



# SUSTAINABILITY BOND REPORT

2022

AMAGGI 

# SUMMARY

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# LETTER FROM THE CEO



Judiney  
Carvalho de  
Souza, CEO  
AMAGGI

In 2022, we celebrated 45 years of existence with a solid trajectory which is part of the history and the development of agribusiness in Brazil. We started as seed producers and small-scale grain merchants in the state of Paraná (Southeast Brazil), and today we are the largest Brazilian-owned grains and fibers company.

Our path has been characterized by a tireless pursuit of excellence in everything we do, through the expertise of those who were and are part of our operations, as well as through the results and achievements we have shared with our partners and stakeholders.

Throughout the decades, we have expanded our operations and our business endeavors. We operate in an integrated manner, which allows for sustaining the company's future cycles.

With regard to climate, our goal is to reach net zero emissions by 2050. We have reinforced this commitment by joining the Science Based Targets (SBTi) initiative, through the Business Ambition for 1.5°C campaign, joining the global movement Race to Zero.

In 2022, AMAGGI was recognized by the international environmental organization CDP (Carbon Disclosure Project) as the only global soy production and trading company to achieve an 'A-' rating in environmental transparency and performance on fighting deforestation. We are very proud to be the only soybean trading and production company to obtain and maintain the leadership score over

the last four years, which proves our trajectory has been consistent, and our results have contributed to a more sustainable grain chain. In addition, in 2022 AMAGGI was elected by the Forest 500 ranking, organized by the Global Canopy organization, as the best company in measures against deforestation in the world. During the COP 27, held in November in Egypt, AMAGGI took part of a sectorial agreement with other agribusiness companies for a roadmap to collaborate with the goal of reducing 1,5°C with actions linked to land use.

In 2021 AMAGGI debuted in the capital market. The great demand from investors has allowed us to issue USD 750 million in sustainable bonds. To this end, our second Sustainability Bond report brings information and accountability on eligible projects foreseen in our framework, referring to 2022, presenting 100% allocation of raised proceeds, including a third-party annual review.

We have reached 45 years of activities, and we have a lot to celebrate and a lot more to still achieve.

**Thank you for your trust in our work and enjoy your reading!**

**Judiney Carvalho de Souza**  
CEO AMAGGI

# AMAGGI'S ACTIVITIES

AMAGGI contributes to global economic growth through the sustainable development of agribusiness, working in areas of agricultural production of grains and fibers, origination (procurement), commercialization of grains and inputs, fertilizers mixing, sea and river port operations, river and road transportation, and generation and commercialization of renewable electricity. The company also operates three crushing plants to produce soybean meal and oil used in the food industry and animal feed market. All activities are strategically distributed in four business areas, which rely on a unified and synergic corporate management structure.



AMAGGI's headquarters, located in Cuiabá, Mato Grosso State

All activities are strategically distributed in four business areas, which rely on a unified and synergic corporate management structure

### AMAGGI in numbers

8,610 employees

362,000 hectares of agricultural production

40 warehouses

8 port terminals

5 Small Hydroelectric Plant (SHP)

# Business Area

1

## AMAGGI AGRO

Responsible for the agricultural production of soybean (commercial grains and seeds), corn, and cotton on AMAGGI owned and leased farms totaling 362 thousand ha of cultivated farm area where two crop cycles are carried out every year. The activities and processes carried out on AMAGGI farms use state-of-the-art technology and agronomic techniques at a sustainability top level.

2

## AMAGGI COMMODITIES

Responsible for grain origination operations (procurement), purchase and sales of grains (soybeans, corn, barley, wheat, among others) inputs commercialization. All these activities are performed in Brazil, Argentina, Paraguay, and Europe. The company relies on a storage capacity of 2.8 million tons of grain in Brazil, distributed in over

40 storage units mainly in the state of Mato Grosso, but also in other Brazilian states. The company is also very active in sustainable grain origination, being able to certify farmers and its logistic chain in terms of quality assurance, low GHG emission, and assuring end buyers that suppliers comply with the highest level of requirements in terms of environmental responsibility.



3

## AMAGGI ENERGY

The energy business is comprised of renewable power generation, administration, and commercialization of five river-run small hydroelectric plants, located in the municipalities of Sapezal and Campos de Júlio in the state of Mato Grosso, which is integrated into the National Energy System, and has 70 MW/h of installed power capacity.

4

## AMAGGI LOGISTICS AND OPERATIONS

This business area is related to navigation (river fleet), road and rail operations, crushing factories, fertilizer mixing plants, port terminal operations, as well warehouse management. AMAGGI's logistic operation — with a strong asset-based platform — has been key for all the group's commercialization strategy and consistently positive returns ever since the company's foundation.



The AMAGGI farms has

**2.8 million TONS**

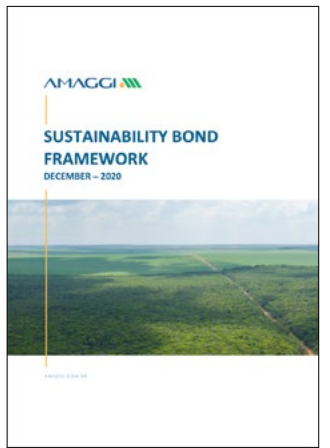
static grain storage capacity

# 2022 SUSTAINABILITY BOND REPORT

To provide transparency on the amount allocated in the eligible projects defined in the Sustainability Bond Framework (December 2020), **AMAGGI publishes its second Sustainability Bond report**. The data presented throughout this report relates to the allocation made of the net proceeds on the eligible projects and its categories between January and December 2022.



**CLICK HERE TO ACCESS THE SUSTAINABILITY BOND FRAMEWORK**





# ELIGIBILITY CRITERIA SUMMARY

As set out in the Sustainability Bond framework, the amount of USD 750 million (seven hundred and fifty million USD) raised through the issuance of this Sustainability Bond in January 2021 can be applied retroactively for up to 2 years. Thus, the company chose to include in its first report, issued on January 2022, the investments and expenses made in 2019,

2020, and 2021 which totaled USD 556,341,016.69. For this second report, the following information took into consideration expenditures made in 2022 on financing projects and the full allocation of the net proceeds presentation. The table with the complete allocation from 2019 to 2022 is at the end of this publication. All eligible projects are included in the following categories:

## Green Bond Principles (GPB) Eligible Project Category:

 <p>Preservation of natural resources and biodiversity</p>	
 <p>Climate change mitigation</p>	
 <p>Environmentally sustainable management of living natural resources and land use</p>	

## Social Bond Principles (SPB) Eligible Project Category:

 <p>Food security and sustainable food systems</p>	
 <p>Socio-economic advancement and empowerment</p>	
 <p>Employment generation, and programs designed to prevent and/or alleviate unemployment</p>	

# ENVIRONMENTAL COMMITMENTS AND ACTIONS

The commitment is to  
achieve a supply chain

100%

traceable and free of  
deforestation and conversion  
of native vegetation by 2025

For over 4 decades, **AMAGGI has been advancing in a sustainably manner at each stage of the agribusiness production chain**, identifying opportunities and incorporating challenges that promote not only the company's growth but the development of the local and global food market.

