



**SLC** *Agrícola*

Integrated Report  
**2018**



## MESSAGE

# The Digital Farm, ever closer

### GRI 102-14

SLC Agrícola's excellent results for 2018 showed financial gains with high levels of productivity, achieved with social and environmental responsibility.

This differentiated level of performance shows the success of SLC's strategy of investing in high operational efficiency, and high value-added crops. The business model seeks perfection of management processes in production plants, based on state-of-the-art technology, rigorous control of spending, and respect for the environment.

We are convinced that these successful results also reflect our working strategy for the long term. The organization is reaping the fruits of a culture that has been built over more than 40 years. This is based on 3 factors: innovative technology; standardization of the production plant processes; and people who are motivated, highly trained and highly skilled. We believe the practice of these three factors is responsible for what can only be called a virtuous circle, which continues to ensure the highest quality in our operations.

In this business year, we invested strongly in technology innovation to put in place our concept of the Digital Farm – a model that is coming over the horizon in Brazil's vast countryside of today. Application of state-of-the-art technology in a large-scale system calls for a high level of quality and standardization of processes – and this can only be achieved with effective participation by a cohesive and highly qualified team.

Another vital factor in our achieving good results is the intellectual capital of our staff. Together with the good relationship and partnerships that we have built up with suppliers in the value chain, this has been shown to be a secure route to our daily achievement of maintaining our very high performance.

With these excellent results of 2018 behind us, we are confident that our results will be even stronger in the immediate future.

SLC Agrícola is prepared to go on doing more, and doing better, increasingly expanding its capacity to generate value, so as to realize its Long-Term Vision: "To positively impact future generations, through global leadership in agribusiness and respect to the planet."

**Aurélio Pavinato**

CEO





WHO WE ARE



WHAT WE DO



PEOPLE & COMMUNITIES



RESOURCES IMPACTS



GOVERNANCE & FINANCE



NON-FINANCIAL PERFORMANCE



SLC Agrícola: Management Report

Access this report for complete financial and operational information on the 2018 business year.

## About this report

**GRI 102-12, 102-13, 102-42, 102-43, 102-44, 102-45, 102-47, 102-50, 102-51, 102-52, 102-54**

SLC Agrícola has been publishing annual sustainability reports in accordance with the Global Reporting Initiative (GRI) Standard since 2016, using the Core approach, aligned with the principles of the Global Compact.

This report – now our third, for January 1 to December 31, 2018 – includes one step up, in that we are now adopting the <IR> International Framework. The aim is to inform our providers of capital, and our other publics, on the details of how we create and share value, sustainably. The Integrated Report enables us to enhance the quality of both the financial and the non-financial information in harmony with our own good management practices. This publication, reporting on 2018, thus provides both the Integrated Report and the Management Report of SLC Agrícola – expressing, together, the Company's integrated view.

The report covers all of our 16 operating units, and also SLC LandCo, an operation in partnership with the UK private equity fund *Valiance*, and two joint ventures – SLC Roncador and SLC Mit – in which our partner is one of the largest business groups in Japan, Mitsui & Co. The Paineira Farm (in the Brazilian State of Piauí), although it is owned

by SLC Agrícola, is not included in this report because it is 100% leased to another organization.

The financial indicators in this report are from the consolidated financial statements audited by Ernst & Young Auditores Independentes, in accordance with IFRS (International Financial Reporting Standards, issued by the International Accounting Standards Board, IASB), and accounting practices adopted in Brazil ('BRGAAP'), including the accounting Pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC).

Paladino Farm, Brazilian state of Bahia



### OUR LONG-TERM VISION

*To positively impact future generations, through global leadership in agribusiness and respect to the planet.*



## THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

This report on 2018 is aligned with the UN Sustainable Development Goals (SDGs), in which the Company assumes the commitments expected from the private sector for the UN's 2030 *Agenda for Sustainable Development*.

We are a member of the *Foods and Agriculture* theme group in the *Brazilian Global Compact Network*. In this forum we take part in debates on the UN's Six Food and Agriculture Business Principles – which were launched in 2015 to provide an integrated approach for facing the challenge of growing global demand for foods. They serve as the basis for the alignment of this report.

In 2019 SLC Agrícola is preparing to begin the process of cataloging and classifying the impacts of its operations, to integrate priority adherence to the SDGs into its Long-Term Vision: "To positively impact future generations, through global leadership in agribusiness and respect to the planet."

## MATERIALITY

Although there are some differences of scope, there is a similarity of stance between the GRI, the International Framework and the SDGs: the understanding that the characteristic of a material aspect is that it can affect the organization's capacity to create and share value, extending over the whole of its production chain, in the short, medium and long terms.

The analysis leading to our listing of material factors was initially made in 2016, oriented for the GRI Report. It was then reviewed in 2018, to reflect the importance of its components from the point of view of the Integrated Reporting (<IR>) Framework. This second analysis confirmed the listing of material aspects previously identified.

We maintain engagement with the principal groups of stakeholders through formal relationship channels, and through climate research. These connections identify demands from the internal and external publics. These stakeholders were mapped on the basis of the *Social Impacts Study* (the *LAI*s indicated in Brazilian Reporting Standard NBR 16001), and in this group the following were listed as priority:

Employees; Clients; Suppliers; Stockholders; and Neighboring communities. Two publics – Investors and NGOs – were consulted, online, about publication of social and environmental data, and what subjects should be seen as important for future cycles.

This report includes a new theme – Emissions – bringing the total of the material aspects on which we report to eleven. The other components of the list are: Economic performance; Market presence; Anti-corruption; Water; Biodiversity; Effluents and waste; Environmental compliance; Employment, health and occupational safety; and Education and Training.



WHO WE ARE

# A worldwide benchmark in agribusiness

GRI 102-1, 102-2, 102-3, 102-4, 102-5

SLC Agrícola, founded in 1977, is part of the SLC Group and one of the world's largest producers of farm commodities, with more than 400,000 hectares planted with cotton, soy and corn. In 2007 it became one of the first companies in the sector, worldwide, to be traded on a stock exchange, and is a benchmark in its operating segment. With 16 production units in 6 states of Brazil, it operates on the basis of an integrated vision of high performance and high operational efficiency, which enables it to achieve higher levels of productivity than the average for both the agricultural sector in Brazil, and the principal markets worldwide.

This is a history that is undergoing constant change and transformation. In its first 30 years, SLC Agrícola invested in acquisition of arable land in the Brazilian Cerrado, while at the same time consolidating a production model based on standardized processes of high efficiency. In parallel, it consolidated its expertise, increasing its potential for by establishment of high levels of efficiency, based on a modern production system, with state-of-the-art technology, effi-

GRI 102-7 | SIZE OF THE ORGANIZATION | 2018

Stockholders' equity	R\$ 2.79 BI
Total assets	R\$ 5.75 BI
Net revenue	R\$ 2.1 BI
Number of employees	3,511*

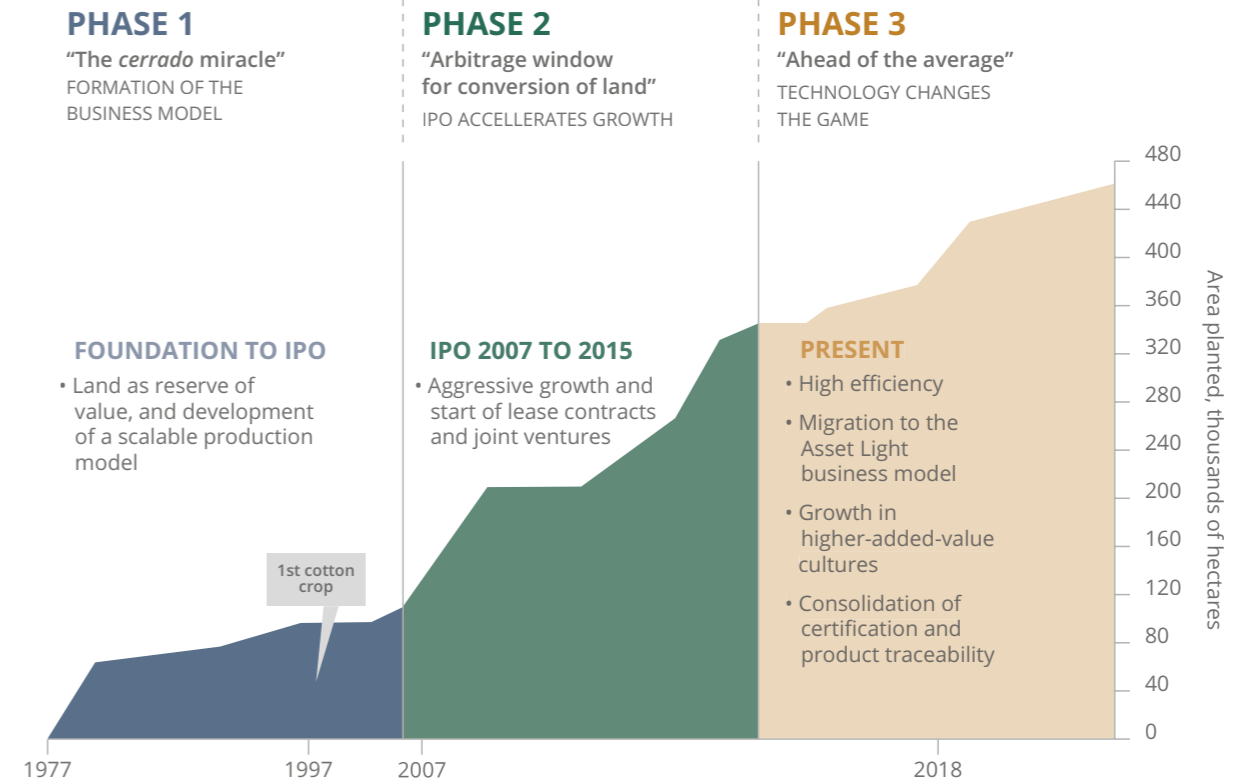
\*This figure includes permanent staff and temporary contracted workers.

cient control of expenditure, and respect for the environment, while at the same time enhancing the quality of products and processes, with increasing emphasis on voluntary certifications. At present, the strategy is based on using technology to maximize the gap by which its productivity exceeds world average levels. In recent years it has significantly enhanced efficiency in the use of its assets and is achieving unprecedented levels of return per hectare.

Since listing, SLC Agrícola has entered a phase of intense growth in planted area, with acquisitions, leasing of land, and strategic joint venture partnerships.

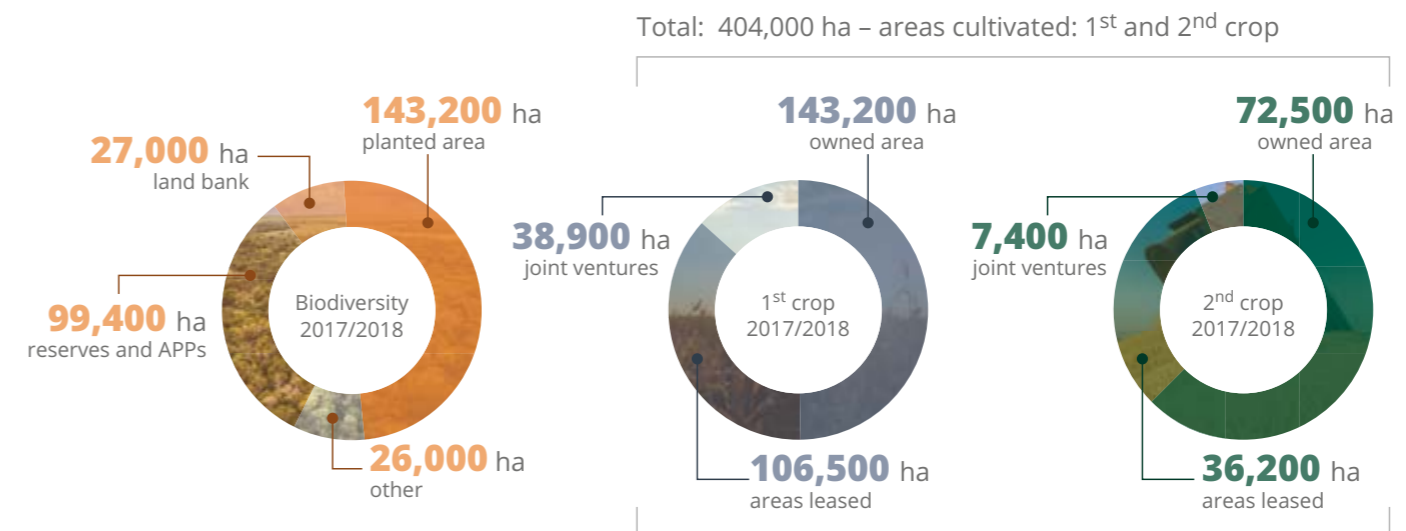
SLC AGRÍCOLA – 3 PHASES OF THE STRATEGY

Strategic alignment and execution capacity



PLANTED AREA AND PROTECTED AREA













2017-2018 crop





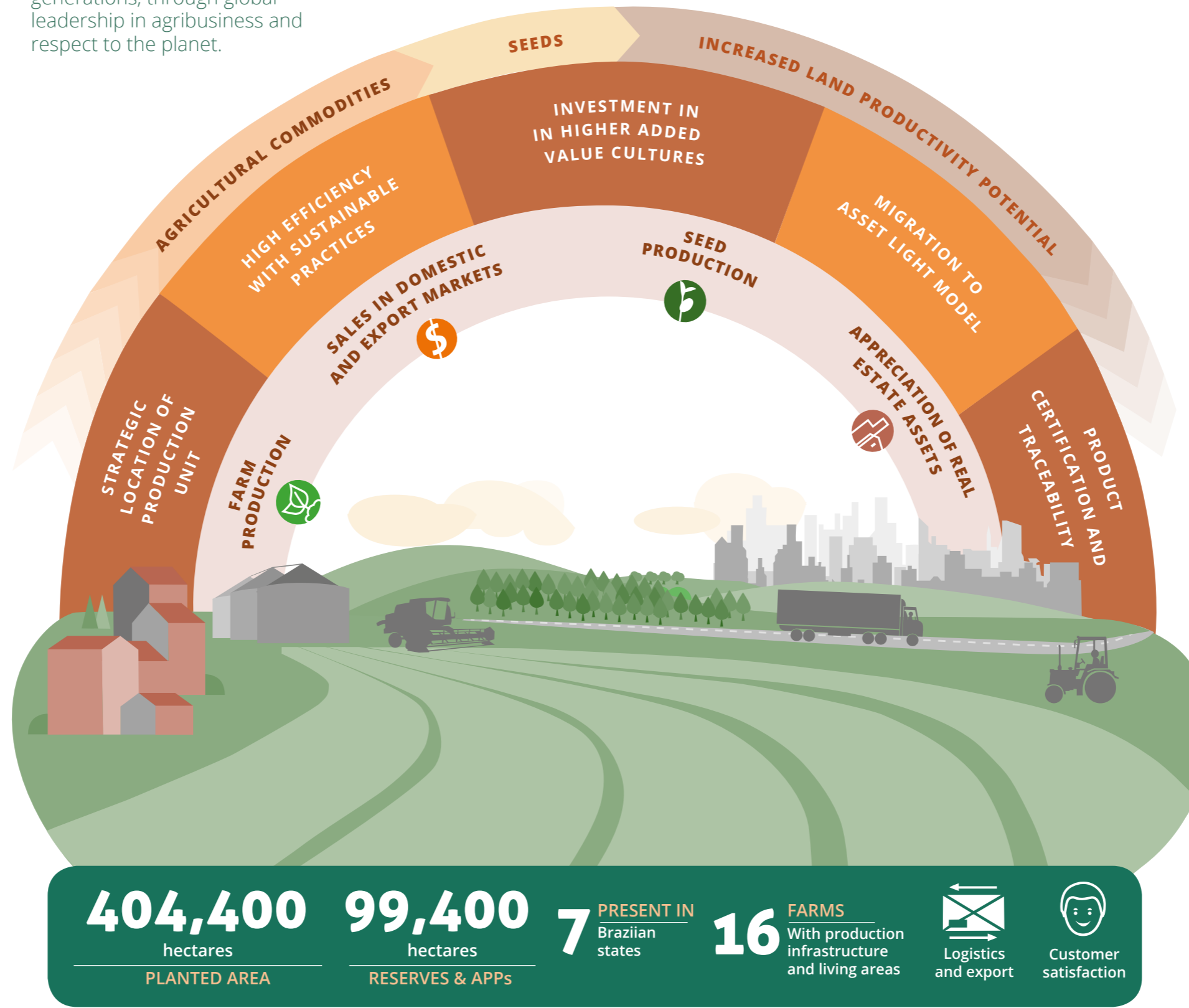
## HOW WE CREATE VALUE

### OUR FORMS OF CAPITAL

-  Sources to funding running costs and investments
-  Logistics infrastructure
-  Machinery, equipment and inputs
-  Digital technology
-  Partners and suppliers aligned with innovation
-  Research and validation practices - variety - handling
-  Technical capacity of our staff
-  People motivated to follow certified production processes
-  Communities where we are located
-  Relationship with principal stakeholders
-  Soil quality
-  Ecosystem services
-  Favorable climate conditions - rain - temperature - sunlight

## OUR LONG-TERM VISION


To positively impact future generations, through global leadership in agribusiness and respect to the planet.



## VALUE GENERATED

Total shareholder return  
(stock price appreciation plus dividends)

**65%** IN 2018     **12.5% / year** SINCE IPO, 2007

 Less non-renewable inputs

55 LITRES/ha 2017-18 CROP

**60h** AVERAGE TRAINING / EMPLOYEE / YEAR

People better trained  
Safer environment  
More efficiency

Produce more and better, with productivity above Brazilian average

Productivity achieved with planting in mature soils

99% of planted area not irrigated

Jobs created and profit shares for employees

Proximity with local people; investments in local infrastructure

Governance and transparency: 10 years listed on B3 Novo Mercado

VALUES ► INTEGRITY ► PASSION FOR WHAT YOU DO ► LASTING RELATIONSHIPS ► SUSTAINABLE RESULTS



## WHO WE ARE

# Our forms of capital



### FINANCIAL CAPITAL

Our main uses of financial capital are: as working capital for the business; and for investment. A very large percentage of Brazilian agribusiness has its financing of each crop provided by the government. SLC Agrícola is developing a model for non-dependence on government sources.



