



Laws of the Land: Mechanisms for Legal Compliance under the EUDR in Brazil

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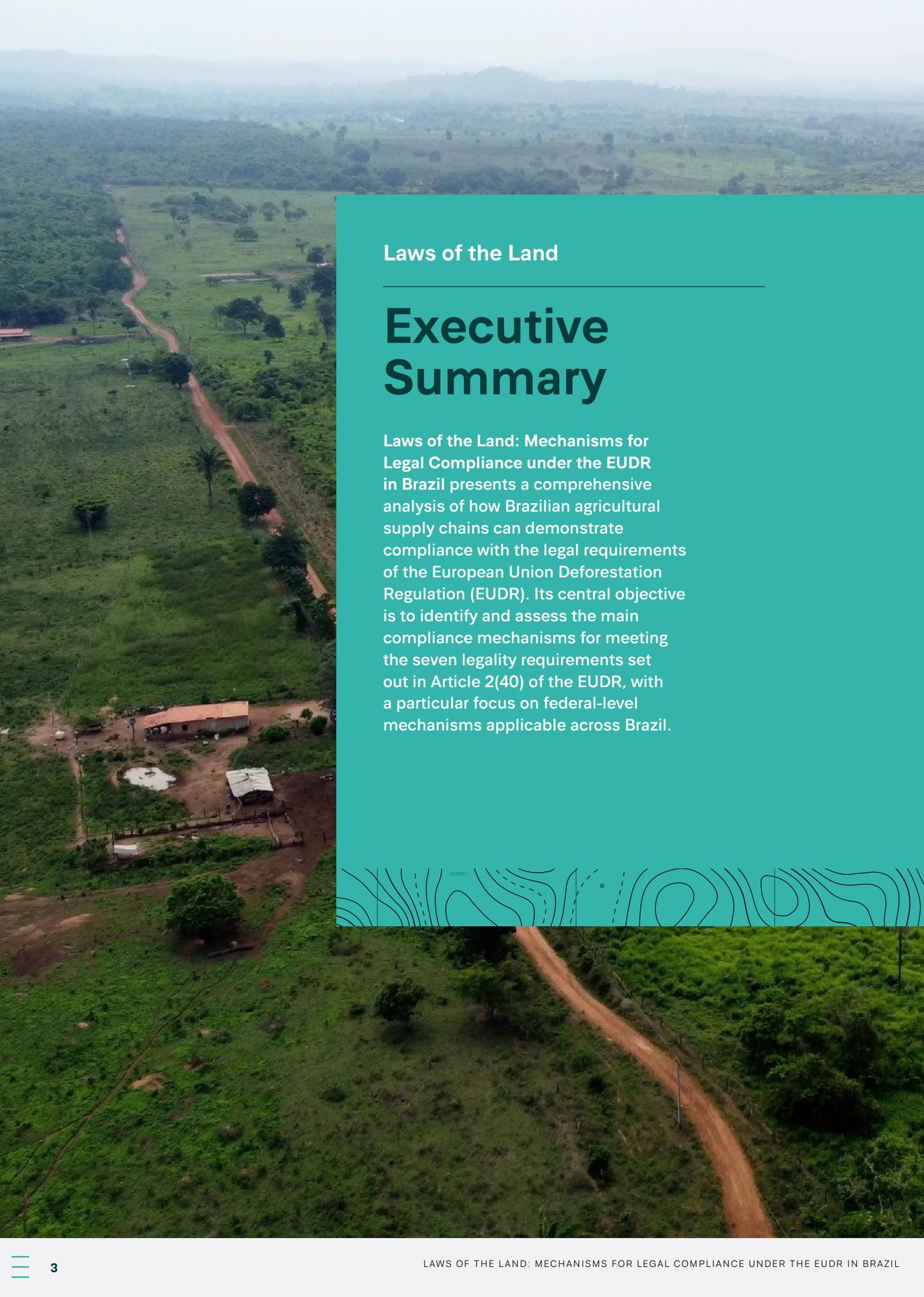
About Olab

Olab is a Brazilian strategy consultancy founded in 2011 specializing in food systems, forests and land use. We facilitate collective action processes and research that nurtures regenerative landscapes in Latin America.

Acknowledgments and Disclaimer

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The views expressed are those of the Olab team, based on the best knowledge available at the time of writing.



Laws of the Land

Executive Summary

Laws of the Land: Mechanisms for Legal Compliance under the EUDR in Brazil presents a comprehensive analysis of how Brazilian agricultural supply chains can demonstrate compliance with the legal requirements of the European Union Deforestation Regulation (EUDR). Its central objective is to identify and assess the main compliance mechanisms for meeting the seven legality requirements set out in Article 2(40) of the EUDR, with a particular focus on federal-level mechanisms applicable across Brazil.



Purpose and Context

Under the EUDR, operators placing commodities on the EU market must demonstrate that products are deforestation-free, produced in accordance with the relevant legislation of the country of production, and covered by a due diligence statement. This report focuses on the second condition – legality in the country of production – which is defined broadly to include land use rights, environmental protection, third parties’ rights, labour rights, human rights protected under international law, the principle of Free, Prior and Informed Consent (FPIC), and tax, anti-corruption, trade, and customs regulations.

While Brazil has a complex and mature legal and institutional framework governing land use, environmental protection, and social rights, the practical challenge lies in translating this framework into clear, verifiable, and operational compliance pathways that can be used by European operators. The report responds directly to this challenge by mapping existing public registers, certificates, and georeferenced databases that can serve as evidence of legality under the EUDR.

Methodology

The analysis is based on a multi-step methodology combining: (i) a review of relevant Brazilian legislation and regulatory mechanisms; (ii) interviews and dialogue with federal government institutions responsible for implementation and enforcement; (iii) benchmarking against private sector practices and positions adopted by producer associations and public prosecutors; and (iv) consultations with the Netherlands Competent Authority and other stakeholders. For each legality requirement, the report identifies key compliance mechanisms, proposes indicative compliance flowcharts, and draws conclusions on robustness, gaps, and risks.

Key Findings by Legality Requirement

LAND USE RIGHTS: Brazil’s Rural Environmental Registration (CAR) is shown to be the primary compliance mechanism for demonstrating land use rights. Although CAR is not a land title, an “active” CAR status indicates proof of ownership or holding, non-overlap with other properties or protected areas, and absence of administrative or judicial restrictions. Where the CAR status is listed as “pending”, this may also be acceptable, provided related risks have been clearly assessed and mitigated.

ENVIRONMENTAL PROTECTION: Brazil has a comprehensive environmental legal framework anchored in the Forest Code. The CAR again plays a central role by consolidating data on Legal Reserves, Permanent Preservation Areas, and environmental liabilities. Compliance can be further verified through checks for overlaps with Conservation Units, environmental embargoes issued by IBAMA or ICMBio, and satellite-based deforestation monitoring systems. Although progress in CAR environmental compliance assessments varies significantly across states, sufficient public data exists to support due diligence.

THIRD PARTIES' RIGHTS: Compliance with third parties' rights is assessed primarily through spatial analysis of overlaps between CAR polygons and indigenous lands or *quilombola* territories. Legal uncertainty persists regarding which stage of land and territory regularization should trigger non-compliance. In this report, decreed indigenous lands and titled *quilombola* territories are considered the appropriate cut-off points, since they are associated with the removal of previous occupants of the land. Still, it is important to reinforce that areas under active regularization present high compliance risks and should generally be avoided unless robust consultation and mitigation measures are in place.

LABOUR RIGHTS: The main compliance mechanism is the register of employers that have subjected workers to conditions analogous to slavery, known in Portuguese as the “lista suja”. Inclusion on this register constitutes immediate non-compliance. Complementary mechanisms — the Register of Employers Party to Conduct Adjustment Agreements (CEAC) and the Labour Debts Clearance Certificate (CNDT) — can provide additional assurance but currently have limited scope or track record.

HUMAN RIGHTS AND FPIC: While labour-related mechanisms address part of the human rights requirement, they are insufficient on their own. There is no single comprehensive public mechanism for broader human rights due diligence, requiring operators to rely on additional policies, disclosures, and grievance mechanisms. The principle of Free, Prior and Informed Consent (FPIC) presents the greatest legal uncertainty, particularly following recent reforms to environmental licensing, and should be treated as an area of risk that requires enhanced scrutiny.

TAX, ANTI-CORRUPTION, TRADE AND CUSTOMS REGULATIONS: Federal clearance certificates related to tax compliance, public debts, and corporate penalties provide clear, binary outcomes that can be readily integrated into due diligence processes.

Conclusions

The report concludes that Brazil already has a robust set of public mechanisms capable of supporting EUDR legality compliance, with CAR able to serve as the backbone of most compliance pathways. Key challenges relate not to the absence of compliance mechanisms, but to factors such as:

- ▶ Uneven implementation of some mechanisms among subnational entities

- ▶ Limited integration between databases

- ▶ The existence of areas of legal uncertainty, particularly regarding deforestation cut-off dates, regularization processes of indigenous and *quilombola* lands, human rights, and FPIC.

Strengthening interoperability between land, environmental, and social registries—such as through emerging platforms like “Meu Imóvel Rural”—would significantly enhance data reliability and reduce compliance costs. In the interim, operators are encouraged to adopt risk-based approaches that combine official documentation with targeted supplementary assessments.

Overall, the findings position Brazil as well placed to meet the EUDR’s legality requirements, provided that existing systems are consistently applied, transparently interpreted, and progressively integrated. The report aims to support both Brazilian producers and European operators in navigating this transition and to contribute to Brazil’s continued leadership in deforestation-free agricultural supply chains.

Recommendations

Consolidate Brazil's position as a reference in the supply of EUDR-compliant commodities

▶ **Brazilian Government:** Structure and publicly present a national position for Brazil's compliance pathways for EUDR.

▶ **Private Sector:** Develop and disseminate risk assessment methodologies capable of providing robust conclusions for the "grey areas" identified in the flowcharts.

▶ **Competent Authorities:** Acknowledge Brazil's leadership in providing a standardized, national position for compliance pathways for each EUDR legality requirement.

Establish CAR as the "backbone" of EUDR legal compliance verification processes in Brazil

▶ **Brazilian Government:** Accelerate environmental compliance assessments within the CAR across all states to reduce uneven implementation and strengthen legal certainty.

▶ **Private Sector:** Present, based on the sector's practical experiences, risk assessment methodologies capable of demonstrating compliance in cases where CAR has a "pending" status.

▶ **Competent Authorities:** Provide support for the CAR (subject to the conditions set out in the report) as a fundamental compliance mechanism.

Improve integration and interoperability of land and environmental registries

▶ **Brazilian Government:** Prioritize technical integration among CAR, SNCR, and SIGEF, addressing inconsistencies in polygon delineation and reference units.

► **Private Sector:** Support the development of the "Meu Imóvel Rural" Platform, encouraging producers to consult and correct their properties' information within the Platform.

► **Competent Authorities:** Incentivize the use of public data aggregation platforms, such as "Meu Imóvel Rural" and Agro Brasil+Sustentável", for the development of due diligence systems.

Strengthen verification procedures for Third Parties' Rights

► **Brazilian Government:** Formally define the cut-off stage for non-compliance in indigenous land and *quilombola* territory regularization processes.

► **Private Sector:** Discourage sourcing from areas under active regularization, given the high risk of future non-compliance.

► **Competent Authorities:** Encourage the collection and retention of documents evidencing consultation with communities whose territories are undergoing regularization.

Treat Human Rights and FPIC as high-risk, high-scrutiny requirements

► **Brazilian Government:** Update federal regulations (with leadership from FUNAI) on how FPIC should be operationalized, taking into account the recent update to environmental licensing legislation.

► **Private Sector:** Provide supplementary information on their human rights policies and on the consultation procedures required of suppliers.

► **Competent Authorities:** Reinforce the importance of adhering to international standards such as the United Nations Declaration on the Rights of Indigenous Peoples (referenced in the EUDR) and ILO Convention No. 169 (which has supralegal status in Brazil).

TABLE OF KEY FINDINGS

REQUIREMENT	COMPLIANCE MECHANISM	KEY QUESTIONS	KEY FINDINGS
Land Use Rights 	Rural Environmental Registration (CAR)	Do all three of these items need to be provided to demonstrate compliance?	<p>(1) The CAR represents the primary compliance mechanism for demonstrating land use rights, provided it is active. Where its status is “pending”, this may also be acceptable, provided related risks have been clearly assessed and mitigated.</p> <p>(2) The SNCR-SIGEF binomial can also ensure compliance, but their use is less widespread, and the sector possess limited knowledge and experience with the application of these mechanisms.</p> <p>(3) The lack of compatibility between the CAR and SNCR-SIGEF (differences between the basic territorial units used to construct CAR and SIGEF polygons) compromises compliance data quality.</p>
	National Rural Register System (SNCR)		
	Land Management System (SIGEF)		
Environmental Protection 	Rural Environmental Registration (CAR)	Does uneven progress in the assessment of CAR environmental compliance across states pose an obstacle to verification?	<p>(1) The CAR is fundamental to meeting this legality requirement as its verification is one of the steps of the due diligence procedures.</p> <p>(2) Uneven progress in CAR environmental compliance assessment across states is a limiting factor but not an impediment to verification. Sweeping advances in CAR environmental compliance assessment processes are needed across states.</p> <p>(3) While there are uncertainties regarding the cut-off date for illegal deforestation, it is recommended that the date set out in the Forest Code is adopted. The deforestation assessment should be accompanied by property embargo due diligence to accurately determine legal status.</p>
	Permanent Preservation Area (APP)		
	Legal Reserve (RL)		
	Conservation Unit (UCs)		
	Authorization for Native Vegetation Suppression (ASV)		
	Embargo (IBAMA)		
	Embargo Clearance Certificates		
	Embargo (ICMBio)		
Third Parties' Rights 	Rural Environmental Registration (CAR)	Which stage of the indigenous lands and quilombola territory regularization process should be considered the cut-off for determining non-compliance?	<p>(1) The date indigenous lands and <i>quilombola</i> territories were decreed and titled, respectively, should be considered the cut-off for non-compliance, since it is assumed that dispossession has been completed.</p> <p>(2) It is recommended that products are not purchased from areas undergoing regularization due to the high risk of becoming grounds for non-compliance in the future; however, if products are purchased, consultation is essential.</p> <p>(3) Indigenous peoples and <i>Quilombolas</i> have constitutional rights over the territories they traditionally occupy.</p>
	Indigenous Lands		
	<i>Quilombola</i> Territories		

TABLE OF KEY FINDINGS

REQUIREMENT	COMPLIANCE MECHANISM	KEY QUESTIONS	KEY FINDINGS
Labour Rights 	<p>Register of Employers that Have Subjected Workers to Conditions Analogous to Slavery (the "Lista Suja")</p> <p>Register of Employers Party to Conduct Adjustment Agreements (CEAC)</p> <p>Labour Debts Clearance Certificate (CNDT)</p>	<p>Are there key pathways for demonstrating compliance other than the non-inclusion of the producer on dirty lists?</p>	<p>(1) Suppliers on the "Lista Suja" must be blocked immediately.</p> <p>(2) Since the CEAC is a new mechanism (created at the end of 2024) there is still little evidence of its effectiveness in mitigating the risks of slave labour.</p> <p>(3) Although the main purpose of the CNDT is to allow companies to participate in public procurement processes, the certificate provides an official document that can be used to demonstrate compliance.</p>
Human rights 	<p>Register of Employers that Have Subjected Workers to Conditions Analogous to Slavery (slave labour "lista suja")</p> <p>Register of Employers Party to Conduct Adjustment Agreements (CEAC)</p>	<p>How can we go beyond labour rights compliance mechanisms when assessing the human rights requirement?</p>	<p>(1) While the slave labour "lista suja" and CEAC are relevant mechanisms, it is important to develop a more comprehensive due diligence mechanisms.</p> <p>(2) The solution for human rights due diligence may lie in the National Human Rights Ombudsman's Office or the experiences of the Nossa Voz (Our Voice) platform.</p> <p>(3) It is recommended that operators provide additional information on their human rights in the supply chain policies in the risk assessment.</p>
The Principle of FPIC 	<p>Environmental licensing (when FUNAI is involved)</p>	<p>Does the scope of activities subject to environmental licensing fall within the requirements of the principle of FPIC ?</p>	<p>(1) Despite being underpinned by ILO Convention 169, which has supralegal status in Brazil (and other international standards), the principle of FPIC is the requirement with the largest degree of uncertainty when it comes to due diligence procedures.</p> <p>(2) These uncertainties are exacerbated by recent amendments to the Environmental Licensing Law, which require wide-ranging changes to the rules regulating the licensing process, including the participation of involved authorities</p>
Tax, anticorruption, trade and customs regulations 	<p>Federal Tax and Debt Clearance Certificate (CND)</p> <p>Liability Certificate with the Effect of a Federal Tax and Debt Clearance Certificate (CPEND)</p> <p>National Register of Penalized Companies (CNEP)</p>	<p>Is there a need to provide further details in the risk assessment?</p>	<p>(1) The understanding of the use of the CND, CPEND and CNEP is clear, meaning that these certificates produce an immediate outcome in the compliance flowchart.</p>



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1

Introduction

This report is the fruit of a partnership between Olab and the Embassy of the Kingdom of the Netherlands in Brazil that aims to support the Brazilian agricultural sector on the path toward compliance with the European Union Deforestation Regulation (EUDR).¹

In 2024, this partnership culminated in a dry-run of EUDR-compliant soy from Brazil carried out in partnership with a soy trader and the Competent Authority from the Netherlands, the Netherlands Food and Consumer Product Safety Authority (NVWA).

After several exchanges between the relevant parties, the report "10 Lessons Learned from a Dry-Run of EUDR-Compliant Soy from Brazil" was published², sharing practical knowledge with the sector on how to ensure compliance with the new regulation. The results of the analysis were reviewed during two face-to-face workshops held at the Embassy in Brasilia in June and October 2024.

However, some important questions remained unanswered, namely: what are the available mechanisms for complying with the seven legality requirements applicable to Brazilian agricultural supply chains set out in Article 2(40) of the EUDR? The postponement of the entry into force of the EUDR from 2025 to early 2027³, gave us more time to explore this critical matter and produce this report outlining the main EUDR legality compliance mechanisms available in Brazil.

For the purposes of this report, the term **compliance mechanisms** is defined as follows:

COMPLIANCE MECHANISMS

publicly available information administered by a public institution showing compliance with at least one legal provision that provides evidence of legality in accordance with the requirements of the EUDR. The compliance pathway, presented in the flowcharts, is a set of mechanisms that, together, can serve to demonstrate that a commodity has been produced in accordance with the relevant Brazilian legislation.

We provide a comprehensive overview of these compliance mechanisms, presenting a compliance framework for each requirement that can be applied across all production locations in

Brazil. Priority has been given to federal compliance mechanisms, with other state and municipal mechanisms falling outside the scope of this report.

The results presented here are the fruit of a thorough and in-depth study of the issue drawing on various sources, including relevant legislation and databases, interviews with government and private sector stakeholders, and important exchanges with the Competent Authority from the Netherlands. It is important to stress however that this report does not represent the official position of Brazil but rather intends to provide important insights to help inform decision-making.

The report is structured as follows: Chapter 2 outlines the requirements of the EUDR, focusing on the legality requirements. Chapter 3 details the study methodology and Chapter 4 goes on to present the results, providing a specific overview of the main compliance mechanisms available for each EUDR legality requirement. Finally, Chapter 5 summarizes the main conclusions of the study.

It is expected that, as in 2024, the findings set out in this report will help the Brazilian agricultural sector make further strides towards serving as a reference for other countries in the export of deforestation-free products.



