

# REPORT

## WORKSHOPS ON AUDITS OF THE SOY MORATORIUM CYCLE 2020/2021







# SUMMARY



**INTRODUCTION ..... 05**

**1.**

**WEBINAR WITH TRADERS ..... 06**

- 1.1 Opening .....06
- 1.2 The Audit Program .....07
- 1.3 Amendments made to Audit Protocol.....07
- 1.4 Main comments .....08
- 1.5 Adjournment ..... 10

**2.**

**WORKSHOP WITH THE  
AUDIT ORGANISATIONS ..... 11**

- 2.1 Opening .....11
- 2.2 Training content.....12
- 2.3 Main comments .....12
- 2.4 Adjournment ..... 13







# INTRODUCTION

---

The purpose of this document is to report on the Soy Moratorium Audit workshops for the cycle of 2020/2021, which were held in September 2021. The workshop for traders took place online, through Teams, on September 29th and the workshop designed for the training of audit organizations, along with members of the SWG Assessment Committee, was held on-site on September 30th.

The attendance list is included in the Annexes of the report. The events were aimed at bringing traders up to date with the process and procedures of the 2020/2021 Soy Moratorium audit cycle and presenting the main updates of the 2020/2021 Soy Moratorium Audit Protocol; and training the auditors on how to carry out the verifications, in line with the 2020/2021 Soy Moratorium Audit Protocol.



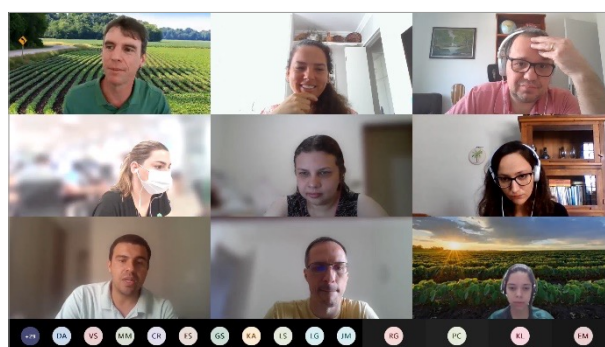
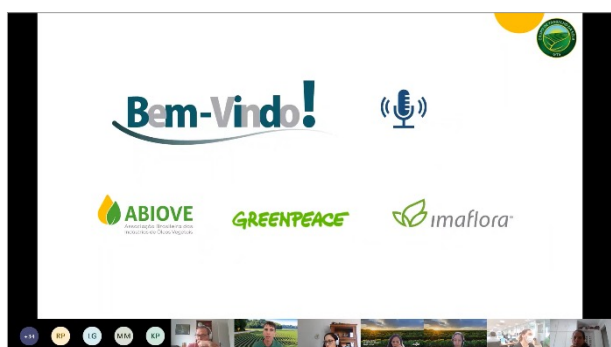
1.

# WEBINAR WITH TRADERS

## 1.1 Opening

ABIOVE representative Bernardo opened the event by first thanking everyone for their presence, laying down the work plans for this cycle, where a high quality of reports is expected, and explaining that in order for this to happen, the au-

ditions will be performed by only two companies - Control Union and Food Chain. Both companies will take part in the on-site training on September 30, 2021 and have agreed to provide experienced auditors.



Next, the representatives of Greenpeace, ANEC and Imafloira thanked everyone for their participation. Imafloira led the presentation by starting with the training schedule.

Time		Content
10:00 AM	15min	Opening, welcome and presentations
10:05 AM	30min	The Audit Program
10:45 AM	40min	Changes made to Audit Protocol
11:25 AM	30min	Questions
11:55 AM	5min	Adjournment

The remote workshop was attended by 54 people, including associated companies and representatives of third sector institutions that make up the Soy Moratorium Assessment Committee.

## 1.2 The Audit Program

The revised schedule for the 2020/2021 Audit cycle included:

- the steps that have already been taken - discussion of the critical points and final approval of the Audit Protocol and the training invitation extended to the auditors and traders;
- the stage underway - webinars with traders and on-site training of auditors;
- the next steps - conducting the shadow audit in pre-selected companies, pre-assessment of reports by the Assessment Committee, evaluation of the final reports and disclosure of the Committee's opinions, and preparation of the final report for the 2021 Audit Cycle.

