



## Soy Moratorium Protocol 2020/2021 Harvest

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## **2. CONTEXT**

On July 24, 2006, the companies associated to the Brazilian Vegetable Oil Industry Association (Abiove) and the National Grain Exporters' Association (Anec) made a commitment not to trade soy from deforested areas of the Amazon Biome. This commitment became known as the Soy Moratorium Pact.

Using the results of geospatial monitoring that identifies soybean cultivation in areas deforested after July 2008 and data from properties existing in the Rural Environmental Registry and INCRA's database, lists of rural properties that do not comply with the Moratorium's criteria are drawn up annually. The lists contain the coordinates of the non-compliant areas, municipality, state, name of the owner/entrepreneur, name of the farm and CPF/CNPJ taxpayer numbers.

### **2.1 MAIN CHANGES MADE**

The Soy Moratorium Protocol (2020/2021 Harvest) has been adapted in its format and content based on the results and suggestions for improvement that came from previous years' audits, aiming at greater clarification for the parties. Namely:

- Requirement of the qualification of lead auditor of the management system
- Chapter with the responsibilities of the parties in the audit
- Requirement for traders to control the suppliers' CAR
- Indirect supplier control verification requirements and soybean triangulation parameters
- Inclusion in the conclusion of the option to partly meet the Soy Moratorium requirements
- Record of the strengths of the company's management system
- Inclusion of the criteria used by the Committee to assess the companies' reports and management system
- Improved analysis and recording of purchases with caveats
- Transparency of the Soy Moratorium Audit process on the Soy on Track website and the mandatory publication of public summaries of the Audit Reports, after review by the Assessment Committee

## **3. PURPOSE**

The Protocol lays out specific concepts, definitions, procedures and instructions for:

- signatory companies to be in compliance with the Soy Moratorium.
- for independent audit organisations, contracted by the signatories, to assess compliance with the criteria of the moratorium.

## **4. SCOPE**

This Protocol establishes the guidelines and procedures for the signatory companies to be in compliance with the Soy Moratorium and for the independent audit organizations to audit the 2020/2021 harvest, comprising the period from April 1, 2020 to March 31, 2021.

## **5. DEADLINES**

The period for conducting the audits and handing in the reports and action plans to the Assessment Committee of the Soy Working Group (SWG) to evaluate the results is from **October 1 to November 26, 2021**.

## **6. REQUIREMENTS OF THE SOY MORATORIUM**

The signatory companies of the Soy Moratorium bind themselves to selling, acquiring or financing soybeans originating from:

- |  |
|--|
| <ol style="list-style-type: none"><li>a. Deforested areas within the Amazon Biome after July 2008.</li><li>b. Areas on IBAMA's list of areas embargoed due to deforestation.</li><li>c. Suppliers included in the list of slave-like labour.</li></ol> |
|--|

In order to monitor the Soy Moratorium requirements, companies are assessed by the Soy Moratorium lists and the lists of environmental embargoes due to deforestation by Ibama and slave labour, as defined in Annex VII. In addition, other tools may be used that the company considers relevant in diminishing the risk of irregular soybean purchases, such as the use of geographic data and information to perform the geomonitoring of suppliers.

### **6.1 MANAGEMENT SYSTEM**

The signatory companies of the Soy Moratorium that sell the product in the Amazon biome must have a management system in place that will be verified in the audit. It must include:

- 1) A system to automatically block suppliers (direct and indirect producers) who do not comply with Soy Moratorium requirements
  - a. Ensure that the system is using the most current lists available of the Soy Moratorium, of environmental embargoes due to deforestation by IBAMA and of slave-like labour.
  - b. Reviews to ensure the regularity of purchases with caveats from suppliers with blocked CNPJ/CPF taxpayer numbers, such as in cases of pre-financing and farms that are compliant in relation to deforestation.
  - c. The implementation of deforestation geomonitoring systems in the supply chain is recommended, starting at the supplier's registration, with the purpose of reducing the company's risk.
- 2) The company should establish requirements for direct purchases to prevent soy triangulation among its suppliers, considering the distance between farms and soybean productivity.
- 3) The company should detail the Soy Moratorium requirements in the contract clauses or in the statement of trade and acquisition of soy from indirect suppliers.

It is recommended for the signatory companies to systematically implement good practices in the management system to meet the requirements of the moratorium, for example:

- Written procedures that systematize and standardize the management processes of the requirements to meet the Soy Moratorium
- Assessment of the lists of environmental embargoes of the state environmental departments
- Training for employees involved in the performance of activities and processes described in the procedures
- Internal audits for periodic verification of compliance with requirements
- Use of the results of root cause analysis for flaws identified in the company's and its suppliers' processes to improve the management system
- Participation in collaborative processes involving stakeholders to develop metrics to measure progress and an effective feedback mechanism for the management system

## 6.2 VERIFICATION AUDIT AND REPORTING

Every year, the management system for trading soybean in the Amazon biome must be verified by independent audit organizations (third party), hired directly by the signatory company.

Companies must send to the auditing organization all requested and relevant information, with the greatest possible completeness, accuracy, consistency and transparency, and send to the auditors the "Statement of Responsibility of the Company" (Annex III), filled in, signed and attached to the Audit Report.

It is the responsibility of signatory companies to allow free access to all documents and soy purchase records and their operations control systems to the audit team, which will issue an opinion in the format of an **Audit Report** and a **Public Summary of the Audit Report**, according to the Report Model (Attachment IV).

After receiving the reports, and in the event of non-compliances, the company must carry out root cause analysis and determine **Remedial Action Plans** for each non-compliance issued, in accordance with Annex V.

## 6.3 REQUIREMENTS FOR THE AUDIT TEAM

When hired by the signatory company, the audit organisation will allocate the team, considering that this audit team **must**:

- Participate in the Annual Training Workshop to update the procedures and documentation for the implementation of audits under the Soy Moratorium.
- Sign the "**Auditor Confidentiality Agreement**" (Annex II).
- Gather the necessary qualification, skills and knowledge as shown below:

Qualification		Skills	Specific knowledge
Mandatory	<ul style="list-style-type: none"> <li>• Lead management system auditor (ISO 9001 or ISO 14001, for other equivalent standards, prior approval by the Assessment Committee is required)</li> <li>• Agricultural supply chain management</li> <li>• Software management (of databases)</li> </ul>	<ul style="list-style-type: none"> <li>• Assessment of applicable data, systems and processes.</li> <li>• Effective communication, both verbal and written, in a language that is appropriate and professional and that can be easily understood</li> </ul>	<ul style="list-style-type: none"> <li>• Audit and verification of data and management system</li> </ul>
		<ul style="list-style-type: none"> <li>• Understanding the commitment requirements of the Soy Moratorium</li> <li>• Prior experience or follow-up of previous audits</li> </ul>	<ul style="list-style-type: none"> <li>• Deforestation and conversion</li> <li>• Environmental embargo due to deforestation</li> <li>• Slave Labour Black List</li> </ul>
		<ul style="list-style-type: none"> <li>• Understanding soybean supplier management</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial livestock supply modes</li> <li>• Direct and indirect producer purchases</li> <li>• Assessment of soybean purchase system controls and blocking systems</li> </ul>

Qualification		Skills	Specific knowledge
Desirable	<ul style="list-style-type: none"> <li>Analysis of geoprocessing and remote sensing systems</li> </ul>	<ul style="list-style-type: none"> <li>Understanding methodologies to verify the accuracy of geomonitoring systems</li> </ul>	<ul style="list-style-type: none"> <li>Deforestation and conversion database (e.g: Prodes and Deter)</li> </ul>

The audit organisation must keep all records needed, such as CVs, certificates and audit logs, to demonstrate that the auditors have complied with the above requirements, and must make them available upon request.

#### 6.4 RESPONSIBILITIES OF THE PARTIES IN THE VERIFICATION AUDIT OF THE SOY MORATORIUM

The responsibilities of the signatory companies, the audit organisations and the SWG Assessment Committee are described below:

##### - Audited Companies (Traders):

- Traders have the responsibility to properly report purchases and provide access to systems and documents used for compliance with the Soy Moratorium, in the current audit cycle (2020/2021). Provide all the evidence needed so the auditor and committee can assess the compliance of the procurement with the Moratorium criteria, otherwise the process may be considered inconclusive by the Assessment Committee.
- It is the responsibility of the trader to ensure that the contracted audit organisation carries out the audit in accordance with the procedures established by this protocol, recording all evidence and justifications for the completion of all indicators.
- It is the responsibility of the trader to follow all the requirements of the Audit Protocol and the Audit Programme, including the agreed timelines.
- During the audit, if the trader believes that the auditors do not have enough knowledge to properly assess the compliance with the Soy Moratorium, the trader must immediately inform the members of the SWG Assessment Committee.
- During the review of the audit reports, by the SWG, the trader must provide the necessary explanations, if requested.
- The trader may make announcements regarding the outcome of the audit only after the Audit Cycle Report has been concluded and published by the SWG.

##### Auditors:

- The responsibility of the auditors is to audit the purchases made in the 2020/2021 cycle in accordance with all the procedures of the Soy Moratorium Protocol and all its indicators, tests and extraction of the company's procurement list (list of soybean traded, including financing, over-the-counter and other modalities), comparison between the lists extracted during the audit and the lists previously sent by the company.
- The auditors must also give evidence to support their assessment on all indicators of the standard, include screen shot evidence and must also complete all report items, including the summary report for publication.

##### - SWG Assessment Committee:

- The members of the committee are in charge of establishing the Audit Programme, monitoring the process with traders and assessing all the audit reports delivered, focusing on assessing the compliance of the purchases and the quality of the report, with a request for further explanations only in special cases. Reports that are unclear or do not have all

the necessary evidence presented in an organised manner will be considered inconclusive, without the possibility of re-assessment by the committee.

- The Committee will also evaluate the quality of the audited company's management system and the consolidated opinion will be included in the Audit Cycle Assessment Report.
- The committee has autonomy to assess the report and decide on the outcome of the audit.
- The Committee may propose to the SWG to apply sanctions, such as the need to re-audit, warnings and possible suspensions depending on the outcome of the audit.

## 7. VERIFICATION AUDIT PROCEDURE

Auditors must follow the procedures and instructions described in this protocol and its supplementary documents. The quality of the evidence of compliance and non-compliance is the responsibility of the auditors and is subject to assessment by the SWG, as described in chapter 7 - Assessment of audit reports.

### 7.1 PLANNING THE AUDIT

The audit organisation must ask the signatory company to send it all the information it considers necessary to define the audit plan and carry out a risk analysis.

The auditor must prepare an Audit Plan and send it to the company at least 14 days in advance. The audit plan must detail the items set out below, and others as required.

#### Planning the audit

- **Audit objective:** clear definition of what the audit aims to achieve.
- **Audit criteria:** clear definition of the requirements to be audited and supplementary instructions.
- **Scope:** definition of the Units included in the company's scope and the departments involved in the soy procurement process, eventually including geomonitoring service providers.
- **Auditors:** definition of the audit team and statement of their qualifications.
- **Duration of the audit:** how many audit days are needed, considering preparation, desk review, audit (remote and/or on-site) and preparation of reports.
- **Programming:** schedule of activities of the remote and/or on-site audit, considering the risk analysis and necessary tests.

In order to define if the audit can be carried out 100% remotely, or if an on-site audit is necessary, the auditor must complete the risk analysis for remote auditing, in accordance with Annex VIII of the **Guidelines for Remote Audits**.

The Audit Plan is simply a preliminary procedure to formalise the process and set an estimated time for each stage. The verification times for each process may be changed during the audit if the data analysis and control systems result in a higher risk than initially identified.

The Audit Plan must contain the agreement for full access to documents and information that is essential for the evaluation of compliance (procedures, lists, records, supplier registries, tax documents, etc.) and must be approved by the head person assigned by the company.

When an auditor does not receive the formal agreement and confirmation to fully access the documents and data, he/she must check to see if the audit can take place or stop the process until the agreement has been provided.

When an auditor has obtained formal agreement and confirmation to fully access the data, however, during the audit any access is denied, a non-compliance in the management/control system must be issued and registered in the final report along with a claim for remedial action.

## 7.2 DESK REVIEW

### **Analysis of purchases with suppliers not compliant with the Moratorium list**

In the desk review, the auditor must ask the company for the list of all suppliers that traded soybeans in the audited period (list of soybean receipts, and signed futures, over-the-counter or financing contracts) and cross-check it with the lists of non-compliant rural properties of the Soy Moratorium, identifying suppliers with potential irregular purchases.

This list should be used as a guide by the auditor in the next stage of the audit to assess procurement compliance.

