

# SOY MORATORIUM IN THE BRAZILIAN AMAZON:

## 2020 AUDIT RESULTS (2019/2020)

Every year, a commission formed by representatives of ABIOVE, ANEC and civil society assesses the reports produced by third-party auditors.

This assessment is presented in a Consolidated Report, which highlights the key findings of the independent auditors. The process also provides recommendations to improve the company's audits and management systems.

### CRITICAL CRITERION 1:

Purchasing companies must not buy, sell or finance soybeans grown in areas deforested after July 2008.



### CRITICAL CRITERION 2:

Companies must implement management systems to manage their soybean purchases to ensure deforestation-free soy.

### CRITICAL CRITERION 3:

Annual audits must be carried out to assess the companies' management systems and compliance to check if non-compliant soybean producers have been blocked.



## Soy Business Moratorium Agreement

In total, 24 companies are associated with and have signed the Soy Moratorium. Twenty of them submitted the audit report, three gave justifications and one joined ANEC after the audit cycle.

Only one company did not submit the annual audit report and one company submitted an outdated audit report.

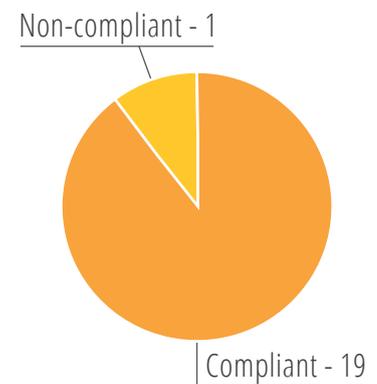
Most companies operating in the Amazon biome performed the required audits (20 companies); five companies were exempted from the audit because they are not sourcing soybeans in the biome or because they are new members of the Soy Working Group (SWG).

## Level of compliance with criterion 1

Only one of the 20 companies with valid reports had an unfavourable result, i.e. non-compliant. However, it was found that another company out of the 19 compliant ones purchased non-compliant soybeans.

Outcome of the assessment by the Audit Review Committee:

- 7 companies had an audit result that was considered inconclusive because they presented no or unsatisfactory clarifications to the assessment committee.
- 3 companies provided enough clarifications.
- 9 companies did not have to provide any clarifications.



## What happened to the non-compliant companies?

### Level of compliance with criterion 1

Companies with non-compliant purchases will be required to submit remedial action plans to eliminate the problems in their procurement management system and prevent the non-compliance from recurring.

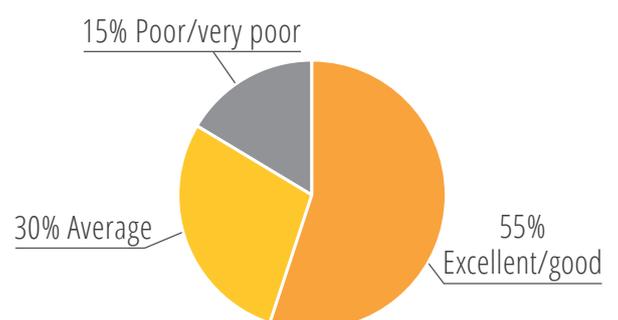
## Criterion 2

### A look at the management system of companies

How robust are procurement management systems in 2019/2020?

### Overall performance

It is estimated that 55% of the companies in this cycle have an excellent or good management system in place, which represents the best company assessment performance ever recorded. On the other hand, the evolution in the overall score of the reports should be weighted since most of the auditors failed to score important non-compliances of the management system, as can be seen in the descriptions of the reports.

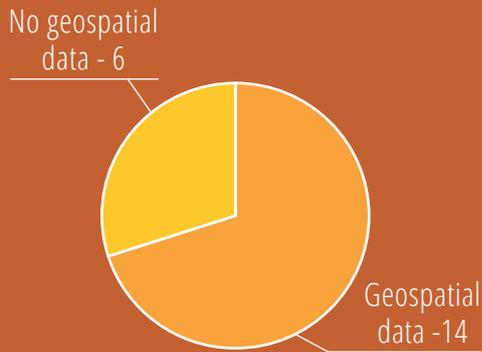


# Main aspects of management systems

## Supplier registration

The inclusion of geospatial data is important for more accurate information.

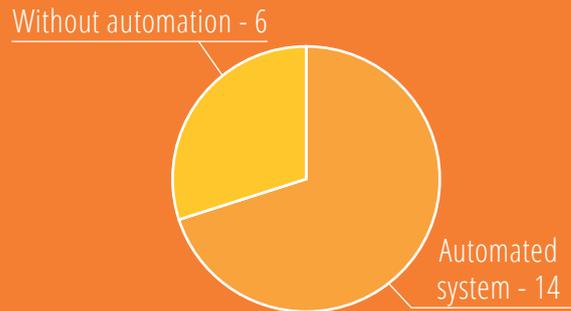
70% of the audited companies include geospatial data in the supplier registration.



## Blocking System

Automatic blocking systems (without human intervention) ensure that non-compliant suppliers are not accepted.

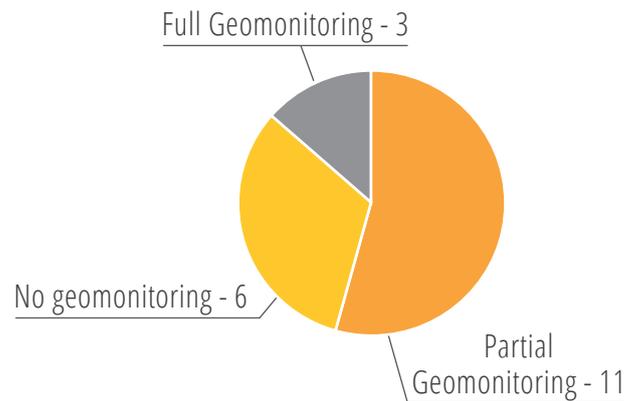
70% of the soy companies have adopted automatic blocking systems.



## Geomonitoring System

70% of the companies have their own geomonitoring system to oversee their suppliers' farms.

However, the accuracy and update of the geospatial database is proving to be a challenge. Only three companies have geospatial data for 100% of their direct suppliers, i.e., 15%.



## Indirect soybean suppliers

### Contractual clauses for indirect soybean suppliers

Safeguards put in place for soy produced by indirect suppliers.

To prevent tainted soybeans from being bought from intermediaries (i.e. co-ops), 60% of the audited companies have contractual clauses that refer to indirect suppliers, an increase of 15% compared to the previous cycle.

40% of the companies partially contemplate or are incorrect in relation to clauses related to indirect suppliers.

