DUE DILIGENCE IN AGRICULTURAL SUPPLY CHAINS USING THE

SELOVERDE MG PLATFORM

A practical guide

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Due Diligence in agricultural supply chains using the SeloVerde MG platform - A practical guide
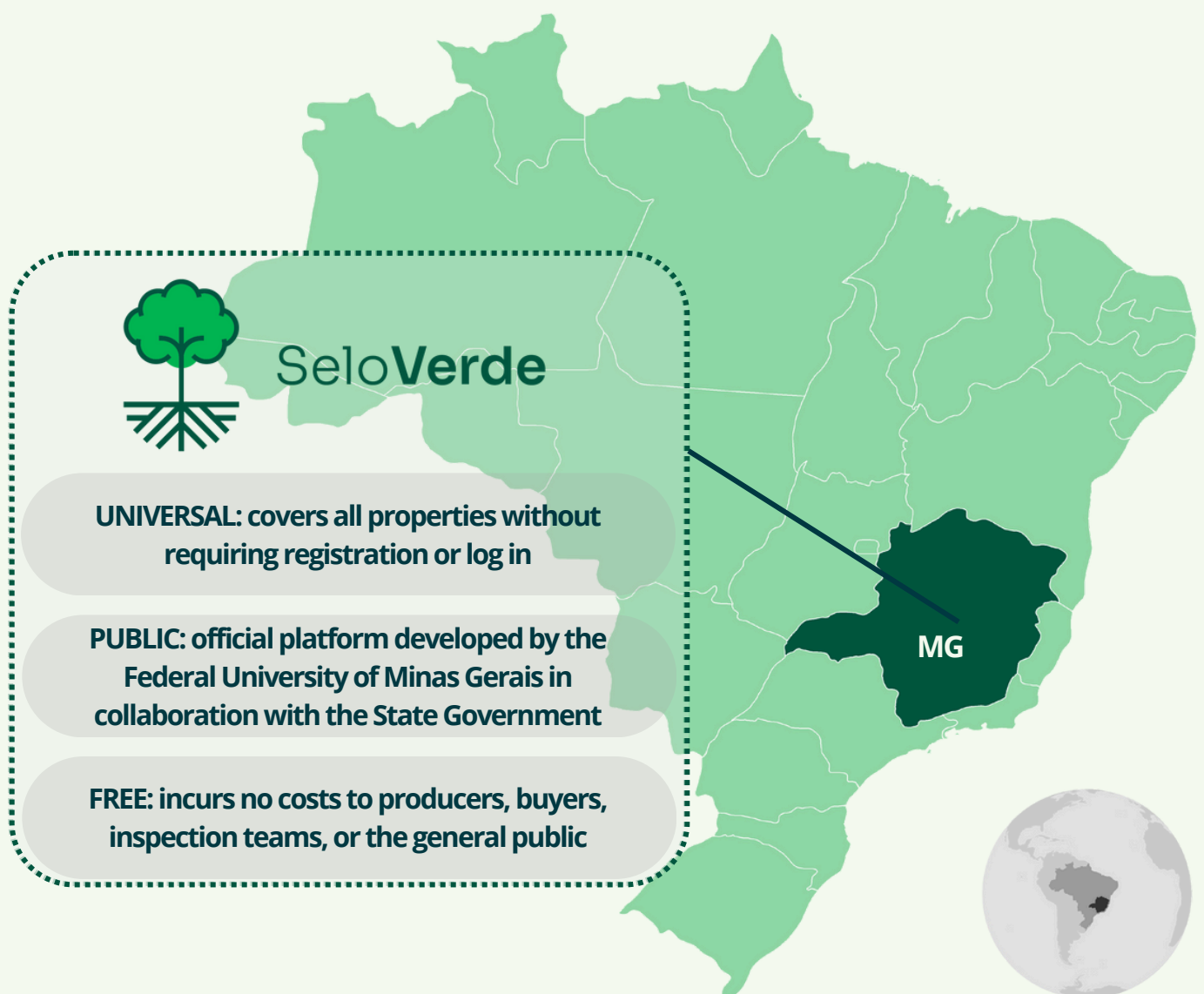
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INTRODUCTION

This document outlines the recommended steps for conducting due diligence on the socioenvironmental criteria for coffee, soy, planted forest, sugarcane, and cattle supply chains in Minas Gerais, Brazil. It involves collecting official data and verifying compliance with relevant Brazilian legislation and deforestation occurrences, thereby supporting the due diligence required by the European Union Deforestation Regulation (EUDR). The assessment utilizes SeloVerde MG, a public platform that provides transparency and traceability at the rural property level across various agricultural supply chains.

Developed using data from national and state government agencies, SeloVerde MG covers the entire territory of Minas Gerais, encompassing about 1 million rural private properties. This means that all rural properties registered in the Rural Environmental Registry (CAR) are automatically included on the platform. The CAR is a mandatory national electronic registry that compiles environmental information about rural properties in Brazil, serving as a primary source for legal compliance verification.