**Important: This list should be cross-checked with the list extracted at the time of verification by the auditor to ensure its completeness. This comparison must be documented in the report, and failure to do so will compromise the committee's assessment of compliance with the moratorium criteria.**

### **Risk analysis of the company's system**

Based on the information made available by the company, the auditors make a preliminary risk assessment and specify the time that will be needed to assess, remotely or on-site, the data and systems of the signatory company.

In this risk analysis, the audit organisation must assess the need to change the sampling of the block and contract review tests, as it sees fit, to ensure the achievement of the audit target. To this end, auditors must request the complete list of purchases made in the period under evaluation and the criteria that needs to be followed for the preparation of the risk analysis is suggested:

- **Analysis of purchases with suppliers not compliant with the Moratorium list:** analyse if the purchases were made with suppliers blocked by the Soy Moratorium lists. Depending on the results of this analysis, the auditor may consider the company's blocking system to be of low or high risk and may reassess the sample of tests to be carried out on-site. The auditor must conduct his or her own analysis and cross-check the procurement list against the Moratorium list and should not rely solely on the list of purchases with caveats provided by the company.
- **Scope analysis:** auditors can perform their own geospatial analysis with the help of the audit organization's experts to identify and classify the deforestation risk around the company's processing units (analysing municipalities with higher occurrence of non-compliant areas - Soy Moratorium Monitoring Report - <https://abiove.org.br/relatorios/moratoria-da-soja-relatorio-13o-ano/>)
- **Analysis of the volume sold:** analyse the total volume sold by the company with non-compliant suppliers and/or by units in regions with a higher occurrence of non-compliant areas (scope).
- **Action plans implemented:** the auditor may assess, if made available by the company, a summary of the actions implemented to improve the soy procurement management system, based on non-compliances or suggestions for improvements detected in the previous year's audit (internal or external audit).
- **Amount of soy supplied by indirect suppliers:** analyse the total volume traded with indirect suppliers, to request additional information when they represent more than 30% of purchases.

Based on the list of purchases received, the auditors can define the sample of purchases that will be assessed in the documentation during the audit and inform the client in advance.

**Note 1:** *it is important to emphasize that the sampling method must be random, but this sample may be stratified based on the risk analysis.*

**Note 2:** *In the event of any future contract or financing contract outside the audited period, i.e., in a period prior to the list 1 of the SM provided, the company must send to the auditor before the date of the audit, the list in force in the period to certify compliance. Previous lists can be obtained by the audit organisation directly from ABIOVE or ANEC.*

### 7.3 CONDUCTING THE AUDIT (REMOTE AND/OR IN PERSON)

The structure below aims to guide the auditor in the verification of the Soy Moratorium requirements by defining the verifiers, the indicators, the guiding questions, the evidence collection methods, and the step-by-step tests necessary to verify each requirement:

- 1) The company must implement and maintain a management system for trading soybeans in the Amazon biome in order to comply with the Soy Moratorium.
- 2) Not trade, acquire and finance soybeans from deforested areas of the Amazon Biome after July 2008.

Detailed flowcharts for the assessment of direct purchases, future direct purchases and financing, indirect purchases and clauses in indirect supplier contracts are shown in Annex VI.

The auditor must describe and analyse the company's processes and procedures in the **Audit Report**. The guiding questions in the tables below are a guide for the auditor to evaluate the processes and procedures and do not need to be answered directly in the Final Report but should be used as a basis to describe the evidence. Instructions to auditors on recording evidence and non-compliances are provided in the Audit Report Template (Annex IV).

The following questions refer to the management system implemented by the signatory company to manage its suppliers and reduce the risk of non-compliant purchases. Although the purpose of the audit should be on non-compliant purchases, it is important to check that the Management System is sound and ensures the monitoring of purchases.

**Important: the auditor must verify all the systems used for monitoring, extract the purchasing list to confirm the completeness of the list evaluated in the desk review, conduct the supplier blocking tests, evaluate all the evidence provided, interview those responsible for the processes and issue an opinion in the audit report.**

<b>Requirement:</b>	<b>The company must implement and maintain a management system for trading soybeans in the Amazon biome in order to comply with the Soy Moratorium</b>
<i>What the auditor should check</i>	<i>The auditor will check the indicators below using the guiding questions, the evidence collection methods and the examples, included in Annex X</i>
<b>1. Check the soybean supplier registration system</b>	<b>Indicator:</b> Complete and current supplier records
<b>2. Check the registration procedure and the update of the moratorium lists</b>	<b>Indicator:</b> The lists of non-compliant rural properties in the Soy Moratorium are systematised and up to date in the management system.
<b>3. Check the registration procedure and the update of the lists of environmental embargoes due to deforestation</b>	<b>Indicator:</b> The lists of areas of environmental embargoes due to deforestation are systematised and up to date.

<b>Requirement:</b>	<b>The company must implement and maintain a management system for trading soybeans in the Amazon biome in order to comply with the Soy Moratorium</b>
<b>4. Check the registration procedure and the update of the slave labour lists</b>	<b>Indicator:</b> The Black Lists of Slave Labour are systematised and up to date.
<b>5. Check the implementation of a geomonitoring system, if applicable</b>	<b>Indicator:</b> Geomonitoring is a procedure adopted by the company to analyse deforestation on supplier farms.
<b>6. Check the procedure of the supplier blocking and unblocking system</b>	<b>Indicator:</b> Purchases from suppliers who do not comply with the Soy Moratorium lists are blocked.
	<b>Indicator:</b> Purchases from suppliers who are not in compliance with Ibama's lists of environmental embargoes due to deforestation and slave labour are blocked
	<b>Indicator:</b> When a supplier is unblocked, compliance with the Soy Moratorium requirements is guaranteed.
<b>7. Check the efficacy of the supplier blocking system</b>	<b>Test the blocking system by simulating purchases with data from suppliers found to have deforestation in the soy moratorium list.</b>
<b>8. Check the control procedure for purchases from direct suppliers</b>	<b>Indicator:</b> The company has measures in place to prevent soy triangulation among its direct suppliers.
	<b>Productivity index assessment test</b>
<b>9. Check the control procedure for purchases from indirect suppliers (cereal traders, retailers, co-ops, trading companies, etc.)</b>	<b>Indicator:</b> The company details the Soy Moratorium requirements in the trade and acquisition of soybean with indirect suppliers, in contract clauses or in a statement by indirect suppliers.
	<b>Indicator:</b> The company implements a procedure to evaluate the origin of soybean purchased from indirect suppliers.
<b>10. Analyse the implementation of continuous improvement and good practices of the monitoring system.</b>	<b>Indicator:</b> The company implements improvements in the soybean purchase management system to meet the Soy Moratorium requirements.

The following requirements refer to the compliance assessment of the purchases made in the 2020/2021 cycle. Non-compliant purchases and purchases with caveats must be described and presented in the report using screenshots, documents and records.

<b>Requirement:</b>	<b>Not trade soybeans from deforested areas of the Amazon Biome after July 2008.</b>
<i>What the auditor should check</i>	<i>Indicators, guiding questions, evidence-gathering methods and examples.</i>
<b>11. Check the purchase history of direct suppliers (including future contracts and financing)</b>	<b>Indicator:</b> Purchases from suppliers who do not comply with the Soy Moratorium lists are blocked.
	<b>Verification of procurement list compliance</b>
	<b>1) Extraction of the procurement list</b>  <b>2) Analysis of compliance of purchases and justifications</b>  3) Record in the report the cross-checking result of the extracted list with the previously provided list.

## 7.4 CONCLUDING THE AUDIT OF THE SOY MORATORIUM

At the conclusion, the audit team must clearly and objectively inform the company of its compliance or non-compliance with the Moratorium requirements. Examples of the evidence leading to this conclusion must be provided orally and set out in detail in the Audit Report that will be handed in to the company.

Any disagreement between the company and the auditor, during the audit and in the final conclusions, must be included in a report for later review by the SWG.

## 7.5 REPORTING AUDIT RESULTS

The completeness and clarity of the information presented by the auditors is essential for the companies to establish actions to improve compliance with the Soy Moratorium, and to demonstrate their commitment to buyers and other stakeholders.

### Audit Report:

The audit organisation must prepare an audit report that will be sent to the company with the conclusion and the findings of the audit. The report must include all the items detailed in the Report Template (Annex IV).

The auditor must:

- describe in the report the company's management procedures for the guideline requirements of the audit
- provide a list of evidence to support the compliances and non-compliances
  - for non-compliance, it is important to provide a clear negative statement about what was wrong with the requirements.
- check if the company complied with every indicator fully, partially or not at all.

Reminder: the guiding questions in this Protocol are just a guide for the auditor to follow when assessing the processes and procedures and they do not need to be directly answered in the Final Report. More instructions to auditors regarding the recording of evidence and non-compliances are provided in the Audit Report Template (Annex IV).

Non-compliances may be referring to:

- **Soy Moratorium Commitment** - non-compliant purchase or a business transaction carried out by the company that does not meet the Soy Moratorium requirements. *A non-compliance means that the company has not complied with the Soy Moratorium.*
- **Management System and auditing process** - Non-compliance with a requirement of the management system: registration of suppliers, registration and updating of lists, blocking system, clause in contract or statement of indirect supplier, lack of auditor access to information or systems, etc.

### Compliance with the Soy Moratorium:

Audit conclusion	Criteria
Complies	No purchases not in compliance with the Soy Moratorium list found.
Partially complies	The audit found an isolated flaw in the management system (1 non-compliant purchase) or the auditor did not have all the information to assess the compliance of purchases with caveats.

	Note: an audit conclusion of 'partially complies' will only be accepted in 1 cycle. In the case of discrepancies in consecutive cycles, the conclusion in the 2nd cycle must be 'does not comply'.
Does not comply	There is a systemic flaw in the management system (more than one non-compliant purchase).

**Important:** it is mandatory for action plans to be presented for all non-compliant purchases.

The process of finalising the audit includes a report evaluation by the Committee, with a view to assessing and validating the audit process and correcting potential shortcomings in the process and final report, in accordance with the criteria set out in Annex IX.

Clarification meetings will be held between Committee members and the lead auditor only in special cases. These meetings are restricted to 1 instance of information exchange between the parties.

### **Remedial Action Plan:**

The company must draw up a Remedial Action Plan (Annex V), based on root cause analysis, for each non-compliance issued, which must be attached to the **Audit Report**, to close the process and issue to the SWG.

### **Public Summary of the Audit Report**

Based on the Audit Report, the audit organisation will issue a document which may be disclosed by the companies, and which contains the summary audit results, safeguarding all confidential information, according to the Report Template (Annex IV).

The topics of the report labelled with the word *confidential* must not be included in the Public Summary (keep the topic in the brief of the summary so that the items that make up the report can be properly identified).

This summary must be prepared by the auditor and sent as a PDF file together with the report to the audited company.

The Assessment Committee may rank the companies according to the scores obtained in the management system and in the report.

## **8. TRANSPARENCY**

The company may publicly release the audit results by publishing the **Public Summary of the Audit Report**, issued by the audit organization. It is considered good transparency practice and allows for constructive comments and suggestions to be received from stakeholders.

The Independent Verification Report of the Soy Moratorium, and the Public Summaries of the Audit Reports, at the end of the process, will be published on the site specified by the Soy Working Group (SWG), within the Soy on Track platform ([www.sojanalinha.org](http://www.sojanalinha.org)).

## 9. ANNEXES

### ANNEX I - LISTS OF RURAL PROPERTIES NOT IN COMPLIANCE WITH THE SOY MORATORIUM

In the audit period - April 1, 2020 to March 31, 2021 - the lists of non-compliant properties that were in effect are shown below.

Therefore, the following lists will be used to verify the Soy Moratorium audit of the current year:

#### 2018/2019 Harvest

- **List 1:** valid to audit receipts and soybean purchase and financing transactions from **01/Apr/2018 to 16/Apr/2018**
- **List 2:** valid to audit receipts and soybean purchase and financing transactions from **17/Apr/2018 to 19/Jun/2018**
- **List 3:** valid to audit receipts and soybean purchase and financing transactions from **20/Jun/2018 to 05/Dec/2018**
- **List 4:** valid to audit receipts and soybean purchase and financing transactions from **06/Dec/2018 to 05/Feb/2019**
- **List 5:** valid to audit receipts and soybean purchase and financing transactions from **06/Feb/2019 to 31/Mar/2019**

#### 2019/2020 Harvest

- **List 1:** valid to audit receipts and soybean purchase and financing transactions from **01/Apr/2019 to 18/Jun/2019**
- **List 2:** valid to audit receipts and soybean purchase and financing transactions from **19/Jun/2019 to 28/Aug/2019**
- **List 3:** valid to audit receipts and soybean purchase and financing transactions from **29/Aug/2019 to 10/Nov/2019**
- **List 4:** valid to audit receipts and soybean purchase and financing transactions from **11/Nov/2019 to 31/Mar/2020**

#### 2020/2021 Harvest

- **List 1:** valid to audit receipts and soybean purchase and financing transactions from **01/Apr/2020 to 19/Apr/2020**
- **List 2:** valid to audit receipts and soybean purchase and financing transactions from **20/Apr/2020 to 14/Jul/2020**
- **List 3:** valid to audit receipts and soybean purchase and financing transactions from **15/Jul/2020 to 23/Sep/2020**
- **List 4:** valid to audit receipts and soybean purchase and financing transactions from **24/Sep/2020 to 21/Dec/2020**
- **List 5:** valid to audit receipts and soybean purchase and financing transactions from **22/Dec/2020 to 31/Mar/2021**

#### 2021/2022 Harvest

**List in force on the date of the audit:** valid for the definition of the sampling and testing of the blocking system (verifier 7).

