



# Integrated Report 2019



# Summary

	03	<b>Message from Management</b>
	05	<b>Who we are</b> Performance profile Governance and compliance Sustainability management
17		<b>Strategy</b> An asset light business High efficiency More value in the field Certifications Business model
29		<b>Innovation management</b> Connectivity to digital agriculture Research and planning AgroExponential Program
	36	<b>People</b> Our people Our communities
	48	<b>Planet</b> Water and effluents Waste Biodiversity Climate change
	56	<b>Prosperity</b> Sectorial context Operational performance Financial performance
	61	<b>Annexes</b> About the report GRI content index

## How to use this document

### MENU

Navigate through the side menu to the chapters of your interest



### ARROWS

Navigate page by page through the arrows on the lower right side



### HOME

Click the icon to return to the summary



### PRINTING

Use this shortcut to print the PDF content

# MESSAGE FROM MANAGEMENT

SLC Agrícola is one of the largest agricultural companies in Brazil, and world reference in large scale agriculture. Our success is certainly due to SLC Group characteristic entrepreneurship and long term vision, but it is also due to the values that have always guided our business decision making process; which led to the development of the best in terms of Brazilian and global agriculture.

Employees working on farms distributed across six different Brazilian states and in the headquarters, in Porto Alegre, make possible the concretization of Our Big Dream, to build a positive legacy to future generations by being world leader in agribusiness efficiency and respect to the environment.

We combined a large investment in the preparation of our professionals – from the internship program to leaders' qualification – to an environment with excellence conditions to the development of the work with safety, respect, ethical stance, and long-lasting relations among all members of the production chain. The teams' acknowledgement and valuation of results achieved reinforces the passion for work, and, at each crop, drive the search for innovation and

“Our year  
was marked by the  
triple recognition of our  
people management  
practices and the  
advance in digital  
agriculture”

continuous improvement, and create a virtuous circle that results, every year, in more efficiency and productivity in farming.

In 2019, our people management model was acknowledged in the three most renowned rankings in Brazil on the theme – the Great Place to Work survey and also those of *Você S/A* magazine and *Valor Econômico* newspaper. These awards consider the opinion of employees, which demonstrates correctness of our strategy to qualify and support the development of all professionals.

In addition to the human aspect, the year was also marked by the advance in the application of digital agriculture concepts. Connectivity in the field makes possible for information to reach our operational centers in real time and increase agility and quality in decision making. Among the new technologies we have sensors that provide localized application of pesticides, digital weather stations, remote sensing systems for machines and tracking of cotton lint, among other different innovations that strengthen our competitiveness in agribusiness.



The creation and implementation of the AgroExponencial program, whose first edition occurred in 2019, is another initiative intended to add value by means of innovation, going beyond our frontiers. With the platform we can map and create partnerships with startups focused on the agroindustry technological evolution, opening opportunities for experimental projects with transforming potential to be tested and validated for large scale application. Seven startups were selected to advance to the Concept Test phase in 2019, and of these, three were hired by the company aiming at the expanded use of the solutions presented.

The support for our growth is the trust of our clients in long-lasting relations and in sustainable development. Our certifications with the Integrated Management System (IMS) and the sustainability certificates for the commodities we produce attest that we practice a production model of high quality, with responsible management of our people and the environment. In 2019, we achieved a total of eight certified units, compliant with environmental, occupational health and safety and social responsibility norms.

“The integrated vision of sustainability, investment in innovation and the establishment of lasting relationships contributed to the success of the strategy and the good results for the year”

The combination of the initiatives developed in all our fronts led our company to very positive results. We reached an adjusted EBITDA of R\$ 795.5 million and a new net revenue record (R\$ 2.5 billion). We also advanced our strategy of monetizing gains in our real estate assets, by selling 5.2 thousand hectares in Maranhão State for R\$ 83.2 million.

The integrated view of production will lead to the continuation of our businesses' growth. Respect to human rights, environmental preservation, construction of a worthy work environment and ethics – universal principles defended by the United Nations (UN) Global Compact that we practice in our company – guide the way we will keep on cultivating the soil and producing healthy food to the society. We all, administrators and employees at SLC Agrícola, are committed to work with excellence and integrity in order to increasingly contribute to the country's sustainable development.

**Aurélio Pavinato**  
CEO of SLC Agrícola





# who we are

We are among the largest producers of grains and fibers in Brazil and have sustainability strongly linked to our Big Dream and our values. We were pioneers in the sector worldwide to go public on a stock exchange and we continuously evolve corporate governance, compliance and risk management practices

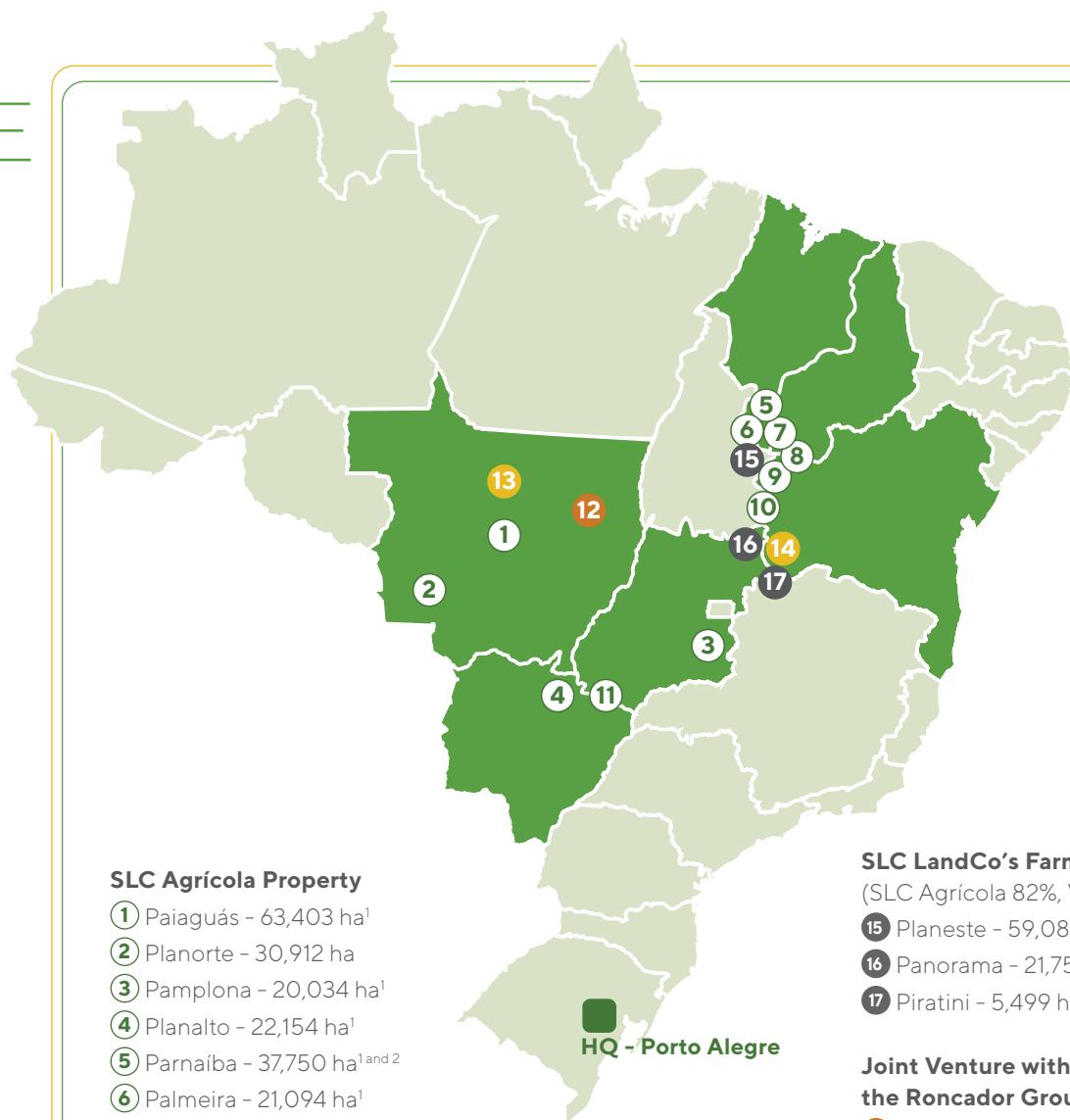


# PERFORMANCE PROFILE

Our company, SLC Agrícola, is one of the largest producers of grains and fibers in Brazil and is part of the SLC Group, which, in 2020, will complete 75 years of existence. Over time, we have contributed to strengthen the agribusiness, a strategic sector for the country's economic growth and development. We operate in six different states, with 16 farms. In the 2018/2019 crop, we cultivated 459 thousand hectares in these units. Our planning, administrative and commercial teams work integrated in our headquarters, located in Porto Alegre (Rio Grande do Sul).

We are experts in the cultivation, harvest and processing of soybean, corn and cotton, with a business model that integrates modern technologies, high scale of production, standardization of units, efficiency in cost management and socio-environmental responsibility. Operations are conducted in own areas and leased areas and also by means of three strategic joint ventures (SLC LandCo, Fazenda Pioneira and SLC-MIT) with large agribusiness investor groups.

Our company employs around 3.6 thousand people, including fixed and temporary employees, which execute a strategy that adds value to the agribusiness in the Brazilian Cerrado and strengthens the company's competitive differentials.



## SLC Agrícola Property

- ① Paiaguás - 63,403 ha<sup>1</sup>
- ② Planorte - 30,912 ha
- ③ Pamplona - 20,034 ha<sup>1</sup>
- ④ Planalto - 22,154 ha<sup>1</sup>
- ⑤ Parnaíba - 37,750 ha<sup>1 and 2</sup>
- ⑥ Palmeira - 21,094 ha<sup>1</sup>
- ⑦ Parnaguá - 10,250 ha
- ⑧ Paineira - leased farm
- ⑨ Parceiro - 14,360 ha<sup>2</sup>
- ⑩ Palmares - 23,139 ha<sup>1</sup>
- ⑪ Pantanal - 42,883 ha

## SLC LandCo's Farms

(SLC Agrícola 82%, Valiance 18%)

- ⑮ Planeste - 59,089 ha<sup>1 and 2</sup>
- ⑯ Panorama - 21,753 ha<sup>2</sup>
- ⑰ Piratini - 5,499 ha<sup>2</sup>

## Joint Venture with the Roncador Group

- ⑫ Pioneira - 29,874 ha<sup>1</sup>

## Joint Venture with Mitsui Co.

- ⑬ Perdizes - 26,295 ha<sup>1</sup>
- ⑭ Paladino - 20,673 ha

<sup>1</sup>Units with 2<sup>nd</sup> crop.  
<sup>2</sup>Planted area considers the total 2019/2020 crop.



# Our numbers in 2019



# Our Big Dream

The planet's current population is of 7.7 billion people and the expectation is that, until 2050, this number will grow to 9 billion, according to the United Nations projection. The agribusiness has an important role to face this accelerated increase by ensuring the offer of foods, clothes and energy, minimizing environmental impacts and contributing to reduce greenhouse gas emissions to the atmosphere.

At SLC Agrícola, our commitment is to put into practice a business model aligned to the agricultural sector's sustainability. We translate this purpose by means of "Our Big Dream", a declaration that synthesizes the ambition for the company's growth with balance and strengthening of positive impacts.

The corporate values practiced by our employees on a daily basis feed Our Big Dream. Driven by these beliefs, our teams create a production cycle that generates positive economic impacts on the region we operate, strengthens ethic and worthy relations with all publics, promotes respect to the environment and transforms the work on the land into wealth to be shared with the society.

## OUR BIG DREAM

Positively impact future generations by being world leader in agricultural business efficiency and respect to the planet

## OUR VALUES



**PASSION**  
FOR WHAT WE DO

We believe that those who have **passion for what they do** are committed and do so with maximum quality, preserving their **integrity** by means of ethical, coherent and unquestionable conduct.



**INTEGRITY**



**LASTING**  
RELATIONSHIPS

These attitudes altogether generate **long-lasting relations** and respect among all interested parties, producing **sustainable results** that are economically feasible, socially fair and environmentally responsible.



**SUSTAINABLE**  
RESULTS



# Awards 2019



## Valor Carreira

We obtained the 1<sup>st</sup> position in the category of companies with 3,001 to 7,000 employees in *Valor Econômico* newspaper, which acknowledges the best companies in people management.



## Best Companies to Work for in Rio Grande do Sul

For the third year in a row, we were acknowledged by Great Place to Work (GPTW) survey. In this edition we obtained the 8<sup>th</sup> position



## 150 Best Companies to Work for

We achieved the triple acknowledgement of practices in people management for appearing among the first positions of the ranking by *Você S/A* magazine in partnership with Institute of Management Foundation (FIA).



## Destaques A Granja

We were acknowledged as the best corn products by *A Granja* magazine award. Defined by the magazine's readers' vote, this award is annually promoted and is already in its 34<sup>th</sup> edition.

## As Melhores da Dinheiro 2019

We achieved the 1<sup>st</sup> position of agribusiness in IstoÉ Dinheiro magazine ranking, which assesses aspects associated to financial sustainability, human resources, innovation and quality, social and environmental responsibility, corporate governance.

## Latin America Executive Team (Small Caps) – agribusiness sector

For the fourth year in a row, we deserved highlight in North-American magazine Institutional Investor's annual survey. We appear among the three best Brazilian companies, occupying the top of the podium in categories Best CEO, Best Investor Relations' Team and Best IR Professional.

## 2019 Agribusiness Best Award

We obtained the position ("Champion of Champions") in the 15th edition of this award, promoted by Globo Rural magazine. The acknowledgement considers the financial results and sustainability practices of companies in 21 agribusiness sectors.

## Estadão Empresas Mais 2019

We obtained the 1<sup>st</sup> position within the "Agriculture and Cattle Raising" sector in O Estado de S. Paulo newspaper ranking, which assesses indicators of size and financial performance.

# GOVERNANCE AND COMPLIANCE

Our company, the first grain and cotton producer worldwide to have shares negotiated in a stock exchange, is listed in the B3's Novo Mercado segment, and adopts the best corporate governance practices to ensure transparency in the relations with shareholders, as well as the maximization in value generation. The 2007 IPO represented a milestone to our history, allowing fund raising to expand business with acquisition and development of lands.