The company's mission is to contribute to the development of agribusiness, adding value, respecting the environment, and improving the lives of communities. Goals that meet the company's vision, which is to be a reference in sustainable development.

The company constantly invests in measures to mitigate impacts and in actions associated with its commitments to a sustainable agribusiness. AMAGGI's strategy for continuous efficient operations is to mainly focus on investments in research and new agricultural technologies in areas of soil protection and health, regenerative agriculture, biomes and native vegetation protection, in addition to expanding renewable energy use. The company also has one of the most complete greenhouse gas emissions and removals inventories in the agricultural sector.

Expanding agricultural operations in areas not deforested or converted which have already been opened, as well

as investing in the recovery of degraded areas, making them increasingly productive, is part of the company's commitment. Before acquiring new properties, due diligence and socio-environmental impact studies are carried out.

As a future goal, AMAGGI joined the "Race to Zero" global initiative through the Business Ambition for 1.5°C campaign and committed to achieving NetZero emissions by 2050, through decarbonization strategies by 2035 and neutralization of any residual emissions based on targets in accordance with the SBTi (Science-Based Target initiative).

Caring for the environment is a shared responsibility and, to this end, the socio-environmental commitments are extended to the entire value chain, including direct and indirect suppliers. To meet the market's growing demand for transparency, AMAGGI invests in monitoring technologies to guarantee origin and traceability of purchased grains. The commitment is to achieve a supply chain 100% traceable and free of deforestation and conversion of native vegetation by 2025.

As a result of its actions and environmental commitments, in 2022, AMAGGI remained a worldwide leader in soy standards socio-environmental certification, besides also being a reference in international rankings such as the [Forest 500](#) and [CDP Forest](#).



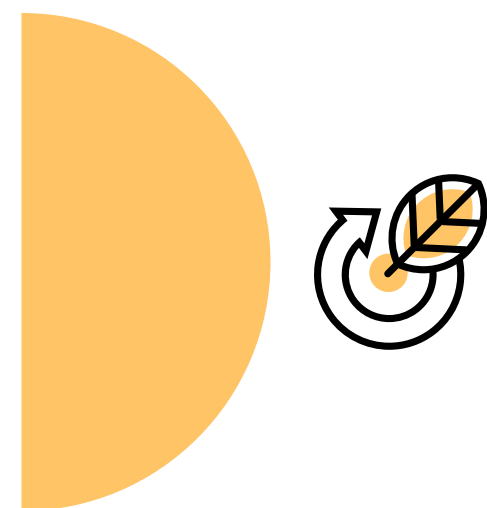
5.1

# Preservation of natural resources and biodiversity

AMAGGI knows that protecting natural resources and biodiversity is essential to guaranteeing environmental balance and the future of the planet. **Therefore, it is committed to sustainable development, acting in an ethical, socio-environmentally responsible manner throughout its value chain.**

In 2022, the company maintained the preservation and conservation of 137,305.99 hectares and invested USD 13,508.56 in the restoration of 163.61 hectares of degraded areas. In order to encourage research for restoration, in 2020, AMAGGI started an experiment in 7 hectares at the Tanguro Farm, through the Seed Pathways Initiative (Caminhos da Semente), in collaboration with ISA (Socioenvironmental Institute); Embrapa and Agroicone, to leverage the planting technique called Muvuca – which means “crowd” in Portuguese. The initiative aims to increase the adoption of a lower effort and cost technique, with a greater return for restoration – also known as the direct sowing technique, a set of forest restoration techniques in which seeds of native trees are planted directly in the soil. In the same year, AMAGGI also implemented another 17.5 hectares of Muvuca at the Tanguro farm, in addition to 9 hectares at the Sete Lagoas farm and 1 hectare of an experimental area in the Jesuita SHP, which totals 35 hectares of Muvuca implanted in AMAGGI areas by 2022.

USD  
**13,508.56**  
were invested in the restoration of  
163.61 hectares of degraded area



GBP Eligible Project Category



Preservation of natural resources and biodiversity

Eligibility Criteria and Example Projects

Expenditures related to the conservation or protection of natural resources, native vegetation, and biodiversity, including maintenance or restoration of high conservation value areas and other conservation areas.


Expected impact metrics	2022
Area of land conserved (hectares)	137,305.99
Area of land revegetated or in restoration process (hectares)	163.61
Volume of carbon stock on the conserved area (tCo2e)	74,009,166.35
Expenditures and investments (USD)	\$ 13,508.56




IPAM

In order to learn about possible impacts on biodiversity due to agricultural activities, AMAGGI developed, in partnership with Instituto Ambiental de Pesquisa da Amazônia — IPAM (Amazon Environmental Research Institute), a study focused on the company’s preservation and cultivation areas, with the purpose of monitoring the agricultural landscape fauna and flora with a focus on the cotton cultivation areas on four of AMAGGI’s farms, Tucunaré, Água Quente, Itamarati, and Tanguro. Below are some of the main results of biodiversity identified in the region where the Tanguro farm is located:

 60 mammal species

 254 bird species (equivalent to 28% of the bird species registered all over Europe)

 394 plant species

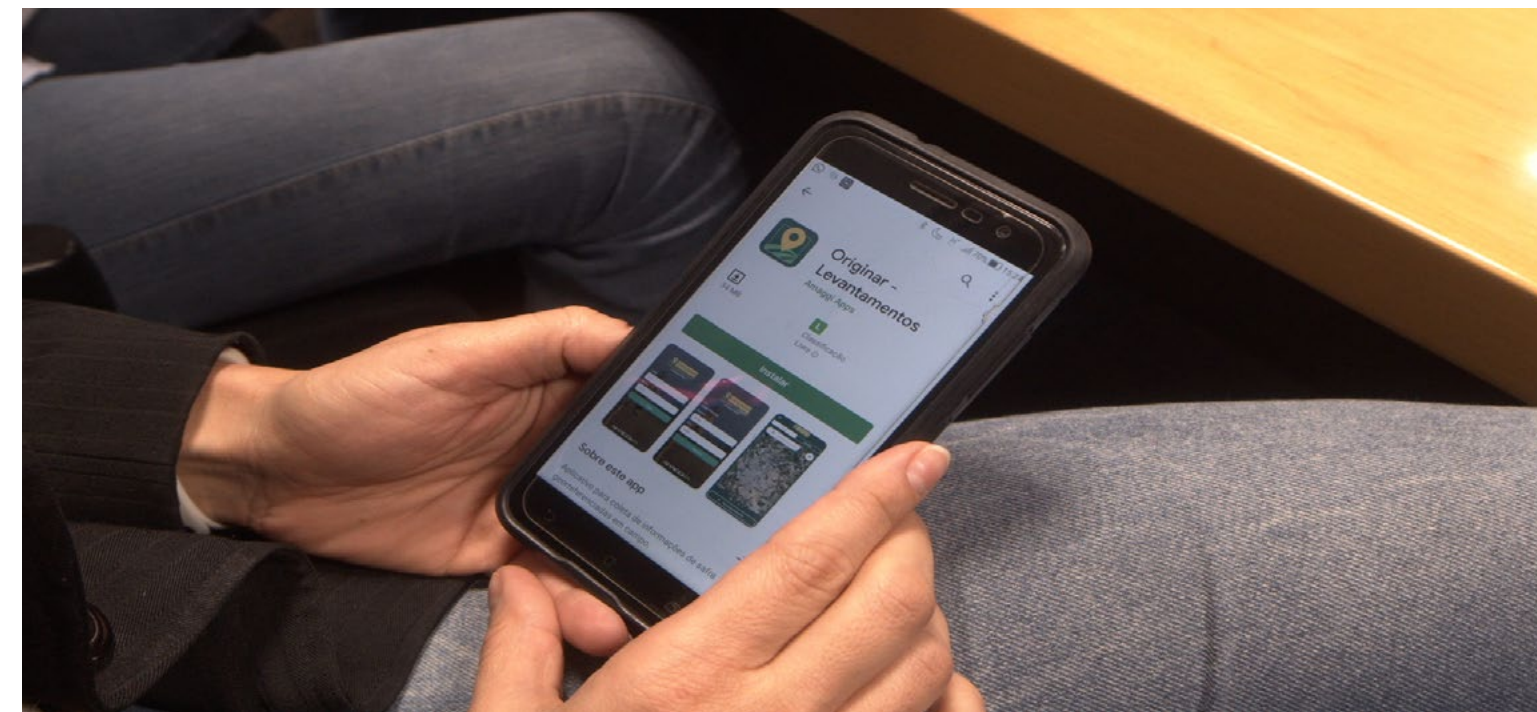
 180 bee species (equivalent to 10% of all European bee species registered)