The new assessment stage was highlighted with singular recommendations for auditors during the audit phase, with the aim of ensuring that reports are delivered in full and that no reports are returned at a later stage. It was also pointed out that the Committee will only ask traders for clarifications in special cases. The amendments made to the Audit Protocol and its highlights were presented next.

## 1.3 Changes made to Audit Protocol

- Requirement for the lead auditor to be trained in a management system: to ensure quality in the performance of the audits of the Soy Moratorium, a requirement was set for Lead Auditor to be trained in Management Systems (ISO 9001 or ISO 14001). For other equivalent standards, prior approval must be obtained from the Assessment Committee.
- Definition of the responsibilities of the traders, auditors and the SWG assessment committee: all parties in the audit must assume their responsibilities so that the audit cycle is carried out in the best way possible. As such, item 6.4 of the Audit Protocol, cycle 2020-2021, details the responsibilities of the parties at every stage of the process.
- Requirement for control by traders of the Rural Environmental Registry (CAR) of suppliers: in Requirement 1, a comment was included for the auditors, indicating that a lack of CAR registration must be pointed out as a Non-Compliance in the Management System of the company so that companies can evolve in the evaluation of purchases with caveats.
- Control verification requirements for intermediate (indirect) suppliers and soybean triangulation parameters: the assessment of a procedure that the company should adopt when receiving soybeans from a same supplier that has properties (of origin and on the moratorium list) with a distance of up to 200 km and a yield above 3,500 kg/ha was included in Requirement 8. An indicator was also included to improve the evaluation of the origin of soybeans purchased from indirect suppliers, including a report of the volume % sourced from indirect suppliers, and the identification of the main indirect suppliers, when more than 30% of the soybeans derived from such suppliers.
- Criteria that should be used by auditors when assessing the audit conclusion for the Soy Moratorium requirements:
  - > In compliance: no purchases not in compliance with the Soy Moratorium list were found.
  - > Partially in compliance: the audit found a singular 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.
  - > Not in compliance: a systemic flaw (more than one non-compliant purchase) was found in the management system.
- Record of the strengths of the company's management system - table included in the report so the auditor can report on the positive aspects found during the audit.
- Inclusion of the criteria used by the Committee to assess the companies' reports and management system, increase the transparency of the assessment system, including:
  - company management system - system for social and environmental monitoring of suppliers (supplier registration); blocking system; independence in blocking; management of indirect suppliers and non-compliances.
  - quality of the audit report - if the report has an audit conclusion; accurate descriptions; complete data and sufficient evidence.

Resulting in the overall score of the companies and the reports, which can be scored from very poor to excellent.

- Transparency of the audit process of the Soy Moratorium at the [Soy on Track](#) website and requirement to publish the Public Summaries of the Audit Reports, after revision by the Assessment Committee.

## The Audit Protocol

Next came the key points of the Audit Protocol that must be carried out by the auditor:

- check monitoring systems
- extraction of the procurement list
- supplier blocking tests
- evaluate all the evidence
- fill in all the fields of the audit report
- interview those responsible for the processes
- give an opinion about the audit report.

It was informed that the auditing process was revised, with emphasis on the plan with the audit firm, the analysis of the purchases - including the extraction of the purchase list with the auditor - and the document samples were defined, which can be according to what is described in the Protocol or with a risk assessment submitted by the audit firm.

The concepts of purchases with caveats and non-compliant purchases were then reviewed.

- Purchase with caveat:
  - > situation 1) purchases from properties that are in compliance with the Soy Moratorium and that belong to 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 a 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.

### 1.4 Main comments

During the workshop, participants were able to make comments, suggestions and ask questions. The main points discussed are shown below.

### • Review of the report by the Committee during the audit:

---

It was suggested for traders to be included in this assessment so they can follow the actions taken and be aware of the outcome. In response, it was pointed out that the auditor should do the conclusion with the company before submitting the report so the trader is aware of the non-compliances, opportunities for improvement and the outcome of the audit. There will be no performance or quality assessment at this stage. It is only a filter to check that the inspector has not forgotten points that could be detrimental to the company.

