

AMAGGI

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Introduction

In January 2021, AMAGGI (the “Company”) issued sustainability bonds aimed at financing green and social projects under the AMAGGI Sustainability Bond Framework (“the Framework”).¹ Sustainalytics provided a Second-Party Opinion for this Framework in December 2020.² In October 2021, AMAGGI engaged Sustainalytics to review the projects funded through the issued 2021 sustainability bonds and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the AMAGGI Framework.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the 2020 sustainability based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the AMAGGI Sustainability Bond Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the AMAGGI Sustainability Bond Framework.

Table 1 lists the Use of Proceeds, and Eligibility Criteria, while Table 2 lists the associated KPIs.

Table 1: Use of Proceeds and Eligibility Criteria

Use of Proceeds	Eligibility Criteria
Environmentally Sustainable Management of Living Natural Resources and Land Use	<p>Expenditures related to acquisition, long term leasing, maintenance, operation of farms, including:</p> <ul style="list-style-type: none"> • New farm operations (acquisitions or long term leased land): including farms with low productivity or with degraded areas that implement good agricultural practices and sustainable production intended to be certified by well recognized sustainable standards - ProTerra, Round Table on Responsible Soy (RTRS), 2BSvs or ISCC - after some years. • Research and implementation of biological control (including techniques used for pest control to reduce the application of agrochemicals); and innovative agricultural practices such as climatology, connectivity in the field and efficiency for machinery and best agricultural practices. <p>Expenditures and investments related to own production, development, operation, construction of associated infrastructure of more socioenvironmental efficient and sustainable certified products including the following schemes:</p> <ul style="list-style-type: none"> • Grains (soy and corn): ProTerra, Round Table on Responsible Soy (RTRS), 2BSvs or ISCC. <p>Expenditures related to sustainable sourcing (procurement) of certified products including the following schemes:</p>

¹ Amaggi, “Sustainability Bond Framework”, (2020), at: <https://d3w0jmyq4esgw1.cloudfront.net/wp-content/uploads/2021/01/AMAGGI-Sustainability-Bond-7.pdf>

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

	<ul style="list-style-type: none"> Grains (soy and corn): ProTerra, Round Table on Responsible Soy (RTRS), 2BSvs or ISCC.
Preservation of Natural and Biodiversity	Expenditures related to the conservation or protection of natural resources, native vegetation and biodiversity, including maintenance or restoration of high conservation value areas and other conservation areas.
Climate Change Mitigation	Expenditures related the implementation, operation, and maintenance of tools to mitigate and monitor supply chain socioenvironmental risk, especially deforestation and conversion criteria through real time fire warning systems. Examples include: AMAGGI ORIGINAR 2.0 system
Socio-Economic Advancement and Empowerment	<p>Expenditures focused on advancing job growth opportunities through job training, education, and rotational opportunities that provide skill enhancement. Examples include: Young Apprentice Program, Education Aid Program, Inclusion and Diversity Program; Agro-computing Technology Course.</p> <p>Expenditures related to the promotion of local development, strengthen social prominence, local entrepreneurship and inclusive businesses.</p> <p>Expenditures related to mapping traditional, indigenous and family farming communities, in order to provide a more comprehensive and complex view of the socioeconomic scenario and vulnerabilities to further implement jurisdictional, regional or local strategies for their development.</p>
Employment Generation and programs designed to prevent and/or alleviate unemployment	Expenditures related to programs and initiatives designed to encourage organizations and social initiatives that are directly acting on the front line with vulnerable populations affected by COVID-19, with a focus on the areas of food supply, health, education or social protection so that they can have structure to maintain a transition process from essential needs of the communities to their social regular activities again.
Food Security and Sustainable Food Systems	Expenditures related to programs that promote sustainable food systems and sustainable production. Examples include: Responsible Grain Chain Management Program, Farmer Solution Programs, Technological Circuit, Support to family agricultural projects and Responsible Logistics Program.

Table 2: Key Performance Indicators associated with the Use of Proceeds

Use of Proceeds	Key performance indicators (KPIs)³
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> Total area of new farm operations with good agricultural practices implemented Total volume produced on new farm operations with good agricultural practices implemented Total area of certified farms Total volume of certified grains Total area with research and implementation of biological control Number of research and implementations of innovative agricultural Total area of certified farms Total volume of certified grains Total area of preserved and conserved native vegetation at procured certified farms.