5.2

# Climate change mitigation

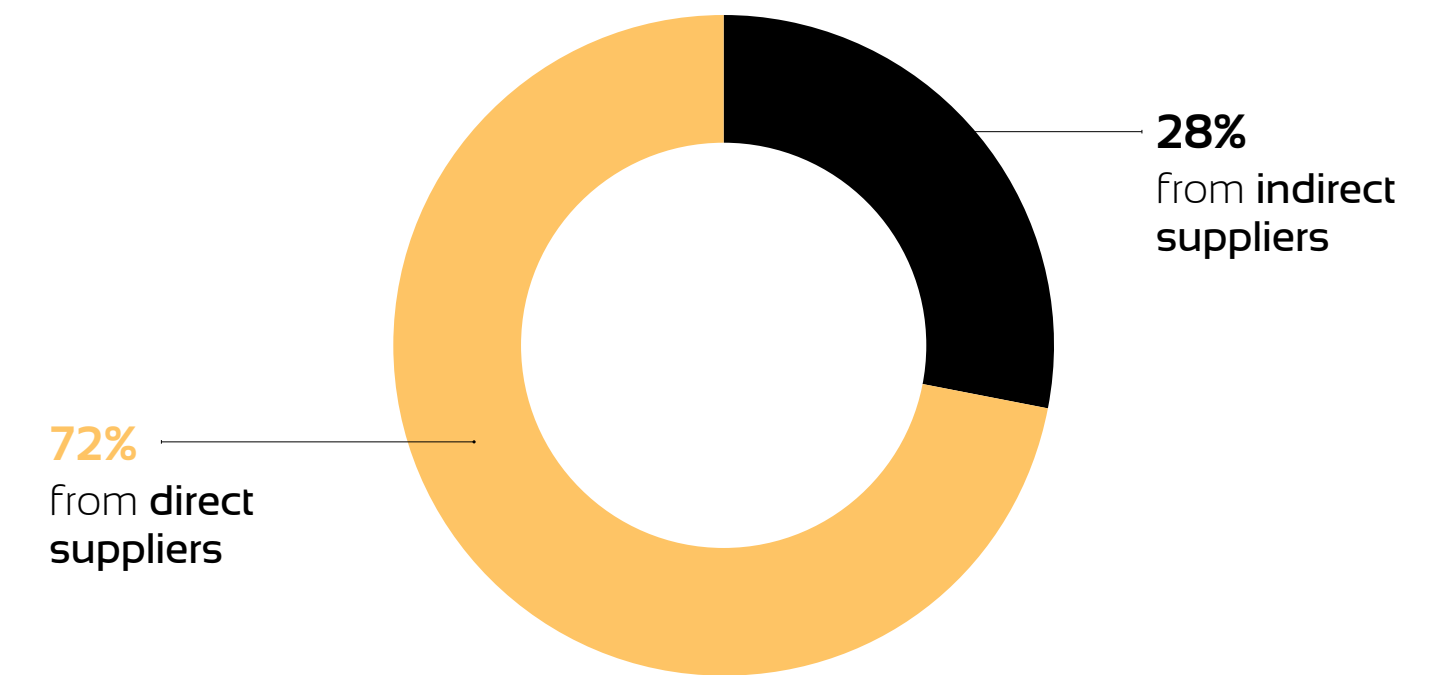
By investing in technology and innovation, AMAGGI contributes to a more efficient operation that helps mitigate the impacts of climate change. Therefore, the company created the ORIGINAR 2.0 platform, a geospatial tool that enables the monitoring of areas in the company-owned farms and in its supplier's farms. This technology 2.0, a pioneer in agribusiness, is the result of investment in improvements in the past years, a priority tool for business.

Currently, AMAGGI has at its base, over 16.8 million hectares monitored daily on the ORIGINAR 2.0 platform and the main developments in the grain supply chain monitoring and traceability process have been published in our [2021 Progress Report](#).

