



PROGRESS REPORT | 2019

**Commitment:**  
**Towards a Deforestation  
and Native Vegetation  
Conversion Free Chain**

# Message from the CEO

In 2017, when AMAGGI launched its Global Sustainability Positioning with a vision until 2025, we took another step in our long socio-environmental process and publicly assumed the commitment “Towards a Deforestation and Conversion Free Grain Chain”. This is currently one of the main challenges in the grain production chain. However, by taking on such a challenge, we also know that we cannot be successful alone.

We believe that for the development of responsible production, with traceability and positive impact, less carbon footprint, free of deforestation and vegetation conversion, it is necessary for all actors in our value chain to work together.

We are committed to investing in the enhancement of natural and human capital, we support our partners through the dissemination of knowledge, we encourage socio-environmental certifications and best agricultural practices, as well as the adoption of new technologies for sustainable production. Through partnerships, we engage our stakeholders and scale the sustainability of agribusiness, meeting the most rigorous market demands.

We know that growth and development in a permanent way only happen through a socially and environmentally responsible performance throughout the value chain. However, our understanding goes further. We realize that society’s wishes are constantly changing and that the origin of the product plus good work and production practices are increasingly on the agenda.

Therefore, this Progress Report, published annually, ends up becoming an important transparency tool, in which we reaffirm our commitments and share our achievements, challenges and main actions.

JUDINEY CARVALHO DE SOUZA  
CEO



# About AMAGGI

Founded in 1977, AMAGGI operates in an integrated, sustainable and synergistic manner throughout the grain and fiber chain, with: grains and inputs marketing and origination, grain processing, port operations, road and river transport, agricultural production and generation and electricity commercialization. AMAGGI is present in all regions of Brazil and develops its activities through four business areas - Agro, Commodities, Logistics and Operations and Energy, in addition to maintaining offices and units in different countries: Argentina, Paraguay, Holland, Norway, Switzerland and China. It carries out its private social investment through the André and Lúcia Maggi Foundation.

**6.3 thousand**  
**10 company-owned**  
**3 company-owned**  
**30 storage units**  
**3 soybean crushing units**  
**3 port terminals**  
**5 Small Hydroelectric Plants**  
**+ BRL 6 million**

employees in Brazil

agricultural production units in MT

reforestation farms

in MT, RO and AM

located in MT, AM and Norway

in RO and AM

in the region of Sapezal/MT

in annual investments to improve the socio-environmental management of its operations and chain



AMAGGI was one of only two companies in Brazil to be classified as a Leader (Leadership category), with an A-score in the CDP Forest, the only one in the agricultural sector, proving that it is possible to combine agricultural production in Brazil with forest conservation. Only eight companies obtained the maximum grade A worldwide.

# About this Report

In order to respond to the demands of society and stakeholders in a transparent manner, in 2017 AMAGGI launched its **Global Sustainability Positioning**, with a vision until 2025. This document contemplates the company's commitment "Towards a Deforestation Free Grain Chain".

In 2019, AMAGGI revisited this commitment, which was renamed "**Towards a Deforestation and Conversion Free Grain Chain**", starting to address the company's objectives, commitments and ways of acting even more clearly and robustly. At the same time, the first progress report for 2018 was released.

## OUR COMMITMENT: : Towards a Deforestation and Conversion Free Grain Chain



In this commitment, AMAGGI reaffirms its desire to reach a grain supply chain which is free from deforestation and declare that this position refers to deforestation and conversion of native vegetation to all biomes where the Company operates, inside and outside Brazil, especially the Brazilian Amazon and the Cerrado biomes; and we will work together with our suppliers, customers, civil society and governments to achieve this result.



[CLICK HERE](#) AND LEARN MORE ABOUT OUR COMMITMENT "TOWARDS A DEFORESTATION AND CONVERSION FREE GRAIN CHAIN"



[CLICK HERE](#) AND LEARN MORE ABOUT AMAGGI'S GLOBAL SUSTAINABILITY POSITION



[CLICK HERE](#) AND LEARN MORE ABOUT OTHER COMMITMENTS AND AMAGGI SUSTAINABILITY REPORT

Maintaining its transparency values with society, in 2020 AMAGGI launch its second Progress Report, referring to 2019, to demonstrate the evolution of its performance and challenges that still exist to achieve a deforestation and conversion free grain chain.

In its new version, AMAGGI also included stakeholder perceptions for improvements in its processes and the evolution of its positioning and accountability:



AMAGGI also maintains an open channel for complaints and recommendations from all related parties, which can be accessed at:

<https://www.amaggi.com.br/en/reporting-channel/>.



*“The Nature Conservancy has worked with the soy sector for over 15 years with the aim to increase production sustainability and reduce deforestation associated with the chain. This collaboration, plus objective of bringing more transparency to the communication of Amaggi’s advances towards a more sustainable production chain, exemplifies the joint work that we believe is essential to achieve this objective. It is essential that all companies continue to improve transparency in their footprint information, through viable, measurable and diligent key metrics and parameters, such as, e.g., presence in priority biomes, deforestation area and origination volumes. These data bring benefits to all links in the sector, from supply to demand, stimulating and strengthening the progress towards zero conversion in priority conservation areas.”*

**RODRIGO SPURI**

**Conservation Director at The Nature Conservancy Brazil**



*“The improvement opportunities pointed out by The Nature Conservancy were extremely important for the evolution of our 2019 commitment and report. We want to maintain a relationship of trust and credibility with all actors in our value chain and, therefore, we consider the our stakeholders’ interests and expectations both to evolve in the process of transparency in our annual operations accountability, as well as in improving the management of our commitment, especially regarding the advances and challenges that we still have to overcome in order to reach a deforestation free grain chain.”*