## ANNEX II - CONFIDENTIALITY AGREEMENT OF THE AUDITOR

### COMMITMENT TO CONFIDENTIALITY, IMPARTIALITY AND CLARIFICATION OF CONFLICTS OF INTEREST

I, [Click here to enter text](#), as a representative of audit organisation [Click here to enter text](#), agree to:

1. disclose in this document any current or previous association with the client and/or its affiliates that represents or could come to represent a conflict of interest with the work performed. This statement includes all employment or business relationships, affiliations, personal relationships or investments that I have had with the client and/or its affiliates over the past five years.
2. maintain completely confidential all documentation, interviews, conversations and any information connected to activities for the audit, verification and any of its clients, acquired during my work with the Soy Working Group (SWG).
3. not discuss the content of this information with other parties/persons/institutions or make or distribute copies of any document or report unless specifically authorised by SWG.
4. maintain impartiality in all work undertaken in the audit and verification activities.
5. report immediately to SWG any threats or effective actions of coercion, corruption or the receipt of gifts of considerable financial value during the performance of the activities.
6. I declare hereby that:
  - I have no potential or real conflicts of interest in my work
  - I have potential or real conflicts of interest in my work

In the event of a conflict of interest, please specify below:

[Click here to enter text](#).

I assure that I am in agreement with all the conditions established by the contracting agency and declare that all the information provided herein is true and correct, to the best of the contracting agency's knowledge.

CITY, [Click here to insert a date](#).

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### **ANNEX III - TERM OF RESPONSIBILITY OF THE COMPANY**

I, [Click here to enter text](#), as a representative of [Click here to enter text](#) for the 2020/2021 audit cycle of the Soy Moratorium, hereby declare:

1. that all information provided is true, correct and complete and that copies of documents submitted to the auditors are authentic.
2. to do everything possible to establish an enabling environment for remote auditing, following the guidelines of the Audit Protocol.
3. to be aware that false statements in the above information will imply in the applicable penalties defined by the SWG.

If necessary, at a future opportunity, the information and documents will be available for verification in person.

CITY, [Click here to enter a date](#).

---

Company representative

## ANNEX IV - AUDIT REPORT TEMPLATE



### SOY MORATORIUM 2020/21 Harvest

## VERIFICATION AUDIT REPORT

### Summary

1. INTRODUCTION
2. GENERAL INFORMATION ABOUT THE VERIFICATION AUDIT
3. AUDIT CONCLUSION
4. VERIFICATION OUTCOME
5. RISK ANALYSIS (CONFIDENTIAL)
6. POINTS OF DISAGREEMENT BETWEEN AUDITOR AND AUDITEE (CONFIDENTIAL)
7. ANNEXES (CONFIDENTIAL)

#### 1. INTRODUCTION

*Instruction for auditors: use the predefined text below and only fill in the fields in grey.*

This report aims to present the results achieved in the verification audit conducted at COMPANY NAME, a signatory of the Soy Moratorium and a member of Choose an option.

This report is aligned with the "**Soy Moratorium Protocol 2020/2021 Harvest**", version **September 3, 2021**, which sets out the guidelines that must be followed by the independent auditors duly approved by the *Soy Working Group*.

The results reported hereby include the description of the audit procedures, the description of the processes used by the companies to monitor purchases, soybean financing and purchases with caveats, the record of non-compliances; the objective evidence of compliances and non-compliances and the audit conclusion.

#### 2. GENERAL INFORMATION ABOUT THE VERIFICATION AUDIT

##### 2.1 PLACE AND DATE

to  City:

##### 2.2 IDENTIFICATION OF THE AUDIT TEAM

Info of the verification body:

Verification body	
Name:	<input type="text" value="Click here to enter text."/>
Address:	<input type="text" value="Click here to enter text."/>
Contact (name and phone/e-mail):	<input type="text" value="Click here to enter text."/>

The audit team was composed of the following auditors (confidential):

Auditor's name	Title	Qualifications
AUDITOR'S NAME	Choose an option	Description
AUDITOR'S NAME	Choose an option	Description
AUDITOR'S NAME	Choose an option	Description

The auditors named have signed an **Auditor Confidentiality Agreement**, attached to this report.

### 2.3 AUDIT SCOPE

*Instruction for auditors: describe the business units of the company that source soybeans from the Amazon biome.*

Unit name	Type of operation	Place (City, State)
		Press TAB to add rows

### 2.4 Resources and List of Documents used in the audit

*Instruction for auditors: If the company does not submit all the information, a non-compliance must be generated for the company, and it must be recorded that the company offered limited conditions to carry out the audit*

The audit team states hereby that the access to the resources needed, such as systems, programs, documents, employees and physical areas, under the audited scope was Choose an option and provided conditions for the audit to be carried out Choose an option.

The documents accessed are listed below:

- 2020/2021 Soy Moratorium Protocol
- Lists of farms not in compliance with the Soy Moratorium - 2019/2021 Harvest, and if necessary 2019/2020 and 2018/2019
- Full list of purchases made by the company (2020/2021 Harvest)
- Other: List other documents used as references for the audit

*Instruction for auditors: see item 7.5 of the Audit Protocol.*

#### 3.1 AUDIT CONCLUSION

Based on the procedures used and the results reported in section 4 regarding the information and processes for compliance with the Soy Moratorium, for the period from April 01, 2019 to March 31, 2020, we have concluded that the company with the requirement to **refrain from trading, acquiring and financing soybeans sourced from deforested areas in the Amazon Biome after July 2008.**

#### 3.1.1 DESCRIPTIVE CONCLUSION OF THE AUDIT

*Instruction for auditors: The description must be clear and must not contradict the above conclusion.*

*Briefly provide additional comments that the auditor believes support the above conclusion: in the case of compliance (strengths, good monitoring practices used and considered as benchmarks) or in the case of non-compliance with the Moratorium (weaknesses and discrepancies found). In the event of partial compliance describe the % of soy traded in a non-compliant manner during the assessment period.*

### 3.2 OPINION OF THE ASSESSMENT COMMITTEE

*Instruction to auditors: The description must be clear and must not contradict the above conclusion.*

*This space is for the exclusive use of the assessment committee to analyse the quality of the audit report and the company's management system.*

## 4. Verification Outcome

### 4.1 REQUIREMENT 1: NOT TRADE, ACQUIRE AND FINANCE SOYBEANS FROM DEFORESTED AREAS OF THE AMAZON BIOME AFTER JULY 2008.

#### 4.1.1 NON-COMPLIANCE (NC) WITH THE SOY MORATORIUM

*Instruction for auditors: Non-compliance with the Soy Moratorium applies only to requirement 1 of the Protocol. Issue only one general non-compliance below in the event of purchases originating from non-compliant farms according to the lists issued by the SWG. Do not include information about the producer not in compliance with the moratorium since this part of the report should be included in the Public Summary of the Audit Report.*

<b>Description of the NC</b>
<i>Briefly describe the non-compliance issued with basis on the item assessed and mention the requirement and indicator that is not in compliance. Ex.: "In accordance with the documentary evaluation, it was found that not all purchases from suppliers not in compliance with the Soy Moratorium requirements are blocked."</i>
<b>Evidence</b>
<i>Briefly describe the evidence found that justifies the NC. Do not identify the producer not in compliance with the moratorium since this part of the report should be included in the Public Summary of the Audit Report. Ex.: "In accordance with the evaluation of the list of purchases made with the lists in force on the date of negotiation, XX contracts were identified that were signed with producers who did not comply with the XX List of the Soy Moratorium (list in force on the date of negotiation), totaling the irregular trade of XX tons of soybeans. When verifying the invoices related to the deliveries, it was found that the place where the soybean was shipped was the same farm listed in the soybean moratorium."</i>

#### 4.1.2 ASSESSMENT OF THE INDICATOR AND RECORDS OF EVIDENCE OF NON-COMPLIANT PURCHASES AND PURCHASES WITH CAVEATS (CONFIDENTIAL)

*Instruction for auditors: Describe the evidence of compliance or non-compliance and your assessment of whether the indicator has been met. Example of good practice in evidence writing:*

<b>11. Check the purchase history of direct suppliers (including future contracts and financing)</b>
<b>Indicator:</b> Purchases from suppliers who do not comply with the Soy Moratorium lists are blocked.
<i>Instruction for auditors: Briefly describe the procedure used for the verification. This audit procedure must include the procedure to verify the extraction of the purchase list (register the system codes that show that the list is complete and includes over-the-counter, financed, pre-financed and other purchases) and an analysis of the purchase documents, receipt and statement and transaction for cases of non-compliant purchases and purchases with caveats. The description must contain the content assessed with basis on the guiding questions of the Protocol. Ex: To verify indicator a, the procurement list of the 2020/2021 harvest was extracted from the xxx system. The list was extracted considering the units (describe) and the period (xx/20 to xx/21). During the extraction of the list, the IT specialist can check the programming and filters programmed in the system, ensuring the transparency of the information. The registration of changes in the system was also found and when the corrections have justifications (ex., incorrect insertion of data), all records have logs with name, date and time and can be tracked.</i>

**11. Check the purchase history of direct suppliers (including future contracts and financing)**

*The procurement list extracted from the system was cross-checked with the procurement list sent previously and no differences were found.  
xx purchases with caveats were found in the period under review. For these purchases, the procedures adopted by the company to eliminate origination risks and update productivity indexes were checked.  
The company flags these situations in the system with an observation and a prior blocking for future assessment.*

**Evidence:**

- **No. of total direct purchases:**
  - No. of non-compliant purchases:
  - No. of purchases with caveats:
- **No. of over-the-counter purchases:**
- **No. of future purchases and financing:**
- **No. of total brokered purchases:**
  - No. of non-compliant purchases:
  - No. of purchases with caveats:

**Complies:** fully  not at all

*Instruction for auditors: When "not at all" is checked, a non-compliance should be given for this criterion.*

*Instruction for auditors: Replicate the registration table below as needed. Digital or scanned records must be organized in the body of the report to enable review by the SWG assessment committee. Include in the field of evidence examples of invoices and images of the contract that show the contract number, name of the farm, amount contracted and date of execution. Indicate information that has not been provided by the auditee. The auditor may include further evidence in the Annexes if necessary, provided that it is done so in the assessed indicator.*

**Evidence Registry - Non-compliant Purchases**

**E. 01– Information and data:**

Originating Branch (name and location): [Click here to enter text.](#)  
Name and identification of the producer CPF/CNPJ taxpayer no.: [Click here to enter text.](#)  
Name of the farm or corporate title from where the soybeans were sourced: [Click here to enter text.](#)  
Volume of soy traded: [Click here to enter text.](#)  
Trading period: [Click here to enter text.](#)  
Contract number: [Click here to enter text.](#)  
Date of contract: [Click here to enter text.](#)  
Other information (e.g. Invoice number): [Click here to enter text.](#)

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**E. 01 – Soybean trading contract**

**E. 02 – Transaction statement**

Evidence Registry - Non-compliant Purchases	
<b>E. 03 – Example of Invoice</b>	<b>E. 04 – Description of other evidence</b>

*Instruction for auditors: Replicate the registration table below as needed. Digital or scanned records must be organized in the body of the report to enable review by the SWG assessment committee. All information on non-compliant purchases and purchases with caveats must be filled in. When the information is not available, this must be specified to ensure that all the information has been requested by the auditor. Failure to provide the requested information and evidence may cause the committee to assign the status of inconclusive to the assessment.*