SeloVerde

UNIVERSAL: covers all properties without requiring registration or log in

PUBLIC: official platform developed by the Federal University of Minas Gerais in collaboration with the State Government

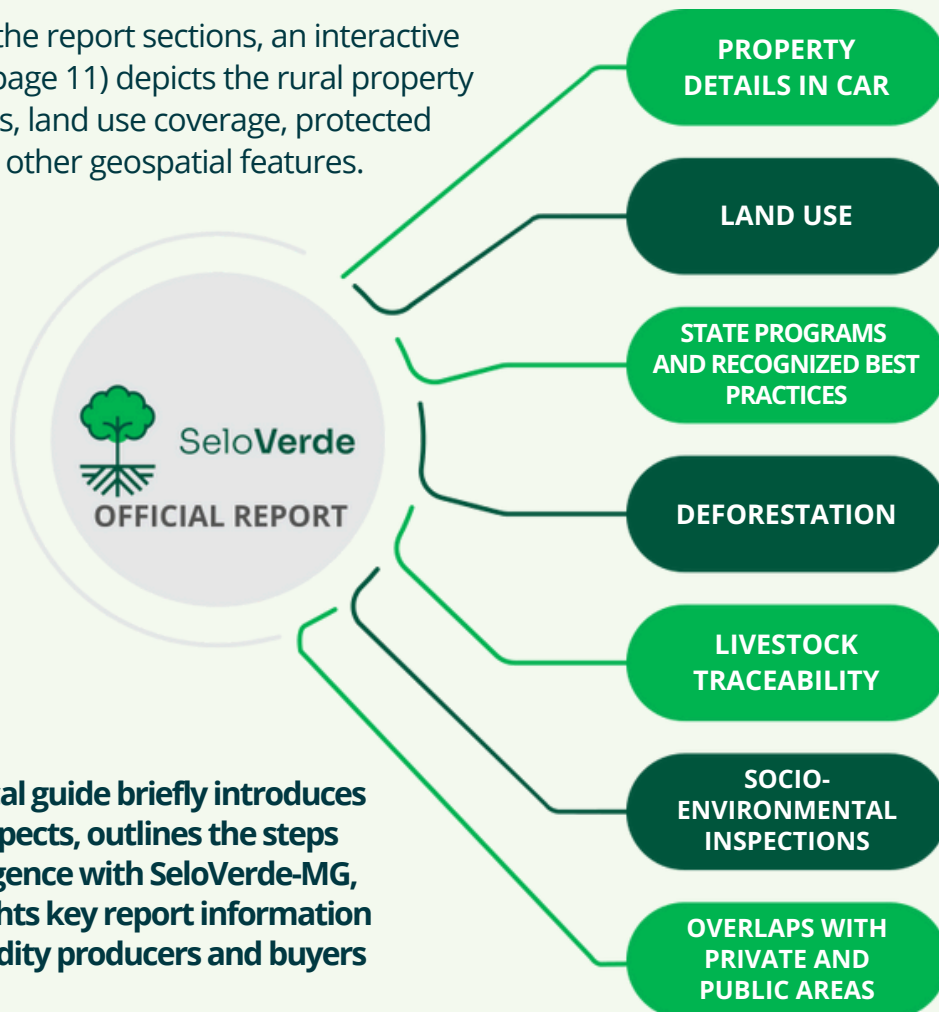**FREE: incurs no costs to producers, buyers, inspection teams, or the general public**

MG

SeloVerde MG is not a certification system but a public, science-based and free-of-charge online platform available for the general public. It requires no login, making it easily accessible to rural producers, cooperatives, aggregators, exporters, importers, and other stakeholders, such as researchers and civil society organizations, at no cost. By integrating various public datasets and applying cutting-edge geospatial analyses, the platform provides official information on property-level legal compliance and land use while protecting personal and commercial sensitive data. SeloVerde MG is regularly updated with new commodities, mappings, and official information to provide accurate and up-to-date relevant data, supporting effective decision-making.

Conducting due diligence focused on environmental compliance and deforestation risk within supply chains using SeloVerde MG is a straightforward process. The only information needed for consultation is the supplier's farm Rural Environmental Registry (CAR) code. Each registered rural property is assigned a unique identification code composed of alphanumeric characters. If this information is not readily available, a request from suppliers may be necessary. This simplicity ensures that all stakeholders, in Brazil or abroad, can effectively utilize the SeloVerde MG platform for their due diligence needs.

Upon entering the CAR code in the platform, an official report indicating the supplier's socioenvironmental compliance is automatically generated. The process can be repeated for every rural property supplying agricultural products.

Following the report sections, an interactive map (see page 11) depicts the rural property boundaries, land use coverage, protected areas, and other geospatial features.

SeloVerde
OFFICIAL REPORT

PROPERTY DETAILS IN CAR

LAND USE

STATE PROGRAMS AND RECOGNIZED BEST PRACTICES

DEFORESTATION

LIVESTOCK TRACEABILITY

SOCIO-ENVIRONMENTAL INSPECTIONS

OVERLAPS WITH PRIVATE AND PUBLIC AREAS

This practical guide briefly introduces the legal aspects, outlines the steps for due diligence with SeloVerde-MG, and highlights key report information for commodity producers and buyers

LEGAL FRAMEWORK: BRAZIL'S FOREST CODE AND THE EUDR

BRAZIL'S FOREST CODE (FC)

The Forest Code is the primary legislation regulating conservation on rural private lands in Brazil, establishing where native vegetation must be conserved or can be suppressed and rules for managing the natural resources in areas of native vegetation. It defines two types of conservation areas on private lands:

- Permanent Preservation Areas (APP): land strips along rivers, water bodies and springs, as well as steep slopes and hilltops;
- Legal Reserve (LR): a percentage - from 80% in the Amazon to 20% in the other biomes - of the property's area where native vegetation must be conserved.

For non-compliant properties, i.e., LR and APP illegally deforested before 2008, the FC also determines the areas that need to be restored to native vegetation at the owner's expense.