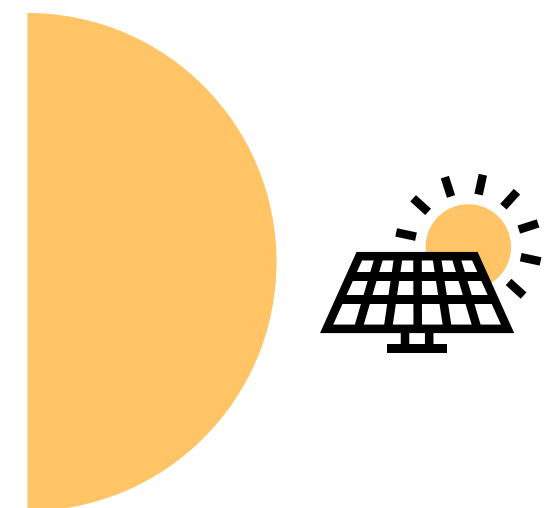
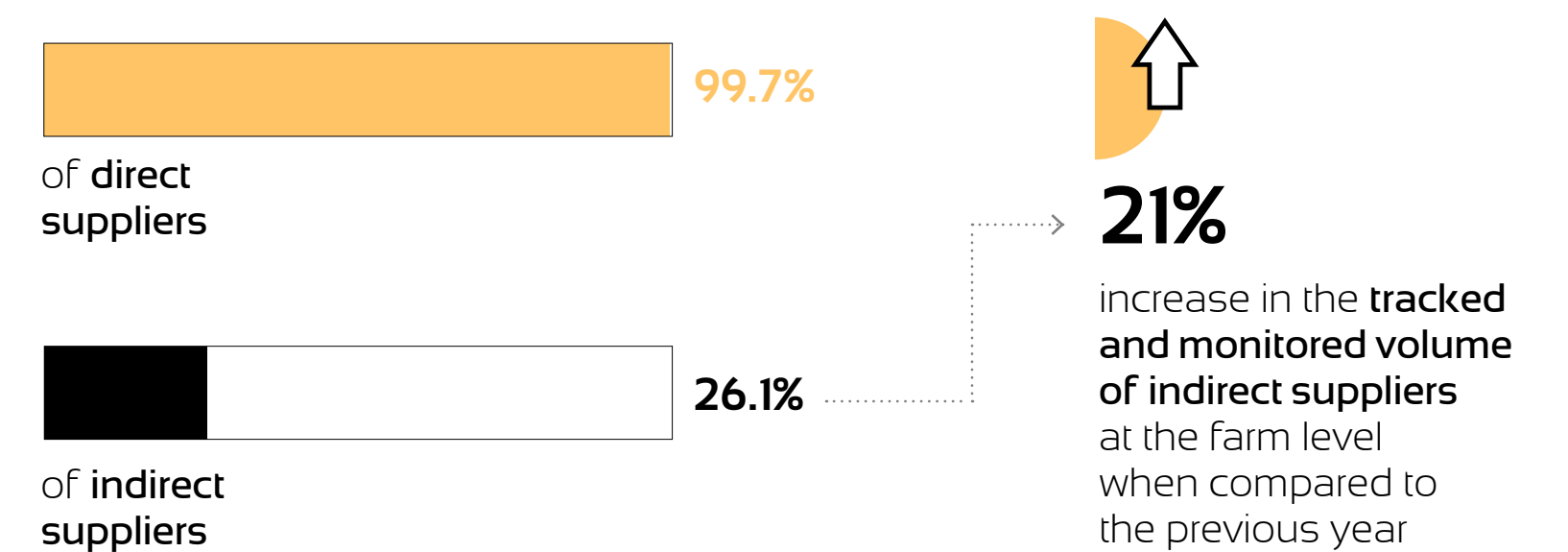


## Greatest achievements in the grain supply chain published in our 2021 Progress Report

Grains originated by AMAGGI



### Traceability and monitoring



**05 ENVIRONMENTAL COMMITMENTS AND ACTIONS**

**GBP Eligible Project Category**



**Eligibility Criteria and Example Projects**

Expenditures related the implementation, operation, and maintenance of tools to mitigate and monitor supply chain socio-environmental risk, especially deforestation and conversion criteria through real time fire warning systems.

Expected impact metrics	2022
Total area in hectares monitored and registered at ORIGINAR system (hectare)	16,883,000.00
Percentage of traceability of direct suppliers in priority jurisdictions (%)	99.7%
Percentage of the volume from the priority jurisdictions that are deforestation free (%)	100%
Investments in new techniques and technologies, such as regenerative and low-carbon agriculture, precision agriculture, and microclimate monitoring (USD)	\$ 4,878,608.95
Expenditures and investments (USD)	\$ 5,090,711.83

**AMAGGI’s goal is to have a 100% monitored and tracked grain supply chain**, free from deforestation and conversion (Deforestation and Conversion Free – DCF) in agricultural production by 2025. The platform is also able to cross information and block farmers based on the dirty list of slave labor, areas embargoed by environmental agencies, and non-compliance with standards required by AMAGGI.

In 2021, an improvement was developed in the ORIGINAR platform for detecting deforestation in the shortest possible time. In 2022 a pilot of the created tool for operationalization will be carried out and a new functionality for fire detection will be developed.

In addition, AMAGGI has invested heavily in innovations and technology to improve production, protect the environment, thus reducing the pressure on deforestation and, consequently, stimulating expansion into already open areas, mitigating climate change. These initiatives include a commitment to regenerative and low-carbon agriculture, as well as to guarantee a healthy soil. To this end, AMAGGI has a partnership with the most recognized research institutions in Brazil in search for better solutions. Investment in precision agriculture, microclimate monitoring, direct planting, crop-livestock integration, and biological control, ensuring best agricultural practices and lower environmental impact.

AMAGGI invests in the use of biological control and integrated pest management, enabling reduction of chemical control according to weather conditions of each year/harvest.

Since 2020, AMAGGI has been working on its Regenerative Agriculture Program. To this end, partnerships with research institutes as EMBRAPA and other consultancies were established to work together with AMAGGI’s team in the field. Indicators on best agricultural management, carbon emission and removals, soil health, social impacts and biodiversity will be defined and monitored in AMAGGI owned areas at first, and in the future, this will be used as a benchmark to support agricultural production in regions impacted by the company’s activities.

**AMAGGI created the ORIGINAR 2.0 platform, a geospatial tool that enables the monitoring of areas in the company owned farms and in its supplier’s farms**

5.3

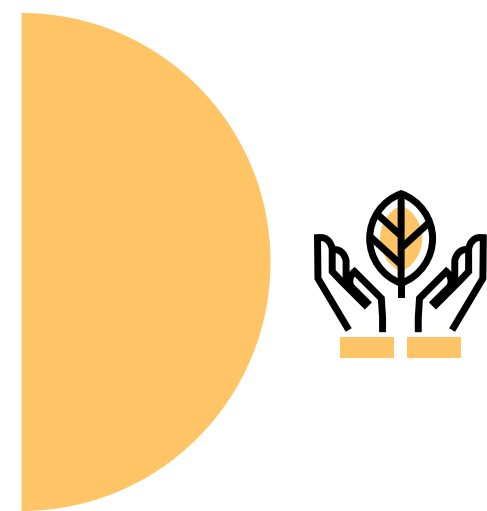
# Environmentally sustainable management of living natural resources and land use

The grains certification of origin and traceability are important actions for sustainable agribusiness. Therefore, **100% of AMAGGI AGRO's production (the companies own production) is certified by socio-environmental standards**, such as the RTRS (Round Table on Responsible Soy), ProTerra, 2BVs (for both soy and corn) and ORIGINS Certifications, which guarantee socio-environmental responsibility, with zero deforestation and conversion, complying with best practices related to working conditions and relationship with communities. Although AMAGGI Commodities commercialized grains from all the stated standards above, the Sustainability Bond is reporting, this year, just grains certified by 2BVs and Proterra.

AMAGGI Commodities, the company's commodity trading area, in 2022, has acquired 921,207 tons of soy from supplier farms, certified as per the 2BVs and ProTerra standards. Because of farms' socio-environmental certification, the total area of preserved and conserved native vegetation is 199,204.06 hectares, which reinforces the commitment to deforestation and conversion of the native vegetation free value chain.

921,207  
TONS

of soy from supplier farms, certified as per the 2BVs and ProTerra standards were acquired by AMAGGI Commodities





CLICK ON THE LOGO TO KNOW MORE

GBP Eligible Project Category



Environmentally sustainable management of living natural resources and land use

Eligibility Criteria and Example Projects

Expenditures related to sustainable sourcing (procurement) of certified products.