2

Overview: EUDR Legality Requirements



Article 3 of the EUDR states that for operators to place their products on the Union market they must fulfil the following three conditions:

- ▶ They must be deforestation-free
- ▶ They must have been produced in accordance with the relevant legislation of the country of production
- ▶ They must be covered by a due diligence statement

This report focuses on the second condition: legality in the country of production. The scope of legality is set out in Article 9, which sets out the information that needs to be provided to demonstrate that the relevant products comply with Article 3. In addition, Article 2 (40) defines relevant legislation as the laws applicable in the country of production concerning the legal status of the area of production in terms of:

- ▶ Land use rights
- ▶ Environmental protection
- ▶ Forest-related rules, including forest management and biodiversity conservation, where directly related to wood harvesting
- ▶ Third parties' rights
- ▶ Labour rights
- ▶ Human rights, protected under international law
- ▶ The principle of free, prior and informed consent (FPIC), as set

Box 1

What is the scope of analysis for relevant legislation of the country of production?

Article 2 refers to the laws concerning the legal status of the "production area". Despite providing definitions for 40 specific terms used in the Regulation, the provision fails to define "production area".

Specific details on this aspect are set out in the **EUDR Frequently Asked Questions (FAQ)** (section 1.15). The document divides a sample property into three areas:

ÁREA A: the property;

ÁREA B: the polygon within A where soy is produced;

ÁREA C: an area inside A not overlapping B.

Deforestation in Area C after 2020 does not violate requirement (a) of Article 3 since the scope of analysis only includes the polygon where soy is produced (Area B).

However, illegal deforestation in Area C affects the legal status of Area A (the whole property), also impacting Area B, making the soy produced non-compliant with requirement (b) of Article 3.

out in the UN Declaration on the Rights of Indigenous Peoples

► Tax, anti-corruption, trade and customs regulations

It is the operators' responsibility to gather evidence that demonstrates their suppliers comply with the relevant legislation of the country of production applicable to each of the legal requirements. This report takes a look at current Brazilian legislation and official databases that could potentially be used as evidence that agricultural production complies with the Article 2 (40) legality requirements. Further details concerning these requirements are provided in the EUDR Frequently Asked Questions (FAQ)⁴, mentioned in boxes 1 and 2.

Given the focus of this report, and in light of the lessons learned from the 2024 dry-run of a EUDR-compliant supply chain, legality requirement (c), which is directly related to timber harvesting, is not addressed here.

Box 2

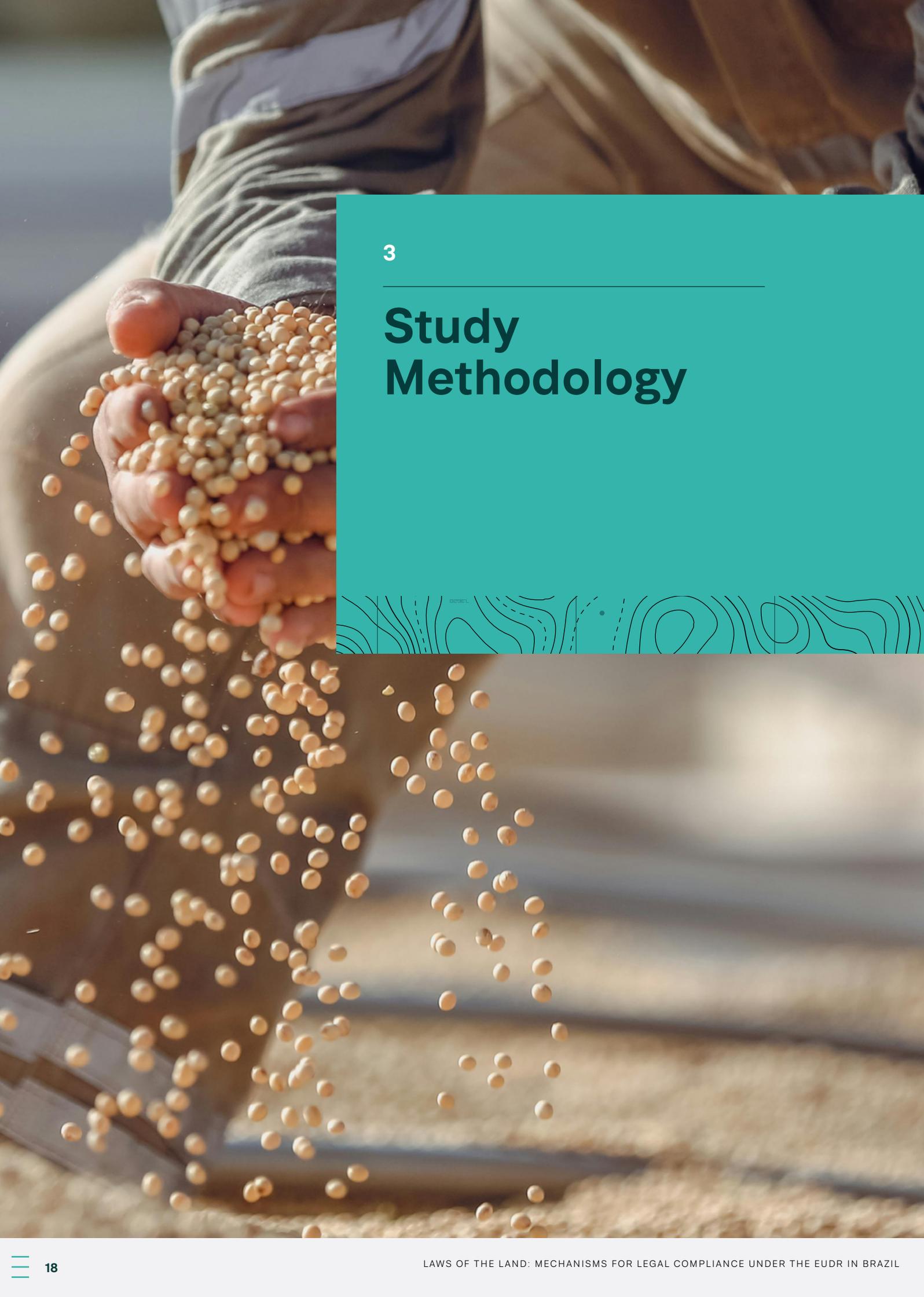
Who is responsible for defining the relevant legislation in the country of production?

The responsibility for defining what is legal falls on the country of production of the relevant commodity – in this case, Brazil. Article 2 (40) of the EUDR defines relevant legislation of the country of production as "the laws applicable in the country of production concerning the legal status of the area of production."

Topic 1.10 of the EUDR Frequently Asked Questions (FAQ) reinforces this understanding:

"If farmers are legally allowed to sell their product under national laws (...), then that would also mean that operators (or traders that are not SMEs) would meet the legality requirement when sourcing from those farmers."

The responsibility for proving legality lies with the European importer (operator), who is required to exercise due diligence to demonstrate that products comply with the laws of the country of production and are not from areas deforested after December 31, 2020.



3

Study Methodology



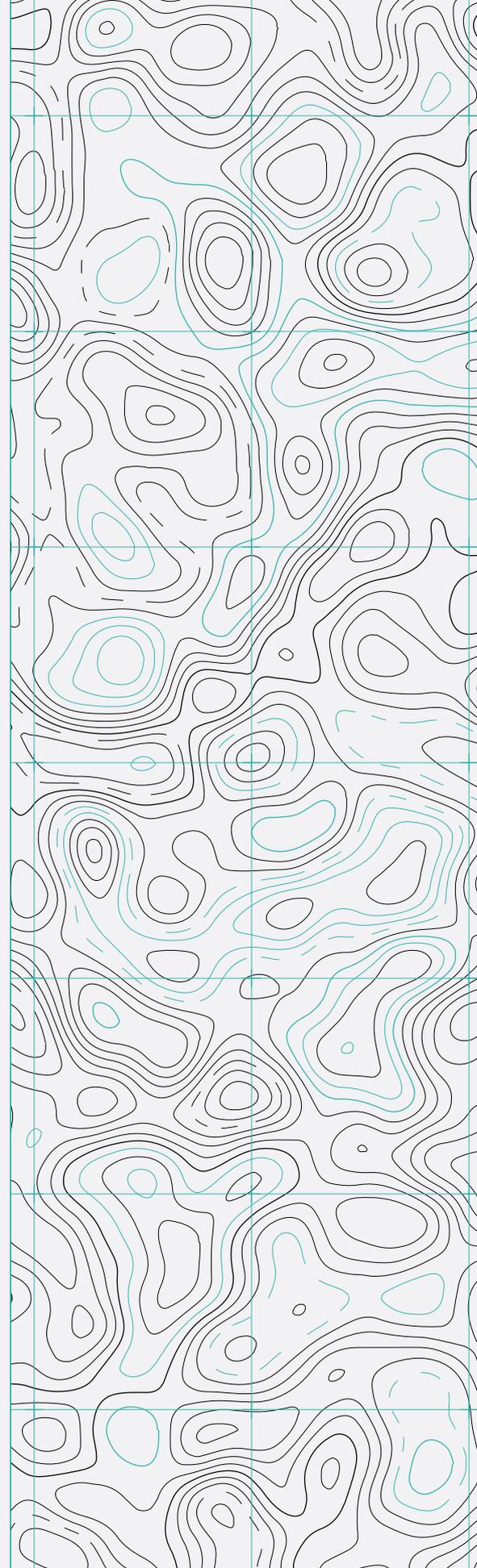
To identify the relevant Brazilian legislation applicable to each of the seven legality requirements, we carried out a thorough and in-depth investigation that included the following steps:

QUALITATIVE RESEARCH. Review and synthesis of Brazilian legislation (federal legal mechanisms such as laws, decrees, regulatory mechanisms, etc.) applicable to the seven legality requirements⁵.

POLITICAL ENGAGEMENT. Dialogues and interviews with key representatives of relevant government organizations for each of the legality requirements⁶.

BENCHMARK STUDY. Comparison between Olab's initial understanding of relevant Brazilian legislation based on steps I and II with positions and materials from three sources: (a) private sector associations⁷; (b) federal government⁸; and (c) Brazilian Association of Members of the Public Prosecutor's Office for the Environment (ABRAMPA)⁹.

MULTISTAKEHOLDER VALIDATION AND CONSULTATION.. Dialogues with the Competent Authority from the Netherlands (*the Netherlands Food and Consumer Product Safety Authority - NVWA*) and private sector associations to present Olab's initial understanding and gather inputs, with the aim of addressing gaps and elaborating on existing questions¹⁰.



The results for each of the seven EUDR legality requirements are divided into three subsections: Key Compliance Mechanisms; Proposed Compliance Flowchart; Conclusions.

KEY COMPLIANCE MECHANISMS

This subsection provides an overview of potential compliance mechanisms¹¹ for each of EUDR legality requirement, focusing on the following:

- ▶ The **relevant legislation** (law, decree, ordinance/ ministerial order or regulatory mechanisms) that provides the potential mechanisms and the relevant part of the legal mechanisms

- ▶ The **institution** responsible for the mechanisms

- ▶ The **type of proof** provided by the mechanisms, divided into:
 - ▶ **Documentary evidence:** a document issued by the responsible institution in accordance with one or more legal provisions that provides evidence of compliance

 - ▶ **Database:** proof deemed by the inclusion or non-inclusion of the producer or property in a public open-access register or dirty lists

 - ▶ **Georeferenced database:** proof deemed by georeferenced data by overlapping the information from a public and open database with the polygon of the supplier's rural property

PROPOSED COMPLIANCE FLOWCHART

This subsection outlines proposed compliance procedures for the relevant legality requirement. The procedures are presented as flowcharts that set out verification steps whose possible outcome is always dichotomous ("Yes" or "No"), with each answer leading to a specific path.

There are four possible recommendations depending on the outcome of the verification step:

- ▶ **PROCEED TO THE NEXT STEP.** When the compliance conditions of the step are fulfilled, meaning you can continue checking.

- ▶ **LIKELY COMPLIANT.** One of the final recommendations of the procedure. If checking has got to this point the producer has demonstrated evidence of compliance with one of the seven requirements. It is important to emphasize that the term "probably" is used because this report is not (and does not intend to be) an official compliance mechanisms.

- ▶ **LIKELY NON-COMPLIANT.** The other final recommendation of the procedure. If checking has reached this point there is strong evidence of noncompliance.

- ▶ **PROVIDE FURTHER DETAILS IN THE RISK ASSESSMENT.** This recommendation means that the producer needs to provide additional information about the case because there is a risk of non-compliance if certain conditions are not fulfilled. The required information is explained in the next step.

CONCLUSIONS

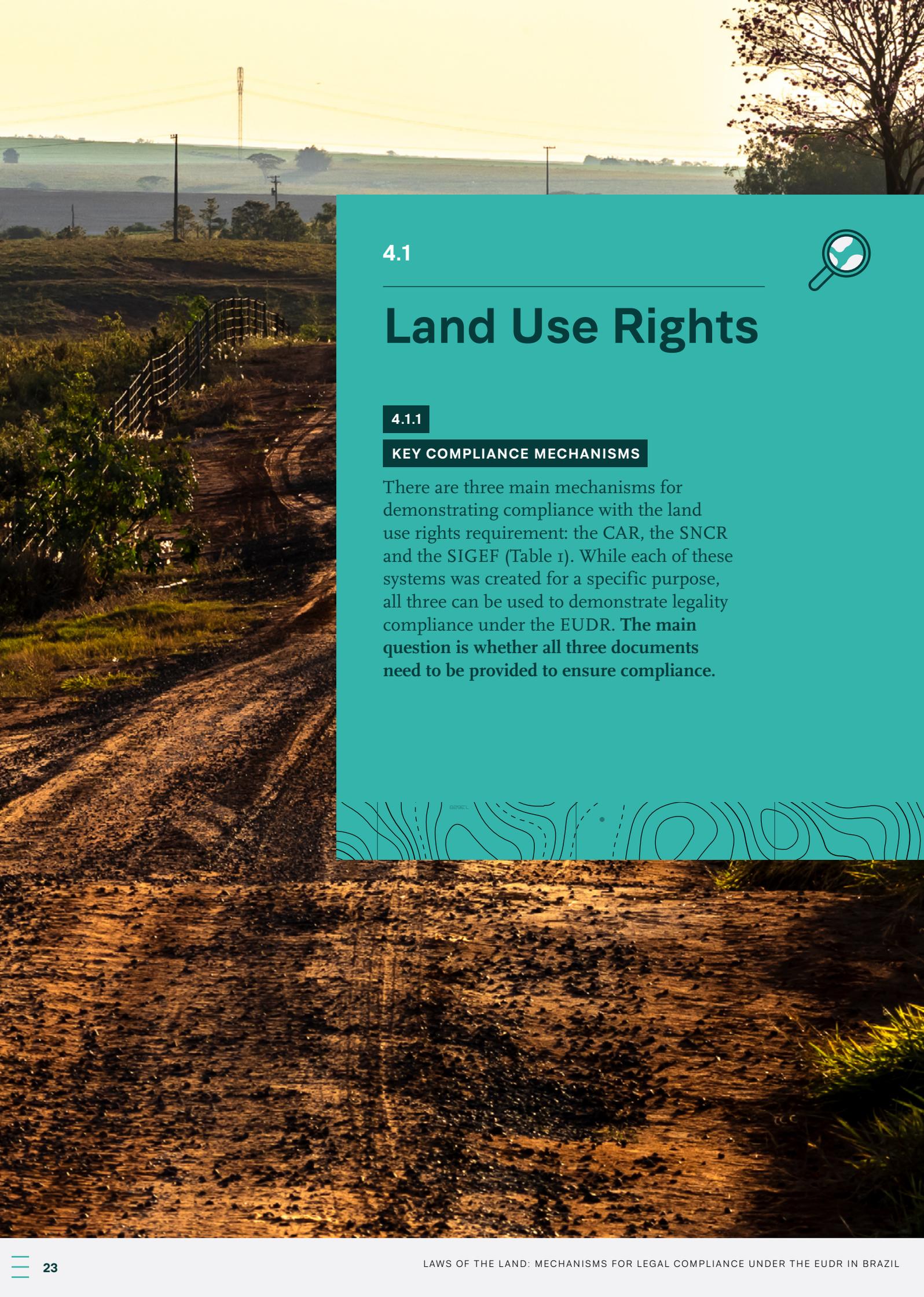
This subsection makes some final considerations about the mechanisms available for the relevant legality requirement, presenting possible ways of developing them where necessary.



4

Main results





4.1



Land Use Rights

4.1.1

KEY COMPLIANCE MECHANISMS

There are three main mechanisms for demonstrating compliance with the land use rights requirement: the CAR, the SNCR and the SIGEF (Table 1). While each of these systems was created for a specific purpose, all three can be used to demonstrate legality compliance under the EUDR. **The main question is whether all three documents need to be provided to ensure compliance.**



Table 1: Key mechanisms for demonstrating compliance with the land-use rights requirement

COMPLIANCE MECHANISMS	TYPE OF PROOF	RELEVANT LEGISLATION	PART OF THE LEGISLATION	RESPONSIBLE INSTITUTION
Rural Environmental Registration (CAR)	Documentary	Law 12.651/2012 (Código Florestal)	Art. 29	MGI SFB
National Rural Register System (SNCR)	Database	Law 5.868/1972	-	INCRA
Land Management System (SIGEF)	Georeferenced database	Law 6.015/1973	Art. 176 (§5)	

Source: Olab analysis

4.1.1.1. Rural Environmental Registration (CAR)

The CAR was introduced by the most recent amendment of the Brazilian Forest Code (Law 12651/2012¹²), with the purpose of integrating environmental information about rural properties and holdings and creating a database for environmental and economic control, planning and monitoring, and combating deforestation. The CAR is issued for rural properties by municipal or state environmental agencies. Paragraph 1 of Article 29 of the Forest Code states that to register a rural property it is necessary to:

- ▶ Identify the owner or landholder

- ▶ Prove **ownership or holding**

- ▶ Identify the rural property, providing geographic information on at least one boundary marker and the remnant native vegetation, permanent preservation area (APPs), restricted use areas, consolidated areas and Legal Reserve.

Paragraph 2 of Article 29 of the Forest Code states that the CAR shall not be considered a title for the purposes of recognizing ownership or holding of a rural property. However, as stated in condition II above, **registration requires proof of ownership or holding.**

There are four different types of CAR status¹³, which need to be addressed when analyzing compliance of the property:

ACTIVE. When the registration has been completed in compliance with the above requirements and the property information is up-to-date. This status is subsequently confirmed via a property appraisal to verify the veracity of the information provided on APPs, restricted use areas, RL and remnant native vegetation.

PENDING. When: (a) the information declared is incorrect; (b) the property boundaries overlap with areas of interest (indigenous lands, conservation units, union lands, embargoed areas and other rural properties).

SUSPENDED. Status assigned by an administrative or court order issued by a competent authority;

CANCELLED. When: (a) the declared information is totally or partially false, misleading or omitted; (b) the property owner fails to comply with the deadlines established in the notices; or (c) the property is bound by an administrative or court order issued by a competent authority.

"Active" CAR status is a key indicator of compliance with the land use rights legality requirement, meaning that: (a) the property owner has complied with the proof of ownership or holding requirements; (b) property boundaries do not overlap any areas of interest¹⁴; and (c) the property is not bound by an administrative or court order concerning irregularities.

While the CAR has considerable potential as a mechanism to ensuring compliance with the EUDR land use rights legality requirement, it is not the only one. Alternative or complementary mechanisms are also available, which we look at below.



Box 3

How do you access CAR data?