Since then, the evolution of governance policies and system has led the management to a responsible and balanced growth of business, aligned to corporate ethics and values, as expressed in the Code of Ethics and Conduct.

In 2019, we advanced in this direction by implementing and consolidating the Compliance System, which disseminates and reinforces the culture of integrity among administrators and employees.

The Compliance System's guidelines, norms and procedures were structured according to the Clean Company Act (12.846/2013), Novo Mercado regulation and all internal policies approved by the Administrative Council. Thus, this platform ensures that we will have mechanisms to identify, prevent and fight not only illegal actions, but also misconducts that are not compliant with our internal values and requirements.



We were the **first** grain and cotton producer **in the world** to have shares traded on a **stock exchange** and, since then, we have evolved in our corporate governance and compliance practices



**57%**  
**of employees**  
were trained in the first  
year of the Compliance  
System



**100% of**  
**communications**  
received by Contato  
Seguro were treated  
with secrecy and  
confidentiality



We count on a Compliance area dedicated to the System implementation and dissemination in our management structure. One of the activities developed is classroom and distance (digital) qualifications to employees from all units, with focus on the awareness for adoption to good practices and respect to ethics and integrity. In the first year, 57% of employees were trained on ethics, compliance and mechanisms to fight fraud and corruption.

Contato Seguro, a channel to receive complaints and communication of acts that violate our values and guidelines, complements the Compliance System structure. The tool, managed by an external company, ensures to all those that access it secrecy of information and anonymity, where requested. Our company also counts on a non-retaliation policy in order to safeguard the tool's integrity. A total of 114 records occurred in Contato Seguro in 2019. Investigations on critical complaints did not prove the mentioned irregularities.

The analysis of all communications to Contato Seguro is made internally by the Loss Prevention Committee. Where necessary, the interaction with the complainant is made by means of the platform, without compromising secrecy and confidentiality. The tool is also used to provide answer to the case conclusion. Though most communications in 2019 were associated to doubts and suggestions, our company values the channel as means to establish ethical and worthy relationships with employees, clients and suppliers.



# Risk management

The management of risks associated to our business model was improved and reinforced in 2019 with the approval of the Risk Management Policy by the Administrative Council. This instrument establishes principles and guidelines, and also defines corporate responsibilities for identification, assessment and mitigation of factors that can negatively impact the company.

Moreover, our management is supported by the Market Risk Management Policy, which set forth guidelines to protect the company's operational margin in face of exchange rate variations and commodities' prices. This governance guideline, applied since 2008, is periodically reviewed to adapt structures to the changes in the context where we operate.

Among the main risk factors we manage is the exposure of the company to dollar variation and the impact of obligations in foreign currency on the company's cash flow, since large part of inputs have their price tied to the North-American currency and the products' destination is the foreign market. To face this exposure, we count on a patrimonial protection strategy (hedge) and use different instrument to keep exposure within acceptable risk limits.

The processes that we adopt to manage risks in an integrated way are aligned to the best practices and methodologies and allow that, with the involvement

of all areas; the main externalities are identified and categorized in a Matrix that will assess probability of occurrence and impact on the organization. Risks perceived are divided in six different categories and prioritized according to limit criteria as established by existing mitigation policies and actions.

Treatment of residual risks is made through action plans defined by the Board and implemented by leaders of areas impacted by these factors. The policy provides for the installation of an internal audit area, directly linked to the Administrative Council, to continuously assess the efficacy of the processes developed for this management.

ESG (Environmental, Social and Governance) risk management is grounded on the Integrated Management System (IMS) and its certifications associated to environment (ISO 14001), occupational safety (OHSAS 18001), social responsibility (NBR 16001) and quality (ISO 9001). These norms have specific requirements to survey critical aspects and impacts in each of these themes, ensuring the identification of hazards and risks and the definition of respective applicable control measures. The IMS also includes periodic internal audits and external verifications to expand the number of certified farms (learn more on page 26). Associated to this management, we monitor with a specialized team and periodic inspections two

water dams in Pamplona Farm, thus ensuring compliance of preventive maintenances and the safety of these facilities. The farms also count on a trained team to respond to emergency situations associated to accidents and other events that may put at risk the patrimony or the physical integrity of employees.

In the context of climate changes, we count on business differentials that contribute to our adaptation capacity. Besides the 99% of areas cultivated in dry farming, we distribute our farms geographically across six states of the Brazilian Cerrado, biome characterized by higher stability of rainfall regime. Aiming at mitigating our impacts to global warming, we defined, in 2019, a plan for reduction of greenhouse gas emissions, in order to reduce them by 25% in the coming decade.

**25%  
reduction**  
in GHG emissions is  
one of our goals for the  
next decade





## Our risk management practices



### Formal guidelines

Risk Management Policy  
Market Risk Management Policy



### Risk categories

Strategic  
Operational  
Financial  
Regulatory and/or Compliance  
Socio-environmental  
To the image



### Risk management structure

#### Risk Management Committee

Formed by the Board of Directors, meets weekly

#### Executive Committee

CEO report to the Board of Directors, according to schedule of meetings of the governance body



### Instruments for hedge

Swap contracts (B3 and CETIP)  
Non-deliverable forward (NDF)  
Futures contracts (B3, CBOT and NYBOT - ICE)  
Plain vanilla options contracts (stock exchange and counter)  
Dollar debt contracts



### Instruments for continuation of operations

Integrated Management System (IMS)  
Certifications  
Internal and external audits

# Governance structure

Our governance bodies are responsible for defining the corporate strategy and monitoring of tools and processes for management and protection against risks to the business. The Board of Directors is the highest decision instance of the administration and works to establish the general orientations to the company's development in the agribusiness ambit.

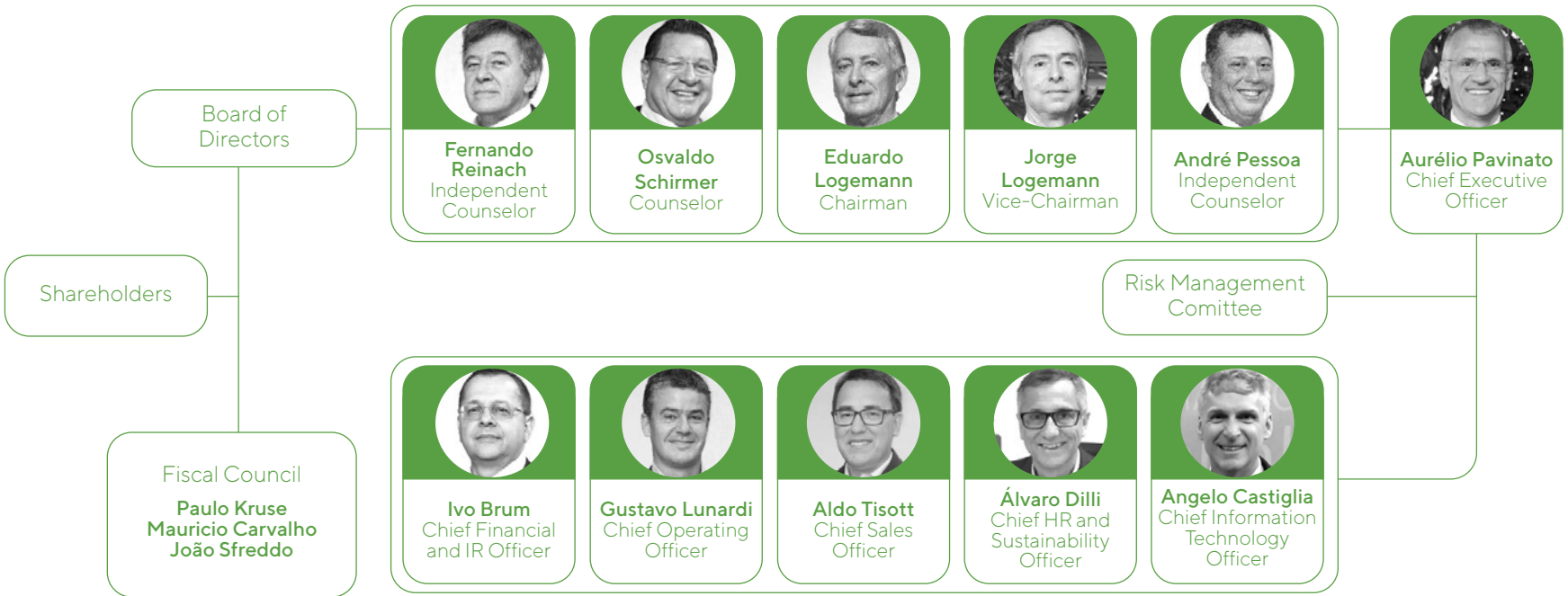
The Board members are elected at the Shareholders' General Meeting for a two-year term, and can be re-elected. The body comprises five members; three of them being independent, with acknowledged professional experience.

The Board is supported by three advisory committees. These structures are responsible for assessing in depth the critical aspects to the company's management and providing recommendations for the members' decision making process.

The Board of Executive Officers, responsible for executing the company's strategic plan, is composed of four executives, appointed by the Board of Directors for a two-year term, and two non-statutory executives. The four Senior Executives represent our company in administrative proceedings and monitor the work of internal management structures, focused on continuous improvement and maximization of assets' value.

In 2019, the General Meeting determined the installation of the Fiscal Board, responsible for inspecting the administration acts. Though not permanent, the Fiscal Board has been recurrently constituted since 2012. Comprising three external members with one year term, the Fiscal Board is independent and works according to the Corporation Act and the company's Bylaws.

**60%** of members in the Board of Directors are independent, which overcomes the B3 Novo Mercado's requirements





# SUSTAINABILITY MANAGEMENT

Our sustainability view is aligned with Our Big Dream. It is transversal to operations and is materialized in several initiatives, like the efficient use of inputs driven by technology, qualification and digital inclusion of our employees, development of communities where we operate and environmental preservation as necessary condition to the future development of our activities.

In 2019, we improved the integration of sustainability aspects to the company's strategy. In a workshop involving all corporate and farms' directors and managers, we identified our priority axes and their respective correlation with UN Sustainable Development Goals (SDG) and Food and Agriculture Business Principles (FABP). Based on that, we incorporated sustainability issues to our strategic map, like aspects associated to farms certification and environmental

constraints of operation. These themes started to be considered in performance assessment and variable remuneration of employees.

This management is supported by transparency in accountability to the society and by the interchange of knowledge and practices with other entities and companies. In this context, we have prepared, since 2016, our Integrated Report, aligned with the Integrated Reporting framework of the International Integrated Reporting Council, and GRI Standards, the most adopted model worldwide for this type of document and proposed by the Global Reporting Initiative (GRI). We are signatory of the Global Compact and participate in the Brazilian Food and Agriculture Network Working Group of the Global Compact.



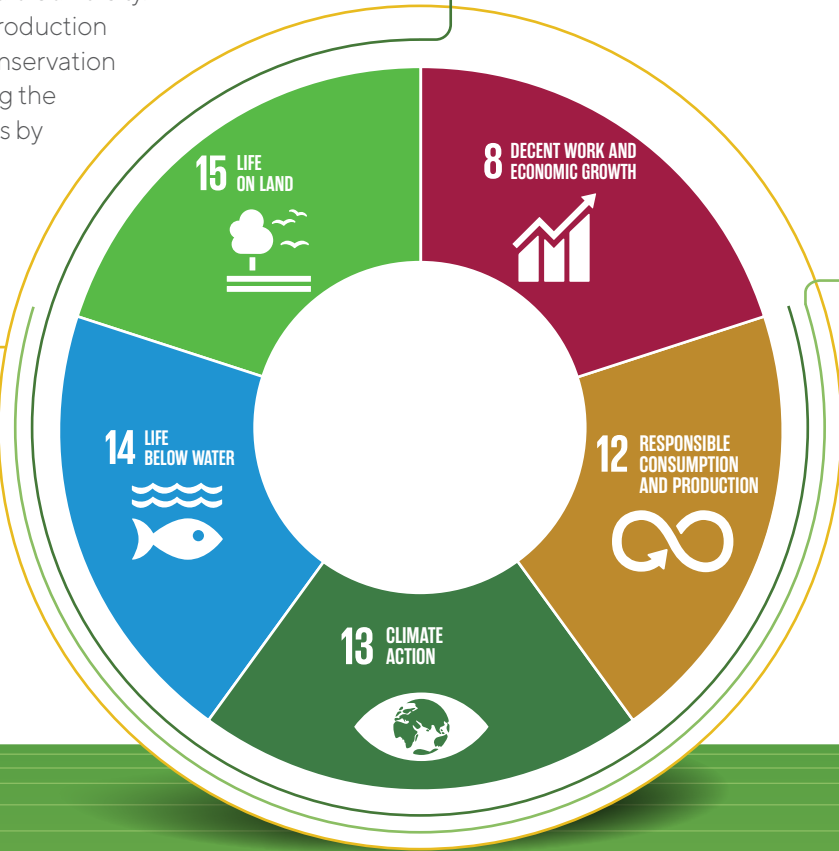
Priority axes of action

Water and biodiversity

Involves initiatives for optimization of water consumption and preservation of water resources and biodiversity. For such, we invested in eco-efficient production systems and promoted initiatives for conservation and reforestation, in addition to ensuring the adoption of best management practices by means of certifications of our activities.

Stakeholders' expectation

Gathers investments and approaches to promote the socio-economic and cultural development of the regions where we operate, based on transparent dialogue with all publics and training of our leaders and other employees for them to better understand the challenges of local communities.



Climate changes and soil

Comprises all efforts to mitigate climate changes, with two main approaches: minimizing agricultural inputs consumption, generation of wastes and use of fossil fuels, reducing our carbon footprint; and improving soil quality in cultivation areas, contributing to carbon sequestration in the soil.

