



**GLOBAL  
SUSTAINABILITY  
POSITIONING  
TOWARDS A  
DEFORESTATION  
AND CONVERSION  
FREE GRAIN CHAIN  
NEW VERSION - 2019**

For over four decades we have been advancing in a sustainable manner in each stage of the agribusiness production chain, identifying opportunities and incorporating challenges that promote, not only the growth of the company, but the development of the entire local and global food market.

Through four major business areas - Agro, Commodities, Logistics and Operations, and Energy - we operate in the agricultural production of soybeans, corn, cotton and fertilizers, in the commercialization of grains and agricultural inputs, in logistics for domestic and international grain outlets, and in the generation and sale of renewable electric energy.

Our mission to contribute to the development of agribusiness is permeated by respect for the environment and constant improvement of the lives of people and communities where we operate.

## 1. Reaffirming our Commitments

Our Commitment to a Deforestation and Conversion Free Grain Chain, presented here, is part of a more comprehensive structure, the Sustainability Global Positioning, launched back in 2017. We believe that the quest for sustainable development is one of the most important for our business and, therefore, sustainability must permeate our entire management process, operations and value chain. Sustainable development is one of society's greatest challenges, and one of its greatest responsibilities to future generations.

The answer to this challenge lies in sustainable agriculture, which recognizes the complex structure of the food production chain, taking into consideration that it is possible to be more productive and add value, while preserving natural resources and respecting the environment, and contributing to the development of local communities and society. It is not possible to achieve the total elimination of deforestation alone, this is why we believe that this goal will only be achieved when all productive sectors, all governmental spheres, civil society organizations, all enterprises of some link in agriculture, livestock and forest chains, financial institutions, and consumers work together for the same purpose.

There will be a need to intensify joint activities, programs and initiatives that create a structural framework, including jurisdictional approaches, to support farmers and agriculture in finding a way to reconcile production with forest conservation without undermining local development, quality life and well-being of the communities involved.

Believing in the importance of our role in eliminating deforestation, and rendering greater clarity to our commitment "Towards zero deforestation", which integrates our Global Sustainability Positioning, launched in 2017, AMAGGI re-launches its commitment "Towards a deforestation and conversion free grain chain", bearing publicity to the latest version of its commitment, in an attempt to meet even the most recent transparency recommendations identified in important sustainability publications\*.

Thus, this document aims to clarify the scope of our commitment, challenges and means for AMAGGI to achieve an increasingly sustainable agriculture, with business continuity, contributing to the local development of the regions where the company operates, in a balanced manner, ensuring the expansion of agribusiness and conservation of the environment.

To this end, we divided our commitment "Towards a deforestation and conversion free grain chain" into four main themes, these are:

\*<https://accountability-framework.org/>  
<https://www.proforest.net/en/programmes/latin-america/soy-toolkit>

- a) Scope of commitment
- b) Supply chain mapping and traceability
- c) Commitment management
- d) Value chain engagement

## **a) SCOPE OF COMMITMENT**

Our commitment to deforestation and conversion includes our agricultural production activities and our grain origination from rural producers.

It applies to all locations where we operate, in and outside Brazil, including the Cerrado and Amazon biomes, and our actions are determined according to analyzed and established priorities, which will be periodically reported to our stakeholders via a Progress Report.

## **b) SUPPLY CHAIN MAPPING AND TRACEABILITY**

We understand that to have a responsible origin it is necessary to thoroughly know our supply chain. Thus, we commit to:

- Continuously map and improve the traceability of our direct supply chains from the origin, providing transparency over our efforts and progress, safeguarding strategic market information;
- Map and analyze the risks of our indirect supply chains, to better engage on the importance and necessary socio-environmental management of grain suppliers;
  - To evolve in the registering and strategic management of information of all rural farms supplying grains in the database of our 'ORIGINAR' Geospatial System (Originate).