CAR data is publicly available on the CAR platform. Users enter the desired CAR code to obtain a "Statement of the Status of the Information Declared to the CAR", which contains the following information:

- ▶ Registration status (CAR Status).
- ▶ Size of the property.
- ▶ Consolidated rural area.
- ▶ Remnant native vegetation.
- ▶ Size of the Legal Reserve.
- ▶ Permanent preservation areas (APPs);
- ▶ Environmental compliance status, including liabilities or Legal Reserve and APP surplus;
- ▶ Overlapping boundaries with areas of interest (e.g., conservation units, indigenous lands, etc.).

AVAILABLE AT:
<https://www.car.gov.br/#/consultar>

4.1.1.2. National Rural Register System (SNCR)

Created by Law 5868/1972¹⁵, the SNCR compiles registration data on:

- ▶ Rural properties

- ▶ Rural land owners and holders

- ▶ Tenants and sharecroppers

- ▶ Public lands

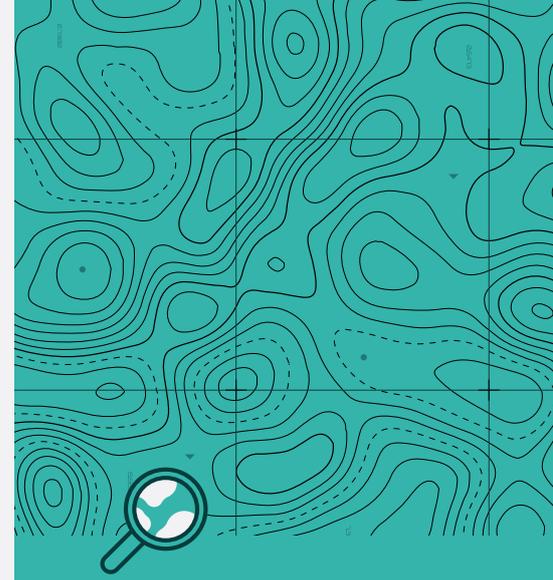
- ▶ Public forests

As with the CAR, registration is mandatory for owners, beneficial owners or holders of agricultural land. The National Institute of Colonization and Agrarian Reform (INCRA) is responsible for the SNCR. Registered properties are assigned a rural property code in the SNCR database and registered producers are issued with a Rural Property Registration Certificate (CCIR) or Rural Tenants and Sharecroppers Certificate. The CCIR is a mandatory document for land subdivision, leasing, taking out a mortgage, sale and other financial transactions involving rural property¹⁶. The SNCR is also used for levying Rural Property Tax (ITR) on properties of more than 25 hectares. Another similarity with the CAR is that while the certificate does not provide proof of ownership and related rights, ownership must be proved for registration by providing the following documents¹⁷:

- ▶ Real estate registration certificate

- ▶ Public rural property deed

- ▶ Deed or statement issued by a competent body attesting that the interested party owns the property



Box 4

How do you access SNCR data?

Users can access the system and select the state and municipality where the property is located. The SNCR then generates a dataset with the following information:

- ▶ INCRA property code;

- ▶ Property name;

- ▶ Municipality name and code;

- ▶ State;

- ▶ Total area of the property.

- ▶ Property owner

- ▶ Legal nature of the property;

- ▶ Condition of the owner in relation to the property;

- ▶ Percentage of ownership by the owner;

- ▶ Country.

AVAILABLE AT:

<https://snrc.serpro.gov.br/snrc-web/consultaPublica.jsf?windowId=b58>

4.1.1.3. Land Management System (SIGEF)

Created by INCRA to improve land governance at national level¹⁸. SIGEF's origins lie in Law 6015/1973¹⁹, Article 176 (§ 5, created by Law 11952/2009) tasks INCRA with making sure that the polygon contained in the legal description of a rural property does not overlap with any other polygons in its georeferenced register.

The certification process is regulated by Guidance Note 77/2013²⁰, which also created the SIGEF, in compliance with Law 6015/1973. The SIGEF receives, validates,

organizes, regularizes and makes available georeferenced data on rural property plots, checking for overlapping boundaries with other existing polygons in the INCRA database. Properties without overlapping boundaries are certified and added to the database.

As of June 2025, SIGEF began to operate in coordination with the SNCR, including the following information in the checking process: producer's company identification number, property registration number, municipality and legal status of the property. Thus, if the property is not registered with the SNCR, it cannot be certified by the SIGEF²¹.



Box 5

How do you access SIGEF data?

SIGEF can be accessed by logging into the INCRA Land Registry, for which a gov.br account is needed.

The user selects the "download shapefile" option, which provides the option to export state shapefiles of georeferenced data with the following layers:

- ▶ Public SIGEF certified property;
- ▶ Private SIGEF certified property;
- ▶ Total SIGEF certified property.

Data on *quilombola* areas, agrarian reform settlements and properties certified in the National Real Estate Registration System (SNCI), the predecessor of the SIGEF, are also available (which may come in useful later).

AVAILABLE AT:
<https://acervofundario.incra.gov.br/acervo/acv.php>

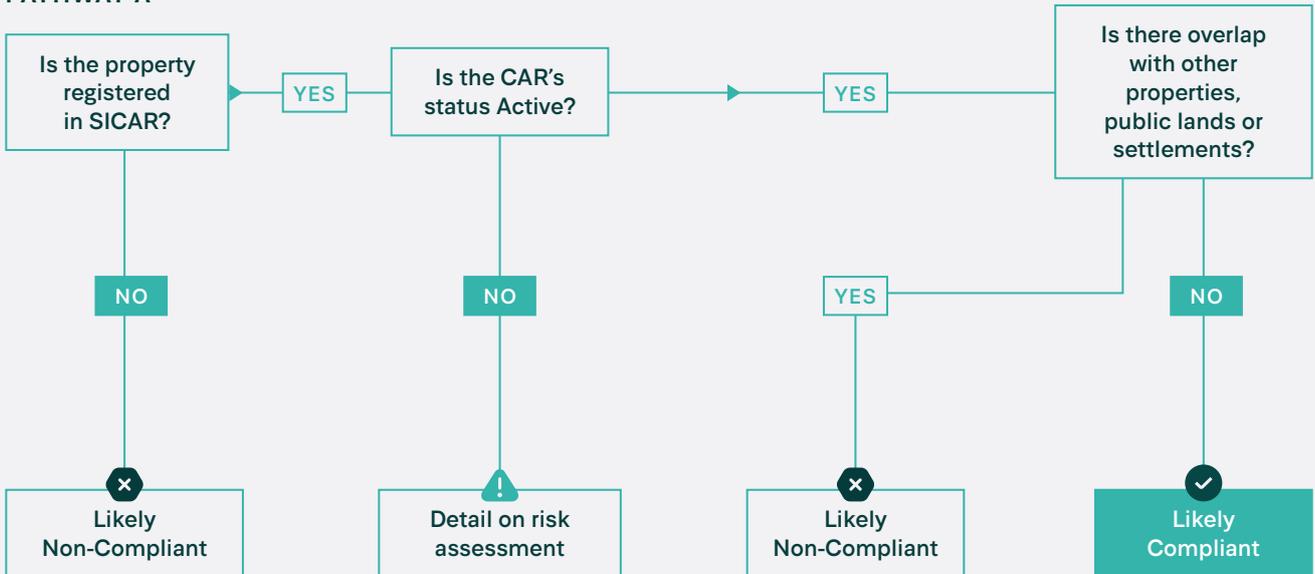
4.1.2. PROPOSED COMPLIANCE FLOWCHART FOR LAND USE RIGHTS

Figure 1

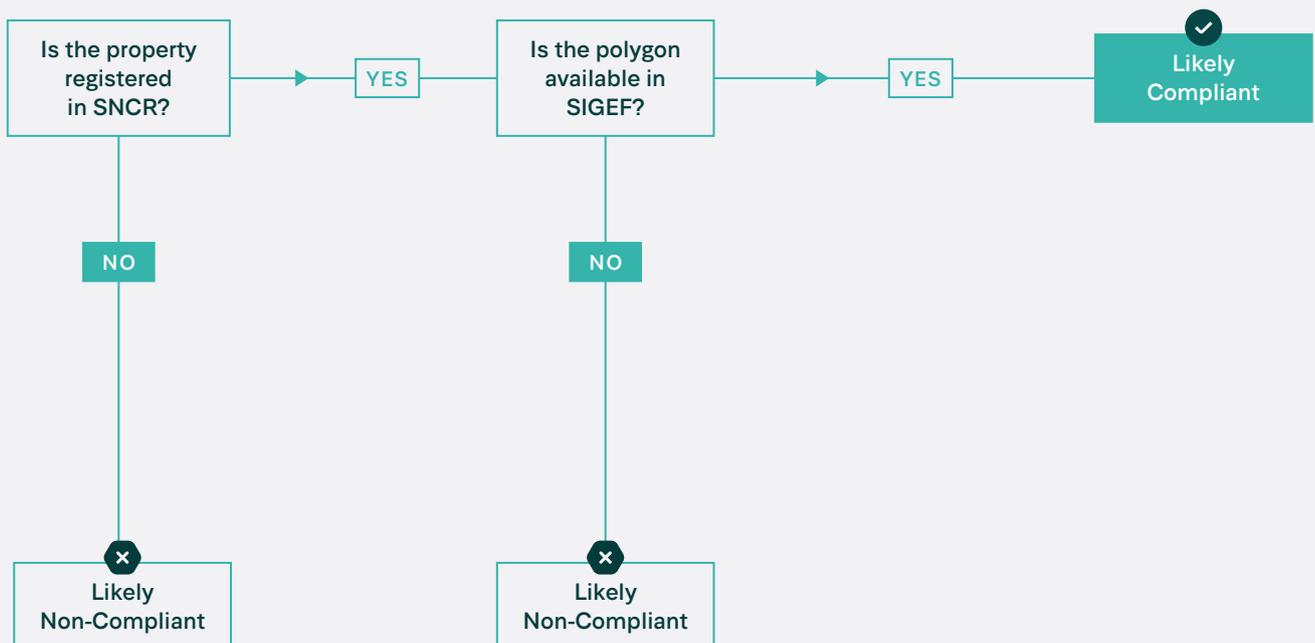
Proposed compliance flowchart for the land use rights legality requirement

The analysis revealed three possible compliance pathways: (a) the CAR; (b) the SNCR-SIGEF binomial; and (c) both of the above, checking overlapping of the polygons. Figure 1 presents the proposed compliance flowchart for the land use rights legality requirement.

PATHWAY A



PATHWAY B



Source: Olab analysis.

Verification of CAR status is as an essential step in the compliance flowchart because the use of this system is a well-established practice in the Brazilian agricultural sector, compiling comprehensive data for social and environmental assessment. This is not to say that the use of the SIGEF-SNCR binomial is not as effective, meaning that operators can use either pathway.

Concerns were raised during the analysis and exchanges with relevant actors regarding paragraph 2 of Article 29 of the Forest Code (Law 12651/2012) and sole paragraph of Article 3 of Law 5,868/1972. These provisions state, respectively, that CAR and CCIR certificates do not prove ownership or holding. It is important to underline however that the **EUDR requirement refers to land use rights rather than ownership**²². Pathways (a) and (b) therefore ensure compliance with this requirement because: (a) active CAR status means the property's boundaries do not overlap with those of other rural properties, public lands and areas of interest; and (b) to be registered in SIGEF, the property boundaries must not overlap with those of other registered properties. This therefore means that official public databases confirm that the use of the property does not infringe the rights of use of private or private sector third parties. Furthermore, to obtain CAR and CCIR certificates, the landowner must prove ownership, thus going beyond compliance with the land use rights legality requirement.

Considering that, separately, both pathways (a) and (b) ensure compliance, it should follow that the combination of the two (pathway (c)) also ensures compliance. However, this is not necessarily the case due to differences in the basic territorial units used to construct the CAR and SIGEF polygons²³.

In the CAR system, the geometrized unit of reference is the rural property, based on the definition set out in Article 4 of the Land Statute²⁴ (Law 4504/1964): *"contiguous rural property whatever its location intended for agricultural, livestock or agroindustrial extractive exploitation, either through public enhancement plans or private initiative"*. Based on this concept, Article 32 of MMA Guidance Note 2/2014²⁵, which regulates the SICAR, states that *"Owners or holders of rural properties who have more than one property or holding in a continuous area must effect a single registration for these properties."* In short, in the

CAR system a single registration may encompass one or more properties or holdings in a continuous area²⁶.

The SIGEF adopts a different geometrized unit of reference. In this case, the smallest unit is the registered plot. For the purposes of the SIGEF, a rural property is made up of a contiguous (no overlapping areas or gaps) and continuous (no interruptions by another domain area) set of plots²⁷.

Due to these conceptual differences, the comparison of polygons using georeferenced modeling does not always generate an exact overlap between SICAR and SIGEF polygons. This, however, does not mean that one system invalidates the other.



4.1.3. CONCLUSIONS: LAND USE RIGHTS

The findings show that the CAR is the main solution for ensuring compliance with the land use rights requirement. “Active” CAR status demonstrates three key situations that are relevant to the discussion in this subsection: (a) the property owner has complied with the proof of ownership or holding requirements; (b) the property boundaries do not overlap with any areas of interest; and (c) the property is not subject to an administrative or court order concerning irregularities. “Pending” status provides the possibility of ensuring compliance as long as the risk assessment demonstrates that the property does not overlap with areas of interest.

The emphasis placed on the CAR does not imply that the SNCR-SIGEF binomial is not capable of ensuring compliance. The findings did not reveal any impediments to an operator choosing to use these two registers together as the main compliance mechanism. The CAR is viewed as the main mechanism for two key reasons: (1) the system is widely used by the agricultural sector, meaning that operators possess accumulated knowledge and experience in the application of the

CAR; (2) the CAR is the main mechanism for verifying environmental compliance, including the assessment of Legal Reserve and permanent preservation areas.

While the CAR (active status without overlapping boundaries) and the SNCR-SIGEF binomial (with certified polygons) are two potential compliance mechanisms, integration between systems needs to be improved. The objectives of such improvements go far beyond the scope of the EUDR, as integrating Brazil's land and environmental register systems would contribute to addressing a number of gaps in these databases.

This Brazilian government has made initial strides towards integration with the Ministry of Public Service Management and Innovation (MGI) "Meu Imóvel Rural" (My Rural Property) platform²⁸. This platform allows owners to link records from the same property across different systems, reducing the possibility of errors and inconsistencies. As such, it represents the first step towards the development of a unified system capable of identifying, analyzing and correcting rural property registration inconsistencies.

The "My Rural Property" platform is just one Federal Government initiative to provide data to help rural producers assess the legal and environmental status of their property and, if necessary, expedite compliance measures. Another relevant example is the MAPA Agro Brasil+Sustentável Platform, which aims to consolidate and integrate information from official databases to enhance agricultural production. The platform helps producers fulfill a set of social and environmental criteria on their properties to guarantee a 0.5% discount on the Safra Plan loan interest rate²⁹.

4.2



Environmental Protection

4.2.1.

KEY COMPLIANCE MECHANISMS

The CAR is also one of the key mechanisms for ensuring compliance with the environmental protection legality requirement, highlighting the importance of an integrated approach to the analysis of the seven legality requirements. As outlined above, besides land use rights, the CAR also encompasses environmental legislation, meaning that it can also be used to demonstrate compliance with the environmental protection requirement. **However, an important issue for discussion is whether the assessments of CAR environmental compliance by state agencies pose an obstacle to compliance verification.**



As pointed out in the previous subsection, there is nothing stopping an operator choosing to use the SNCR-SIGEF binomial as a mechanisms for complying with the land use rights requirement, meaning that there are also no impediments to using the SIGEF polygon to assess overlaps for the purposes of the environmental protection requirement. The advantage of using the CAR as a compliance mechanisms for the latter is that it assesses permanent preservation areas (APPs) and legal reserves, mechanisms laid down in the Forest Code (Law 12651/2012³⁰). Table 2 presents the main compliance mechanisms for the environmental protection requirement, which should be cross-checked with the CAR to verify compliance of the rural property.

Table 2: Key compliance mechanisms for the environmental protection requirement

COMPLIANCE MECHANISMS	TYPE OF PROOF	RELEVANT LEGISLATION	PART OF THE LEGISLATION	RESPONSIBLE INSTITUTION
Rural Environmental Registration (CAR)	Documentary	Law 12651/2012 (Forest Code)	Art. 29	SFB MGI
Permanent Preservation Area (APP)	Documentary (via CAR)		Art. 7	
Legal Reserve (RL)			Art. 17	
Conservation Unit (UCs)	Georeferenced Database	Law 9985/2000 (National Nature Conservation Unit System)	Art. 7, 8, 14, 15, 33	ICMBio
Authorization for Vegetation Removal (ASV)	Documentary	Law 12651/2012 (Forest Code)	Art. 26	IBAMA, Subnational Institutions from SISNAMA
		Complementary Law 140/2011	Art. 7, 8, 9	
Embargo (IBAMA)	Georeferenced Database	Decree 6.514/2008	Art. 16, 43, 44, 49	IBAMA
Embargo Clearance Certificate	Documentary	-	-	
Embargo (ICMBio)	Georeferenced Database	MMA, IBAMA, ICMBio Guidance Note 01/2021	Art. 24, 32	ICMBio

Source: Olab analysis.

4.2.1.1. Permanent Preservation Area and Legal Reserve

The rules governing permanent preservation areas (APPs) are set out in Articles 7, 8 and 9 of the Forest Code. According to Article 7, the owner of a property with vegetation located in an APP must conserve the area and restore any removed vegetation. The reference date for mapping vegetation removal is July 22, 2008. From this point on, any unauthorized vegetation removal on the property renders the granting of new vegetation removal authorizations prohibited.



The rules governing legal reserves are set out in Article 12 of the Forest Code, which states that all rural property owners must set aside a minimum percentage of the property for the protection of native vegetation. It is important to highlight that the rules governing legal reserves are without prejudice to those concerning APPs³¹. The percentage of Legal Reserve to be set aside is calculated by the region and biome in which the property is located. In the Legal Amazon, the percentages are as follows:

- ▶ 80% on properties located in areas of forest
- ▶ 35% on properties located in areas of Cerrado
- ▶ 20% on properties located in grasslands

In the country's other regions the area is 20%.

Based on the information required to obtain a CAR certificate provided by the property owner, the state environmental agency conducts an environmental compliance assessment. Data from 2024 indicate that the assessment process had been initiated in about 15% of rural properties registered in the CAR³². However, progress is uneven across states. Some states have made considerable advances, with states such as São Paulo, Pará, Espírito Santo and Mato Grosso do Sul initiating assessment in a large percentage of properties (90%, 72%, 66% and 59%, respectively). However, in other states such as Pernambuco, Rio Grande do Sul, Tocantins and Santa Catarina, implementation levels are very low (0.003%, 0.007%, 0.1% and 0.1%, respectively). The only state without available data is Bahia.

Although the assessment is part of the environmental regularization process (i.e., compliance with the conservation requirements for APPs and the Legal Reserve set out in the Forest Code), the fact that the property has yet to be regularized does not prevent the estimation of Legal Reserve deficit and surplus. This information is available in the CAR database. Environmental regularization can be achieved by setting off any Legal Reserve deficit in the relevant (non-regularized) rural

Box 6

How do you access Legal Reserve and APP data?

Information of the conservation status of a property's Legal Reserve and permanent preservation areas can be found in the CAR. A property search allows the user to access a report containing the following information:

LEGAL RESERVE:

- ▶ Location of the Legal Reserve;
- ▶ Area of the registered Legal Reserve;
- ▶ Proposed Legal Reserve area
- ▶ Total Legal Reserve declared by the owner.

