

Current rules guarantee Brazilian rural workers the right to retire at age 60 for men and 55 for women. To do so, they must prove having done farm work for at least 15 years. Due to informality, most of them struggle to prove this and enjoy the benefit.

Workers' health and safety represent another common problem in rural areas. There are many incidents of accidents with machines, sharp objects and venomous animals, and in precarious transportation to farms. Regulations require employers to provide their employees with work equipment free of charge – such as gloves, boots, goggles and hats for sun protection. But there are cases where the costs of such equipment are deducted from wages or simply not provided by the employers.

Other widespread problems include lack of fresh drinking water, as well as sanitary facilities and shelters at farm work-fronts. In addition, pesticides are often applied without proper training and protective equipment, leading to poisoning and other harm to workers' health.

Slave labour

Activities carried out at soy farms – especially root picking before new plantations – have resulted in charges of contemporary slavery. In the past 20 years, dozens of such cases have been found by federal inspectors in soy farms.

In 1995, Brazil formally admitted to the UN the existence of contemporary forms of slavery on its territory. Public policies were then created to deal with the issue,

³⁸ Dieese, 'O Mercado de Trabalho Assalariado Rural Brasileiro':
<<http://www.dieese.org.br/estudosepesquisas/2014/estpesq74trabalhoRural.pdf>>

including inspection groups coordinated by Labour Ministry auditors. Since 1995, over 50,000 rural and urban workers found in slave-like situations have been rescued in the country.³⁹ Of this total, according to data analysis from the Pastoral Land Commission (*Comissão Pastoral da Terra, CPT*), 1,826 workers were labouring on farms that had soy production as the main activity.

As defined by Article 149 of the Brazilian Penal Code, slave-like labour is characterized by degrading work conditions (such as unhealthy lodging and meals that endanger workers' health and lives); exhausting workdays (workers subjected to excessive stress, also leading to life-threatening or serious harm their health); forced labour (keeping people working by means of fraud, geographical isolation or under threats); and debt bondage (forcing workers to acquire debt illegally, and then using this to make them work). These elements may be found together, or in isolation.

In Brazil, important trading companies that purchase grains – including Bunge, Cargill, Amaggi, Louis Dreyfus, ADM and Caramuru – publicly undertake to restrict business relations with employers that practise such slave labour. The use of the 'dirty list' of slave labour as a reference for conducting business with farmers is the main corporate responsibility measure adopted by companies in the industry.

This 'dirty list' is a federal government record created in 2004 to disclose the names of employers found by Ministry of Labour inspections to be using modern slavery. According to the rules of the list, employers' names are included only after internal administrative proceedings in the Ministry, giving them the right to defend themselves against the charges for crimes reported by federal inspectors.

For slightly over two years, between December 2014 and March 2017, an order by the Federal Supreme Court (*Supremo Tribunal Federal, STF*) prevented publication of the list. The Court granted an injunction to the Brazilian Association of Real Estate Developers (*Associação Brasileira de Incorporadoras Imobiliárias, ABRAINC*) in a lawsuit challenging the government's constitutional right to disclose such information. After criteria for inclusion and exclusion of names from the list were reviewed, the Court issued a new order allowing the Federal Government to resume publication.

While the official list was not being published, Repórter Brasil and the Institute of the National Pact for the Eradication of Slave Labour (*Instituto do Pacto Nacional para a Erradicação do Trabalho Escravo, InPACTO*) began publishing an alternative version – the 'transparency list'. Based on laws for access to public information, both organizations requested from the Ministry of Labour information on its inspections and publish the names of employers found using slave labour – basically the same information that was previously published by the government through the 'dirty list'.

³⁹ Repórter Brasil, 'Dados sobre trabalho escravo no Brasil':
<<http://reporterbrasil.org.br/dados/trabalhoescravo/>>

Of the 164 employers currently listed in the federal government's 'dirty list', six were engaged in soy plantations at the time of inspection.⁴⁰

We now turn to three specific cases where situations of precarious work or slavery-like conditions have been linked to suppliers of Caramuru, Selecta and C.Vale (the latter as a cooperative that does business with Imcopa).