The FC is grounded in the Environmental Rural Registry (CAR), designed to foster environmental compliance and combat illegal deforestation. All rural landowners must register in the CAR system, which begins with a self-reporting process.

State governments are responsible for regularly verifying environmental compliance and data veracity provided by landowners through "CAR analysis and validation." CAR analysis involves evaluating environmental compliance under the FC, while validation includes checking all self-reported data (e.g., location of legal reserve areas) and ratifying ownership documents and land tenure, typically using other cadastral data. Importantly, even if the validation process is incomplete, CAR analysis can still identify non-compliant properties (e.g., illegal deforestation). This is possible because the FC requirements can be assessed using satellite imagery and remote sensing techniques, as employed by SeloVerde MG.

EUROPEAN UNION DEFORESTATION REGULATION (EUDR)

The EUDR mandates that seven agricultural commodities - cattle, cocoa, coffee, palm oil, rubber, and soy - can only be placed in or exported from the EU's market if they are not associated with deforestation and are produced in compliance with the relevant legislation of the producer country. To verify compliance, operators must conduct a due diligence procedure.
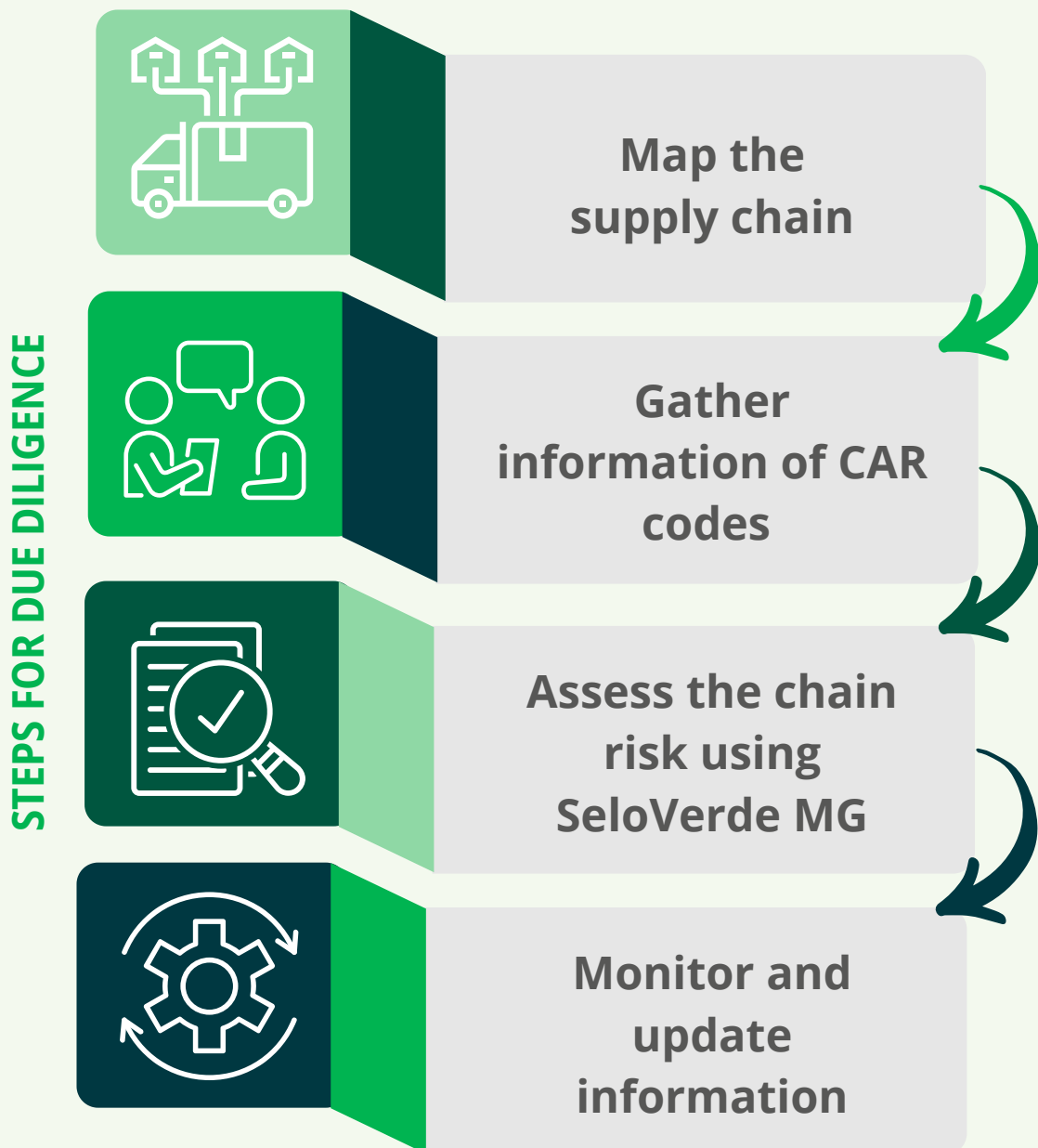
HOW TO START THE DUE DILIGENCE PROCESS USING SELOVERDE MG

The first step involves **mapping the entire target supply chain** back to its source – the rural properties where target commodities originate. This comprehensive mapping exercise lays the foundation for further analysis.

Since SeloVerde MG provides property-level information based on CAR codes, the second step involves **compiling a list of all CAR** codes across suppliers.

With access to CAR codes, one can **assess potential risks related to socioenvironmental compliance and deforestation** within that specific supply chain.