An example of what will be assessed is lack of evidence, unclear evidence, lack of testing, which will enable the Committee to issue warnings so that the reports are complete at the time of assessment.

It was questioned if this information will be given to the traders and the answer was that that was not the initial idea but this point can be re-examined. The important thing at this stage is to add speed to the process. One suggestion was for traders to be copied into the messages so they can keep track of what has been requested and they can check if such has been updated correctly in the report.

### • Control of CAR by Traders:

---

The traders commented that the lack or addition of a document in the CAR is enough to cause it to have a "suspended" status, so only the CANCELLED document should not be accepted. This observation will be taken into consideration during the audits.

A question arose about the situation of accepting a CAR in validation, which is still under analysis, and what if after the purchase with the supplier, the same CAR is cancelled. Will the auditor take into consideration the situation of the CAR at the time of the audit? The answer was that in the whole process, what is taken into consideration is the day of the contract. If the CAR is not cancelled on that date, there is no problem.

It was also mentioned that in some states, such as Mato Grosso and Pará, the state bases may be more up to date and can be used. For the other states, the recommendation was to use the SICAR base.

It was also pointed out that it is important to check the extent of the bases, such as the state bases, which may be more detailed but less extensive.



- **Management System:**

A question was made about if the company needs to present the CAR in all cases or only in purchases with caveats, and it was explained that the auditor will verify the management. The company must have all CARs, from all suppliers. The auditor will record the CAR number in the report only for purchases with caveats.

Some participants did not agree that CAR management should be included as a NC in the report since it is not included as mandatory in the Protocol and was not discussed with everyone for inclusion. It was pointed out that the NCs in the Management System are for following improvements in the next cycle. Although there was no such proviso in the text, the CAR was already part of the registration data.

The traders explained that the monitoring is not always done through the CAR and companies can use INCRA or polygon monitoring and that companies are moving towards 100% registration in the CAR, but there are still INCRA registrations or the georeferencing of enrolments.

It was pointed out that comprehensive information and records, according to the Protocol, add more security and help to answer international questions.

It was also mentioned that if the CAR is not available another official document (such as INCRA) may be accepted. However, if the official data is not available, the Committee should look into this. It is important to explain the situation to the auditor, who must report it.

Another point that came up was that not having all the CARs does not mean that the company does not manage them efficiently. It was stated that it is important to present the justifications because in the past report there were purchases with caveats without a CAR and it was not clear if the company did not have the CAR or if it was just not requested by the auditors.

It was argued that in the comparison between CAR and SIGEF, SIGEF is more robust, with more comprehensive and transparent geospatial information than the CAR.

It was further mentioned that the CAR is an official registration. It does not exclude other controls.

Therefore, the CAR must be kept in the registry and the other assessments can be signalled in other indicators. The idea is for the auditor to be able to check if the purchases have caveats, using the CAR, geo-referencing and the Moratorium lists

- **Triangulation:**

A question was asked about if the 200km of the Protocol was decided by the trading companies since the previous discussion mentioned 100km. The answer was that this is the recommendation of the booklet and that most companies use this criterion.

It was pointed out that in some cases the farms are less than 200km apart, but the logistics of the region make triangulation infeasible. The response was that it is not set in stone, and the lack of feasibility can be assessed, for example: lack of road. It was also pointed out that the triangulation rules are under discussion. It is important to explain different situations and the reviews carried out by the auditor.

Some traders reported that after a conversation with Abiove, they began to use 100km. Abiove highlighted that the Booklet is being revised to consider a single standard for the sector, probably around 100-150km.

- **Access to System:**

It was asked if the company can share/present the management system in a meeting or if it is necessary for the auditor to have an access/login. It was explained that the auditor needs to view the screen and make screenshots. The auditor does not have access to the company's system.

- **Productivity:**

A question was raised about if the productivity index will be based on the top 3 suppliers, even if it is not purchases with caveats. The answer was yes, the aim is to see the triangulation of the most relevant suppliers.