PEAA principles prioritized



Economic feasibility and values



Food security, health and nutrition



Environmentally responsible



Human rights and rural communities





# stra tegy

Focused on high efficiency, our business model is increasingly migrating to an asset light structure. The prioritization of crops with high added value and investments in certification and traceability of production contribute to our differentiation in the markets in which we operate



# STRATEGY

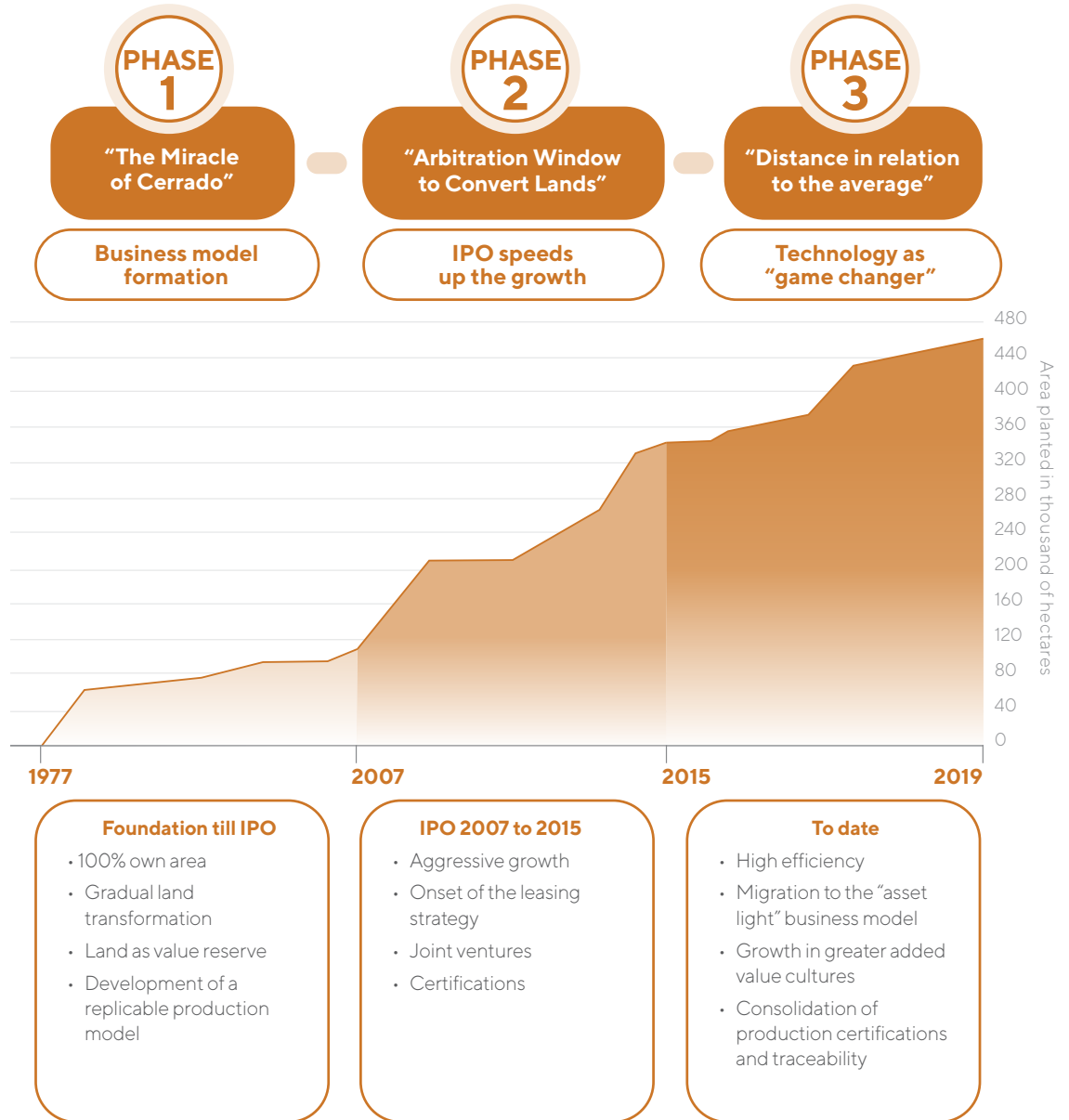
The history of our company, founded in 1977, followed the evolution of agribusiness in Brazil. The business growth and consolidation strategy, which can be broken down in three main phases, took advantage of market opportunities to expand cultivated areas while incorporating state-of-the-art management practices and new technologies to increase productivity.

In the first part of this journey, we expanded our presence in the Brazilian Cerrado and developed a replicable production model that supported the following phase. In 2007, when the company floated its shares on the B3 S.A. (São Paulo stock exchange), we started the second phase with accelerated growth of cultivated area by means of land leasing, formation of joint ventures, and products certifications.

Now we are in the third phase of our strategy, where digitalization and new technologies transform agricultural practices. Our focus is on reaching maximum efficiency with a management that maximizes profitability on assets (“asset light”), prioritizes growth in crops with higher added value and consolidates production traceability.

With high efficiency and modern technologies, we seek to expand production in already developed areas. Innovation and planning capacity lead us to continuously improve all details of the production process. We invest in certifications and mechanisms that will ensure products’ traceability, which adds value to the production chain.

## Strategic phases of SLC Agrícola



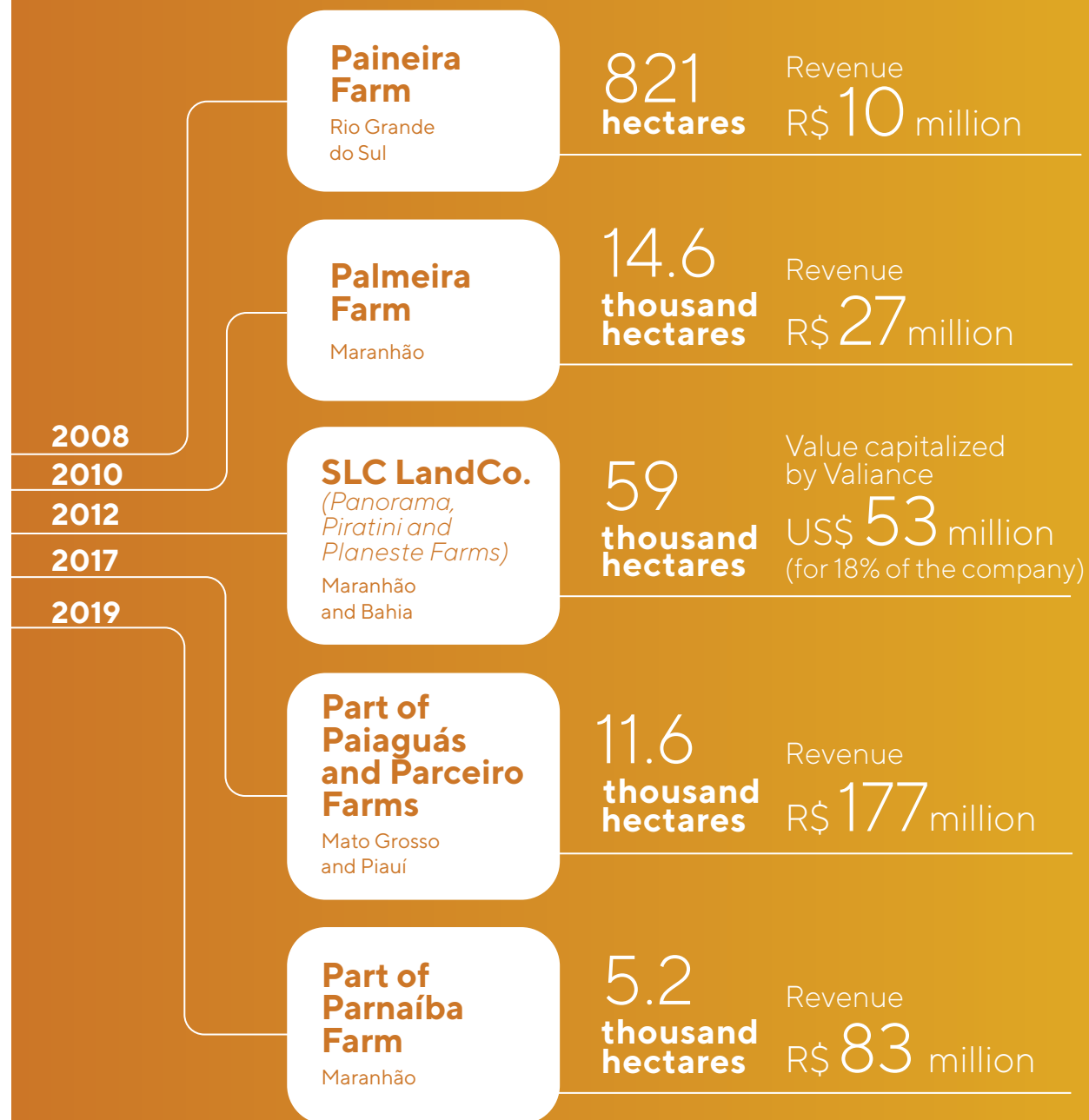
# AN ASSET LIGHT BUSINESS

Our strategy conducts the company to build an operational structure that maximizes profitability on assets, with lower demand for investments and expansion of operational efficiency. The migration to an asset light type business model creates competitive advantages and distinguishes us in the agribusiness sector.

In 2019, we continued with our strategy to realize real estate gains and sold a total of 5,205 hectares from Parnaíba Farm (in Maranhão State). Our company will keep on carrying out agricultural operations in the 4,162 arable hectares of the area. The new owner will be remunerated with the payment of leasing at market price. The operation generated additional income of R\$ 83.2 million, posting an internal return rate of around 14.1% in dollars, considering only the historical acquisition value.

Annually, we conduct an independent appraisal of our land portfolio in order to identify the average price of the arable hectare. Last year, this measurement amounted to R\$ 18,415 and the total value was of R\$ 3.8 billion. From this base, we identified opportunities for disinvestments.

## Land sales

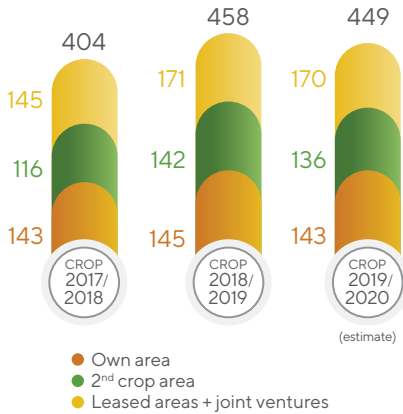




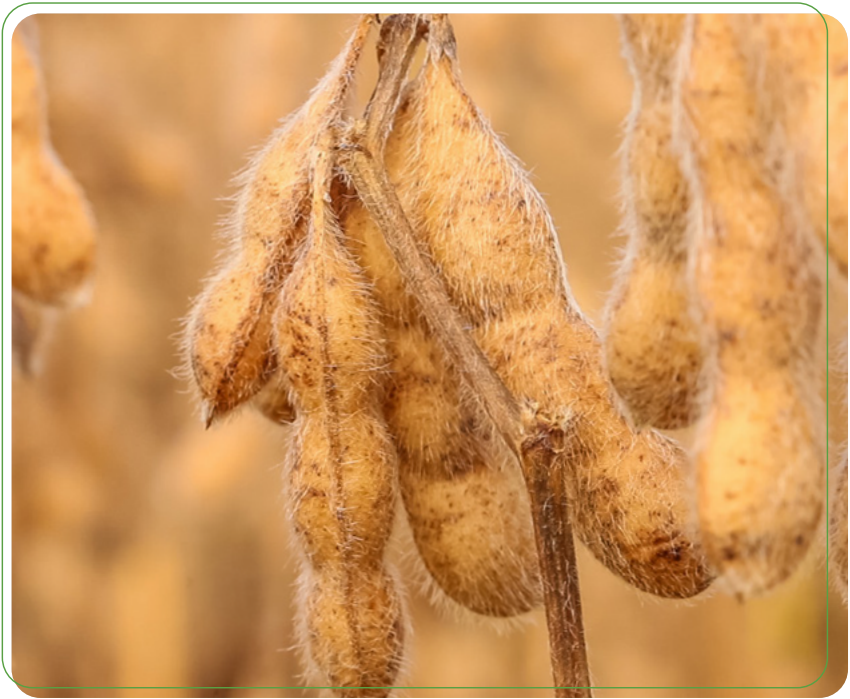
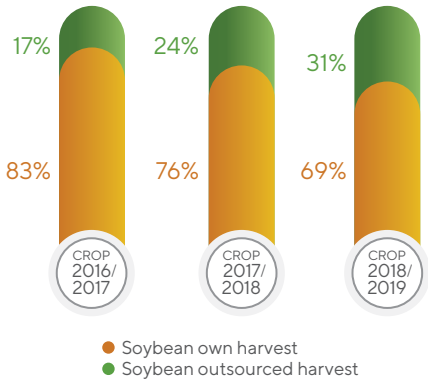
Another evolution made possible by this change is the increase of leased lands participation in the portfolio, which includes the SLC LandCo, Fazenda Pioneira and SLC-MIT joint ventures, where the agricultural operation management is made by our company. In the 2018/2019 crop, over half of the area under our management was cultivated in third parties' properties.

The outsourcing growth in soybean mechanized harvest also reflects our strategy and maximizes profitability on assets. It simultaneously drives value sharing in a more efficient production chain. This movement made possible, in only three years, the evolution from 100% own operation stage (2015/2016 crop) to other stage with participation of around 30% of partners (2018/2019 crop).

Planted area (thousand hectares)



Harvest outsourcing



### SLC Agrícola's joint ventures

81.2% SLC Agrícola | **SLC LandCo** | 18.8% Valiance\*

*\*English private equity fund*

50% SLC Agrícola | **Pioneira Farm** | 50% Roncador Group

50.1% SLC Agrícola | **SLC-MIT** | 49.9% Mitsui & Co.

**+ Click here**

and learn more about our partnerships



## Relations with suppliers

Our company's supply chain counts on companies that supply inputs and equipment, service providers and logistics. Hiring and purchases are centralized, in a process coordinated by the supply area and guided by the Supply Policy.

Our management model organizes suppliers in three purchase categories: agricultural supply; machines, implements and vehicles; and use, consumption and infrastructure. With this segmentation, we improved our relations with partners allocating expert employees to each type of hiring, which provides more agility and efficacy to purchase processes.

All suppliers are homologated according to our internal guidelines before establishing the contract. In this stage, we check documentations

and legal compliance of the companies and, for specific cases, we assess practices of health, safety and environment of employees.

Where contracts involve labor outsourcing, as for soy harvest, we periodically check tax collection and labor contributions, a requirement for payments to be made.

