



Network Brazil

# Best Practice Guide on Anti-Corruption in Agribusiness

APRIL, 2022





Network Brazil

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This Guide was developed by the Global Compact Network Brazil as part of the Agribusiness Collective Action of the Action Against Corruption Platform. Its main objective is to provide guidelines and share good practices for companies and different organizations in the agribusiness sector. Its purpose is to act as an educational and awareness tool, contributing to the fight against corruption and to the promotion of integrity in the country's business environment. This publication was funded under the Third Round of Siemens Integrity Initiative as part of the UN Global Compact's multi-year project "Scaling up Anti-Corruption Collective Action within Global Compact Local Networks."

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United Nations Global Compact

Anti-corruption Collective Action in Agribusiness

Ministry of Agriculture, Livestock and Food Supply - Mapa

## ACKNOWLEDGEMENTS

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# ABOUT THE UNITED NATIONS GLOBAL COMPACT

**Launched in 2000 by then United Nations Secretary-General Kofi Annan, the UN Global Compact is a call to companies to align their strategies and operations to the ten universal principles in the areas of Human Rights, Labor, Environment and Anti-Corruption with the seventeen Sustainable Development Goals (SDGs). It is now the world's largest corporate sustainability initiative, with more than 16,000 members in nearly 80 local networks spanning 160 countries.**

Corruption is a widespread problem for companies doing business in all corners of the world, and the agribusiness sector is not different. It is impossible not to exaggerate the contribution of the agribusiness sector to Brazil's GDP. Brazil is among the leading global agricultural exporters, a sector that generates jobs for millions of Brazilians directly and indirectly.

To ensure industry's sustainability, gain competitive advantage, and provide stability for workers, investors, and the government, Brazilian agribusiness must promote responsible and ethical business. The Agribusiness sector in Brazil has made the wise decision to collectively act against corruption with the release of this Guide. Resources such as this Guide are a commendable means of generating the necessary momentum to tackle corruption.

The publication provides valuable guidelines on anti-corruption practices in the agribusiness sector and its value chain. Although it was developed primarily for the Brazilian context, the insights will be useful for collective actions against corruption in the agribusiness value chain worldwide.

The UN Global Compact continues to be a steadfast partner with the private sector, governments, and the global community, to drive actions towards transparency, accountability, and integrity in business and, in particular, throughout the value chain of Brazil's agribusiness industry. I take this opportunity to congratulate the Global Compact Network Brazil for releasing this important document."



**OLAJOBI MAKINWA**

Chief, Intergovernmental Relations & Africa United Nations Global Compact

# ABOUT THE GLOBAL COMPACT NETWORK BRAZIL

CREATED IN 2003, THE GLOBAL COMPACT NETWORK BRAZIL (RBPG) HAS INCREASINGLY GAINED MORE SPACE AND RELEVANCE WITHIN THE BRAZILIAN BUSINESS SECTOR.



**The Global Compact Network Brazil is the THIRD LARGEST network worldwide, with more than ONE THOUSAND AND THREE HUNDRED MEMBERS.**

Since 2020, it has been operated by the Global Compact Network Brazil Institute, an independent non-profit organization that follows the same model as several local networks around the globe. Projects conducted by the Global Compact Network Brazil are developed within the following Action Platforms: Water and Sanitation,

Sustainable Agribusiness, Energy and Climate, Human Rights and Labor, Anti-Corruption, Engagement and Communication. Over thirty initiatives are underway on these platforms involving hundreds of companies, as well as UN agencies and government agencies.

In order to promote the adoption of integrity commitments focused on the interaction with the local public sector and the supply and logistics chains among different stakeholders in the agribusiness sector, sixteen companies of the industry have joined the Global Compact Network Brazil to develop collective action in the agribusiness sector.

Coordinated by the Anticorruption Platform of Global Compact Network Brazil, the collective action also promotes, in its monthly meetings, technical knowledge and good practices exchange to foster a culture of integrity and fight against corruption. During its first year of operations in 2021, there were eleven meetings resulting in the voluntary production of this good practices guide specific to the agribusiness sector.

It is a publication that will add value not only for large companies but also for small- and medium-sized companies, which will have access to content that is based on the needs of the current market.

The Global Compact Network Brazil remains firm in its purpose to encourage actions that promote the exchange of knowledge through collaboration between public and private sectors as well as civil society in general. We believe in the power of collaborative work and in the strength of Brazilian collective actions, which have been a reference for other local networks worldwide.”