## **c) COMMITMENT MANAGEMENT**

After understanding our supply chain, we believe that efficiently managing our activities and suppliers is essential to achieve our objectives. Thus, we are committed to:

- Ensure compliance with the socio-environmental criteria determined by AMAGGI for the commercialization of grains, as well as the precepts determined by the Brazilian Forest Code, and strengthening of the reforestation agenda;
- Ensure continued compliance with institutional commitments such as the Soy Moratorium, Green Grain Protocol, Global Compact, among others;
- Act in managing our suppliers, evaluating risks and opportunities, promoting access to information and knowledge, so that they can continuously improve;
- Foster the expansion of socio-environmental certifications for producers and the commercialization of market-certified products such as A.R.S., RTRS and ProTerra, supporting rural producers in our chain to reach the standards required in the certifications and connecting them to consumer markets;
- Stimulate the responsible expansion of agricultural production in already open areas, as well as in the transformation of degraded areas into increasingly productive properties, including through intensification of pastures and crop-livestock integration, with the aim of fortifying adequate territorial planning, avoiding the realization of new conversions of native vegetation for agriculture;
- Guarantee, in its own units, and stimulate within suppliers, a conversion free operation, that contributes to benefit-sharing with surrounding communities and that allows the efficient use of its resources and the sustainable development of the territory;
- Continue to invest in field technology and good agricultural practices, such as higher use of biological control, as well as of systems and experiments that allow greater productivity and better land use management, less use of pesticides, fertilizers and inputs, among other actions to mitigate other possible environmental and social aspects impacts;

- Evaluate operational risks, in order to promote solutions for the protection, conservation and recovery of high biodiversity conservation value and carbon stock (HCS and HCV) areas, as well as the correct management of waste and water resources;
- Work to continuously reduce greenhouse gas emissions (GGE) from products produced and originated by AMAGGI, as well as its carbon footprint;
- Ensure legal compliance of their operations and enforce compliance with local laws related to forestry issues, supporting the strengthening of government action to ensure their implementation and governance;
- Respect and protect human rights, especially local, indigenous and family farmers;
- Respect land use right, including the principle of free, prior and informed consent;
- Support financial mechanisms that value forests and natural resources, such as Payment for Environmental Services (PSAs), green-bonds and other financing conservation mechanisms.

#### **d) VALUE CHAIN ENGAGEMENT**

We believe that together we can find solutions that generate benefit sharing across the entire value chain. Only a joint action will promote the total elimination of deforestation. Therefore, we are committed to:

- Continuing to contribute to sectoral discussions, such as the Soy Working Group (GTS), the Cerrado Working Group (GTC) and the UN Food and Agricultural Thematic Working Group, to promote sustainability in agribusiness;
- Encourage collective actions with shared benefits to achieve a conversion, legal or illegal, free chain, ASAP, respecting social, environmental and economic precepts.
- Participate in initiatives that promote socio-environmental certifications, including engaging more and more producers in the supply chain, also to become certified;
- Participate in debates and promote actions in initiatives such as the 'PCI' Strategy - Produce, Preserve and Include from the Government of Mato Grosso, Brazil Forests and Agriculture Coalition, Balikpapan Challenge and others that contribute to the evolution of public policies and greater engagement of governments and other actors for better socio-environmental governance;
- Invest in partnerships and projects in search of a more responsible supply chain;
- Dialogue, consult periodically on performance and engage the entire value chain to seek innovative solutions that are aligned with our strategy and meet the converging needs of actors such as grain suppliers, business partners, civil society, governments, clients, institutions financial, the community and other relevant stakeholders.

## **2. Monitoring and Verification**

To ensure compliance with our commitments, it is necessary to ensure consistent monitoring and a reliable verification process to define improvements and next steps, giving greater credibility and coherence to our performance.

Thus, we will continue to improve our management system by identifying risks and opportunities, prioritizing actions and performance in risk areas, critical analysis of results, and investment in the best innovative solutions identified for an increasingly responsible socio-environmental management.

Through our control system and geospatial information technology, the ORIGINAR platform, we will measure the evolution of our supply chain monitoring and traceability processes, allowing an analysis of the progress made, as well as challenges and fragilities still existing for better management of our grain suppliers. The verification of our compliance and performance adherence to our commitment will be done through the consultation of stakeholders, via processes such as materiality and other forms of engagement and verification.

### **3. Transparency, disclosure and consultation**

We know the importance of communicating with our stakeholders and reporting our actions for a critical evaluation and demonstration of progress and challenges, creating a trustworthy and credible relationship with our value chain.

Thus, we commit ourselves to be transparent and to disseminate regularly our operational results, progress, challenges to achieve our commitment, priorities in the timeline, progress, returns, giving clarity to our stakeholders on our performance adherence to our positioning for a deforestation and conversion free grain chain.

We also undertake to maintain a channel for consultation and complaints and recommendations receipt for stakeholders to access.

Demonstrating consistency with our commitment, we will consider all perceptions of our stakeholders to improve our positioning processes and evolution.

The form, methodology and metrics of consulting, dialogue and reporting will be defined so that we have a transparent and assertive communication that meets our value chain's main needs.