**FABIANA REGUERO**

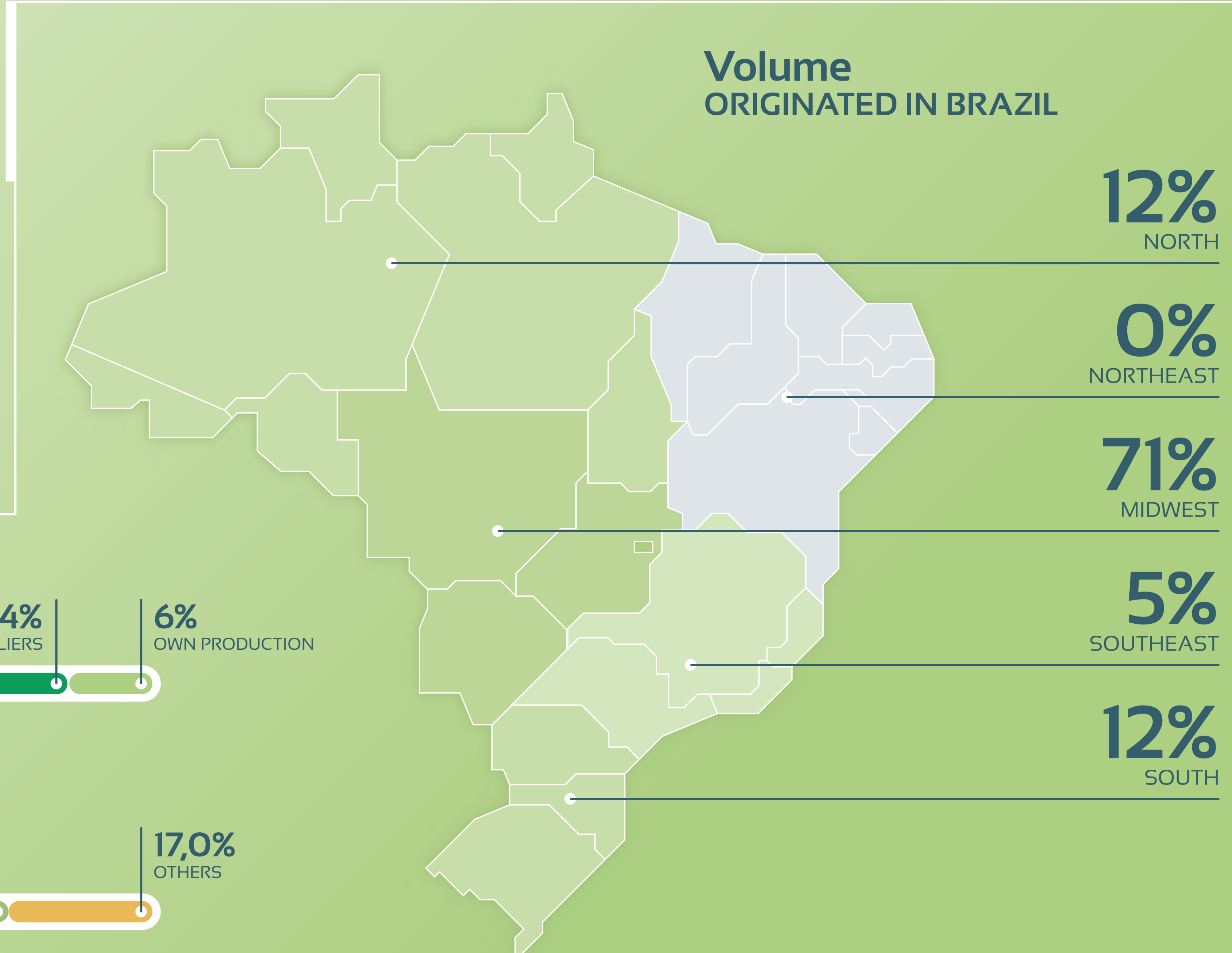
**AMAGGI Social and Environmental Manager**

# AMAGGI's grain commercialization scope in Brazil

The grains that AMAGGI trades on the market come from its own farms, all located in the State of Mato Grosso, as well as from grain origination of rural producers located in several regions in Brazil.

AMAGGI's greatest volume comes from purchasing grains from its suppliers, which is why it is important to have a clear positioning on the company's performance and commitment and its own units, along its value chain.

## Volume ORIGINATED IN BRAZIL



## VOLUME MARKETED BY AMAGGI IN BRAZIL



## VOLUME ORIGINATED BY AMAGGI IN BRAZIL BY BIOME



# Priority action



## PRIORITY JURISDICTIONS

Trading in all regions of Brazil, with the exception of the Northeast, AMAGGI decided to prioritize its operations based on analysis of risks and opportunities, adopting the priority jurisdictions context. Thus, by increasing its adoption of 25 priority municipalities, as in its 2018 progress report, AMAGGI expanded the concept to the 2 primary biomes for the company, both from the point of view of volume, as well as risk of deforestation and loss of biodiversity.

Thus, due to the commitment to the Soy Moratorium and the significance of the volume originated in the Amazon biome, all municipalities in this region are considered a priority in the search for biodiversity conservation and sustainability. The origination estimate in this biome is 45.5% of the volume originated by AMAGGI in Brazil.

The state of Mato Grosso is made up of the two main biomes, Amazon and Cerrado, and is considered a higher priority jurisdiction for AMAGGI due to the risk of deforestation still existing and the representativeness of the volume originated (circa 63% of the total) by AMAGGI, with 47% of this volume coming from the Cerrado. In the Cerrado biome, the volume originated by AMAGGI represents 37.5% of the total in Brazil.

These priority jurisdictions (Amazon biome and the state of Mato Grosso) represent **75% of the total** volume of soy originated in Brazil by AMAGGI, covering a total of **159 municipalities.**

The other 25% of the company's origination in Brazil is in regions already consolidated, such as the South and Southeast (17%) and, to a lesser extent, in the states of Mato Grosso do Sul (2%) and Goiás (6%).

In addition to Brazil, AMAGGI also originates grains in Paraguay and Argentina. However, the volume acquired from these countries represent less than 10% of AMAGGI's origination in Latin America.

