

4 - Executive summary

Based on the objective, scope and methodology demonstrated in the previous section, 47 indicators and targets were checked, whose results and conclusions are presented below:

Roncador has a control structure regarding the monitoring of its production, land use and socio-environmental risks. Since the beginning of the contract with &Green, Roncador has been implementing control activities that aim to mitigate risks and adjust to the situations exposed by &Green. Among the main control activities, we highlight:

- Direct involvement of Roncador's President in decisions and activities of the socio-environmental department.
- Existence of an internal and external anonymous reporting channel managed by a third party: reports are forwarded to a third party lawyer and investigated with Roncador's President directly.
- Control of productive areas through a system with automated components and georeferenced areas. The farm's productive area is divided into plots with sensors that allow measuring the cattle and agriculture areas. The team performed information extractions from the system in real time. Additionally, weekly reports are sent to the President, to monitor the production.
- For contracts with service providers, Roncador has contractual clauses that prohibit child labor and discrimination based on race, gender, disability, origin, marital status and age, requiring alignment to social legal requirements.
- Roncador has implemented controls related to the amount of cattle on the farm, which undergoes biannual external audit processes.

Additionally, Roncador achieved its soy productivity target established in the Landscape Protection Plan ("LPP") and surpassed its cattle productivity target. Table 3 outlines Roncador's key targets established in the Landscape Protection Plan (LPP) and in the Environmental and Social Action Plan (ESAP). For the targets not achieved, this summary also presents management's comments about it.

Table 3 – Key Achievements delivered

Item	Indicators and Targets	Baseline	Target	Verified Achievement
LPP Direct ER 1	Indicator 11 - ER1 - Maintain the conservation of 71,184.61 Ha of forest in its farm property	71,184.61 ha	Annual maintenance	65,907ha
	Indicator 12 - ER2 - Maintain 60,000 Ha under intensified production	60,000 ha	60,000 ha	57,393ha
LPP Direct ER 2	Indicator 19 - Total soy production (metric tonnes)	-	99,261 t	97,543 t
	Indicator 20 - Pasture area (ha)	-	30,085 ha	27,108 ha
	Indicator 23 - Total cattle production (metric tonnes)	-	5,353 t	8,957 t
LPP Direct ER 3	Indicator 13 - ER3 - Restore 200 Ha of APP	6,133 ha	6,333 ha	0 ha

	Indicator 26 - Direct suppliers of cattle with negative certificate of embargo issued by IBAMA - <i>Brazilian Institute of Environment and Renewable Natural Resources</i>	-	Policy, procedures developed and implemented	Target achieved All cattle suppliers had negative certificate of embargo
LPP Indirect ER 1	Indicator 27 - Indirect Commitments (ERs): - On the implementation of the NDPE: occurrence of incidence of IBAMA penalties	-		Target achieved No occurrence of IBAMA penalties
	Indicator 28 - Indirect Commitments (ERs): - Engagement with the Araguaia League to promote the ICL project and the forest code concept	-	Financial support as a member, participate of activities proposed by the Association	Target achieved
LPP Indirect ER 2	Indicator 29 - Hectares under Crop Livestock Integration (ICL) in Pioneira	-	Instructions provided on (i) planting and pasture management, (ii) cattle operational management, (iii) cattle feeding, (iv) IATF	Target achieved
	Indicator 30 - Soy productivity in Pioneira (bags/ha)	-		
	Indicator 31 - Cattle productivity in Pioneira (AU/ha)	-		
	Indicator 36 - Existence of partnership with some organization carried out in the context of the landscape protection plan	-	Financial support as a member, participate of activities proposed by the Association	Target achieved
LPP Indirect ER 2+ER 3	Indicator 35 - List of communication activities for the promotion of the ICL production model and restoration of Roncador	-	At least 01 promotion per year, out of a required combination of any 03 promotions under ER2+ER3	Target achieved
				Target achieved.
ESAP	Indicator 40 to 47 - Environmental and Social Action Plan (ESAP) compliance	-	Follow ESAP's actions and deadlines	Out of the 8 commitments expected to be met by December 2021, only indicator 42 showed a gap

• **Environmental Return (ER) targets not achieved**

- Indicator 11 ER1 - Maintain forest conservation on its property

Target 71,184.61 Ha versus achieved 65,907Ha

Management's Comments: It was explained that the information was filed at SEMA, but has not yet been accepted. Target not met due to process at INCRA, which expropriated the forest area of the farm (see p. 24 of this report)

- Indicator 12 ER2 - Maintain 60,000 ha under intensified production

Target of 60,000 Ha versus achieved of 57,393 Ha

Management's Comments: It was presented as justification that the baseline value is incorrect, since new monitoring technologies have been implemented, allowing more accurate measurement of the farm's productive areas (see p. 24 of this report).