PERMANENT PRESERVATION AREA:

- ▶ APP
- ▶ APP in rural areas;
- ▶ APP in remnant native vegetation.

ENVIRONMENTAL COMPLIANCE:

- ▶ Legal Reserve deficit/surplus;
- ▶ Area of Legal Reserve to be restored
- ▶ Area of APP to be restored
- ▶ Area of Restricted Use Area to be recomposed.

property or in other properties. The Legal Reserve can be set off in other properties using environmental regularization quotas (CRAs) – defined by Article 44 of the Forest Code as a nominative title representing an area with existing native vegetation or undergoing restoration – in the following cases:

- ▶ When the area is subject to a conservation easement;

- ▶ When the Legal Reserve is voluntarily established on an area of vegetation exceeding the percentages required by the Forest Code;

- ▶ When the area is protected in the form of a Private Natural Heritage Reserve (RPPN);

- ▶ When the area is a rural property located inside a public Conservation Unit (UC) where dispossession has yet to occur.

The issuing of CRAs is subject to the set of requirements set out in Article 45 of the Forest Code, with each quota corresponding to one hectare of land covered with existing native vegetation or undergoing restoration using native species. CRAs can be transferred to individuals or legal entities and can be used as a mechanism for offsetting Legal Reserve deficits. The rules regulating these procedures are set out in Article 66 of the Forest Code.

4.2.1.2. Conservation Units

The third compliance mechanism for the EUDR environmental protection requirement is conservation units (UCs), regulated by Law 9985/2000³³, which created Brazil's protected area system, the National Conservation Unit System, commonly known as the SNUC. Article 2 defines a UC as a *"territorial space and its environmental resources, including jurisdictional waters, with relevant natural characteristics, legally established by the Government, with conservation objectives and defined limits, under a special administration regime, to which adequate protection guarantees apply."*

UCs are divided into two categories: strictly protected and sustainable use. The core aim of strictly protected areas is nature preservation, with only indirect use of natural resources being permitted. According to Article 7, this group includes the following UCs:

▶ Ecological Station

▶ Biological Reserve

▶ National Park

▶ Natural Monument

▶ Wildlife Refuge

The aim of sustainable use areas is to reconcile nature conservation and the sustainable use of natural resources. According to Article 14, this group includes the following UCs:

▶ Environmental Protection Area (APA)

▶ Area of Relevant Ecological Interest

▶ National Forest

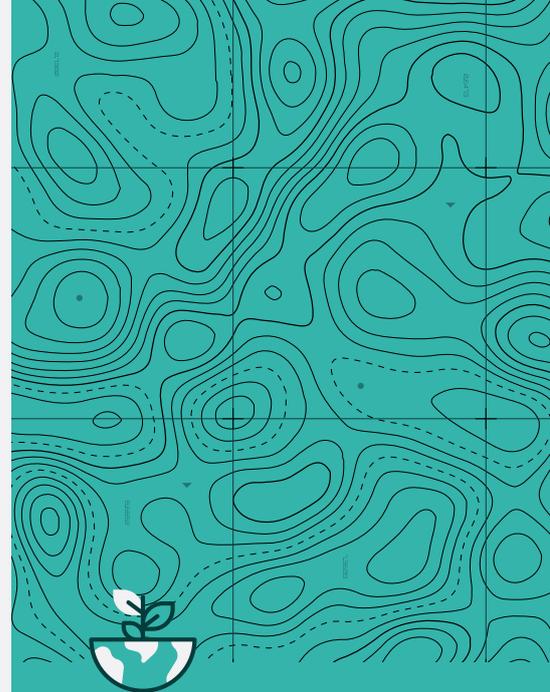
▶ Extractive Reserve

▶ Fauna Reserve

▶ Sustainable Development Reserve

▶ Private Natural Heritage Reserve (RPPN)

The commercial exploitation of products, by-products or services derived from natural resources is subject to prior authorization and payment. Exceptions to this rule (Article 33) are APAs and the RPPNs. This means it is possible to plant commodity crops in APAs, which requires a management plan (Article 27). Soy production in APAs, for example, is widespread in Brazil. In the 2022/23, 4.2% of the soybeans produced in the Cerrado came from these areas³⁴.



Box 7

How do you access Conservation Unit data?

Conservation Unit data can be found in the National Registry of Conservation Units (CNUC) on the federal government open data platform, which provides both geolocation data and the following detailed information on each UC:

- ▶ Year of creation;
- ▶ Legal act of creation;
- ▶ Existence of a Management Plan;
- ▶ Management Body;
- ▶ Area as a percentage of the biome;

AVAILABLE AT:

<https://dados.gov.br/dados/conjuntos-dados/unidadesdeconservacao>

4.2.1.3. Embargoes

The fourth compliance mechanism is embargoes, which are regulated by Decree 6514/2008 setting out the rules governing administrative offenses and penalties related to the environment³⁵.

Embargoes are one possible form of penalty and precautionary measure that can be applied by environmental agencies in response to environmental violations, blocking all activities in the area in question. According to Article 108 of the Decree, the objective of an embargo is *"to prevent the continuity of environmental damage, promote the regeneration of the environment and make the recovery of the degraded area viable."* According to Article 16, the issuing agent shall embargo any works or activities in areas that have been subject to illegal deforestation or burning. Furthermore, paragraph 1 of this article states that the issuing agent must collect the geographic coordinates of the embargoed area for subsequent georeferencing. Embargo polygons should be made publicly available online (Article 96). According to Article 54, the acquisition, intermediation, transportation or commercialization of products or by-products of animal or vegetable origin produced on embargoed areas are infractions against flora and subject to fines. Two federal bodies are responsible for imposing environmental embargoes: the Chico Mendes Institute for Biodiversity Conservation (ICMBio), responsible for overseeing activities in UCs, and the Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA), which is tasked with inspecting areas outside UCs³⁶.

4.2.1.4. Deforestation and ASV

As the name suggests, the core focus of the EUDR is deforestation. Article 3(a) states that all products shall be “deforestation-free”, which is defined in Article 2°:

DEFORESTATION-FREE: commodities that were produced on land that has not been subject to deforestation after 31 December 2020³⁷.

Box 8

How do you access embargo data?

IBAMA's environmental penalties and embargoes platform provides the following information:

- ▶ Deforestation embargoes;
- ▶ Embargoes by location (state or municipality);
- ▶ Embargoes by biome;
- ▶ Embargoes by property and owner name, individual taxpayer identification number (CPF) or company tax number (CNPJ);
- ▶ Total list of embargoes.
- ▶ Geographical coordinates of embargoes.

The platform can also be used to issue an Embargo Clearance Certificate showing that there are no embargoes linked to the landowner's CPF or CNPJ.

ICMBio also operates a database providing information and geographic data on embargoes in UCs.

AVAILABLE AT:

IBAMA

<https://servicos.ibama.gov.br/ctf/publico/areasembargadas/ConsultaPublicaAreasEmbargadas.php>

ICMBIO

https://www.gov.br/icmbio/pt-br/assuntos/dados_geoespaciais/mapa-tematico-e-dados-geoestatisticos-das-unidades-de-conservacao-federais

Box 9

How is deforestation mapped in Brazil?

There are currently two main public deforestation monitoring systems in Brazil, both run by the National Institute for Space Research (INPE):

BRAZILIAN AMAZON DEFORESTATION SATELLITE MONITORING PROGRAM (PRODES).

PRODES has been operating in Brazil since 1988, initially monitoring clear-cut deforestation in the Legal Amazon, and later being expanded to cover the Cerrado (in 2018) and other biomes (in 2022). The primary objective of PRODES is to produce annual deforestation data for the Amazon and other biomes to support federal government policies. PRODES uses LANDSAT satellite images with a spatial resolution of 20-30 meters and 16-day revisit

time. Studies indicate that the PRODES precision level is around 95%. The results were initially published with a minimum mapped area of 6.25 hectares to identify deforestation.

While this threshold continues to be used to maintain time series consistency, INPE is now capable of detecting deforestation in polygons as small as 1 hectare, which have been made available through the TerraBrasilis platform since 2016.

REAL-TIME DEFORESTATION DETECTION SYSTEM (DETER).

Created in 2004, DETER provides daily data on deforestation alerts and changes in forest cover in areas with a minimum size of approximately 1 hectare. The system uses data from the CBERS-4 satellite (developed by China) and IRS satellite (developed by India). The data are made available to IBAMA on a daily basis and are used to support the agency's enforcement and inspection actions. As with PRODES, these data are made publicly available via INPE's TerraBrasilis platform.

Deforestation compliance is therefore essential for legality compliance, since any deforestation detected inside production polygons (see Box 1 for an explanation of the distinction between polygon and property) after 31 December 2020 is deemed immediate non-compliance. There are, however, two important situations that need to be considered:

► When deforestation occurs outside the production polygon but inside the property boundaries

► When deforestation occurs before 31 December 2020

These situations do not violate Article 3(a) but may violate Article 3(b), as it is necessary to assess the legality of the deforestation. Article 26 of the Forest Code³⁸ states that any removal of native vegetation “requires that the property is registered in the CAR (...) and prior authorization from the competent state authority under the SISNAMA framework”.

Authorizations for vegetation removal (ASVs) are the mechanisms used by state environmental agencies to regulate deforestation on rural properties. The delegation of authority to the states is set out in Article 8 of Complementary Law 140/2011³⁹. IBAMA—the competent federal agency—may only issue ASVs for federal public forests or activities and enterprises licensed by the federal government. However, since 2018, state-granted authorizations have been issued or registered in the National System for the Control of the Origin of Forest Products (SINAFLOR/IBAMA⁴⁰). Nonetheless, these databases are not always kept up to date, meaning a search must be conducted of state databases. These sources are mapped in the Annual Report on Deforestation in Brazil⁴¹, produced by MapBiomas, a key organization in deforestation monitoring in Brazil.

Deforestation compliance and ASVs have been adopted in a wide range of sectoral protocols, including the Green Grain Protocol⁴², created in 2014 by ABIOVE and ANEC in cooperation with the Federal Prosecutor’s Office of the state of Pará (MPF/PA). In 2024, National Monetary Council Resolution 5193/2024⁴³ made this compliance procedure a requirement for obtaining rural credit. The Resolution states that when deforestation is detected, rural credit shall only be granted after the submission of an ASV or an Alternative Land Use Authorization (UAS) for the area deforested after July 31, 2019⁴⁴.

The key question in determining whether deforestation without an ASV falls within the scope of compliance under Article 3(b) of the EUDR is the cut-off date. The cut-off date for the evaluation of whether land has been subject to deforestation set out in the EUDR is 31 December 2020; however, this date does not apply to the legality requirements. Furthermore, there is a lack of consensus on cut-off dates in due diligence protocols: the CMN Resolution 5193/2024 adopts 2019, and the Green Grain Protocol considers 22 of July 2008. The latter is aligned with the Forest Code, which makes ASVs mandatory and establishes the referred date as a limit for deforestation in Legal Reserve and APP, and unauthorized deforestation in other areas. That understanding provided by the Forest Code is aligned to the aforementioned Decree 6514/2008.

Moreover, the EUDR legality requirements refer to the legal status of the property during the production period. The following question therefore arises: Does deforestation

without an ASV prior to the production period affect the property's legal status? As noted above, Article 16 of Decree 6514/2008⁴⁵ states that the issuing agent shall embargo any works or activities in areas that have been subject to illegal deforestation or burning. However, procedural factors—such as delays in identifying illegal deforestation and imposing an embargo—may result in an area not being formally embargoed

In light of the above, deforestation within the context of EUDR legality compliance is a complex issue that is open to interpretation. In this report, deforestation is therefore treated as a risk factor that can lead to a future embargo of an area inside the property. Before proceeding to the verification flowchart, it is important to characterize the type of deforestation that may pose a risk:

► **Deforestation after July 22, 2008:** the suggested cut-off date is aligned with the definitions established by the Forest Code and Decree 6514/2008.

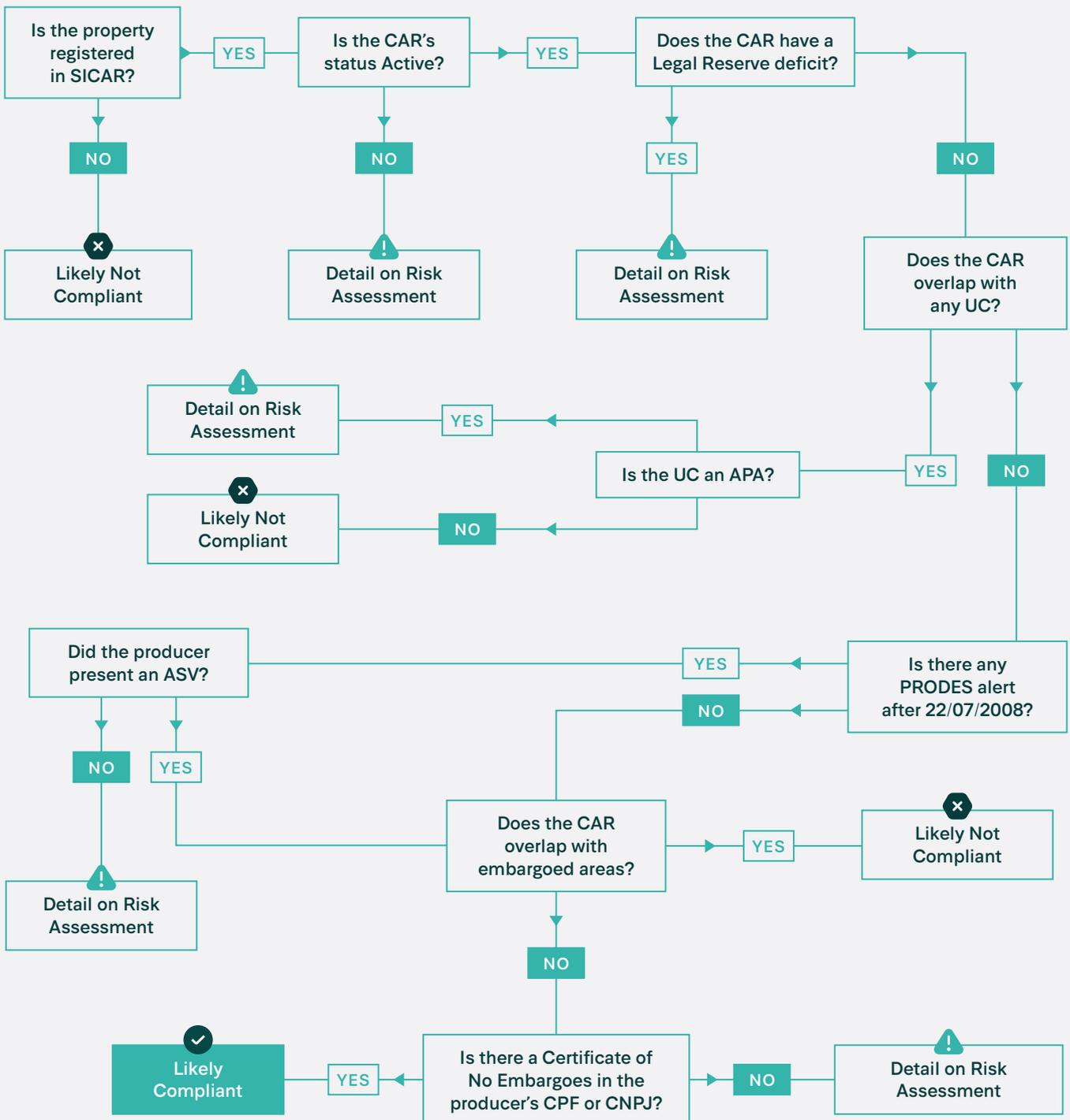
► **Deforestation without an ASV:** the existence of an ASV demonstrates that the competent authority has recognized that the deforestation is legal.

4.2.2. PROPOSED COMPLIANCE FLOWCHART FOR ENVIRONMENTAL PROTECTION

Figure 2

Proposed compliance flowchart for the environmental protection legality requirement

The compliance process for the environmental protection requirement consists of an assessment of environmental compliance based on the CAR (Legal Reserve and overlaps with UCs and embargoed areas) and the Embargo Clearance Certificate, as shown in Figure 2.



Source: Olab analysis.

The flowchart highlights five circumstances where further details should be provided in the risk assessment:

- ▶ **CAR status other than "Active"**. As mentioned in the section on the land use rights requirement, "Pending" status provides the possibility of ensuring compliance as long as the operator proves that the property does not overlap with areas of interest (other properties, public lands, UCs, indigenous lands, etc.).

- ▶ **Legal Reserve deficit**. Properties with a legal reserve deficit are not flagged as "probably non-compliant" because of the possibility of Legal Reserve set off. If the CAR certificate states that there is a Legal Reserve deficit, the producer should provide further details explaining the reasons and demonstrate compliance with the legislation within the possibilities set out in the Forest Code.

- ▶ **Overlap with an APA**. This does not necessarily imply non-conformity. In the case of properties overlapping this category of UC, the producer should present an APA Management Plan to demonstrate legality compliance.

- ▶ **Absence of an ASV despite a PRODES alert**: It is possible that the producer is in the process of regularizing the deforested area. While the deforestation compliance stage is important, the check that ultimately confirms the legal status of the area is embargo verification. If deforestation occurred without an ASV and the area is embargoed, the producer is clearly in violation of the law.

- ▶ **Absence of an Embargo Clearance Certificate**. There may be an embargo on another property linked to the producer. If the other property is not linked to the production plot, there are no restrictions on the property that supplied the commodities.



4.2.3. CONCLUSIONS: ENVIRONMENTAL PROTECTION

Brazil has a wide range of mechanisms (Legal Reserve, APPs, UCs and embargoes) capable of demonstrating compliance with the EUDR environmental protection requirement. As with the land use rights requirement, the key document for compliance checking is the CAR.

A major question raised by the analysis is the uneven progress in the initiation of the CAR environmental compliance assessment across states. The study findings show that, while this is a limiting factor, it is not necessarily an impediment to compliance, for the following reasons: (1) data on Legal Reserve deficit and surplus is available on the CAR database; (2) publicly available georeferenced data make it possible to check for overlaps between CAR polygons and UCs and embargoed areas.

The main recommendation in relation to this requirement is that efforts should be made to address the gaps in CAR environmental compliance assessment across states, providing greater robustness to the verification of the environmental compliance of properties.

4.3



Third Parties' Rights

4.3.1.

KEY COMPLIANCE MECHANISMS

As with the environmental protection requirement, the key mechanisms for third parties' rights compliance is the CAR polygon. The assessment of this requirement therefore consists of checking for overlaps between the CAR polygon and two types of areas: indigenous lands and *quilombola* territories, as shown in Table 3.



An important question raised by our analysis is which stage of the territory regularization process should be considered the cut-off for determining non-compliance.

Table 3: Key compliance mechanisms for the third parties' rights requirement

COMPLIANCE MECHANISM	TYPE OF PROOF	RELEVANT LEGISLATION	PART OF THE LEGISLATION	RESPONSIBLE INSTITUTION
Rural Environmental Registration (CAR)	Documentary	Law 12651/2012 (Forest Code)	Art. 29	MGI
				SFB
Indigenous Lands	Georeferenced Database	Federal Constitution	Art. 231	FUNAI
		Decree 1775/1996	Art. 1	
Quilombola Territories	Georeferenced Database	Federal Constitution	Art. 68	INCRA
		Decree 4.887/2003	Art. 1, 3	

Source: Olab analysis.