- **Conclusion:**

A comment was made that the conclusion of the 'non-compliant' purchase needs to be viewed more objectively. There may be purchases that are "non-compliant" that may represent a large part of the trader's sourcing while, in other situations, there may be small purchases that even when combined do not add up to a significant amount. In any case, everything is relevant.

## • Procurement List:

Another question made was about the list to be provided by the company to the auditor, whether it should include the purchases made in the audited period or the purchases received in the audited period. It was explained that the list should encompass everything that was traded in the period. Contracts and deliveries.

The traders pointed out that in every contract a volume and value is agreed and the volume cannot be changed in a contract. If this is questioned, the company must explain to the auditor how it handles its contracts.

Generating the list of receipts may cause a lot of rework, which can reach 200,000 records. List of contracts will have the information grouped.

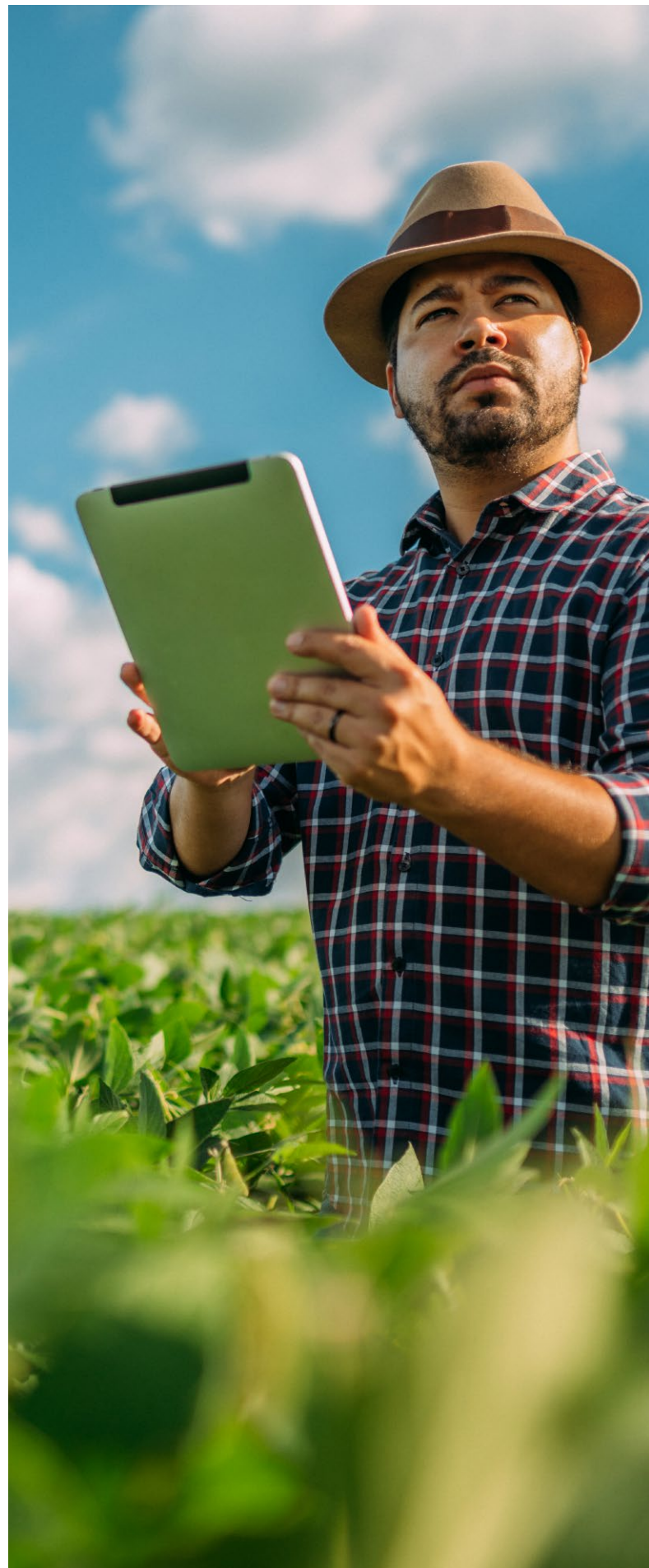
It was emphasised that job security must be ensured. At least checks of the volumes delivered must be done to ensure compliance. Is all contractual information made at the time of contracting? Without any changes?