Our supplier base counted, in 2019, on 7,527 companies already registered for the supply of products and services. We do business with 3,092 partners, totaling around R\$ 1.9 billion in payments. In logistic handling, we perform the transportation of 260 thousand tons of cargo, involving a total of 24 carriers in the handling of cotton, corn, seeds, fertilizers and 475 agricultural machines

### Amounts paid to suppliers (R\$ million)

2019

#### Per category

Agricultural supplies	1,121.0
Machines, implements and vehicles	303.7
Use and consumption, infrastructure and services	548.4

**TOTAL** 1,973.1

#### Per region

Brazil	1,903.0
Abroad	70.1

**TOTAL** 1,973.1

# HIGH EFFICIENCY

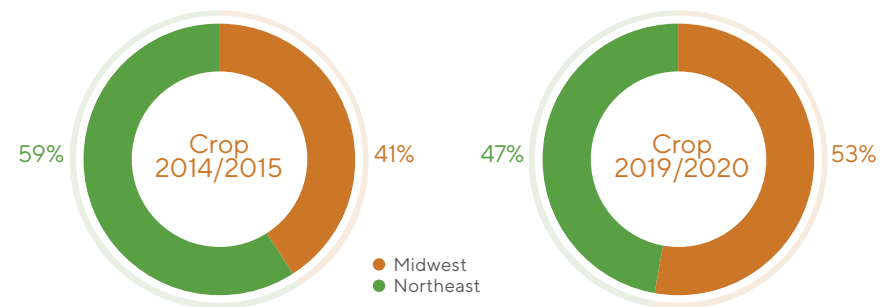
Making land more productive is one of the premises for the agribusiness to contribute to the sustainable society development. The incorporation of new technologies and production techniques makes our agricultural operation more efficient, and, therefore, more profitable, because it demands less investments to purchase inputs and prepare the soil.

One of the focuses of this model of operation is the mature areas, those with at least three years of agricultural operation. This portfolio adjustment made in the last years has led to the expansion of cultivation in the central west region, which provides more stability to production.

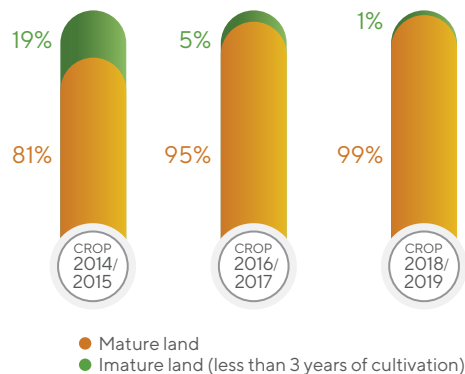
At each year, we have been increasingly more effective in plantation and harvest planning and execution. We reduced the average time of agricultural operations, which makes possible the use of the ideal cultivation interval and reduces losses in harvest. We have also expanded the area planted with second crop cultivations – corn and cotton – to maximize the assets use and reduce exposure to climate factors.

With this combination of actions, our productivity has increasingly surpassed the national average. Soy plantations reached, in the 2018/2019 crop, historical records of production and average productivity of 3,739 kg per hectare planted.

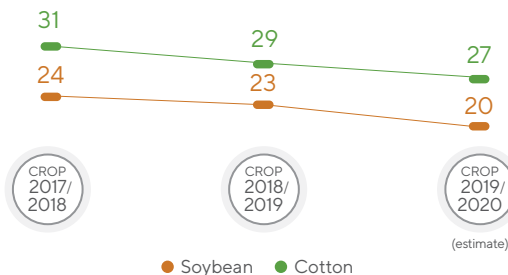
Planted area per region



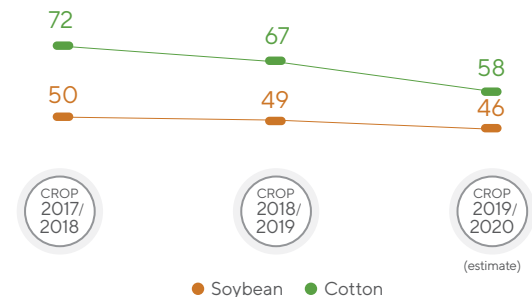
Land maturity



Plantation average time (days)

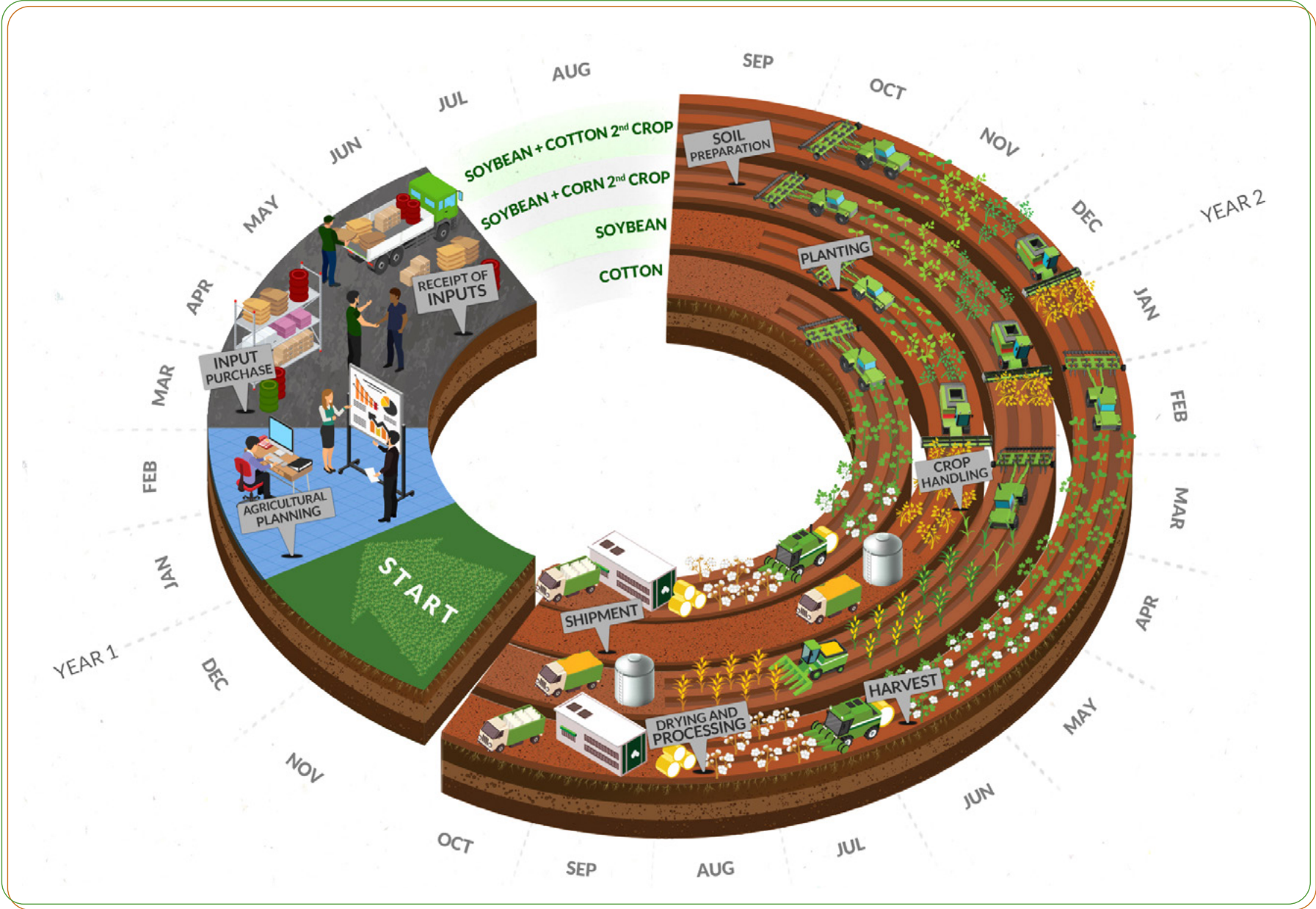


Harvest average time (days)





Production cycle



# MORE VALUE IN THE FIELD

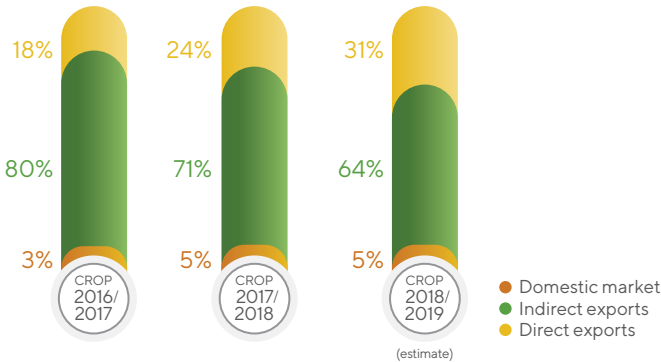
In order to be more competitive in agribusiness, we invest in production models that diversify our business and increase assets' profitability. For that matter, cotton is a culture that opens opportunities to add value to clients by means of services that differentiate us in the market.

After harvest, we conduct a visual classification and laboratory tests of the fiber's characteristics. With our own software, we cross-check information and create standardized and uniform batches to be processed and directly sent to clients, according to their needs and orders.

We use modern technologies like RFID (Radio-frequency Identification), which provide more agility to the process from plantation to processing units. Identification of lots in the field makes possible the automated reading of labels and makes more efficient the creation of blocks in storage yards and humidity control in fibers' treatment.

With these solutions, the volume of cotton sold directly to clients significantly increased in the last years. We could also access more external markets, expanding exportations and generation of incomes in dollars, in addition to reach prices with the so called "premium", a positive difference with regard to the product quotation in New York stock exchange, which reflects our product valorization by clients.

Evolution of cotton sales channel





Another evolution of our portfolio is SLC Sementes, a new front of operation destined to produce soy seeds. The initiative emerged from the project for production of certified seed for our own cultivation, started in 2013. In 2019, this activity was expanded and started to serve other producers, with trading of 145 thousand 40 kg bags.

The seeds we produce, from 14 different cultivars, serve producers that work in the same region where we plant and large size multinational companies from the agricultural inputs sector. The use of the seeds in our own

operations, associated to RTRS standard certification, ensures to clients inputs' quality and origin.

The Field Day is an important event to show to the specialized public the advantages of SLC Sementes. Last year, we promoted five editions and around 300 people participated in the presentations and technical visits, getting to know the news and the work developed with responsibility and sustainability.

**145  
thousand  
bags**

of 40 kg of soybean  
seeds comercialized  
in 2019



**SLC** *Sementes*





# CERTIFICATIONS

The grains and fibers we produce are traded with clients in the Brazilian market and abroad, mostly through trading companies that are related to food, animal feed, textile industries and many other sectors. The certifications we obtained to our operations and product represent a relevant differential to our company, because they make possible to serve clients with high demand standards in Europe and Asia and add value to the production chain.

The certification processes of units attest to external publics the quality of management tools and good practices we adopt. Our Integrated Management System (IMS) counts on ISO 14001 (environmental management), OHSAS 18001 (occupational health and safety), NBR 16001 (social responsibility) and ISO 9001 (quality) certifications. Today, eight farms are already certified by norms ISO 14.001, OHSAS 18.001 and NBR 16.001, comprising a total of 282 thousand arable hectares.

Our quality management model, certified by norm ISO 9001, the most internationally renowned to ensure standardization of processes and systematic for continuous improvement, contemplates grains and cotton storage and processing operations. In 2019, two other units were audited and approved, totaling five certified farms.

We also adopted the best soy and cotton cultivation practices and, due to that, our products count on internationally renowned certifications. Among them, RTRS and ProTerra are highlights for soy culture and ABR and BCI for cotton culture (get to know them better in the chart).



# Our certifications

## Integrated Management System (IMS)

### ISO 14001

Defines the requirements for implementation and improving of operations' environmental management system.

### OHSAS 18001

Guides the structuring of norms and procedures for a system of management of health and safety conditions in work environment. Our company is working on the migration to the new ISO 45001 standard, which replaces OHSAS 18.001 certification.

### NBR 16001

Establishes requirements for social responsibility management system, directing the operations towards promoting citizenship and social development.

## Quality Management System

### ISO 9001

Guides the adoption of policies and requirements to ensure standardization, monitoring and documentation of the production process.

## Soybean

### RTRS (Round Table on Responsible Soy)

Establishes an international standard for environmentally correct, socially fair and economically feasible soy production.

### ProTerra

Standard that ensures compliance with environmental and social requirements in the production of grains without genetic modifications (OGM).

## Cotton

### ABR

#### (Responsible Brazilian Cotton)

Promotes sustainable cotton production encouraging the adoptions of good practices of environmental management, social responsibility and sustainability vision.

### BCI (Better Cotton Initiative)

Encourages awareness in the whole production chain of the importance of fair labor relations and socio-environmental responsibility in the field.



# BUSINESS MODEL

We guide our operations by SLC Agrícola strategic drivers in order to create and share sustainable value with the whole society. **Click on each capital** to understand this management approach and get to know our main inputs and the value added by our activities.

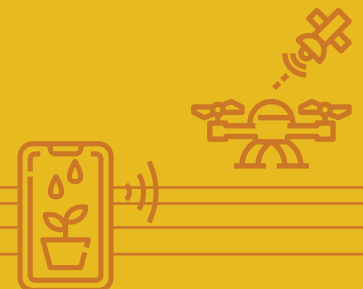




A circular inset image on the left side of the slide shows two women in green long-sleeved shirts standing in a field of green crops. One woman is holding a tablet and pointing at the screen, while the other is holding a leaf. The background of the slide is a solid yellow-orange color.

# innovation manage ment

We are at the frontier of innovation in agribusiness, expanding our field connectivity project every year and investing in research and studies aimed at increasing productivity. In 2019, we approached the innovation ecosystem, with challenges proposed to startups in the AgroExponencial Program



# INNOVATION MANAGEMENT

Research and development of new technologies and agricultural practices drive efficiency and productivity in our operations. These benefits increased with the advance of digitalization and connectivity, which led to important transformation in all stages of the production cycle in the last years.