Sadi Zanatta

In 2008, federal government inspectors released six people from slave-like labour at the Curitiba Farm in Tapurah, MT. The property used to be leased by soy farmer Sadi Zanatta. The workers were at the farm for the specific purpose of clearing the land and preparing the soil for plantation.

According to the Ministry of Labour's inspection report, these workers were housed in a dirt-floor shack covered with plastic material. There was no lateral protection against wind, rain or even the venomous animals found in abundance in that area.

'Living like animals in precarious shelters and deprived of sanitary facilities, the workers slept crammed on hammocks and mattresses and were forced to use the woods as restrooms, without any privacy', according to the report. The federal inspectors also pointed out that these individuals were working without formal contracts and were not provided with drinking water or personal protective equipment like boots, gloves and hats. 'Therefore, they were exposed to constant risks of accidents at work.' Unsafe food and empty pesticide containers discarded near the lodgings were also problems found.



Pesticide containers discarded near worker lodgings (photo by Ministry of Labour)

According to the inspectors, 'all the workers reported seeing several poisonous snakes, both at the "lodgings" and at work fronts'. One of them reported that 'if anyone got sick or had an accident, there was no medical attention'. As for food, the meat

⁴⁰ Ministério do Trabalho, 'A Lista Suja do Trabalho Escravo':

<http://trabalho.gov.br/images/Documentos/trabalhoescravo/CADASTRO_DE_EMPREGADORES_2018-04-25_publicacao_semestral_ordinaria_DETRAE_abril-2018.pdf>

purchased for the month was actually consumed in the course of one week, and ‘it was kept improperly, without any hygiene, in the same pan where it had been prepared’. After a few days ‘the workers were afraid to eat it because of the real danger of contamination.’

Moreover, ‘no breakfast was provided’ – workers ‘only drank black coffee prepared in their own shack before starting their daily activities’.

According to inspectors, such degrading conditions fell within the Brazilian Penal Code’s definition of slave labour. As a result, Zanatta was included in the above-mentioned ‘transparency list’ published in March 2015 by Repórter Brasil to replace the ‘dirty list’ at the time the publication had been suspended by the Supreme Court.

In 2015, Zanatta sold soy to the Caramuru unit in Sorriso, MT, which produces Soy Protein Concentrate (SPC) for export to Norway. The raw material came from the Curitiba Farm. Here it should be noted that, with the disclosure of the ‘dirty list’ prohibited by the Supreme Court, several companies started using the ‘transparency list’ as a reference to restrict business relations with suppliers employing slave labour.

Asked by Repórter Brasil, Caramuru said it uses the ‘dirty list’ and the ‘transparency list’ to restrict business with soy farmers employing slave labour. According to the company, soy purchases from Zanatta were made in February – the month before his name was included in the ‘transparency list’. Caramuru claimed that the soy deliveries started on 11 February, when the protocols restricting business with people included in the list were applied.

Luiz Bononi

In 2012, nine workers were rescued from slave labour on the Alto da Mata Farm, owned by Luiz Bononi and located in São José do Rio Claro, MT, a municipality next to Nova Maringá. The property is used for soy plantation and cattle. Inspectors say that the group was clearing land and picking roots. The same labourers also worked in another area belonging to the same producer, the Araguaia Farm, some 50 km distant.

Documents obtained by Repórter Brasil show that Luiz Bononi had provided soy to the C.Vale cooperative when he was on the ‘dirty list’ and the ‘transparency list’ – in 2014 and 2015. The product came precisely from the Alto da Mata Farm. As noted earlier, C.Vale is among the largest cooperative supplying Imcopa, according to financial reports released by the company itself.