Evidence Registry - purchases with caveats	
<p><b>E. 01– Information and data:</b>            Originating Branch (name and location): <a href="#">Click here to enter text.</a>            Name and identification of the producer CPF/CNPJ taxpayer no.: <a href="#">Click here to enter text.</a>            Name of the farm or corporate title of the farm listed in the Moratorium: <a href="#">Click here to enter text.</a>            Name of the farm or corporate title from where the soy was sourced: <a href="#">Click here to enter text.</a>            Geographical coordinates of the farm from where the soy was sourced: <a href="#">Click here to enter text.</a>            CAR number of the farm where the soy was sourced: <a href="#">Click here to enter text.</a>            Distance between the farm where the soy was sourced and the farm listed in the moratorium (if not the same farm): <a href="#">Click here to enter text.</a>            Production area of the farm where the soy was sourced: <a href="#">Click here to enter text.</a>            Trading period: <a href="#">Click here to enter text.</a>            Contract number: <a href="#">Click here to enter text.</a>            Date of contract: <a href="#">Click here to enter text.</a>            Volume of soy traded: <a href="#">Click here to enter text.</a></p>	
Company's justification for making a purchase with caveats:	
Auditor's opinion:	
<b>E. 01 – Soybean trading contract</b>	<b>E. 02 – Transaction statement</b>

Evidence Registry - purchases with caveats	
E. 03 – Example of Invoice	E. 04 – Description of other evidence

## 4.2 REQUIREMENT 2: THE COMPANY MUST IMPLEMENT AND MAINTAIN A MANAGEMENT SYSTEM FOR TRADING SOYBEANS IN THE AMAZON BIOME IN ORDER TO COMPLY WITH THE SOY MORATORIUM

### 4.2.1 NON-COMPLIANCES (NC) IN THE MANAGEMENT SYSTEM AND AUDIT PROCESS

*Instruction for auditors: The non-compliance applies to requirement 2 or is related to the audit process in the assessment of the monitoring system. Issue a non-compliance for each aspect of the monitoring system established by the company that is not fully met. Replicate the table below in case of more than one non-compliance so that every NC can be recorded individually.*

No.	01/XX	Aspect of the NC	Choose an option
<b>Description of the NC</b>			
<i>Briefly describe the non-compliance issued with basis on the item assessed and mention the requirement and indicator that is not in compliance.</i>			
<b>Evidence</b>			
<i>Briefly describe the evidence found that justifies the NC.</i>			

### 4.2.2 OPPORTUNITIES FOR IMPROVEMENTS IN THE MANAGEMENT SYSTEM

*Instruction for auditors: an improvement opportunity is not the correction of a non-compliance but an aspect of the management system that is compliant and can be improved. The auditor must record the aspects observed in the audit process that indicate opportunities for the company to make improvements in its management and control system, so it can better achieve compliance with the Soy Moratorium.*

No.	Category	Description
1	Choose an option	
2	Choose an option	
3	Choose an option	
4	Choose an option	
5	Choose an option	<i>Press TAB to add rows</i>

### 4.2.3 STRENGTHS FOUND DURING THE AUDIT

<b>Description</b>
<i>Objectively describe the strengths found during the audit concerning the controls, systems and other actions adopted by the company. .</i>

#### 4.2.4 ASSESSMENT OF INDICATORS AND RECORDS OF EVIDENCE OF THE MANAGEMENT SYSTEM (CONFIDENTIAL)

*Instruction for auditors: describe the evidence of full, partial or non-compliance and your assessment of whether the indicator has been met.*

1. Check the soybean supplier registration system
<b>Indicator:</b> Complete and current supplier records
<i>Instruction for auditors: Briefly describe the standard procedure adopted by the company for supplier registration. Please also describe how the company updates the information. The description must contain the content assessed with basis on the guiding questions of the Protocol. Ex.: "Through the analysis of the management documents (ref. evidence XX) it was found that the procedure to register individual and corporate suppliers in the Alfa-Beta-Gama system, in a centralized manner, exists and is implemented. The person in charge of the procedure in area YY can explain the steps... It has also been found that geographical data is entered for 100% of registered suppliers. In a sample of X supplier registrations from a total of Y, it was demonstrated that there is no lack of information etc...."</i>
<b>List of evidence (documents, records and interviews):</b>
<b>Complies:</b> fully <input type="checkbox"/> partially <input type="checkbox"/> not at all <input type="checkbox"/> <i>Instruction for auditors: When "partially" or "not at all" is checked, a non-compliance should be given for this indicator.</i>
2. Check the registration procedure and the update of the moratorium lists
<b>Indicator:</b> The lists of non-compliant rural properties in the Soy Moratorium are systematised and up to date in the management system.
<i>Instruction for auditors: Briefly describe the standard procedure adopted by the company for the registration of moratorium lists. Please also describe how the company updates the information. The description must contain the content assessed with basis on the guiding questions of the Protocol.</i>
<b>List of evidence (documents, records and interviews):</b>
<b>Complies:</b> fully <input type="checkbox"/> partially <input type="checkbox"/> not at all <input type="checkbox"/> <i>Instruction for auditors: When "partially" or "not at all" is checked, a non-compliance should be given for this indicator.</i>
3. Check the registration procedure and the update of the lists of environmental embargoes due to deforestation
<b>Indicator:</b> The lists of areas of environmental embargoes due to deforestation are systematised and up to date.
<i>Instruction for auditors: Briefly describe the standard procedure adopted by the company for the registration of the lists of environmental embargoes due to deforestation. Please also describe how the company updates the information. The description must contain the content assessed with basis on the guiding questions of the Protocol.</i>
<b>List of evidence (documents, records and interviews):</b>
<b>Complies:</b> fully <input type="checkbox"/> partially <input type="checkbox"/> not at all <input type="checkbox"/> <i>Instruction for auditors: When "partially" or "not at all" is checked, a non-compliance should be given for this indicator.</i>
4. Check the registration procedure and the update of the slave labour lists
<b>Indicator:</b> The Black Lists of Slave Labour are systematised and up to date.

*Instruction for auditors: Briefly describe the standard procedure adopted by the company for the registration of Black Lists of Slave Labour. Please also describe how the company updates the information.*

*The description must contain the content assessed with basis on the guiding questions of the Protocol.*

**List of evidence (documents, records and interviews):**

**Complies: fully** **partially** **not at all**

*Instruction for auditors: When “partially” or “not at all” is checked, a non-compliance should be given for this indicator.*

5. Check the implementation of a geomonitoring system, if applicable

**Indicator:**

Geomonitoring is a procedure adopted by the company to analyse deforestation on supplier farms.

*Instruction for auditors: Briefly describe the supplier management procedure by geomonitoring adopted by the company. Also describe how the company makes decisions based on this information.*

*The description must contain the content assessed with basis on the guiding questions of the Protocol.*

**List of evidence (documents, records and interviews):**

**Complies: fully** **partially** **not at all**

*Instruction for auditors: When “partially” or “not at all” is checked, a non-compliance should be given for this indicator.*

6. Check the procedure of the supplier blocking and unblocking system

**Indicator:**

Purchases from suppliers who do not meet the requirements of the Soy Moratorium are blocked.

*Instruction for auditors: Briefly describe the procedures adopted by the blocking systems in operation and their structural features. Briefly describe the planning established for their maintenance and improvement.*

*The description must contain the content assessed with basis on the guiding questions of the Protocol.*

**List of evidence (documents, records and interviews):**

**Complies: fully** **partially** **not at all**

*Instruction for auditors: When “partially” or “not at all” is checked, a non-compliance should be given for this indicator.*

**Indicator:**

Purchases from suppliers who are not in compliance with Ibama’s lists of environmental embargoes due to deforestation and slave labour are blocked

*Instruction for auditors: Briefly describe the procedures adopted by the blocking systems in operation and their structural features. Briefly describe the planning established for their maintenance and improvement.*

*The description must contain the content assessed with basis on the guiding questions of the Protocol.*

**List of evidence (documents, records and interviews):**

**Complies: fully** **partially** **not at all**

*Instruction for auditors: When “partially” or “not at all” is checked, a non-compliance should be given for this indicator.*

**Indicator:**

When a supplier is unblocked, compliance with the Soy Moratorium requirements is guaranteed.

*Instruction for auditors: Briefly describe the procedures adopted by the unblocking systems in operation and their structural features.*

*The description must contain the content assessed with basis on the guiding questions of the Protocol.*

<b>List of evidence (documents, records and interviews):</b>	
<b>Complies: fully <input type="checkbox"/> partially <input type="checkbox"/> not at all <input type="checkbox"/></b> <i>Instruction for auditors: When “partially” or “not at all” is checked, a non-compliance should be given for this indicator.</i>	
<b>7. Check the efficacy of the supplier blocking system</b>	
<b>Test the blocking system by simulating purchases with data from suppliers found to have deforestation in the soy moratorium list.</b>	
<i>Instruction for auditors: Describe the procedure used to perform the blocking system test, naming the systems that were accessed by the auditor during the verification as well as their stages. What are the strengths and weaknesses of the implemented system that has been tested? Based on the test, decide if the blocking system is effective.</i>	
<b>Evidence:</b> <ul style="list-style-type: none"> <li>No. of simulations performed:</li> <li>No. of simulations with non-compliant results:</li> <li>Justification/reasoning for defining the sampling:</li> </ul>	
<b>E. 01 – Brief description</b>	<b>E. 02 – Brief description</b>
<b>E. 03 – Brief description</b>	<b>E. 04 – Brief description</b>
<b>Complies: fully <input type="checkbox"/> partially <input type="checkbox"/> not at all <input type="checkbox"/></b> <i>Instruction for auditors: When “partially” or “not at all” is checked, a non-compliance should be given for this indicator.</i>	
<b>8. Check the control procedure for purchases from direct suppliers</b>	
<b>Indicator:</b>	
The company has measures in place to prevent soy triangulation among its direct suppliers.	
<i>Instruction for auditors: Describe the practices adopted by the company in the analysis of potential soybean triangulation from non-compliant properties through compliant properties. The description must contain the content assessed with basis on the guiding questions of the Protocol.</i>	
<b>List of evidence (documents, records and interviews):</b>	

**Evidence:**

	Supplier's name	CPF/CNPJ taxpayer number	CAR	Productive area (ha)	Calculated productivity index (sc/ha or ton/ha);	Trader's justification/analysis
#1						
#2						
#3						

**Parameters adopted by the company in the analysis of purchases:**

- Productivity index:
- Distance between farms:
- Other

**Complies:** fully  partially  not at all

*Instruction for auditors: When "partially" or "not at all" is checked, a non-compliance should be given for this indicator.*

9. Check the control procedure for purchases from indirect suppliers (cereal traders, retailers, co-ops, trading companies, etc.)

**Indicator:**

The company details the Soy Moratorium requirements in the trade and acquisition of soybean with intermediate suppliers, in contract clauses or in a statement by intermediate suppliers.

*Instruction for auditors: Briefly describe the procedure carried out by the auditor to define the sampling of purchases from indirect suppliers for verification of clauses in contracts or supplier statements of compliance with the Soy Moratorium. Consider the application of the criteria of the sample calculation by identifying the soy receiving units as to their location and the risk analysis performed.*

*The description must contain the content assessed with basis on the guiding questions of the Protocol.*

**Evidence:**

- No. of indirect suppliers:
- Sampling:
- No. of suppliers with non-compliance:
- Justification/reasoning for defining the sampling:

*Instruction for auditors: Digital or scanned records must be organized to enable review by the SWG assessment committee.*

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**E. 01 – Brief description**

**E. 02 – Brief description**

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**E. 03 – Brief description**

**E. 04 – Brief description**

**Complies:** fully  partially  not at all

*Instruction for auditors: When “partially” or “not at all” is checked, a non-compliance should be given for this indicator.*

**Indicator:**

The company implements a procedure to evaluate the origin of soybean purchased from indirect suppliers.

*Instruction for auditors: Briefly describe the procedures adopted by the control systems of indirect suppliers to prevent soybean received from suppliers on the Soy Moratorium list.*

*The description must contain the content assessed with basis on the guiding questions of the Protocol.*

**Evidence:**

- % of volume traded deriving from indirect suppliers:
- Number of intermediaries

Largest indirect suppliers (who supply 70% of the total purchased from indirect entities)

Supplier's name	CPF/CNPJ taxpayer number

**Complies:** fully  partially  not at all

*Instruction for auditors: When “partially” or “not at all” is checked, a non-compliance should be given for this indicator.*

10. Analyse the implementation of actions for the continuous improvement of the monitoring system.

**Indicator:**

The company implements improvements in the soybean purchase management system to meet the Soy Moratorium requirements.

*Instruction for auditors: Briefly describe the management procedure for the continuous improvement of the moratorium management. The description must contain the content assessed with basis on the guiding questions of the Protocol.*

**List of evidence (documents, records and interviews):**

**Complies:** fully  partially  not at all

*Instruction for auditors: When “partially” or “not at all” is checked, a non-compliance should be given for this indicator.*

**5. RISK ANALYSIS (CONFIDENTIAL)**

#### RISK ANALYSIS OF THE COMPANY

Criteria	Risk
Analysis of purchases with suppliers not compliant with the Moratorium list	Choose an option. <i>Justification:</i>
Scope analysis	Choose an option. <i>Justification:</i>
Analysis of volume traded	Choose an option. <i>Justification:</i>
Implemented action plans	Choose an option. <i>Justification:</i>
Quantity of soy supplied by indirect suppliers	Choose an option. <i>Justification:</i>
<b>General risk to company</b>	Choose an option.