In order to centralize and coordinate the management of this theme, we count on the Innovation Committee, structure that completed its second year of activities in 2019. The Committee's main guidelines include fomentation to innovative culture and connection with agribusiness innovation eco-system, aligned with the best market practices and marked by focus on open innovation. To guide the initiatives proposed by the Committee, we wrote our Innovation Ambition, aligned with the current corporate strategy phase.

The Innovation Committee is currently responsible for managing the two programs included in the innovation architecture, AgroExponencial (a startups connection program, whose first cycle occurred in 2019) and Ideias & Resultados (an intrapreneurship program, launched in December 2019). With this structure, our company strengthens the innovation culture and also the evolution of administrative processes. With regard to people management, for example, new solutions changed and strengthened employees' qualification to a more digital universe and improved processes for selection and hiring of talents (learn more on page 41).

## Innovation Ambition

Being connected with the most modern technology and processes, being and early-adopter of innovations, by means of effective filtering the best solutions (external and/or internal) and their quick implementation in all areas/units that may benefit from them, measuring gains.





# CONNECTIVITY TO DIGITAL AGRICULTURE

In 2019, we expanded the field connectivity project to five units, covering an area of approximately 70 thousand hectares with internet signal. The initiative covers the installation of telecommunication towers with 4G technology – 700 Mhz, integrating the agricultural operation to our company's management systems, in Porto Alegre (Rio Grande do Sul).

Digital sensors installed in agricultural machines and telecommunications in real time provide scale gains and higher control of agricultural activities. In the intelligence center, specialized technicians follow the development of activities in plantations and assess several types of data – like plantation failures, route and speed of machines, input application, among other important aspects to better execute agriculture planning.

With this structure, technicians and operators go to the field with precise and updated information. Through apps in tablets and smartphones, they manage the fleet and agricultural operations, in addition to receiving agronomic data and alerts for the best working of machines and equipment.

Our goal is to conclude the integration of all the other farms by the end of 2020. The digitalization of agriculture leads to a significant increase in field operations' quality, offering clearer benefits to the large scale agriculture that we practice.



At the end of 2019, we covered **70,000 hectares** on five farms with **4G technology**, allowing the integration of agricultural operation with corporate management systems



## Innovation in plantations' management

### Targeted application

The technology involves the use of embedded sensors in agricultural machines turned to the localized application of pesticides. In some cases, as in the control of weeds in cultures' post-harvest phase, there is up to 95% reduction in the use of the inputs.



### Aerial spraying

The system improves the follow-up of aerial spraying of pesticides and fertilizers, increasing the efficacy of applications. In 2019, the tool was tested in three farms and, due to good results, 100% of the cultivated area will be monitored in 2020.



### Weed monitoring

System of monitoring by drones that localizes and informs the amount of weed in plantations. The aerial monitoring helps in the construction of a map for localized application of herbicides. The tool is being tested in three farms.

### Georeferenced plantation monitoring

Georeferenced monitoring platform that creates maps of levels of plagues and diseases infestation. Information is directly transmitted to the plantation sprinkler and makes the application only where infestations can cause economic losses. All the cultivated area is already monitored by the tool.



### Biofactories

The biological management of plagues presents significant environmental and economic advantages. Products cost, on average, 7.5 times less than chemical solutions and present high efficiency against plagues, with over 80% of efficiency in most cases. Moreover, its actions preserve micro fauna and other insects (like bees) and is directed only to natural enemies.

Biodefensive production is made internally, in the farms. This technology, result of research conducted by the company, does not fully replace the use of chemical defenses. However, when jointly used, solutions increase plantations' efficiency and productivity.

# RESEARCH AND PLANNING

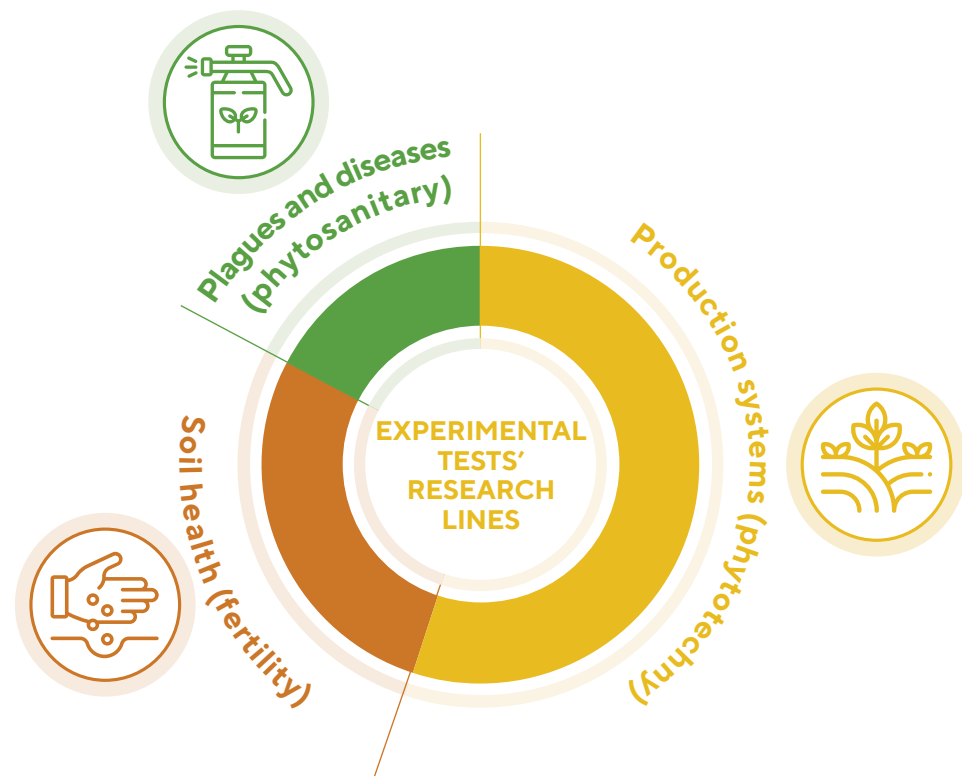
Our company counts on teams dedicated to research and structuring of knowledge on the behavior of cultures in the different Brazilian regions and climate conditions. Our goals in research activities are validation of technologies and assessment of managements and innovation in production techniques, aiming at gains in efficiency (productivity, cost reduction or operational improvement). We work with experimentation areas in 13 farms, totaling 1.5 thousand hectares destined to tests. The tests follow strict standards of agricultural experimentation, where all data are analyzed by dedicated professionals using statistics tools. Results are consolidated in managerial reports and used in our agricultural planning cycle.

In 2019, a total of 415 tests were carried out for soy, cotton and corn cultures' studies in Central-West and Northeast regions. Most tests are intended to adjust cultures' positioning; however, fertilization strategies, soil management and assessment of phytosanitary technologies are very important in our research lines. The results obtained in experimental and commercial areas indicate that there is potential for productivity growth in the localities where we operate, a continuous challenge linked to agribusiness sustainability.

Investments in research make possible the identification of genetic varieties better adapted to climate and soil conditions for the micro-regions where we operate. Thus, we increased productivity

per planted hectare and reduced losses due to climate factors.

Research data compilation and cultures' performance assessment, for over 30 years, created a robust database to subsidize planning of agricultural operations. This phase, conducted by our company's experts, is one of the most important in the production process, because it defines the acquisition of inputs, times for plantation and harvest and operation of machines in the field.



## Evolution in climate monitoring

The permanent monitoring of climate conditions with adoption of cutting-edge Technologies assists in decision making to develop agricultural operations. Our farms count on own stations, forming a network that makes available data in real time on climate and allows forecasts with fewer risks.

Other digital equipment for measurement and climate analysis, like digital rain gauges, are being installed in experimentation phase. With this technological structure, we seek to measure and obtain better understanding on rainfalls and improve our decisions on plantation and application of defensives and fertilizers.

In 2019, we reinforced the use of an artificial intelligence system exclusively developed to our company, which cross-checks information and assist in determining the best types of seed for each cultivation area. Data manipulation by intelligent algorithms is one of the strategies we adopt to increase productivity in each plantation, maximizing the use of the data mass generated by the research. With the results obtained in the 2018/2019 crop tests, we identified soy productivity superior to 102 bags/hectare (Planalto Farm) and cotton productivity superior to 450 arrobas/hectare (Paiguás Farm), even under second crop conditions where the potential is more limited than that of the first crop.

Our investment in research generate tax credits to be discounted from the company's Income Tax and Social Contribution and are reinvested in research infrastructure with acquisition of equipment and machines and re-adaptation of laboratories. Tax relief in 2019 amounted to R\$ 1.5 million.

In addition to internal use for strategic actions and planning, our research also plays an important social role. Many results obtained in tests are shared with neighbor producers. Thus, we strengthen exchange of knowledge and the joint adoption of good practices. We learn together, assessing good examples and continuously identifying opportunities and threats for assessment in research. In 2019, 18 days of field were held, involving almost 1,250 people.

## Artificial intelligence in agricultural planning

Digitalization and use of artificial intelligence systems make possible cross-checking of data and provide more efficiency in the choice of seeds



- Database with **20 years** record in all farms
- Climate data compiled in the last **40 years**
- **2,717** cultivars
- Over **10.3 million** simulated combinations
- Over **9 million** records on the database





# AGROEXPONENCIAL PROGRAM

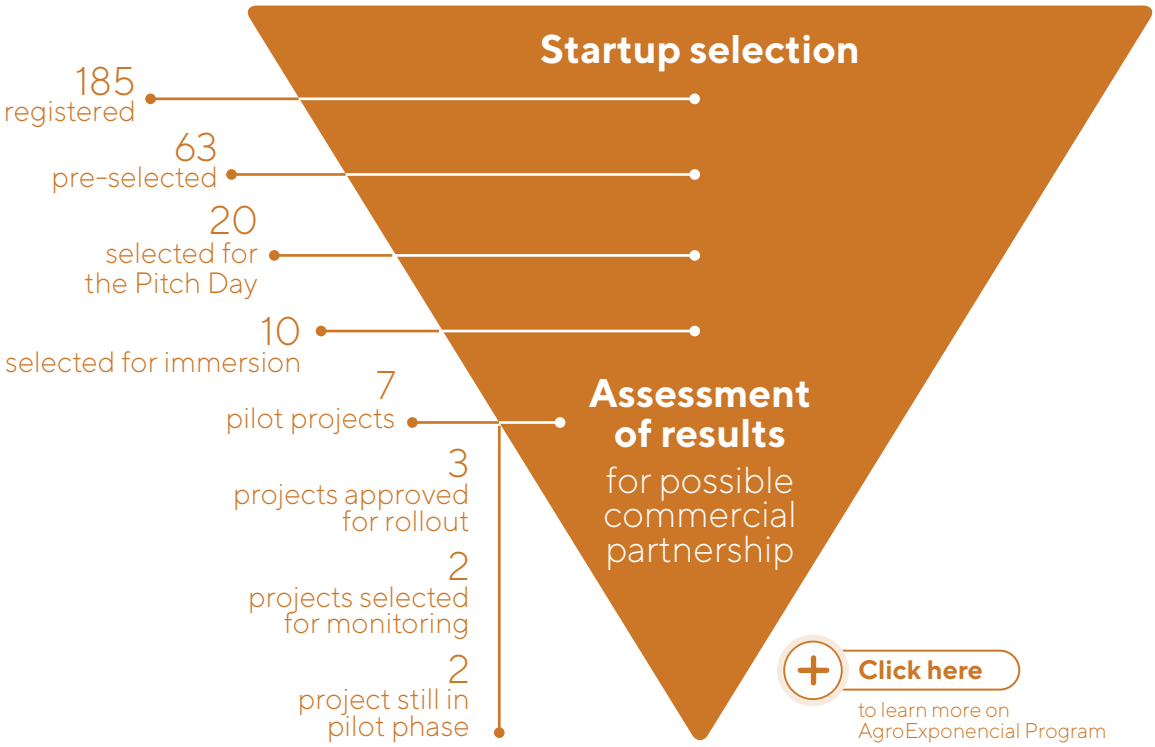
Executed for the first time in 2019, the AgroExponencial Program is a platform, under the Innovation Committee management, that connects our company to startups with innovative solutions for problems that are not being addressed by our traditional supplier chain currently. The platform, structured in partnership with Innoscience consultancy, selected seven finalists to develop pilot projects.

The program received registrations from 185 startups that were invited to propose their solutions for one of the ten challenges of the initiative, and

were assessed and selected in several planned stages. The finalist projects could conduct pilot activities in our units. The objective of this work model is to identify pioneer technologies with potential to be included in our production system and associated gains, aligned with the High Efficiency pillar of the current strategic phase. By the end of 2019, five pilot projects were already concluded and two others were in progress. Three of them were chosen for rollout in order to speed up the capture of gains identified in the concept test.

## 10 challenges proposed

- Tracing of cotton cargoes
- Agricultural YIELD GAP management
- Tax/accounting reconciliation
- Monitoring of cultures
- In loco sampling and/or analysis of nutrient contents in soil
- Sensing tools for on-time nutritional diagnosis
- Management of land applications of agricultural defensives
- Nematological mapping
- Identification of damages in grains
- Identification of contaminants in cotton





# People

We invest in the training of our people, prioritize life above all else and strengthen our corporate culture, generating pride in belonging. In our relationship with communities, our greatest legacy is related to the training of our employees in Youth and Adults Education, in addition to direct investments in education and culture actions





# OUR PEOPLE

The materialization of Our Big Dream and the company's growth in a sustainable way is result of the work developed by our employees in all units, ethically, and connected to the corporate values. Due to that, our management prioritizes the professional development and the acknowledgement of this team with structured programs and qualification initiatives.

The different external acknowledgements we received in 2019 show the advance of our management model turned to investment in our human capital. Last year, our company appeared among the first positions in the "Great Place to Work – Rio Grande do Sul/RS" ranking, in the list of the "150 Best Companies to Work for" (Você S/A magazine) and in the "Best Companies in People Management" award (Valor Econômico).

To further improve our activities, we implemented a new structure for people management that offers more support to leaders in the development of teams. Under the concept of "business partners", expert employees work close to managers to guide and support the development of actions turned to the improvement of the organizational climate, qualification and succession planning of leaders.

With this model, demands and needs specific to each of the seven key areas mapped will be better served. Thus, we will provide support to Sales and New Business, Information Technology, HR and Sustainability, Production and Supply Chain and Finance and IR teams, in addition to the productive units, organized in the Midwest and Northeast Regions. In 2020, a satisfaction survey will be conducted to assess this format's results and identify opportunities of improvement.