Housing conditions at Curitiba Farm (photo by Ministry of Labour)

The Ministry of Labour's inspection report describes the situation of the workers subjected to degrading living and working conditions. They worked without formal contracts and were lodged in a wooden shack built for storing agricultural products. Seven persons slept in a 20m² space on pallets or wooden slats supported by used pesticide containers. Another worker slept in a hammock in another part of the shack, intended for pesticide storage.

Since there were no toilet facilities, workers simply used the grass without any hygiene or privacy. The report also notes that pesticides were applied without protective equipment, and the employer allowed empty containers to be re-used as buckets for washing clothes.

The inspection originated in a complaint from a former worker about the very poor work conditions there. In addition to the situations found by the inspection, he also reported that the water used for drinking and food preparation was stored in pesticide containers, and that they all bathed in the reservoir where water was collected for cattle – which were washed only once a year.

C.Vale confirmed to Repórter Brasil that Luiz Bononi was among its suppliers of non-GM soy. 'C.Vale provides guidance and training to members on legislation involving grain production, including environmental, labour and occupational safety issues', this respondent said. 'However, the cooperative is under no legal obligation to supervise third parties on their compliance with current legislation'.

According to information compiled by Repórter Brasil, C.Vale has a history of supplying soy to Imcopa. The latter did not speak about its current relationship with the former or the possible presence of Luiz Bononi in its network of suppliers.

Sadi Luiz Piccinin Junior

In addition to being involved in lawsuits related to land conflicts and the use of illegal pesticides (see previous chapters), farmer Sadi Luiz Piccinin Junior – a supplier of Caramuru and Selecta – has also been caught committing labour irregularities.

In June 2015, he signed an agreement with Labour Prosecutors in Mato Grosso (MPT-MT) in which he undertook to regularize the health and safety conditions of his employees in the Diadema and Princesa do Campo Farms, in Campos de Júlio, MT.

According to a report received by the MPT in the previous year, 15 rural workers were subjected to exhausting workdays – over 10 hours a day – and poor conditions for eating and resting, besides suffering from practices such as retention of work documents. Before lodging facilities were built, workers were accommodated next to the pesticide storage.

That complaint triggered an inspection by the Ministry of Labour at the Diadema Farm, also in 2014. Ten of the 14 workers present were found not to have formal contracts; moreover, the workers in charge of pesticide application did not have proper protective equipment or training.

According to the agreement signed with the Labour Prosecutor's Office in 2015, the owner must identify, isolate and indicate the space for pesticide storage, and provide employees with training for handling poisons, machinery and agricultural implements, as well as individual protective equipment. The owner must register his employees and meet the legal limit of daily work hours.

In case of noncompliance, the agreement establishes a R\$ 50,000 fine per item and R\$ 5,000 for each worker concerned. The terms also set the payment of R\$ 80,000 reais in compensation for collective moral damages, to a research project on agrochemical contamination at the Juruena river basin.

As reported above, between 2016 and 2017, Piccinin Junior sold to Caramuru Alimentos hundreds of tons of soy that would have come from the Diadema and Princesa do Campo Farms – where the problems described were found. The sales were intended for the company's Sorriso, MT, unit, where Soy Protein Concentrate (SPC) is produced.

Concerning labour problems found in its supplier, the company stated the following: 'Labour issues inside the farm require actions and inspections by official agencies and/or civil society in order to find such irregularities and create mechanisms for disclosure so that grain-producing companies as well as other interested parties can access the information.'

Piccinin Junior also supplied soy to Selecta, from the Diadema and Princesa do Campo Farms. The trading company purchased his grain at least in 2016. Sales in this case were intended for the company's Diamantino, MT unit. Selecta did not answer Repórter Brasil's questions, however.

Sustainability Policies

Non-GM soy

Most of the soy planted today in Brazil is transgenic. However, Norwegian food and animal feed manufacturers must use soy that has not been genetically modified. Therefore, Repórter Brasil asked the companies whether farmers covered by the research had provided them with non-GM soy at some point.