**CARLO PEREIRA**

CEO  
Global Compact Network Brazil

# ABOUT THE ACTION PLATFORM AGAINST CORRUPTION

The Platform Action Against Corruption has 119 organizations consisting of large companies, small- and medium-sized enterprises (SMEs), non-governmental organizations (NGOs), UN agencies, as well as public bodies. It is a space to promote learning, constructive dialogue, and the exchange of experiences, fostering the understanding of the risks and opportunities in the fight against corruption. Moreover, in order to engage more vulnerable sectors, it conducts Anti-corruption Collective Action initiatives with companies and organizations, which contributes to raising the level of sectorial discussions and the development of good practices for the market. The tools and skills created help shape internal compliance strategies and promote a culture of integrity, good governance, and transparency.

## ABOUT COLLECTIVE ACTION <sup>1</sup>

A Collective Action is born out of the necessity for companies to promote more ethical, transparent, and less corrupt business environments while mitigating potential business risks. It is an initiative that can complement, enhance, and further develop current and future laws and regulations whenever these are weakly enforced or simply non-existent.

Collective Action always involves a high level of collaboration and cooperation between companies and other stakeholders beyond internal policies and procedures and external actions that only communicate what companies do.

It is not about individual companies discussing what they are doing regarding corruption but rather a supported collective effort – ideally, with a shared vision – in which clear strategies and goals have been defined to create breakthrough changes in the business environment.

“Actions that promote good practices and share qualified knowledge not only contribute to the fight against corruption but also effectively promote engagement among multiple stakeholders within the same sector. It is one of the main goals of the Platform. Through the Agribusiness Collective Action, regardless of the size of the business, the good practices guide offers appropriate and accessible guidelines while noting different legal mechanisms and exemplifying practices adopted by high-level professionals on how to deal with adversities in the industry. It is an important instrument for strengthening and promoting the culture of integrity in the Brazilian agribusiness sector.”



**CAMILA ARAÚJO**

Coordinator of the Anti-Corruption Platform

# GOVERNMENT

## MINISTRY OF AGRICULTURE, LIVESTOCK AND FOOD SUPPLY - MAPA

Since December 2016, the Ministry of Agriculture, Livestock and Food Supply (Mapa) has been involved in the public integrity agenda with the core integrity body of the federal government, which, since then, was already coordinated by the Office of the Comptroller-General (CGU). Mapa's Integrity Program started in April 2017 through Mapa Ordinance No. 705, when it was still a membership-based movement. In 2019, pursuant to the new CGU Ordinance, No. 57, which regulated the three phases

of a Public Integrity Program, Mapa Ordinance No. 60, 2019 was published, which created Mapa's Integrity Program, now called "Programa Mapa Íntegro" (Mapa with Integrity Program), adapting and improving the mechanisms for the prevention, detection and remediation of fraud, irregularities, and misconduct.

As of the publication of SE/Mapa Ordinance No. 1.830, 2020, which is in active transparency on Mapa's official website, therefore demonstrating compliance with the three mandatory phases provided for in the above CGU Ordinance No. 57, of 2019, which launched the semester monitoring of the 2019-2022 Mapa's Integrity Plan.





## Thus, actions were developed to further strengthen the Promotion of Integrity in the federal body, such as:

- **Internal promotion of integrity risk management:** “Support Guide to the Mapping of Integrity Risks”. The Guide is used by all units of the Ministry, in the states, and in the Federal District, technically leveraging the process of mapping and processing integrity risks, already put in place by the technical areas of this body.
- **Prevention of conflict of interests:** By the Ministry of Planning, Development and Management and the Ministry of Transparency and Office of the Comptroller-General, of September 19, 2013 – of which we can highlight the following regulations:
  - a) Standardization and implementation of the Authorization Request and Consultation Flow, for cases of conflict of interest.
  - b) Standardization of the destination of perishable gifts and presents received by Mapa's agents, and
  - c) Standardization and implementation of the Instrument of Commitment for the Private Agribusiness Activity for Mapa's agents who work in inspection areas.
- **Preventive actions and investigation of nepotism:** Here, it should be highlighted the flowcharts, for preventive and reactive actions, and statement templates to be signed by commissioned civil servants, service providers, trainees, and companies hired by means of waiver or non-requirement of bid tender.
- **Sector Development Project for the implementation of integrity programs in agribusiness companies and cooperatives:** Mapa played an unprecedented role with the Integrity Promotion Board of the CGU in implementing a sector development policy on the topics of integrity, social responsibility, and environmental sustainability, in accordance with the provisions of Ordinance No. 57, of 2019. Furthermore, together with complying with the rules in force, it was created an award called “Selo Mais Integridade” (More Integrity Seal), already in its fourth edition, in which nineteen companies from the agribusiness sector have already been awarded, eight in their first award – Green Seal version –, and eleven renewing – Yellow Seal version. The project has proven that the decision to implement sector development policies and to recognize the efforts of companies and cooperatives in this topic was the right one.

Mapa believes that to fight corruption, it is necessary to promote and invest in a culture of integrity in the public and private spheres, aligning itself with the various players in the agribusiness sector and, also, in the civil society.