### MANUFACTURED CAPITAL

One of the most important components of assets – owned by ourselves or by others – is our infrastructure: the equipment and logistics that we use, over the whole of the production and sale process, to produce agricultural commodities, in six states of Brazil, that are directly or indirectly exported to more than 20 countries.



### INTELLECTUAL CAPITAL

Behind the high standards of productivity, management, efficiency, innovation, and research are the skills and capacity of our employees and partners as employed in generation of knowledge, sustaining the Company's evolution into a future position as world leader in efficiency in agriculture and respect for the planet.



### HUMAN CAPITAL

A cohesive, trained and motivated team, ready to take on challenges, is one of our principal competitive differentials, and is the basis for the standardization of processes that leads to our high performance. Investment in human capital through qualification, security and opportunities gives us confidence in the returns on the other forms of capital.



### SOCIAL AND RELATIONSHIP CAPITAL

The relationships that are created from our interaction with the local communities neighboring our operations – as they host and are affected by our activities – along with our ethical and legal commitment, are a strong form of capital – which we earn by helping with economic development, and in our strict environmental and social compliance.



### NATURAL CAPITAL

For an industry that operates in the open air, the environment is the greatest and most valuable form of capital. This vision orients good agricultural practices – leading to higher fertility, and stability of the soil; seeking ways to reduce chemical inputs, and environmental impacts; and works in favor of preservation and balance of the ecosystem.





# Doing more, and doing it better

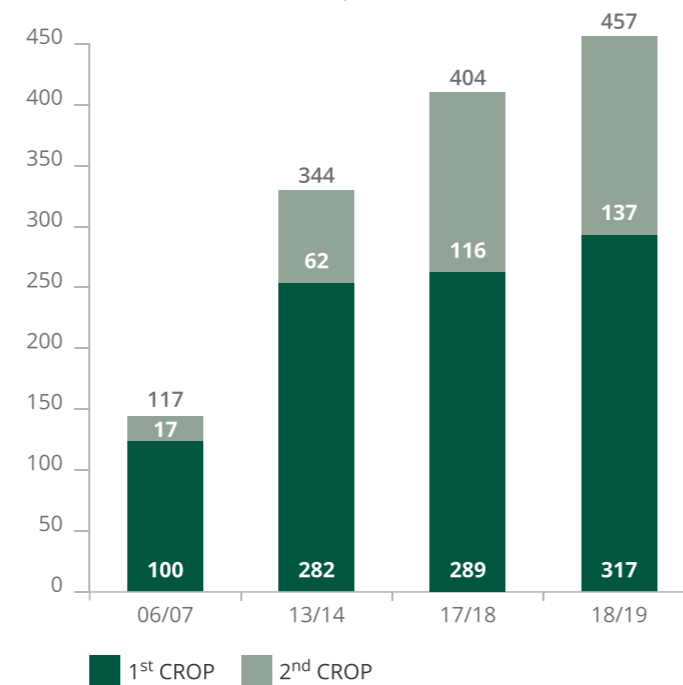
SLC Agrícola invests in a system that takes place on a large scale, with innovative technologies, standardization of processes in its production plants, and social and environmental responsibility.

In parallel, the high productive potential of the land is maximized by sustainable handling practices and enhancement of the soil.

To these are added incorporation of new technologies, which work in conjunction with our skills and training activities, further increasing both the financial gains and quality of the operations. The result is growing productivity gains, with lower operational costs, and better application of inputs – in turn making enabling sustainable development.

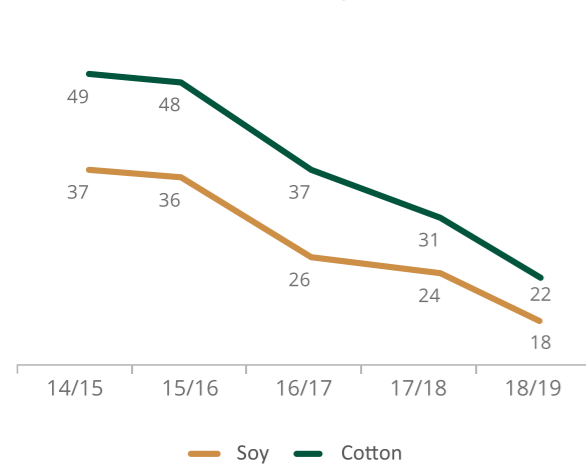
## MAXIMIZATION OF USE OF ASSETS

Planted area (1<sup>st</sup> + 2<sup>nd</sup> crops) – '000 ha

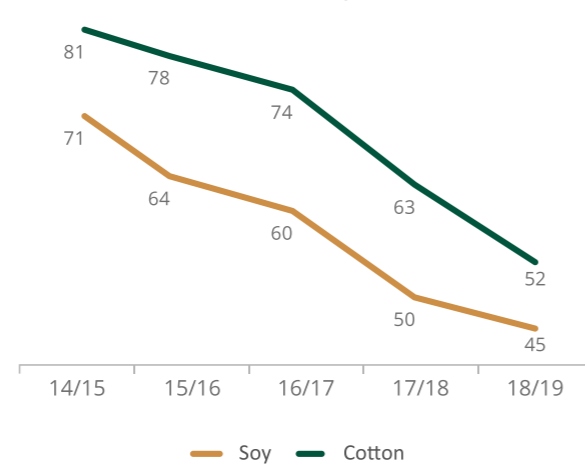


## HIGH EFFICIENCY

PLANTING AT THE IDEAL INTERVAL  
Average planting time (days)



FASTER HARVESTING, TO AVOID LOSSES  
Average harvesting time (days)



# Our values guide our strategies

GRI 102-13, 102-16



It is SLC Agrícola's values that guide the whole of its strategic management, and also its policies for relationships with clients, suppliers and other stakeholders. We group them here to show how they are connected to each other and give each other mutual strength.

PASSION FOR WHAT ONE DOES generates commitment and a permanent quest for maximum

quality – this is an imperative that obeys and responds to a rigid code of ethics, which is responsible for the INTEGRITY of every action. Summed together, this attitude establishes LASTING RELATIONSHIPS between stakeholders, producing SUSTAINABLE RESULTS, which are at the same time economically viable, socially just and fair, and environmentally responsible.







# Climate change protection

GRI 305-1



SLC Agrícola uses unirrigated farming on 99% of its planted area; the 16 farms that it operates are in regions with stable rainfall profiles, and have a very low need for irrigation. Studies of rainfall history and other climate data are made before any new acquisition or lease of land, and guide that decision. The aim is to locate in regions where the full need for water is supplied by rainfall.

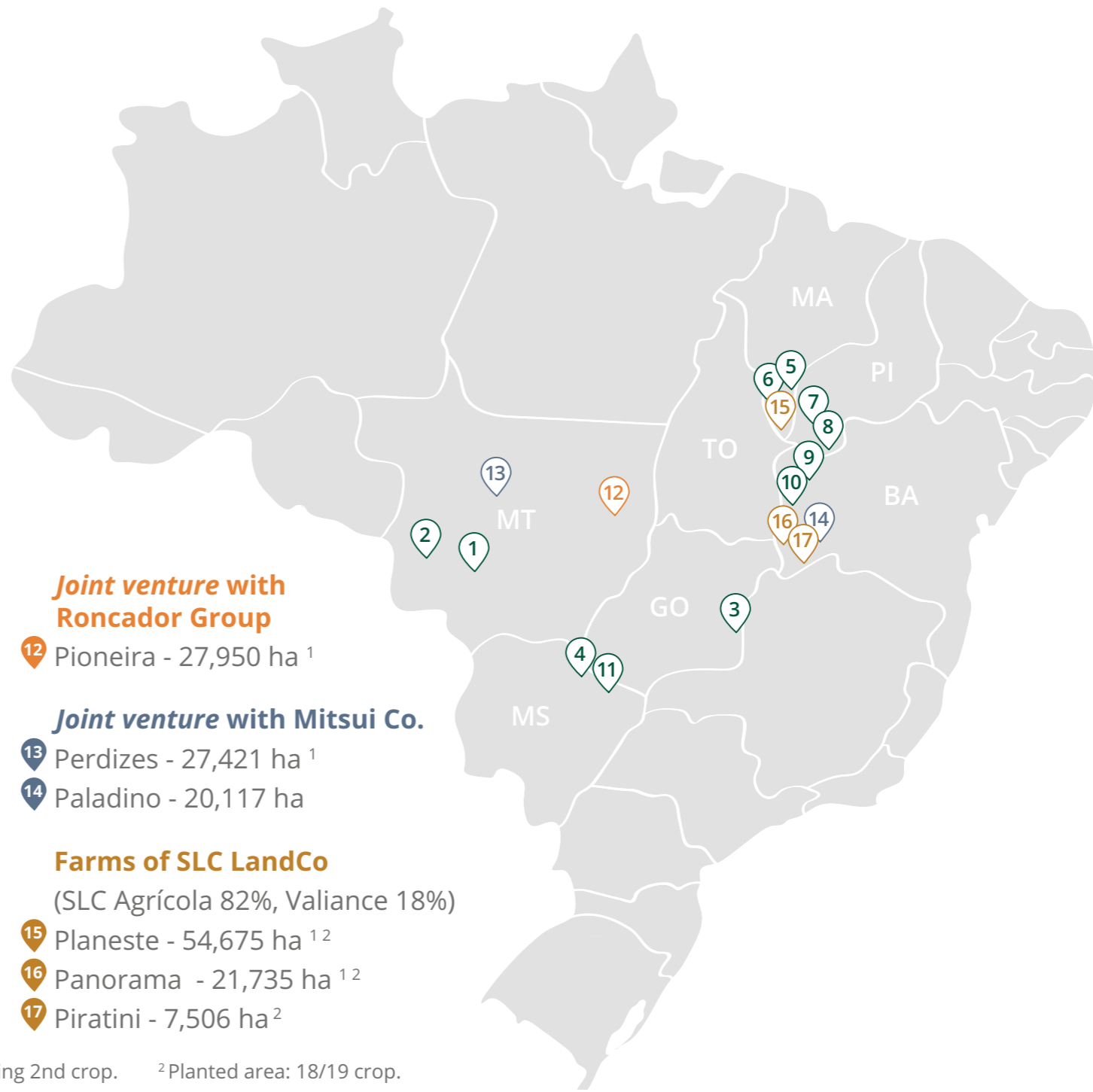
Percentage of planted area not irrigated **99%**



- Property of SLC Agrícola**
- 1 Paiguás - 66,805 ha <sup>1</sup>
  - 2 Planorte - 31,816 ha
  - 3 Pamplona - 21,455 ha <sup>1</sup>
  - 4 Planalto - 22,262 ha <sup>1</sup>
  - 5 Parnaíba - 44,242 ha <sup>1</sup>
  - 6 Palmeira - 22,530 ha <sup>1 2</sup>
  - 7 Parnaguá - 9,399 ha <sup>1</sup>
  - 8 Paineira - leased
  - 9 Parceiro - 14,334 ha <sup>1</sup>
  - 10 Palmares - 23,864 ha <sup>1</sup>
  - 11 Pantanal - 41,343 ha

- Joint venture with Roncador Group**
- 12 Pioneira - 27,950 ha <sup>1</sup>
- Joint venture with Mitsui Co.**
- 13 Perdizes - 27,421 ha <sup>1</sup>
  - 14 Paladino - 20,117 ha
- Farms of SLC LandCo**  
(SLC Agrícola 82%, Valiance 18%)
- 15 Planeste - 54,675 ha <sup>1 2</sup>
  - 16 Panorama - 21,735 ha <sup>1 2</sup>
  - 17 Piratini - 7,506 ha <sup>2</sup>

Planted area: 18/19 crop. <sup>1</sup>Units, including 2nd crop. <sup>2</sup>Planted area: 18/19 crop.





# Recognition in 2018

In 2018 SLC Agrícola achieved an outstanding position, for the seventh year running, in *Institutional Investor* magazine's annual ranking of investor relations best practices and best professionals in Latin America – based on a survey of 450 analysts and fund managers. It also received the *Top Ser Humano* prize awarded by the Brazilian Human Resources Association (ABRH-RS), for its *Semear – Semeando a Inclusão* ('Sowing for Inclusion') Program, which deals with actions to include disabled people in the work environment. The table on the right lists all the awards received by SLC Agrícola in 2018.



## ORGANIZER

## AWARDS IN 2018



ANEFAC-FIPECAFI-SERASA-EXPERIAN  
2018 *Transparency Trophy*

Transparency Trophy



*Institutional Investor* magazine,  
*Best Companies in Agribusiness*

1st place – Sustainability Reports – best ESG/SRI METRICS  
2nd place – Best CEO – **Aurélio Pavinato**  
2nd place – Best CFO – **Ivo Brum**  
1st place – Best IR Professional – **Frederico Logemann**  
1st place – Best IR Team  
3rd place – Best IR Program  
2nd place – Best Analyst Day



IR Magazine *Brazil Awards 2018*

Best Investor Relations Program (Small Caps companies)



*Farm of the Year Award*

Best Corn Producer



*Amanhã* magazine

1st place – Net Revenue, farming sector



*Best in Agribusiness*, organized  
by *Globo Rural* magazine

1st place – Farming Production



*Isto é Dinheiro* magazine

Best Company – Agribusiness (farm production)



*Valor Econômico* newspaper

Careers Award – 4th place, companies with 1,501-3,000 employees



ABRH-RS

*Top Ser Humano* Award, for the *Semear* Program:  
"Sowing Inclusion, at SLC Agrícola"



## WHAT WE DO

# An open-air industry

GRI 102-2



SLC Agrícola seeks to generate and capture value, with a forward-looking strategic focus. This positioning is reflected in sophisticated planning, carried out individually for each crop and season, and strategic investments in development of people, machinery and research – aiming to achieve ever-increasing, disruptive innovation. This means objectives of increasing productivity, while at the same time continually moving in the direction of a more sustainable agriculture. It also means prospecting for new business activities and opportunities, such as the creation of *SLC Sementes* ('SLC Seeds') in 2018. From these actions the Company reaps results that position it among the largest of the farm producers in Brazil.

SLC Agrícola's operation is, in practice, an open-air industry. It produces and sells agricultural commodities, while at the same time aiming for real estate gains from increases in land values. One of the aims of its agricultural planning is to minimize climate variables, and biotic and abiotic effects. These analyses are made by specialists in various areas – the team has PhDs in soil fertility, crop science, weed and insect science, and precision agriculture and plant physiology.

The aim is to have completely integrated planning, to achieve the best technical/economic efficiency, within the limits of management of crop financing, and with the complexity of the natural environment. For SLC Agrícola, sustainability is fundamental for the equilibrium of this ecosystem.

## PRODUCTIVITY ABOVE AVERAGE

In recent years SLC Agrícola has achieved growing levels of productivity, with indicators above the Brazilian average. One of the factors in achieving new levels of productivity has been its emphasis on good farming practices – currently, 99% of its planted areas are on land described as mature – cultivated for at least 3 years.

New productivity targets are projected with each crop, including plans for genetic improvements, as a result of the introduction of varieties that are more adaptive and have greater potential for each region, and also improvements in soil fertility and biology.

Genetic enhancement has been one factor helping to achieve new levels of productivity, and this is reflected in our *relationship capital* – with suppliers, in a mutually beneficial process. SLC Agrícola tests varieties that help to improve its productive performance, and also improve the supplier's gain from seeing reliable results, and from association with the Company's good reputation.



**Champions of productivity: see the Management Report**

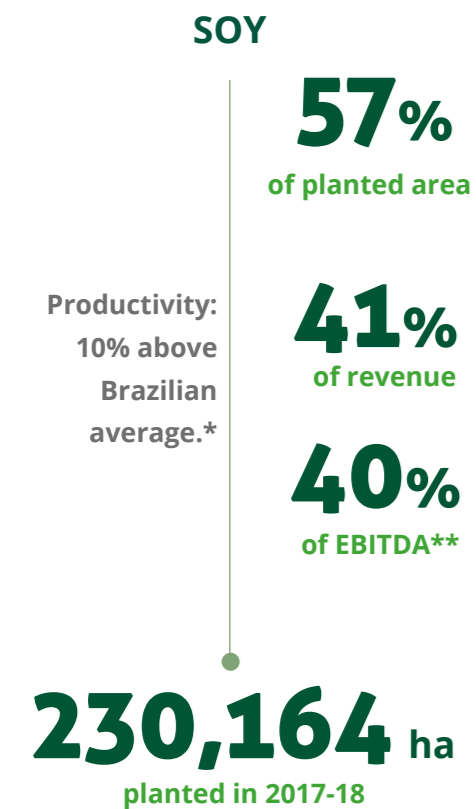
Planorte Farm – Brazilian State of Mato Grosso





## SOY

As well as being the principal crop by planted area, with a significant role in the Company's financial performance, soy also provides benefits to other crops, helping in biological fixation of nitrogen, and recycling of nutrients. As a result, when climate conditions are favorable, after harvesting the soy crop the soil can be used to grow a second crop, of cotton, corn, sunflower, sorghum, or other cultures.



\*Source: Conab. \*\*2018.

## COTTON

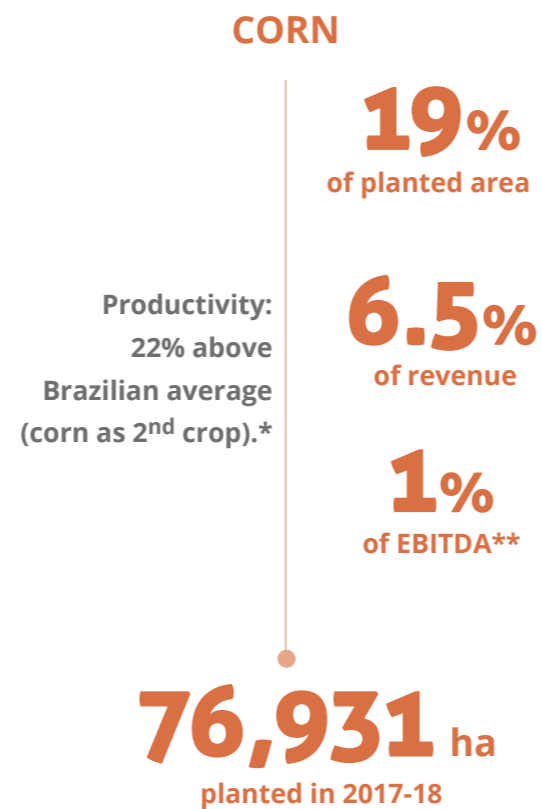
Cotton has high added value, and is SLC Agrícola's leading product in profitability. This is why the Company has been expanding its area under cotton, in line with its strategy of investing in higher-added-value crops. It is also the crop that generates most jobs, due to its longer production cycle, the type of treatment, and the need for greater attention in handling.