³ These include all the example KPIs mentioned in the AMAGGI Sustainability Bond Framework. AMAGGI has communicated with Sustainalytics that the actual KPIs reported on by AMAGGI have been selected from this list. For further details, see Appendix 1.

Preservation of Natural and Biodiversity	<ul style="list-style-type: none"> • Area of land conserved in hectares • Area of land revegetated or in restoration process • Volume of carbon stock on the conserved area
Climate Change Mitigation	<ul style="list-style-type: none"> • Total area in hectares monitored and registered at ORIGINAR system • Percentage of traceability of direct suppliers in the priority jurisdictions • Percentage of the volume from the priority jurisdictions that are deforestation free
Socio-Economic Advancement and Empowerment	<ul style="list-style-type: none"> • Number of hours in education/training • Number of people who received education/training • Number of people promoted after or during training/education programs • Number of people with disabilities employed and/or trained • Number of young people prepared for the job market • Number of people positively impacted • Number of social institutions as part of the local development network • Number of social leaders and social entrepreneurs acting in their communities • Number of inclusive business or initiatives created • Number of communities involved and beneficiated • Number of mapped communities • Number of beneficiaries by the implemented strategies • Number of partnerships created for the development of communities. • Number of communities involved and beneficiated
Employment Generation and programs designed to prevent and/or alleviate unemployment	<ul style="list-style-type: none"> • Number of social institutions and initiatives benefited • Number of beneficiaries
Food Security and Sustainable Food Systems	<ul style="list-style-type: none"> • Number of farmers involved • Number of farmers and people engaged on events about good agricultural practices and sustainable production • Number of farmers who received rural extension services • Number of beneficiaries • Number of communities involved and beneficiated

Issuing Entity’s Responsibility

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

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of AMAGGI’s Sustainability Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from AMAGGI employees and review of documentation to confirm the conformance with the AMAGGI Sustainability Bond Framework.

Sustainalytics has relied on the information and the facts presented by AMAGGI with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by AMAGGI.

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

Conclusion

Based on the limited assurance procedures conducted,⁴ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of AMAGGI's Sustainability Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the AMAGGI Sustainability Bond Framework. AMAGGI has disclosed to Sustainalytics that it raised a total of USD 750 million from the sustainability bond issuance, of which USD 556.34 million has been allocated as of December 2021.

Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the sustainability bond in 2019, 2020, and 2021 to determine if projects aligned with the Use of Proceeds Criteria outlined in the AMAGGI Sustainability Bond Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the sustainability bond in 2019, 2020, and 2021 to determine if impact of projects was reported in line with the KPIs outlined in the AMAGGI Sustainability Bond Framework and above in Table 2. For a list of KPIs reported please refer to Appendix 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

⁴ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation and Impact Reporting by Eligibility Criteria of Use of Proceeds Categories

1. Allocation Reporting by Use of Proceeds Categories

Use of Proceeds Category	Net Bond Proceeds Allocation (USD)				Percentage of total Net Bond Proceeds (%)
	2019	2020	2021	Total	
Environmental Categories	\$263,084,924	\$128,205,139	\$159,196,128	\$550,486,191	98.9
Environmentally Sustainable Management of Living Natural Resources and Land Use	\$259,716,280	\$123,410,585	\$154,124,332	\$537,251,196	96.6
Preservation of Natural and Biodiversity	\$139,850	\$158,328	\$229,125	\$527,302	0.1
Climate Change Mitigation	\$3,228,794	\$4,636,226	\$4,842,672	\$12,707,692	2.3
Social Categories	\$2,414,778	\$1,834,370	\$1,605,678	\$5,854,826	1.1
Socio-Economic Advancement and Empowerment	\$1,110,224	\$631,588	\$617,474	\$2,359,287	0.4
Employment Generation and programs designed to prevent and/or alleviate unemployment	0	\$107,564	\$25,217	\$132,781	0.02
Food Security and Sustainable Food Systems	\$1,304,554	\$1,095,218	\$962,987	\$3,362,758	0.6