Expected impact metrics	2022
Total area of certified farms (hectare)	564,472.45
Total volume of certified grains (ton)	921,207.00
Total area of preserved and conserved native vegetation at procured certified farms (hectare)	199,204.06
Expenditures and investments (USD)	\$ 205,774,382.00



Certification criteria information



RTRS (Round Table on Responsible Soy Association):

Ensures that the certified product is produced with environmental (zero deforestation and conversion of native vegetation) and social responsibility, with responsible working conditions and community relations.



ProTerra Standard

Seal that assures a product free from deforestation and the absence of Genetically Modified Organisms (GMO) in certified soybeans.



2BSvs

Voluntary sustainability certification for the biofuel supply chain.

# SOCIAL COMMITMENTS AND ACTIONS

AMAGGI's evolution is directly connected to its presence in the field, its proximity to farmers, and its openness to dialogue with the most diverse actors. The company is an integral part of the various regions where it operates, exerting an important influence on the social and economic context through its activities, operations, and relationship with stakeholders. Having these points as guidelines for its performance, AMAGGI reinforces its Global Positioning that the company's growth is only viable if it is **generating and sharing values with society and contributing to the socio-economic development** of the regions where it operates.

AMAGGI is present in all regions in Brazil, each with its own social, cultural, and economic characteristics, and, in all, acts with social responsibility, preventing and monitoring possible negative impacts, especially respecting the human rights of communities. Therefore, together with the André and Lucia Maggi Foundation, it constantly invests in initiatives that contribute to local and human development in communities where AMAGGI is present. In this context, prioritizes investments in youngsters who are entering the job market, so

that they can learn, specialize, and contribute to the continuity of sustainable agribusiness.

In addition, certain that education is a powerful tool for sustainable development, the company invests in the development of its employees and in rural extension projects, technological circuits, and research in the agribusiness sector, so to disseminate knowledge on best practices in the sector to producers in the value chain.



6.1

# Food security and sustainable food systems

AMAGGI understands that increasing production, so that food can reach everyone, and in an increasingly sustainable manner – without deforestation, with less use of pesticides, less carbon dioxide (CO<sub>2</sub>) emissions, and respecting Human Rights – are some of the main challenges of this next decade. Therefore, the company continually invests in more efficient production technologies in units as well as guides rural producers in the use of such techniques.

AMAGGI believes that the dissemination of good practices contributes to the adoption of socially and environmentally responsible productions. Therefore, the “AMAGGI Technological Circuit” takes place, annually, to share technical information with farmers on key topics such as new cultivars, crop management, responsible use of pesticides, among others. In last year, 1,553 people, students, professionals, and farmers, were benefited through those events on good agricultural practices and sustainable production.

SBP Eligible Project Category



Food security and sustainable food systems

Eligibility Criteria and Example Projects

Expenditures related to programs that promotes sustainable food systems and sustainable production.

Expected impact metrics

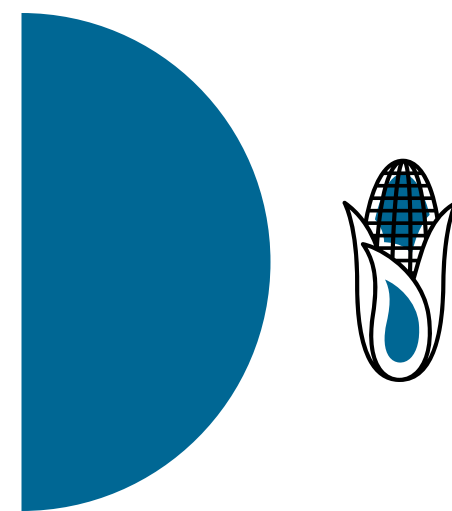
Number of farmers and people engaged on events about good agricultural practices and sustainable production (people)

Expenditures and investments (USD)

2022

964  
(589 of them are farmers)

\$ 151,354.81



**1,553**

people, students, professionals, and farmers, were benefited through those events on good agricultural practices and sustainable production



6.2

# Socio-economic advancement and empowerment

AMAGGI believes that education can drive the socio-economic advancement of its employees and local communities. To this end, it invests massively in professional training and rotation opportunities that provide skill enhancement. E.g., all employees have unrestricted access to circa 150 online courses at AMAGGI University with a focus on the employee development and improvement in technical and behavioral skills. Among the modules is the Trail School of Leaders and Talent School, composed of training to develop AMAGGI competencies. Mandatory courses are also offered in compliance with the company's current rules and internal policies.

Complementary, a subsidy is offered to employees enrolled in technical courses, undergraduate and graduate courses, financing up to 50% of the total amount. This initiative benefited – in 2022 – 263 employees, of which 48 were promoted after or during the educational programs. Special attention is paid to youngsters entering the market and people with disabilities, providing technical and behavioral training.

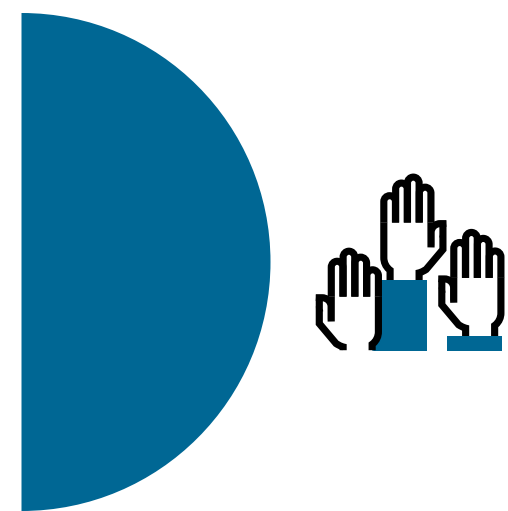
In addition, in 2022, AMAGGI, through the André and Lucia Maggi Foundation, has funded, scholarships, and financial assistance for 8 youngsters enrolled in the College of Technology in Agro Computing at FATEC

Senai in the state of Mato Grosso. This initiative is in line with AMAGGI's desire to generate local impact, income, and employment for youngsters entering the market, in addition to investing in the development of cutting-edge techniques and technologies in the field.

AMAGGI also promotes, through the André and Lucia Maggi Foundation, actions with social impact in regions where the company is present. In the last year USD 326,458.05 were invested in local development actions, social prominence, and entrepreneurship, in addition to inclusive business.

USD  
**326,458.05**

were invested in local development actions, social prominence, and entrepreneurship



Continuing the initiative to strengthen Civil Society Organizations (CSOs), in 2022 the Foundation passed on financial resources to 87 organizations from 09 municipalities in the states of Amazonas, Rondônia and Mato Grosso, distributed in 04 incentive lines, ranging from support to physical structuring, to training projects of other organizations. Leaders and other people from the benefited organizations took part in collective and individual mentoring. Another highlight was the beginning of a pilot project to support inclusive purchases of family farming in the municipality of Itacoatiara, not only to supply to the company but also the municipality. The first steps already performed involved the selection, diagnosis and the first training process to 04 projects and circa 80 direct beneficiaries.