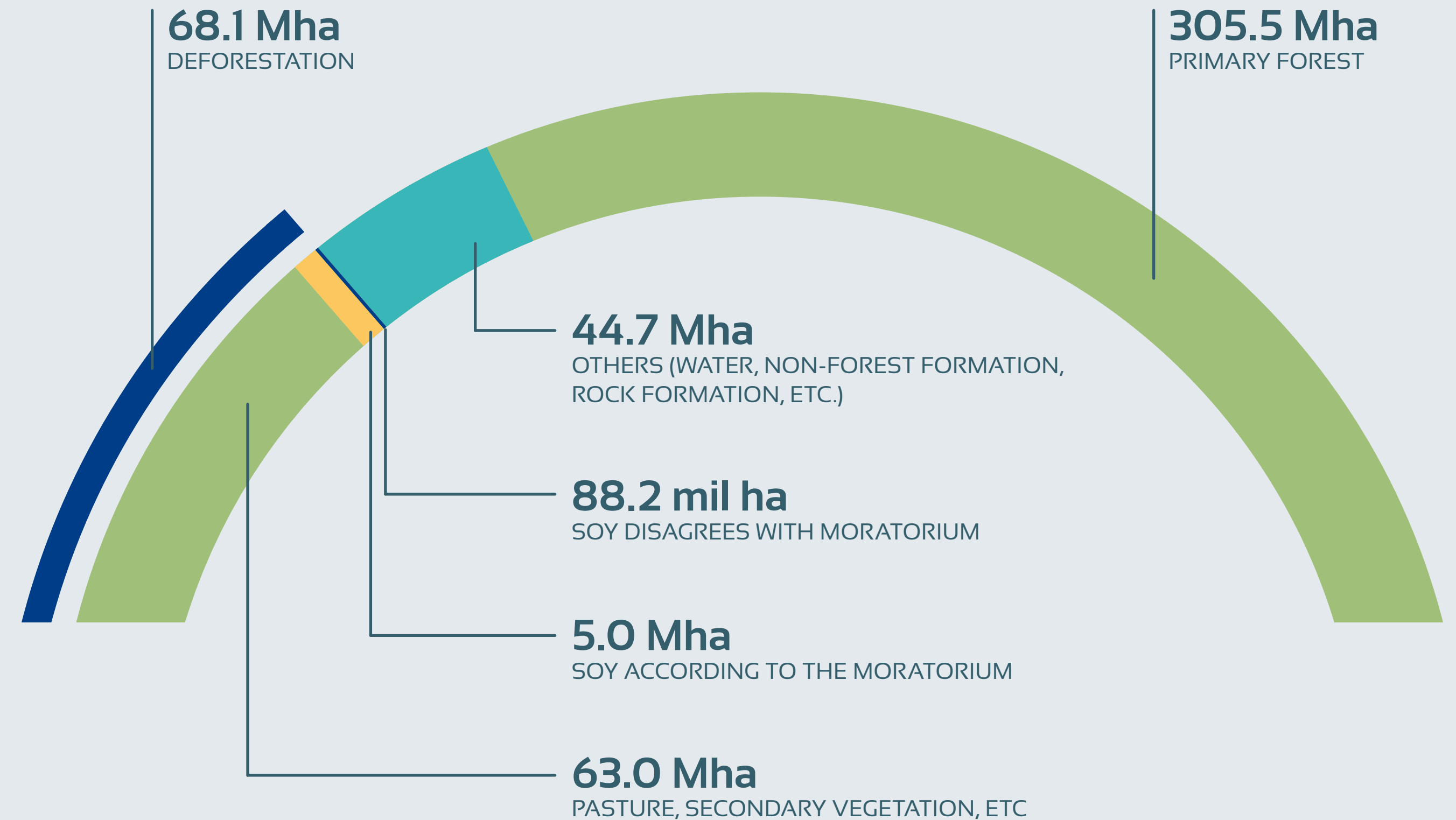
## GENERAL OVERVIEW OF THE BRAZILIAN AMAZÔNIA AND CERRADO BIOMES

### AMAZON BIOME:

The Amazon biome is the largest and richest in biodiversity in Brazil, covering nine states (Pará, Amazonas, Amapá, Acre, Rondônia and Roraima and some parts of Maranhão, Tocantins and Mato Grosso). According to the Soy Moratorium's 12th monitoring report, published annually by Agrosat Satélite and responsible for monitoring soy plantations non-compliant with the criteria of the sectoral commitment since the beginning of the Moratorium, the area cultivated with soy in the Amazon biome has more than quadrupled, from 1.14 million hectares in the 2005/06 harvest (before the Moratorium) to 5 million hectares in the 2018/19 harvest. This survey also reveals that **the area in conflict with the moratorium is 88.2 thousand hectares (1.7% of the total soy area in the biome)**. This demonstrates that soy has been expanding essentially over pasture areas from deforestation prior to the Moratorium, revealing the effectiveness of this initiative.

To access the full please report click here: <https://abiove.org.br/en/relatorios/>.

AMAGGI is one of the Soy Moratorium's signatory companies and can affirm that it does not sell soybeans from areas deforested after 2008, in the Amazon biome, whether they are legally or illegally opened. This commitment is confirmed through annual audits by a third party and AMAGGI has always achieved 100% compliance.



Source: Agrosatélite - Soy Moratorium's 12th monitoring report



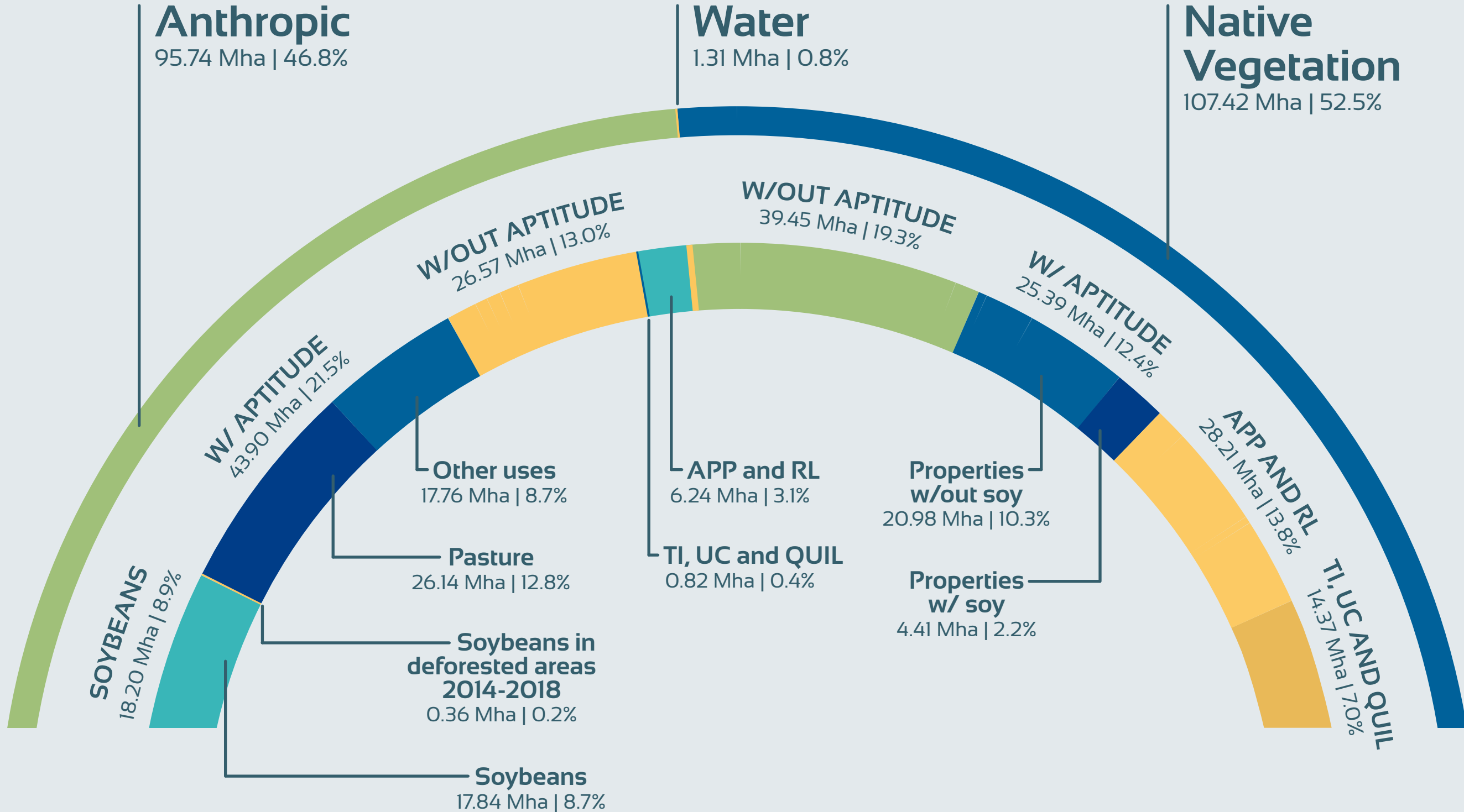
# GENERAL OVERVIEW OF THE BRAZILIAN AMAZÔNIA AND CERRADO BIOMES

## CERRADO BIOME:

According to EMBRAPA, the Cerrado is the second largest biome in Brazil with an area of approximately 204 million hectares. This represents almost a quarter of the country's entire land area. Studies contracted by ABIOVE and carried out by Agrosat Satélite show that, in the last 18 harvests, the area of soy grew 2.4 times in the Cerrado, from 7.5 to 18.2 million hectares. Currently, 51% of the national soybean area is in this biome. Almost a third of the expansion was concentrated in Matopiba (Maranhão, Tocantins, Piauí and Bahia), where the soybean area increased from 1 to 4.3 million hectares in the same period. The expansion of soy over deforested areas in the Cerrado shows consecutive drops, from 215 thousand hectares per year from 2001 to 2006, to 73 thousand hectares between 2014 and 2018.