Caramuru – the only company that responded – replied that the purchasing processes for that type of product could not be disclosed, as this was confidential information related to a highly competitive market.

Repórter Brasil also contacted the ProTerra certification organization and asked if any soy farmer investigated in the present report had been included in the organization's good practices programme. All three companies – Caramuru, Imcopa and Selecta – maintain that their non-GM products are ProTerra-certified.

ProTerra responded that 'information on audited farms is confidential by contract'. Without naming names, the organization said that only one of them had been audited in the last five years, and that no violations of labour or human rights, or environmental problems, had been found.

Information on sustainability policies disclosed by companies on the Internet are discussed below, as well as further details of Caramuru's and ProTerra's stances as received by Repórter Brasil.

Caramuru

Of the three Brazilian companies that export Soy Protein Concentrate (SPC) to salmon industries in Norway, only Caramuru responded to Repórter Brasil's request for information. It noted that an internal committee had been created to analyse the process of each purchase addressed in the questions sent to the company. Caramuru added that it was satisfied with the results of its analysis.

In addition to its stance on specific cases, noted throughout this report, Caramuru said that it has had a policy in place for purchasing raw materials since 2011. This policy is reviewed annually, when mechanisms for consulting and verifying priority sustainability criteria are updated.

The company has digital systems to cross-check socio-environmental data, as part of the protocol for analysing and approving grain purchases. According to Caramuru, the Terrasafe System, developed by the company Agrottools, is based on geographical records of grain-supplying areas. Such information is cross-checked with: 1) data on recent deforestation from the Prodes satellite system; 2) data on IBAMA interdicted-areas; 3) location of indigenous lands and Conservation Units; and 4) data on farms found employing slave labour.

'We have a robust policy and rigorous procedures, and we have been investing in technology and tools to continue perfecting our grain purchase procedures and our relationship with our suppliers, helping them to improve their actions', Caramuru concluded in its response to Repórter Brasil.

Further, the company said it was 'committed to producers through its SUSTENTAR Programme based on Social, Economic and Environmental pillars, focused on providing guidance to producers to ensure the longevity of production in an environmentally correct way, with economic benefits that are socially fair'.

The Caramuru Group has three units producing non-GM soy products, located in the towns of Sorriso, MT, São Simão, GO, and Itumbiara, GO. The company points out that its non-GM soy has been certified by ProTerra.

Imcopa

Imcopa did not respond to the questions submitted by Repórter Brasil. 'As per our telephone communication, we will not be taking part at the moment', they replied by e-mail.

The company is based in the city of Araucária, PR, where it has a non-GM Concentrated Soy Protein (SPC) factory. It also controls a soy-crushing industry in Cambé, PR, where it uses GM raw material. In addition, it has a branch in Mato Grosso, where the grain processed by the company originates.⁴¹

Purchase of soy through cooperatives rather than directly from rural producers is mentioned by the company⁴² and in academic sources⁴³ as the main source of raw material.

According to its website, Imcopa's entire line of non-GM products is certified by ProTerra. Further, it has a monitoring programme on its entire production chain, ensuring traceability from planting and harvesting to final delivery.⁴⁴ The company also says that it takes part in the Soy Moratorium and supports the Free Soy Programme,⁴⁵ which encourages planting non-GM conventional soy in Brazil.

'We meet environmental conservation needs, seeking continuous improvement of our processes within the concepts of sustainable development. Through training, we continuously share our responsibility and commitment to sustainability with all our employees', the company says on its website, which does not mention specific policies on indigenous rights, the environment, labour conditions or the use of pesticides in its supply chain.