**SBP Eligible Project Category**



**Eligibility Criteria and Example Projects**

Expenditures focused on advancing job growth opportunities through job training, education, and rotational opportunities that provide skill enhancement.

Expected impact metrics	2022
Number of hours in professional technical and behavioral training	270,891.18
Number of people who received education support (technical education, undergraduate and graduate)	263
Number of people who received technical and behavioral training	8,255
Number of people promoted after or during education programs (technical education, undergraduate and graduate)	48
Number of people promoted after or during technical and behavioral training	1,098
Number of people with disabilities trained at AMAGGI	258
Number of youngsters prepared for the job market	8
Expenditures and investments (USD)	\$ 633,322.38







Expenditures related to mapping traditional, indigenous and family farming communities.

Expected impact metrics	2022
Number of mapped communities	7
Expenditures and investments (USD)	\$ 10,976.13

Expenditures related to the promotion of local development, strengthen social prominence, local entrepreneurship and inclusive businesses.

Expected impact metrics	2022
Number of people positively impacted	685
Number of social institutions integrated in the Foundation's local development initiatives	87
Number of social leaders and social entrepreneurs involved with the Foundation's local development initiatives	98
Number of communities involved and benefited	9
Number of inclusive businesses or initiatives developed	4
Expenditures and investments (USD)	\$ 326,458.05

# RESOURCES EXPENDITURE

SBP Eligible Project Category	Eligibility Criteria and Example Projects	2019	2020	2021	2022	Total
<b>Preservation of natural resources and biodiversity</b> 	Expenditures related to the conservation or protection of natural resources, native vegetation and biodiversity, including maintenance or restoration of high conservation value areas and other conservation areas.	\$ 139,849.81	\$ 158,328.04	\$ 229,124.53	\$ 13,508.56	\$ 540,810.95
<b>Environmentally sustainable management of living natural resources and land use</b> 	Expenditures related to sustainable sourcing (procurement) of certified products.	\$ 259,716,279.61	\$ 123,410,584.77	\$ 154,124,331.85	\$ 205,774,382.00	\$ 743,025,578.20
<b>Climate change mitigation</b> 	Expenditures related the implementation, operation, and maintenance of tools to mitigate and monitor supply chain socioenvironmental risk, especially deforestation and conversion criteria through real time fire warning systems.	\$ 3,228,794.31	\$ 4,636,226.09	\$ 4,842,672.02	\$ 5,090,711.83	\$ 17,798,404.25
<b>Food security and sustainable food systems</b> 	Expenditures related to programs that promotes sustainable food systems and sustainable production.	\$ 1,304,553.56	\$ 1,095,217.76	\$ 926,986.99	\$ 151,354.81	\$ 3,514,113.12
<b>Socioeconomic advancement and empowerment</b> 	Expenditures focused on advancing job growth opportunities through job training, education, and rotational opportunities that provide skill enhancement.	\$ 759,951.90	\$ 433,614.84	\$ 473,221.52	\$ 633,322.38	\$ 2,300,110.64
	Expenditures related to the promotion of local development, strengthen social prominence, local entrepreneurship and inclusive businesses.	\$ 350,272.09	\$ 197,973.43	\$ 106,295.89	\$ 326,458.05	\$ 980,999.45
	Expenditures related to mapping traditional, indigenous and family farming communities.	N/A	N/A	\$ 37,957.00	\$ 10,976.13	\$ 48,933.13
<b>Employment generation, and programs designed to prevent and/or alleviate unemployment</b> 	Expenditures related to programs and initiatives designed to encourage organizations and social initiatives that are directly acting on the front line with vulnerable publics affected by COVID-19, with a focus on the areas of food supply, health, education or social protection so that they can have structure to maintain a transition process from essential needs of the communities to their social regular activities again.	N/A	\$ 107,564.18	\$ 25,216.49	N/A	\$ 132,780.67
<b>Total</b>		<b>\$ 265,499,701.28</b>	<b>\$ 130,039,509.12</b>	<b>\$ 160,801,806.29</b>	<b>\$ 212,000,713.76</b>	<b>\$ 768,341,730.45</b>

# ANNUAL REVIEW REPORT



This accountability report has been verified by the **Sustainalytics**.

See the full opinion on the next pages.

# AMAGGI

**Type of Engagement:** Annual Review

**Date:** 10 January, 2023

**Engagement Team:**

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Maliha Taj, maliha.taj@morningstar.com

## Introduction

In January 2021, AMAGGI (the “Company”) issued sustainability bonds (the “2021 Sustainability Bonds”) based on the AMAGGI Sustainability Bond Framework (the “Framework”)<sup>1</sup>. The 2021 Sustainability Bonds were aimed at financing projects that support sustainable agricultural practices, preservation of natural resources, climate mitigation, employment, socio-economic advancement and food security in Brazil. In December 2022, AMAGGI engaged Sustainalytics to review the projects funded with proceeds from the issuances (the “Nominated Projects”) and provide an assessment as to whether the projects met the use of proceeds criteria and the reporting commitments outlined in the Framework. Sustainalytics provided a second-party opinion on the Framework in December 2020<sup>2</sup> and a previous annual review in January 2022.<sup>3,4</sup>

## Evaluation Criteria

Sustainalytics evaluated the Nominated Projects funded between January 2022 and December 2022 based on whether they:

1. Met the use of proceeds and eligibility criteria outlined in the Framework; and
2. Reported on at least one of the key performance indicators (KPIs) for each use of proceeds category outlined in the Framework.

Table 1 lists the Use of Proceeds, and Eligibility Criteria, while Table 2 lists the associated KPIs.<sup>5</sup>

**Table 1: Use of Proceeds Category and Eligibility Criteria**

Use of Proceeds Category	Eligibility Criteria
<b>Renewable Energy</b>	<p>Expenditures related to the construction, development, expansion, production, acquisition, maintenance, and operation of renewable energy including solar, run of river hydropower or small scale hydropower (<math>\leq 20</math> MW) and biomass.</p> <p>Eligible biomass must comply with socioenvironmental criteria and does not deplete existing terrestrial carbon pools, does not compete with food production and is not harmful to biodiversity. Biomass can be from exotic origin such as eucalyptus or from authorized sustainable management plan or sawmill residues, which contributes to the reduction of material that could pollute the environment if not disposed of correctly.</p>

<sup>1</sup> AMAGGI, “Sustainability Bond Framework”, (2020), at :

<https://ri.amaggi.com.br/Download.aspx?Arquivo=9/L04U/bw6lv7LchLrtk7Q==&IdCanal=4J+ssVzd70BNePB93AoXjA==>

<sup>2</sup> Sustainalytics, “AMAGGI Sustainability Bond Framework Second-Party Opinion”, (2020), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/amaggi-sustainability-bond-framework-second-party-opinion.pdf?sfvrsn=790feae6\\_3](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/amaggi-sustainability-bond-framework-second-party-opinion.pdf?sfvrsn=790feae6_3)

<sup>3</sup> AMAGGI, “Sustainability Bond Report”, pg30 (2021) , at :

<https://ri.amaggi.com.br/Download.aspx?Arquivo=TAz+sQDApBZlmdsHUyjMAA==&IdCanal=4J+ssVzd70BNePB93AoXjA==>

<sup>4</sup> Allocation and environmental impact of projects funded by 2021 Sustainability Bonds in 2019, 2020 and 2021 was covered in the Annual review provided in January 2022.