To learn more about the study please visit:

<https://abiove.org.br/en/publicacoes/analise-geoespacial-da-soja-no-cerrado/>



Source: Agrosatélite Geospatial Analysis of Soy Crop Report in the Cerrado

# Our Commitments and Performance Fronts

In the search for a deforestation and conversion free grain chain, AMAGGI has five major fronts of action - ranging from environmental conservation actions carried out in the company's production areas, to operations along its value chain, which includes supplying grains producers, the society, the government, the community, partners and customers. These are:



## ENVIRONMENTAL CONSERVATION OF AMAGGI PRODUCTION AREAS

- Ensure the maintenance of agricultural production's responsible expansion in already open areas, as well as invest in the transformation of degraded areas into increasingly productive properties, avoiding new conversions of native vegetation for the entry of agriculture;
- Ensure compliance with the precepts determined by the Brazilian Forestry Code and strengthening the restoration agenda;
- Guarantee the conservation of biodiversity and the efficient use of its resources, in addition to the sustainable development of the territory;
- Continue to invest in technology in the field and good agricultural practices in order to improve operational efficiency, as well as mitigate socio-environmental impacts;
- Continuously invest in reducing greenhouse gas emissions from products produced and originated by AMAGGI, as well as its carbon footprint;
- Respect and protect human rights, especially for traditional and indigenous communities, and family farming.



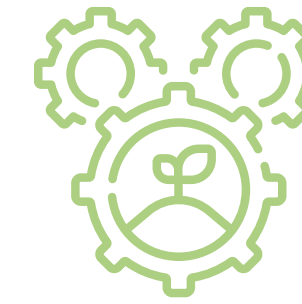
## SUPPLIER TRACEABILITY

- Continuously improve traceability of its direct grain supply chain, ensuring the origin regularity to the market;
- Map and analyze risks of the indirect grain supply chain;
- Evolve in strategic information management of grain suppliers in the ORIGINAR database;
- Ensure that the socio-environmental criteria determined by AMAGGI for grain commercialization are met, as well as the Brazilian Forestry Code;
- Ensure the continued fulfillment of institutional commitments assumed, such as the Soy Moratorium, the Green Grain Protocol, among others;
- Respect and protect human rights, especially to local and indigenous communities, and family farmers;
- Respect the right to use the land, including the principle of free, prior and informed consent.



## PARTNERSHIPS AND INITIATIVES FOR A SUSTAINABLE AND DEFORESTATION-FREE AGRICULTURE

- Invest in partnerships and projects in search of a more responsible supply chain, especially those that operate in priority jurisdictions;
- Invest in initiatives that promote solutions for the protection, conservation and recovery of areas with high biodiversity conservation value and carbon stock (HCS and HCV);
- Maintain participation in sectoral discussions, such as the Soy Working Group (GTS), the Cerrado Working Group (GTC) and the UN Global Compact Food and Agriculture Thematic Group, to promote sustainability in agribusiness;
- Maintain an open dialogue and participate in initiatives with main actors of the value chain, aiming to provide innovative and sustainable solutions to the challenges of agriculture free of deforestation and conversion free agriculture;
- Take part in initiatives that contribute to the evolution of public policies and improvement of the country's socio-environmental governance;
- Support mechanisms that value forests and natural resources, such as PSA systems (payments for environmental services) and other conservation financing mechanisms.



## GRAIN SUPPLY CHAIN ENGAGEMENT AND DEVELOPMENT

- Encourage grain suppliers to maintain a conversion-free operation, which contributes to the sharing of benefits with surrounding communities and allows for the efficient use of resources and sustainable development of the territory;
- Support the adoption of good agricultural practices, such as biological control, as well as systems that allow for greater productivity and better management of land use, less use of pesticides, fertilizers and inputs, among other actions to mitigate other possible environmental and social impacts;
- Expand practices for disseminating knowledge and encouraging producer socio-environmental certifications, for an increasingly sustainable performance;
- Promote legal compliance for its operations and demand compliance with local laws related to forestry issues.



## SOCIO-ENVIRONMENTAL CERTIFICATIONS

- Encourage the expansion of producer socio-environmental certifications and the commercialization of a product certified by the market, both in their own schemes and as multi-stakeholders (RTRS, ProTerra and others);
- Guarantee the maintenance of socio-environmental certifications in 100% of AMAGGI's production;
- Provide support to rural producer suppliers to reach standards required in certifications and connect them to consumer markets;
- Be a reference in meeting new market demands to expand the guarantee schemes of origin and zero deforestation, and offer innovative and sustainable solutions;
- Share benefits among all in the value chain, in addition to guaranteeing the credibility of certified and original products to interested parties.

# Main Results and Next Steps



ENVIRONMENTAL  
CONSERVATION OF AMAGGI  
PRODUCTION AREAS



SUPPLIER  
TRACEABILITY



PARTNERSHIPS AND INITIATIVES FOR  
A SUSTAINABLE AND  
DEFORESTATION-FREE AGRICULTURE



GRAIN SUPPLY CHAIN  
ENGAGEMENT AND  
DEVELOPMENT



SOCIO-ENVIRONMENTAL  
CERTIFICATIONS

## MAIN RESULTS ACHIEVED

- ✓ **100% of AMAGGI owned farms free from deforestation for agricultural expansion, at least since 2008;**
- ✓ 100% of AMAGGI's agricultural production farms are certified under socio-environmental schemes;
- ✓ 138 thousand hectares of preserved area;
- ✓ investment in new technologies to increase productivity and lower socio-environmental impact;
- ✓ smaller carbon footprint compared to other competing markets.

## NEXT STEPS/CHALLENGES

- ✓ Continuity in complying with the Forestry Code and the recovery of 179 hectares of APPDs, promoting the most viable techniques;
- ✓ Maintain the expansion of AMAGGI owned production in already open areas;
- ✓ Investment in new technologies that promote lower carbon footprint.

# Main Results and Next Steps



ENVIRONMENTAL  
CONSERVATION OF AMAGGI  
PRODUCTION AREAS



SUPPLIER  
TRACEABILITY



PARTNERSHIPS AND INITIATIVES FOR  
A SUSTAINABLE AND  
DEFORESTATION-FREE AGRICULTURE



GRAIN SUPPLY CHAIN  
ENGAGEMENT AND  
DEVELOPMENT



SOCIO-ENVIRONMENTAL  
CERTIFICATIONS

## MAIN RESULTS ACHIEVED

- ✓ 100% of grain suppliers in compliance with AMAGGI's minimum socio-environmental criteria;
- ✓ 100% compliance with the Soy Moratorium and Green Grain Protocol;
- ✓ **98% of the volume of grain traded with direct suppliers, from priority jurisdictions, is tracked and monitored by polygon;**
- ✓ 87% of the volume originated by AMAGGI comes from direct suppliers and 13% indirectly;
- ✓ 22% of the volume originated from indirect products is tracked;
- ✓ **99% of the soybeans originated volume tracked in 2019/2020 is deforestation and conversion free, after 2017;**
- ✓ **ORIGINAR 2. evolution 0, with the traceability process automation of the related polygon of origin marketed volume.**