#### RISK ANALYSIS FOR REMOTE AUDITING

Criteria	Risk
Analysis of purchases with suppliers not compliant with the 2020/ 2021 Moratorium list	Choose an option. <i>Justification:</i>
Information security	Choose an option. <i>Justification:</i>
Internet - remote access and sharing.	Choose an option. <i>Justification:</i>
<b>General risk for remote auditing</b>	Choose an option.

#### 6. POINTS OF DISAGREEMENT BETWEEN AUDITOR AND AUDITEE (CONFIDENTIAL)

Description
<i>Objectively describe any points of contention between the company and auditor, during the audit and in the final conclusions, if necessary.</i>

#### 7. ANNEXES (CONFIDENTIAL)

- Complementary evidence (optional)

*Instruction for auditors: this annex may include supplementary evidence to that which is requested above, and which supports any compliance and non-compliance with the Soy Moratorium requirements.*

*Reminder: rows may be added to the tables in section 5, for the inclusion of further evidence, as required by the auditor.*

- Audit Plan

*Instruction for auditors: a copy of the Audit Plan agreed with the company must be added to this annex and any changes that were made to the audit plan during the audit must be described.*

- Attendance list

*Instruction for auditors: this annex must list all the people interviewed during the audit, either remotely or in person, naming those that were present at the opening and closing meetings. A signed attendance list may be included, if applicable.*

- Term of Responsibility of the Company

*Instruction for auditors: the Term signed by the company must be attached.*

- Signed Auditor Confidentiality Agreement

*Instruction for auditors: the agreement signed by the auditors must be attached.*

## ANNEX IV - REMEDIAL ACTION PLAN



### SOY MORATORIUM 2019/20 Harvest

#### REMEDIAL ACTION PLAN BASED ON THE AUDIT OUTCOME

The remedial action is an action taken to ensure that a certain problem does not occur again. A remedial action must be taken on the "root cause" that gave rise to the non-compliance.

For each non-compliance found in the verification audit, an investigation is required to determine its cause so that the remedial action can target the correct part of the system.

When developing a plan to address a non-compliance, the company must consider:

- (i) What actions need to be taken to address the problem
- (ii) What changes need to be made to the system to correct the current situation and
- (iii) What should be done to prevent the problem from recurring, i.e. eliminate the cause.

During the root cause analysis, add the actions that will be taken in the table below in accordance with the brief instructions above for every non-compliance registered in the management system.

*Note: This document must be filled in and forwarded to the Assessment Committee along with the Audit Report drawn up by the Audit Organisation. The Action Plan is part of the assessment of the process to verify compliance with the Soy Moratorium.*

No.	01/XX	Aspect of the NC	Choose an option.
<b>Description of the NC</b>			
<i>Briefly describe the non-compliance issued with basis on the item assessed and mention the requirement and indicator that is not in compliance.</i>			
<b>Evidence</b>			
<i>Briefly describe the evidence found that justifies the NC.</i>			
<b>Root cause analysis (filled in by the company)</b>			
<i>Make an analysis of what caused the Non-compliance</i>			
<b>Action plan (filled in by the company)</b>			
<i>Actions that will be taken so that the non-compliance does not occur again in the next harvest. Describe briefly with actions, deadlines and responsible parties.</i>			
<i>Obs: The actions must be linked to the root cause found.</i>			

## ANNEX VI - ASSESSMENT FLOWCHARTS

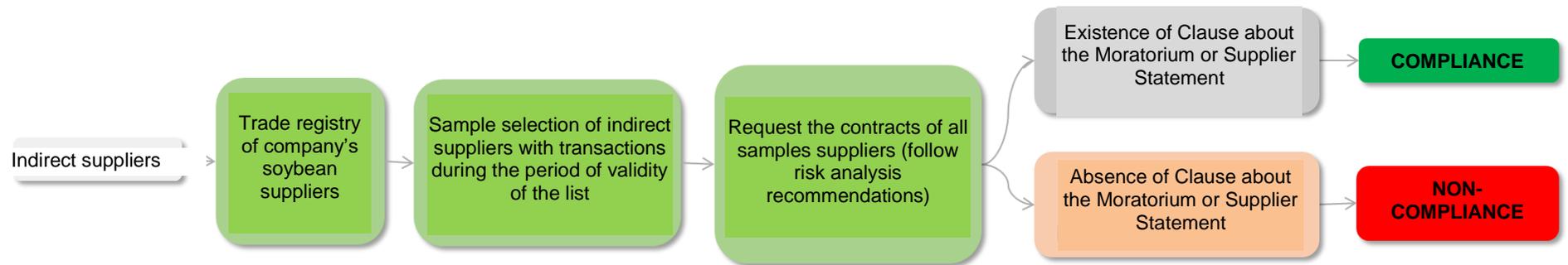


Figure 1 assessment of control procedure for purchases deriving from indirect suppliers (cereal traders, retailers, co-ops, trading companies, etc.)

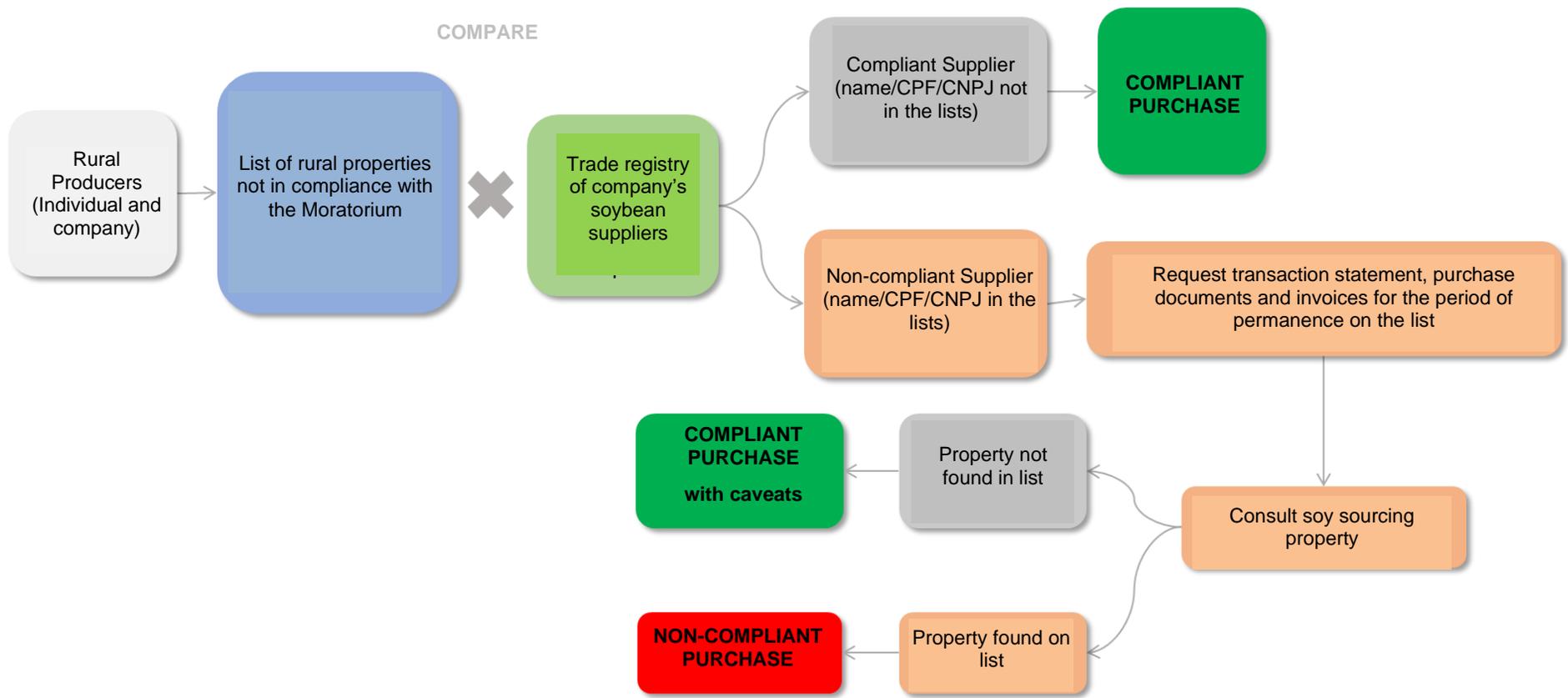


Figure 2 - assessment of purchasing history with direct and indirect suppliers

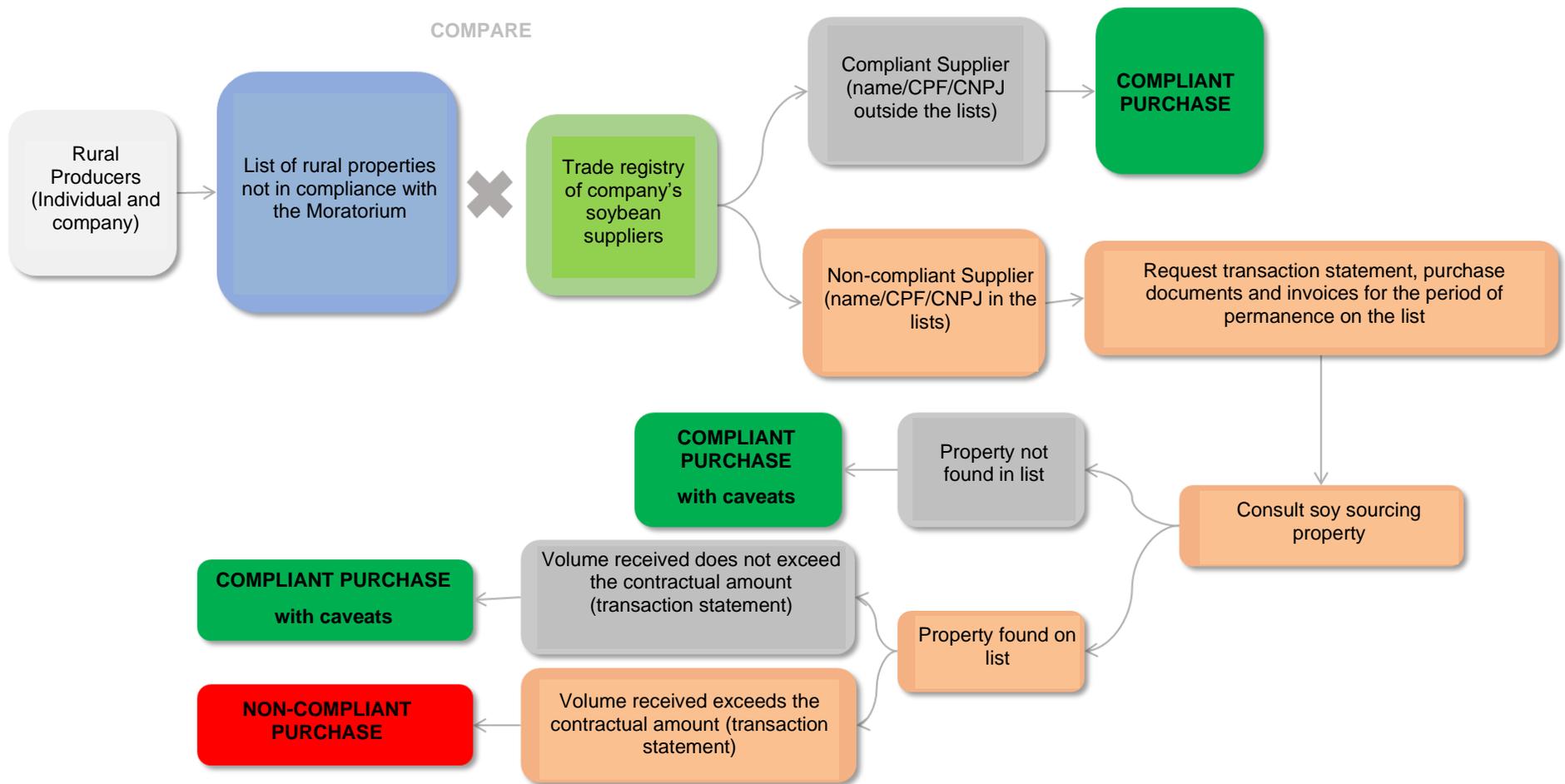


Figure 3 - assessment of future purchasing or financing history with direct suppliers

## ANNEX VII - DEFINITIONS

**Remedial action:** is an action taken to ensure that a certain problem does not occur again. A remedial action must be taken on the "root cause" that gave rise to the non-compliance.

**Independent auditor:** a professional who is independent from the business undergoing the audit. Independence is the basis for audit impartiality and the objectivity of audit conclusions.