<sup>5</sup> The Framework defines four categories of green use of proceeds and three categories of social use of proceeds. The Company has allocated proceeds from the current issuance to three green and two social categories.

<p><b>Environmentally Sustainable Management of Living Natural Resources &amp; Land Use</b></p>	<p>Expenditures related to acquisition, long term leasing, maintenance, operation of farms, including:</p> <ul style="list-style-type: none"> <li>• New farm operations (acquisitions<sup>6</sup> or long term leased land): including farms with low productivity or with degraded areas that we implement good agricultural practices<sup>7</sup> and sustainable production intended to be certified by well recognized sustainable standards - ProTerra, Round Table on Responsible Soy (RTRS), 2BSvs<sup>8</sup> or ISCC<sup>9</sup> - after some years.</li> <li>• Research and implementation of biological control (including techniques used for pest control to reduce the application of agrochemicals); and innovative agricultural practices such as climatology, connectivity in the field and efficiency for machinery and best agricultural practices.</li> </ul> <p>Expenditures and investments related to own production, development, operation, construction of associated infrastructure of more socioenvironmental efficient and sustainable certified products including the following schemes:</p> <ul style="list-style-type: none"> <li>• Grains (soy and corn): ProTerra, Round Table on Responsible Soy (RTRS), 2BSvs or ISCC.</li> </ul> <p>Expenditures related to sustainable sourcing (procurement) of certified products including the following schemes:</p> <ul style="list-style-type: none"> <li>• Grains (soy and corn): ProTerra, Round Table on Responsible Soy (RTRS), 2BSvs or ISCC.</li> </ul>
<p><b>Preservation of Natural Resources and Biodiversity</b></p>	<p>Expenditures related to the conservation or protection of natural resources, native vegetation and biodiversity, including maintenance or restoration of high conservation value areas and other conservation areas.</p>
<p><b>Climate Change Mitigation</b></p>	<p>Expenditures related the implementation, operation, and maintenance of tools to mitigate and monitor supply chain socioenvironmental risk, especially deforestation and conversion criteria through real time fire warning systems. Examples include: AMAGGI ORIGINAR 2.0 system</p>
<p><b>Socio-Economic Advancement and Empowerment</b></p>	<p>Expenditures focused on advancing job growth opportunities through job training, education, and rotational opportunities that provide skill enhancement. Examples include: Young Apprentice Program, Education Aid Program, Inclusion and Diversity Program; Agro computing Technology Course.</p> <p>Expenditures related to the promotion of local development, strengthen social prominence, local entrepreneurship and inclusive businesses.</p> <p>Expenditures related to mapping traditional, indigenous and family farming communities, in order to provide a more comprehensive and complex view of the socioeconomic scenario and vulnerabilities to further implement jurisdictional, regional or local strategies for their development.</p>
<p><b>Employment Generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the</b></p>	<p>Expenditures related to programs and initiatives designed to encourage organizations and social initiatives that are directly acting on the front line with vulnerable population affected by COVID-19, with a focus on the areas of food supply, health, education or social protection so that they can have structure to maintain a transition</p>

<sup>6</sup> New land acquisitions regarding this framework will only be considered if it was originally deforested prior to 2008. If there was a deforestation area after 2008, the company will provide restoration or compensation of such area.

<sup>7</sup> Common principles of good agricultural practices describe farming that uses available technology optimally to promote agricultural productivity of safe and healthy food, to achieve economic viability and agricultural, environmental sustainability and social responsibility. Source: Good Agricultural Practices – a working concept Background paper for the FAO Internal Workshop on Good Agricultural Practices - Rome, Italy 27-29 October 2004

<sup>8</sup> 2BSvs Association, at : [https://www.2bsvs.org/lg\\_en.html](https://www.2bsvs.org/lg_en.html)

<sup>9</sup> ISCC, at : <https://www.iscc-system.org/>

<b>potential effect of SME financing and microfinance</b>	process from essential needs of the communities to their social regular activities again.
<b>Food Security and Sustainable Food Systems</b>	Expenditures related to programs that promote sustainable food systems and sustainable production. Examples include: Responsible Grain Chain Management Program, Farmer Solution Programs, Technological Circuit, support to family agricultural projects and Responsible Logistics Program.

**Table 2: Associated KPIs**

<b>Use of Proceeds Category</b>	<b>KPIs</b>
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>• Annual GHG emissions avoided in tons of CO<sub>2</sub> equivalent</li> <li>• Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy)</li> <li>• Capacity of renewable energy plant(s) constructed or rehabilitated in MW</li> <li>• Volume of biomass from exotic origin, sustainable management plan and sawmill residues</li> </ul>
<b>Environmentally Sustainable Management of Living Natural Resources &amp; Land Use</b>	<ul style="list-style-type: none"> <li>• Total area of new farm operations with good agricultural practices implemented</li> <li>• Total volume produced on new farm operations with good agricultural practices implemented</li> <li>• Total area of certified farms</li> <li>• Total volume of certified grains</li> <li>• Total area with research and implementation of biological control</li> <li>• Number of research and implementations of innovative agricultural</li> <li>• Total area of certified farms</li> <li>• Total volume of certified grains</li> <li>• Total area of preserved and conserved native vegetation at procured certified farms</li> </ul>
<b>Preservation of Natural Resources and Biodiversity</b>	<ul style="list-style-type: none"> <li>• Area of land conserved in hectares</li> <li>• Area of land revegetated or in restoration process</li> <li>• Volume of carbon stock on the conserved area</li> </ul>
<b>Climate Change Mitigation</b>	<ul style="list-style-type: none"> <li>• Total area in hectares monitored and registered at ORIGINAR system</li> <li>• Percentage of traceability of direct suppliers in the priority jurisdictions</li> <li>• Percentage of the volume from the priority jurisdictions that are deforestation free</li> </ul>
<b>Socio-Economic Advancement and Empowerment</b>	<ul style="list-style-type: none"> <li>• Number of hours in education/training</li> <li>• Number of people who received education/training</li> <li>• Number of people promoted after or during training/education programs</li> <li>• Number of people with disabilities employed and/or trained</li> <li>• Number of young people prepared for the job market</li> <li>• Number of people positively impacted</li> </ul>

	<ul style="list-style-type: none"> <li>• Number of social institutions as part of the local development network</li> <li>• Number of social leaders and social entrepreneurs acting in their communities</li> <li>• Number of inclusive business or initiatives created</li> <li>• Number of communities involved and benefited</li> <li>• Number of mapped communities</li> <li>• Number of beneficiaries by the implemented strategies</li> <li>• Number of partnerships created for the development of communities.</li> <li>• Number of communities involved and benefited</li> </ul>
<b>Employment Generation, and programs designed to prevent and/or alleviate unemployment stemming</b>	<ul style="list-style-type: none"> <li>• Number of social institutions and initiatives benefited</li> <li>• Number of beneficiaries</li> </ul>
<b>Food Security and Sustainable Food Systems</b>	<ul style="list-style-type: none"> <li>• Number of farmers involved</li> <li>• Number of farmers and people engaged on events about good agricultural practices and sustainable production</li> <li>• Number of farmers who received rural extension services</li> <li>• Number of beneficiaries</li> <li>• Number of communities involved and benefited</li> </ul>

## Issuer’s Responsibility

AMAGGI is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of use of proceeds from AMAGGI’s sustainability bond. The work undertaken as part of this engagement included collection of documentation from AMAGGI and review of said documentation to assess conformance with the AMAGGI Sustainability Bond Framework.