- Indicator 13 ER3 - Restore 200 hectares (Ha) of APP

Target 6,333 Ha versus achieved of baseline 6,133Ha, with additional 0 Ha restored

Management's Comments: It was explained that the seedlings planted in 2020 died due to a period of drought and it was necessary to replant to replace the lost values. Roncador presented meteorological evidence of the rainfall regime in the region to confirm the drought that occurred (see p. 24 of this report).

- **Partially compliance on environmental management system item**

- Indicator 42 ESAP - Preparation of document with flow chart that clarifies (a) the policy commitment (based on 1.1), (b) the procedures in place, (c) the monitoring indicator and review process.

The Environmental and Social Management System ("SGAS" or "ESMS") verified did not present monitoring indicators in relation to the themes cited in the policy. Although the ESMS presents activities and actions to mitigate environmental impacts, no indicators were identified to monitor their evolution and/or regression (see p. 34 of this report)

Although Roncador has controls and practices in place, non-conformities have been identified that require special attention and need to be addressed. The list below details those non-conformities:

- **Divergence between the size of the reported area versus the verified area.**

- Indicator 05 - Permanent Agricultural Area (Ha)

Reported 5,000 Ha versus verified 5,120 Ha

Difference of 2.4%, not significant.

Management's Comments: It was informed that the divergence identified occurs due to machinery operations that require a larger area than the actual planted area to perform maneuvers. The data did not need to be adjusted, because it presented a non-significant deviation according to the adopted premise (see p.20 of this report).

- Indicator 06 - ICL Area (Ha)

Reported 25,820 ha versus verified 25,175 ha

Difference of 2.4%, not significant.

Management's Comments: It was informed that the divergence identified is equivalent to a period of the year when part of the farm is in the nutrient replacement phase as part of the planting preparation and therefore is not under the Crop-Livestock Integration (ICL) regime. (see p. 20 of this report).

- Indicator 08 - Protected Area (Ha)

Reported 66,033 ha versus verified 65,907 ha

Difference of 0.19%, not significant.

Management's Comments for indicators: Roncador lost a land lawsuit against INCRA, which expropriated the forest area of the farm. The reported value is in line with the values filed in the CAR in November 2021. On 28th March 2022, a preliminary analysis from SEMA was released, that updates Roncador's Permanent Protection Area measurement. Because the process of CAR regularization is still active at SEMA, the final values can change again once the process is finished (see p. 22 of this report).

■ Indicator 09 - Permanent Protection Area (Ha)

Reported 6,012 ha versus verified 5,768 ha

Difference of 4%, not significant.

Management's Comments: Roncador lost a land lawsuit against INCRA, which expropriated the forest area of the farm. Because of that, Roncador's CAR has an ongoing administrative process aiming its regularization. The reported value is in line with the values filed in the CAR in November 2021. On 28th March 2022, a preliminary analysis from SEMA was released. SEMA also required additional data to validate those results. Once it is finished, it could affect the amount of land to be classified as Legal Reserve (*Reserva Legal*⁴) and APP (Permanent Preservation Area) (see p. 22 of this report).

■ Indicator 10 – Other areas

Reported 3,658 ha versus verified 4,247 ha

Difference of 16.1%, significant.

Management's Comments for indicators: Roncador informs that this value is the difference between the sum of the productive and reserve areas, subtracted from the total value and includes areas of water, roads and buildings. The reported value is in line with the values filed in the CAR in November 2021. On 28th March 2022, a new official analysis from SEMA was released, that updates Roncador's Permanent Protection Area measurement. Because the process of CAR regularization is still active at SEMA, the final values can change again once the process is finished (see p. 22 of this report).

■ Indicator 11 ER1 - Maintain forest conservation on its property

Reported 66,033 ha versus verified 65,907 ha

Difference of 0.19%, not significant.

Management's Comments for indicators: The reported value is in line with the values filed in the CAR in November 2021. On 28th March 2022, a new official analysis from SEMA was released, that updates Roncador's Permanent Protection Area measurement. Because the process of CAR regularization is still active at SEMA, the final values can change again once the process is finished (see p. 24 of this report).

■ Indicator 12 - ER2: Maintain 60,000 hectares (Ha) under intensified production

Reported 57,391 ha versus verified 57,393 ha

Difference: less than 1%, not significant.

⁴ Law 12.651/2012 (Forestry Code) states that rural properties must maintain an area with native vegetation cover, as a Legal Reserve. The minimum size of legal Reserve is a percentage value of the total area of the property and varies according to location, biome, type of vegetation, presence of water bodies, among other variables.