**Purchases:** any commercial operations for soy sourcing, purchases, financing, pre-financing, over-the-counter, etc.

**Purchase with caveat:**

situation 1) purchases from properties in compliance with the Soy Moratorium that are owned by producers on the Soy Moratorium list, as a result of the existence of another property in a non-compliant situation.

situation 2) purchases made from properties that were in compliance with the Soy Moratorium at the time the purchase contract was executed, and that were on the Soy Moratorium list when the grain was received, however, the amount of soybeans received exceeded the contracted amount.

**Non-compliant purchase:** business transaction carried out by the company that does not meet the requirements of the Soy Moratorium. In other words, a purchase made from a certain supplier whose name is on the list of properties that do not comply with the Soy Moratorium requirements.

**Conflict of interest:** a situation in which the principles of impartiality and independence cannot be ensured by the employee during the performance of a certain activity. Competing interests do not allow the assurance of full compliance with an established procedure. For example, the decision to block is made by the same party negotiating the purchase contract or by someone who reports to the party negotiating the purchase contract.

**Indirect supplier:** an organisation that is involved in soybean trading but is not the direct soybean producer. Also known as cereal traders, retailers, co-ops, trading companies, etc.

Not all suppliers with a CNPJ corporate taxpayer number are indirect suppliers. To classify the supplier as direct or indirect, the nature of the operation must be verified (producer or trader of soybeans from other producers).

Indirect Working Group Definitions

- **Tracked direct supplier:** when the sale of the product is done directly from the producer to the trader, and the farm of origin is known (CAR, georeferencing)
- **Untracked direct supplier:** when the sale of the product is done directly from the producer to the trader, but the exact sourcing location is not known
- **Tracked indirect supplier:** when the sale of the product is done through a indirect supplier (retailer, co-op, warehouse), but the farm of origin is known (app for the registration of indirect suppliers, company system has mapped the indirect supplier, or the co-op provides this information)
- **Untracked indirect supplier:** when the sale of the product is made through a indirect supplier (retailer, co-op, warehouse), and the farm of origin of the product is not known.

Note: there is no differentiation between supply and indirect supplier

## **List of environmental embargoes due to deforestation**

The list of environmental embargoes is public and is made available by IBAMA on the MMA website. The state lists are offered by the respective state environmental agencies.

### **Soy Moratorium Lists**

As mentioned earlier, the Soy Moratorium Working Group (SWG) releases lists of non-compliant rural properties (Annex I) on an annual basis. The timeframe of each list covers the period between its release and the communication of an updated list.

The lists are made available to the signatories of the Soy Moratorium, directly through ABIOVE and ANEC, so that companies can immediately block non-compliant purchase or financing operations of suppliers that do not comply with the new list.

The set of lists will be offered by ABIOVE or ANEC to the audit organisations, upon an email request, mentioning the name of the audited company.

### **Black List of Slave Labour**

The Black List of Slave Labour is public and is released by the Labour Inspection Department of the Economy Ministry.

**Non-compliance:** the failure to meet any requirement. It may be related to the requirements of the Soy Moratorium and the requirements of this protocol. A non-compliance may be issued on purchases or on a failure to comply with a certain procedure established and agreed upon in the protocol.

**Soybean triangulation:** the trading of the product through another farm/company that is not the actual source of that product. In other words, soybean sold by one farm and grown by another.

## ANNEX VIII - REMOTE AUDIT GUIDELINES

This document aims to explain how remote audits should be carried out, when such is permitted by the Soy Working Group (SWG).

### A DEFINITIONS

A remote audit must not be mistaken for a desk review. The two look very similar at first glance but have distinct differences. Below are some definitions:

- **Desk review:** in a desk review, the auditor will review and analyse the data provided. This usually refers to procedures and records. There are no other interactions between the auditor and the auditee.
- **Remote audit:** a remote audit is a regular audit conducted while the auditor is not in the same physical location as the auditee. The outcome of the audit is not influenced by the application of remote techniques. Therefore, the remote audit must result in the same level of rigour and objectivity as an on-site audit. It includes an electronic exchange of information and interviews. The auditor interacts with the client based on the results of the audit activities. Remote audits refer to the use of technology to collect information, interviews with an auditee, etc., when "face-to-face" methods are not possible or desirable.
- **Face-to-face audit:** a face-to-face audit is a regular audit conducted while the auditor is in the same physical location as the auditee, interacting with the client in audit activities - opening and closing meetings, interviews and reviewing documents, systems and records.

### B. RISK ANALYSIS FOR REMOTE AUDITS

The risk analysis must be carried out in all companies that will be audited this year to check if the audits were carried out remotely in their entirety, when they present only low and medium risk. Audits will be face-to-face when the risk is considered high.

The auditor must include the risk analysis in the annex to the Audit Report, justifying the choice for remote and/or on-site auditing. The audited company must be in agreement with the methodology adopted.

	Low Risk	Medium Risk	High Risk
Analysis of purchases with suppliers not compliant with the 2020/ 2021 Moratorium list	No purchases were made from suppliers on the Soy Moratorium list	Purchases were made from suppliers on the Soy Moratorium list	The purchase list for the period was not made available for desk review by the auditor.
Information security	Management of purchases carried out in a system and computer tool with log records. The company signs the "Statement of information responsibility".	Management of purchases carried out in a system and computer tool or spreadsheets that do not include log records. The company signs the "Term of	Management of purchases carried out in a system and computer tool or spreadsheets that do not include log records. The company does not sign the "Statement of

	Low Risk	Medium Risk	High Risk
		information responsibility".	information responsibility".
Internet - access and remote sharing.	The company has a platform for meetings with screen sharing and a file sharing system.	The company has a platform for meetings, but without screen sharing. File sharing is possible.	The company does not have a platform for online meetings and file sharing.

When the company falls under more than one risk category, the precautionary approach should be used and the higher risk category applied.

The following are special procedures that apply to remote auditing.

## C. PLANNING

### 1. Receipt of the audit plan and list of documents

The audit team will contact the head of the organisation at least two weeks in advance to lay out the audit plan and request documents.

The following must be decided jointly at the same meeting:

- The best digital platform for meetings and interviews
- The best way to share the client's documents with the audit team
- Check if there are any issues regarding confidentiality/data secrecy
- Share contact details (name, email, and phone if necessary) of the people who will be involved in the audit.

The requested documents and the tables and annexes must be made available to the auditor at least one week before the scheduled date of the audit.

### 2. Remote auditing

The auditor will conduct a kick-off meeting (pre-scheduled). In addition to the regular meeting formalities, the following activities will be carried out:

- Confirmation of the scope of the audit
- Confirmation, with the organisation, about the sufficiency of the documents received and request for any additional documents
- Scheduling of interviews with the team to discuss the content of the documents that require details and explanations
- Settling of any doubts
- Scheduling of the closing meeting
- Other adjustments, if necessary.

It is suggested for the audited company, at the kick-off meeting, to make a presentation to the auditor about the company, the main processes that involve the controls related to grain purchases and the Soy Moratorium requirements.

The audit must be carried out according to the schedules determined in the audit plan, or according to agreements made by the parties.

At the end of the audit, after the interviews have been carried out, all relevant documentation has been analysed and any doubts have been cleared up, the auditor will present the audit results to the organisation at the closing meeting pre-scheduled at the time of the opening meeting.

#### **D. PEOPLE AVAILABLE ON THE DAY OF THE AUDIT**

The kick-off meeting will take place in the presence of the auditor and the key people responsible for the Soy Moratorium within the organisation, as well as the staff that the organisation deems relevant to the process.

The organisation's audit manager (or another person from the team appointed by him/her) must be available on the scheduled days for the remote auditing process. Other people may be interviewed over the period and they should also be available (by phone or through the online platforms). Representatives from the areas of:

- Sustainability (or the area in charge of managing the Soy Moratorium)
- List of suppliers
- Areas responsible for supplier analyses (blocking and unblocking)
- Soybean receipt
- Contracts (Legal, compliance, etc.)
- IT (if analyses are automated in system)
- other areas that the company deems necessary.

The key people in charge of the audited activities will be interviewed, according to an agenda predefined with the organisation during the kick-off meeting, within reason.

#### **E. EQUIPMENT REQUIRED**

For the remote auditing to take place in the best possible way, some technologies will be necessary. The following items must be available on the day of the audit:

- Stable internet connection
- Online platform for meetings and interviews with the camera on for all participants with the option of screen sharing and the inclusion of the following three features: control permission so the auditor can manipulate the on-screen documents; full and clear view of the on-screen documents; microphone and video control
- The company may define the platform and send invitations to all those involved (auditors and staff of the audited organisation)
- Platform for sharing client documents and records with the audit team, e.g., OneDrive, Dropbox, Wetransfer, Google Drive, etc
- Access to the organisation's computerised system (if applicable) or other ways of accessing and checking documentation and miscellaneous information
- Other resources, if available (georeferencing, photos, videos, etc.)
- If some of these items are not available on the day of the audit, inform the auditor in advance.

**If the suggested technologies are not available, the organisation will not be able to receive the remote audit.**

#### **F. DOCUMENTS AND RECORDS**

Since the entire audit will be carried out remotely, it is important for the auditors to have access to the organisation's information and to the documents requested in advance, according to the schedule above. (**IMPORTANT:** if it is impossible to provide the documents for the audit because they are considered confidential by the organisation, this must be informed before the start of the audit so that other solutions or actions can be discussed with the audited organisation).

The list below specifies the documents analysed in the audits:

1. List of Units that source soybeans grown in the Amazon biome, with:

- Unit name
  - type of transaction (e.g. warehouse, office, factory)
  - Location - City/ State)
2. List of soybean purchase and financing contracts for these Units, entered into between 01/Apr/2020 and 31/Mar/2021 with:
    - Contract number
    - Date of contract
    - Type of purchase: financed, pre-financed, over-the-counter, other
    - Type of supplier: direct (producer) or indirect (co-op, other)
    - Name and CPF or CNPJ taxpayer number of the supplier
    - Amount of soy purchased
    - Amount of soy received
    - Farm name (when available in the system)
  3. Templates of contracts signed during the audited period, with the inclusion of the clauses of the Soy Moratorium requirements
  4. Procedures that define how the Soy Moratorium requirements are managed (supplier registration; analysis of moratorium lists, for embargoes and black lists; blocking and unblocking of suppliers; measures to prevent soybean triangulation, etc.).
    - Companies that do not have an automated system to control soybean purchases must provide other official company documents to show that the list submitted is complete and represents the total amount of purchased and received soybeans.

During the audit, other documents will be requested, during the course of the auditor's tests and analysis.

## **G. ACCESS TO SYSTEMS**

During the audit, the company must allow access to the company's control systems, automated or not, and that are related to the purchase of soybeans, such as: Registration of suppliers; Soy purchases; Supplier assessments; Contracts; Soybean receipts; Geomonitoring, when applicable.

Likewise to face-to-face audit, the auditor must be allowed to verify all the filters applied and the assumptions used in the extraction of reports and lists from the systems, and screen shots must be provided for evidence of the verification.

## **H. BIBLIOGRAPHY**

We would like to thank Imaflora and Control Union Certificates for access to inhouse documents for research and reference.

- Imaflora's Guidelines for Remote Audits - Agricultural Certification, 2020.
- P15 Covid-19 Corona protocol - version 1, Control Union Manual, 2020.
- Annex A55 Covid-19 Information Registration - version 1, Control Union Manual, 2020.

## ANNEX IX - AUDIT REPORT ASSESSMENT

To assess the company's management system, the committee considers:

CRITERIA	SCORING/DESCRIPTION
Socio-environmental monitoring system for suppliers	(2) 100% geo-referenced supplier registration with information (CAR or polygon of the property) for research in all trade transactions (1) Partially georeferenced land registry, with geospatial analysis only for new registrations or with information registry (CAR, property polygon or geographic coordinate) for research purposes upon demand (0) No geo-referenced base
Blocking System	(2) Automatic - all criteria (Soy Moratorium, Ibama's embargoes and slave labour) (1) Automatic - only the Soy Moratorium criteria (0) Manual
Independence in blocking	(2) Independent - all criteria (Soy Moratorium, Ibama's embargoes and slave labour) (1) Independent - only the Soy Moratorium criteria (0) Conflict of interest or not reported
Management of indirect suppliers	(2) Monitoring of all indirect suppliers, with information that allows the assessment of compliance with the Soy Moratorium. (1) Partial monitoring of indirect suppliers, with information that allows the assessment of compliance with the Soy Moratorium. (0) No monitoring of indirect suppliers.
Non-compliance	(2) No (0) Yes, with the process/Management System (-1) Yes, with Procurement Non-Compliance

To assess the company's management system, the committee considers:

CRITERIA	SCORING/DESCRIPTION
Does the report have an audit conclusion?	(2) Yes, it includes a qualitative analysis of strengths and weaknesses and is consistent with the information recorded throughout the report. (1) Yes, but there is no qualitative analysis or there are inconsistencies with the information recorded throughout the report. (0) No
Does the report contain accurate descriptions?	(2) Yes (1) Partially, some information is accurate and some is confusing or incomprehensible, making it hard to confirm if the company complies with the Soy Moratorium (0) No, the record is confusing or incomprehensible, making it impossible to confirm if the company complies with the Soy Moratorium
Is the data in the report complete?	(2) Yes, it answers all the guiding questions and shows that the verification process was carried out in accordance with the Protocol (1) Partially, some information is missing, making it hard to confirm that the verification was carried out in accordance with the Protocol (0) No, critical information is missing, making it impossible to confirm if the verification is in accordance with the Protocol
Does the report have sufficient evidence?	(2) Yes, there are screen shots to confirm all the indicators, as shown in the Audit Report template. (1) Partially, there are screen shots to show only the purchases with caveats and non-compliances and the clauses of the contracts with indirect suppliers. (0) No

The following table shows the methodology used to calculate the overall score of the companies and the reports based on the sum of the score of all the assessment criteria.