2. Impact Reporting by Environmental Use of Proceeds Categories

Use of Proceeds Category	Environmental Impact Reported by Eligibility Criteria
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> • Total area of certified farms: 1,005,998.99 hectares • Total volume of certified grains: 1,962,812.16 tonnes • Total area of preserved and conserved native vegetation at procured certified farms: 382,783.58 hectares.
Preservation of Natural and Biodiversity	<ul style="list-style-type: none"> • Total area of land conserved: 411,690.6 hectares • Total area of land revegetated or in restoration process: 488.01 hectares • Investment in mapping biodiversity values and monitoring plan (USD): \$97,271.25 • Total volume of carbon stock on the conserved area: 220,462,012.69 tonnes
Climate Change Mitigation	<ul style="list-style-type: none"> • Total area of land monitored and registered in the ORIGINAR System: 28,470,000 hectares • Percentage of traceability of direct suppliers in the priority jurisdictions: <ul style="list-style-type: none"> ○ 2021: 99% ○ 2020: 98% ○ 2019: 86% • Percentage of the volume from the priority jurisdictions that are deforestation free:⁵ <ul style="list-style-type: none"> ○ 2021: 99% ○ 2020: 99% • Investments in new and technologies, such as regenerative and low-carbon agriculture, precision agriculture, and microclimate monitoring (USD): \$12,024,336.49

3. Impact Reporting by Social use of Proceeds Categories

Use of Proceeds Category	Sub-Category	Social Impact Reported by Eligibility Criteria
Socio-Economic Advancement and Empowerment	Expenditures focused on advancing job growth opportunities through job training, education, and rotational opportunities that provide skill enhancements.	<ul style="list-style-type: none"> • Number of hours in employee education programs (technical education, undergraduate and graduate): 802, 471 • Number of hours in professional technical and behavioural training: 325,351.58 • Number of people who received education support: <ul style="list-style-type: none"> ○ 2021: 286

⁵ AMAGGI has communicated with Sustainalytics that it started to report the percentage of volume from deforestation free jurisdictions only from 2020 onwards.

		<ul style="list-style-type: none"> ○ 2020: 211 ○ 2019: 247 • Number of people who received technical and behavioural training: <ul style="list-style-type: none"> ○ 2021: 7678 ○ 2020: 6211 ○ 2019: 6320 • Number of people promoted each year, after or during education programs (technical education, undergraduate and graduate): <ul style="list-style-type: none"> ○ 2021: 106 ○ 2020: 80 ○ 2019: 77 • Number of people promoted each year, after or during technical and behavioural training: <ul style="list-style-type: none"> ○ 2021: 2240 ○ 2020: 4190 ○ 2019: 1542 • Number of people with disabilities trained outside the office: 14 • Number of people with disabilities trained in AMAGGI: 729 • Number of young people prepared for the job market: 52
Socio-Economic Advancement and Empowerment	Expenditures related to the promotion of local development, strengthen social prominence, local entrepreneurship, and inclusive businesses.	<ul style="list-style-type: none"> • Number of people positively impacted: 22,078 • Number of social institutions integrated in FALM's local development activities: 296 • Number of social leaders and social entrepreneurs involved with FALM's local development initiatives: 215 • Number of communities involved and beneficiated: 626 • Number of mapped inclusive business or initiatives: 53
Socio-Economic Advancement and Empowerment	Expenditures related to mapping traditional, Indigenous, and family farming communities.	<ul style="list-style-type: none"> • Number of mapped communities: 550
Employment Generation and programs	Expenditures related to programs and initiatives designed to encourage organizations and	<ul style="list-style-type: none"> • Number of social institutions and initiatives benefitted: 91

⁶ The Fundação André e Lucia Maggi (FALM) is a federal non-profit institution that coordinates all AMAGGI's private social investments. For more details, see: <https://www.fundacaoandreeluciamaggi.org.br/en/the-foundation/about-us/>

<p>designed to prevent and/or alleviate unemployment</p>	<p>social initiatives that are directly acting on the front line with vulnerable public affected by COVID-19, with a focus on the areas of food supply, health, education or social protection so that they can have a structure to maintain a transition process from essential needs of the communities to their social regular activities</p>	<ul style="list-style-type: none"> • Number of beneficiaries: 3701
<p>Food Security and Sustainable Food Systems</p>	<p>Expenditures related to programs that promote sustainable food systems and sustainable production</p>	<ul style="list-style-type: none"> • Number of people engaged on events about good agricultural practices and sustainable production: 8,493 • Number of farmers engaged on events about good agricultural practices and sustainable production: 2,439 • Number of farmers who received rural extension services: 3,884

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