# INITIAL REMARKS

## **Business environment has promoted efforts to fight multiple corruption practices, in Brazil and abroad.**

Several sectors have sponsored actions aimed at the fight against corruption, in line with society's desire for more transparency and integrity in business. This is how discussions for the Agribusiness Anti-Corruption Collective Action (Collective Action) began, with the support and crucial incentive actions from the Global Compact Network Brazil. It is hoped that this Guide will attract the attention of the entire agribusiness value chain to make the sector even more competitive, attractive, and sustainable.

The rules and principles of conduct set out in the Guide were prepared based on the best market practices in the fight against corruption, but also with a very clear view of how they should be used by the sectors of agribusiness.

Not only does the Guide seek to provide context to the issues and synthesize what the members of the Collective Action recommend, but it also tries to exemplify good practices that should permeate the business environment, more precisely, the agribusiness.

Responsible for a portion that currently represents almost 30% of the Gross Domestic Product (GDP) and almost 50% of exports, agribusiness is undoubtedly an important Brazilian productive sector.

With its relevance comes the responsibility of setting good examples and being a role model in the fight against corruption, against illicit money laundering practices, and against conduct in violation of free competition.

Therefore, all agribusiness institutions and companies are invited to join the Collective Action and to adopt the principles and rules of this Guide as the basis for corporate actions.

Members of the Collective Action who contributed to the preparation of this Guide and seek to bring benefits to an entire sector, believe that the path to prevent and fight corruption and contribute to effective changes of irregular practices is through public commitments.

Thus, it is hoped that this Best Practices Guide will serve as a compass to guide the sector and whoever else may be interested, along a path of ethics, transparency, and integrity. The idea of this project is to bring these values closer to the commercial practice and to the daily life of companies and entities in the sector, which is in constant evolution. We would like this Guide to be a permanent point of reflection of the conduct expected from all agents in the agribusiness sectors.

Come and be part of this initiative! It is with the collaboration and engagement of everyone that the agribusiness will continue growing stronger and doing what is right.

Enjoy your reading!

# EXECUTIVE SUMMARY

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# INTRODUCTION

In a broad sense, corruption can be defined as the act or effect of corrupting oneself, offering something to obtain an advantage in a negotiation where one person is favored and another is harmed. It can be seen in different historical cycles and countries, regardless of their degree of development, ideology, and political regime. Researchers show that, in Brazil, its roots trace back to the colonial period, a time when there was no clear differentiation between public and private sectors. These distorted ideals have been perpetuated in Brazilian society and, as a consequence, have unduly benefited small groups causing harm to the majority of the population.

In this context, corruption can be understood as a constant fact, aggravated by bureaucracy, economic and social inequality, competition barriers, and others. To fight it, it is necessary to dedicate ourselves to analyzing its causes, understanding its dynamics, and adopting possible measures to prevent, detect, and reduce this practice.

It is important to bear in mind that once present in the public and private spheres, corruption generates damage in the most varied sectors of society.

In the private sector, it causes increased costs for the company. The resources intended to corrupt actions generate an increase in production expenses and, consequently, an increase in the price of the product or service. As for the public sector, it affects the effectiveness of government spending; the amount used in corrupt practices could have been invested in essential areas such as health, safety, and education.

The dynamics of the fight against corruption can be implemented as to prevent or repress it.

As a preventive measure, among others, there are organizations such as the United Nations Global Compact that propose a series of guidelines to encourage business agents to adopt ethical behavior.

One of these guidelines is the creation of integrity

programs within companies to demonstrate, to their audiences and partners, their commitment to reducing the risk of corrupt practices by having structures capable of minimizing the risk of corrupt practices by detecting them through an internal control environment, taking corrective, reparative and prompt interruptive actions, and generating the confidence that eliminating corruption is a corporate asset that adds value to the business and perpetuates the company.

It is indisputable the need to carry out missions against corruption. It is indisputable the desire to live in a world without corruption. It is indisputable our vision of creating one more instrument to address this issue in Brazilian agribusiness.

Finally, it should be emphasized that, in spite of other means for fighting corruption, a new strategy is emerging today through which business agents begin to establish for themselves. Also, for collective actions, certain guidelines will minimize cases of corruption in the sector in which they operate. This new strategy can be seen from the perspective of the construction of integrity sectorial pacts, or even of collective actions to fight corruption. It has the potential to change, improve and remodel, without being coerced by the state, the corporate *modus operandi*, increasing the credibility of individual actions, allowing vulnerable agents to become part of groups with the same interest, and minimizing, very effectively, the possibility of corrupt practices in the sector in which they operate.