\*Source: Conab. \*\*2018.

## CORN

The inclusion of corn in the crop rotation system creates benefits from the accumulation of straw and husks, which, over the years, increase the level of organic matter and enhance the soil microfauna and microflora. At the same time, by contributing to the Company's total planted area, it helps optimize funding, and reduction of fixed costs.



\*Source: Conab. \*\*2018.





## MAXIMIZING USE OF ASSETS GRI 305-1

The growth of our planted area in 2018 was basically due to an increase in planting of second crops, and leasing. At present we are giving priority in our planning to second crops, centering on cotton – aiming to enhance both financial performance and soil fertility. The cotton crop leads to higher fertility and fertilization of the soil, which is beneficial to the other crops over the production cycle in that a smaller quantity of the nutrient that the crop needs is lost from the cycle.

Crop rotation adds an additional advantage – it is a natural way to increase biodiversity and prevent multiplication of pests. By varying the crops that host different types of pests, this practice breaks the cycle of reproduction of agents that cause diseases in crops, such as nematodes.

This reduces the need to use weedkillers, thus reducing both costs and impacts on the environment. SLC Agrícola is developing increasingly deep studies, researching biological and organic products, in its quest to achieve more sustainable agriculture, with reduced use of chemical products. The second crop, having a lower period, is usually cotton or, especially, corn. This option is valid only in areas with favorable climate conditions – in the appropriate periods in the farming zones of Mato Grosso, Mato Grosso do Sul, Goiás and Maranhão.

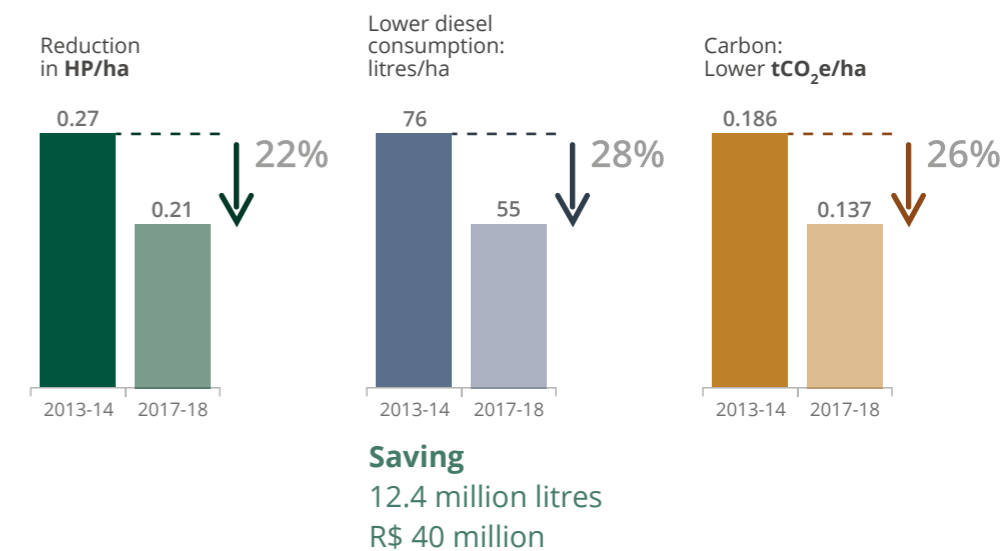
An element that is closely associated with the balance between efficiency, cost saving and mitigation of environmental impacts is machinery. With constant investment in renewal of the fleet, it has been possible to increase the efficiency in use of machines and equipment – achieving a 22% reduction in the HP per planted hectare ratio, with equivalent reduction in greenhouse gas emissions. In the last 5 years, we have reduced diesel consumed per hectare by 28%. This is a significant cut in consumption of fuel per hectare – and today provides an annual reduction of R\$ 40 million in expense on diesel fuel.

### Paiguás Farm – Brazilian State of Mato Grosso



## MAXIMIZING USE OF RESOURCES, REDUCING ENVIRONMENTAL IMPACT

**The reduction in the tractor HP/ha ratio reflects in much lower fuel consumption and greenhouse gas emissions. We expect the ratio to fall to 0.15 HP/ha in the future.**



**Process of continual improvement**

Continuous 'time and motion' studies  
More precise scaling of the capacity of each machine to ensure maximum performance with highest availability for use.



# Technology to anticipate market demands



At the end of 2018 SLC Agrícola formalized its innovation and technology practices with the creation of its *Innovation and Technology Assessment Committee* (CAIT).

This Committee now has the responsibility for directing initiatives to improve processes and add value. An example is the creation of a new decision tool for choice of varieties of soy, in partnership with a company from Brazil's southern state of Rio Grande do Sul.

This technology, applied exclusively by SLC Agrícola, uses structured historic research and production data, as well as public data, to develop algorithms based on statistics and AI methods. The concept is to bring data scientists together with crop and plant scientists, to create a predictive model for crops and optimization of planting. The benefits are increased productivity, lower risks of production, and maximized profitability.

## CONCEPT PROOFS FOR TECHNICAL VALIDATION

Over the year of 2018, 15 suppliers have been mapped and classified, and 20 technologies – including software, sensors, machines and Agtech processes – have been tested.

A budget of R\$ 20,000 was allocated for each of these tools, and each subjected to a proof of concept, to achieve technical validation and a proposed added value. A further 15 innovations are expected to be tested in 2019.

Before the creation of the committee, SLC Agrícola has always taken the view that, in its business strategy, partnership with suppliers in the chain provides competitive advantages in that it enables the Company to accelerate application of new technologies on the farms, anticipating market demands. For suppliers, the partnership is equally advantageous, since they gain the reputation and credibility of a company that is widely recognized in the market – such as SLC Agrícola – which validates the efficacy of their products.

# Innovation to mitigate environment impacts and costs:

## WEEDit

The *WEEDit* sensor technology enables localized application of pesticides – reducing the total volume used in an area by an estimated 10%. In some situations (e.g. control of weeds in the post-harvest phase) the saving was as high as 90%.

## Strider

Another evolved success: *Strider* is a georeferenced monitoring platform that creates maps of levels of infestation by pests and diseases. With these maps, it is possible to send information directly to the sprayer at the crop site, enabling the machine to read the data and apply the product only where there is a certain level of economic damage from pests or disease. This tool is being used in 16 of the Company's units: a total of 457,000 hectares being monitored by this technology.

Application of new technologies ensures increasingly effective use of resources, mitigating impacts on the environment, and saving on costs.



**2017 | Pilot**  
Panorama and Piratini Farms (Bahia)

**2018 | Expansion**  
Panorama and Palmares Farms (Bahia), and Parnaíba (Maranhão)



**2017 | Pilot**  
Pamplona Farm (Goiás)

**2018 | Expansion 16 farms**

**457,000 ha with geographic monitoring**

**180 farm technicians using the app on tablets every day**



## GROWING OUR INTELLECTUAL CAPITAL

Our development of innovation is sustained by our internal research areas, and plays a preponderant role in our continuous quest for high performance, operational efficiency and market leadership.

For the 2016–17 crop, the physical area of testing expanded, even though the number of farms used for experiment was reduced in the period – indicating the Company's capacity to optimize use of land.

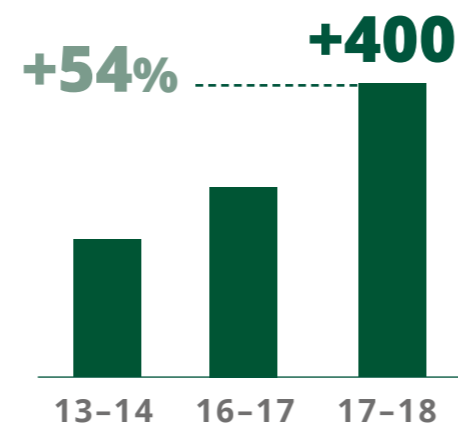
The amount of land physically allocated to research was increased from 1,292 hectares, in the 2016–17 crop, to 1,319 hectares in 2017–18. (Starting with 2018 we will report the planted rather than the physical area.)

The expansion in research area was greatest in the Perdizes and Planorte Farms, in the Center-West, and the Palmares Farm, in the Northeast.

A more significant figure is the number of experiments in progress – which rose to over 400 for the 2017–18 crop: up 18% from the previous crop. This number of experimental tests has risen by 54% in the last five years – a demonstration of the optimization of the area under research in all the production units.

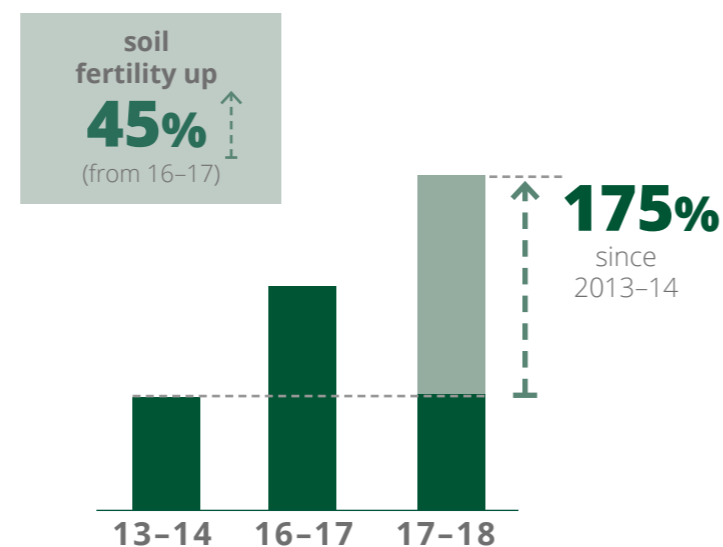


Number of experiments 2017–18 crop



Overall, in our agronomy research, the experiments and studies on optimization and enhancement of the soil are now becoming the most numerous. In the last 5 years the number of studies devoted to soil fertility has had the highest growth – of 175%.

Growth in number of research lines 2017–18 crop



## MAIN INNOVATION PROJECTS IN PROGRESS

### 1 CLIMATE FIELD VIEW

**Where:** The Panorama Farm (Bahia), Perdizes Farm (MT)\*, and Parnaíba Farm (MA)\*

Monitoring seeding operations

Surveying of ground-level spraying and harvesting enables faster decisions, and correction of agronomic or operational problems

(\* ) Implemented 2018

### 2 OPERATION CENTER

**Where:** Panorama Farm (BA). 2019 target is 3 farms: Palmares (BA); Parnaíba and Planeste (MA)

Standardization of data in all units

Collection of information on plant and crop treatment – which could not be visualized previously

Visual presentation of operational failings and possible problems

Web tool and app available to consult data

Daily summary of operations carried out

### 3 DIGITAL MACHINE COORDINATION

**Where:** Farms Pamplona (GO), Planalto (MS), Planorte (MT), Panorama (BA)

Manual activation of farming operations replaced by digital

Faster and more reliable data collection

Lower fuel and maintenance costs

Lower emission of pollutants

Greater operational safety

### Training of the research team

The Company's positioning on innovation reflects in the number of hours of training courses undertaken by employees involved in research in the 2017–18 crop: up 119% from the previous year.

2017–18 crop

**3,681 hours**

Average: more than 60 h/person/year

**119%**

Higher than in the 2016–17 crop

## GLOBAL CONNECTION, LOCAL BENEFIT



Connectivity is key in implementation of digital technology programs on SLC Agrícola's farms. In 2018, the Company tested implementation of 4G technology coverage to take quality internet signal to the whole of the Panorama Farm in the State of Bahia.

After the exercise, the project was implemented definitively at Panorama and may be expanded to two more production units in 2019. The total investment was R\$ 1 million.

Signal coverage is vital to ensure digital technology projects are operational, and to enable online training at SLC Agrícola's farms. The infrastructure also benefits local communities, suppliers and professionals working close to the Company's production units, in that they get 4G telephone service.

## CERTIFICATIONS ENSURE QUALITY OF STANDARDIZED, SUSTAINABLE PROCESSES



SLC Agrícola has been a benchmark in certification of efficient processes that are environmentally responsible and socially fair.

This positioning shows the Company's commitment to exceeding its legal obligations – aligning with best practices in environment, occupational health/safety, and social responsibility; at the same time, certifications help expand access for SLC Agrícola's products to demanding markets such as Europe and Asia, enhancing the Company's financial return.

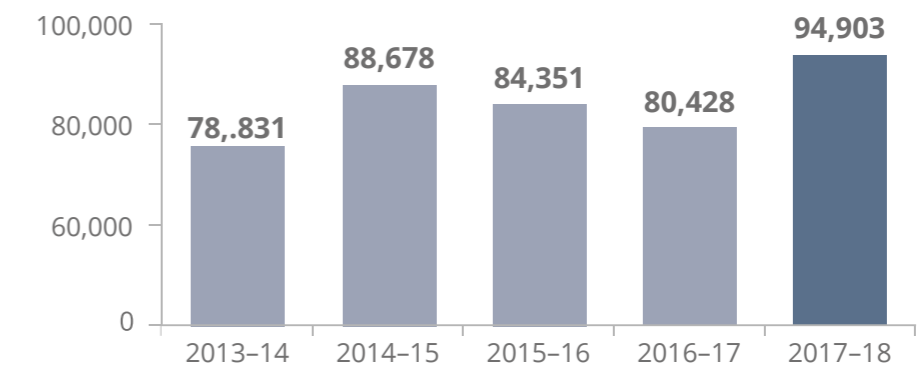
In 2012, the Planalto Farm (MS) became the first unit in Brazil's farming sector to be certified in all three of: ISO 14001 (environmental management), OHSAS 180001 (occupational health/safety), and NBR 16001 (social responsibility).

Since then, in a bold and pioneering approach, the Integrated Management System has been working simultaneously with these three rule bases in processing certification of SLC Agrícola farms.

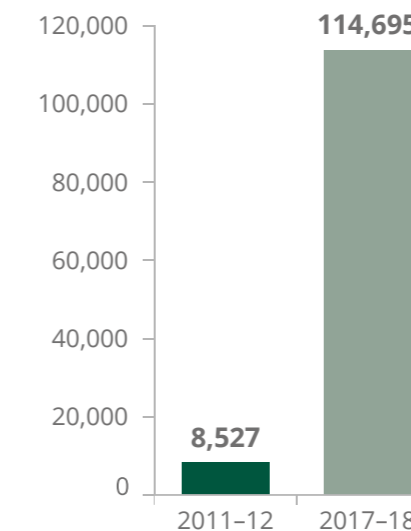
In 2018 the Perdizes unit (in Mato Grosso) became the group's eighth to obtain Integrated Management System (SGI) certification; and recognition of the Company's quality policy processes grew further with the achievement of its target of getting two new farms certified in 2018: Panorama (BA) and Pamplona (GO). A total of 5 units have now been certified since 2016.

On a separate front, SLC Agrícola is working on certification of products – achieving the principal best practice certifications for cultivation of soy and cotton.

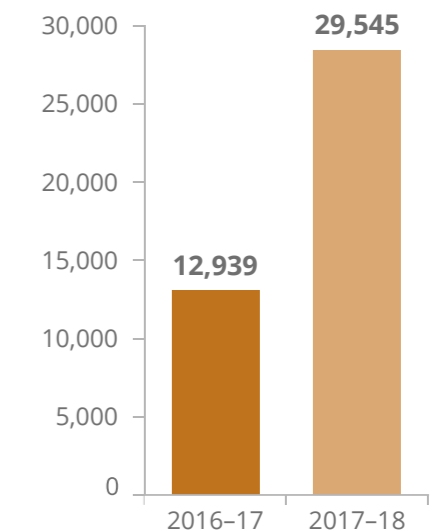
**CERTIFICATIONS OF COTTON –  
ABR/BCI AREA CERTIFIED BY CROP**  
(HECTARES)



**AREA CERTIFIED – RTRS**  
(HECTARES)



**AREA CERTIFIED – PROTERRA**  
(HECTARES)



Certification of soy

Certification of cotton



## PROCESSING WITH TRACEABILITY

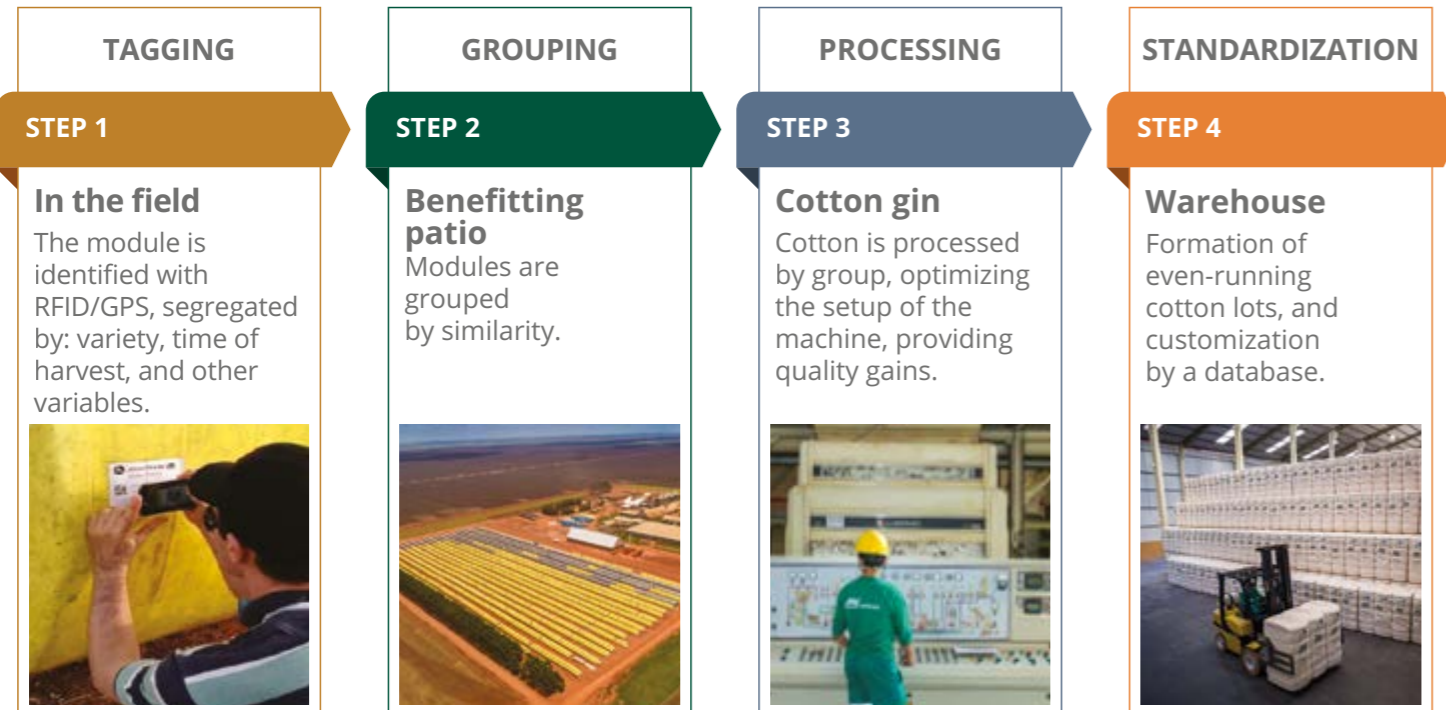
Efficiency in the state of processing and silo warehousing is one of the main competitive factors in quality of grains and fibers, and thus in client satisfaction.