Following this initial assessment, it is crucial to **keep target supplier information updated by monitoring** the SeloVerde MG platform. This ensures continued compliance with socioenvironmental requirements.

STEPS FOR DUE DILIGENCE

Map the supply chain

Gather information of CAR codes

Assess the chain risk using SeloVerde MG

**Monitor and update information**

DUE DILIGENCE WITH SELOVERDE MG: A STEP-BY-STEP APPROACH

SeloVerde MG facilitates a **streamlined due diligence process**. As demonstrated earlier, the initial step for importers/operators to assess the compliance level of their supply chains involves obtaining a **list of CAR codes** from target suppliers. This information can be **acquired directly from producers, through cooperatives/brokers, or by consulting the interactive map** on the SeloVerde platform's homepage.

Importers/operators can use the SeloVerde MG platform to **verify the socioenvironmental compliance** of all their suppliers. Once verified, official reports can be generated to **inform the environmental compliance status** of each assessed property, including post-2008 deforestation and post-2020 deforestation. These reports include QR codes for easy sharing and verification by any user, including competent authorities. In case non-compliances are identified, stakeholders can utilize the SeloVerde MG reports, along with other relevant data sources, to support their claims and/or mitigation plans.

For more information on using the SeloVerde platform, please refer to the tutorial on page 12.

DUE DILIGENCE FLOWCHART USING SELOVERDE MG
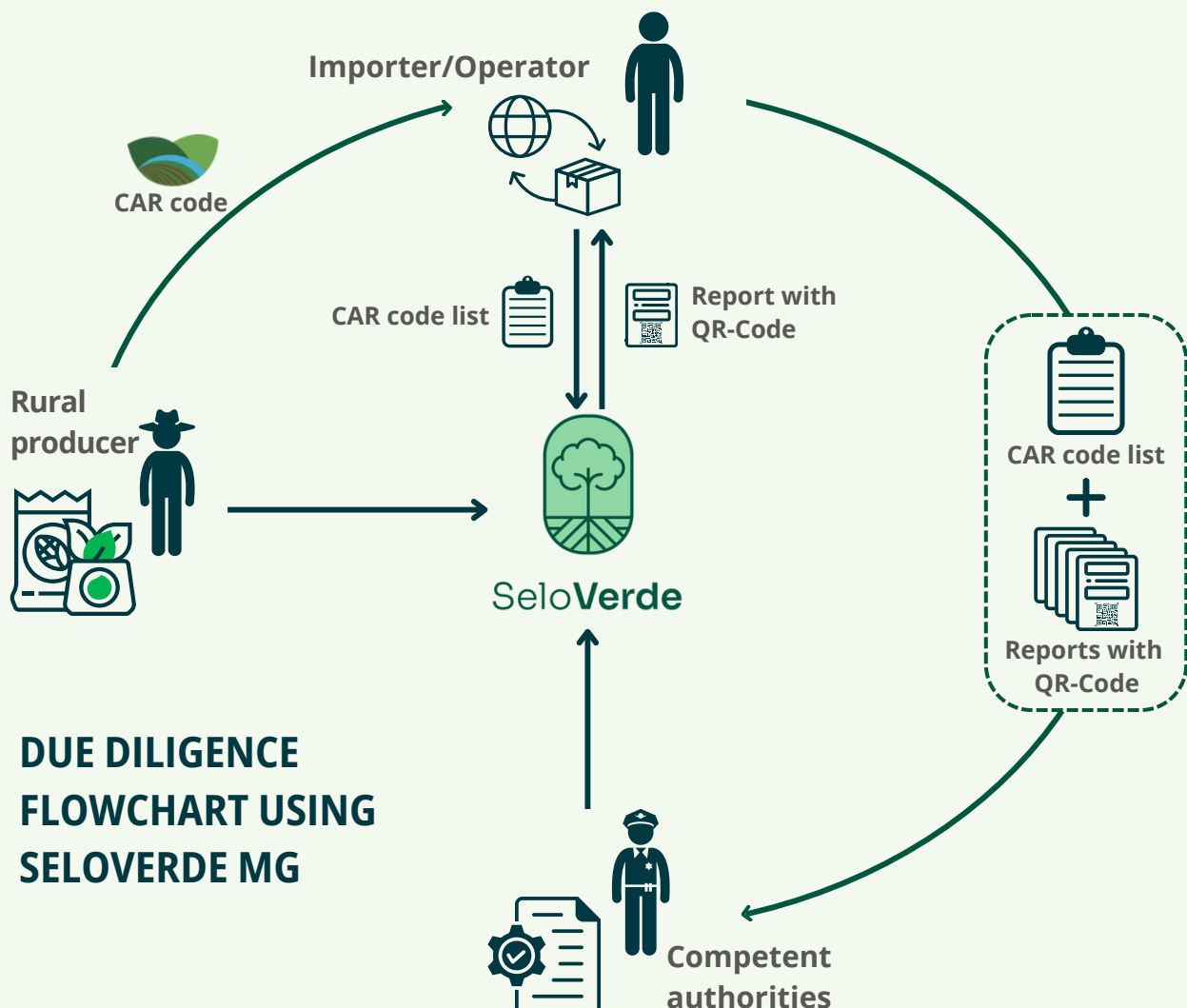
UNDERSTANDING THE SELOVERDE MG REPORT

This chapter outlines the contents of the SeloVerde MG platform report, emphasizing key information used to evaluate the risk and socio-environmental compliance of each property with local legislation and EUDR requirements.