4.3.1.1. Indigenous Lands

The land rights of indigenous peoples and *quilombolas* over their territories is recognized by the 1988 Federal Constitution⁴⁶. Article 231 recognizes the original rights of indigenous peoples over the lands they have traditionally occupied, tasking the Union with the demarcation of these lands and protection of their assets. The definition of "traditionally occupied lands" is set out in paragraph 1 of Article 231:

"Lands traditionally occupied by indigenous peoples are those inhabited on a permanent basis used for productive activities, indispensable to the preservation of the environmental resources necessary for their well-being and physical and cultural reproduction, according to their uses, customs and traditions."

Demarcation of indigenous lands is regulated by Decree 1775/1996⁴⁷. The process is divided into five stages⁴⁸, all of which must involve the relevant indigenous peoples.

► **Study phase.** In this phase studies of the area to be demarcated are undertaken to provide a basis for the demarcation process. At the end of this phase, a specialized technical group prepares a final report with recommendations that is submitted to FUNAI. If approved, the report is published in the official government gazette⁴⁹.

► **Delimitation phase.** This phase consists of the definition of the territorial boundaries of the indigenous lands. The document that sets out the boundaries is called the Declaratory Ordinance of Traditional Indigenous Possession.

► **Declaration phase.** Once the lands have been officially delimited, FUNAI technicians carry out the physical demarcation, followed by a land survey of the improvements made by the bona fide non-indigenous occupants for compensation purposes⁵⁰.

► **Approval phase.** Once demarcation has been completed, the President of the Republic signs a decree ratifying the indigenous land⁵¹ and the non-indigenous occupants are removed, with those who meet agrarian reform criteria being relocated to other areas⁵².

► **Regularization phase.** Within thirty days after the signing of the presidential decree, the indigenous land is registered in a land registry office in the name of the Union and Federal Property Service (SPU).

For lands inhabited by isolated indigenous peoples, a Use Restriction Ordinance must be issued ensuring the integrity of indigenous peoples during the demarcation process⁵³. It is also important to distinguish between indigenous lands and indigenous reserves. While the former is subject to the procedures described above, the latter are territories acquired by the Union or donated by third parties or by the Union. Traditional demarcation procedures do not apply to indigenous reserves⁵⁴.

According to FUNAI, there are 796 indigenous lands in Brazil in different phases of the demarcation process. Of these, 453 have



Box 10

How do you access data on indigenous lands?

FUNAI makes up-to-date georeferenced information on indigenous lands in Brazil available online, providing shapefiles and metadata including specific details about each indigenous land.

This data can be used to verify overlapping CAR polygons.

AVAILABLE AT:
<https://www.gov.br/funai/pt-br/atuacao/terras-indigenas>

been regularized, 14 decreed, 67 declared, 37 delimited and 164 are in the study phase. The total area of delimited indigenous lands amounts to 117.36 million hectares, corresponding to more than 13% of the national territory⁵⁵.

4.3.1.2. Quilombola Territories

The rights of *quilombola* peoples over their territories are set out in Article 68 of the Transitional Constitutional Provisions Act⁵⁶, which states that descendants of quilombos in occupation of their lands have the right to recognition of permanent ownership. It is the duty of the State to issue the respective land ownership titles.

The *quilombola* land titling process is regulated by Decree 4887/2003⁵⁷. The process is conducted by INCRA and involves the following steps⁵⁸:

- ▶ **quilombola self-identification.** The *quilombola* community must submit a Certificate of Self-Recognition (issued by the Palmares Cultural Foundation) to INCRA.
- ▶ **Elaboration of the RTID.** An Identification and Delimitation Technical Report (RTID) is prepared, which includes a land and cartographic survey of the area to identify the boundaries of the lands of the community that applied for the title and an environmental and anthropological assessment.
- ▶ **RTID notice.** An RTID notice is published and all interested parties are given the opportunity to submit a claim to INCRA's regional superintendent's office contesting the RTID within a period of 90 days.
- ▶ **Recognition Ordinance.** This is the last step of the territory identification phase, in which INCRA's president recognizes the boundaries of the *quilombola* territory in the official gazette.
- ▶ **Dispossession Decree.** When the *quilombola* territory overlaps with private properties, it is necessary to publish a Presidential Decree of Dispossession for



Box 11

How do you access data on quilombola territories?

Georeferenced data can be accessed by logging into the INCRA Land Registry, for which a gov.br account is needed.

The user selects the "download shapefile" option, which provides the option to export shapefiles of georeferenced data on *quilombola* areas by state.

AVAILABLE AT:
<https://acervofundiario.incra.gov.br/acervo/acv.php>

Social Interest. Dispossession takes place after the payment of compensation to the previous owners.

► **Titling.** Collective title is granted to the community under the name of its legally incorporated association. Sale and seizure of the territory is prohibited.

Data from 2025 show that a total of 384 *quilombola* territory titles have been granted, regularizing 1.16 million hectares (0.13% of the national territory). Other territories are in different phases of the titling process⁵⁹:

► **RTID notice.** INCRA has published 345 RTID notices, totaling 2.54 million hectares of identified areas.

► **Recognition Ordinance.** INCRA has published 242 recognition ordinances, totaling 2.01 million hectares.

► **Dispossession Decree.** The federal government has published 121 presidential decrees of dispossession for social interest, dispossessing a total of 734,900 hectares.

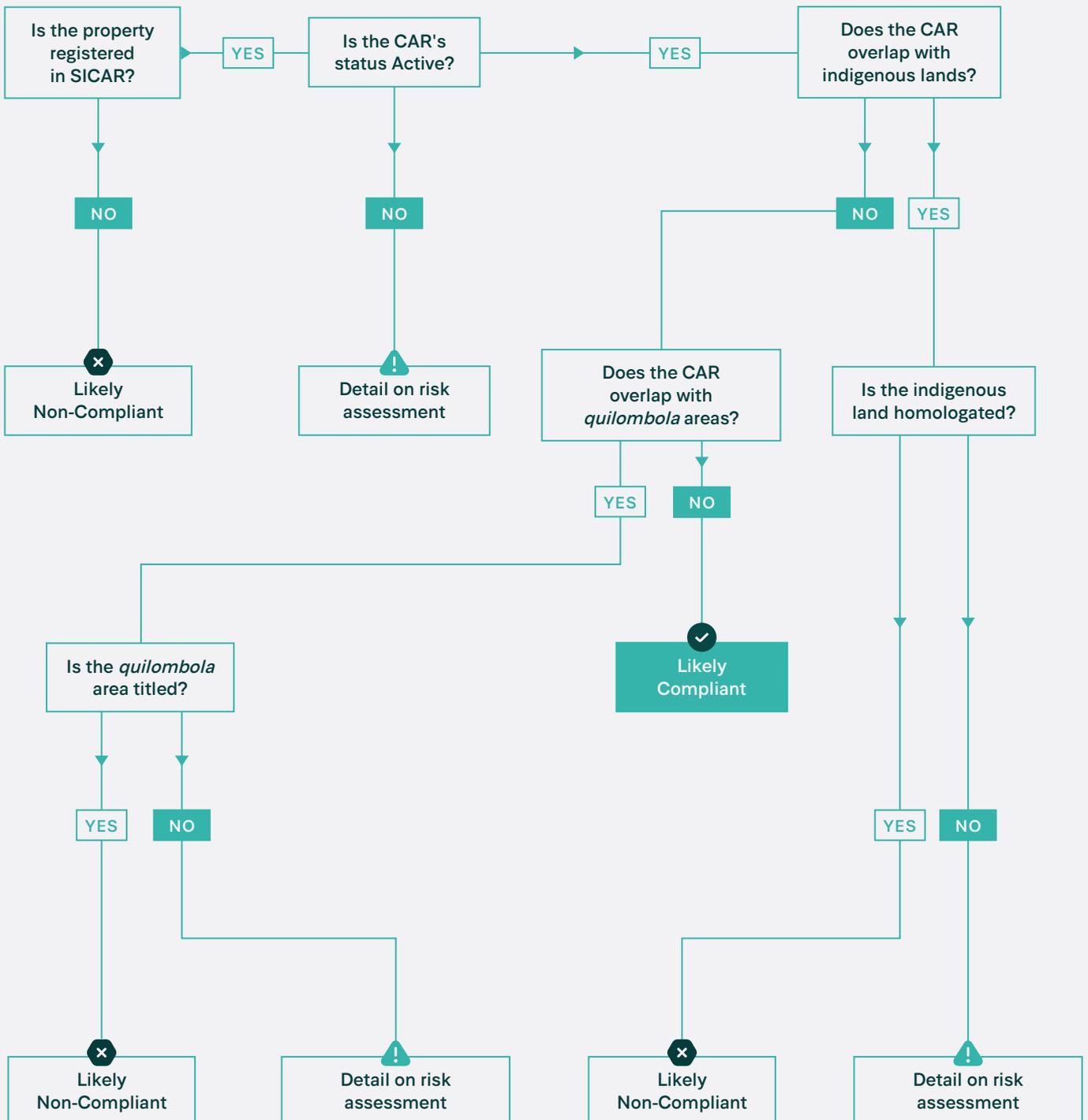
In addition, a total of 1,937 titling requests are currently being processed by INCRA.

4.3.2. PROPOSED COMPLIANCE FLOWCHART FOR THIRD PARTIES' RIGHTS

Figure 3

Proposed compliance flowchart for the **third parties' rights** legality requirement

The third parties' rights compliance flowchart basically consists of two assessments to verify overlapping between the CAR and territories occupied by indigenous peoples and *quilombolas* with traditional rights over their lands, as shown in Figure 3.



Source: Olab analysis.

A critical element for compliance in this requirement is the demarcation or titling process. It is currently unclear which stage of the territory regularization process should be considered the cut-off for determining non-compliance. We therefore opted to flag cases in which there is an overlap between the CAR polygon and decreed indigenous lands or titled *quilombola* territories as probably non-compliant. The reasons are set out below.

- ▶ **Decreed indigenous lands.** During the approval phase, non-indigenous occupants are removed from the lands with the payment of the compensation established in the declaration phase. In other words, when an indigenous land is decreed, occupation by non-indigenous peoples becomes illegal.

- ▶ **Titled *quilombola* territories.** Dispossession takes place before titling, meaning that occupants who do not belong to the *quilombola* community should have been removed.

In cases of overlap between the CAR and indigenous lands or *quilombola* territories in earlier phases of the regularization processes, it may be possible to demonstrate compliance by providing further details in the risk assessment. Currently, about 41% of indigenous lands in Brazil (including those in the study phase) have yet to be decreed and only 35% of *quilombola* territories in the process of regularization have been titled. Purchasing products from lands and territories in the process of regularization therefore poses a considerable risk because there is a chance that this will become grounds for non-compliance in the future. It is also recommended that the communities occupying overlapping indigenous lands and *quilombola* territories should be consulted and that the consultation process is detailed in the risk assessment.

4.3.3. CONCLUSIONS: THIRD PARTIES' RIGHTS

Once again the CAR (polygon of the registered property) emerged as the key compliance mechanisms for this legality requirement, serving as a mechanism to demonstrate that products do not infringe the land rights of indigenous peoples and *quilombolas*.

Indigenous land and *quilombola* territory regularization processes involve a number of different steps, raising a key question for this requirement: Which stage of the land and territory regularization process should be considered the cut-off for determining non-compliance? For the purposes of this analysis, we considered decreed indigenous lands and titled *quilombola* lands, because by this stage of the regularization process, dispossession of previous occupants should have been completed. However, it is strongly recommended that commodities are not purchased from areas overlapping indigenous lands and *quilombola* territories in the process of regularization due to the very high risk that these areas will become grounds for non-compliance in the future. Another key recommendation is that the communities occupying overlapping indigenous lands and *quilombola* territories should be consulted. Consultation procedures are detailed further in the section on the principle of free, prior and informed consent (FPIC).

Notwithstanding the above recommendations, it is important to stress that the federal government needs to present its position on which phase of the regularization process should be considered for determining non-compliance..



4.4



Labour Rights

4.4.1.

KEY COMPLIANCE MECHANISMS

The EUDR labour rights requirement is the first to not use the CAR as a compliance mechanism. The units of analysis for the compliance mechanisms presented in Table 4 are the Individual Taxpayer Identification Number (CPF) and Company Tax Number (CNPJ) linked to producers and their properties.



An important question for this requirement is whether there are key mechanisms for demonstrating compliance other than the non-inclusion of the producer on dirty lists.

Table 4: Key compliance mechanisms for the labour rights requirement

COMPLIANCE MECHANISM	TYPE OF PROOF	RELEVANT LEGISLATION	PART OF THE LEGISLATION	RESPONSIBLE INSTITUTION
Register of Employers that Have Subjected Workers to Conditions Analogous to Slavery (the “Lista Suja”)	Database	Law 10803/2003 (Amendment of the Penal Code)	Art. 149	SIT/MTE
		MTE, MDHC, MIR Interministerial Order 18/2024	Art. 2	
Register of Employers Party to Conduct Adjustment Agreements (CEAC)	Database		Art. 5	
Labour Debts Clearance Certificate (CNDT)	Documentary	Law 12440/2011 (Amendment of the CLT)	Art. 642-A	TST

Source: Olab analysis.

4.4.1.1. The “Lista Suja” (Transgressors List)

The first compliance mechanism is the “Register of Employers that Have Subjected Workers to Conditions Analogous to Slavery”, popularly known as the “Lista Suja” (literally ‘Dirty List’ or List of Transgressors). Slave labour is defined by Law 10803/2003⁶⁰, which amends Article 149 of the Penal Code (Decree-Law 2848/1940):

“To reduce someone to a condition analogous to that of slavery, either by subjecting them to slave labour or exhausting working hours, or by subjecting them to degrading working conditions, or by restricting, by any means, their freedom of movement due to debt contracted with the employer or employer’s agent.”

Paragraph 1 of the aforementioned article also states that the following offenses are subject to the same penalties (two to eight years imprisonment, together with a fine, on top of any sentence handed down for violence): (1) keeping workers at the workplace by preventing them from using any means of transportation; (2) keeping workers at the workplace by confiscating their personal papers or belongings, or by covert surveillance.

Individuals and companies convicted for the crime of subjecting workers to conditions analogous to slavery are included on the 'Lista Suja'. Registration is regulated by the MTE, MDHC and MIR Interministerial Order 18/2024⁶¹. The Order states that the name of the employer or administrator shall remain on the list for a period of two years, during which time the employer is monitored by the Labour Inspectorate to verify the legality of working conditions. In the case of recurrence, the employer remains on the register for another two years. The Register must be updated every six months.

4.4.1.2. Register of Employers Party to Conduct Adjustment Agreements

Employers that sign a settlement agreement, called a Conduct Adjustment Agreement (TAC), with the MTE are exempted from being included on the 'Lista Suja'. According to Article 6 of MTE/MDHC/MIR Ministerial Order 18/2024, all employers party to a TAC shall be placed on the Register of Employers Party to Conduct Adjustment Agreements (CEAC). The TAC is subject to the following conditions:

- ▶ Waiver of any measure contesting, invalidating or removing the effectiveness of the legal effects of the notice of inspection reporting working conditions analogous to slavery

- ▶ Payment of outstanding labour and social security debts to workers

- ▶ Payment of compensation for moral damages to workers

- ▶ Reimbursement of unpaid workers' social security contributions to the federal government

- ▶ Payment of 2% of the employer's gross revenue for the fiscal year prior to the execution of the TAC to the federal government for the implementation of public policies

aimed at assisting workers rescued from working conditions analogous to slavery or vulnerable to this crime

- ▶ Ongoing monitoring of respect for human and labour rights along the supply chain

Employers party to a TAC or judicial agreement remain in the CEAC for a period of two years from the date of entry. In the cases of recurrence, the employer is prohibited from signing a new TAC or judicial agreement.

Box 12

How do you access data on the 'Lista Suja' and CEAC?

The 'Lista Suja' can be accessed online and is updated every six months by the SIT/MTE. The list contains the following information:

- ▶ Year of the inspection;
- ▶ State;
- ▶ Employer name (individual or legal entity);
- ▶ Employer CPF or CNPJ;
- ▶ Establishment address;
- ▶ Number of workers involved;
- ▶ National Classification of Economic Activities (CNAE);
- ▶ Date of the administrative decision of origin;
- ▶ Date of inclusion in the register.

There were 691 employers in the latest update of the list before the publication of this report (October 6).

The CEAC provides information on TACs, including the year the agreement was signed, the name of the company party to the agreement and the TAC document. At the time of writing, only two companies were registered in the CEAC. This is likely due to the fact that the register was only created recently, with the MTE/MDHC/MIR Ministerial Order 18/2024 being issued in September 2024.



AVAILABLE AT:

"LISTA SUJA":

https://www.gov.br/trabalho-e-emprego/pt-br/assuntos/inspecao-do-trabalho/areas-de-atuacao/cadastro_de_empregadores.pdf

CEAC:

<https://www.gov.br/trabalho-e-emprego/pt-br/assuntos/inspecao-do-trabalho/cadastro-de-empregadores-em-ajustamento-de-conduta-ceac-1/>

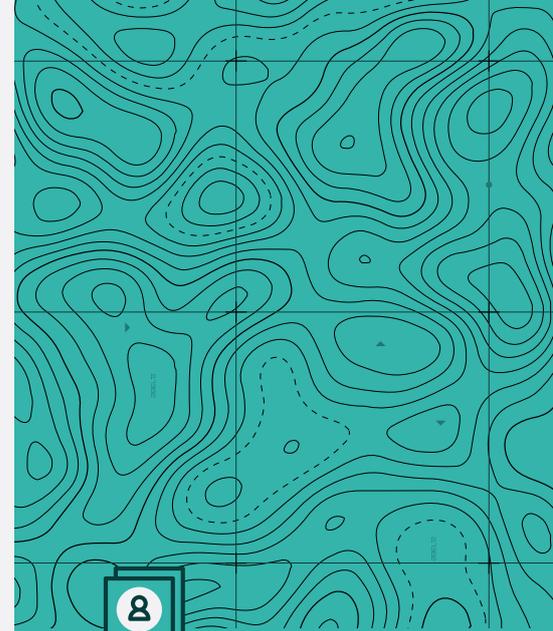
4.4.1.3. Labour Debts Clearance Certificate

The third compliance mechanism for the labour rights requirement is the Labour Debts Clearance Certificate (CNDT). Created by Law 12440/2011⁶², which amends the Consolidation of Labour Laws (CLT) by inserting Article 642-A, the purpose of the CNDT is to prove the non-existence of default on labour debts enforced by a labour court. The article states that the interested party shall not be able to obtain a certificate in the following circumstances:

- ▶ Failure to comply with the obligations set out in a conviction handed down by a labour court or in a labour court settlement.
- ▶ Failure to comply with the obligations and settlements enforced by the Labour Prosecution Service or Pre-Conciliation Committee.

In short, employers that are ordered to pay outstanding debts to workers and fail to do so cannot obtain a CNDT. If debt payment is guaranteed by asset seizure or suspended, the employer can obtain a “Labour Debts Liability Certificate”, which has the same effect as the CNDT. The CNDT is valid for 180 days.

It is important to note that the primary purpose of the CNDT is to enable employers to participate in public procurement processes⁶³. However, it is also recommended that the certificate is used in real estate transactions as a mechanism to provide legal certainty⁶⁴. In this sense, it could be argued that the application of this mechanism to goods transactions might represent a deviation from the original purpose. While we acknowledge this argument, it is important to present the CNDT as a potential compliance mechanism for the labour rights requirement, as slave labour compliance is limited and does not encompass other essential dimensions of labour rights.



Box 13

How do you access CNDTs?

The Superior Labour Court provides the following link where members of the public can search and download certificates by employer CPF or CNPJ.