This Best Practices Guide on Anti-Corruption in Agribusiness represents the commitment of companies that participated in its construction and seeks to stimulate others to establish guidelines to reduce the risk of corruption in the sectors in which they operate. It is the result of the joint and self-regulated work of these institutions, mediated and facilitated by specialists from the UN Global Compact Network Brazil, aimed at renewing the industry in a broad, honest, and transparent way. Following, respecting, and multiplying the considerations provided for in this Guide is everyone's responsibility.

# I. RELATIONS WITH THE GOVERNMENT AND INTERNATIONAL INSTITUTIONS



Agribusiness is extremely relevant in the country's economy and international trade. Companies of the industry constantly interact with the government and private entities, domestic and foreign, and, due to licenses, certifications, and specific inspections required for the sector, dialogue with these entities is more sensitive and, therefore, must be guided by ethics, professionalism, and transparency, always respecting the public interest.

Companies can and must collaborate with the government formulating, improving, and adopting laws, regulations, and policies that allow the market to fairly and fully develop to generate results for the sector and society. Therefore, it is recommended that any offers

or requests for undue advantages made by government agents be explicitly denied and duly recorded.

The sector is also characterized by the active participation of Politically Exposed Persons (PEP) in the value chain, where suppliers, partners, customers, or service providers are sometimes also classified as government officers. This situation should particularly be observed with an appropriate separation between business relations and public interactions with these business partners.

With regard to institutions, especially international ones, companies should also check interactions with Politically Exposed Persons (PEP) in the processes

of licensing, official visits, audits, etc. In addition to local regulations, it is also necessary for companies to comply with the specific international practices of each of the related countries.

Employees, legal representatives and business partners of Collective Action companies should be trained to act with honesty and according to the legislation. It is up to the companies to implement

mechanisms to ensure the veracity, accuracy, and to produce formal records of all statements and information provided to the bodies, and to grant specific powers of attorney to their legal representatives who interact with these bodies.



## BEST PRACTICES

- **Meetings and face-to-face encounters** should be preceded by a formal request, recorded in the participant's professional agenda, and take place, preferably during business hours, at the respective workplaces. The records of these interactions should follow the companies' codes of conduct, be transparent concerning the participants, matters addressed, and the public commitments made;
- **If you occasionally meet a government agent active in the sector** in an agribusiness event and they take the opportunity to address an institutional issue relevant to the company, avoid the subject, and talk about other matters. Later, once returned to the company's premises, record this interaction in the system, formalizing the context of the encounter, the issues addressed, and possible agreements reached;
- **When receiving international delegations for inspections, visits or audits**, follow the rules of the related countries, stipulate policies regarding reasonable refund amounts, and record interactions with all Politically Exposed Persons (PEP). Companies should keep records in connection with these international interactions, following the same practices as for relationships with national government agents;
- It is also recommended that **companies run their businesses independently of any partisan political activity of their partners, executives, or employees**. Possible conflicts of interest should be monitored and analyzed.
- These good practices shall be based on the **Decree on Public Agendas** (Decree No. 10.889, December 9, 2021)

## II.

# FIGHT AGAINST CORRUPTION, MONEY LAUNDERING, AND THE FINANCING OF TERRORISM

The Collective Action does not tolerate any form of corruption, direct or indirect, money laundering or practices of financing, funding or sponsorship, which may, in any way, support the commitment of illegal acts and terrorism financing by its members and by the companies that represent the organization or its business partners, especially those acting on its behalf.

The members of the Collective Action are committed to the dissemination of integrity in the business environment, public or private, to promote compliance with national and international anti-corruption legislation, mainly, but not limited, to the **Brazilian Anti-Corruption Law, No. 12.846/2013**, the Foreign Corrupt Practices Act (FCPA), and the UK Anti-Bribery Act.

In this sense, it is also necessary to ensure that the actions of companies and their representatives are not construed as bribery or corruption, especially when it comes to offering or receiving gifts, presents, accommodation, entertainment, trips, political contributions, donations, sponsorship activities, and undue advantages in commercial negotiations.

Business partners, such as service providers, consultants and forwarding agents, will be told and encouraged not to allow or practice corruption and bribery in their operations and not to offer or accept any undue advantage.



## GOOD PRACTICES

- Caso um parceiro de negócios pergunte se pode receber pelo serviço prestado** por meio **If a business partner asks if he can be paid for the service provided** through several accounts, using a combination of payment slips and deposit/PIX, contact the company's area in charge of the matter. It is a potentially suspicious request, which could indicate money laundering;
- If it is necessary to hire a specific consultancy service** to meet a regulatory requirement in a negotiation involving a government body, and this body appoints a professional for this purpose, then engage the other competent areas of the company to verify this hiring, since the recommendation of a professional by the body may be seen as a warning sign of conflict of interest;
- If information is received from the market** that a business partner is laundering money and making investments with third parties involved in other illicit practices, obtain as much information as possible and forward it to the area in charge for analysis and investigation.