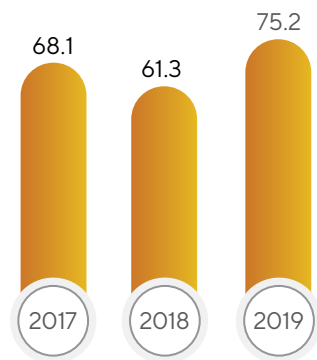
# People qualification

Qualification of our employees is one of our main investments within the people management scope. In 2019, there was 22% growth on the average hours of training offered to professionals, chiefly due to new online format courses and more course load dedicated to leaders.

One of the highlights in this front is the Qualification for Agriculture Program 4.0, turned to agriculture operators in new technologies. This investment is intended to provide support to the company's growth with innovation and digitalization. In 2019, 8,350 hours of training were provided in the Program ambit, in all our farms. We made available specific content, like drone flying in virtual reality, artificial intelligence and precision agriculture technology. For 2020, in addition to continuing trainings for the Production personnel, we intend to expand the program to agri-industrial employees and those from cotton processing.



Training hours average per employee



The Leadership Academy is our main platform to improve the company's leaders and potential managers' behavior skills for them to manage their teams and strengthen the strategic alignment. In the last triennium, this public has been continuously qualified. We count on an annual schedule of trainings, among which, Knowledge Management, Matrix Development and Farm Development Programs.

In 2019, 244 leaders and 76 potential leaders that participate in the Academy were trained, chiefly in agile mindset, with a classroom Agile Leadership workshop and in distance learning on Digital Transformation, Empowerment, Project Management, Scrum for Productivity, Intra-entrepreneurship and Design Thinking, among others.



## Digitalization and inclusion in farms

Digital Inclusion Spaces are already present in all our farms, with over 5 thousand training hours and 3 thousand research hours in 2019. This initiative, started two years earlier as pilot project at Palmares Farm, is intended to qualify employees in the context of operations' digitalization and to promote digital inclusion.

The rooms were equipped with computers for online courses, in distance learning format. The themes of these trainings are diversified and include knowledge on informatics and digital agriculture.

In addition to professional qualification, all employees in farms are encouraged to advance their elementary and middle school

studies, a transformation that overcomes operational demands and generates positive impacts on the whole local community, influencing relatives, neighbors and friends. The education follows the Youth and Adult Education (EJA) methodology and is also offered in Digital Inclusion Spaces.

Two classes completed their studies in 2019 and other 141 students were enrolled to continue the courses. With this incentive, we have increased our team's curricular qualification – 65% of employees have completed at least middle school and 91% concluded elementary school.

# Talent management

Our employees undergo a performance assessment and preparation of development plans every year. The initiative encompasses all professionals hired in the previous year and occurs with distinct procedures for leaders and for those that don't hold management positions.

Among leaders, the model is called Competence Assessment, because it assesses performance according to nine competences that are essential to our business. In addition to the self-assessment and the manager assessment, it also counts on team assessment to provide a 180° vision of performance. The feedback meeting with the person assessed and his manager is the moment when the process results are analyzed and a consensus is reached about a closing grade. After the consensus, the manager and the appraiser together build an Individual Development Plan (PDI), in which they identify the skills with the greatest gap and define actions to develop those skills.





For the other employees, the process is called Performance Assessment and involves analysis of the company, team and individuals' delivery. The employee makes a self-assessment of his performance and is assessed by his manager. The aspects raised are jointly discussed in the feedback meeting, when they reach a consensus about the final grade of the assessment and which also contributes to the definition of the PDI. For trainees, there is a distinct system for semesterly assessment as part of the program for their development.

**Percent of employees that received performance assessment in 2019**

2019

Leadership	85.4%
Operational	96.5%
<b>General</b>	<b>95.2%</b>

The performance assessment model is one of the elements that subsidize the identification of talents with potential to occupy leading positions in our company. In 2019, we conducted a broad survey of potential successors for managerial functions, which opens opportunities for coordinator and analyst careers. We initially selected 33 professionals for an assessment based on three behavior profile assessment tools. Each assessment stage was followed by an interview to analyze the results jointly with each employee. At the end, results were consolidated in a system to visualize the potential of those assessed and then analyzed in meetings involving directors and managers.



## Innovation in selection process

Innovation and technology are also our allies in employees' recruitment and selection. In 2019, we adopted a platform based on artificial intelligence that digitalized 100% of these processes, adding more agility and interaction.

Besides reducing the selection process' time, this tool facilitates the position follow-up by managers and business partners and provides an interface for online test application and applicants' ranking. The new model strengthened the transparency with all participants, in internal or external selection processes, because follow-up can be made of all phases and respective feedbacks received.

## Our team

We closed 2019 with a team of 2,609 permanent employees, all of them hired under open-ended contracts and full time work. We also counted on 104 trainees and 45 interns, whose working hours are determined by specific legislations. In our staff, we had 119 people with disabilities.

Seasonal workers are hired throughout the year for the different plantation cycles and soy, corn and cotton harvest. Due to that, we present the annual average for seasonal workers, the metric that reflects better the impact on job generation. These professionals are hired under a fixed-term contract with rights to labor warranties as established in the Consolidation of Labor Laws (CLT), Act nº 5.889/73 and Decree nº 73.626/79. Seasonal workers also work full time, but are under a fixed-term contract.

Collective labor agreements we sign benefit both permanent employees and seasonal harvesters. Among the benefits we offer to professionals, extended maternity and paternity leave (6 months for mothers and 15 days for

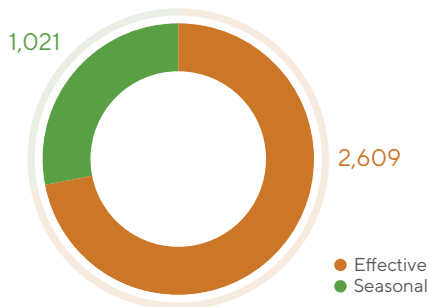
fathers), food vouchers or lunch room, temporary rental allowance and accommodations in farms, education allowance and agreements with universities are outstanding.

Permanent employees also have access to SLC Foundation benefits package, which includes medical assistance, dental plan, life insurance and funeral Grant, in addition to reimbursement of medical and medications expenses.

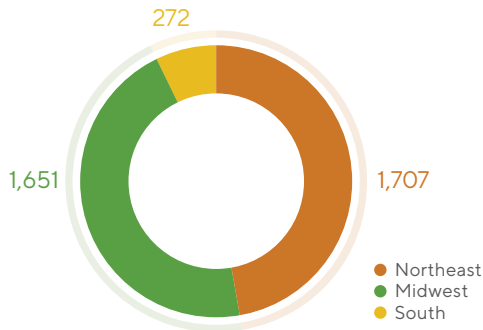
Employees' remuneration system is included in the strategy for valorization and acknowledgement of people. We continuously perform market surveys in order to ensure the offer of a competitive salary and benefit package. In farms, the lowest salary paid, by the end of 2019, was 10.6% superior to the national minimum wage. At the headquarters, this difference was 80.9% for men and 101.7% for women, according to the highest qualification level for corporate positions.

We have permanent employees and seasonal workers, **all covered by collective agreements** and with access to **corporate benefits**

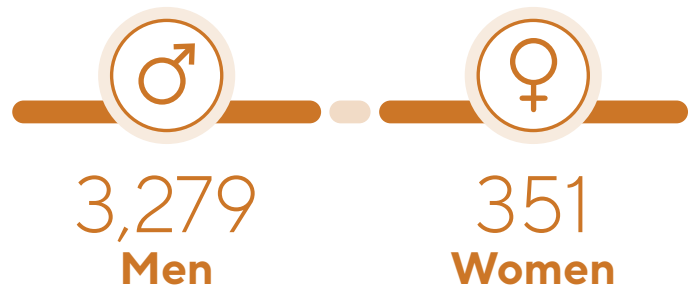
Employees by type of contract in 2019



Employees by region in 2019



Employees by gender in 2019



## Health and safety

Our commitment with promoting a safe environment to all workers in our units is translated into practices and processes structured with the Integrated Management System (IMS), certified by OHSAS 18001, international health and safety norm. Among our 16 farms, eight count on this certification and two are in process to obtain it. In the others, we adopt the same management model, though not having, as yet, external approval certified.

Each unit counts on an Occupational Safety and Health (OHS), formed by OHS coordinators, occupational safety technicians and occupational technicians and nurses, with focus on activities involving accident prevention and employees' health promotion. We also count on infrastructure, in each locality, to assist in case of occurrences,

with modern equipment and vehicles for transport to the nearest medical assistance.

With regard to prevention, we monthly monitor the Safe Practice Index (IPS), which measures in operational activities the employees and work conditions' adhesion to safety norms and practices. The Behavior Safety Program also helps us, through field inspections, observe employees' conducts in order to identify deviations, guide on the best conduct and acknowledge attitudes that are aligned with our prevention policies. Leaders in each unit visit the areas periodically to observe and talk to the employees assessed, providing constructive feedbacks to strengthen the safety culture. A third pillar of this accident prevention is training, held according to legal requirements and the company's procedures and applied by our employees with proficiency in the area or by expert third parties.



**50%  
of the farms**

are certified in OHSAS 18001 and we are working to migrate to the new ISO 45001 standard





We don't have critical activities or with occupational disease incidence risk. All employees undergo periodic health examinations and trainings in safety in operational procedures, in addition to always wear collective and individual protection equipment appropriate to each activity.

In all units we count on Internal Rural Work-related Accident Prevention Commission (CIPATR), with two-year term. These Committees comprise representatives appointed by the farm leadership and elected by employees, as defined in Regulatory Norm n° 31 of the Ministry of Economy. In each unit, CIPATR monthly meets to discuss themes associated to workers' health and safety. Moreover, their members are involved in inspection and accident prevention, investigation of occurrences and planning of the Internal Rural Work-related Accident Prevention Week (SIPATR). These commissions represent 100% of workers and implement initiatives that will also benefit visitors and third parties.

In addition to the CIPATR, we have the **SQP Program** committees (acronym for Safety, Quality and Productivity), which systematically assess the performance of farms



We also have implemented in all farms, since 2016, the SQP Program (Safety, Quality and Productivity). In the ambit of this program, committees composed of the unit manager, area coordinators and other appointed employees meet monthly to assess key indicators of the Integrated Management System, like health and safety aspects, adhesion to norms and operational procedures and product quality. In this moment, opportunities for improvement are identified and, for each of them, the teams define action plans. Discussions are recorded in minutes and shared with the Sustainability corporate area, contribution to the alignment of premises and good practices across units.

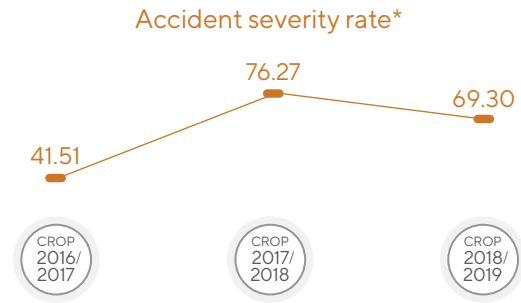
This scope of activities overcomes topics of health and safety as provided in our collective labor agreements. These commitments agreed with unions vary according to the localities, but, in general, they comprise themes like availability of protection equipment, readiness for transportation of victims, periodical medical examinations, trainings and installation of CIPATR.

All accidents or near-accidents are investigated in order to mitigate their root cause and avoid future similar occurrences. Corporately, we monitor the

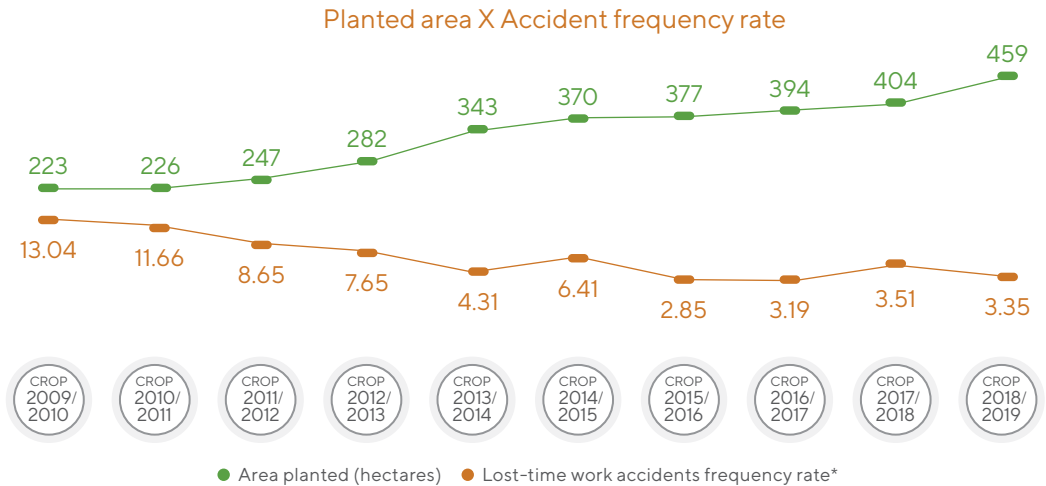
frequency rate and severity rate of accidents involving permanent employees and seasonal harvesters, in addition to absenteeism. We also follow the numbers of occurrences and temporary retirement of third parties. In this case, it is not possible to calculate the above rates.

In 2019, lost-time accident frequency rate was 3.35, 4% reduction against the previous year. This performance was affected by the increase in hours worked throughout all operations, even with the rise of the number of accidents from 32 to 38 in an annual basis. The number of accidents with third parties, on the other hand, went from 6 to 10, in the annual comparison, chiefly due to more intensive works in the period, mainly cotton processing structures in Perdizes and Planorte farms.

In the same period, the accident severity rate also decreased, from 76.15 to 69.30. We did not record any case of occupational disease among permanent employees and seasonal harvesters. However, one death of an outsourced worker was recorded.



\*Number of calendar days of leave associated to Work Accident Notifications (CATs) recorded in the period / total of hours worked\* 1,000,000. Considers all levels of injuries and types of accident (commuting, typical or occupational disease), including communications of deaths.