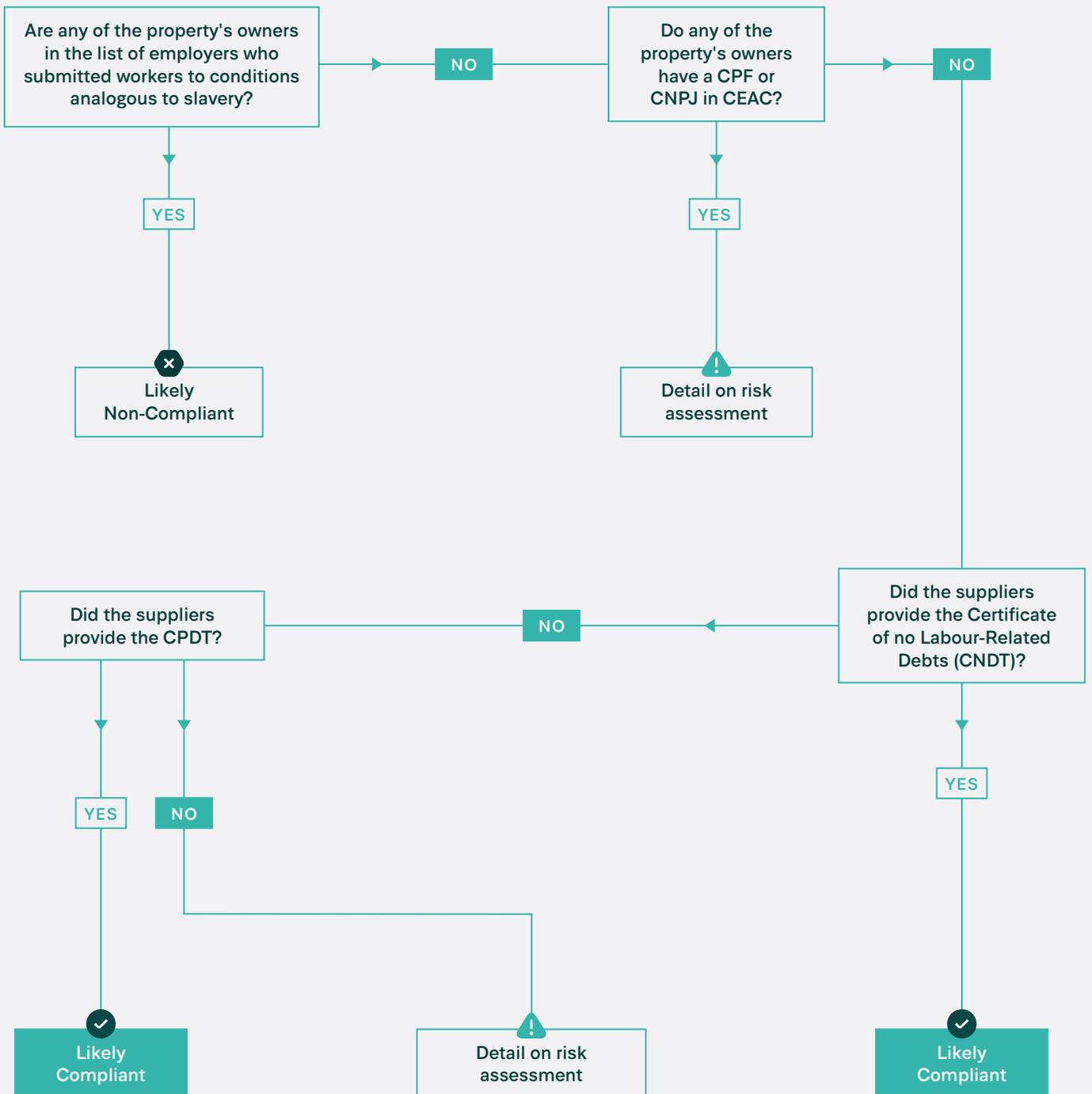
AVAILABLE AT:
<https://cndt-certidao.tst.jus.br/inicio.faces>

4.4.2 PROPOSED COMPLIANCE FLOWCHART FOR LABOUR RIGHTS

Figure 4

Proposed compliance flowchart for the labour rights requirements

The proposed labour rights compliance procedures assess two key criteria: absence of working conditions analogous to slavery; and absence of labour debts enforced by a labour court. The compliance flowchart for this requirement is shown in Figure 4.



Source: Olab analysis.

When a producer is included on the 'Lista Suja', further details should be provided in the risk assessment. As mentioned above, individuals or companies included on the list have violated human and labour rights by subjecting workers to conditions that are analogous to slavery. Since the assessment is strictly legal, it is important to bear in mind that inclusion on the CEAC shows that the person or company is complying with the terms of a labour court order or settlement agreement. However, the fact they have committed such an offense is an important risk factor for reoffending. Furthermore, the CEAC is a new mechanism and has yet to be widely adopted, giving rise to uncertainties that should be addressed in the risk assessment (Article 10 of the EUDR). In view of these risks, it is advisable to wait until the individual or company has been removed from the list (demonstrating compliance over the two-year period) before purchasing their products.

It is also recommended that further details are provided in the risk assessment if a Labour Debts Clearance Certificate has not been submitted. Given that the primary purpose of this certificate is to enable participation in public procurement processes (although its use is also recommended for real estate transactions), it might be argued that the application of this mechanism is not appropriate. However, the absence of a document demonstrating compliance with labour laws implies a certain degree of risk, which may be mitigated, for instance, through the submission of risk management programs for labour rights violations or operator human and labour rights policies.

The CNDT and Labour Debts Liability Certificate are widely used by individuals and companies to prove legality compliance in the field of labour rights, especially for tendering. It is therefore understood that failure to provide neither document indicates non-compliance.

4.4.3. CONCLUSIONS: LABOUR RIGHTS

Labour rights compliance considers slave labour and the existence of labour debts enforced by a labour court.

Brazil possesses a widely used robust and transparent mechanism to verify the former: the slave labour “Lista Suja”, which leaves no room for interpretation. Suppliers included on this list should be blocked immediately. In contrast, the CEAC is a new mechanism (created at the end of 2024) and there is still little evidence of its effectiveness in mitigating slave labour and reoffending among people or companies penalized for this crime. Thus, the legal risk of purchasing products from these people or companies remains very high.

Brazil also has well-established mechanism that are widely used for pre-contract due diligence: the Labour Debts Clearance Certificate and the Labour Debts Liability Certificate. These certificates provide a partial answer to the question posed at the beginning of this section. The only way of demonstrating compliance in relation to slave labour is non-inclusion on the “Lista Suja”. On the other hand, the CNDT provides a pathway that uses a document to prove compliance with labour court orders and/or settlement agreements. Finally, it is important to mention that during the compliance due diligence tests performed as part of this study, it was possible to generate a CNDT for a CNPJ that was on the Lista Suja, underlining the importance of combining the two mechanism in the verification process.



4.5



Human Rights Protected Under International Law

4.5.1.

KEY COMPLIANCE MECHANISMS

Data on human rights violations in the workplace in Brazil are limited to the 'Lista Suja' and CEAC, described in the section on labour rights (Table 5).



Thus, the key question in this section is how to go beyond labour rights compliance in the assessment of the human rights legality requirement, making procedures even more robust.

Brazil has a National Human Rights Ombudsman's Office that compiles information on complaints of human rights violations made via the Disque 100 hotline, making the data available to the public⁶⁵. However, this information does not include the CPF or CNPJ of the individuals or companies who commit the violations, currently making its use as a compliance mechanism unfeasible.

Table 5: Key compliance mechanism for the human rights requirement

COMPLIANCE MECHANISM	TYPE OF PROOF	RELEVANT LEGISLATION	PART OF THE LEGISLATION	RESPONSIBLE INSTITUTION
Register of Employers that Have Subjected Workers to Conditions Analogous to Slavery (the "Lista Suja")	Database	Law 10803/2003 (Amendment of the Penal Code)	Art. 149	SIT/MTE
		MTE, MDHC, MIR Interministerial Order	Art. 2	
Register of Employers Party to Conduct Adjustment Agreements (CEAC)	Database			

Source: Olab analysis.

Employers who sign TACs undergo human and labour rights monitoring. This includes adherence to the Risk Management and Response to Human and Labour Rights Violations Program (PGRVDHT) set out in Article 17 of the MTE, MDHC and MIR Interministerial Order 18/2024⁶⁶. The Interministerial Order also defines situations in which there is risk of violation of human and labour rights:

- ▶ *"Labour protection standards, including safety and health obligations (...)*

- ▶ *prohibition of night shifts and dangerous or insalubrious working conditions for people under the age of 18 and of any work for people under the age of 16, except for apprenticeships from age 14*

- ▶ *prohibition of child labour(...)*

- ▶ *prohibition of working conditions analogous to slavery (...)*

▶ *prohibition of domestic or international trafficking of persons and workplace violence and harassment (...)*

▶ *prohibition of disrespect to freedom of association (...)*

▶ *prohibition of any type of discrimination (...), which has the effect of nullifying or reducing equality of opportunity or treatment in employment or occupation*

▶ *prohibition of intentional withholding of wages (...)*

▶ *prohibition of the use of private security resulting in: (a) torture and cruel, inhumane or degrading treatment; (b) injury to life or physical integrity; or (c) damage to freedom of association and freedom of organization (...)*”

4.5.2. CONCLUSIONS: HUMAN RIGHTS

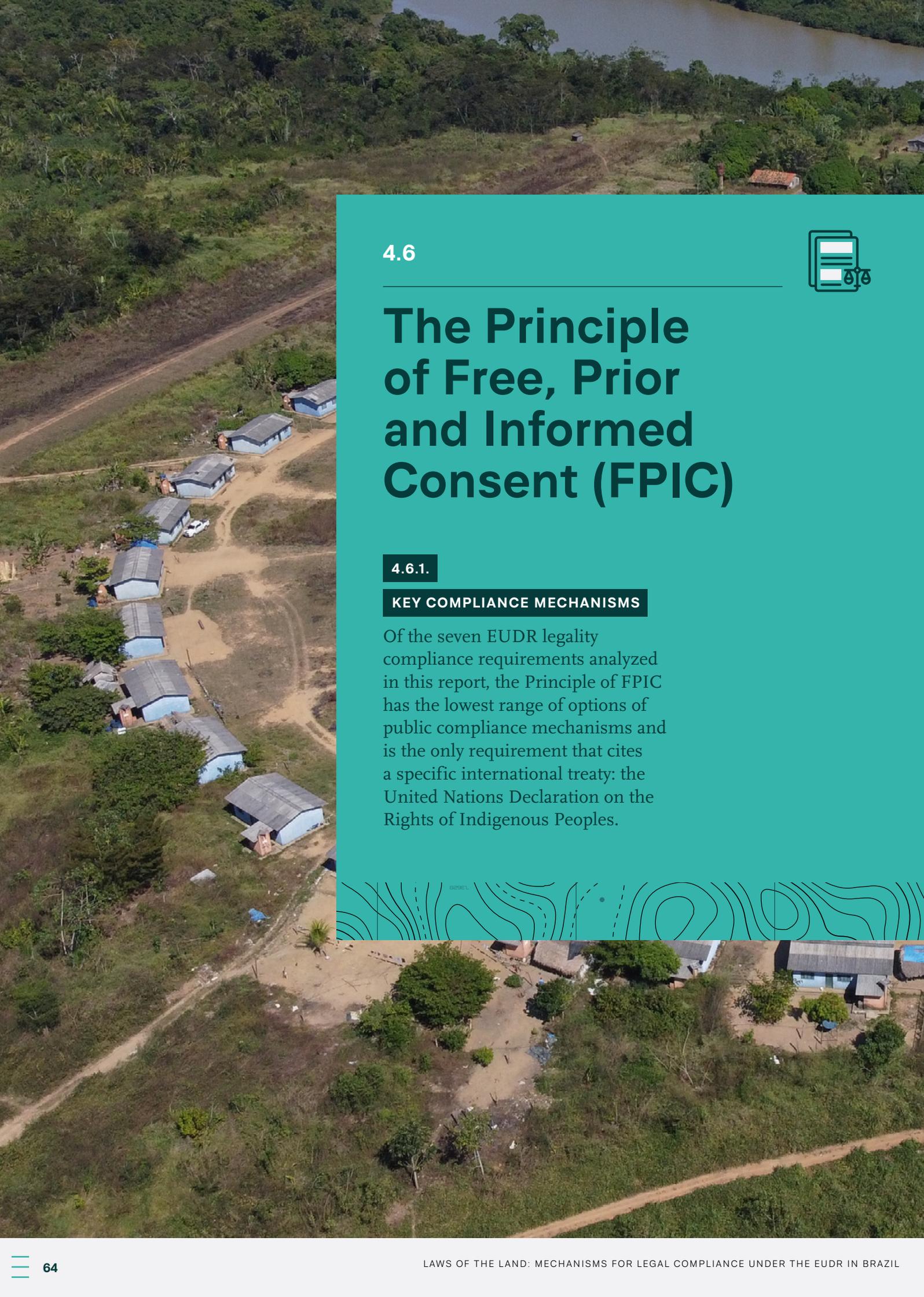
The human rights compliance flowchart and risk factors are the same as those presented in section 4.4.2 on the labour rights requirement (Figure 4), dispensing with the need to present a specific flowchart for this requirement.

Although the "Lista Suja" and CEAC are important mechanism and widely mapped by the SIT/MTE, a more comprehensive analysis of human rights violations is required to inform in-depth discussions on possible solutions focusing on the National Human Rights Ombudsman's Office, run by the Ministry of Human Rights and Citizenship. A key issue to be discussed is the possibility of providing specific data on people and companies convicted of human rights violations, with emphasis on workplace violations, as is the case with the slave labour Lista Suja.

An important *benchmark*, which could also be used as an additional measure for risk assessment, is the Nossa Voz (Our Voice) platform created by the Global Fund to End Modern Slavery (GFEMS) in 2023. Based on the UN Guiding Principles on Business and Human Rights, the platform is a pilot grievance mechanism focusing on workers in the coffee industry, with the possibility of increasing the scale and scope of the initiative to

include all agricultural workers in Brazil. The platform can be accessed by workers using WhatsApp⁶⁷. The Nossa Voz platform may be one of the answers to the question raised at the beginning of this section (how to go beyond labour rights compliance in the assessment of the human rights legality requirement). However, it is important to stress that the scale and scope of the platform remains very limited, and there is a long way to go before the initiative can be adopted as a wide-ranging mechanism, making its use for EUDR compliance unfeasible in the short term.

Finally, it is also recommended that operators include additional information on human rights policies across supply chains in the risk assessment to address potential gaps that may be identified by competent authorities, thereby strengthening compliance procedures. Another possible measure is Human Rights Impact Assessment (HRIA), a process for systematically identifying, preventing and mitigating the risks and adverse impacts on human rights across supply chains. Key guidance on this process can be found in the UN Guiding Principles on Business and Human Rights⁶⁸.



4.6



The Principle of Free, Prior and Informed Consent (FPIC)

4.6.1.

KEY COMPLIANCE MECHANISMS

Of the seven EUDR legality compliance requirements analyzed in this report, the Principle of FPIC has the lowest range of options of public compliance mechanisms and is the only requirement that cites a specific international treaty: the United Nations Declaration on the Rights of Indigenous Peoples.



The Declaration⁶⁹, makes five mentions of the principle of FPIC, notably:

► **Article 10:** “Indigenous peoples shall not be forcibly removed from their lands or territories. No relocation shall take place without the free, prior and informed consent of the indigenous peoples concerned and after prior agreement on just and fair compensation and, where possible, with the option of return”.

► **Article 19:** “States shall consult and cooperate in good faith with the indigenous peoples concerned through their representative institutions in order to obtain their free, prior and informed consent before adopting and applying legislative or administrative measures that may affect them.”

► **Article 28 (1):** “Indigenous peoples have the right to redress, by means that can include restitution or, when this is not possible, just, fair and equitable compensation for the lands, territories and resources which they have traditionally owned or otherwise occupied or used, and which have been confiscated, taken, occupied, used or damaged without their free, prior and informed consent.”

The UN Declaration on the Rights of Indigenous Peoples is not the only international treaty that addresses the principle of FPIC. Another relevant agreement is the International Labour Organization (ILO) Convention 169, the Indigenous and Tribal Peoples Convention⁷⁰. The Convention states that it is the obligation of the state to consult with indigenous peoples that may be affected by legislative or administrative measures, works, actions, policies or programs⁷¹. ILO Convention 169 has supra-legal status in Brazil, in line with Decree 10088/2019⁷².

The most relevant administrative measure to the scope of analysis of the EUDR (production of agricultural commodities) is the environmental licensing process, as shown in Table 6. **An important question in this sense is whether the scope of activities subject to environmental licensing is compatible with the requirements of the principle of FPIC.**

Table 6: Key compliance mechanisms for the principle of the Free, Prior and Informed Consent requirement

COMPLIANCE MECHANISM	TYPE OF PROOF	RELEVANT LEGISLATION	PART OF THE LEGISLATION	RESPONSIBLE INSTITUTION
Environmental licensing (when FUNAI is involved)	Documentary	Law 15190/2025 (General Environmental Licensing Law)	Art. 42, 43	FUNAI
		FUNAI Guidance Note 02/2015	-	

Source: Olab analysis.

4.6.1.1. Environmental Licensing

This process is regulated by Law 15190/2025⁷³ (General Environmental Licensing Law), which sets out the general rules for *"licensing an activity or enterprise that uses environmental resources, is effectively or potentially polluting or capable, in any way, of causing environmental degradation."*

Article 9 of the Law establishes that the following agricultural activities are not subject to licensing, provided they meet a set of specific conditions:

- ▶ Cultivation of temporary, semi-perennial and perennial species of agricultural interest

- ▶ Extensive and semi-intensive livestock production

- ▶ Small-scale intensive livestock production

- ▶ Agricultural research

The conditions are linked to compliance with the requirements of the Forest Code (Law 12651/2012⁷⁴):

- ▶ The property included in the CAR approved by the competent state agency is regularized and does not have a RL or APP vegetation deficit;

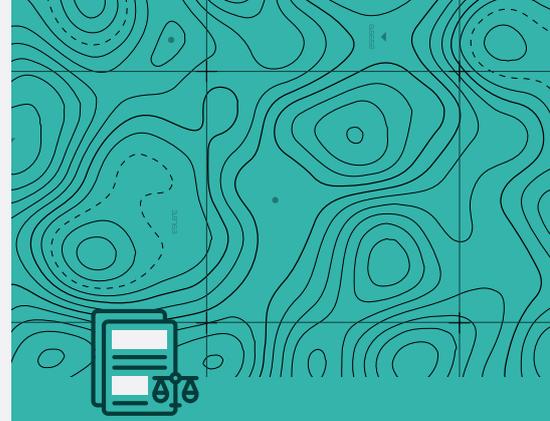
- ▶ The property is in the process of regularization and one of the following conditions is fulfilled: (a) adherence to the Environmental Regularization Program (PRA) during the entire period of compliance with the obligations assumed therein; (b) establishment of a term of commitment with the competent body to regularize the RL or APP vegetation deficit, when the owner does not adhere to the PRA.

The environmental licensing process is conducted by a licensing authority, which can be a state or municipal agency or entity⁷⁵, that is part of the National Environment System (SISNAMA). The licensing authority holds decision-making power regarding the licensing process, being responsible for issuing, renewing, monitoring and inspecting compliance with environmental licenses. In the following specific cases set out in the legislation, other relevant bodies or entities may be involved in the licensing process and express their concerns regarding

the impacts of the activity or enterprise: (1) indigenous or *quilombola* lands; (2) protected cultural heritage areas; (3) conservation units.