> ## CANCELED REGISTRY
> The authorities may cancel a property's CAR registry, resulting in the unavailability of a corresponding report on the SeloVerde MG platform. In such cases, attempting to enter the canceled CAR code will trigger a message informing you of the issue. If a supplier provides a CAR code that is known to be canceled, it is strongly advised to seek further clarification.

1. PROPERTY DETAILS IN CAR

This section of the report provides essential details pertaining to the property's registry, including the CAR code, property area, number of fiscal modules*, CAR status, CAR condition, and property type (i.e., rural property - IRU).

Fiscal module is a metric determined by the municipality and its primary economic activities that classifies properties based on size.

SOME IMPORTANT CLARIFICATIONS REGARDING PROPERTY'S CAR STATUS:

A "green check icon" means the CAR registry is active, i.e., meets specific criteria, including successful CAR registration, regular updates to cadastral information, and adherence to environmental regulations related to protected areas. This ensures that properties are appropriately registered and managed under Brazilian environmental laws.

Indicate whether the CAR registry is pending or suspended. In such cases, the landowner must collaborate with the state environmental agency to rectify the situation and reinstate the registration.

Property details in CAR	✅
CAR Code ❓	MG· _____
Property area ❓	213 (ha)
Number of fiscal modules ❓	5.32
CAR status ❓	Active
CAR condition ❓	Awaiting analysis, not amenable to data review
Property type ❓	IRU (Rural Property)

2. LAND USE

This section details the property's land use, expressed in hectares (ha), for the following categories: native vegetation, consolidated area (e.g., anthropic areas converted before 2008, as per the FC cut-off date), and coffee, sugarcane, soybean and planted forest plantation areas.

For rural properties overlapping coffee, sugarcane, soybean, and/or forest plantation mappings, the corresponding icons will be displayed within the report based on their specific crops:

 Coffee cultivation

 Sugarcane cultivation

 Soybean cultivation

 Planted forest

Land use cover	
Native vegetation ❓	37.54 (ha)
Consolidated area ❓	174 (ha)
Coffee cultivation ❓	37.1 (ha)
Sugarcane cultivation ❓	0 (ha)
Soybean cultivation ❓	0 (ha)
Planted forest ❓	0 (ha)

3. STATE PROGRAMS AND RECOGNIZED BEST PRACTICES

This section identifies the property's adherence to relevant state programs, including "Certified Café Minas," a state public certification initiative that promotes sustainable practices, traceability, improved coffee bean quality, and fairer compensation for local coffee producers. Additionally, it includes "*MG Florestas*," a state public program supporting traceability focusing on planted forests.

State programs and recognized best practices	
Certifica-MG ❓	No
Programa MG Florestas ❓	No

4. DEFORESTATION

This section emphasizes and details potential deforestation concerns within the property. The report includes the extent of any unauthorized deforestation (in hectares) identified by the State Forestry Institute (IEF) since 2008. Additionally, it indicates whether any portion of the property overlaps with deforested areas officially identified by the National Institute for Space Research (INPE)'s PRODES program.

THE ICON'S COLOUR INDICATES OVERLAP WITH DEFORESTATION POLYGONS IDENTIFIED BY PUBLIC AUTHORITIES

No deforestation detected

Deforestation detected by IEF

Deforestation detected by PRODES

Deforestation	
Post-2008 Unauthorized Deforestation (IEF) ❓	No
Overlap with PRODES deforestation polygons ❓	No

5. CATTLE TRACEABILITY

This section presents a cattle traceability analysis and assesses deforestation risks associated with the property under review. It focuses on three critical aspects:

1. Direct deforestation: identifying on-farm post-2008 deforestation;
2. Indirect deforestation: identifying whether the rural property acquired cattle from suppliers with post-2020 deforestation at any stage/tier in the supply chain;
3. Other properties under the same ownership with deforestation: identifying other cattle-producing farms under the same ownership that experienced on-farm post-2020 deforestation.

THE ICON'S COLOR INDICATES AN ASSOCIATION WITH POST-2020 DEFORESTATION

With cattle movement and no post-2020 deforestation

With cattle movement and indirect post-2020 deforestation

With cattle movement and direct post-2020 deforestation

Without cattle movement

Livestock traceability	
With cattle movement and direct deforestation post-2020 ❓	No
With cattle movement and indirect deforestation post-2020 ❓	No
Other properties of the same ownership with post-2020 deforestation ❓	No

6. SOCIO-ENVIRONMENTAL INSPECTION

This section covers potential irregularities related to environmental and labor regulations. It discloses any environmental embargoes and enforcement actions imposed by environmental and labor agencies, outlines authorized environmental interventions (such as authorized burning or suppression of native vegetation), and indicates if the landowner is listed on the official List of Analogous to Slavery Labor provided by the Federal Government.

THE ICON'S COLOR INDICATES THE PRESENCE OF INFRACTIONS

No infractions detected

Infractions detected

Socio-environmental inspection	
Environmental embargo ❓	No
Authorization for Environmental Intervention (EIA) ❓	No
Enforcement actions ❓	No
Slave-like work ❓	No

7. OVERLAYS

The last section of the report states whether the area of the property declared by the landowner overlaps with other land categories informed by national agencies: Indigenous Lands (by FUNAI), Conservation Units (by MMA), and Quilombola/Maroons territory (by INCRA).