Overall mark for quality assessment	Management System	Reports
Excellent (as long as no zero criteria has been given)	8 to 10 points	8 points
Good	6 to 7 points	6 to 7 points
Average	3 to 5 points	3 to 5 points
Poor	1 to 2 points	1 to 2 points
Very poor	0 or -1 points	0 points

The results of the Committee's assessment will be disclosed in aggregate form, and individually to companies, so they can assess improvements in their management systems and in relation to the outcome of the audits. The reports may be classified by the committee as:

- Conclusive result and that which complies with the Soy Moratorium
- Conclusive result and that which does not comply with the Soy Moratorium
- Non-conclusive result

## ANNEX X - GUIDING QUESTIONS

<b>Requirement:</b>	<b>The company must implement and maintain a management system for trading soybeans in the Amazon biome in order to comply with the Soy Moratorium</b>
<i>What the auditor should check</i>	<i>Indicators, guiding questions, evidence-gathering methods and examples.</i>
<b>1. Check the soybean supplier registration system</b>	<p><b>Indicator:</b> Complete and current supplier records</p> <p><b>Guiding questions:</b></p> <p>1.1 What is the procedure for the registration of suppliers (individuals and companies)?</p> <ul style="list-style-type: none"> <li>○ Is the registration corporate or is it carried out by each grain purchasing unit?</li> <li>○ Is there a list of suppliers in the company's trade registry that sold soy during the audited period?</li> <li>○ How is registration information updated and communicated to all those involved in the company?</li> </ul> <p>1.2 What type of supplier and farm data is entered (tabular - address, farm name, supplier name, production area and/or geographic - geographic coordinates, georeferenced map, shapefiles etc.)?</p> <p>1.3 What type of documents are required for supplier registration (contract number, CAR, state registration, property registration, lease, etc.)?</p> <p><b>Method of evidence collection:</b></p> <ul style="list-style-type: none"> <li>• Documentary analysis.</li> <li>• Analysis of supplier registration records.</li> <li>• Interviews with the supplier registration manager.</li> </ul> <p><b>Note to the auditor:</b> A lack of CAR registration must be pointed out as a <b>Non-compliance in the Management System</b>, since the company needs to evolve in the assessment of purchases with caveats. Screen shots showing example registrations are mandatory for the report.</p>
<b>2. Check the registration procedure and the update of the moratorium lists</b>	<p><b>Indicator:</b> The lists of non-compliant rural properties in the Soy Moratorium are systematised and up to date in the management system.</p> <p><b>Guiding questions:</b></p> <p>2.1 What process is used for registering and updating the lists? Who is responsible for the update?</p> <p>2.2 How does it integrate with the corporate management system? Are the lists registered in a geomonitoring system? Which one?</p> <p>2.3 Is the process to update the lists automated or does it require data manipulation? Are all the names in the lists inserted, or only those that are registered in the company's system?</p> <p>2.4 Does the system keep a history of the lists or does it overwrite the information when a new list is entered into the system?</p> <p><b>Method of evidence collection:</b></p> <ul style="list-style-type: none"> <li>• Documentary analysis.</li> <li>• Analysis of records for registering and updating the lists.</li> <li>• Interviews with those in charge of registering and updating the lists.</li> <li>• Interviews of the specialist, who is part of the audit team, with the person in charge of the list registry or Information Technology (IT).</li> </ul>
<b>3. Check the registration procedure and the update of the lists of environmental embargoes due to deforestation</b>	<p><b>Indicator:</b> The lists of areas of environmental embargoes due to deforestation are systematised and up to date.</p> <p><b>Guiding questions:</b></p> <p>3.1 What process is used for registering and updating the lists?</p> <p>3.2 Is the process automated or does it require data manipulation?</p> <p>3.3 Does the process include the insertion of the entire list and enable the update timeline to be checked? How does it integrate with the corporate management system?</p>

<b>Requirement:</b>	<b>The company must implement and maintain a management system for trading soybeans in the Amazon biome in order to comply with the Soy Moratorium</b>
	3.4 Are the state lists of embargoes due to deforestation taken into account?
	<b>Method of evidence collection:</b> <ul style="list-style-type: none"> <li>• Documentary analysis.</li> <li>• Analysis of records for registering and updating the lists.</li> <li>• Interviews with those in charge of registering lists.</li> </ul>
<b>4. Check the registration procedure and the update of the slave labour lists</b>	<b>Indicator:</b> The Black Lists of Slave Labour are systematised and up to date.
	<b>Guiding questions:</b> <p>4.1 What process is used for registering and updating the lists?</p> <p>4.2 Is the process automated or does it require data manipulation?</p> <p>4.3 Does the process include the insertion of the entire list and enable the update timeline to be checked? How does it integrate with the corporate management system?</p>
	<b>Method of evidence collection:</b> <ul style="list-style-type: none"> <li>• Documentary analysis.</li> <li>• Analysis of records for registering and updating the lists.</li> <li>• Interviews with those in charge of registering lists.</li> </ul>
<b>5. Check the implementation of a geomonitoring system, if applicable</b>	<b>Indicator:</b> Geomonitoring is a procedure adopted by the company to analyse deforestation on supplier farms.
	<b>Guiding questions:</b> <p>5.1 Is supplier management geo-monitored? What are the monitoring procedure and stages?</p> <p>5.2 Does the geospatial database include 100% of registered suppliers? If less than 100%, what is the development/constitution status of the geospatial database?</p> <p>5.3 What criteria are used to define which purchases must be subject to geomonitoring analysis?</p> <p>5.4 How are the assessment results communicated for company decision-making?</p> <p>5.5 Which requirements are verified in the geomonitoring (e.g. soy moratorium list, Ibama's environmental embargo due to deforestation, slave labour, Prodes deforestation, IL, PA and others).</p> <p>5.6 Who operates the geomonitoring?</p> <p>5.7 Are the geospatial databases complete? How is the database updated (head people, frequency)?</p>
	<b>Method of evidence collection:</b> <ul style="list-style-type: none"> <li>• Documentary analysis.</li> <li>• Analysis of the geo-monitoring records by an expert member of the audit team.</li> <li>• Interview with the person in charge of managing the geomonitoring system.</li> </ul>
<b>6. Check the procedure of the supplier blocking and unblocking system</b>	<b>Indicator:</b> Purchases from suppliers who do not comply with the Soy Moratorium lists are blocked.
	<b>Guiding questions:</b> <p>6.1 Is there a procedure in place to manage supplier blocks for the Soy Moratorium requirement?</p> <p>6.2 What are the steps and criteria for blocking purchases when monitoring shows non-compliance at a supplier?</p> <p>6.3 At which stage of the soy sourcing operation is blocking carried out (registration, contract, soybean receipt, contract payment, etc.)?</p> <p>6.4 How does it integrate with the corporate management system?</p> <p>6.5 Is the blocking manual or automated?</p> <p>6.6 How are the blocking results reported for the purpose of decision-making?</p> <p>6.7 What is the procedure and decision-making flow after the block (independence and impartiality in the process)?</p>
	<b>Method of evidence collection:</b> <ul style="list-style-type: none"> <li>• Documentary analysis (procedure, blocking records, internal audits, if applicable, and remedial actions)</li> <li>• Interview those in charge of the purchase blocking operation</li> </ul>

<b>Requirement:</b>	<b>The company must implement and maintain a management system for trading soybeans in the Amazon biome in order to comply with the Soy Moratorium</b>
	<ul style="list-style-type: none"> <li>• Testing of the blocking system, according to requirement 7</li> </ul> <p><b>Indicator:</b> Purchases from suppliers who are not in compliance with Ibama's lists of environmental embargoes due to deforestation and slave labour are blocked</p> <p><b>Guiding questions:</b></p> <p>6.8 Is there a procedure in place to manage supplier blocks that include the requirements: environmental embargoes due to deforestation (IBAMA) and slave labour?</p> <p>6.9 At which stage of the soy sourcing operation is blocking carried out (registration, contract, soybean receipt, contract payment, etc.)?</p> <p>6.10 How are the blocks made?</p> <ul style="list-style-type: none"> <li>• Are they manual or automatic?</li> <li>• Is there any level of conflict of interest and independence?</li> </ul> <p>6.11 How are the blocking results reported for the purpose of decision-making?</p> <p><b>Method of evidence collection:</b></p> <ul style="list-style-type: none"> <li>• Documentary analysis (procedure, blocking records, internal audits, if applicable, and remedial actions)</li> <li>• Interview those in charge of the purchase blocking operation</li> <li>• Testing of the blocking system, according to requirement 7</li> </ul> <p><b>Indicator:</b> When a supplier is unblocked, compliance with the Soy Moratorium requirements is guaranteed.</p> <p><b>Guiding questions:</b></p> <p>6.12 What is the procedure for unblocking suppliers? What are the criteria for unblocking purchases?</p> <p>6.13 At which stage of the soy sourcing operation is blocking carried out (registration, contract, soybean receipt, contract payment, etc.)?</p> <p>6.14 What procedures are adopted to avoid soy triangulation on unblocked farms (analysis of distance between farms, analysis of family member names, monitoring of soy loading, producer statement, etc.)?</p> <p>6.15 Who is in charge of the unblocking operation? Is there any conflict of interest between the person responsible for unblocking and the trade/soy sourcing area?</p> <p>6.16 Is there a mechanism in place to prevent unintentional unblocking? In case of failure in operation (unintentional unblocking) is there a remedial action procedure?</p> <p>6.17 Are additional analyses implemented in unblocking suppliers that are considered good practice in the auditor's assessment?</p> <p>6.18 Are analyses and collection of evidence, photos, field visits, follow-up reports, etc. carried out in the unblocking?</p> <p><b>Method of evidence collection:</b></p> <ul style="list-style-type: none"> <li>• Documentary analysis</li> <li>• Analysis of unblocking records in the system.</li> <li>• Interview with those in charge of the purchase unblocking operation</li> </ul>
<b>7. Check the efficacy of the supplier blocking system</b>	<p><b>Test the blocking system by simulating purchases with data from suppliers found to have deforestation in the soy moratorium list.</b></p> <p><i>Obs: A non-automated blocking system does not allow the assessment proposed by this procedure.</i></p> <ol style="list-style-type: none"> <li>1. Selecting the verification sample from at least the square root of the number of suppliers of the company in the audited period or a minimum of 20 simulations. <ul style="list-style-type: none"> <li>○ Obs: 1: the auditor must tailor the test strategy according to the blocking procedures adopted by the company. For example, the company may have a blocking procedure in the supplier registry or at the time the soy is purchased.</li> <li>○ Obs: 2: for the test, the auditor must check the system in operation at the company, not test versions, or 'system quality environment', for example.</li> </ul> </li> </ol>