Selecta

Founded in 1984, Selecta has an industrial soy-crushing plant in the city of Araguari, MG. Chile's Copesca used to hold controlling interest over the company, which was

⁴¹ Imcopa, 'Sobre Nós': <<http://www.imcopa.com.br/imcopa/sobre-nos.html>> / <<https://www.imcopa.eu/pagina/19083/soy-lecithin-regular-gm>>

⁴² Imcopa, 'Listing Particulars': <http://www.ise.ie/debt_documents/IMCOPA_8147.pdf/>

⁴³ International Food and Agribusiness Management Review, 'Implementation of a Traceability and Certification System for Non-genetically Modified Soybeans:

The Experience of Imcopa Co. in Brazil' <https://core.ac.uk/download/pdf/6653179.pdf>

⁴⁴ Imcopa, 'Ações e Programas' <<http://www.imcopa.com.br/sustentabilidade/acoes-e-programas.html>>

⁴⁵ Programa Soja Livre: <<http://sojalivre.com.br/>>

acquired by South Korean multinational CJ in 2017.⁴⁶ The company purchases soy directly from farmers. According to Selecta, its supply chain includes more than a thousand producers.⁴⁷

Selecta has been exporting non-GM soy and its by-products for 15 years. According to the company, all non-GM products are certified by ProTerra. The company also claims to be committed to not trading soy from the Amazonian biome.⁴⁸

The company does not mention specific policies for its suppliers regarding indigenous rights, labour conditions or agrochemicals. On the telephone, Selecta explained that it does not have a department in charge of responding to Repórter Brasil's questions.

ProTerra

ProTerra focuses on certifying production traceability, guaranteeing the delivery of effectively non-GM soy to markets that demand it. The certificate also includes socio-environmental criteria and good agricultural practices.

As noted, ProTerra reported that only one of the rural producers mentioned in Repórter Brasil's survey had actually been audited in the past five years, and no labour, human rights or environmental problems were found.

It is important to note that ProTerra audits are conducted by sampling. Thus, the fact that a producer has not been audited does not necessarily mean that it does not produce non-GM soy or does not supply the companies mentioned in this report.

ProTerra inspections are established after a survey with producers, which are classified according to volume of production and delivery to the certified company. Then stratified statistical sampling is performed, after which a random sample is chosen to be audited.⁴⁹

According to ProTerra, non-conformities found are reported to certified processing or trading companies which work on corrective action plans with producers. These corrective action plans are communicated to the certifier.

In its response to Repórter Brasil, the organization also pointed out that farms with nonconformities on basic indicators are excluded from the programme. Some indicators may be corrected, whereas others result in the loss of certification .

'A certifier does not have police power to enforce legal sanctions on any organization. Our job is to motivate producers by showing how they can comply with legislation and achieve efficiencies and a better market position through sustainable practices', ProTerra chairman Augusto Freire told Repórter Brasil via e-mail.

⁴⁶ G1, 'Grupo coreano CJ paga R\$450 mi por 90% da Selecta, do setor de soja': <<https://g1.globo.com/economia/agronegocios/noticia/grupo-coreano-cj-paga-r450-mi-por-90-da-selecta-do-setor-de-soja.ghtml>>

⁴⁷ Selecta, 'Originação': <<http://www.selecta.com.br/a-empresa/originacao/>>

⁴⁸ Selecta; 'Sustentabilidade': <<http://www.selecta.com.br/sustentabilidade/>>

⁴⁹ Cert-ID, 'Certificação ProTerra': <<http://www.cert-id.com.br/Certificacao/ProTerra>>

The transparency, governance and environment criteria adopted by ProTerra were analysed by Framtiden i våre hender (FIVH) and Rainforest Foundation Norway (RFN) in a report published in 2018.⁵⁰ It pointed to low levels of transparency compared to many other certification systems, lack of independence, vague environmental criteria, and weak criteria concerning pesticide use.

Final remarks

The information obtained by Repórter Brasil shows that companies supplying Soy Protein Concentrate (SPC) to the Norwegian market acquire soy from farmers accused of social and environmental crimes. Problems include slave labour, labour law violations, use of banned pesticides, illegal deforestation, and production in areas affected by environmental crimes.