It gets confusing to adopt only future contracts. An opportunity for collusion of non-compliance may arise. Does not believe in double the work. The auditor will only cross-check the lists and request information when necessary.

## 1.5 Adjournment

Everyone was thanked for attending the meeting and the schedule for the audits, which will take place between October 1 and November 26, 2021, was reiterated. The importance of the companies to disclose the audit results to ensure the transparency of the process and the high demand of companies wanting to become a member of the SWG was reinforced.

Comments were made about the continuous improvement in the performance of the companies with basis on the Soy Moratorium agreement and the importance of the disclosure of results through the Public Summary.



# 2

# WORKSHOP WITH THE AUDIT ORGANISATIONS

## 2.1 Opening

On September 30, the on-site workshop was held with the audit firms and representatives of the SWG Assessment Committee. During the opening, Bernardo thanked everyone for their presence and talked briefly about the evolution of the Soy Moratorium and the monitoring of deforestation in Brazil. He stressed

the importance of conducting good audits and submitting good reports and that it was decided to hold on-site training for the audit firms since it had been concluded that fully remote training, as was the case in 2020, constrained the efficiency of the training.



The Imaflo team led the workshop by first introducing the training schedule.

Time	Content
8:30 AM	Coffee and Welcome
09:00 AM	Introduction and presentations
09:30 AM	The Audit Programme and Timetables
10:00 AM	Audit Protocol - Obligations and Responsibilities
	Audit Protocol - Planning and Preparation
10:45 AM	Coffee Break
10:55 AM	Audit Protocol - Audit, Indicators and Reports
	Step-by-Step of Critical Procurement Verification

Time	Red Flags
12:25 AM	Lunch
13:55 AM	Hands-On Exercise - Procurement Verification
	Red Flags
15:25 AM	Break
15:45 AM	Evidence-writing exercise
	Assessment of the company's system and audit reports
16:55 AM	Conclusion



The workshop was attended by 15 people, including audit companies and representatives of third sector institutions that make up the Soy Moratorium Assessment Committee. The attendance list of the training session is included at the end of the report.



## 2.2 Training content

The Audit Program was presented with emphasis on the pre-assessment of the report by the Assessment Committee and the shadow audit. To ensure that the auditors carry out a full audit, all criteria, verifiers and indicators of the Audit Protocol were presented, as well as the most important processes, such as the planning stage and audit preparation, sampling, and reporting, as well as the system of assessment of the reports and management systems by the Committee.

At the end of the presentations of the Audit Program and the Audit Protocol, aiming to ensure that all auditors use similar methodologies to evaluate the purchase lists, cross-checking exercises of farms in the Soy Moratorium lists and simulations were carried out to show errors that may exist in the purchase lists of the companies, such as wrong names, missing numerals in the CPFs/CNPJs tax numbers.

They were also asked to do a writing exercise on the documents and give evidence that may be requested for procurement assessment if any non-compliance happens to be found.

In general, the auditors proved to be well trained, carrying out good simulations and identifying documents and conducting justifications.

## 2.3 Main comments

In the discussion of the main points raised by the traders in the previous day's webinar, the auditors and assessment committee believe that:

- the CAR is a legal regularisation document, and must be included in the assessment of indicator 1. Geospatial monitoring, although not mandatory, can be described in indicator 5.
- the auditors stated that they search for the most complete purchase lists, requesting lists with future contracts and dates of deliveries made in the period.

## 2.4 Adjournment

The training took place in a satisfactory manner and achieved the proposed objectives. Thanks were given for everyone's presence and participation.

The audit firms stated that they were already negotiating the dates of the audits and would keep the Committee informed so the

activities can be properly organised. They were also grateful for the explanations and updates.

Before closing the Workshop, we provided the participants with an evaluation of the event, in which eight participants gave their opinion as shown in the following charts.