\*Number of lost-time Work Accident Notifications (CATs) recorded in the period / total of hours worked\* 1,000,000. Considers all levels of injuries and types of accident (commuting, typical or occupational disease), including communications of deaths.

# OUR COMMUNITIES

Present in six different states, in the Brazilian Central-West and Northeast regions, our company has potential to participate in the sustainable development of communities near the farms where we cultivate and produce soy, corn and cotton. The local transformation is conducted by means of partnerships made feasible by the application of the private social investment, driven by incentive laws.

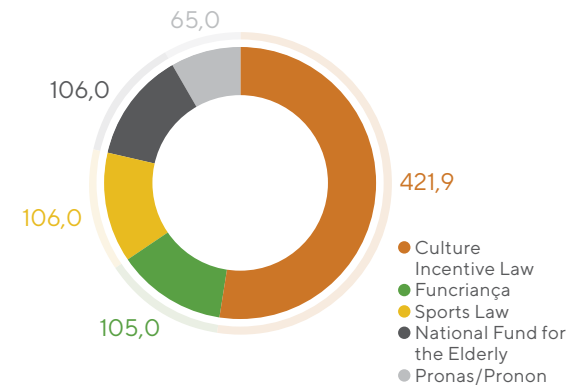
The total amount destined to social projects supported was R\$ 803.9 thousand in 2019, benefitting several institutions and the community. These funds vary each year, according to the

possibility of destination, based on the verified tax profit projection.

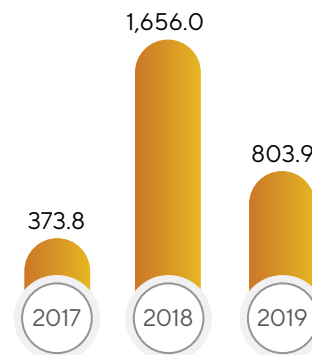
In addition to the supported projects, we also encourage our employees to engage in local volunteer action with potential to transform the local reality. This work is coordinated by the Socio-environmental Action Group (GAS), involving professionals from all units. Among the initiatives developed we have health campaigns, donation of school materials and food campaigns, and entrepreneurship for the local communities' youth.



Distribution of private social investment in 2019 (R\$ thousand)



Evolution of private social investment (R\$ thousand)





## Highlights among supported projects

### Estante de Histórias (Story Shelf)

The Story Shelf project encourages reading among public school children through the donation of 17 shelves with a collection of 100 books and 100 comic books in each of them. Five booklets with suggestions of activities to be conducted by teachers in classroom were also provided, with focus on promoting reading, in addition to storytelling workshops.

17 public  
schools benefitted

17 municipalities  
served

10,521 people  
reached  
(students and teachers)

R\$ 208 thousand  
invested

### Empreender Project

Held in public schools from Cristalina and Luziânia (Goiás) municipalities, the Empreender Project (Undertake) seeks to raise awareness among youth and fight school drop-out. The educational actions promote knowledge, self-esteem and better communication between students and teachers to promote peace in teaching institutions.

8 theater  
presentations

2 workshops  
for teachers

1,756 people  
sensitized in the theme  
“Undertake for a better world”

R\$ 90 thousand  
invested

10 workshops  
for teachers

12 MudaMundo  
theater presentations for students

427 educators and  
4,206 children  
benefitted

### MudaMundo (Change World)

Held for the third year in a row, MudaMundo Project is focused on the rescue and strengthening of ethics, citizenship, environmental education, diversity and inclusion. The initiatives benefit elementary school students and teachers from public schools in Barreiras and Formosa do Rio Preto (Bahia), Tasso Fragoso (Maranhão) and Santa Filomena (Piauí) municipalities.

10,800 books  
from MudaMundo Collection and  
800 Teacher Notebooks  
donated to municipal  
education secretariats

2 rounds  
of conversation

R\$ 201 thousand  
invested



# Planet

Our commitment to the lowest possible environmental impact is put into practice on several fronts: from technology as an ally to reduce the consumption of inputs and the generation of waste to the preservation of habitats, also contemplating the strategic objective of reducing our GHG emissions



# WATER AND EFFLUENTS

Production of grains and fibers with environmental responsibility guides the way we conduct our operation, and we always seek to become more efficient in the use of our own lands and leased lands. The rational use and preservation of natural resources, particularly water, guides continuous research in optimized cultivation and plantation management techniques. Currently, approximately 99% of our planted areas don't require mechanical irrigation – technique known as dryland farming. Plantations from the remaining 1% already count on infrastructure for irrigation and adopt the Sistema Irriga technology. In it, irrigation

parameters are defined based on analyses of soil humidity at different depths, water demands of each culture at each phase of cultivation and rain forecast for the regions.

In the farms, we catch water from rivers chiefly to irrigate cultures in Central Pivot system and from artesian wells to maintain activities at the operational seat and in field, such as washing of machines and equipment. Human supply is made only by underground catchments. We monthly monitor the amount consumed with water meters installed in the wells.

**99%**  
**of planted area**  
as dryland farming (without irrigation)





In 2019, the total amount of water caught was 26 million cubic meters, considering all agricultural units. This volume is aligned with that of the previous year, but there was increase in underground catchment due to the increase in the number of artesian wells authorized in the units.

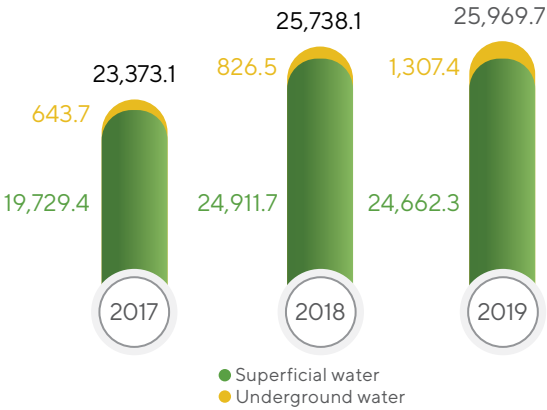
According to the possibilities and opportunities of each locality, we seek to establish plans to reduce catchment supported by action plans and efficiency increase projects. One of the fronts we work is water reuse, made possible in some farms with Effluent Treatment Plants (ETPs). There, operations' effluents are treated and destined to an accumulation pond until they reach conditions for reuse.

We installed, in 2019, one ETP in Panorama farm, which increased reused volume by 23.4% in the year. In total, it represented 138.7 thousand cubic meters of water for reuse, corresponding to 0.53% of the total caught in the period.

In addition to domestic sewage generation, in units where industrial effluent generation also occurs, we adopted other two treatment methods. The first is the use of oil and water splitter boxes, with destination by infiltration in the soil after treatment. The second involves treatment with ozone and evaporation in solarization tanks. With these methodologies, we treated 18 thousand cubic meters of effluents in 2019, volume 4% higher than that of the previous year.

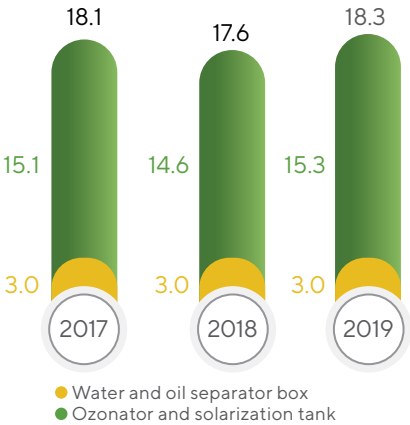


Water catchment per source  
(thousand m<sup>3</sup>)\*



\*Historical data represented.

Disposal of effluents per method  
(thousand m<sup>3</sup>)\*



\* Historical data represented.

# WASTE

Destining wastes generated in our operations to recycling or treatment is the best solution to improve environmental performance in our units. For that reason, we prioritize this methodology both for common materials (paper, plastic, glass, metal, etc.) and for those that fit in hazardous category, like lubricants and contaminated materials. Our facilities are equipped with oil collection systems. The oil is destined to companies that re-refine it. Thus, the fluid returns to its original characteristics and can go back to the production chain.

In 2019, we discarded 2.2 thousand tons of wastes, and 85.9% of this total is classified as non hazardous. With regard to destination methods, recycling responded for over 70% of the volume discarded, aligned with the previous year.

Waste disposal per method (t)	2019	2018	2017
<b>Non hazardous</b>			
Recycling	1,333.26	1,060.87	479.43
Landfill	528.30	528.30	565.00
<b>TOTAL</b>	<b>1,861.56</b>	<b>1,589.17</b>	<b>1,044.43</b>
<b>Hazardous</b>			
Recycling	194.04	544.72	412.05
Incineration	110.50	156.28	218.79
<b>TOTAL</b>	<b>304.54</b>	<b>701.00</b>	<b>630.84</b>

Non-recyclable wastes (scraps) produced are disposed of in landfills located in the units. Those framed as hazardous are forwarded to incineration or co-processing. Waste transportation is always made by companies authorized to this type of operation. These partners are considered critical in the processes of suppliers' approval for environmental, health, safety and social responsibility aspects, and so they undergo periodic documental assessment of their compliance.





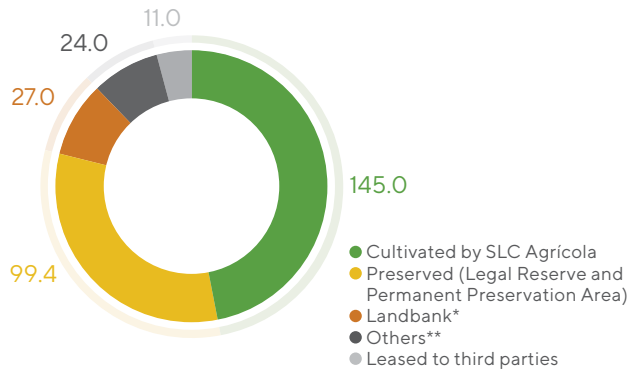


# BIODIVERSITY

In our areas, which comprise the 16 farms we operate and also the Paineira farm (leased to a third party) we count on 99.4 thousand hectares of preserved areas that include vegetation typical of the local biomes and water stream springs, in addition to animal species. Destined as Legal Reserves and Permanent Preservation Areas (PPA), as determined by Brazilian environmental legislation, these areas correspond to 32.6% of our entire area.

Legal reserves and PPAs are also, in some cases, are adjacent to conservation units or close to parks, environmental reserves and indigenous areas. In all localities, we permanently monitor farms' geographic borders and apply with discipline operational procedures – like the construction of firebreaks and signs for plantations limits – in order to avoid any type of negative impact to the environment.

Use of own land in 2018/2019 crop  
(thousand hectares)



\*Arable areas waiting for licenses or in process of soil correction.  
\*\*Seats, roads and other areas not used for cultivation.





## — Actions for biodiversity protection —

Our company supports and participates in projects turned to fauna and flora protection in regions where our farms are located. Two initiatives were outstanding in 2019 – Cabeceiras do Pantanal (Pantanal Headwaters) and Cerrado Biodiversity Conservation project.

The Pantanal Headwaters' Defense Pact is intended to protect water course springs that start in Cerrado and cover long distances to irrigate the Pantanal plain and keep ecological processes in one of the regions with largest diversity of species in the planet. Around 4.7 thousand species of plants, birds, fish, mammals, reptiles and amphibians were already registered in the biome.

Our company became signatory of the Pact in 2018 and, since then, our teams have contributed to the other entities that participate in the initiative with exchange of experiences such as environmental education, recovery of degraded areas and PPAs.

Cerrado Biodiversity Conservation program is promoted in partnership with Rio Grande do Sul Federal University (UFRGS) at Planalto farm. The objective is to promote academic research in the ambit of doctorate programs, in the areas of legal reserve and PPA of the production units near Parque Nacional das Emas and Parque das Nascentes do Rio Taquari.

The study focuses on assessing the impact of agricultural activities as drivers of the quality of support to the remaining of native vegetation in Cerrado, a biome that hosts 5% of the entire world biodiversity and springs of important national hydrographic basins. The project, started in 2019, is expected to be developed for four years. We seek, based on this study's results, to develop other internal projects and programs aimed at reducing possible impacts within these areas.

# CLIMATE CHANGE

We annually prepare, since 2017, our inventory of greenhouse gases (GHG) according to methodology by the Brazilian GHG Protocol Program. These surveys comprise direct emissions of our operations, accounted as Scope 1, and those resulting from electricity consumption, classified as indirect and registered as Scope 2. The inventory referring to the 2019 activities is in progress and will be published in the **Registro Público de Emissões (Emissions' Public Registry)** in the first half of the year.

For 2020, we are developing a methodology in partnership with Santa Maria Federal University (UFSM) that uses Daycent biogeochemical model. This improvement will provide higher precision in the verification of agricultural emissions, particularly those from soil management, which today respond for over 80% of our activities' direct emissions. That because the GHG Protocol methodology does not distinguish emissions from climate conditions and soil in each farm – and the approach under study with UFSM will provide this distinction. With that, we will have an even more precise view of each unit, contributing to define plans to reduce carbon impacts.

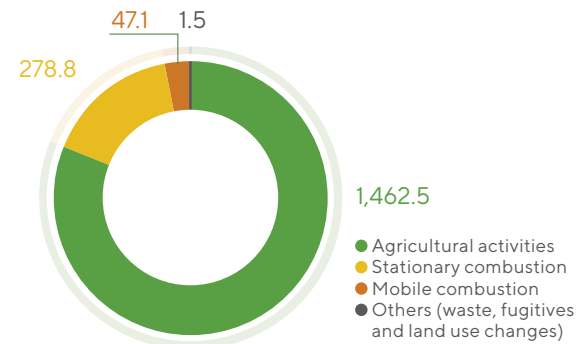
Mitigating our contribution to climate change is also one of the goals defined by the company. We intend to implement, as of 2020, a decennial reduction plan in order to reduce in up to 25% GHG emissions by 2030.



## Inventory of greenhouse gas emissions (thousand tCO<sub>2</sub>e)

	2018	2017
Scope 1 (gross emissions)	1,790.0	1,499.0
Scope 2 (indirect emissions)	3.9	4.2

Scope 1 emissions per category in 2018  
(thousand tCO<sub>2</sub>e)





In the last inventory published, referring to operations throughout 2018, we emitted 1.8 million tCO<sub>2</sub>e with our operations, 19.4% rise against the previous year, chiefly cause by the higher volume of emissions from fuel consumption in fixed equipment and increase in cotton culture area, which responds for more use of nitrogen fertilizers. Nevertheless, we reduced by 19.5% the impact caused by fuel consumption in the fleet and agriculture machinery mainly be using technologies and innovations that optimized these vehicles' management.