### THE ICON'S COLOR INDICATES THE OCCURRENCE OF OVERLAPS

No overlays detected

Overlays detected

Overlays	
Indigenous Land ❓	No
Conservation Units ❓	No
Quilombola/maroons territory ❓	No

INTERACTIVE MAP

After the last section of the report, an interactive map highlights the property's polygon and allows users to visualize spatially explicit data contained in the report. This feature enables the comparison of land use mappings with high-resolution images from the map server.
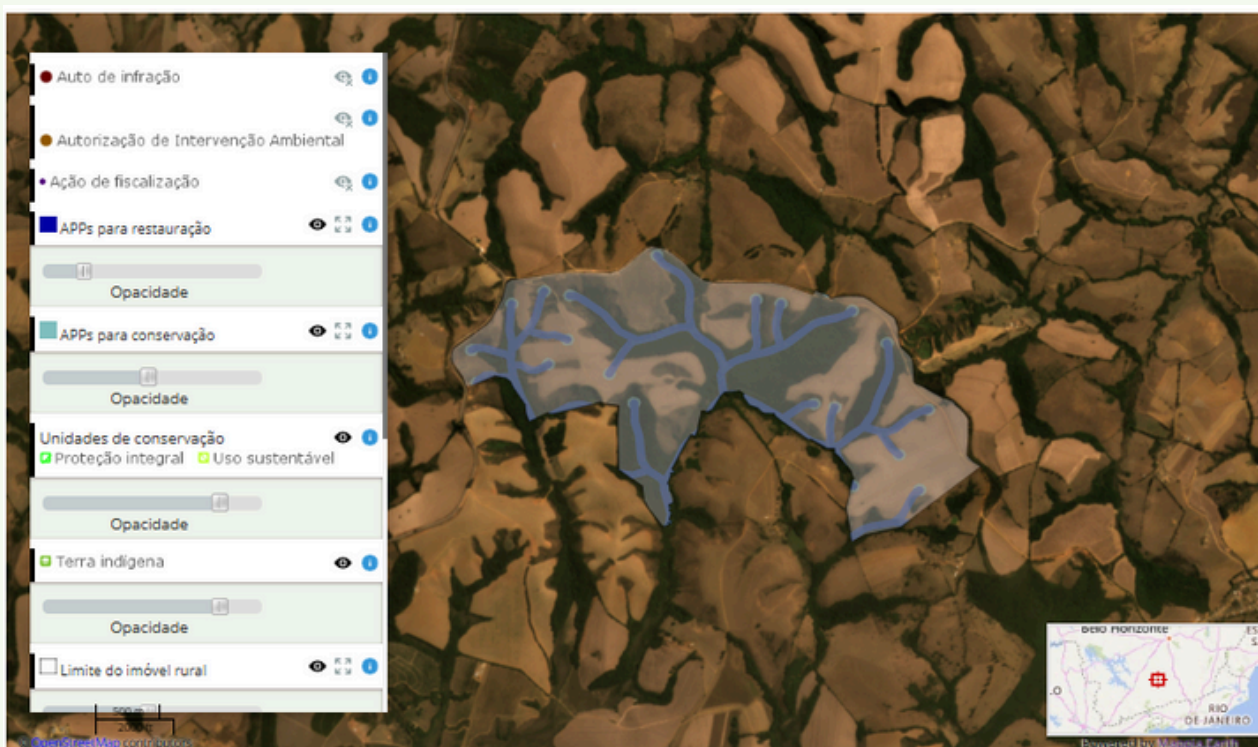
A STEP-BY-STEP SUMMARY OF HOW TO USE THE SELOVERDE MG PLATFORM

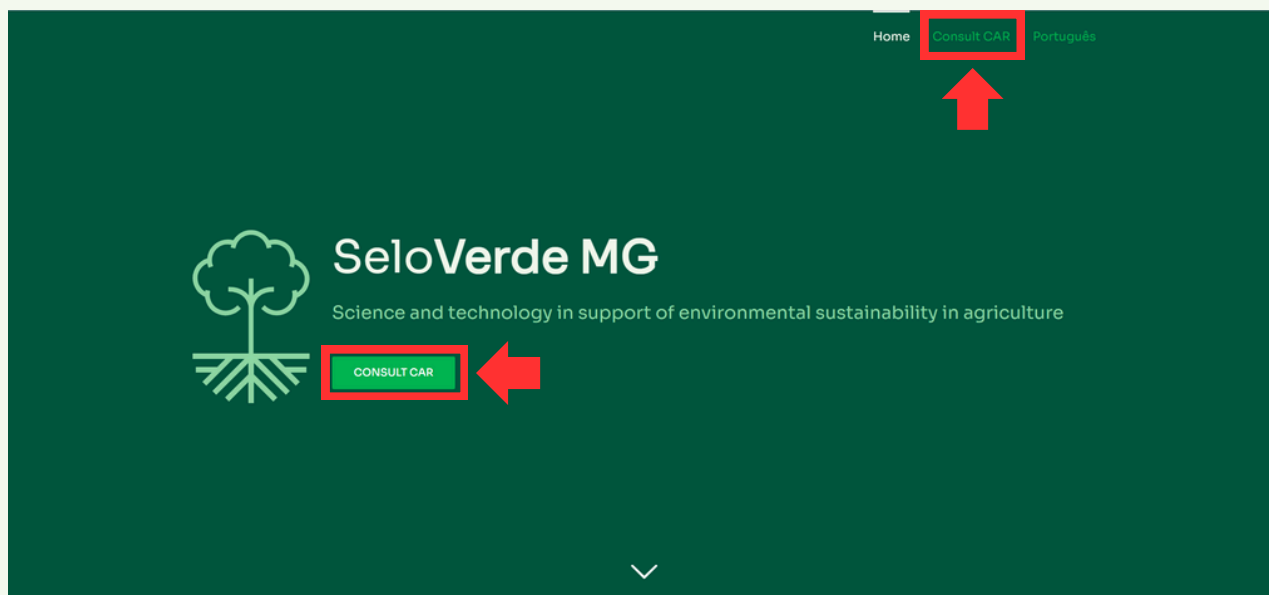Follow the instructions below to access the SeloVerde MG Platform.