### III.

# ENVIRONMENT, SOCIAL RESPONSIBILITY, CORPORATE GOVERNANCE AND HUMAN RIGHTS



The acronym ESG (Environmental, Social and Governance) translates the commitment of several companies worldwide to adopt strategies that include, in their activities, the preservation of the environment, the reduction of social inequalities, conscientious and honest management, and the improvement of corporate governance.

In Agribusiness, characterized by a long and complex chain, one of the first steps to take should be building a dialogue involving not only the traditional stakeholders of the production chain of the sector, but also the consumers themselves, government agents, and investors. It is crucial to point out that, in this process, what is said and done can be no different,

followed by global standards of extremely demanding markets.

To assess according to ESG criteria requires an analysis that takes into account the characteristics of the business. It is necessary to examine risks related to the environment, social responsibility, and human rights that can have relevant reputational and financial impacts, affecting not only the internal conduct of the business, but also the generation of value for investors, customers, and suppliers. Agribusiness is extremely dependent on financing, whose concession is increasingly concerned with these criteria.



When it comes to environmental risks, it should go beyond the proper handling and management of natural resources. It is also about environmental prevention, disposal and reduction of pollutants and waste, environmental permits, among others. From the perspective of social responsibility, companies are expected to maintain and ensure a relationship with integrity with the communities in which they operate, their business partners, and society in general.

Moreover, zero tolerance for slave and child labor and equity between members of the organization and stakeholders are essential to providing greater social inclusion in the corporate environment, as well as avoiding abusive business relationships.

Through governance, responsibility is taken for ensuring that all initiatives are applied by monitoring and reviewing policies for the inclusion of ESG items, as well as ensuring the proper reporting of such initiatives within organizations. The governance model is a showcase for other stakeholders, such as investors, clients, suppliers, and others.

## The companies of the Agribusiness Collective Action understand their impacts on society and act preventively

### on them, considering the following points:

**IMPACTS ON THE COMMUNITY AND ITS SURROUNDINGS**, by maintaining and protecting the environment and benefiting them, directly and indirectly, in the medium and long term;

**IMPACTS ON THE INTERNAL AUDIENCE**, by addressing diversity and inclusion requirements in the hiring and career development, as well as promoting respectful work;

**IMPACT ON THE PRODUCTION CHAIN**, by respecting Human Rights and the environment in the relationships with all those involved;

**IMPACT OF THE FINAL ACTIVITY**, by assessing potential social and environmental consequences of the product and/or service and the appropriate reductions of risks and violations;

**FIGHT AGAINST CORRUPTION**, by acting preventively to ensure the use of resources and the fundamental rights of the population, ethically and with integrity;

**TRANSPARENCY**, by adopting it as a principle and value of the organization, at all relationship levels, whether internal or external.





## BEST PRACTICES

- **Developing the governance in the Agribusiness sector within the ESG agenda is indispensable** to meet the UN 17 Sustainable Development Goals (SDGs), which seek to ensure human rights in these areas;
- **Applying for an integrity program in companies** promotes, to the agribusiness, the security and prevention necessary to reduce situations that can compromise decisions and investments and the reputation of stakeholders. Checks on restrictive lists, as well as the development of supplier traceability systems, ensure greater transparency and ensure a sustainable business relationship between the companies;
- **Including business partners in the communication and training process** for better adherence to the ESG criteria adopted by the companies it is also considered to be good practice in the industry. The activities of the Agribusiness Collective Action seek to maximize these efforts through joint initiatives among the companies in the sector;
- In addition to the commitments made related to ESG criteria, companies should also adopt as good practice the effective **measurement of compliance with these guidelines**, with clear, long-term indicators based on scientific criteria;
- Practicing good governance focused on ESG is more than putting a check mark on a to-do list. It is about **culture, principles, values and, above all, long-term perspectives**. Only this will show whether an action is sustainable or not.



# IV.

## PROMOTE FREE AND FAIR COMPETITION



Free and Fair competition is a core constitutional principle that provides freedom to the individual or the company to decide the best price and sales terms. This practice also applies to agribusiness. Through it, products and services, in wholesale or retail, are likely to have more competitive commercial values and conditions, and it is a win-win relationship both for the company and for the consumer. It is a broad topic, and the purpose here is to provide an understanding of the best practices, penalties, interactions with competitors, regulations, and guidance on typical situations in the corporate environment. For more details and specifics about this subject, it is recommended to search for complementary readings or even the guidance of a specialized professional on the topic.

A market with several companies that compete among themselves brings advantages to the consumer as it leads to lower prices, raises the quality of goods and services, and stimulates innovation. But it also benefits

competing organizations, since entrepreneurs can take advantage of the available resources to ensure consumer preference and, consequently, better business positioning and reputation.