## NEXT STEPS/CHALLENGES

- ✓ **Maintain traceability in 100% of direct suppliers;**
- ✓ **Implement an alert system for deforestation and fires in ORIGINAR 2.0;**
- ✓ **Continuity of mapping and search for more solutions for the traceability of indirect suppliers;**
- ✓ **In the medium term, expand traceability for suppliers in non-priority jurisdiction.**

# Main Results and Next Steps



ENVIRONMENTAL CONSERVATION OF AMAGGI PRODUCTION AREAS



SUPPLIER TRACEABILITY



PARTNERSHIPS AND INITIATIVES FOR A SUSTAINABLE AND DEFORESTATION-FREE AGRICULTURE



GRAIN SUPPLY CHAIN ENGAGEMENT AND DEVELOPMENT



SOCIO-ENVIRONMENTAL CERTIFICATIONS

## MAIN RESULTS ACHIEVED

### ✓ Investments in operating partnerships in priority jurisdictions such as:

PCI of the MT government, Sustainable Landscapes of TNC, IPAM and Verified Sourcing Areas - IDH partnership, Seed Pathways (Agroícone + ISA + P4F), Earth Innovation Tropical Forest Champion;

- ✓ Leadership in initiatives that promote sustainable agriculture and fight against deforestation, such as Brazil Climate, Forests, and Agriculture Coalition and Sustainable Agro Action Platform of the UN Global Compact Brazil Network.

## NEXT STEPS/CHALLENGES

- ✓ Remain a signatory to the Soy Moratorium and Green Grain Protocol;
- ✓ Maintain sectorial and multi-stakeholder dialogue in order to establish commitments and partnerships for priority jurisdictions;
- ✓ Support the Forestry Code strengthening and compliance agenda;
- ✓ Support mechanisms that value forests and natural resources, such as PSA systems and others.

# Main Results and Next Steps



ENVIRONMENTAL  
CONSERVATION OF AMAGGI  
PRODUCTION AREAS



SUPPLIER  
TRACEABILITY



PARTNERSHIPS AND INITIATIVES FOR  
A SUSTAINABLE AND  
DEFORESTATION-FREE AGRICULTURE



GRAIN SUPPLY CHAIN  
ENGAGEMENT AND  
DEVELOPMENT



SOCIO-ENVIRONMENTAL  
CERTIFICATIONS

## MAIN RESULTS ACHIEVED

- ✓ Complete socio-environmental diagnosis with technical guidance on 83 certified producer farms;
- ✓ 637 producers visited to verify compliance with socio-environmental criteria;
- ✓ **2,179 participants** in the **Technological Circuit** held in **22 municipalities** in the states of MT and RO.

## NEXT STEPS/CHALLENGES

- ✓ Strengthening the dissemination of knowledge on forest restoration methodologies, good agricultural practices and encourage expansion in already open areas;
- ✓ Maintain dialogue with producers in search of solutions that guarantee the valorization of environmental assets, with due compensation for their protection.

# Main Results and Next Steps



ENVIRONMENTAL  
CONSERVATION OF AMAGGI  
PRODUCTION AREAS



SUPPLIER  
TRACEABILITY



PARTNERSHIPS AND INITIATIVES FOR  
A SUSTAINABLE AND  
DEFORESTATION-FREE AGRICULTURE



GRAIN SUPPLY CHAIN  
ENGAGEMENT AND  
DEVELOPMENT



SOCIO-ENVIRONMENTAL  
CERTIFICATIONS

## MAIN RESULTS ACHIEVED

- ✓ **Another BRL 2 million** in awards to RTRS certified suppliers;
- ✓ 1.2 million tons of zero deforestation certified soy in partner rural producers and 548 thousand tons in AMAGGI owned farms;
- ✓ **Leadership in certified zero deforestation volume (circa 30% of the global volume) in RTRS and ProTerra standards**

## NEXT STEPS/CHALLENGES

- ✓ Leadership in offering innovative and sustainable solutions to the market;
- ✓ Increase producer certification in their supply chain, in line with market demands, especially for zero deforestation schemes;
- ✓ Share benefits among all in the value chain, in addition to ensuring the credibility of certified products to interested parties.

# Our performance

FRONT ADVANCEMENTS







## ENVIRONMENTAL CONSERVATION OF AMAGGI'S PRODUCTION AREAS

### COMMITMENT TO ZERO DEFORESTATION AND EXPANSION OVER OPEN OR DEGRADED AREAS

*AMAGGI owned areas are free of deforestation and native vegetation conversion for agricultural production, at least since 2008.*

All AMAGGI farms are committed to responsible expansion of agricultural production in already open areas.

Of all the volume sold by AMAGGI in Brazil, the company owned farms represented, in the 2019/20 harvest, 6% of the total volume.



**138**  
thousand  
hectares of  
protected areas

### COMPLIANCE WITH THE FORESTRY CODE AND COMMITMENT TO RESTORATION AND COMPENSATION OF AREAS

The first step in meeting these commitments is to be in full compliance with the Brazilian law. All AMAGGI properties are maintained in accordance with the Brazilian Forestry Code and other environmental legislation. The company's productive activities are carried out outside the limits of Conservation Units and Indigenous Lands, in addition to ensuring respect for traditional communities, family farmers and the right to use the land.

Of a total of circa 289 thousand hectares of its own areas (including agricultural and reforestation units), AMAGGI maintains approximately 138 thousand hectares of protected areas, including Legal Reserve (RL), Permanent Preservation Areas (APPs) and park areas for compensation, representing 48% of preserved areas located in the Pantanal, Amazon and Cerrado biomes. In addition, there are circa 179 hectares of Permanent Preservation Areas under recovery.

Aiming at better results for the forest restoration process, AMAGGI has an experiment in an area of 7 hectares at the Tanguro Farm, located in Querência (MT), to leverage the technique of direct seeding (Muvuca), through the Seed Pathways Project (Caminhos das Sementes). The idea is that the area be a demonstrative incentive field for the recovery of Permanent Preservation Areas for producers in the region.

## BIODIVERSITY CONSERVATION

AMAGGI's conservation areas are located entirely in the state of Mato Grosso and are distributed in the Cerrado and Amazon biomes, places that represent habitats of native species, such as tapirs, maned wolves, pumas, jaguars, agoutis, armadillos, red brocket deer, snakes and various birds, among other species that can be frequently observed by employees and local residents.

At the Tanguro Farm, several studies are being carried out by the Amazon Research Institute (IPAM), which brings together scientists and students from different countries to better understand the direct impacts of agriculture on biodiversity, including the cataloging of fauna present on the farm.

Moreover, with a view to preventing forest fires, AMAGGI's farms have fire-fighting equipment and a trained brigade to fight fire in forests and crops.

AMAGGI also invests in biological control experiments to reduce the use of pesticides in crops, reforestation, in addition to crop and livestock integration systems. Furthermore, productivity has been growing year after year, due to investments in technology and good agricultural practices, thus reducing the need to open up new areas to expand production. These practices help reduce pressure on biodiversity.