The authorities involved play a key role in ensuring compliance with ILO Convention No. 169. According to Article 43 of the General Environmental Licensing Law, the licensing authority must forward a term of reference to the involved authority for comment. One of the situations of manifestation occurs when, in the maximum distances (fixed in the Annex of the Law) in relation to the activity, there is an area that has been subject to an interdiction ordinance due to the location of isolated indigenous people. In addition, Article 46 states that the involved authorities and licensing authority may regulate specific licensing procedures when *"the entrepreneurs are indigenous peoples or quilombolas, the activities are carried out on the respective indigenous or quilombola lands, always observing the general rules for environmental licensing laid down in this Law."*

The National Indigenous Peoples Foundation (FUNAI), the government institution responsible for protecting and promoting the rights of indigenous peoples, is the involved authority in environmental licensing processes involving these peoples, in accordance with Law 15190/2025. The organization's involvement is regulated by FUNAI Guidance Note 2/2015⁷⁶. The consultation process is conducted internally by the General Licensing Coordination Office (CGLIC) and the Department for the Promotion of Sustainable Development (DPDS). This process includes a technical feasibility study and aims to ensure that any affected indigenous communities are consulted using public hearing processes that are suitable to the reality of the environmental licensing processes. However, the Guidance Note predates the new environmental licensing legislation, and no new notes have been issued since the introduction of the new law.



Box 14

How do you access environmental licensing data?

Information on environmental licensing is available on the Ministry of the Environment National Environmental Licensing Portal (PNLA). The "Environmental Licensing Search" tool allows users to search for licensing processes by:

- ▶ Economic activity;
- ▶ Entrepreneur and/or enterprise;
- ▶ Date of submission of the licensing requirement;
- ▶ Sphere of license (federal or state);
- ▶ License type;

Licensing status.

Given that the platform does not cover municipal licensing processes and the information available is dependent on the states providing updated data, it is recommended that searches are also performed of the relevant subnational competent agency's database.

AVAILABLE AT:

<https://pnla.mma.gov.br/pesquisa-de-licenciamento-ambiental>

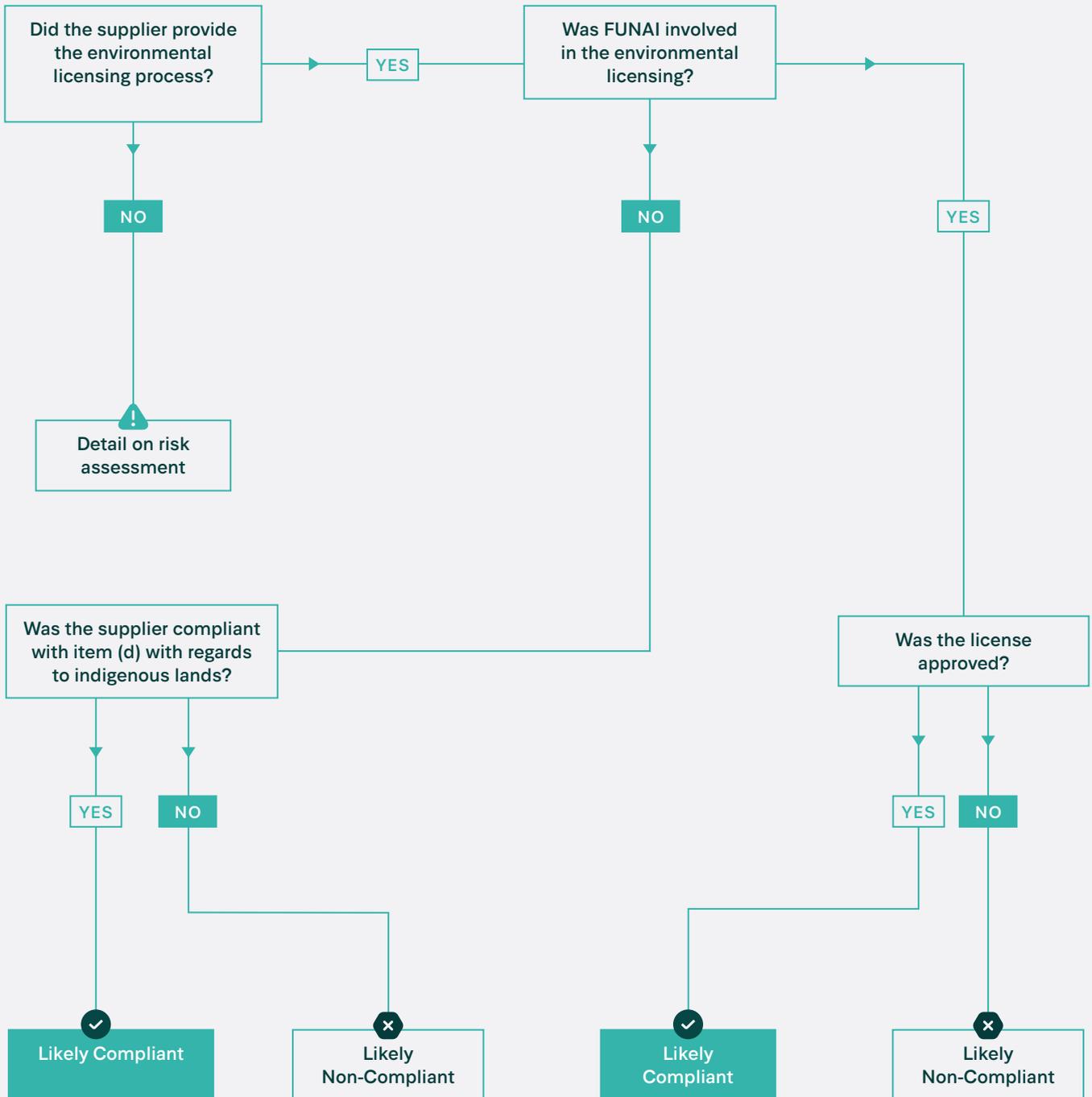
4.6.2. PROPOSED COMPLIANCE FLOWCHART FOR FPIC

Figure 5

Proposed compliance flowchart for the principle of FPIC requirement

Considering the limitations outlined above, the central focus of the proposed compliance procedures is the environmental licensing process, especially when FUNAI is involved. The proposed compliance flowchart is shown in Figure 5.

ETAPAS ESSENCIAIS



Source: Olab analysis

The only step where further details need to be provided in the risk assessment is the first check: Has the supplier provided the environmental license? Considering that the new environmental licensing law (Law 15190/2025) sets out the circumstances under which agricultural activities do not require an environmental permit, failure to provide a license does not necessarily mean that the producer is non-compliant. The risk assessment should therefore inform whether this is the case (based on the criteria set out in Article 9 of Law 15190/2025), demonstrating that the omission of this information does not pose a risk.

The reduction of the scope of activities that require an environmental permit is just one of the elements of the new environmental licensing law that narrow the scope of FPIC compliance. In addition, a large degree of uncertainty remains regarding FUNAI's role as an involved authority under the new legislation, given that a new guidance note has yet to be produced.

4.6.3. CONCLUSIONS: FPIC

Despite being underpinned by an international indigenous peoples' rights treaty ratified by Brazil and ILO Convention No. 169, which has supra-legal status, FPIC is the requirement with the largest degree of uncertainty when it comes to compliance procedures. This is further exacerbated by recent changes to the General Environmental Licensing Law (Law 15190/2025) requiring wide-ranging modifications to the rules regulating the licensing process, which is set to be a drawn out process. In the context of EUDR legality compliance, the most critical point with regard to these rules is FUNAI's role as an involved authority.

As mentioned above, another impact of the new environmental licensing law is the reduced scope of agricultural activities that require an environmental permit. While this generates uncertainty and a potential degree of risk in relation to the application of the principle of FPIC, it is law and therefore must be respected.

In view of the uncertainties regarding the recent amendments to the Environmental Licensing Law, it is recommended that companies develop protocols aimed at ensuring that the principle of FPIC is respected and thus compliance with the UN Declaration on Indigenous Peoples and ILO Convention No. 169. It is therefore recommended (as in the 2024 Dry-Run report⁷⁷) that operators consult International Finance Corporation⁷⁸ (IFC) protocols and create an Ethics Hotline for complaints and grievances regarding territories.



Parte 4.7



Tax, anti-corruption, trade and customs regulations

4.7.1.

KEY COMPLIANCE MECHANISMS

Three legality compliance mechanisms are presented for the last EUDR legality requirement, providing evidence of: (1) federal tax compliance; and (2) absence of wrongful acts committed against public administration. These mechanisms are presented in Table 7.



The central question here, as with the other requirements, is whether there is a need to provide specific details in the risk assessment.

Table 7: Key compliance mechanisms for the tax, anti-corruption, trade and customs regulations requirement

COMPLIANCE MECHANISM	TYPE OF PROOF	RELEVANT LEGISLATION	PART OF THE LEGISLATION	RESPONSIBLE INSTITUTION
Federal Tax and Debt Clearance Certificate (CND)	Documentary	RFB/PGFN Joint Ordinance 1751/2014	Art. 1, 2, 4, 5	RFB
Liability Certificate with the Effect of a Federal Tax and Debt Clearance Certificate (CPEND)	Documentary			PGFN
National Register of Penalized Companies (CNEP)	Database	Law 12846/2013 (Anti-Corruption Law)	Art. 5, 22	RFB CGU

Source: Olab analysis.

4.7.1.1. CND and CPEND

The first compliance mechanism is the Federal Tax and Debt Clearance Certificate (CND), created by RFB/PGFN Ordinance 1751/2014⁷⁹. According to Article 1 of the Ordinance, the CND is proof of good standing with the National Treasury and is issued jointly by the Internal Revenue Service of Brazil (RFB) and the Office of the Attorney General of the National Treasury (PGFN). The CND is therefore issued when:

- ▶ There are no pending issues with the RFB regarding tax debts, registration data or irregularities in returns for social security or tax credit related to social security contributions;
- ▶ There are no pending debts with the RFB.

According to Article 2 of the Ordinance, the CND shall be issued free of charge for registered taxpayers (CPF and CNPJ)

and property owners or holders included in the Rural Property Register (CAFIR).

An alternative to the CND is the Liability Certificate with the Effect of a Federal Tax and Debt Clearance Certificate (CPEND), which also demonstrates tax compliance and is issued under the following circumstances:

- ▶ When debts secured by assets or rights;
- ▶ When the taxpayer is a federal, state or municipal authority or body or public foundation linked to this authority.

4.7.1.2. National Register of Penalized Companies

The other compliance mechanism is the National Register of Penalized Companies (CNEP), created by Law 12846/2013⁸⁰ (Anti-Corruption Law). According to Article 22 of the Law, the purpose of the CNEP is to compile and disclose penalties imposed by the bodies or entities attached to the executive, legislative and judicial branches at all levels of government (federal, state and municipal). The penalties are imposed for wrongful acts committed against public administration by national or foreign private companies. The wrongful acts are set out in Article 5 of Law 12846:

- ▶ *“Promising, offering or giving, directly or indirectly, undue advantage to a public official or related third person;*
- ▶ *Financing, funding, sponsoring or subsidizing, in any way, the wrongful acts laid down in this Law;*
- ▶ *Using an intermediary individual or legal entity to hide or disguise real interests or the identity of the beneficiaries of the acts;*



Box 15

How do you access the CND and CPEND?

These tax clearance certificates can be downloaded from the Federal Revenue Service website. Searches can be made for four types of taxpayers:

- ▶ Individuals (search using the CPF).
- ▶ Companies (search using the CNPJ).
- ▶ Rural properties (search of the Brazilian Real Estate Registry – CIB);
- ▶ Construction works (search of the National Construction Works Register - CNO).

The search generates one of the following documents:

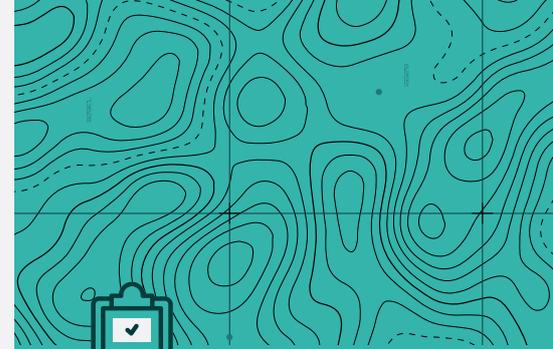
- ▶ A CND;
- ▶ A CPEND;
- ▶ A Federal Tax and Debt Non-compliance Certificate (CPD).

AVAILABLE AT:

<https://servicos.receitafederal.gov.br/servico/certidoes/#/home>

► *With regard to public bidding and government procurement: (a) thwarting or defrauding (...) the competitive nature of public bidding processes; (b) preventing, disturbing or defrauding the execution of any act related to a public bidding procedure; (...) (f) fraudulently obtain undue advantage or benefit from amendments or extensions, without legal authorization, to contracts entered into with the public administration, in the public bidding notice or in the respective contractual instruments; or (g) manipulating or defrauding the economic and financial balance of the contracts entered into with the public administration;*

► *hindering the investigation or inspection activities of public bodies, entities or agents, or intervening in their performance, (...).”*



Box 16

How do you access CNEP data?

The CNEP can be accessed via the Office of the Comptroller General (CGU) Transparency Portal, which compiles a diverse set of penalties imposed by the public administration. At the time of writing (October 2025), the CNEP contained 1,449 penalties and leniency agreements involving 846 companies..

The CNEP database lists the penalized companies, providing the following information:

- CNPJ;
- Company name;
- State where the company is located;
- Penalizing body or entity;
- Penalty category;
- Date of publication of the penalty;
- (When the penalty is a fine) amount of the fine.

AVAILABLE AT:

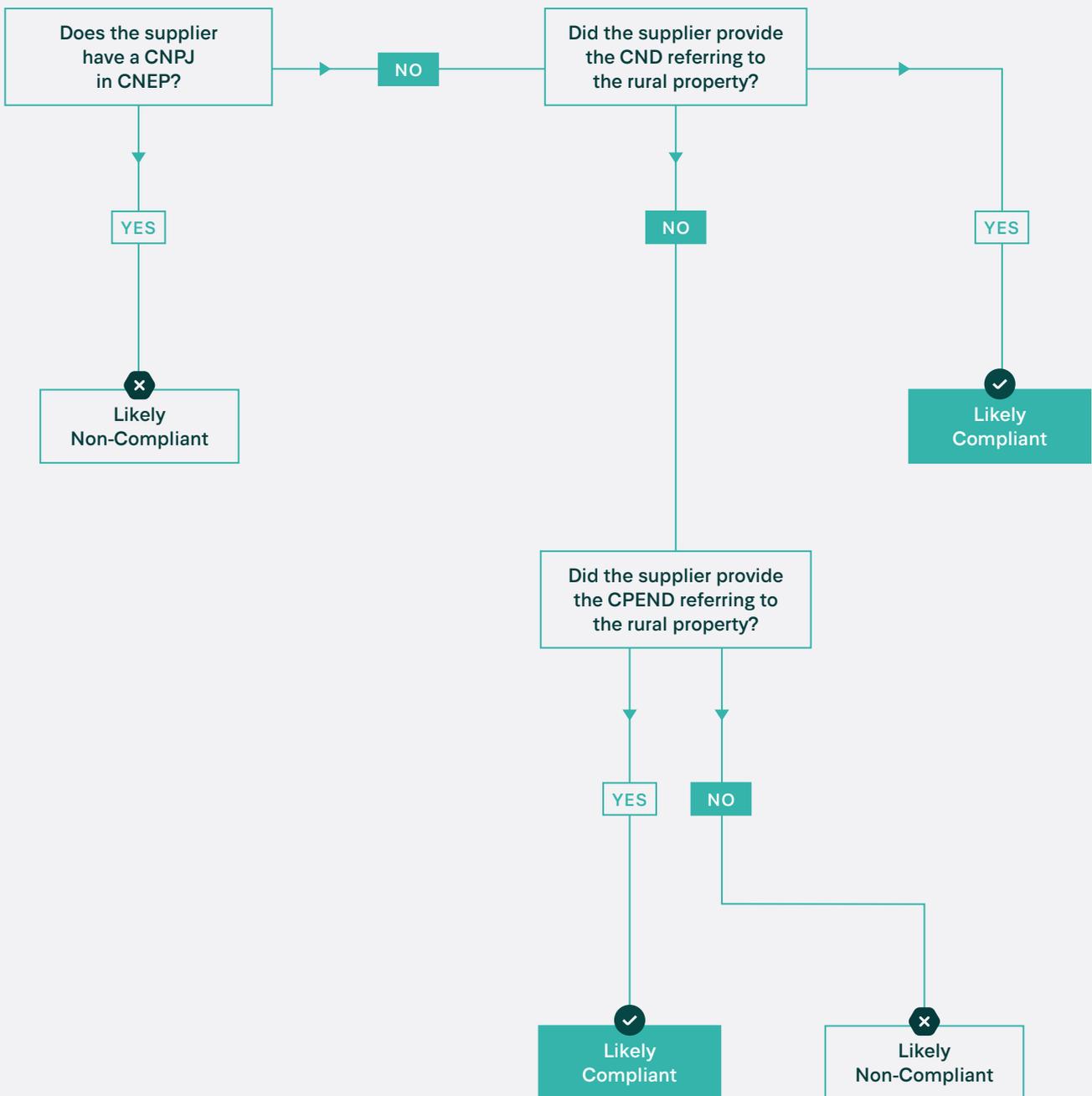
<https://portaldatransparencia.gov.br/sancoes>

4.7.2. PROPOSED COMPLIANCE FLOWCHART FOR TAX, ANTICORRUPTION, TRADE AND CUSTOMS REGULATION

Figure 6

Proposed compliance flowchart for the tax, anti-corruption, trade and customs regulation requirement

Unlike the other requirements, where there is the possibility of providing further details in the risk assessment, compliance with the last legality requirement is demonstrated with more emphatic evidence. The CND and CPEND even provide the option of specifying the scope of analysis (a rural property), linking federal tax obligations to the area of production. The compliance procedure is shown in Figure 6.



Source: Olab analysis.

4.7.3. CONCLUSIONS: TAX, ANTI-CORRUPTION, TRADE AND CUSTOMS REGULATIONS

Brazil has three key compliance mechanisms for the tax, anti-corruption, trade and customs regulations requirement, which demonstrate: (1) federal tax compliance (CND or CPEND); and (2) absence of wrongful acts committed against public administration (CNEP).

Returning to the question raised at the beginning of this section, there is a clear understanding that the CNEP, CND and CPEND are effective compliance mechanisms, meaning that the use of these certificates produces an immediate outcome in the compliance flowchart. It is therefore understood that there is no need to provide further details in the risk assessment: the producer is either probably compliant or probably noncompliant. For the reasons set out above, it is concluded that proving non-inclusion in the CNEP and providing a CND or CPEND is sufficient evidence of compliance with the of tax, anti-corruption, trade and customs regulations requirement.

A photograph of a white boat on a river, with dense green trees in the background. The boat is in the foreground, and the water reflects the surrounding foliage. The sky is clear and blue.

5

Conclusions

This chapter provides some general conclusions focusing on the ability of the compliance mechanisms available in Brazil to provide the information necessary to fulfil the EUDR legality requirements. The five main conclusions drawn from the analysis are presented below.



CONCLUSION 1

Overall, the mechanisms available in Brazil have the ability to demonstrate compliance with the EUDR legality requirements

Chapter 4 outlines a number of compliance mechanisms (documentary evidence, databases and georeferenced databases) and pathways (the coordination of mechanisms) based on legal instruments specific to the agricultural sector (laws, decrees, regulatory instruments and ordinances) that are applicable to the seven legality requirements set out in Article 2 (40) of the EUDR. It is evident that for some requirements (e.g., labour rights and tax, anti-corruption, commercial, and customs regulations) there is an abundance of information and a clearer understanding of how to use the compliance mechanisms, while for others (e.g., human rights and FPIC) information is more limited and there is a need for consensus on understandings. This, however, should not be treated as an impediment to compliance but rather an opportunity to further develop the country's social and environmental legality compliance mechanisms.