For cotton, standardization of lots, resulting in homogenous bales, reduces waste and increases the productivity of companies that acquire the product from SLC Agrícola. At present, only SLC Agrícola, and Boswell of the US, meet this standard of demand.

SLC Agrícola has developed a system – called QBEN, and derived from knowledge and experience developed by the Company’s own intellectual capital – that traces the product from the field, through processing, and thus gives the process higher quality, as well as speed.

## TRACEABILITY OF COTTON: FROM THE FIELD TO STANDARDIZED LOTS

With its proprietary software, developed in-house, SLC Agrícola manages the whole of the process and is able to ensure standardization and speed, for customized deliveries.




**Grains: soy, corn, wheat, sorghum, sunflower**

**Processing**  
**19** grain processing units

**Warehousing**  
 Capacity: **761,400** tons


**Cotton**

**Processing**  
**6,000** bales/day\*

**Warehousing**  
**435,000** bales (lint)  
**43,300** tons (seed)

\* Forecast, since closure is in March 2019.

## Processing of cotton



# Sales

## GRI 102-2, 102-6

SLC Agrícola, as a producer of agricultural commodities, sells grain to the Brazilian and world markets through trading companies, usually for Chicago Board of Trade (CBOT) prices, quoted in dollars. Cotton is sold both directly and indirectly, referenced also to pricing of futures on the US Intercontinental Exchange (ICE) in New York.

According to Brazil's foods regulator, Conab, SLC Agrícola produced 10.3% of the country's cotton output from the 2017–18 crop; and according to ICAC (the International Cotton Advisory Committee), sold 17% of Brazil's total cotton exports. In just one export market – Indonesia, one of the biggest buyers of Brazilian cotton – 22% of all transactions were carried out by SLC Agrícola.

Since 2010, the Company has been enhancing and sophisticating its process of direct sale for cotton, mainly with a view to the Asian market. This requires development of a complex process, since 100% of deliveries to destinations are made by the Company itself – which is constantly seeking improvement of its management and sales services.

Before each crop there is painstaking planning, of the entire operation for the period, from the product leaving the farms up to delivery to the final client, involving the various modes of logistics involved and supported by the QBEN System, which ensures traceability for each lot over the whole of the process.

## GRI 102-7

**2018 Net revenue** UP **13%**

2018 | **DOMESTIC MARKET**

**11.2%**  
of net revenue

2018 | **EXPORT MARKET**

**88%**  
of net revenue

## GRI 102-6

### 2018 export destinations of SLC Agrícola cotton in 2018 (% by volume)

Indonesia	32.9%
China	29.0%
Vietnam	8.5%
Bangladesh	7.3%
Malaysia	7.0%
South Korea	4.1%
Thailand	3.7%
Turkey	3.4%
Pakistan	2.2%
Japan	0.6%
Other	1.4%



Find more information in the **Management Report**

## Planeste Farm – Brazilian State of Maranhão





# Seeds: a new business of SLC Agrícola

GRI 102-2



In 2013 SLC Agrícola began producing soy seeds certified for its own production. With the success of this, in 2018 it began marketing part of this production, with licensing of the brands *Monsoy* and *Brasmax*. With this came a new company: SLC Sementes, very much in line with the Company's Long-Term Vision: "To positively impact future generations, through global leadership in agribusiness and respect to the planet."

With this new business area, SLC Agrícola aims to provide Brazilian producers with access to the best varieties, allied to a knowledge sharing service supported by decades of experience in the Brazilian Cerrado. To achieve this aim, its research areas support the work of evaluating and selecting the best cultivars existing in the market, categorized by productive potential, cycle, agronomic characteristics, and the biotechnologies that give them best returns.

At the same time the Company is expanding its portfolio in line with its business strategy, optimizing assets and ensuring successful scale. In 2018, SLC Sementes issued licenses for eleven cultivars. In terms of strategy, this is also a growth in higher added value product, in line with the Company's Long-Term Vision, bringing together efficiency in the farming business and sustainable practices.

Parnaguá Farm – State of Piauí



# Appreciation of real estate assets

In its first three decades, SLC Agrícola concentrated on gradual acquisition of arable lands in the region of the Brazilian Cerrado, while at the same time consolidating a model of standardized production and high efficiency. The stock market listing in 2007 made possible a period of significant growth in planted area through leases and joint ventures, positioning the Company among the Brazilian leaders in agriculture, with standardized products, activities and processes, and productivity level higher than both Brazilian and world averages, at the same time that the Cerrado was becoming established as an important global farming region.

This evolutionary process enabled the Company to begin a migration toward what it calls an *Asset Light* business model, which resulted from the gains in real estate value obtained over the years, and priority for projects of leasing, adding traction to the capacity for growth. To promote this movement, the Company had the support of a high-performance production model developed with quality and scale. As well as the development and importance of the Cerrado in recent decades, the evolution of soil maturity was another significant factor in adding value to the Company's real estate assets – 99% of the 2017-18 crop was planted in mature areas – those under cultivation for at least three years.

In spite of their significant appreciation in recent decades, and their extremely high productive potential, the value of lands in the Cerrado is still considerably lower than that of rural properties in the other agricultural regions of Brazil, and other countries with farming tradition. However, as the infrastructure of the region develops (today, it is one of the principal obstacles), the tendency is for prices to level upward, based on the Cerrado region's potential for generation of income.

Currently SLC Agrícola has a landbank of 27,000 hectares. It has areas that are licensed, fully regularized and certified, and areas in which it is still taking the necessary actions for soil correction. Some of these expenditures are recorded as capex. No addition of new land properties was registered in 2018.



**99%**

of the 2017-18 crop was planted in mature areas, cultivated for more than 3 years

Increase in value of the Company's real estate

## USE OF OWNED AREAS

2017-18	
Category	Area ('000 ha)
Planted by SLC Agrícola	143
Land bank <sup>(1)</sup>	27
Preserved areas	99
Other <sup>(2)</sup>	26
Area leased to outside parties	11
<b>TOTAL</b>	<b>306</b>

<sup>(1)</sup> Areas able to be cultivated but awaiting licenses or undergoing soil correction.

<sup>(2)</sup> Main farm buildings, roads, and/or areas not able to be cultivated.

Pantanal Farm, Mato Grosso do Sul (MS)





## PEOPLE AND COMMUNITIES

# A cohesive and motivated team

GRI 103-1, 103-2, 103-3, 401-1



For SLC Agrícola, the level of its employees' qualifications, performance and commitment is a competitive differential for achieving high-performance results in its units. The Company continuously invests in human training and development programs, which not only create career growth opportunities, enhance operational efficiency of processes, and help maintain a safe working environment – but also result in formation and preservation of a cohesive and motivated team, ready to take on challenges.

On December 31, 2018, the Company had a total of 3,511 contracted employees and temporary workers, in seven states of Brazil. The increase from 2017 reflects acquisition of a new unit in Mato Grosso do Sul. The average number of workers under

temporary contract in the year was 823. **GRI 102-8.**

The Company monitors turnover monthly, also setting targets for each production unit. The overall indicator has been significantly reduced – from 39.7% in 2013 to 15% in 2018; the target for 2019 is to keep it at 15%.

As policy, the Company seeks to remain attractive, practice clear and transparent remuneration that establishes fair value compatible with its size and the local context in each region – while also recognizing people with differentiated performance. **GRI 202-1**

## HELP WITH DISEASE PREVENTION GRI 401-2

The Company's benefits package targets prevention of illness, enhancement of wellbeing, and improvement of the quality of life of employees and their families, 24/7. Benefits include health insurance, dental insurance, life insurance, funeral assistance, reimbursement of medical and medication expenses, refectory meals and meal vouchers, education assistance payment (for regular teaching, graduation, specialization and languages), working agreements with universities, and, in 7 units, gym and other partnerships. The package also includes profit sharing, a jobs and salaries plan, the possibility of training at the Company's *Leaders' Academy*, and a succession plan.

## WORKING ATMOSPHERE RESEARCH GRI 102-43

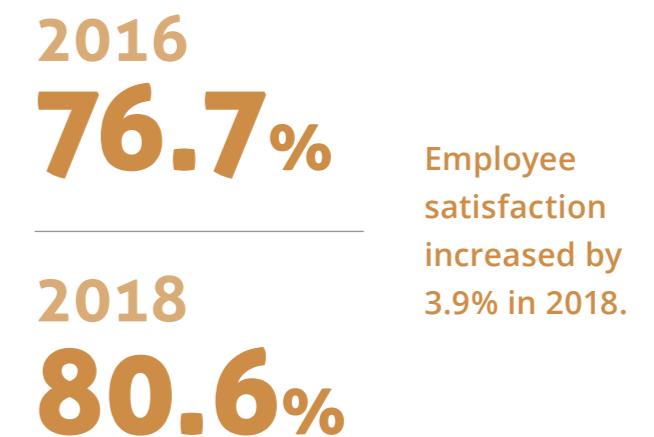
A key component in the formulation of SLC Agrícola's people management strategy is the organizational climate. The PENSA organizational atmosphere survey is held every two years, to monitor employees' degree of satisfaction. In 2018, the percentage was 80.6% (3.9% higher than in the 2016) – this places SLC Agrícola among the best companies in the market in terms of excellence in the working environment and the initiatives taken in people management.

The quality of SLC Agrícola's organizational climate was also recognized with the *Best In Managing People* award by the Mercer organization (a global leader in HR consultancy), in partnership with *Valor Econômico* newspaper.

## Overcoming prejudices

SLC Agrícola gives particular value to having disabled people among its employees – it believes this stimulates diversity between professionals, while opening opportunities for individuals' growth. In 2018 it received the *Top Ser Humano* award given by the *Brazilian Human Resources Association (ABRH-RS)*, for its *Semear* Program – *Semeando a Inclusão na SLC Agrícola* ('Sowing Inclusion at SLC Agrícola'). This program covers actions of inclusion such as a development plan for participants, awareness courses for leadership personnel, production of booklets, videos, lectures, workshops and training, and also contracting of interpreters for Brazilian Sign Language (acronym 'Libras') at meetings and training courses. These actions have resulted in higher retention of disabled people in the Company.

## EMPLOYEE SATISFACTION INDEX





# Competencies: technical and behavioral

GRI 103-1, 103-2, 103-3, 404-1, 404-2, 404-3



In line with its Long-term Vision, the Company's skills and training projects seek to achieve integrated development of its staff's technical and behavioral competencies to handle the challenges of technological innovation.

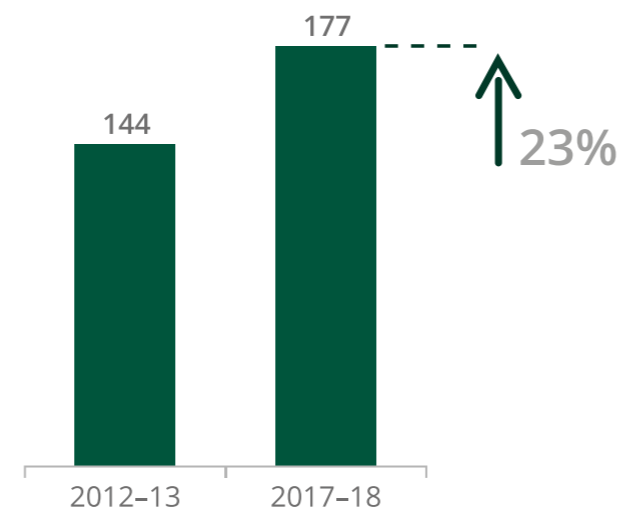
*The increased role of digital farming in the professional environment resulted in the company creating two new job description areas in 2018: Production Planning and Control (PCP), and Digital Agriculture Planning and Control (PCAD) – two areas with responsibility for correct working of new technologies in the production process.*

**PCP**  
**PCAD** | **24** jobs created to work in digital agriculture

Each employee in PCP received 75 hours of training. For PCAD the total was 67 hours. These were 24 new jobs – 12 in PCP and 12 in PCAD. Four employees carry out functions in both areas.

At the same time, the certifications achieved in recent years have been generating a 'virtuous cycle' in the Company – on the one hand, the efforts at standardization of processes lead to enhancement of the training program, seeking maximum safety and high performance; and on the other, the continuous acquisition of skills by employees generates an increasingly safe working environment, with growing levels of efficiency and productivity.

**HECTARES PER EMPLOYEE**  
Production, process and administration





To expand skills in an environment of change, SLC Agrícola's training activities include an extensive portfolio of programs (in-person and online) over a wide range of areas – including among others: Knowledge Management, Manager Development, Development Matrix, Trainee and Intern Programs, Junior Manager Program, Mentoring, and Executive Coaching.

In particular, the initiatives to expand access to digital technology have made a decisive contribution to employees' skills, acquisition and updating. One highlight is the implementation of "Digital Inclusion Spaces" on the farms, where employees acquire skills in use of the new technological tools – including web searches and research, institutional training and adult learning/ distance learning (AL/DL) modules.

## DIGITAL INCLUSION SPACES

**2017** Pilot Project –  
Palmares Farm (BA)

**11** hours web research  
**297** hours: training  
**AL/DL** 25 people

**2018**

**611** hours/web research  
**2,488** hours/ training  
**13** spaces created  
**3.08** hours/ participant

**2019**

**2**  
spaces  
created

## INCREASE THE COMPANY'S INTELLECTUAL CAPITAL

The quest for innovation also takes the form of increased training by SLC Agrícola's research team: during the 2017–18 crop they provided 3,681 hours of training, an average of 58 hours per person per year. This is 119% more than the volume of training given during the previous crop.

### TRAINING IN RESEARCH



**2017–18 crop**

**119%**

Increase in total  
training hours  
from prior year

Optimization of technological resources has enabled the Company to offer 11 distance learning courses in 2018, and plan a further 16 activities of this type in the first half of 2019. Of the total of 27 courses, 13 are targeted for all employees, and the others are designed for specific publics, in accordance with the technical and behavior profile of each activity.

In this environment of innovation the HR solutions platform *SuccessFactors* – which operates in the cloud, on mobile devices or computer – has intensified the volume of teaching and construction of digital competencies. It keeps records for

previous training programs, has catalogues of online courses, links and programs available, and accepts requests for new training activities. It also allows employees to manage the development of their own professional career with a more protagonist attitude. *SuccessFactors* was launched in December 2018, replacing two systems previously used: *Analisa* (training records), and *WebAula* (online teaching).

## ENHANCING LEADERSHIP MEANS: GUARANTEEING DEVELOPMENT OF THE BUSINESS

Each production unit is responsible for preparing its annual training budget for both mandatory and technical courses, and monitors the investments made every month, under the supervision of the head office.

The corporate programs are in corporate HR management and planning. Training courses have a structured calendar reflecting crop-related activities, employees' needs, and the demands of each area.

Once a year, every employee goes through some formal process of evaluation. Senior staff are assessed using the *180° Cycle* system, with self-assessment, assessment by their line manager and assessment by the team that reports to them. Operational area professionals are evaluated for performance by their immediate manager. In both cases an Individual Development Plan (PDI) is prepared, with formal individual feedback. Finally, trainees undergo performance assessment every six months and, according to the results, a PDI is prepared for improvement of competencies.



# Safety with high productivity

GRI 103-1, 103-2, 103-3, 403-2



In the unceasing quest for zero accidents and continuous improvement in occupational health and safety indices, SLC Agrícola bases its procedures on the requirements of OHSAS 18001:2007 – which include: identification of dangers; assessment of risks; monitoring of legal requirements; and establishment of goals and targets. The aim is to eliminate or minimize risks to people and other stakeholders that might be exposed to any dangers associated with the Company's activities. Up to 2018, eight units had been certified to the OHSAS 18001:2007 standard. The health, quality and productivity (SQP) program, put in place in all the farms, connects employees' safety with product quality and processes in the quest for high productivity. Due to its initiatives to prioritize worker safety, in 2018 SLC Agrícola exceeded its target of having 5% of all employees on the SQP committees – the level achieved was 8.75%.