In addition, the investigation has provided reports about soy plantations in indigenous areas that are officially recognized or claimed by Guarani-Kaiowá communities as part of their traditional territory. Sources explained that the product was sold to the market through an agro-industrial cooperative, C.Vale, which has a history of supplying soy to Imcopa, an industry that exports SPC to Norway.

Transparency

Caramuru, Imcopa and Selecta – the three companies addressed in this report – process non-GM soy for the Norwegian market, as well as transgenic soy sold to many other countries. Repórter Brasil contacted all of them to learn what kind of soy the suppliers approached in the research and involved in various social and environmental problems have delivered to them. None of the companies, however, provided clarification on this.

All three exporters hold ProTerra certification in their production chains of non-GM products. Such a certificate not only verifies the traceability of the product but also guarantees social, environmental and labour standards at farms. Citing contractual reasons for confidentiality, ProTerra itself declined to inform Repórter Brasil which of the producers investigated would be linked to certified non-GM production.

Such lack of information about farmers differs from the standard adopted by several other good-practice seals, where the name of producers and/or farms covered by their certification is publicly disclosed.

Only Caramuru spoke about the problems found in its suppliers. The other companies remained silent, and therefore did not provide any evidence of the adoption of policies that could identify, prevent or mitigate the problems.

⁵⁰ *Framtiden i våre hender (FIVH)* and Rainforest Foundation Norway (RFN), 'From Brazilian farms to Norwegian tables': https://d5i6is0eze552.cloudfront.net/documents/Publikasjoner/Andre-rapporter/Rapport_Soya_eng.pdf?mtime=20180319134546

Environment

Caramuru, Imcopa and Selecta say they are committed to the principles of the Soy Moratorium, adopted in Brazil to inhibit the expansion of that grain into the Amazon forest. There are, however, other contexts linking soy to deforestation of native forests, including its considerable expansion into the Cerrado – a biome not included in the moratorium – and its advance over areas formerly intended for other activities such as cattle ranching, which tend to move to new Amazonian frontiers.

There is yet another major problem: soy production in areas interdicted by the environmental authorities. Several farms illegally deforested in the past are now occupied by soy plantations, in contravention of the rules that require preserving a certain percentage of forest within the farms. When this infringement is found, authorities interdict the illegally occupied areas, to allow regeneration of native forests and mitigation of environmental harm.

Repórter Brasil's investigation shows that authorities have found Selecta and Caramuru suppliers producing in interdicted areas. Under Brazilian law, continuing to plant grains in such areas and purchasing products planted under such conditions are environmental violations.

In its response, Caramuru referred to control systems for identifying and eliminating from its supply chain the soy stemming from these interdicted sites. These systems are based on comparing information on supplier farms location with data on interdicted places. Selecta, however, did not respond to Repórter Brasil's inquiries.

Investigations conducted by the government itself have shown a ranges of methods used by farmers to hide illegal origins and sell their products. They include false origin statements – when a farmer claims that the grain was planted on another of his farms or on a part of the property not subject to the environmental interdiction.

Therefore, trade relations with soy farmers found producing on interdicted areas give cause for concern. It is always difficult to prove who was the acquirer of products planted in interdicted areas. Repórter Brasil's investigation cannot determine if this was or was not the case concerning the situations involving Caramuru and Selecta. But that trade relations are maintained with such farmers certainly shows the need for purchasing policies able to identify frauds and curb the actions of offenders.

Land Conflicts

Regarding any land conflicts involving its network of suppliers, Caramuru noted the lack of official public sources where data on rural conflicts could be consulted in an effective and automated way. There are no systematized public records similar to the 'dirty list' of slave labour and the list of areas interdicted by IBAMA, which play a similar role in the labour and environmental spheres, respectively.