The efficiency of its own operations can be confirmed by the results of its greenhouse gas emissions footprint for soybean, corn and cotton crops, which have had excellent results when compared with other competing markets (average in Brazil and other countries). **For access to the main results of the studies, please [click here](#).**

## HIGHLIGHTS



# zero deforestation

commitment to its own  
production, at least since 2008

## 138 thousand

hectares of  
preserved areas

## 100% of the volume

is from zero deforestation and certified in at least one socio-environmental standard - RTRS (Round Table Responsible Soy), ProTerra and A.R.S. (AMAGGI Responsible Standard)

## 35 million

tCO<sub>2</sub>e in carbon stock  
in preserved areas

## Increase

of almost 5% in the average soybean productivity per hectare in AMAGGI farms from 2018/19 crop to the 2019/20 crop, ensuring greater production with less area use.



## GRAIN SUPPLIERS TRACEABILITY AND MANAGEMENT

**98%**  
**traceability**  
of the volume of their direct  
suppliers in the priority jurisdictions

### ORIGINAR 2.0 PLATFORM AND TRACEABILITY

One of the highlights of 2019 at AMAGGI was the launch of the ORIGINAR 2.0, an evolution of the ORIGINAR platform (originate).

In order to guarantee a better market strategy, more security and traceability for its negotiations, the new version of the platform, in addition to enabling the monitoring of rural producers and their assessment based on socio-environmental criteria, allows the management of existing commercial information, providing strategic intelligence for grain trading.

Integrating the areas of Origination, Inputs and Sustainability, ORIGINAR 2.0 has a system of module construction that allow for the identification and registration of rural properties, insertion and management of commercial data, their socio-environmental analysis, and

environmental and agricultural monitoring via satellite.

Moreover, to better guarantee its traceability process,

**AMAGGI HAS LARGELY EVOLVED IN MAPPING, MONITORING AND IDENTIFYING THE ORIGIN OF ITS GRAIN SUPPLIERS AT A TOTAL LEVEL OF THE FARMS** (and not just a geographical coordinate).

Of the 86% of suppliers monitored with only one coordinate in the 2018/2019 crop, we reached, in the 2019/2020 crop, 98% traceability of the volume of their direct suppliers in the priority jurisdictions. For the identification of suppliers, CAR, SIGEF/INCRA and the AMAGGI units' team field knowledge are used as reference bases for property limits, increasing the reliability of the data generated.

**THE DIRECT VOLUME ACQUIRED BY AMAGGI REPRESENTS 87% OF ITS TOTAL VOLUME, THE REMAINDER (13%) COME FROM INDIRECT SUPPLIERS.**

One of the challenges that still exists for the company is to map and track 100% of its indirect suppliers' chain - currently the total traceability and compliance of this chain is of 22%. There is still a challenge, in the short term, to map suppliers

in the states of Goiás and Mato Grosso do Sul. Despite the insignificant volume sold, these are states that are in the priority biomes for AMAGGI, the Cerrado, and with an incidence of deforestation, albeit at a lower risk.

As one of the advances, in 2020, AMAGGI also reformulated its trading system, so that for each purchase lot generated there is an identification of the polygon of origin by the origination team and, consequently, the automated verification of the minimum trading criteria, thus guaranteeing total traceability of the origin and the evident attendance of the trading criteria. This new marketing format is already implemented, in a pilot phase, for all purchases in priority jurisdictions defined by AMAGGI.



[Learn more about the ORIGINAR 2.0 Platform potentials.](#)

## MINIMUM SOCIO-ENVIRONMENTAL CRITERIA

In order to guarantee a responsible purchase of grains, AMAGGI evaluates 100% of its suppliers based on established socio-environmental criteria, aiming at environmental protection and respect for human rights, constituting minimum sustainability principles that must be met:

- AMAGGI does not carry out the commercialization of grains from areas that have been blocked due to deforestation or have restrictions on agricultural activity issued by IBAMA.
- AMAGGI does not sell grains from areas that are embargoed by SEMA-MT due to deforestation or restrictions on agricultural activity.
- AMAGGI does not trade with productive areas located on Indigenous Lands and Integral Protection Conservation Units.
- Through the Soy Moratorium, AMAGGI undertakes not to acquire soybeans from areas deforested after 2008 in the Amazon biome.
- AMAGGI does not trade with any person or company that is part of the Dirty List of Slave Labor.
- AMAGGI is committed to selling, in the state of Pará, only to producers that meet the guidelines of the Green Grain Protocol.

Its entire process of verifying the criteria, especially the **Soy Moratorium and the Green Grain Protocol commitment, is verified annually through third party audits. AMAGGI has always achieved 100% compliance.**

## DEFORESTATION ANALYSIS IN THE SUPPLY CHAIN

The evolution of the mapping process, monitoring of direct suppliers and traceability of volumes sold in priority jurisdictions, allowed AMAGGI to analyze the incidence of deforestation in its supply chain and, consequently, the challenges to reach its commitment: Towards a deforestation and conversion free chain.

As AMAGGI is part of the Soy Moratorium it does not allow any legal or illegal deforestation in the Amazon Biome to enter its chain, the deforestation analysis was carried out on the basis of monitored suppliers in the Cerrado biome, referring to the volume traded and tracked in the 19/20 crop, reaching the following conclusions:

**99% of the volume of soy originated and tracked by AMAGGI in 2019/2020 is free from deforestation and conversion, after 2017.**

This reference year is used because it was in 2017 that AMAGGI published its Global Positioning and its commitment to a free deforestation chain. . This figure reaches 99.83% if we consider deforestation that occurred in 2019/2020.

The methodology used to identify land use change with identification and quantification of all changes that occurred in native vegetation in the 2017-2020 period followed the steps represented in the figure beside, and used images integrating the Sentinel, Landsat and RapidEye satellites. As different satellites were used for the study preparation (with different spatial resolutions), only deforestations larger than 5 hectares occupied by soybeans in the last harvest were taken into consideration.

To analyze soybean areas, the volumes sold and tracked by the company in the 19/20 crop were considered.

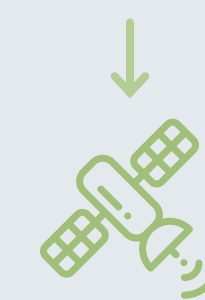
The Land Use Classification and Land Use Change were prepared by the Vega Monitoramen-to consultancy, a company that belongs to the Image Group and the Federal University of Lavras Foundation (UFLA), following UFLA's monitoring methodology.

## DEFORESTATION DETECTION WORK STEPS



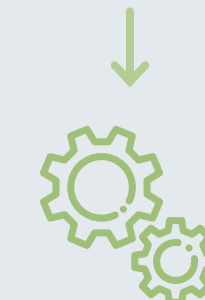
### Farm identification

Farm registration through geo-referencing and preparation of a database with all limits.



### Satellite Images Selection

Selection of sensors, images, dates to be used and download the corresponding tiles.



### Satellite Images Processing

Pre-processing and processing of satellite images to carry out land use classifications.



### Land use change Detection

Land use classification of and changes detection between analyzed dates.



### Soybean areas analysis

Land use dynamics identification in soybean origination areas.