GRI 403- 1



SAFETY CULTURE

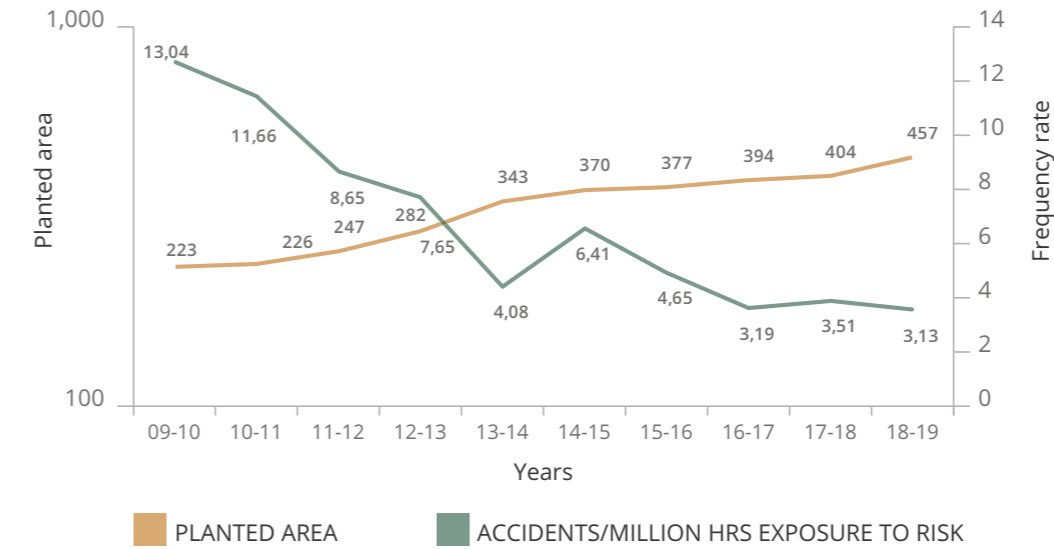
# 3.5

Accident Frequency Rate – below the Brazilian average of 7.4 (ILO 2011 data)

In parallel to this, the *Consequences Policy* was implemented in 15 farms, together with the 'Golden Rules' – setting guidelines for standardization of the processes of workplace health and safety in all operations. The *Consequences Policy* teaches good practices, as well as setting disciplinary sanctions for violations of pre-established rules and procedures. The Golden Rules set out principles, which if disobeyed can cause very serious material and occupational losses.

Rules were put in place during the year for recognition of units, sectors, teams, leaders and individual workers that are outstanding in preventive actions, and rules for punishment of non-compliant behavior or conditions that contribute to accidents. There were no deaths in the 2017 18 crop season. The accident rate, at 3.5 per million hours' exposure to risk, was lower than the Brazilian average, of 7.4 (ILO 2011 figures).

## PLANTED AREA AND ACCIDENT FREQUENCY RATE



*Improvement in Occupational Health and Safety processes and actions achieved a reduction in the accident frequency rate, in parallel with the increase in planted area.*

## WORKPLACE HEALTH AND SAFETY MANAGEMENT SYSTEM

PROGRAMS	INDICATORS
<b>Behavior safety program</b>	Accident Frequency Rate
This aims to make the employee reflect on possible consequences of non-compliances, increasing the perception of risk and the degree of engagement with safety.	Severity Index
	Safe Practices Index (IPS)
<b>Safety hour</b>	Number of behavior observations made
This is a period of one hour spent identifying non-compliances, and opportunities for improvement in the safety processes.	Volume of behavior non-compliances founds
	Percentage of non-compliances resolved
<b>Safe Practices Index (SPI)</b>	Level of absenteeism
Every month, a percentage is calculated representing employees' adherence to the safety rules and practices in their execution of tasks.	



SLC Agrícola has no occupations with a high incidence or risk of illness; but there are certain critical activities, for which the employees involved are submitted to occupational monitoring tests and specific legal training, that go further than instruction in internal operational skills. All possible steps are taken to mitigate or eliminate risks involved; but in spite of the efforts, the number of accidents with time off work was 15% higher than in the previous crop, indicating that good safety behavior practices, adjustment of unsafe conditions, standardization of processes and procedures, and further implementation of management systems will be intensified in each of the coming years. **GRI 403-3**



## Quality of life for communities



SLC Agrícola believes that growth and sustainability of the business depend on establishment of ethical relationships, and mutual gains, in relation to the communities that neighbor our production units.

On average 80% of the employees of our farms work in the regions close to the units. In the production plants the Company makes homes and lodgings

available, with temporary assistance for rent, and the residents' village has appropriate infrastructure and environment for families to develop relationships and mutual activities. Further, the proximity of the Company's operations helps to stimulate the local economy, generating income and improving the population's quality of life.

At the same time the Company's investments in roads, electricity and connectivity also result in benefits for the communities. An example might be construction of electricity transmission towers, or improved broadband transmission in the interior of the farms. This type of equipment, initially built to serve the demands of the Company, will later become part of the infrastructure available to the communities.



## SHARING EXPERIENCE AND KNOWLEDGE

The focus of the social actions supported by SLC Agrícola is in line with the Long-Term Vision of having a positive impact on future generations. In total, the Company invested R\$ 507,500 in initiatives favoring communities in 2018. Of this amount, R\$ 290,000 was under the *Rouanet Law*, R\$ 72,500 through *Funcrância*, R\$ 72,500 under the Sports Law, and R\$ 72,500 from the National Fund for the Elderly. The selection of actions to be taken undergoes assessment by Corporate HR, and is submitted to approval by the Executive Board.

As well as improving the quality of life of the local communities, SLC Agrícola encourages volunteering by employees, strengthening their citizenship consciousness. The *Socio-environmental Action Group* ('GAS'), comprising volunteers from all units, supports social projects developed under tax incentives and other, local initiatives. Examples of these actions are internal blood donor campaigns, projects to encourage reading, construction of fruit and vegetable gardens, and donation of school materials and food. The partnership with *Junior Achievement* also mobilizes volunteers, who receive prior training for application of their programs in the classroom. Two examples are the *Connected With Tomorrow* Program, and the *Community Leadership* Program.



**2018**

**R\$ 507,500**

invested in community support initiatives



## 'MudaMundo' – 'Change the World'

The strategy of prioritizing actions for education materializes in our projects such as *MudaMundo*: This project aims to disseminate ethical values for a public of first-to-fifth grade schoolchildren in the public school system. In 2018 this project covered four municipalities in Mato Grosso State: Querência, Diamantino, Sapezal and Porto dos Gaúchos.

### SCOPE

**4** workshops for teachers  
**10** presentations of the *MudaMundo* Theatre

### PUBLIC

**240** educators  
**5,000** children

### DONATIONS

*MudaMundo* Collection

**10,200** copies for schools

Activities Booklets

**700** copies for teachers

## PROGRAMS SUPPORTED BY SLC AGRÍCOLA

### Funcriança

In partnership with the institutions: *Kinder*, *Casa Menino Jesus de Praga*, *Santa Zita de Lucca* and *Lar Santo Antônio dos Excepcionais*.

### The Sports Law

**Educating for Sport**, of the YMCA of the State of Rio Grande do Sul.

**Life in Movement** (*Vida em Movimento*), of the Association for the Disabled APAE.

### Law for the Elderly

**Maturity Protected** (*Maturidade Protegida*), of SPAAN.

**A Look at Our Elderly** (*Olhar Sobre Nossos Idosos*), of the Santa Casa Hospital of Porto Alegre.





## MANAGING RESOURCES AND IMPACTS

# Good farm practices open the way to more sustainable agriculture

GRI 103-1, 103-2, 103-3



The concept of doing more, and better, involves a quest for the balance between the needs of production at scale, to meet demands for food, and at the same time the need to contribute to environmental preservation. SLC Agrícola's high-efficiency business model is based on reduction of non-renewable inputs, investments in agronomy research to reduce the application of chemical weedkillers, precision agriculture, and sustainable handling practices such as crop rotation.

The results of this effort to enhance and perfect the soil are seen in the fact that 99% of SLC Agrícola's planting is on mature soils – cultivated for more than three years – and also in the high level of productivity of its farms. Productivity champion units include the Pamplona Farm (Goiás), which has been operating for more than 30 years.

The strategic vision of planning for the future, seeking an increasingly sustainable agriculture, gave rise, in 2018, to the project for in-farm laboratories for development of organic and biological pest control products. This is added to already existing actions aiming to reduce the use of chemical products on planted areas.



## THE PANTANAL DEFENSE PACT

In September 2018 SLC Agrícola joined the *Pantanal Headwaters Pact*, a commitment to exchange technical knowledge, environmental education experiences, and other initiatives adopted in the region. The Pantanal is the world's largest area of wetland – with 624,320 km<sup>2</sup> – and according to studies by institutions such as the WWF, Nature Conservancy and the Pantanal Research Centre, urgently needs actions for preservation and recovery. The region known as Pantanal Headwaters is the source of 80% of the waters that flood the lower part of the region, preserving ecological processes and the famous Pantanal landscape and scenery.

## WATER EFFLUENTS MANAGEMENT GRI 103-1, 103-2, 103-3, 303-1, 303-3, 306-1

By giving priority to planting in regions with favorable climate – well-distributed rainfall – SLC Agrícola reduces its need for irrigation to approximately 1% of its total planted area – the other 99% of its plantations are non-irrigated. This connection between the business model and management of water resources is in line with our Long-Term Vision of a positive impact on future

generations, while also being a world leader in efficiency in farming and respect for the planet.

Our production units capture water from artesian wells for human consumption and agricultural processes. The two farms that operate with irrigation – Pamplona (GO) and Palmares (BA) – have worked for 18 years with the *Irriga* system, which controls the quantity of water to be used, based on factors such as climatic conditions and water level balances, achieving significant savings in consumption of both water and electric power.

Pamplona Farm, Goiás (GO)





**Reduction of use of water with the Irriga System**


Soy	<b>20%</b>
Cotton	<b>25%</b>
Corn	<b>20%</b>
Wheat	<b>36.4%</b>

The Company also has mechanisms for avoiding waste in the processes of cleaning and decontamination, necessary because of the application of fertilizers and weedkillers. The data on water capture indicated in Form 176 are originated from the volumes measured by the hydrometers, installed in water capture wells. Each of the wells is monitored monthly. More than half of the underground wells have hydrometers installed, and the Company aims to reach 100% during 2019.

Meanwhile, in the units without hydrometers, consumption is estimated according to the Permitted Capture Grant and hours of pumping, in the periods of highest and lowest demand in the year. Industrial effluents generated in the operational center are treated physically with a water/oil separator, with activated charcoal filters installed in some cases. Domestic effluents originating from the headquarter building, or bathrooms or kitchens in the agroindustrial areas, including the administrative office, are treated in a sewage treatment station, or septic tank with filter.

In the nine units that have hydrometers and sewage treatment stations, and the aim is to increase this proportion to 100% during 2019. Meanwhile, in the units without hydrometers, consumption is estimated according to the Permitted Capture Grant and hours of pumping, in the periods of highest and lowest demand in the year. Industrial effluents generated in the operational center are treated physically with

a water/oil separator, with activated charcoal filters installed in some cases. Domestic effluent originating from the headquarter building, or bathrooms or kitchens in the agroindustrial areas, including the administrative office, are treated in a sewage treatment station, to reduce water consumption by transferring sewage to an accumulation lake until the volume is able to be reused. The estimate is that the percentage of water reused, taking the total for all the farms, is approximately 0.47%, taking into account that most of the water captured is applied in processes that do not allow for recirculation and in which there is direct infiltration into the soil (e.g. in spraying and irrigation).

 **Farms that reuse water**

- Planalto (MS)
- Pamplona (GO)
- Planorte (MT)
- Perdizes (MT)
- Pioneira (MT)
- Parnaguá (PI)
- Parceiro (BA)
- Planeste (MA)
- Parnaíba (MA).

Aircraft and land-based spray devices involved in application of weedkillers are decontaminated by an ozone treatment system, and evaporation in sun treatment tanks. The process is also applied in decontamination of the effluents from the laundries that wash individual protection equipment.

**Perdizes Farm, Mato Grosso (MT)**



**Piratini Farm, Bahia (BA)**





## THE CHAIN OF SUPPLIERS GRI 102-9

SLC Agrícola has more than 3,000 registered and listed suppliers. 20% of these provide 80% of the Company's supplies. This means acquisitions of production inputs (fertilizers, seeds and weedkillers), works and infrastructure, production items (machines and implements, vehicles, inputs for harvest and processing of cotton, and general purchases), as well as supplies for environmental management. The negotiations and contacts are centralized in the head office, in Porto Alegre, and comply with the rules for governance and transparency. Another three regional centres, strategically located in Mato Grosso, Bahia and Maranhão, offer support in the procurement process.

## Waste management

GRI 103-1, 103-2, 103-3, 306-2, 306-4

The measures adopted for separation and appropriate allocation of wastes are rigorous, and in line with farm sector best practices. Organic and non-recyclable wastes are discarded in landfills on the units themselves. This volume is not regarded as heavy, totalling an estimated 528.3 tons/year. The Paiaguás Farm (MT) has had a solid waste landfill since 2016 – it was the first privately owned large-scale farming unit in Brazil to use one.

Recyclable and hazardous wastes are classified, weighed and allocated in accordance with the Solid Wastes Management Plan (PGRS), and sent for recycling, incineration, co-processing or landfill.

For 10 years SLC Agrícola has been recognized by the *Campo Limpo* Program, of the government of Mato Grosso State, in partnership with entities including the *Mato Grosso Cotton Producers Association* (AMPA) and the *Cotton Social Institute* (IAS), for its good practices in reverse logistics for empty packaging of weedkillers.

To avoid contamination of the soil and underground water, packaging goes through a triple washing process, and is then broken down and temporarily stored before being sent to recycling as future packaging of chemical products.

## SALE OF RECYCLABLE WASTES

GRI 306-2

In 2018, SLC Agrícola began implementing an innovative project for sale of recyclable waste on its farms. The main products sold are plastics, cardboard, oils, greases and metals. The total sales revenue was R\$ 488,000, which is more than the cost of transport, allocation and treatment of hazardous wastes – R\$ 310,800 in the year – thus representing an important part

of the process of management of waste. Also, there was no expense on contracting personnel, since the employee responsible for the temporary waste warehouse in each unit is already on the payroll as responsible for maintenance of the garden and cleaning of head offices. By generating economic value, sale of wastes at the farms confirms the feasibility of projects based on eco-efficiency, and opens the way to increasingly efficient management.

**At least once a month, Edson dos Santos Nascimento, employee of the Planalto Farm (MS), welcomes Evaldo Mesquita, one of the service providers that buys recyclable waste off SLC Agrícola.**





# Biodiversity and environmental compliance

**GRI 103-1, 103-2, 103-3, 304-1, 304-3**

SLC Agrícola owns 99,400 hectares of protected areas – *Legal Reserve* areas and *Permanent Preservation Areas (APPs)* – equivalent to 32% of its total landholdings. The protected areas are monitored quarterly, by remote sensing, at a resolution compatible with the images filed in the *Rural Environmental Register (Cadastro Ambiental Rural, or CAR)*. This makes it possible to take compensatory action whenever any deficit or need for adjustment is found.

The total area has been reduced since the last annual report, due to factors inherent to the business, such as sales of the Company's own land, but also due to updating of geo-referencing, and new measurements of the total areas involved.

The protected areas are separated from working planted areas by breaks (tracks or roads) and have appropriate signage about restrictions relating to hunting and fishing. Every unit has a structure and a team trained in firefighting, and the Company also invests in environmental education and communication to provide regular reminders and awareness of the importance of preservation of the protected areas.

## SUPPLIERS REGISTERED FOR TRANSPORT OF HAZARDOUS CARGO

**GRI 306-4**

Management of wastes is essentially coordinated by the head office, which contracts suppliers approved for transport of hazardous wastes from operational units to appropriate destinations. Contracts are made in line with a rigorous and documented standard, and in accordance with audits for this category of suppliers, within the rules for certification. Even the farms that do not have the Integrated Management System are operating in line with these standards.

**Parceiro Farm, Bahia (BA)**





As important as preservation itself is the management and territorial arrangement for these areas to be connected to neighboring protected areas, forming eco-corridors – essential to conservation of nature, as set out by the Forest Code.

These corridors of biodiversity reduce the effects of defragmentation of ecosystems by linking different areas and enabling dispersion of species of fauna and flora. All the 16 farms are included in this management – we show 3 of the more important examples of these arrangements below.



#### **PLANALTO FARM (MATO GROSSO DO SUL)**

As the photo shows, the Legal Reserve areas of the Planalto Farm and neighbouring properties form a corridor connecting the river Taquari Headwaters State Park, in the State of Mato Grosso do Sul, with the National Park of the Emas, one of Brazil's most important conservation areas, in the Southwest of the State of Goiás. In 2011, within the process of registration of this land, the Company made a donation of 2,431 hectares to the State of Mato Grosso do Sul, and took over the building and architectural projects of the Park's headquarter building.



#### **PIRATINI FARM (BAHIA)**

This satellite image shows the long extension of the ecological corridor accompanying the water course. The purpose is to preserve circulation of wild animals, and ensure supply of their needs for life and reproduction.



#### **PERDIZES FARM (MATO GROSSO)**

This farm is situated in a region of transition between the Cerrado and the Amazon Forest, a natural habitat of large animals. This indicates why the percentage of Legal Reserve area is 80% in both properties. The image shows the area's dense vegetation.





### PRESERVATION OF THE FLORA OF THE CERRADO

In 2018, 56% of the farms of SLC Agrícola installed nurseries to cultivate saplings of plant species native to the Cerrado. The purpose is to collect seeds in the preserved areas, or buy saplings ready for further cultivation, and later use them to enrich the native vegetation of the Units, or in areas belonging to other owners. Over the year, saplings have also been distributed in partnership with prefectures and institutions: for example the Palmares Farm made donations, in Environment Week, for planting in areas of the municipality of Formosa do Rio Preto (Bahia).



### ASSESSMENT OF IMPACTS ON NATIVE VEGETATION

In partnership with the Federal University of Rio Grande do Sul (UFRGS/RS) monitoring will be started in the first quarter of 2019, in Legal Reserve and APP areas of the Planalto Farm and surrounding preservation areas. This project will last at least three years, and assess the impact of agricultural activity on the quality of support for the remaining areas of native vegetation. This will enable a degree of compliance with the Brazilian Forest Code to be assessed, and new opportunities for reduction of environmental impacts to be mapped.





## ENVIRONMENTAL COMPLIANCE

GRI-103-1, 103-2, 103-3, 307-1



SLC Agrícola operates ethically and transparently in compliance with legislation, and seeks to meet all the requirements necessary for ensuring sustainable standards in farming. Environmental compliance is managed at the corporate level by the technical team of the Sustainability division, at the head office, in Porto Alegre, with the support of managers of the Units and a robust Integrated Management System. This system provides management in terms of the four international standards (ISO 14001, OHSAS 18001, NBR 16001 e ISO 9001/15). Systematic consultations are made with the environmental authorities and other bodies at the federal, state and municipal levels, on whether there are new cases, processes or procedures that could affect operations. The Company is confident that this enables it to be sure that controls are established for minimization of environmental and economic damage in its production units.