CONCLUSION 2

The EUDR legality requirements should not be addressed in isolation, as there is complementarity between compliance procedures

This report presents a compliance pathway for each legality requirement. The purpose of this approach is purely illustrative, to help structure the information in accordance with the requirements set out in Article 2 (40). In practice, however, this separation does not exist, with some compliance mechanisms being applicable to more than one requirement and with the verification of one mechanism being a prerequisite for compliance in another mechanism. The main example is the CAR, which is a key compliance mechanism for three requirements: (1) land use rights; (2) environmental protection; and (3) third parties' rights. Thus, the CAR allows the operator to verify compliance with three requirements simultaneously and in an integrated manner.

CONCLUSION 3

Risk assessment is a key compliance mechanism, providing information to address "grey areas" in compliance procedures

Of the six compliance flowcharts presented in the previous chapter, only one (the tax, anti-corruption, trade and customs regulations requirement compliance flowchart) does not provide the recommendation "provide further details in the risk assessment". With this in mind, the risk assessment (a requirement laid down in Article 10 of the EUDR) plays an even more important role. This recommendation is provided to address grey areas in some compliance mechanisms in Brazil. These areas are situations in which a very specific condition or detail may be the factor that determines whether products are compliant or non-compliant. In each section of the previous chapter, these conditions were detailed after the presentation of the compliance flowcharts.

CONCLUSION 4

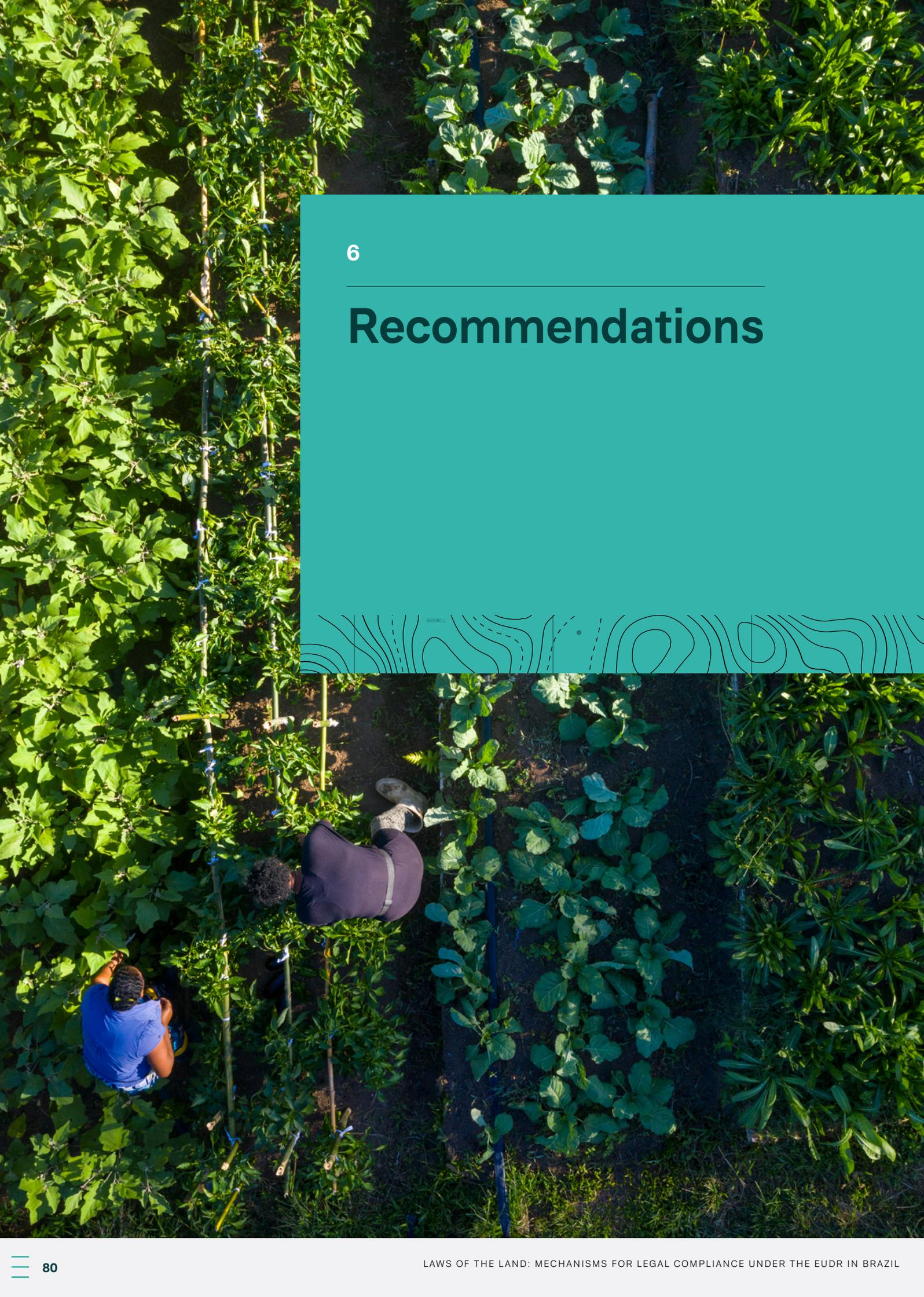
Regional and sectoral differences may influence compliance procedures

In this report we sought to present a set of compliance mechanisms that are applicable across Brazil and all agricultural supply chains within the scope of the EUDR. This wide-ranging approach is important, given the need for a broad position (from both the public and private sector) on the understanding of EUDR legality compliance in Brazil. However, some differences across states and sectors need to be addressed. At state level, there are differences in specific regulations, enforcement procedures and data availability that may influence EUDR compliance. Examples include: (1) differences in progress in the CAR environmental assessment; and (2) varying levels of availability of information on environmental licensing processes. At sector level, each supply chain has unique characteristics which may require specific and complementary procedures. The main example is the livestock supply chain, where it is common for animals to be moved between farms during the development process (breeding, rearing and fattening).

CONCLUSION 5

Public data aggregation platforms are essential assets for promoting legality compliance, and their development should be encouraged

Throughout this report, specific boxes have been used to demonstrate where to find the information required to verify each legality requirement. As can be seen, this information is derived from a wide range of public sources, with differences in file format, geographic scope, benchmark register, etc. On their own, these differences are not so significant and can be circumvented. However, an analysis as comprehensive as the verification of EUDR legality compliance requires a huge amount of work and is time consuming. For this reason, government initiatives to develop public platforms that integrate and consolidate this type of information are essential. Two main examples are the MAPA Agro Brasil+Sustentável Platform and the MGI “Meu Imóvel Rural” (My Rural Property) platform. It is very important that the development of these platforms is encouraged and promoted by both the public and private sectors.



6

Recommendations



This report is result of an extensive process of dialogue and consultation with stakeholders from three groups that are strategic to the success on the implementation of EUDR legal compliance checks:

- ▶ Brazilian Government

- ▶ Private Sector (Operators and Traders)

- ▶ EU National Competent Authorities

These three stakeholder groups interact closely and are mutually dependent. Without alignment among them, it would be impractical to implement consistent legality-checking processes that meet the EUDR's requirements. Accordingly, this report's recommendations are structured to account for all three stakeholders, each of whom should assume distinct yet complementary roles. In this context, fostering continued dialogue among these parties is a critical enabler.

RECOMMENDATION 1

Consolidate Brazil's position as a reference in the supply of EUDR-compliant commodities

- ▶ **Brazilian Government:** Structure and publicly present a national position for Brazil's compliance pathways for EUDR.

- ▶ **Private Sector:** Develop and disseminate risk assessment methodologies capable of providing robust conclusions for the "grey areas" identified in the flowcharts.

- ▶ **Competent Authorities:** Acknowledge Brazil's leadership in providing a standardized, national position for compliance pathways for each EUDR legality requirement.

RECOMMENDATION 2

Establish CAR as the "backbone" of EUDR legal compliance verification processes in Brazil

► **Brazilian Government:** Accelerate environmental compliance assessments within the CAR across all states to reduce uneven implementation and strengthen legal certainty.

► **Private Sector:** Present, based on the sector's practical experiences, risk assessment methodologies capable of demonstrating compliance in cases where CAR has a "pending" status.

► **Competent Authorities:** Provide support for the CAR (subject to the conditions set out in the report) as a fundamental compliance mechanism.

RECOMMENDATION 3

Improve integration and interoperability of land and environmental registries

► **Brazilian Government:** Prioritize technical integration among CAR, SNCR, and SIGEF, addressing inconsistencies in polygon delineation and reference units.

► **Private Sector:** Support the development of the "Meu Imóvel Rural" Platform, encouraging producers to consult and correct their properties' information within the Platform.

► **Competent Authorities:** Incentivize the use of public data aggregation platforms, such as "Meu Imóvel Rural" and Agro Brasil+Sustentável", for the development of due diligence systems.

RECOMMENDATION 4

Strengthen verification procedures for Third Parties' Rights

- ▶ **Brazilian Government:** Formally define the cut-off stage for non-compliance in indigenous land and *quilombola* territory regularization processes.

- ▶ **Private Sector:** Discourage sourcing from areas under active regularization, given the high risk of future non-compliance.

- ▶ **Competent Authorities:** Encourage the collection and retention of documents evidencing consultation with communities whose territories are undergoing regularization.

RECOMMENDATION 5

Treat Human Rights and FPIC as high-risk, high-scrutiny requirements

- ▶ **Brazilian Government:** Update federal regulations (with leadership from FUNAI) on how FPIC should be operationalized, taking into account the recent update to environmental licensing legislation.

- ▶ **Private Sector:** Provide supplementary information on their human rights policies and on the consultation procedures required of suppliers.

- ▶ **Competent Authorities:** Reinforce the importance of adhering to international standards such as the United Nations Declaration on the Rights of Indigenous Peoples (referenced in the EUDR) and ILO Convention No. 169 (which has supralegal status in Brazil).

Annexes

LIST OF ACRONYMS

ABRAMPA: Brazilian Association of Members of the Public Prosecutor's Office for the Environment
APA: Environmental Preservation Area
APP: Permanent Preservation Area
CAR: Rural Environmental Registration
CEAC: Register of Employers Party to Conduct Adjustment Agreements
CGLIC: General Licensing Coordination Office
CGU: Office of the Comptroller General
CIB: Brazilian Real Estate Registry
FPIC: Free, Prior and Informed Consent
CLT: Consolidation of Labour Laws
CND: Federal Tax and Debt Clearance Certificate
CNDT: Labour Debts Clearance Certificate
CNEP: National Register of Penalized Companies
CNIR: National Register of Rural Properties
CNO: National Register of Construction Works
CNPJ: Company Tax Number
CPEND: Liability Certificate with the Effect of a Federal Tax and Debt Clearance Certificate
CPF: Individual Taxpayer Identification Number
CRA: Environmental Regularization Quota
DOU: Official Government Gazette
DPDS: Department for the Promotion of Sustainable Development
EUDR: European Union Deforestation Regulation
FAQ: Frequently Asked Questions
FPIC: Free, Prior and Informed Consent
FUNAI: National Foundation of Indigenous Peoples
GFEMS: Global Fund to End Modern Slavery
IBAMA: Brazilian Institute of the Environment and Renewable Natural Resources
ICMBio: Chico Mendes Institute for Biodiversity Conservation
INCRA: National Institute of Colonization and Agrarian Reform
MAPA: Ministry of Agriculture, Livestock and Supply
MDHC: Ministry of Human Rights and Citizenship
MGI: Ministry of Management and Innovation in Public Services
MIR: Ministry of Racial Equality
MMA: Ministry of the Environment and Climate Change
MTE: Ministry of Labour and Employment
NVWA: Netherlands Food and Consumer Product Safety Authority
ILO: International Labour Organization
UN: United Nations
PNLA: National Environmental Licensing Portal
PRA: Environmental Regularization Program
RL: Legal Reserve
RPPN: Private Natural Heritage Reserve
RTID: Identification and Delimitation Technical Report
SIGEF: Land Management System
SISNAMA: National Environment System
SIT: Labour Inspection Secretariat
SNUC: National System of Conservation Units
SNCR: National Rural Register System
SPU: Federal Heritage Service
TAC: Conduct Adjustment Term
UC: Conservation Unit

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- 2 Olab. **10 Lessons Learned from a Dry-Run of EUDR-Compliant Soy from Brazil.** 2024 **AVAILABLE AT:** https://www.olab.com.br/wp-content/uploads/2024/11/10_Licoes_EUDR_Simulacao_Soja_Relatorio_Olab.pdf.
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- 4 European Commission. **Frequently Asked Questions: Implementation of the EU Deforestation Regulation.** Version 4: April 2025.
- 5 This document considers a total of 17 legal mechanisms (laws, decrees, ordinances, regulatory mechanisms and the Federal Constitution) directly concerning the legal conditions laid down in the EUDR.
- 6 Note: 5 interviews with representatives of government agencies; 3 interviews with representatives of private sector associations.
- 7 Materials not publicly available.
- 8 The Federal Government has yet to publish an official position on the relevant legislation for each EUDR legality requirement; however, specific positions have been put forward on some of the topics during workshops and webinars. **A list of the information published by the Ministry of Agriculture, Livestock and Food Supply is provided in SDI MAPA Ministerial Order 721/2025.** **AVAILABLE AT:** <https://www.in.gov.br/web/dou/-/portaria-sdi/mapa-n-721-de-2-de-janeiro-de-2025-605413320>.
- 9 ABRAMPA. **Diretrizes de Devida Diligência Ambiental para Compras de Produtos Brasileiros pela União Europeia Pautadas pelo Regulamento UE nº 1115/2023.** 2024. **AVAILABLE AT:** <https://abrampa.org.br/document/diretrizes-de-devida-diligencia-ambiental-para-compras-de-produtos-brasileiros-pela-uniao-europeia-pautadas-pelo-regulamento-ue-no-1115-2023/>.
- 10 Note: 4 synchronous dialogues with the Competent Authority (Netherlands Food and Consumer Product Safety Authority - NVWA), one of which involving 3 private sector associations.
- 11 Compliance mechanism: publicly available information administered by a public institution showing compliance with at least one legal provision that provides evidence of legality in accordance with the requirements of the EUDR.
- 12 Brasil. **Lei 12.651, de 25 de maio de 2012.** **AVAILABLE AT:** https://www.planalto.gov.br/ccivil_03/_ato2011-2014/2012/lei/l12651.htm.
- 13 Brasil. **Decreto nº 7.830, de 17 de outubro de 2012.** **AVAILABLE AT:** https://www.planalto.gov.br/ccivil_03/_ato2011-2014/2012/decreto/d7830.htm. More information at: Brasil. Regularização Ambiental – Cadastro Ambiental Rural. **AVAILABLE AT:** <https://www.car.gov.br/#/consultar>.
- 14 Considering that the verification of overlapping boundaries with indigenous lands, *quilombola* territories and conservation units is undertaken after active status is granted, it is recommended that the analysis of this requirement addresses any overlaps between the CAR and: (a) agrarian reform settlements (regulated by Law 8629/1993); (b) Type B undesignated public forests (regulated by Law 11284/2006); and (c) other CAR polygons. **Agrarian reform settlement and undesignated public forest polygonal data can be found in INCRA's Land Tenure Database and the National Registry of Public Forests, respectively**
- 15 Brasil. **Lei nº 5.868, de 12 de dezembro de 1972.** **AVAILABLE AT:** https://www.planalto.gov.br/ccivil_03/leis/l5868.htm.
- 16 INCRA. **Manual de orientação para preenchimento da Declaração para Cadastro de Imóveis Rurais Eletrônica – DCR. 2020.** **AVAILABLE AT:** <https://sncr.serpro.gov.br/dcr/public/downloads/ajuda/manualDCR.pdf>.
- 17 INCRA. **Manual de orientação para preenchimento da Declaração para Cadastro de Imóveis Rurais Eletrônica – DCR. 2020.** **AVAILABLE AT:** <https://sncr.serpro.gov.br/dcr/public/downloads/ajuda/manualDCR.pdf>.
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22 Topic 1.10 of the EUDR Frequently Asked Questions (FAQ) provides further details on this requirement: “As regards the legality requirement in relation to land use right (...) the Regulation requires compliance with relevant national laws. If farmers are legally allowed to sell their product under national laws (which might lack a property register and where some farmers might lack IDs), then that would also mean that operators (...) would meet the legality requirement when sourcing from those farmers. If possession of a land title is not required under domestic law to produce and commercialize agricultural products, then it is not required under the Regulation.”

23 Oliveira, L. **Verificação da integração entre o Cadastro Ambiental Rural (CAR) e o Cadastro Nacional de Imóveis Rurais (CNIR) sob a ótica do Cadastro Territorial Multifinalitário**. Programa de Pós-Graduação em Planejamento Territorial e Desenvolvimento Socioambiental do Centro de Ciências Humanas e da Educação. Universidade do Estado de Santa Catarina. Florianópolis. 2018. **AVAILABLE AT:** https://www.udesc.br/arquivos/faed/id_cpmenu/1341/1_DISSERTA_O_16521222043413_1341.pdf.

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25 MMA. **Instrução Normativa nº 02, de 06 de maio de 2014**. **AVAILABLE AT:** https://car.gov.br/leis/IN_CAR.pdf.

26 Oliveira, L. **Verificação da integração entre o Cadastro Ambiental Rural (CAR) e o Cadastro Nacional de Imóveis Rurais (CNIR) sob a ótica do Cadastro Territorial Multifinalitário**. Programa de Pós-Graduação em Planejamento Territorial e Desenvolvimento Socioambiental do Centro de Ciências Humanas e da Educação. Universidade do Estado de Santa Catarina. Florianópolis. 2018. **AVAILABLE AT:** https://www.udesc.br/arquivos/faed/id_cpmenu/1341/1_DISSERTA_O_16521222043413_1341.pdf. Furthermore, the CAR uses the following concept to differentiate between continuity and discontinuity “the concept described in the Civil Code, where a river cutting through the rural property, forced passage or right of way, and thoroughfare cutting through the rural property (railroad, highway, road) does not imply discontinuity” (p. 66) .

27 Oliveira, L. **Verificação da integração entre o Cadastro Ambiental Rural (CAR) e o Cadastro Nacional de Imóveis Rurais (CNIR) sob a ótica do Cadastro Territorial Multifinalitário**. Programa de Pós-Graduação em Planejamento Territorial e Desenvolvimento Socioambiental do Centro de Ciências Humanas e da Educação. Universidade do Estado de Santa Catarina. Florianópolis. 2018. **AVAILABLE AT:** https://www.udesc.br/arquivos/faed/id_cpmenu/1341/1_DISSERTA_O_16521222043413_1341.pdf.

28 INCRA. **Governo lança Meu Imóvel Rural, aplicativo que reúne em um só lugar informações de imóveis rurais**. 24/07/2025. **AVAILABLE AT:** <https://www.gov.br/incra/pt-br/assuntos/noticias/governo-lanca-meu-imovel-rural-aplicativo-que-reune-em-um-so-lugar-informacoes-de-imoveis-rurais>.

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30 Brasil. **Lei 12.651, de 25 de maio de 2012**. **AVAILABLE AT:** https://www.planalto.gov.br/ccivil_03/_ato2011-2014/2012/lei/l12651.htm.

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