Free and Fair competition keeps the market balanced but requires the regulation of activities. In Brazil, there is the [Administrative Council for Economic Defense \(CADE\)](#), a federal authority, linked to the Ministry of Justice, whose mission is to ensure free and fair competition in the market, being the responsible agency, within the Executive Power, not only for investigating and deciding on antitrust issues but also for promoting and disseminating the culture of free and fair competition.

The company's misconduct in the practice of free and fair competition is liable to punishment. Conduct is deemed to violate the economic order when it has the purpose of limiting, distorting or, in any way, harming free and fair competition;

arbitrarily increase profits, dominate the relevant market, and abuse a position of dominance. Each industry, analyzing its market and its particularities, should identify the risks of violation of the economic order and free and fair competition, and take care to prevent them.

It should also be pointed out that the Brazilian free and fair competition law, also known as antitrust law, has the objective of preserving the competitive market so that consumers and smaller companies are not harmed. The regulation envisages the prevention of business concentrations that may cause significant damage to the level of competition in a specific market.

Non-compliance with these standards can lead to administrative sanctions and even constitute a crime, which may lead to the imprisonment of the involved parties, besides being able to generate a condemnation

in a civil lawsuit, forcing the offender to indemnify the wronged party for the damages caused.

It is also worth noting that the companies' relationships with associations and unions requires caution. Although these segments have legitimate functions, such as the promotion of the agribusiness industry and government relations, among others, the frequent contact among members entails risks, given the possibility of sharing competitive information that may harm the level of competition in the market. Therefore, companies should be fully aware of their behavior when participating in meetings with their competitors.

All of these initiatives contribute to a transparent and trustworthy attitude towards free and fair competition. The defense of this practice is everyone's interest. Together, we can help promote it!



## BEST PRACTICES

- **The exchange of competitive information between competitors should be strictly avoided.** Any exchange of market information between competitors should be conducted in the presence of an intermediary, such as an association, institution, or non-governmental organization. These entities, which must be neutral and ethical, will ensure that the exchange of information does not harm markets' competition. Therefore, reach for one of these entities to mediate the exchange of data with the competitors; i.e., if the industry intends to claim a tax benefit and use, as an argument, the number of direct jobs of all competitors in this market;
- For a relationship guided by integrity among competitors, **obtain formal authorization from top management for meetings**, document any contact, avoid one-on-one appointments, and do not discuss pricing or other sensitive competitive issues;
- **Those in charge of the areas related to free and fair competition should contribute to disseminating information on the topic within their sectors.** Employees should understand competition law and other matters to operate smoothly and legally in their jobs and to know where to seek guidance when they identify sensitive issues;
- **It is also recommended to restrict the communications made by holders of the company's competitively sensitive information.** Phone calls, social media conversations, and formal or informal meetings should be strictly prohibited, as they may violate antitrust. When in doubt, seek advice from the designated department.

## V.

# CONFLICT OF INTEREST



A conflict of interest can occur when an employee or close person is influenced to act by their personal interests and without considering the best interests of the institution, making an inappropriate decision in the performance of their professional activities. Furthermore, according to the Code of Ethical Conduct for Government Agents of the Ministry of Agriculture, Livestock and Food Supply (Mapa), published in Ordinance No. 249/2018, a conflict of interest related to Mapa's government agents is the situation generated by the confrontation between public and private interests, which may compromise the collective interest or improperly influence the performance of the public office.

Agribusiness is a long and complex chain which also has some peculiarities of the industry, such as operations in distant locations and cities with a small number of inhabitants. These result in a much higher level of interactions and connections, making

situations of kinship and relationships within an institution or between customers, competitors, or suppliers, common.

The improper use of proprietary or privileged information, or information that may be influential, for one's advantage or those close to them, or the misuse of the institution's resources for private benefits, are examples of possible conflicts of interest that should be duly identified and dealt with by the companies.

The sector is also characterized by the active participation of Politically Exposed Persons (PEP) in the value chain, where suppliers, partners, customers, or service providers are sometimes also classified as government officers. This situation can generate, even if apparently, cases of conflicts of interest that should be assessed and reduced by the companies.

It should be emphasized that apparent conflicts of interest can be just as damaging as an actual conflict of interest.

In this sense, it is essential to develop training and mechanisms so that there is no conflict, even if it is apparent.

Eventually, some conflicts of interest can be accepted, but they should be identified and defined according to each company's policies.

Specifically, for Mapa's employees, it is crucial to observe the body's specific ordinances, which regulate the procedures for the consultation on possible conflicts of interest for the formalization of authorization to exercise private activities.

It is recommended that the companies in the Collective Action include, in their strategies for mapping conflicts of interest, the application of self-declarations, voluntary communications, or even the use of tools to check possible kinships, shareholdings, and relationships with politically exposed persons.