However, due to the legal complexity and scope of operations, it cannot be guaranteed that no cases will arise, even if the Company makes maximum efforts to minimize risk. Any cases where significant penalty payments are levied – above R\$ 100,000 – are assessed by directors, to mitigate the related economic and environmental impacts.





# Inventory maps greenhouse gas emissions

GRI 103-1, 103-2, 103-3, 305-1, 305-2

In 2017 SLC Agrícola took the initiative of making an inventory of its greenhouse gas emissions, to provide data for reduction of these emissions from its farms, mitigating effects on the environment. Several motives have led to the Company's focus on this subject – one is its own Long-term Vision; another is the assessments for inclusion in the São Paulo Stock Exchange's *Corporate Sustainability Index* (ISE), in which climate change has a considerable weighting in orienting investors on the benefits and risks of companies' activities. There is also the process of reporting under the rules of the Global Reporting Initiative (GRI) which provide a standardized means of producing reports on sustainability – for which stakeholders cited 'climate change' as a subject that should be on the Company's agenda.

Making this inventory enables SLC Agrícola to take preventive action in relation to global warming and climate change – and also enables it to give its greenhouse gas emissions data to the market, and as a result attract new investors who are concerned about climate change.

## SLC Agrícola – 2017 Greenhouse Gas Inventory



Total **1.50** Mt  
Northeast **53%**  
Centro-Oeste **47%**

## Greenhouse Gas Inventory by crop: 2017 (\*)



Soy **0.66**  
Cotton **1.33**  
Corn **1.64**  
(\* in tCO<sub>2</sub>eq/t)

The inventory, including Scope 1 and Scope 2 emissions, resulted in a total for SLC Agrícola in 2017 of 1,50 MtCO<sub>2</sub>eq. The highest index was at the Paiaguás Farm (MT): 195 Kt CO<sub>2</sub>eq/year, representing 13% of the Company's total CO<sub>2</sub> emissions. By crop, the lowest carbon footprint was found for the soy crop, led by the Planalto Farm in Mato Grosso do Sul, due to the high productivity. In cotton, three farms had outstanding figures, lower than 1.05 tCO<sub>2</sub>eq/t: Palmares, Panorama and Pamplona, all in the State of Bahia. Three others had figures above 1.25 tCO<sub>2</sub>eq/t: Paiaguás (Mato Grosso), Planeste (Maranhão) and Parnaíba (Maranhão). In corn, the farms with the most efficient indices were Planalto (Mato Grosso) and Parceiro (Bahia), both below 1.35 tCO<sub>2</sub>eq/t.

The inventory also showed that, in the total of greenhouse gas emission, N<sub>2</sub>O was predominant (76.5% of the emissions). This gas is primarily related to emissions from the soil resulting from application of nitrogen-bearing fertilizers and organic wastes, and due to decomposition of wastes that contain nitrogen. The target is to continue with inventories and prepare a project for offsetting and reduction of emissions in the next five years.

Planalto Farm, Mato Grosso do Sul (MS)





## GOVERNANCE AND FINANCE

# Formulating, implementing, monitoring

GRI- 102-5, 102-16



SLC Agrícola's corporate governance expresses the way in which the Company is organized and operates to meet its aims – believing that consistent results are achieved by formulation and execution of solid and recognized strategies. These directive guidelines have been built as a result of wide debate, which has included both stakeholders and the Company's strategic internal areas. They are based on incontestable evidence, and profound knowledge of the dynamics of the farming sector and its complex value chain.

SLC Agrícola believes that, to ensure the most efficacious implementation of its projects, and also to speed up any changes of direction that are necessary over the years, the governance process needs to be incorporated into all the various instances of the Company, extending from the Board of Directors to the level of the control systems. This culture plays an essential part in the quest for a fair balance between the short and the long term – the dilemma shared by all organizations in the orientation of their businesses – making it possible to accompany and

give meaning not only to the results achieved, but also to the way they were achieved. The Company is thus always ready to enhance its activities and update its processes, in a constant process of resumption of the basic cycle of: formulating, implementing and monitoring.

As a further aim, governance reflects the Company's values, such as integrity and lasting relationships, giving priority to principles of transparency, accountability and fair treatment in its relationship with, and obligations to, all stakeholders.



SLC Agrícola was one of the first Brazilian farming companies to be listed on a stock exchange, and is now traded in the *Novo Mercado* section of the São Paulo Stock Exchange (B3 – *Brasil, Bolsa, Balcão*). Companies that trade in this market segment have voluntarily committed to compliance

with good corporate governance practices. They accept a higher level of requirements, including for publication of information, than those imposed by Brazilian legislation alone. These rules amplify stockholders' rights, and improve the quality of information supplied to them.

Parnaíba Farm, Maranhão (MA)



# Governance structure

GRI 102-18

## BOARD OF DIRECTORS

The Board of Directors has five members, two of whom are independent. It is responsible for setting long-term policies, and continuing best efforts to uphold the Company's values, Long-Term Vision and efficiency within the governance structure. Its duties include: electing the members of the Executive Board (the Executive Officers); setting their remuneration; and monitoring, oversight and inspection of their actions and decisions.

## THE EXECUTIVE BOARD

Execution of corporate management is a duty of the Executive Board, which bases its activities on the governance process when implementing rules and policies in accordance with the organization's values and principles.

At present the Executive Board has five members, of which four are Statutory Officers, with specific duties established by the Company's Bylaws. They are elected by the Board of Directors, for a period of office of two years, and may be re-elected.

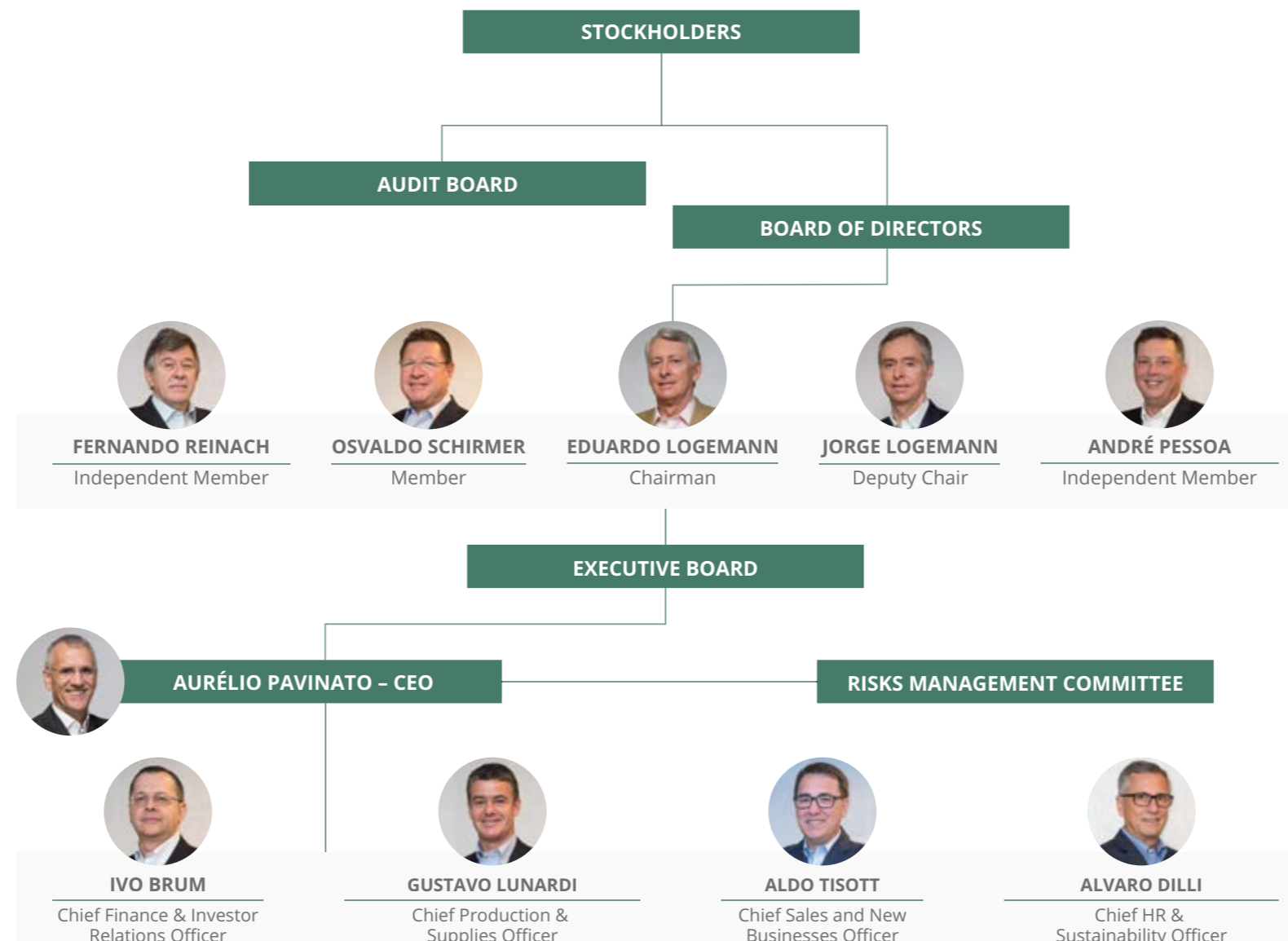
See more information in the **Report of Management.**

## THE AUDIT BOARD

The Audit Board reports to the stockholders. Its duties and remuneration are specified in law, and in the Bylaws of SLC Agrícola. It is independent from management, and from the external auditors.

It may be established permanently, or not. If not, it operates during a specific business year, when constituted at the request of stockholders representing at least 2% of the voting shares.

## CORPORATE STRUCTURE





## MAPPING OF RISKS

GRI 103-1, 103-2, 103-3, 102-15, 201-2, 205-1

### Compliance

In 2018 SLC Agrícola made some significant revisions to its Code of Ethics and Conduct, to include a complete process of identification of risks and measures of mitigation. This work will serve as the basis for creation of a Compliance System.

With this initiative, the Company seeks to strengthen an ethical, transparent and safe environment throughout its production chain, while at the same time assuming a leading position in agribusiness in relation to applying mechanisms of integrity that apply to the whole of its operations.

The Compliance System will establish rules and procedures to prevent, detect and correct situations so that the entire group is compliant with the corporate principles, the internal and external regulations, and the legislation – aligning itself with best governance practices and control of market risks.

The process began with an inventory of the Company's areas and units, based on which an extensive agenda of meetings was carried out throughout the year, both in-person and online, involving the 15 units. The purpose was to engage the highest possible number of employees, including leaders and the Executive Officers. In its process of mapping, employees were made aware of aspects relating to themes including the following:

### Risky Payments

#### Facilitation Payments

#### Commercial Partners

#### Anti-Money Laundering

#### Anti-trust Issues

#### Conflict of Interest and Fraud

All the areas participated, and had their activities assessed. This resulted in a listing of 148 risks relating to compliance with the organization's rules and regulations. These were classified by degree of impact and probability of occurrence, and the process added a mapping of mitigation measures for each risk.

## COMPLIANCE SYSTEM

Purpose: to strengthen an ethical, transparent and safe environment throughout the product chain



Panorama Farm, Bahia (BA)





List of the most significant risks mapped:

**Misappropriation, or unlawful acts, due to lack of knowledge**

- **Limited perception or awareness of the need for commitment to the Company's rules**
- **Lack of a control, potentially able to create an opportunity for bad faith with the intent of crime or fraud against the Company**
- **SLC Agrícola is liable, under Law 12846/13, for fraudulent acts by third parties, suppliers or clients**
- **Undue advantage for employees, contrary to the organization's interests**
- **Financial loss, damage to reputation, caused by unlawful acts of employees**
- **Failure of ethical practice, or need for defense of the Company in any activity by an inspection body due to relevant records not being documented or the Compliance System not being based on the regulations of Law 12846/13.**

This mapping was complemented by preparation of compliance procedures, which will be approved and published internally in 2019. SLC Agrícola is part of a long value chain, with suppliers and clients in the farming sector, and has also taken part in crossover audits between the processes of implementation of mechanisms of integrity and compliance systems of those companies.

**Risk of climate change**

Climate issues are a significant risk factor for agricultural activities. The Company's strategy for mitigation is based on an unirrigated agriculture, and also geographical diversification. Its production units are distributed over six States of the Brazilian Cerrado, with distances of as much as 1,000 km between farms. The Cerrado is a biome that enjoys considerable climate stability (a well-defined pattern of rainfall), compared to the other regions of the country. Geographical diversification further reduces the risks associated with rainfall profile, avoiding a cascade effect. The three cultures produced on SLC Agrícola's farms enable specific calendars for planting and harvest to be made, each having a different exposure to rainfall. Finally, in each one of the cultures varieties are selected with specific cycles, and this, as well as optimizing the operation, further dilutes this type of risk.

**Risk of changes in commodity prices and exchange rates**

SLC Agrícola operates a hedging policy, to prevent the effects of any mismatch between prices of inputs purchased for the crop and sale prices of the resulting products. The values of the inputs (seeds, fertilizers, weedkillers) have a high correlation with international prices of the grains. The Company begins future sales of the estimated production of a crop at the same time that inputs are bought, in proportion to the scale of each item acquired. The same policy is operated in relation to the exchange rate: at the same time as suppliers are paid, figures are converted between dollars and Reais (establishing an exchange rate for production cost), and a future hedge is simultaneously contracted for the exchange rate of the resulting revenue.



# A year to break new records

In the recent decades, SLC Agrícola has shown that it has the knowledge, management, innovation, technology, and planning to take advantage of the principal business opportunities in Brazilian agriculture. The result is that it has developed sophisticated processes that today are key strengths, not only distinguishing it from many other players in the sector but also giving its business a remarkable resilience. Senior management's believes that the good results of 2018 can be attributed to the assertiveness of this approach – and that the current strategic phase represents a multiple opportunity for the Company's greatest-ever generation of value. These opportunities are supported by the competitive advantages that SLC Agrícola has built over the years, maximizing the chance of their leading to successful growth, and further strengthening the Company for the challenges and phases of the coming decades. Management believes that SLC Agrícola has the necessary discipline – characteristic of its entrepreneurial culture – to meet all the targets it has set. One of the aspects of this discipline is the capacity for planning and management – which the Company uses most effectively to mitigate the potential effects of climate variables.

Maximization of efficiency has led SLC Agrícola to achieve new records in productivity, beating even the targets it set at the beginning of this cycle. In cotton, excellent results of 2017 were matched, once again beating the target – by 8.3% – and were 6% above the Brazilian average. In soy, the Company beat its second record running in productivity, exceeding the projected target by 11.4% – and was 10% above the country's average.

Total sales revenue in 2018 was R\$ 2.1 billion, or 13% more than in the previous year. Ebitda was R\$ 668 million, 17.5% more than the 2017 Ebitda of R\$ 570 million, considering only the Ebitda generated by the farming operation. Net revenue exceeded R\$ 400 million for the first time, at R\$ 413 million.

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**PRODUCTIVITY – RECORDS**  
2017–18 crop

 **Cotton 6%**  
above Brazilian average

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 **Soy 10%**  
above Brazilian average

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**FINANCIAL PERFORMANCE**  
New level – **Net profit**  
**R\$ 405 million**

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# Non-financial performance

This section brings together all the non-financial data – complementary information on how the Company measures and generates its impacts, aligning sustainable development to its strategies and policies. The information follows the 2016 GRI Standards for measuring economic, environmental and social performance.

## GRI 102-8 | TOTAL NUMBER OF EMPLOYEES, BY EMPLOYMENT CONTRACT, BY GENDER

	2016			2017			2018		
	Full-time	Crop only*	Total	Full-time	Crop only*	Total	Full-time	Crop only*	Total
Men	2,010	467	2,477	2,050	542	2,592	2,327	819	3,146
Women	284	1	285	288	1	289	361	4	365

\* Law 5889/73 and Decree 73626/79 created temporary crop-only contracts for Brazilian workers. The crop-specific contract is signed for a set period and provides employment-law guarantees as specified by Article 443, §2, subclause (a), of the Consolidated Labor Laws (CLT).

## GRI 102-8 | TOTAL NUMBER OF EMPLOYEES, BY EMPLOYMENT CONTRACT, BY REGION

	2016			2017			2018		
	Full-time	Crop only*	Total	Full-time	Crop only*	Total	Full-time	Crop only*	Total
RS*	231	-	231	237	-	237	292	-	292
MT	595	176	771	618	201	819	692	360	1,052
MS	145	14	159	143	5	148	359	60	419
GO	162	21	183	168	19	187	174	22	196
MA	518	150	668	557	172	729	568	145	713
PI	49	24	73	51	2	53	50	97	147
BA	594	83	677	573	135	708	553	139	692

\* Rio Grande do Sul – location of the head office – has only full-time employees.

## GRI 102-8 | TOTAL NUMBER OF EMPLOYEES, BY EMPLOYMENT TYPE, AND GENDER

	2016			2017			2018		
	Full-time*	Half-day**	Total	Full-time*	Half-day**	Total	Full-time*	Half-day**	Total
Men	2,450	27	2,477	2,534	58	2,592	3,069	77	3,146
Women	280	5	285	279	10	289	319	46	365

\* Employees contracted full-time, including those working shifts. Includes full-payroll employees, and crop-only hires; excludes young apprentices and interns. There is no information on outsourced employees of service providers.

\*\* Those contracted on half-day basis include only young apprentices and interns. There is no information on outsourced employees of service providers.