Management's Comments: It was explained that the deviation occurred due to human error. The data did not need to be adjusted, as it presented a non-significant deviation according to the adopted premise (see p. 24 of this report).

- Indicator 15 - Supporting documentation for ER2: Hectares (Ha) converted from pasture to agriculture and corrective actions

Reported 510 ha versus verified 524 ha.

Difference of 2.7%, not significant.

Management's Comments: It was informed that the divergence identified occurs due to the existence of unproductive areas. Thus, the correct value is the one reported, of 510 ha. The point was considered addressed (see p. 25 of this report).

- Indicator 16 - Supporting documentation for ER2: - Hectares (Ha) of pasture have been restored

Reported 205 Ha versus verified 218 Ha.

Difference of 6%, significant.

Management's Comments: It was explained that the deviation occurred due to human error, and an adjustment to the report was requested (see p. 26 of this report).

- Indicator 19 - Total soy production (t)

Reported of 98,155 t versus verified of 97,543 t.

Difference of 0.6%, not significant.

Management's Comments: It was informed that the difference reflects the "loss" of soy in the warehouse (sum of damaged items). The deviation was not considered significant, according to the adopted premise (see p. 27 of this report).

- Indicator 24 - CO₂ emissions (tCO₂)

Reported -71,667 tCO₂ versus verified -61,226 tCO₂

Difference of 14.5%, significant.

Management's Comments: Values were presented only for the 2019/2020 crop year. For the year 2020/2021, the emissions inventory is under preparation and was not considered in this report (see p. 28 of this report).

- Indicator 29 - Hectares under Pasture-Crop Integration in Pioneira (ILP or ICL)

Reported 5,000 Ha versus verified 2,315 Ha

Difference of 53%, significant.

Management's Comments for indicators: It was explained that Pioneira Farm has operational control of SLC Agrícola and therefore Roncador can store outdated information (see p. 31 of this report).

▪ Indicator 30 - Soy productivity in Pioneira (bags/Ha):

Reported 64 bags/Ha versus verified 65.13 bags/Ha

Difference of 1.7%, not significant.

Management's Comments for indicators: It was explained that Pioneira Farm has operational control of SLC Agrícola and therefore Roncador can store outdated information (see p. 31 of this report).

▪ Indicator 31 - Cattle productivity at Pioneira (AU/Ha)

Reported 1.82 AU/Ha versus verified 2.89 AU/Ha

Difference of 37.94%, significant.

Management's Comments: It was informed that the cattle productivity value has changed because the indicator had been built based on an outdated area value (see p. 31 of this report)

Furthermore, for 01 indicator Roncador the necessary evidence for concluding the effectiveness or not of the control, was not available:

- **Indicator 24 - CO₂ emission (tCO₂):** The inventory equivalent to the 2020/2021 crop year is being prepared and will be finalized in the second half of 2022. For the crop year 2019/2020 the information was made available and verified (see p. 28 of this report)

Finally, other non-mandatory opportunities for improvement were identified:

Table 3 – Other Improvement Opportunities

Non-mandatory suggestions identified by KPMG for its control management improvement.

#	Topic	Identified Issues	Recommendations
01	Suppliers	<p>During the verification, outdated IBAMA Embargo Clearance Certificates⁵ (“CNE” or “DCC”) with expired expiration dates were provided to the cattle suppliers.</p> <p>Roncador explained that this recommendation is not applicable, because every time a new purchase is made from a cattle supplier, the certificate is already reissued.</p>	<p>It is recommended:</p> <ul style="list-style-type: none"> ✓ Periodic monitoring of these documents beyond the time of purchase. ✓ If suppliers are found to be on the IBAMA list later, they cannot be eligible to a new contract until the point is addressed
02	Agriculture Control	Remedial measures for areas converted from pasture to agriculture and restored pastures	A written record of the number of inputs applied for soil corrective measures is recommended.

⁵ If IBAMA, Brazilian Environmental Authority, condemns an establishment for deforestation or for other environmental crime, it issues an administrative measure called “embargo”. Embargo from IBAMA means that a person or legal entity is prohibited to keep operating due to environmental reasons. The list is publicly available and updated daily.

04	Roncador's Environmental and Social Management System and Internal Policies	Roncador is in the process of creating and formalizing its environmental and social practices and commitments	Develop/Formalize Roncador's environmental and social commitments ✓ Indicate revision frequency; ✓ Indicate that the content can be changed in revisions
05	Cattle control	Agricultural inputs used by the cattle ranching sector for soil corrective measures is not recorded in a system, it is decided orally.	Create an internal control that registers inputs used for applied corrective measures.
06	Control for activities and social projects developed	The Wellness Department does not yet have a control of the impact level of its activities	Create an internal control and record the number of people positively affected by the Welfare Department activities.