## innovation in the commercialization

process with traceability guarantee and the verification of socio-environmental criteria automation, at a total level, for each purchase lot generated;



## 99% of the originated

and tracked volume in 2019/2020 is free from deforestation and conversion, since 2017, for soybeans;



## 98% the volume

tracked with monitoring of the total farm perimeter in the 2019/2020 crop. In the 2018/2019 crop it was 86% of suppliers monitored with only one coordinate;



**in ORIGINAR,**  
11,600 registers (CAR) are monitored, which are linked to circa 4,100 farms;



**100% of suppliers**  
are in compliance with AMAGGI's socio-environmental criteria;



**100% compliance**  
with external checks on the Soy Moratorium and Green Grain Protocol commitments;

# 87% OF THE VOLUME

originated by AMAGGI are from direct suppliers and 13% from indirect suppliers;

Traceability of  
**22%**  
OF THE VOLUME  
from indirect suppliers;

# 98%

**OF THE ENTIRE**  
area monitored via  
ORIGINAR has an  
Environmental Rural  
Register (CAR);



## PARTNERSHIPS AND INITIATIVES FOR SUSTAINABLE AND DEFORESTATION FREE AGRICULTURE

### BASED ON DIALOGUE, THE JOINT CONSTRUCTION OF SOLUTIONS,

which are values cultivated by AMAGGI, the company maintains its commitment and engagement by actively participating in the most important tables, forums and working groups in order to discuss sustainability related to food production and agribusiness, adding efforts to leaders, NGOs, government, the civil society, and the private sector, in favor of a sustainable agriculture, in Brazil and abroad.

These partnerships are signed taking into account the priority jurisdictions of action defined by AMAGGI, so that there is a concentration of efforts to leverage sustainability on the areas with greatest risk.

### PARTNERSHIPS AND INITIATIVES FOR A DEFORESTATION FREE SUSTAINABLE AGRICULTURE AND PRIORITY JURISDICTIONS



- **Mato Grosso Produce, Preserve and Include (PCI- MT):** an initiative by the State of Mato Grosso that seeks to achieve a vision of socio-economic development for 2030 through the sustainable use of natural resources. AMAGGI is part of the PCI Institute, founded with the main mission of supporting the Government of Mato Grosso's actions to achieve its production, preservation and inclusion goals. All the administrative documentation for governance and the strategic guidelines of the institute are already in progress so to start operations yet in 2020.



- **Brazil Climate, Forestry and Agriculture Coalition:** the initiative aims to articulate actions to promote a new model of economic development based on low carbon economy, responding to the challenges of climate change. AMAGGI continues to participate as one of the leaders of the Deforestation Task Force, of the International Strategy Task Force, in addition to being a member of the Executive Group (GX). In August 2019, it took part in the Latin America and the Caribbean Climate Week, a preparatory meeting for the United Nations Climate Conference (COP 25) held in Bahia. In September, AMAGGI also took part in the New York City 2019 Climate Week, with discussions on solutions to reconcile agricultural production in Brazil with the best practices for natural resources preservation - such as the Produce, Preserve and Include (PCI) Strategy in Mato Grosso, presented during the event.



- **Seed Pathways (Agroicone + ISA + P4F):** AMAGGI was invited to become part of the Experts Committee of the Seed Pathways initiative, whose main objective is to leverage the potential of direct seeding (muvuca technique), fostering forest restoration in Brazil. The first phase of the project aims to raise the technical, regulatory, economic and cultural barriers and issues that explain the low adoption of direct seeding, as well as to define strategies and activities that can solve these barriers. The project focus is in the states of São Paulo and Mato Grosso.



The Nature Conservancy  
Protecting nature. Preserving life.

- **Sustainable Landscapes / MT with The Nature Conservancy (TNC):** since 2011 AMAGGI has been a partner of the TNC with the main objective of promoting environmental suitability and forest restoration in rural properties. In 2019, the partnership was renewed, with the general objective of developing a plan to disseminate the benefits of good agricultural practices and restoration of ciliary forests (according to the Native Vegetation Protection Law), in order to increase areas properties and landscapes resilience, and stimulate the expansion of soy production, and other associated crops in already open areas, as an alternative to deforestation in the region surrounding the BR-163 Highway and Vale do Araguaia.



- **IPAM:** this partnership with the Amazonian Environmental Research Institute (IPAM), which began in 2004, brings together a group of scientists and students from different countries and has the initial objective of investigating the direct impacts of agriculture on biodiversity, forest health, aquatic environments and nutrient dynamics. The results of this partnership are significant: the research conducted at the Tanguro Farm Project has already been the subject of more than 40 articles published in scientific journals, and 30 reports published by the national and international press. In 2019 alone, 15 scientific articles were published in major specialized journals.



- **Earth Innovation Institute:** AMAGGI was invited by the Earth Innovation Institute to form the Balikpapan Challenge Steering Committee initiative that aims to outline and structure the most aligned operations between governments and states through jurisdictional strategy. AMAGGI was also invited by the Earth Innovation Institute to form the Tropical Forest Champion initiative.



- **Soy Working Group (GTS):** made up of civil society organizations, companies and government agencies, the GTS is one of the fronts to combat deforestation in which AMAGGI operates. Through the GTS, AMAGGI materializes its commitment not to trade soybeans from areas in the Amazon biome deforested after 2008, an initiative known worldwide as the Soy Moratorium. In addition, AMAGGI also participates in the Cerrado Working Group (GTC) that seeks to find opportunities for a collective long-term solution to eliminate the deforestation of the cerrado region, linked to the soy chain.



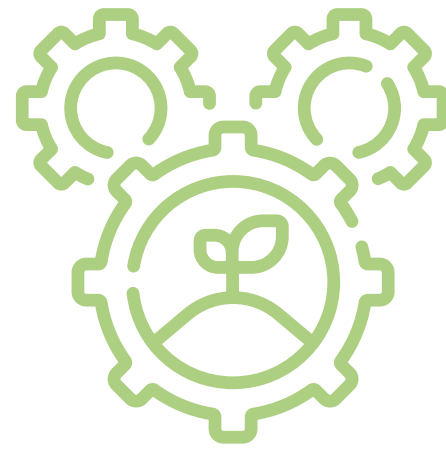
- **Green Grain Protocol:** joint initiative of the Federal Public Ministry, the government of Pará, the Ministry of the Environment, the State Secretariat for the Environment and Sustainability (SEMAS-PA), and local companies in the sector to establish purchasing procedures that ensure the legal and sustainable origin of agricultural soy production in the state and strengthen the Environmental Rural Registry (CAR) as an environmental management tool. AMAGGI joined the Protocol in 2018, due to its operations in Pará.



- **Initiative for Sustainable Trade with the IDH:** AMAGGI continued to take part in 2019 in discussions with the Sustainable Trade Initiative on the development of the Verified Sourcing Areas (VSAs) methodology, as part of the Global Steering Committee, for verification in origination regions, with the objective of facilitating the sale of large volumes of commodities, in accordance with sustainability commitments at scale and at competitive prices.



- **Food and Agriculture Business Principles (PEAA):** a commitment launched in 2014 by the UN Global Compact to collaborate in the development of efficient and practical solutions in order to increase food systems security and agriculture sustainability. Along with 20 other organizations in the world private sector, AMAGGI was present in all stages of its creation, being the only Brazilian company invited to take part in the process of elaborating these principles.



## ENGAGEMENT AND DEVELOPMENT OF THE GRAIN SUPPLY CHAIN

### ONE OF THE WAYS IN WHICH AMAGGI CONTRIBUTES

to the development of a responsible, deforestation and conversion free, grain chain is the dissemination of knowledge. Several actions, such as Technological Circuits and technical visits to guide rural producers, are frequently carried out.