1. Open SeloVerde MG on your internet browser:

https://seloverde.meioambiente.mg.gov.br/

2. If the language is not already set, click "English" or "Portuguese" at the top right corner of the screen.

**3. Click on either of the two "Consult CAR" buttons, and a new page will open.**

4. On the "Consult CAR" page, insert your supplier's CAR number. Then click "I'm not a robot" in the captcha box and click on the "Get report" button.

5. The report on the socio-environmental compliance of the supplier's farm will be displayed.

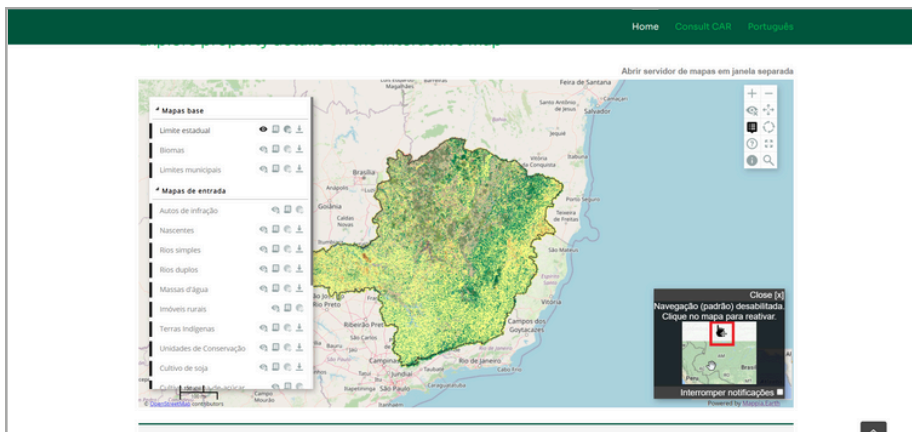In case you need an explanation about the meaning of each field, hover over the ?
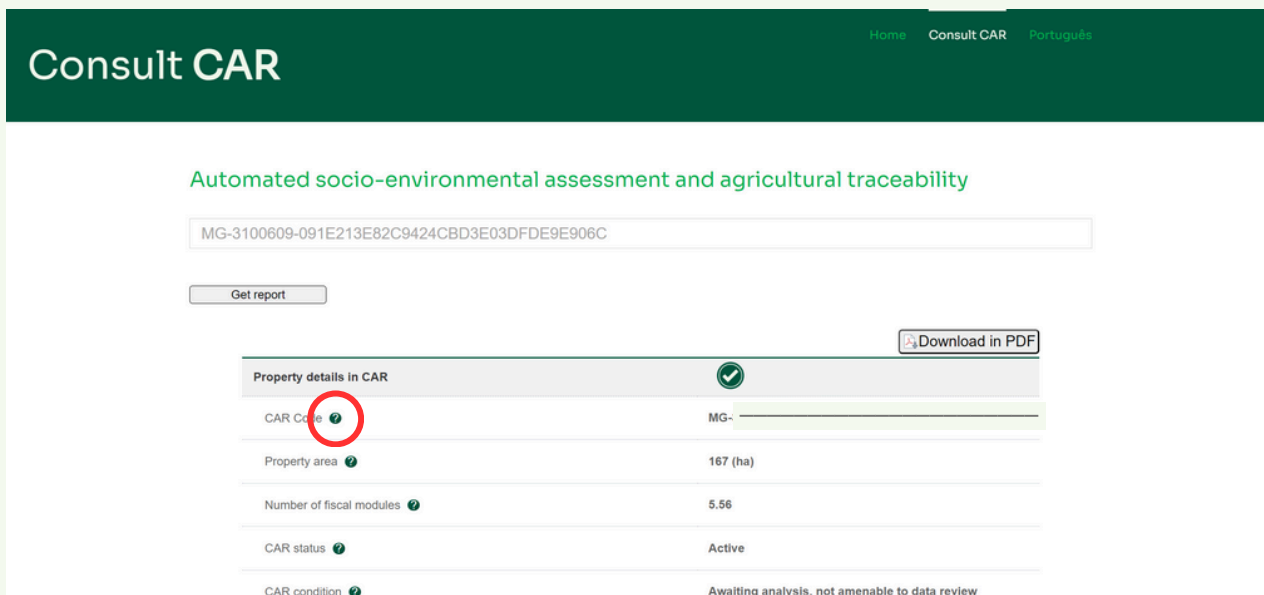
> If you do not have the CAR code, the query can be made through the map server provided on the SeloVerde MG platform. Read the next page to see how.
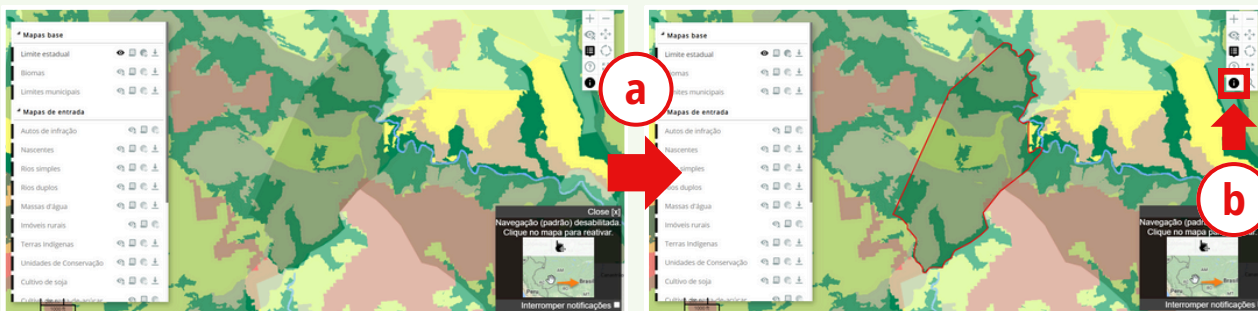
OBTAINING CAR CODES VIA MAP SERVER