## BEST PRACTICES

- The risks associated with conflict of interest can be reduced if the company has a clearly defined process for communicating any potential non-compliance;
- **A clear and well-written policy** detailing the aspects related to the process of communication, analysis, and resolution of conflicts of interest, together with a constant training and communication program on the matter, are tools that make the action more effective;
- **Encouraging voluntary communication** at various predefined moments and periods, such as when an employee is hired, during annual integrity program certifications, and during the training on the code of conduct, are simple and effective actions;
- **Additional reinforcement to ensure the reliability of the process** is to invest in an automated tool, which enables and encourages voluntary reporting of disagreements and, at the same time, allows the analysis and management of conflicts of interest;
- **A proactive review to identify** departmental incompatibilities and miscommunication, the creation of specific roles, or the use of database analysis, for example, cross-referencing employee information with supplier data, can help identify potential conflicts of interest;
- However, the best of all approaches to address this matter is to make employees, **business partners, and company management aware** of the importance of communicating the conflict of interest or even the possibility of its existence. It is hoped that this initiative will not result in punishment by the company but rather in an investigation to adopt the necessary measures and recommendations to solve the problem.

## VI.

# DONATIONS AND SPONSORSHIPS



By definition, a donation is any contribution, financial or otherwise, to third parties when there is no benefit in return, that is, a consideration, such as brand exposure, insertion of promotional material, or granting of space, among others; and when there is a consideration, we call it sponsorship. These are standard practices, but they should follow basic principles established by the

companies so that they are not construed as illicit or irregular.

It should be emphasized the importance of prior assessments of the beneficiary of contributions and sponsorships made by the company, through diligence and/or other instruments with the same purpose.

## BEST PRACTICES



- Managers and employees involved in donations, contributions, and sponsorships should keep the **documentation of these processes complete and up-to-date**. The most usual are invoices, signed contracts (if any), formal agreements, and also an assessment report on compliance with the rules established by the institution for this purpose;
- Before closing a deal, one should follow the **company's basic principles** when making donations, contributions, and sponsorships;

- ❑ Under no circumstances, one should grant a benefit to obtain an **improper advantage**;
- ❑ **Account for donations and sponsorships** made by the company and keep your records for later reference;
- ❑ **It is necessary to comply with current legislation**, be it federal, state, or municipal;
- ❑ **Avoid cash donations**. These are not recommended, whether by transfer, check, deposit, or by any other means.

## VII.

# GIFTS, PRESENTS, AND HOSPITALITIES





Granting and accepting gifts and hospitalities can be misconstrued if not handled accordingly, even though it is a common practice in the corporate environment. It can demonstrate intent to unduly influence the relationship between the parties and generate a negative perception of the company's image or that of its managers and employees.

Agribusiness companies should always make sure that the current legislation on the issue is being complied with and know the meaning of these "pleasantries" so as not to overstep the limits in a business transaction.

**PRESENT:** Anything or object, benefit or advantage to which a monetary or non-monetary value can be attributed, given or received as a result of a commercial or institutional relationship and for which the recipient does not have to pay;

**HOSPITALITY:** Benefits offered or received to strengthen relationships, such as: accommodation, travel expenses and/or tickets or invitations to seminars, congresses, workshops, lectures, presentations, parties, shows, lunches, dinners, cocktails, and events, among other activities;

**GIFT:** Institutional item, distributed as a courtesy, advertisement, or publicity, with no commercial value and containing the company's logo.

It is important to observe the Decree on Public Agendas (Decree No. 10.889 of December 9, 2021), which regulates Law No. 12.813/2013, which also deals with gifts, presents, and the granting of hospitalities by private agents.



## BEST PRACTICES

- **Managers and employees should not receive or offer pleasantries** – presents, favors, money, gifts – from any stakeholder that would imply some obligation on the part of the company; entail consideration for preferential treatment in obtaining contracts, services or goods; or influence decisions, if they are rewards for any business entered into and if the value is expressive. Such attitudes can be understood as bribery, corruption, or other illegal practices;
- **Immediately report to the competent area** cases in which there is a request for payments or any other undue advantage from representatives of any stakeholder, including, but not limited to Politically Exposed Persons (PEP) and government agents;
- **Set limits** on paying or accepting meals from government officers;
- In case of doubts about granting or receiving benefits, **consult the company's competent area.**

## VIII.

# PREVENTIVE, DETECTIVE, AND CORRECTIVE MEASURES



The Brazilian anti-corruption law ([12.846/2013](#)), as well as other legislations worldwide, provide for very severe penalties for its violators, in addition to all the other negative consequences associated with corruption, already addressed in this Guide. Corporations, conscious of this, should create an integrity program, that is, a set of mechanisms adopted to ensure compliance with the laws and regulations applicable to their operations.