The Technological Circuits aim to provide technical information on the production area, from new cultivars, fertility, crop management and information on the grain market, as well as marketing tools, economic scenario and production chain sustainability, bringing the company even closer to the farmers. It is also the main producer engagement and awareness action for the responsible use of pesticides.

In order to ensure the adoption of responsible practices throughout its production and supply chain, AMAGGI promotes a wide range of monitoring, guidance and incentives for the continuous improvement of socio-environmental management with partner rural producers. This involves carrying out socio-environmental diagnosis, technical visits and internal audits with the AMAGGI team.



### HIGHLIGHTS



## SOY Technological Circuit

held in **22 municipalities** in the states of Mato Grosso and Rondônia, covering **1.6 million** hectares of planted area within the 2 states and with the participation of **2,179 people**.



## TECHNICAL VISITS: 83 rural properties

received a complete socio-environmental diagnosis from the AMAGGI technical team;





## SOCIO-ENVIRONMENTAL CERTIFICATIONS

### AMAGGI BELIEVES THAT SOCIO-ENVIRONMENTAL CERTIFICATIONS AND SUSTAINABILITY GUARANTEE PROGRAMS

are ways of confirming its commitment to a sustainable and responsible production, generating environmental benefits - such as guaranteeing zero deforestation and conversion -, concrete social and economic benefits for producers, companies and consumers throughout their value chain.



In order to remain, in the world, one of the companies with the highest volume of certified soy by internationally recognized socio-environmental standards, **AMAGGI actively participates in the Roundtable on Responsible Soy (RTRS) leadership and in Proterra's technical and strategic discussions.** In addition to certifying its own production, AMAGGI also works hard to evolve in certifying the volume in its supply chain.

Along with rural producers, in 2019, AMAGGI maintained 55 partner producer farms certified by the AMAGGI Responsible Standard (A.R.S.), AMAGGI's own certification developed to meet international recommendations, such as the FEFAC Guidelines. In 2019, external audits by third parties were not carried out on these properties, due to the lack of market demand for the commercialization of the certification.

Moreover, AMAGGI certified 551.7 thousand tons of RTRS EU RED soybeans, 147.1 thousand tons of RTRS Mass Balance soybeans and 534.7 thousand tons of Proterra soybeans. This work includes the involvement of 216 farms in the certification process. In relation to AMAGGI owned farms, the ProTerra and RTRS certified volume totaled 548 thousand tons of soybeans. These volumes represent circa 30% of the total certified volume of soy in the world.

In order to guarantee producers' adherence to socio-environmental certifications, AMAGGI distributed **over BRL 2 million in awards to RTRS certified suppliers** belonging to its certification group. **For ProTerra producers, the prize is included in the Non-GMO value.** In addition to the bonus, all costs with socio-environmental diagnosis, audits and other expenses for certification in the supply chain are borne by AMAGGI.

MORE THAN  
**BRL 2 million**  
in awards to RTRS certified suppliers;



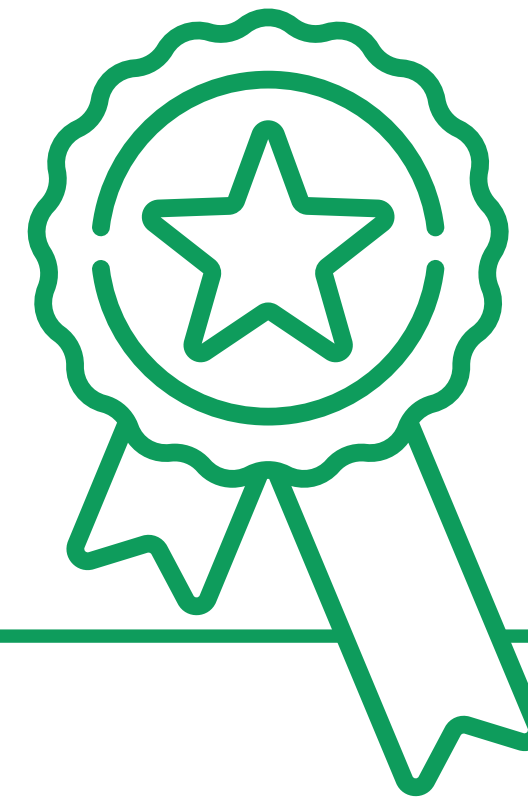
**leadership** in the Roundtable on Responsible Soy (RTRS) and ProTerra;



**1.2 million** tons of soy from grain suppliers certified to zero deforestation standards (ProTerra and RTRS);



**548 thousand** tons of soy from the company-owned production certified to zero deforestation standards (ProTerra and RTRS);



IN 2019, AMAGGI REMAINED THE

**leading**

**company in  
socio-environmental  
certification**

of rural properties in the world, being responsible for circa 30% of the total certified soy volume globally, taking into consideration the 2 largest existing certification schemes.



# Covid-19 Pandemic



In 2020, we were taken aback by the Covid-19 pandemic, which affected the world in a way rarely seen in history.

In this scenario, in which agricultural production has not stopped, since it is one of the essential sectors to our society, AMAGGI, by maintaining its commitment to food security started to support producers in its supply chain at a distance, adapting to this time. Actions such as Technological Circuit, as well as internal and external audits were maintained, however with a 100% remote format.

In reinforcement of the social contribution that it always hopes to provide to the localities where it is present, AMAGGI has also carried out support actions and donations at a time when we are facing a situation of social vulnerability increase. By the closing of this report, AMAGGI and the Andre and Lúcia Maggi Foundation had already allocated approximately BRL 7 million in resources to help communities in small towns in the interior of Mato Grosso, Rondônia and Amazonas, states where the company maintains operations.

Actions to combat Covid-19 are updated through AMAGGI's communication platforms and will also be reported in the 2020 Sustainability Report.

# Future Challenges

We know that it is not possible to achieve anything alone. We have known this since the beginning of our history as AMAGGI, when our founder established the first partnerships for the development of the agricultural sector and the communities where the company were present.

Today, more than ever, we are aware that we are connected directly to the end of the chain, to the final product. Our customers' challenges are also our challenges. The constant changes that the global society is going through directly reflect on the market demands that we and our supply chain need to fulfill.

To this end, we emphasize once again the importance of our partners, because all our advances in the search for a deforestation and conversion free chain are the result of our joint action - suppliers, customers, NGOs, civil society, governments, rural producers and communities - and we will continue to work to reach even better results that generate a larger scale of positive outcomes.

However, we need to keep up to date with all demands that are yet to come. Consequently, 3 points are essential for business continuity and the transparency of our actions: a robust database, which is possible for us through the "ORIGINAR" project; the extensive knowledge of the regions where we operate and their particularities; and the importance of some market differentials, such as socio-environmental certifications, initiatives and partnerships.

With the results achieved in this second year with the "Progress Report: Towards Deforestation and Conversion Free Grain Chain", our mission to contribute to the sustainable development of agribusiness and how to move forward on this journey became even clearer.

**JULIANA DE LAVOR LOPES**  
SUSTAINABILITY, COMMUNICATION  
AND COMPLIANCE DIRECTOR



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