<b>Requirement:</b>	<b>The company must implement and maintain a management system for trading soybeans in the Amazon biome in order to comply with the Soy Moratorium</b>
	<ul style="list-style-type: none"> <li>○ Obs: 3: provided that justified in the audit report, the auditor may change the sampling, according to the risk analysis carried out in the audit planning.</li> <li>○ Obs: 4: Names that appear on the moratorium list and are in the municipalities where the company operates must be tested, prioritising the names of municipalities with the highest rate of deforestation<sup>1</sup>. Check blocked/unblocked vendors during the cycle and vendors that entered and left the list in the audited cycle.</li> </ul> <ol style="list-style-type: none"> <li>2. From the name and CPF/CNPJ taxpayer number simulate a purchasing process in the company's block system using the selected suppliers.</li> <li>3. Record examples of evidence of the blocking system test, including how the sampled suppliers were selected, for reporting purposes.</li> <li>4. If failures to block non-compliant suppliers or the company's system are found, evidence of the finding must be collected for reporting purposes.</li> </ol>
<b>8. Check the control procedure for purchases from direct suppliers</b>	<p><b>Indicator:</b> The company has measures in place to prevent soy triangulation among its direct suppliers.</p> <p><b>Guiding questions:</b></p> <ol style="list-style-type: none"> <li>8.1 Are procedures in place to analyse potential soy triangulation between the direct suppliers and the farms of origin?</li> <li>8.2 Who is in charge of preventing/analysing soy triangulation among the direct suppliers?</li> <li>8.3 What is the procedure in place to prevent purchases from suppliers with relatives on the soy moratorium list?</li> <li>8.4 In the event of purchases with caveats, what are the guidelines to avoid triangulation? <ul style="list-style-type: none"> <li>• What limit does the company set for monitoring the productivity index, to avoid soybean triangulation? What measures are taken when the index is above the established benchmark?</li> <li>• What is the minimum distance between farms to avoid triangulation, in cases where the producer or family members are on the Soy Moratorium list?</li> </ul> </li> </ol> <p><b>Note:</b> the company must adopt a procedure to receive soybeans from the same supplier, which has properties (for sourcing and in the moratorium list) that are located at a distance of no more than 200km and have a productivity above 3,500kg/ha. If these parameters are not monitored, an Opportunity for Improvement in the management system must be included in the report.</p> <p><b>Method of evidence collection:</b></p> <ul style="list-style-type: none"> <li>• Documentary analysis</li> <li>• Interview with the person in charge of analysing soy triangulation</li> </ul> <p><b>Productivity index assessment test:</b> The auditor must calculate the productivity index of the 3 largest direct soybean suppliers of the audited company, based on the productive area indicated in the CAR and record the result of the test in the report. If the test result is higher than the productivity index adopted by the SWG, the trader's justification must be provided.</p> <p>Record in the audit report:</p> <ul style="list-style-type: none"> <li>• Supplier's name</li> <li>• CAR of the Property</li> <li>• Productive area indicated in the CAR:</li> <li>• CPF/CNPJ taxpayer registry number</li> <li>• Calculated productivity index (sc/ha or ton/ha);</li> <li>• Trader's justification/analysis</li> </ul> <p><b>Note to the auditor:</b> Productivity above the index adopted by the protocol is not necessarily a Non-compliance. When the assessment of productivity and a plausible justification is given, it should be indicated in the report.</p>

<sup>1</sup> <https://abiove.org.br/relatorios/moratoria-da-soja-relatorio-13o-ano/>.

<b>Requirement:</b>	<b>The company must implement and maintain a management system for trading soybeans in the Amazon biome in order to comply with the Soy Moratorium</b>
<b>9. Check the control procedure for purchases from indirect suppliers (cereal traders, retailers, co-ops, trading companies, etc.)</b>	<b>Indicator:</b> The company details the Soy Moratorium requirements in the trade and acquisition of soybean with indirect suppliers, in contract clauses or in a statement by indirect suppliers.
	<b>Guiding questions:</b> 9.1 Are there standard forms of contract or supplier statements on the Soy Moratorium? Who is responsible for drafting the contracts or supplier statements? 9.2 What type of contracts are there (financing, over-the-counter, fixed-price, to-be-fixed-price, etc.)? Were any changes made to the models in the audit period? If yes, are there contracts in force with the old version of the contract? 9.3 Do the clauses or the statement mention the prohibition on purchasing products sourced from areas deforested in the Amazon biome after July 2008, as well as from areas under environmental embargoes due to deforestation by Ibama, and names on the Black List of Slave Labour?
	<b>Method of evidence collection:</b> <ul style="list-style-type: none"> <li>• Analysis of contract records and documents</li> </ul> The number of indirect suppliers to be sampled must be the square root of the total number of indirect suppliers in the company. As long as the justification is presented in the report, the auditor may change the sample, according to the risk analysis carried out in the audit planning, keeping at least 5 indirect suppliers and showing at least all the contract models in force in the company (e.g.: over-the-counter, financing, others). <ul style="list-style-type: none"> <li>• Interview with the person in charge of drafting the contracts or supplier statements.</li> <li>• <u>For each supplier sampled, check at least two contracts:</u>  - Contracts and/or statements from different periods of soybean sourcing (harvest).  - Contracts and/or statements from different units that received soy produced in the Amazon biome.</li> </ul>
	<b>Indicator:</b> The company implements a procedure to evaluate the origin of soybean purchased from indirect suppliers.
<b>10. Analyse the implementation of continuous improvement and good practices of the monitoring system.</b>	<b>Guiding questions:</b> 9.4 Are there procedures for managing indirect suppliers? <b>9.5</b> What is the system for controlling the origin of soybeans received from indirect suppliers, to prevent the soybeans from being sourced from suppliers on the Soy Moratorium list? Describe. 9.6 What is the share (in % of volume) of purchases from indirect suppliers in the total purchases made by the company in the audit period? 9.7 Is there a blocking system in place for indirect suppliers? What is considered for the blocking?
	<b>Method of evidence collection:</b> <ul style="list-style-type: none"> <li>• The auditor must record the % sourced from indirect suppliers.</li> <li>• If the company has a volume of 30% or more of indirect suppliers, the name and CNPJ taxpayer number of the 5 largest suppliers, or the list of suppliers that represent approximately 70% of the volume of intermediaries, must be recorded in the report.</li> </ul>
	<b>Indicator:</b> The company implements improvements in the soybean purchase management system to meet the Soy Moratorium requirements.
	<b>Guiding questions:</b> 10.1 Is there a procedure in place for the continuous improvement of the monitoring system?

<b>Requirement:</b>	<b>The company must implement and maintain a management system for trading soybeans in the Amazon biome in order to comply with the Soy Moratorium</b>
	<p>10.2 Are improvement, remedial or preventive action plans established for non-compliances identified in the audits (internal and external)? Are the plans established based on root cause analysis?</p> <p>10.3 Is the implementation of the action plans monitored? Is the effectiveness of the action plans assessed?</p> <p>10.4 Are internal audits conducted?</p> <p>10.5 In general, what are the strengths of the company's management system?</p>
	<p><b>Method of evidence collection:</b></p> <ul style="list-style-type: none"> <li>• Documentary analysis (procedure, records of non-compliances, action plans and other records)</li> <li>• Interview with the person in charge of managing the Soy Moratorium</li> <li>• Action plans established in the last evaluated cycle must be monitored and presented in this cycle's report.</li> <li>• Improvements must be submitted to avoid non-compliant purchases and triangulation of soybeans due to deforestation.</li> </ul>

The following requirements refer to the compliance assessment of the purchases made in the 2020/2021 cycle. Non-compliant purchases and purchases with caveats must be described and presented in the report using screenshots, documents and records.

<b>Requirement:</b>	<b>Not trade soybeans from deforested areas of the Amazon Biome after July 2008.</b>
<i>What the auditor should check</i>	<i>Indicators, guiding questions, evidence-gathering methods and examples.</i>
<b>11. Check the purchase history of direct suppliers (including future contracts and financing)</b>	<b>Indicator:</b> Purchases from suppliers who do not comply with the Soy Moratorium lists are blocked.
	<b>Guiding questions:</b> <p>11.1 Has the auditor found purchases with caveats in the audited cycle with basis on the company's procurement list? For each purchase with caveat, what was the company's analysis for making the purchase?</p> <p>11.2 What evidence was presented by the company as a measure to reduce or eliminate risk in the sourcing of soybeans in purchases with caveats made in the audited period?</p> <p>11.3 How did the company control the productivity index and the total volume of soybean acquired in the harvest of non-compliant producers related to future contracts and financing?</p>
	<b>Method of evidence collection:</b> <ul style="list-style-type: none"> <li>• Interview with the Information Technology (IT) head or the person in charge of extracting the list from the procurement registration system.</li> <li>• Purchase statement and invoice assessment.</li> <li>• The auditor must carry out the necessary procedures to ensure that all the company's purchases for the period have been assessed.</li> </ul>
	<b>Verification of procurement list compliance</b>  <b>1) Extraction of the procurement list</b> <ul style="list-style-type: none"> <li>○ Select from the company's trade registry all suppliers who sold soybeans within the audit period.</li> <li>○ Request the information based on the date the soy was received within the audit period, associating it with at least the identification of the supplier (name, farm, municipality, CPF/CNPJ taxpayer number), the date of execution of the contract and the amount received in the period.</li> <li>○ Check the procedure for extracting the list in the system, checking the filters applied to ensure that it contains all the purchases of the period.</li> <li>○ Check that the codes or fields that define the various types of purchase have been included in the list (over-the-counter, financed, pre-financed, other).</li> <li>○ Check if there is data handling (cleaning of data relating to returns, correction of invoice data, etc.) and that corrections are made to amounts received.</li> </ul>

<p><b>Requirement:</b> What the auditor should check</p>	<p><b>Not trade soybeans from deforested areas of the Amazon Biome after July 2008.</b> <i>Indicators, guiding questions, evidence-gathering methods and examples.</i></p>
	<p><b>Important: the extraction of purchase lists can be a time-consuming process or require prior authorisation, so request this procedure in the audit planning.</b> In special cases, where it is not possible for the auditor to follow the entire extraction process, the auditor <b>MUST</b>:</p> <ul style="list-style-type: none"> <li>• Compare the procurement list received by the company at the desk review with the procurement list extracted during the audit in the presence of the auditor (even if partial), to check if the lists contain purchases that had not been previously analysed. If yes, the auditor must consider it under the scope of the audit and assess the compliance of these soybean purchases.</li> <li>• Describe the procedure for requesting the extraction of the lists and the fields that were used to make up the list and the filters applied.</li> <li>• Describe the difficulty found for the extraction not to be done in the presence of the auditor.</li> <li>• Indicate in the report all the assessments made in the system, such as queries, filters, blocks, which helped to validate the purchase list previously sent by the company.</li> </ul> <p><b>Note:</b> failure to submit all information may cause the committee to assign a status of inconclusive or non-compliant.</p> <p><b>2) Analysis of compliance of purchases and justifications</b></p> <ul style="list-style-type: none"> <li>○ From this extracted list, cross-check all selected suppliers/vendors in the trade register with the lists of rural properties not in compliance with the Soy Moratorium;</li> <li>○ When purchases from suppliers who are on the list are detected, request the transaction statement and the purchase documents and receipt invoices per supplier, for the period that these suppliers have been on the list.</li> <li>○ If the purchase was made while the property was not listed, the purchase is <b>"compliant"</b></li> <li>○ If the purchase was made when the property was already on a list, the purchase is <b>"non-compliant"</b>. <ul style="list-style-type: none"> <li>○ For future purchases or financing the auditor must check that the volumes received do not exceed the quantities specified in the contract (transaction statement). If so, the information and records must be collected and the case must be reported as <b>"qualified opinion"</b>.</li> </ul> </li> <li>○ In the event of a purchase being made with a supplier that has a rural property in non-compliant lists, but the property with trade registration is not the one listed, the purchase is compliant and the auditor must also register a purchase with <b>"qualified opinion"</b>.</li> <li>○ If other cases are found that raise doubts that point to a non-compliant property (e.g. estate, nomenclature including "others", lease, etc.), the case must be reported as <b>"qualified opinion"</b>.</li> </ul> <p>3) Record in the report the cross-checking result of the extracted list with the list previously provided by the company.</p> <p><b>Evidence</b> For all purchases classified in <b>"qualified opinion"</b> and <b>"not in compliance,"</b> the auditor must highlight and record in a report the following information.</p> <ul style="list-style-type: none"> <li>• Information and data: <ul style="list-style-type: none"> <li>○ Originating Branch (name and location)</li> <li>○ Name and identification of supplier</li> <li>○ CPF/CNPJ taxpayer registry number</li> <li>○ Name of the farm or corporate title from where the soybeans were sourced</li> <li>○ Geographical coordinates of the farm</li> <li>○ CAR number</li> <li>○ Production area. <ul style="list-style-type: none"> <li>○ Trading period</li> <li>○ Contract number</li> </ul> </li> </ul> </li> </ul>

<b>Requirement:</b>	<b>Not trade soybeans from deforested areas of the Amazon Biome after July 2008.</b>
<i>What the auditor should check</i>	<i>Indicators, guiding questions, evidence-gathering methods and examples.</i>
	<ul style="list-style-type: none"> <li>○ Date of contract</li> <li>○ For purchases with caveats: distance between the farm where the soybean was sourced and the farm listed in the moratorium.</li> <li>● Transaction statement (dates, contract numbers, Invoice numbers, volume received, State Registration, farm name)</li> <li>● Invoice Sampling.</li> </ul> <p><b>Note:</b> Purchases with caveats can be grouped by farm in the report record, grouping the contracts. It is not possible to group by producer since this would make evaluating the productivity of every farm of this producer unfeasible.</p>