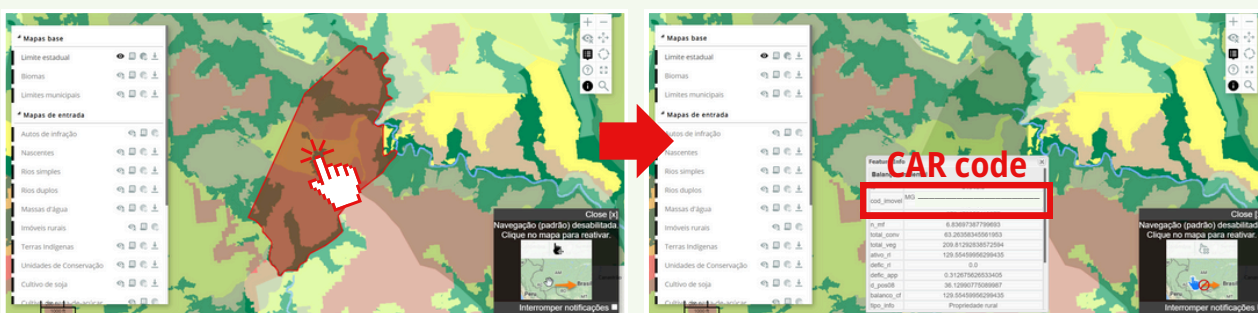**1. At the SeloVerde MG platform, scroll down the page until you see the map server.**

2. Follow the steps below:

a) Locate the property on the map;
b) Click on the "i" icon in the legend;

c) Click on the property area on the map server. A window will open with the CAR information;

d) Repeat steps 4, 5, and 6 from the above step-by-step guide.

> **?** If you still have any questions or would like to learn more about SeloVerde-MG after completing this practical guide, please visit the platform's **FAQ**

SHARING AND VERIFYING THE REPORT

SeloVerde MG offers the option to download the property report in PDF (Portable Document Format). This allows for easy access when the device is offline, printing, or sharing among interested parties.

Using a QR code at the end of this document, whoever receives this file can access the report online, verify its authenticity, and use the interactivity present only in the online version of the document.

DOWNLOAD THE PDF

READ THE QR CODE
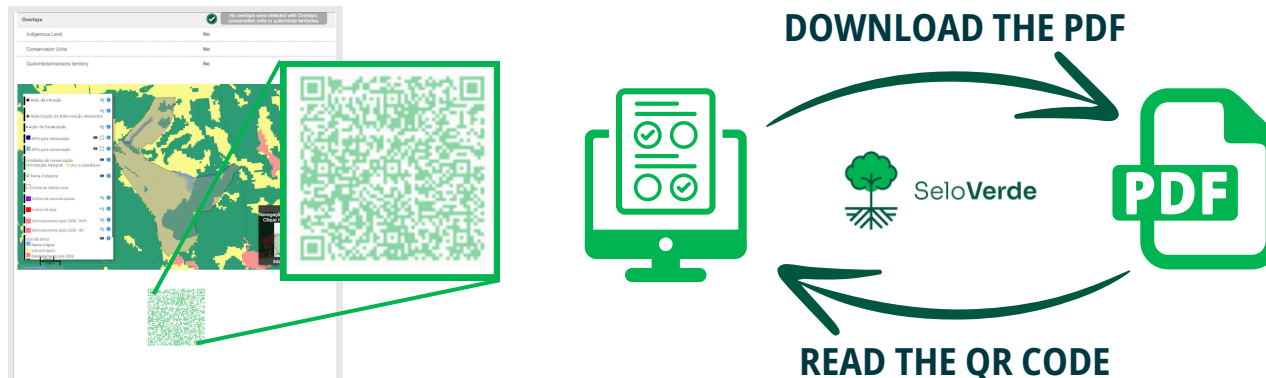
DISCLAIMER

SeloVerde MG reserves the right to cancel, change, update, suspend, or interrupt any estimate or functionality of its website at any time. This includes automated analyses of environmental balance, deforestation occurrences, and traceability based on the availability of updated data and justified reviews of legal and methodological parameters at the discretion of the State Institute of Forests (IEF).

Due to the inherent uncertainties and limitations of the geospatial data used, inaccuracies, errors, or omissions may occur in automatic diagnoses for rural properties. No responsibility is assumed for any damages or losses resulting from uncertainties, availability, use, or misuse of the information presented in the platform. If you have further questions, please contact IEF.

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