## PROFILE OF EMPLOYEES BY LEVEL OF SCHOOLING | BASE YEAR 2018

Level of schooling	Employees	%
Doctorate	3	0.1
Master's degree	11	0.4
Post-graduate	101	3.8
Higher education	257	9.6
Higher education not completed	98	3.6
Technical complete	365	13.6
Technical not completed	6	0.2
Secondary complete	873	32.5
Secondary not completed	198	7.4
Primary education not completed	417	15.5
Primary education (5th to 8th grade)	178	6.6
Primary education (4th grade completed)	99	3.7
Primary education (4th grade not completed)	69	2.6
Preschool	2	0.1
Illiterate	11	0.4
<b>Total</b>	<b>2,688</b>	

**GRI 401 - 1 | TOTAL NUMBER AND RATES OF NEW HIRES AND TURNOVER OF EMPLOYEES BY AGE RANGE, GENDER AND REGION**

		New hires (number)	New hires (rate)	Employee turnover (number)	Employee turnover (rate)
<b>GRI 401-1   TURNOVER. BY GENDER</b>					
<b>2016</b>	Male	468	20.8%	393	17.5%
	Female	70	3.1%	39	1.7%
<b>2017</b>	Male	376	16.7%	314	14.0%
	Female	72	3.2%	61	2.7%
<b>2018</b>	Male	585	24.1%	310	12.8%
	Female	88	3.6%	54	2.2%
<b>GRI 401-1   TURNOVER BY AGE GROUP</b>					
<b>2016</b>	< 30 years	310	13.8%	192	8.5%
	30 - 50 years	208	9.2%	194	8.6%
	> 50 years	20	0.9%	46	2.0%
<b>2017</b>	< 30 years	254	11.3%	167	7.4%
	30 - 50 years	182	8.1%	185	8.2%
	> 50 years	12	0.5%	23	1.0%
<b>2018</b>	< 30 years	364	15.0%	162	6.7%
	30 - 50 years	291	12.0%	170	7.0%
	> 50 years	18	0.7%	32	1.3%
<b>GRI 401-1   TURNOVER BY REGION</b>					
<b>2016</b>	Center-West	231	10.3%	158	7.0%
	Northeast	257	11.4%	220	9.8%
	South	50	2.2%	54	2.4%
<b>2017</b>	Center-West	193	8.6%	170	7.6%
	Northeast	205	9.1%	176	7.8%
	South	50	2.2%	29	1.3%
<b>2018</b>	Center-West	400	16.5%	151	6.2%
	Northeast	206	8.5%	182	7.5%
	South	67	2.8%	31	1.3%

1. These calculations are in relation to permanent employees, excluding interns and apprentices.
2. Turnover rate = total number of severances in the year / average headcount in the year.
3. New hiring rate = number of new hirings in the year / average headcount in the year.

**GRI 201-1 | DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED**

ACCOUNT LINE	2016	2017	2018
<b>CONSOLIDATED BALANCES (R\$ '000)</b>			
<b>Revenue</b>	1,836,715	2,441,566	3,137,897
<b>Inputs acquired from third parties</b>	-1,183,910	-1,439,543	1,904,491
<b>Gross value added</b>	652,805	1,002,023	1,233,381
<b>Retentions</b>	-104,242	-91,506	111,231
<b>Net value added</b>	548,564	910,517	1,122,175
<b>Added value received by transfer</b>	409,408	307,264	317,374
<b>Total added value to be distributed</b>	957,970	1,217,781	1,439,549
<b>DISTRIBUTION OF ADDED VALUE (R\$ '000)</b>			
<b>Personnel</b>	213,028	233,916	279,839
<b>Taxes</b>	138,581	293,939	180,733
<b>Remuneration of outside capital</b>	590,720	320,664	572,476
<b>Remuneration of own capital</b>	15,641	369,262	406,501

**GRI 202 - 1 | RATIOS OF LOWEST WAGE TO LOCAL MINIMUM WAGE, BY GENDER, IN MAIN OPERATIONAL UNITS**

Operational unit	MT		MS		GO		MA		PI		BA		RS	
	H	M	H	M	H	M	H	M	H	M	H	M	H	M
<b>2016</b>														
<b>Gender</b>	H	M	H	M	H	M	H	M	H	M	H	M	H	M
<b>Lowest salary paid<sup>1</sup></b>	1,104	1,059	1,035	1,035	975	1,029	972	972	1,051	1,022	968	968	1,516	1,429
<b>National minimum wage</b>	880	880	880	880	880	880	880	880	880	880	880	880	880	880
<b>Percent difference<sup>2</sup></b>	20.3%	16.9%	15.0%	15.0%	9.7%	14.5%	9.5%	9.5%	16.3%	13.9%	9.1%	9.1%	42.0%	38.4%
<b>2017</b>														
<b>Gender</b>	H	M	H	M	H	M	H	M	H	M	H	M	H	M
<b>Lowest salary paid<sup>1</sup></b>	1,126	1,219	1,195	1,112	1,070	1,254	1,056	1,056	1,106	1,370	1,030	1,036	1,317	1,513
<b>National minimum wage</b>	937	937	937	937	937	937	937	937	937	937	937	937	937	937
<b>Percent difference<sup>2</sup></b>	16.8%	23.1%	21.6%	15.7%	12.4%	25.3%	11.3%	11.3%	15.3%	31.6%	9.0%	9.6%	28.9%	38.1%
<b>2018</b>														
<b>Gender</b>	H	M	H	M	H	M	H	M	H	M	H	M	H	M
<b>Lowest salary paid<sup>1</sup></b>	1,061	1,061	1,062	1,124	1,194	1,357	1,100	1,100	1,176	1,273	1,073	1,073	1,590	1,619
<b>National minimum wage</b>	954	954	954	954	954	954	954	954	954	954	954	954	954	954
<b>Percent difference<sup>2</sup></b>	10.1%	10.1%	10.2%	15.1%	20.1%	29.7%	13.3%	13.3%	18.9%	25.1%	11.1%	11.1%	40.0%	41.1%

1) Excludes young apprentices and interns. 2) Values of national minimum wage: 2016 = R\$ 880.00; 2017 = R\$ 937.00; 2018 = R\$ 954.00.

**GRI 403-2 | TYPES AND RATES OF WORK-RELATED INJURIES OR ILLNESSES, LOST DAYS, ABSENTEEISM, AND NUMBER OF WORK-RELATED DEATHS**

	2015-16 crop			2016-17 crop			2017-18 crop		
	Northeast	Center-West	South	Northeast	Center-West	South	Northeast	Center-West	South
<b>Injury rate (%)</b>	3.67	1.88	1.73	2.66	4.45	0.00	2.29	4.50	0.00
<b>Days lost</b>	1,020	531	4	424	937	0	116	555	0
<b>Absenteeism (%)</b>	9.19	5.29	8.13	9.25	5.81	4.06	1.56	1.16	1.23
<b>Number of deaths</b>	0	1	0	0	1	0	0	0	0

(1) There have been no reports of work-related illnesses in the last three crops. (2) The method of measuring absenteeism is the same as for previous years. The number variable is lower due to creation of the 'Time Clock Manual' (*Manual de Ponto*), with rules for permitted absence, justifications for absence, and time credits with the existence of a 'bank of hours' being made clear. The manual helped reduce absences of hours or days, since they were now recorded as exchanged. (3) In the Center-West the number of days lost was lower, even with the higher rate of injuries, because injuries were not severe, thus causing less days off work. (4) SLC does not use any self-employed workers.

**GRI 404 - 1 | AVERAGE HOURS' TRAINING EMPLOYEES HAVE UNDERTAKEN IN REPORTING PERIOD**

	Hours of training		Number of employees		Average per employee		
	Men	Women	Men	Women	Men	Women	Total
<b>2016</b>							
<b>Gender</b>	Men	Women	Men	Women	Men	Women	Total
<b>Leaders</b>	26,340	1,658	224	17	118	98	116
<b>Operational</b>	106,896	9,530	1,766	256	61	37	58
<b>Trainees</b>	2,328	723	15	5	155	145	153
<b>Young apprentices</b>	140	39	14	14	10	3	6
<b>Total</b>	135,704	11,950	2,019	292	67	41	64
<b>2017</b>							
<b>Gender</b>	Men	Women	Men	Women	Men	Women	Total
<b>Leaders</b>	24,963	1,888	206	19	121	99	119
<b>Operational</b>	110,357	11,099	1,770	259	62	43	60
<b>Trainees</b>	2,387	0	16	0	149	0	149
<b>Young apprentices</b>	191	127	26	10	7	13	9
<b>Total</b>	137,900	13,115	2,018	288	68	46	65
<b>2018</b>							
<b>Gender</b>	Men	Women	Men	Women	Men	Women	Total
<b>Leaders</b>	22,891	1,730	213	19	107	91	106
<b>Operational</b>	106,962	9,562	1,903	267	56	36	54
<b>Trainees</b>	2,545	241	16	5	159	48	133
<b>Young apprentices</b>	474	314	47	34	10	9	10
<b>Total</b>	132,872	11,847	2,179	325	61	36	58



### GRI 303-1 | TOTAL WATER WITHDRAWN, BY SOURCE

Farm	2016		2017		2018	
	Surface water	Underground water	Surface water	Underground water	Surface water	Underground water
Planalto	0	68,101	0	69,616	0	68,124
Pamplona I and II*	10,590,750	113,214	10,874,318	113,214	10,874,318	166,272
Planorte I and II	109,325	29,604	109,325	43,828	109,325	71,436
Paiaguás I and II*	90,180	185,120	90,180	118,061	90,180	138,978
Perdizes I and II*	0	21,840	0	21,840	0	21,840
Pioneira	0	65,921	0	60,609	0	46,102
Paladino*	1,728	52,000	1,728	91,520	1,728	48,256
Panorama	0	68,851	0	60,579	0	62,388
Piratini	0	28,080	0	28,080	0	28,080
Palmares I – VII	12,358,310	45,241	8,735,003	68,756	13,917,289	68,482
Parceiro I* and II*	0	59,696	0	59,696	0	66,560
Parnaguá*	0	54,080	0	54,080	0	54,080
Parnaíba I and II	0	106,080	0	106,080	0	83,651
Planeste I and II*	0	216,320	0	191,880	0	133,120
Pantanal**	-	-	-	-	0	19,968
Palmeira*	-	-	-	-	0	22,429
<b>Total</b>	<b>23,150,292</b>	<b>1,114,148</b>	<b>19,810,554</b>	<b>1,087,839</b>	<b>24,992,841</b>	<b>1,051,510</b>

\* Do not have hydrometers installed. / \*\* This farm was leased in 2018.

### 303-3 | WATER RECYCLED AND REUSED: PERCENTAGE OF TOTAL

Farm	2016		2017		2018	
	Volume of water recycled and reused (m³)	Reuse index (%)	Volume of water recycled and reused (m³)	Reuse index (%)	Volume of water recycled and reused (m³)	Reuse index (%)
Planalto	21,039	31	21,039	30.2	21,039	30.88
Pamplona I	20,951	0	20,951	0.2	20,951	0.19
Planorte I	24,908	18	24,908	16.3	24,908	13.78
Perdizes I	11,070	4	11,070	5.3	11,070	50.69
Pioneira	14,454	66	14,454	66.2	14,454	31.35
Parnaguá	0	0	8,588	14.2	8,588	15.88
Parceiro	0	0	8,588	9.2	8,588	12.90
Planeste I	12,775	19	12,775	21.1	12,775	9.60
<b>Total</b>	<b>105,197</b>		<b>122,374</b>		<b>122,374</b>	
	<b>Volume ('000 m³)</b>	<b>Reuse index (%)</b>	<b>Volume ('000 m³)</b>	<b>Reuse index (%)</b>	<b>Volume ('000 m³)</b>	<b>Reuse index (%)</b>
Surface water	23,150	-	19,811	-	24,993	-
Underground water	1,114	-	1,088	-	1,052	-
<b>Total</b>	<b>24,264</b>	<b>0.43</b>	<b>20,899</b>	<b>0.59</b>	<b>26,044</b>	<b>0.47</b>

**GRI 306-1 | TOTAL VOLUME OF WATER DISCHARGED (m³), BY DESTINATION AND WATER QUALITY**

	Destination	Method of treatment	Volume (m³)
2016	Surface water	-	-
	Soil infiltration (septic tank)	Oil and water separation tank	13,716
	Evaporation	Ozonizer, sun/evaporation tank	2,743
	Reuse	-	-
	<b>Total</b>	-	16,459
2017	Surface water	-	-
	Soil infiltration (septic tank)	Oil and water separation tank	15,132
	Evaporation	Ozonizer, sun/evaporation tank	2,968
	Reuse	-	-
	<b>Total</b>	-	18,100
2018	Surface water	-	-
	Soil infiltration (septic tank)	Oil and water separation tank	14,616
	Evaporation	Ozonizer, sun/evaporation tank	3,024
	Reuse	Effluent treatment station	-
	<b>Total</b>	-	17,640

The quality of discarded water is analyzed based on the parameters of Conama Resolution 430/11. To identify possible sources of contamination in the effluents treated in separation tanks, the following are analyzed annually: pH, settleable solids, effluent temperature, total phenols, COD, oils and greases, BTEX and TPH GRO.

**GRI 305-4 | INTENSITY OF GREENHOUSE GAS EMISSIONS**

Farm	Soy	Cotton	Corn
	tCO <sub>2</sub> /t	tCO <sub>2</sub> /t	tCO <sub>2</sub> /t
Pamplona	0.69	1.05	1.63
Planalto	0.49	1.15	1.52
Paiaguás	0.68	1.26	1.49
Planorte	0.62	1.15	1.35
Pioneira	0.62	-	1.98
Perdizes	0.67	-	1.97
Parnaíba	0.69	1.27	1.65
Planeste	0.57	1.28	1.6
Parceiro	0.61	-	1.32
Parnaguá	0.75	1.61	1.97
Palmares	0.64	1.02	1.55
Panorama	0.56	1.04	3.2
Piratini	1.02	-	2.72
Paladino	0.61	0.68	-
<b>Subtotal</b>	0.67	1.09	1.64
<b>SLC Agrícola</b>	<b>0.66</b>	<b>1.13</b>	<b>1.64</b>

**GRI 305-2 | INDIRECT GREENHOUSE GAS EMISSIONS RESULTING FROM ACQUISITION OF ENERGY - SCOPE 2**

	Emissions (tCO <sub>2</sub> e)	tCO <sub>2</sub> e
Paiaguás		497.08
Paladino		-
Palmares		795.16
Pamplona		1,005.36
Panorama		405.61
Parceiro		-
Parnaguá		4.41
Parnaíba		408.01
Perdizes		20.98
Pioneira		103.95
Piratini		33.48
Planalto		274.71
Planeste		383.69
Planorte		292.05
<b>SLC Agrícola</b>		<b>4,224.462</b>

**GRI 306-2 | TOTAL WASTES - WEIGHT (TONS), BY TYPE AND METHOD OF DISPOSAL**

		Reuse	Recycling	Composting	Recovery (incl. energy)	Incineration	Waste injection underground	Landfill	Stored in loco	Total
2016	Non-hazardous	0	517.78	0	0	0	0	556.92	0	1,074.70
	Hazardous	0	860.38	0	0	88.30	0	4,40	0	953.08
2017	Non-hazardous	0	479.43	0	0	0	0	565.00	0	1,044.43
	Hazardous	0	412.05	0	0	218.79	0	0	0	630.84
2018	Non-hazardous	0	1,060.87	0	0	0	0	528.30	0	1,589.17
	Hazardous	0	544.72	0	0	156.28	0	0	0	701.00

**GRI 306-4 | TRANSPORT OF HAZARDOUS WASTES**

	Total weight (t) of hazardous wastes by type		
	2016	2017	2018
Hazardous wastes transported	953.08	630.84	701
Hazardous wastes imported	-	-	-
Hazardous wastes exported	-	-	-
Hazardous wastes treated	953.08	630.84	701