Sustainalytics relied on the information and the facts presented by AMAGGI. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by AMAGGI.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>10</sup> nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the AMAGGI Sustainability Bond Framework. AMAGGI has disclosed to Sustainalytics that the proceeds of the 2021 Sustainability Bonds were fully allocated as of December 2022.

<sup>10</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, estimated and realized costs of projects, and project impact, as provided by the Issuer, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.



## Detailed Findings

**Table 3: Detailed Findings**

<b>Eligibility Criteria</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the projects funded by the 2021 Sustainability Bonds between January 2022 and December 2022 to determine if the Nominated Projects aligned with the use of proceeds criteria outlined in the Framework and above in Table 1.	All projects reviewed complied with the use of proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the projects funded by the 2021 Sustainability Bonds between January 2022 and December 2022 to determine if impact of the Nominated Projects was reported in line with the KPIs outlined in the Framework and above in Table 2. For a list of KPIs reported, please refer to Appendix 2.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

## Appendices

### Appendix 1: Allocation Reporting by Use of Proceeds Category

On 28 January 2021, AMAGGI raised USD 750 million through the issuance of the 2021 Sustainability Bonds. As of December 2021, the total amount allocated to the Nominated Projects was USD 556.34 million.

By December 2022, AMAGGI allocated additional USD 212 million to the Nominated Projects and 100% of these allocations were used to finance new projects between January 2022 to December 2022. No projects were refinanced.

**Table 4: Allocation of net proceeds**

Use of Proceeds Category	Eligibility Criteria	Net Bond Proceeds Allocation (USD) in 2022
Environmentally Sustainable Management of Living Natural Resources and Land Use	Expenditures related to sustainable sourcing (procurement) of certified products	205,774,382
Preservation of Natural and Biodiversity	Expenditures related to the conservation or protection of natural resources, native vegetation and biodiversity, including maintenance or restoration of high conservation value areas and other conservation areas	13,508.56
Climate Change Mitigation	Expenditures related the implementation, operation, and maintenance of tools to mitigate and monitor supply chain socioenvironmental risk, especially deforestation and conversion criteria through real time fire warning systems	5,090,711.83
Socio-Economic Advancement and Empowerment	Expenditures focused on advancing job growth opportunities through job training, education, and rotational opportunities that provide skill enhancement  Expenditures related to mapping traditional, indigenous and smallholder agriculture communities  Expenditures related to the promotion of local development, strengthen social prominence, local entrepreneurship and inclusive businesses	970,756.56
Food Security and Sustainable Food Systems	Expenditures related to programmes that promotes sustainable food systems and sustainable production	151,354.81
<b>Total proceeds allocated in 2022 (USD)</b>		<b>212,000,713.76</b>
<b>Total allocation of net proceeds allocated from January 2019 to December 2021 as reported in the previous assessment provided in January 2022</b>		<b>556,341,016.69</b>

## Appendix 2: Impact Reporting by Use of Proceeds Category

Table 5: Impact Reporting by Environmental Use of Proceeds Category

Use of Proceeds Category	Environmental Impact Reported by Eligibility Criteria
<b>Environmentally Sustainable Management of Living Natural Resources and Land Use</b>	<ul style="list-style-type: none"> <li>Total area of certified farms: 564,472.45 hectares</li> <li>Total volume of certified grains: 921,207.00 tonnes</li> <li>Total area of preserved and conserved native vegetation at procured certified farms: 199,204.06 hectares.</li> </ul>
<b>Preservation of Natural and Biodiversity</b>	<ul style="list-style-type: none"> <li>Total area of land conserved: 137,305.99 hectares</li> <li>Total area of land revegetated or in restoration process: 163.61 hectares</li> <li>Total volume of carbon stock on the conserved area: 74,009,166.35 tonnes</li> </ul>
<b>Climate Change Mitigation</b>	<ul style="list-style-type: none"> <li>Total area of land monitored and registered in the ORIGINAR System: 16,883,000.00 hectares</li> <li>Percentage of traceability of direct suppliers in the priority jurisdictions: 99.70%</li> <li>Percentage of the volume from the priority jurisdictions that are deforestation free: 100%</li> <li>Investments in new and technologies, such as regenerative and low-carbon agriculture, precision agriculture, and microclimate monitoring (USD): 4,878,608.95</li> </ul>

Table 6: Impact Reporting by Social Use of Proceeds Category

Use of Proceeds Category	Project Examples	Social Impact Reported
<b>Socio-Economic Advancement and Empowerment</b>	Expenditures focused on advancing job growth opportunities through job training, education, and rotational opportunities that provide skill enhancements.	<ul style="list-style-type: none"> <li>Number of hours in professional technical and behavioural training: 270,891.18</li> <li>Number of people who received education support: 263</li> <li>Number of people who received technical and behavioural training: 8,255</li> <li>Number of people promoted each year, after or during education programs (technical education, undergraduate and graduate): 48</li> <li>Number of people promoted each year, after or during technical and behavioural training: 1098</li> </ul>

		<ul style="list-style-type: none"> <li>• Number of people with disabilities trained in AMAGGI: 258</li> <li>• Number of young people prepared for the job market: 8</li> </ul>
	Expenditures related to the promotion of local development, strengthen social prominence, local entrepreneurship, and inclusive businesses.	<ul style="list-style-type: none"> <li>• Number of people positively impacted: 685</li> <li>• Number of social institutions integrated in FALM<sup>11</sup>'s local development activities: 87</li> <li>• Number of social leaders and social entrepreneurs involved with FALM's local development initiatives: 98</li> <li>• Number of communities involved and benefited: 9</li> <li>• Number of inclusive business or created initiatives: 4</li> </ul>
	Expenditures related to mapping traditional, Indigenous, and family farming communities.	<ul style="list-style-type: none"> <li>• Number of mapped communities: 7</li> </ul>
<b>Food Security and Sustainable Food Systems</b>	Expenditures related to programs that promote sustainable food systems and sustainable production	<ul style="list-style-type: none"> <li>• Number of people engaged on events about good agricultural practices and sustainable production: 964</li> <li>• Number of farmers engaged on events about good agricultural practices and sustainable production: 589</li> </ul>

## Disclaimer

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The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

<sup>11</sup> The Fundação André e Lucia Maggi (FALM) is a federal non-profit institution that coordinates all AMAGGI's private social investments. For more details, see: <https://www.fundacaoandreeluciamaggi.org.br/en/the-foundation/about-us/>

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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

## About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

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