Implementing the program requires structuring measures to prevent, detect, and remedy corruption in the company's relationships with other organizations, individuals, the government, and society. The integrity program is a significant and efficient governance instrument that promotes ethics, transparency in business, and adherence to the law, generating value for the institution itself.

The first step is to know the company's end activity, and identify and assess the risks to which it is exposed. This will present not only the issues to be prioritized, but also preventive and monitoring measures for matters that deserve greater attention. This analysis will lead to the adoption of mechanisms and internal controls tailored to the particular characteristics of each organization.

**PTo develop preventive mechanisms of an integrity program, the company should establish actions to reduce the risks of deviations, such as:**

- Develop a code of conduct and promote its awareness to employees and stakeholders;
- Define internal controls: creating traceability processes and procedures, policies, system locks, approval requirements, observing the scope and risk levels;
- Promote training with the internal audience (and external, if necessary);
- Develop a communication plan and campaigns to promote the ethical culture and the policies adopted by the company;
- Carry out due diligence in contracting with third parties, partners and clients, for example, consulting public databases, analyzing their reputation in the market, checking against restrictive lists, and requesting clarification, when necessary;
- Establish contractual clauses with third parties and partners dealing with compliance with laws, including Law No. 12.846/2013;
- Establish a program coordinator or team and create a committee that also includes members from the senior leadership.

**For detection, the company will make use of internal mechanisms developed to identify potential or actual non-compliance, for example:**

- Keep communication channels to record any consultations and complaints (including anonymously) and investigate all those received;
- Inspect payments to third parties considered at risk;

- Conduct research on conflicts of interests with employees and assess whether there is any exposure with third parties or government agents;
- Promote audits through its department or an external one, being the auditors vested with necessary independence, trust, and autonomy.
- Monitor the implementation of remediation measures for issues identified by the audits;
- Apply surveys on the integrity culture to identify the perception of employees regarding confidence in the program and to work on the feedback received;
- Develop indicators for monitoring integrity program activities.

**For correction, the institution should provide for and apply operational, managerial or disciplinary measures to correct situations of proven violation of the integrity program or any applicable legislation, such as:**

- Warn verbally or in writing;
- Suspend salaries or bonuses;
- Dismiss employees involved in serious non-compliance;
- Terminate contractual relationships with supplier and/or partner;
- Recommend reviewing or creating new policies or controls;
- Transfer employees to other functions, departments, or locations.

**The involvement of the company's top management is essential in building an efficient and effective program to ensure that the policies are aligned with the business**

**strategy and objectives, that sufficient resources are allocated to develop, implement, maintain, and improve the program, and that the initiative is supported and multiplied to other levels of the organization.**

The organization should also assign each employee an individual obligation to comply with the Integrity program. Employees must know, in advance, the possible consequences for non-compliance with the rules so that there is transparency and equal treatment for all, regardless of function or hierarchical level.

The guidelines presented in this chapter exemplify measures that can be adopted by a company that desires to implement or improve an integrity program.

**Moreover, some initiatives that seek to promote a more ethical business environment that can also assist in the adoption of good practices, such as:**

**GLOBAL COMPACT:** A call for companies to align their strategies and operations with the ten universal principles in the areas of Human Rights, Labor, Environment, and Anti-Corruption.

 [More information visit the website](#)

**BUSINESS PACT FOR INTEGRITY AND AGAINST CORRUPTION:** Set of guidelines and procedures to be adopted by signatory companies and entities in their relationships with government authorities.

 [More information visit the website](#)

**SELO MAIS INTEGRIDADE:** Recognizes agribusiness companies and cooperatives that adopt integrity practices from the perspective of social responsibility, sustainability, ethics, and the commitment to inhibit fraud, bribery, and corruption.

 [More information visit the website](#)

**OFFICE OF THE COMPTROLLER-GENERAL (CGU):** Federal government body that makes available, on its website, publications and materials related to the importance of integrity in business relationships, and which also assists companies to establish an integrity program.

 [More information visit the website](#)

**CADASTRO AGROÍNTEGRO:** Initiative by the Ministry of Agriculture, Livestock and Food Supply (MAPA) to recognize effective initial actions by agricultural companies and cooperatives that show the implementation of integrity, ethics, and transparency practices ("AgroÍntegro Register").

 [More information visit the website](#)

# FINAL CONSIDERATIONS

These are the basic rules and guidelines of conduct expected of all institutions and companies in the agribusiness sector in order to prevent and fight corruption. It is believed that these measures can strengthen business structures and give transparency to society, generating confidence and, consequently, growth.

It should be emphasized that the topics addressed herein are for knowledge and consultation purposes but, due to their scope, are not limited to them. It will always be necessary to deepen and complement this knowledge by other means.

It is hoped, with this Guide, to establish the idea that everyone wins when preventing corruption: companies, consumers, employees, and society in general.

Join this initiative!

Come and be part of the Collective Action!



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