GRI 305-1 | DIRECT GREENHOUSE GAS EMISSIONS IN 2017 – SCOPE 1

	Category	Combustion – mobile	Combustion – stationary	Solid wastes and liquid effluents	Fugitive	Farm emissions	Soil use changes	Total
<b>Pamplona</b>	CO <sub>2</sub> – tons	3,583.3	23,200.0	106.0	32.0	67,898.9	–	94,820.3
	Biogenic CO <sub>2</sub> – tons	269.4	266,310.1	–	–	94,646.7	–	361,226.1
	Biogenic tCO <sub>2</sub> removed	–	–	–	–	996,225.0	–	996,225.0
<b>Planalto</b>	CO <sub>2</sub> – tons	2,969.0	764.6	105.6	55.5	74,525.6	–	78,420.3
	Biogenic CO <sub>2</sub> – tons	217.3	8,360.6	–	–	130,250.0	–	138,828.0
	Biogenic tCO <sub>2</sub> removed	–	–	–	–	1,753,722.0	–	1,753,722.0
<b>Paiguás</b>	CO <sub>2</sub> – tons	7,254.6	2,061.9	19.6	0.2	187,153.5	–	196,489.8
	Biogenic CO <sub>2</sub> – tons	552.1	20,014.9	–	–	322,118.0	–	342,685.0
	Biogenic tCO <sub>2</sub> removed	–	–	–	–	3,553,136.8	–	3,553,136.8
<b>Planorte</b>	CO <sub>2</sub> – tons	3,805.3	67,230.3	113.5	0.1	90,138.1	–	161,287.3
	Biogenic CO <sub>2</sub> – tons	284.8	772,298.1	–	–	162,725.0	–	935,308.0
	Biogenic tCO <sub>2</sub> removed	–	–	–	–	2,124,614.0	–	2,124,614.0
<b>Pioneira</b>	CO <sub>2</sub> – tons	3,760.3	74.4	69.8	0.0	116,775.9	–	120,680.5
	Biogenic CO <sub>2</sub> – tons	288.7	613.4	–	–	137,253.0	–	138,155.1
	Biogenic tCO <sub>2</sub> removed	–	–	–	–	2,354,513.2	–	2,354,513.2
<b>Perdizes</b>	CO <sub>2</sub> – tons	3,202.5	330.5	52.4	43.1	56,422.0	73.7	60,124.2
	Biogenic CO <sub>2</sub> – tons	248.0	3,473.5	–	–	75,081.1	–	78,802.6
	Biogenic tCO <sub>2</sub> removed	–	–	–	–	2,332,773.0	–	2,332,773.0
<b>Parnaíba</b>	CO <sub>2</sub> – tons	8,024.83	1,363.75	–	129.35	169,422.70	–	178,940.61
	Biogenic CO <sub>2</sub> – tons	589.59	10,358.41	–	–	281,703.00	–	292,650.99
	Biogenic tCO <sub>2</sub> removed	–	–	–	–	3,143,395.00	–	3,143,395.00
<b>Planeste</b>	CO <sub>2</sub> – tons	6,323.32	1,780.93	61.83	228.38	139,799.60	–	148,194.06
	Biogenic CO <sub>2</sub> – tons	463.61	18,000.69	–	–	277,178.00	–	295,642.30
	Biogenic tCO <sub>2</sub> removed	–	–	–	–	4,654,238.00	–	4,654,238.00
<b>Parceiro</b>	CO <sub>2</sub> – tons	2,678.20	327.23	–	3.38	25,683.53	–	28,692.34
	Biogenic CO <sub>2</sub> – tons	179.14	26.53	–	–	38,372.00	–	38,577.67
	Biogenic tCO <sub>2</sub> removed	–	–	–	–	158,651.00	–	158,651.00
<b>Parnaguá</b>	CO <sub>2</sub> – tons	1,420.48	22.36	–	210.24	18,257.66	–	19,910.73
	Biogenic CO <sub>2</sub> – tons	110.10	0.93	–	–	27,560.00	–	27,671.03
	Biogenic tCO <sub>2</sub> removed	–	–	–	–	101,429.00	–	101,429.00
<b>Palmares</b>	CO <sub>2</sub> – tons	4,830.28	213.21	–	19.20	87,587.63	–	92,650.33
	Biogenic CO <sub>2</sub> – tons	336.86	1,352.07	–	–	111,419.00	–	113,107.93
	Biogenic tCO <sub>2</sub> removed	–	–	–	–	621,617.00	–	621,617.00
<b>Panorama</b>	CO <sub>2</sub> – tons	4,523.41	1,250.21	–	2.53	97,278.72	–	103,054.86
	Biogenic CO <sub>2</sub> – tons	299.67	8,055.28	–	–	103,463.00	48.40	111,866.35
	Biogenic tCO <sub>2</sub> removed	–	–	–	–	316,705.00	–	316,705.00
<b>Piratini</b>	CO <sub>2</sub> – tons	1,677.73	117.92	–	3.81	28,404.43	–	30,203.89
	Biogenic CO <sub>2</sub> – tons	111.99	821.58	–	–	49,371.00	–	50,304.56
	Biogenic tCO <sub>2</sub> removed	–	–	–	–	330,808.00	–	330,808.00
<b>Paladino</b>	CO <sub>2</sub> – tons	4,484.16	209.36	–	198.06	180,648.72	–	185,540.29
	Biogenic CO <sub>2</sub> – tons	298.07	1,723.70	–	–	84,492.00	–	86,513.77
	Biogenic tCO <sub>2</sub> removed	–	–	–	–	247,541.02	–	247,541.02
<b>SLC Agrícola</b>	CO <sub>2</sub> – tons	58,537.49	98,946.71	528.67	925.92	1,339,997.06	73.73	1,499,009.57
	Biogenic CO <sub>2</sub> – tons	4,249.34	1,111,409.82	–	–	1,895,631.78	48.40	3,011,339.33
	Biogenic tCO <sub>2</sub> removed	–	–	–	–	22,689,367.99	–	22,689,367.99

GRI 305-1 | DIRECT GREENHOUSE GAS EMISSIONS IN 2017 – SCOPE 1

Emitting source	tCO <sub>2</sub>	tCH <sub>4</sub>	tN <sub>2</sub> O	tHFCs	tCO <sub>2</sub> e
<b>Paiguás</b>	10,345.63	60.99	619.53	–	196,489.826
<b>Paladino</b>	121,748.76	5.39	212.95	0.14	185,540.293
<b>Palmares</b>	13,015.04	4.31	266.81	0.03	92,650.325
<b>Pamplona</b>	4,075.31	802.34	237.10	0.05	94,820.322
<b>Panorama</b>	23,368.82	24.33	265.35	0.00	103,054.863
<b>Parceiro</b>	3,552.80	0.20	84.33	0.00	28,692.344
<b>Parnaguá</b>	1,643.84	0.09	60.59	0.15	19,910.732
<b>Parnaíba</b>	9,255.73	31.43	566.34	0.09	178,940.613
<b>Perdizes</b>	4,999.29	12.56	183.79	0.03	60,124.216
<b>Pioneira</b>	55,555.82	4.71	218.14	–	120,680.481
<b>Piratini</b>	1,699.92	2.54	95.43	0.01	30,203.891
<b>Planalto</b>	3,397.48	29.13	249.13	0.05	78,420.300
<b>Planeste</b>	7,320.06	56.47	467.23	0.21	148,194.060
<b>Planorte</b>	5,383.02	2,311.89	329.22	–	161,287.307
<b>Total</b>	<b>265,361.507</b>	<b>3,346.375</b>	<b>3,855.919</b>	<b>0.754</b>	<b>1,499,009.573</b>

GRI 305-1 | DIRECT GREENHOUSE GAS EMISSIONS IN 2017 – SCOPE 1

Greenhouse gas (GHG)	Global warming potential (GWP)	Greenhouse gas (GHG)	Global warming potential (GWP)
<b>CO<sub>2</sub></b>	1	<b>HFCs</b>	12 – 14,800
<b>CH<sub>4</sub></b>	25	<b>PFCs</b>	7,390 – 12,200
<b>N<sub>2</sub>O</b>	298	<b>Refrigerant blends</b>	0 – 13,396
<b>SF<sub>6</sub></b>	22,800	<b>NF<sub>3</sub></b>	17,200

GRI 304-1 | OPERATIONAL SITES OWNED, LEASED OR MANAGED IN OR ADJACENT TO PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS



Farm <sup>1</sup>	Location	Owned planted areas managed by the organization (ha)	Position in relation to the protected area or the high biodiversity value area outside protected areas	Type of operation (production)	Size of owned operational site (ha)	Biodiversity value
Paineira	Monte Alegre and Bom Jesus (PI)	7,480.00	10 km from a federal Conservation Area ('CA')	Grain	12,892	There is no EEZ (Ecological economy zone) database.
Planalto	Costa Rica (MS)	13,417.00	Part of the area of the farm was donated to a CA. The farm is in its adjoining region.	Grain and cotton	15,006	According to the EEZ, stability of the environment is ruptured by inappropriate human treatment, with horizon A spraying and compacting of the subsurface, so that wind erosion may occur and accentuate the diffuse superficial runoff, removing fine material. De-characterization of the phyto-ecology by occupation, gradually destabilizing the dynamics of the ecosystem.
Pamplona	Cristalina and Luziânia (GO)	12,833.00	10 km from a federal CA	Grain and cotton	17,994	According to the Environmental Diagnosis of the Araguaia Valley there are biodiversity value areas close to the farm.
Planorte	Sapezal and Campos de Júlio (MT)	16,943.00	Adjacent to indigenous areas	Grain and cotton	23,454	Listed by EEZ as areas appropriate for temporary agriculture, and forestry.
Paiaguás	Diamantino (MT)	18,768.00	Approx. 35km from an indigenous area	Grain and cotton	28,129	Listed by EEZ as areas appropriate for temporary agriculture, and forestry.
Perdizes	Porto dos Gaúchos and Tabaporã (MT)	15,187.00	Approx. 30km from an indigenous area	Grain	42,180	Listed by EEZ as areas appropriate for temporary agriculture, and forestry.
Panorama	Correntina and São Desidério (BA)	7,705.00	Approx. 10km from a state CA	Grain and cotton	10,313	Zone with high remaining vegetation cover (39.7%); 14% of the zone has high biodiversity vulnerability; 30.5% of the zone has extremely high priority for conservation; occurrence of 6 phytophysionomies (Cerrado predominant) in the zone - there being a total of 21 mapped in the State (scale 1:100,000); zone with 2 types of geodiversity with 64 mapped in the State (scale 1:2,500,000); high proportion of the zone (21.7%) in conservation units, with a low proportion (3%) under total protection and/or restricted use; the zone is in the São Francisco River basin; high proportion of micro-basins with 0% or less than 20% vegetation cover (74.2%); 86.4% of the zone has moderate vulnerability to erosion; the whole zone has very low water vulnerability; presence of quilombolas, fishermen and principally traditional pastoral communities. Predominance of use of the soil for intensive, irrigated and mechanized agriculture.
Piratini	Correntina and Jaborandi (BA)	8,530.00	Near a state CA - at 60km; and a federal CA - 25km	Grain and cotton	25,356	
Palmares	Barreiras (BA)	12,862.00	Near a state CA. Part of the farm is in the EPA of the Rio de Janeiro basin	Grain and cotton	17,026	
Parceiro	Corrente (PI) and Formosa do Rio Preto (BA)	3,632.00	Near federal CA, 9km, state CA, 5 km	Grain	31,244	
Parnaguá	Santa Filomena (PI)	9,420.00	Near federal CA, 25km	Grain	19,366	There is no EEZ (Ecological economy zone) database.
Parnaíba	Tasso Bragoso (MA)	22,189.00	Near federal CA, 75km	Grain and cotton	41,548	According to ecological-economic zoning, greater social potential and less environmental vulnerability. Areas of farming, industrial, mining, farming/forest and forestry, with various degrees of occupation and social potential and environmental vulnerability characterizing its sub-zones. In general, they are areas associated, at different levels, with the consolidation/expansion front and conversion of the natural areas for development of farming, industrial, forestry and mining activities. Close areas with lower social potential and higher environmental vulnerability. Areas with high potential for natural resources, often considered important in environmental conservation and preservation, due to their natural vulnerability, scenic beauty or location.
Planeste	Balsas (MA)	13,403.00	Near indigenous lands, 45km; and federal CA, 100 km	Grain and cotton	22,785	

1. Because they are leased, there is no management of reserve areas and APPs on the Paladino, Pantanal and Pioneira farms.



# GRI Content Index

This report has been prepared in accordance with the international structure for Integrated Reporting (<IR>) of the International Integrated Reporting Council (IIRC) and obeys GRI Standard 2016, in the Core option.

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GRI Standards	Publication	Page	Global Compact	Omission	SDG
<b>GRI 101   FOUNDATION 2018: GENERAL INFORMATION</b>					
<b>STAKEHOLDER ENGAGEMENT</b>					
<b>GRI 102 General disclosures 2018</b>	<b>102-40</b>	List of stakeholder groups	4		
	<b>102-41</b>	Collective bargaining agreements	100% of the employees	6	
	<b>102-42</b>	Identifying and selecting stakeholders	3		
	<b>102-43</b>	Approach to stakeholder engagement	3		
	<b>102-44</b>	Key topics and concerns raised	3		
<b>REPORTING PRACTICE</b>					
	<b>102-45</b>	Entities included in the consolidated financial statements	3		
	<b>102-46</b>	Defining the report content and the topic boundaries	3, 4		
	<b>102-47</b>	List of the material topics	3		
	<b>102-48</b>	Restatements of information	None – no change		
	<b>102-49</b>	Significant changes from previous reporting periods in the list of material topics and topic	None – no change		
	<b>102-50</b>	Reporting period	January 1 to December 31, 2018		
	<b>102-51</b>	Date of most recent report	3		
	<b>102-52</b>	Reporting cycle	3		
	<b>102-53</b>	Contact point for questions regarding the report	ssma@slcagricola.com.br		
	<b>102-54</b>	Claims of reporting in accordance with the GRI Standards	3		
	<b>102-55</b>	GRI content index	48		
	<b>102-56</b>	Guarantee of external assurance	The financial indicators, including the table <i>Direct Economic Value Generated and Distributed</i> , were audited by Ernst & Young. Other data have not undergone external assurance.		



GRI Standards	Publication	Page	Global Compact	Omission	SDG
<b>GRI 200 STANDARD   ECONOMIC INFORMATION – TOPIC-SPECIFIC DISCLOSURES: MATERIAL TOPICS</b>					
<b>ECONOMIC PERFORMANCE</b>					
<b>GRI 103 Management approach 2018</b>	<b>103-1</b>	Explanation of the material topic and its boundary	38		
	<b>103-2</b>	The management approach and its components	38		
	<b>103-3</b>	Evaluation of the management approach	38		
<b>GRI 201 Economic performance 2018</b>	<b>201-1</b>	Direct economic value generated and distributed	42		
	<b>201-2</b>	Financial implications and other risks and opportunities due to climate change	38		
<b>MARKET PRESENCE</b>					
<b>GRI 103 Management approach 2018</b>	<b>103-1</b>	Explanation of the material topic and its boundary	21		
	<b>103-2</b>	The management approach and its components	21		
	<b>103-3</b>	Evaluation of the management approach	21		
<b>GRI 202 Market presence 2018</b>	<b>202-1</b>	Ratios of lowest wage, by gender, compared to local minimum wage, in main units	21		
<b>ANTI-CORRUPTION</b>					
<b>GRI 103 Management approach 2018</b>	<b>103-1</b>	Explanation of the material topic and its boundary	38		
	<b>103-2</b>	The management approach and its components	38		
	<b>103-3</b>	Evaluation of the management approach	38		
<b>GRI 205 Anti-corruption 2018</b>	<b>205-1</b>	Operations assessed for risks related to corruption	38	10	
<b>GRI 300 STANDARD   ENVIRONMENTAL INFORMATION</b>					
<b>WATER</b>					
<b>GRI 103 Management approach 2018</b>	<b>103-1</b>	Explanation of the material topic and its boundary	28		
	<b>103-2</b>	The management approach and its components	28		
	<b>103-3</b>	Evaluation of the management approach	28		
<b>GRI 303 Water 2018</b>	<b>303-1</b>	Total water withdrawn, by source	28, 44	7	
	<b>303-3</b>	Total percentage and volume of water recycled and reused	28, 44	7/8	



GRI Standards	Publication	Page	Global Compact	Omission	SDG
<b>GRI 300 STANDARD   ENVIRONMENTAL INFORMATION</b>					
<b>BIODIVERSITY</b>					
<b>GRI 103 Management approach 2018</b>	<b>103-1</b>	Explanation of the material topic and its boundary	31		
	<b>103-2</b>	The management approach and its components	31		
	<b>103-3</b>	Evaluation of the management approach	31		
<b>GRI 304 Biodiversity 2018</b>	<b>304-1</b>	Operational sites owned, leased, or managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	31	7/8	
	<b>304-3</b>	<i>Habitats protected or restored</i>	31, 47		
<b>EMISSIONS</b>					
<b>GRI 103 Management approach 2018</b>	<b>103-1</b>	Explanation of the material topic and its boundary	35		
	<b>103-2</b>	The management approach and its components	35		
	<b>103-3</b>	Evaluation of the management approach	35		
<b>GRI 305 Emissions 2018</b>	<b>305-1</b>	Direct (Scope 1) GHG emissions	9, 13, 35, 46		
	<b>305-2</b>	Indirect (Scope 2) GHG emissions	35		
	<b>305-4</b>	GHG emissions intensity	45		
<b>EFFLUENTS AND WASTES</b>					
<b>GRI 103 Management approach 2018</b>	<b>103-1</b>	Explanation of the material topic and its boundary	28		
	<b>103-2</b>	The management approach and its components	28		
	<b>103-3</b>	Evaluation of the management approach	28		
<b>GRI 306 Effluents and wastes 2018</b>	<b>306-1</b>	Total water discharge, by quality and destination	28, 45	7/8/9	
	<b>306-2</b>	Total weight of waste, by type and disposal method	30, 45	7/8	
	<b>306-4</b>	Transport of hazardous waste	30, 31, 45	8	
<b>ENVIRONMENTAL COMPLIANCE</b>					
<b>GRI 103 Management approach 2018</b>	<b>103-1</b>	Explanation of the material topic and its boundary	34		
	<b>103-2</b>	The management approach and its components	34		
	<b>103-3</b>	Evaluation of the management approach	34		
<b>GRI 307 Environmental compliance 2018</b>	<b>307-1</b>	Non-compliance with environmental laws and regulations	34	7	



GRI Standards	Publication	Page	Global Compact	Omission	SDG
<b>GRI 400 STANDARD   SOCIAL INFORMATION</b>					
<b>EMPLOYMENT</b>					
<b>GRI 103 Management approach 2018</b>	<b>103-1</b>	Explanation of the material topic and its boundary	21		
	<b>103-2</b>	The management approach and its components	21		
	<b>103-3</b>	Evaluation of the management approach	21		
<b>GRI 401 Employment 2018</b>	<b>401-1</b>	New employee hires and employee turnover	21, 42	6	
	<b>401-2</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees	21	6	
<b>WORKPLACE HEALTH AND SAFETY</b>					
<b>GRI 103 Management approach 2018</b>	<b>103-1</b>	Explanation of the material topic and its boundary	24		
	<b>103-2</b>	The management approach and its components	24		
	<b>103-3</b>	Evaluation of the management approach	24		
<b>GRI 403 Workplace health and safety 2018</b>	<b>403-1</b>	Percentage of the workforce represented in formal health and safety committees	The Rural Work Internal Accident Prevention Committee (CIPATR) of each unit is made up of representatives nominated by the management of the unit and elected by the employees. On average, 5% of the workforce is represented in formal occupational health and safety committees.	6	
	<b>403-2</b>	Types and rates of injuries, occupational illnesses, lost days and absenteeism; and number of work-related deaths	24, 43	6	
	<b>403-3</b>	Workers with high incidence or high risk of diseases related to their occupation	Some of SLC Agrícola's activities are critical, but do not have a high rate or risk of illnesses. The others are monitored; and collective, administrative and control measures are provided that are necessary to mitigate or eliminate possible risks.	6	
	<b>403-4</b>	Health and safety topics covered by formal agreements with unions	Local or global agreements, established between the Company and unions have occupational health and safety clauses. The collective agreements of Mato Grosso do Sul and the West of Bahia have a specific chapter on the subject, and on average 21% of the total number of subjects raised are specific topics of occupational health and safety	6	
<b>TRAINING AND EDUCATION</b>					
<b>GRI 103 Management approach 2018</b>	<b>103-1</b>	Explanation of the material topic and its boundary	22		
	<b>103-2</b>	The management approach and its components	22		
	<b>103-3</b>	Evaluation of the management approach	22		
<b>GRI 404 Training and education 2018</b>	<b>404-1</b>	Average hours of training per year per employee	22	6	
	<b>404-2</b>	Programs for upgrading employee skills which facilitate continued employability of employees, and assistance and transition programs	22	6	
	<b>404-3</b>	Percentage of total employees who received a regular performance and career development review	22	6	



## SLC Agrícola Integrated Report 2018

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