### Training time

8 responses



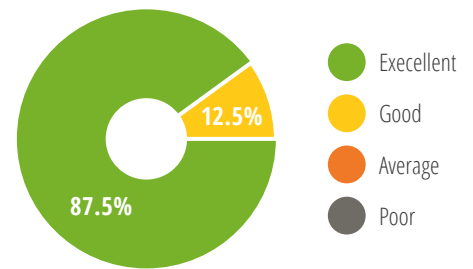
### Knowledge and clarity of instructors and materials used

8 responses



### General score of event

8 responses



### Comments and suggestions

3 responses

On-site event made a lot of difference in all aspects

The on-site training was very good, it made a big difference and also the discussion about the audit, to be able to talk of the difficulties and discuss a few points was very good.

The event was excellent, nice place, great. Reception and team very good and very organised. It was a day of a lot of learning that was not exhausting. Thank you





# ANNEX - ATTENDANCE LISTS

## Webinar with Traders

Name	Organisation
Acassia Santos Camargo	Bunge
Bernardo Machado Pires	Abiove
Bruna Cunha	Amaggi
Bruna Furlan	Agri Brasil
Camila Cristina Penkal	IMCOPA
Camila Pelegrini Peixoto	CJ Selecta
Caroline Holtz Rolim	Cargill
Cecília Korber	Imaflora
Cristiane Mazzetti	Greenpeace
Daniela Alves	Agrícola Alvorada
Daniela Gonçalves	CHS
Diego Davalos	CJ International
Edson Ferreira Dantas	Agrex
Eduarda Raissa Silveira Veiga	CJ Selecta
Eduardo Froes	Agri Brasil
Erika Scarcim	Gavilon
Eron Martins	ECTP
Fernanda Ferreira	IMCOPA
Fernanda Goncalves Rodrigues	Cargill
Fernanda Vendramel Ferreira Francisco	Bunge
Gabriel Hortelan de Andrade	Agrex
Gabriell Moreira da Silva	Nova Agri
Gustavo Burneiko	Anec Brasil
Janaina Monti Silveira	Agrex
Jéssica Sant'Ana Marin	Cutrale
Jorge Rodini Luiz Neto	CJ Selecta
Julia Pereira Moscardini	Sodrugestvo

Name	Organisation
Juliana Souza Oliveira Borges	CJ Selecta
Julio Goncalves	Cargill
Jullian Maffini	Amaggi
Karina Passos	Imaflora
Kaue Lopes	CHS
Kenji Akiyama	Agrex
Laila Vaz	CHS
Laissa Resende Vasconcelos Naves	Agrex
Larissa Witzke Testoni	Agrex
Layla Karolyne Dourado Stragliotto	Agrex
Lisandro Inakake de Souza	Imaflora
Luanna Regina F Gomes de Oliveira	Fiagrill
Lucas Fernandes Mendes	Agrex
Luciano Alves Gomes	CJ Selecta
Murillo Alves Moreira	LDC
Naiara Angelina Nicoletti	Fiagrill
Paloma Silva	LDC
Patrícia Catholico	Viterra
Paula Castro	
Paulo Inacio Tomazini Junior	Cofco International
Pedro Guizzi	ECTP
Pedro Henrique Moré Garcia	Abiove
Rafael Pereira	Amaggi
Reinaldo Antonio Verdugo Gallardo	CJ International
Thiago Masson	TNC
Victoria Lopes	ECTP
Vilma Santana	Cargill





## Workshop with the audit organisations

Name	Organisation
Amanda Pietrobon	Control Union
Amanda Portel da Silva	Control Union
Bernardo Machado Pires	Abiove
Bianca Cavalcante	Greenpeace
Cecília Korber	Imaflora
Cristiane Mazetti	Greenpeace
Eduardo J. Martins	Foodchain ID
Eugênio S. Júnior	Control Union
Karina Sena Passos	Imaflora
Lisandro I. de Souza	Imaflora
Luis Gustavo S. Burneiko	Aneq
Marjorie Cavesin	Control Union
Melissa A. de Toledo	Control Union
Pedro Garcia	Abiove
Silvia Romano Ribeiro	Control Union
Thiago Masson	TNC



w5.com.br