Lack of organized data certainly hampers purchase analyses. However, there are public information sources that can be used to develop corporate policies on the subject. These include lawsuits, actions by the Public Prosecutor's Office and civil society

surveys such as the Land Pastoral Commission's (CPT) publication on *Rural Conflicts*,⁵¹ with annual surveys of such cases in Brazil.

The investigation also identified one supplier of Selecta who had been involved in land conflicts. However, the company did not respond to Repórter Brasil's inquiries and thus did not clarify its stance on the case or any actions it might have adopted regarding land conflicts in the soy plantation business.

Pesticides

Regarding the use of smuggled and banned pesticides by a soy supplier, Caramuru stated that it was not responsible for the sales of products used in suppliers' farms. Further, it claimed that it did not have access to information on the practices adopted on farms. The company has not reported any specific policy aimed at avoiding irregularities in the use of pesticides by suppliers.

Selecta, on the other hand, did not even respond to questions about the issue, although the same type of problem was also found in its network of suppliers.

Labour Conditions

Regarding the labour violations found among its supplier – workers without contracts and application of pesticides without protection equipment – Caramuru stated that it is up to official agencies and civil society to create mechanisms for identifying and disclosing such irregularities, to enable purchasing companies to act on the problems. Selecta, again, did not respond to any questions on the issue, even though the same type of problem was found in one of its suppliers.

It is important to note that there exist relevant public transparency tools in Brazil. The transparency portal of the Public Prosecutor's Office (MPT), for instance, provides information on investigations, investigative procedures and legal agreements signed by the agency.⁵² Furthermore, the Ministry of Labour publishes information on violation notifications on its website.⁵³

Slave Labour

Caramuru reported adopting commercial restraint policies towards soy producers found employing slave labour. The company said it uses the 'dirty list' and the 'transparency list', which include the federal government's inspection operations on the issue, to block trade with such farmers, as recommended by the National Pact for the Eradication of Slave Labour, a multi-stakeholder initiative supported by the International Labour Organization (ILO).

As for the supplier that had been involved in slave labour, Caramuru has stated that the purchases were made in February 2015 – in the month before the name was included in the official list of employers founds using slave labour.

⁵¹ CPT, *Conflitos no Campo*: <<https://www.cptnacional.org.br/index.php/publicacoes-2/conflitos-no-campo-brasil>>

⁵² MPT, 'Portal da Transparência': <<http://portal.mpt.mp.br/MPTransparencia/>>

⁵³ Ministry of Labour, 'Consulta a infrações trabalhistas': <<http://cdcit.mte.gov.br/inter/cdcit/emitir.seam>>

C.Vale was identified as having purchased soy from a supplier on the 'dirty list'. The cooperative claimed to provide training on labour legislation to its members, but added that enforcing the law was not its responsibility. The organization has not reported adopting any policy to restrict business with vendors found employing slave labour.

C.Vale has a history of supplying soy to Imcopa. However, Imcopa made no mention of its current relationship with the cooperative or the possible presence of Luiz Bononi in its network of suppliers through the cooperative.

Indigenous People

Repórter Brasil heard reports from indigenous people about the presence of C.Vale in Guarani-Kaiowá areas in Mato Grosso do Sul. In the Panambizinho Indigenous Land (in Dourados, MS) the cooperative was pointed out as the destination of soy planted on land leased by non-members of the community. In the Dourados Amambaípeguá I Indigenous Land, located in the same region, farmers whose properties would overlap an area claimed by the Indians could count on the support of the C.Vale cooperative to sell their production.

C.Vale said 'it does not have policies on trading inputs within indigenous areas'. Regarding territorial conflicts between suppliers and Guarani-Kaiowá groups, the cooperative stated that it is not within its power to intervene.

Repórter Brasil contacted Imcopa for updated information on its commercial relationship with C.Vale and its corporate responsibility policies for indigenous communities. However, the company did not respond to these inquiries.