Agricultural emissions are the most relevant in the company due to soil use and application of fertilizers. On the other hand, improvement in soil conditions is also vital to increase carbon sequestration and, due to that, we have developed a series of initiatives in this field (see diagram). Another system that has been quickly disseminated is the combined use of corn and brachiaria. By means of research we are developing a system where cotton can be combined to some species of coverage, which will make more sustainable the succession between soy and cotton in Mato Grosso Cerrado.



**Initiatives that contribute to carbon sequestration in soil**







# Prosperity

Our financial results confirm the assertiveness of our strategy. In 2019, despite a challenging scenario, the gains in productivity of soybean and corn, record net revenue and land sale in Maranhão were noteworthy



# SECTORIAL CONTEXT

Brazil is one of the largest exporters of agricultural commodities worldwide and the agribusiness strongly contributes to the country's economic growth. According to projection disclosed by the Central Bank by the end of 2019, the national GDP (Gross Domestic Product) grew 1.2% last year, chiefly driven by the farming and cattle raising sector, which expanded 2%.

Agricultural exports generate significant wealth, despite the global scenario of low economic growth and commodities' price reduction. In 2019, the sector's trade balance recorded surplus of US\$ 83 billion, which ensured positive balance to Brazil in the accumulated result between external sales and imports, according to data disclosed by São Paulo Industries' Federation (Fiesp).

In the global grain and fiber trade, Brazil holds outstanding position. It is the larger soy exporter worldwide and the second corn and cotton exporter. China, main importer of agribusiness products, reduced purchase volume by 12.5% against 2018, chiefly due to the reduction of soybean grains imports.

Exports to Japan and Mexico, on the other hand, increased significantly in annual comparison. In 2019, Asian expenses with Brazilian farming and cattle raising products increased 41.3%. Large part of this increment occurred due to the growth of corn exportation to these countries.

In the cotton segment, the main buyers are still Asian countries, where large industries are installed that supply global textile chains. China and Vietnam are the main destinations of national fibers.

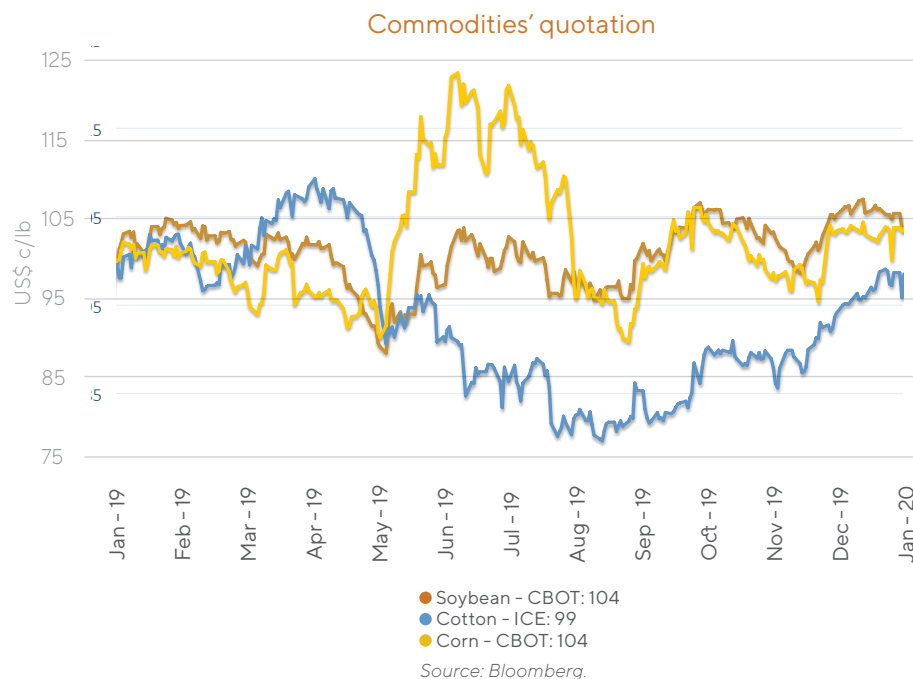
International quotation for the main commodities we trade (soy, corn and cotton) varied negatively in the 2018/2019 crop, due to larger global supply. In the beginning of the 2019/2020 crop, prices presented signs of recovery after a re-balance between production and consumption.

Brazilian exports in 2019

Amount (thousand t)

Average price (US\$/t)

	2018	2019	Variation (%)	2018	2019	Variation (%)
Soybean grains	83,247	74,029	-11.1	397	353	-11.1
Corn	22,941	43,254	88.5	171	170	-0.6
Cotton	974	1,611	65.4	1,731	1,638	-5.4

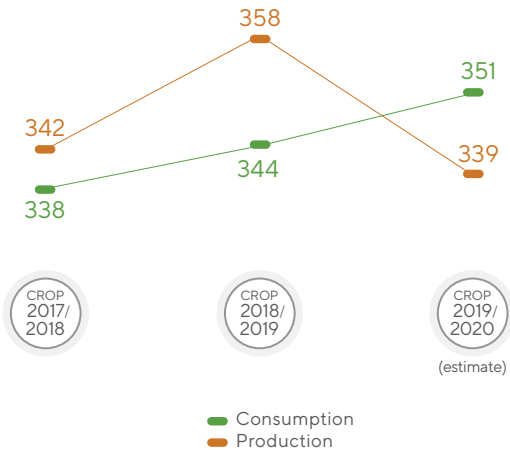




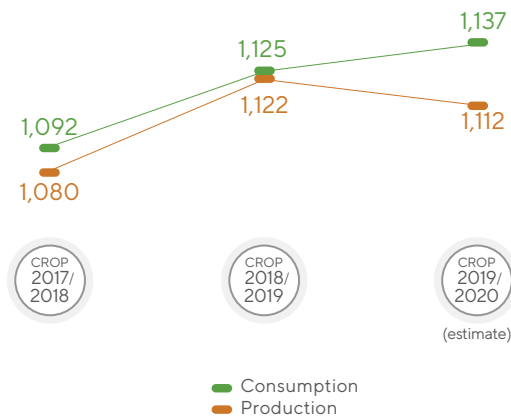
↑ **increase**  
**in exports of**  
Brazilian corn and  
cotton

↓ **reduction**  
**in average price**  
of the three commodities

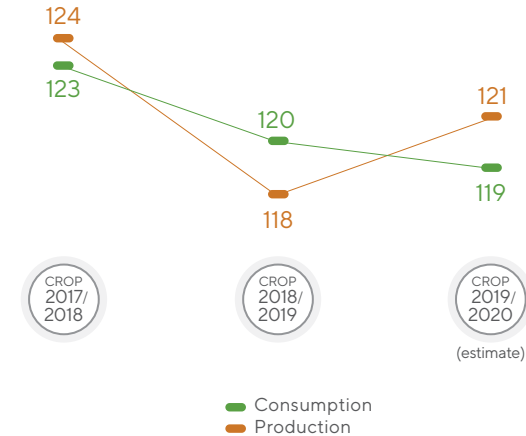
World soy supply and demand  
(millions of tons)



World corn supply and demand  
(millions of tons)



World cotton supply and demand  
(millions of bales)



Source: USDA(fev/2020).



# OPERATIONAL PERFORMANCE

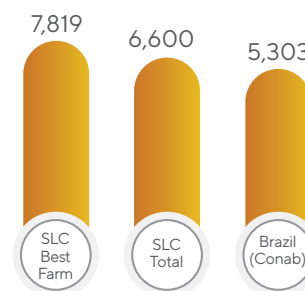
With standardized management of processes in all agricultural units, efficiency in the strategy execution and operations management considering climate variables to better use conditions in field, our company has reached productivity levels above the national average. This is one of the main competitive advantages of our business model.

In the 2018/2019 crop, we reached an average productivity which was 7% superior to that of Brazil in both soybean crop and cotton lint. In corn, this distance was of 24.5%. These evolutions are fruit of an increasingly more precise planning and execution. Plantation and harvest average time is continuously being reduced, which shows our capacity to use the best windows for sowing in each culture and harvest efficiency, particularly with outsourcing of equipment, minimizing plantations exposure to extreme weather conditions.

In addition to increasing production in arable area reducing the need of investments in new lands, we also seek to be more efficient in the use of inputs and resources in plantations. One of the indicators to assess this evolution is the relation of machines per hectare planted (HP/ha). Reduction in this index indicates that fewer tractors are being required for the operation and, therefore, there is maximization of assets' use.

Portfolio diversity and system intensification with maximization of areas in second crop are drivers of our operational excellence. In one same culture we can work with different cultivation cycles, which improves operations' scaling, reducing exposure to risk and maximizing the use of the infrastructure. Besides, cultures scaling leads to better use of market favorable conditions. Cotton culture, with higher added value, has obtained increasingly more relevance in the generation of income and operational margin.

Corn 2<sup>nd</sup> crop yield comparison (kg/ha)\*

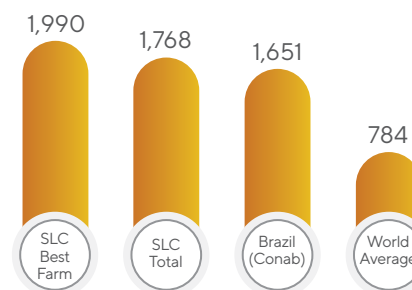


\*Crop average from 2016/2017 to 2018/2019  
Source: Conab and SLC Agrícola

Maximization of resources use (tractors - HP/ha)

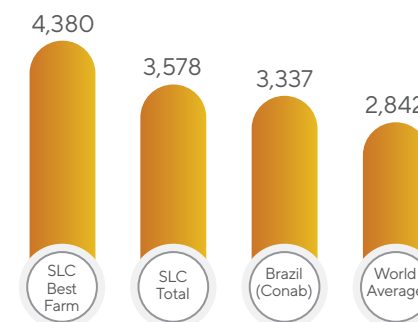


Cotton lint yield comparison (kg/ha)\*



\*Crop average from 2016/2017 to 2018/2019  
Source: USDA, Conab and SLC Agrícola

Soybean yield comparison (kg/ha)\*



\*Crop average from 2016/2017 to 2018/2019  
Source: USDA, Conab and SLC Agrícola

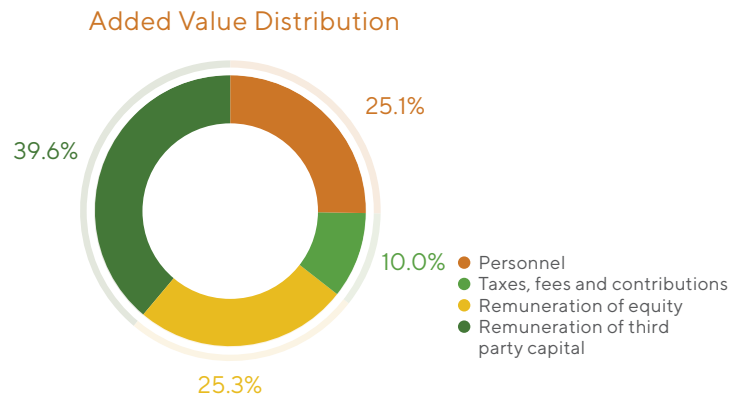
# FINANCIAL PERFORMANCE

Our strategy efficiency is proved by the financial results reached in the period. In 2019, we recorded a new record in net income, which amounted to R\$ 2.5 billion, 20.8% above that of the previous year. This evolution results from the increase in planted area, higher productivity of soy and corn and higher prices practiced in the market for all commodities.

Our adjusted EBITDA totalled R\$ 795.5 million. Two factors contributed to this performance. In agriculture, we recorded a record of this indicator, because the factors mentioned above compensated the increases in costs per hectare and lower cotton productivity. Besides, we concluded in 2019 sales of lands in Maranhão (learn more on page 19), that positively impacted the adjusted EBITDA.

Nevertheless, the net profit of R\$ 315 million in the year was 22.5% lower in the annual comparison, chiefly due to more reduced margins for cotton in the 2018/2019 crop.

The direct economic value generated and distributed was R\$ 1.2 million, 13.5% lower than that of 2018, mainly due to income increase. In the added value distribution, remuneration of third parties' capitals and own capitals, which responded, respectively, for 39.6% and 25.3% of the total, are outstanding.



## Debt

In 2019, we issued for the second time an Agribusiness Receivables Certificate (CRA), amounting to R\$ 360 million, which contributed to the extension of the debt profile in attractive costs. The net debt remained stable, around R\$ 974 million, and around 63% of maturities are provided in the long term.



We reached a **record net revenue** of R\$2.5 billion and kept **indebtedness stable** and mostly in the long term



# Annexes

Reinforcing our transparency in accountability, we present in this section complements to the disclosures proposed by the Global Reporting Initiative, which contribute to a more detailed understanding of our operations





# ABOUT THE REPORT

For the fourth year in a row, we publicly disclosed our performance in economic, environmental and social aspects. Since 2018, this accountability is made in our Integrated Report in order to strengthen SLC Agrícola transparency to all our publics. This document was prepared according to voluntary guidelines most adopted worldwide for disclosure of corporate sustainability aspects: the Integrated Report, as proposed by the International Integrated Reporting Council (IIRC), and GRI Standards, prepared by the Global Reporting Initiative (GRI). As signatories of the Global Compact, this publication is also intended to present our advances in the 10 Principles proposed by the initiative and our contributions to the Sustainable Development Goals (SDG) as defined by the United Nations (UN).

The report covers the period from January 1st to December 31, 2019. However, for some operation data – like planted and certified areas, operational and safety indicators – information is presented per crop-year, better reflecting the operational controls we adopt and making possible the comparison to disclosures made to the capital market, like Financial Statements. The scope covered includes the 16 farms where we operate, three of them belonging to SLC LandCo and other three as joint ventures. Paineira farm, considered for purpose of consolidation of the company's financial results, is not incorporated to this document, since it is leased to third parties and does not reflect economic, environmental and social impacts of our activities.

Information presented was collected in our areas and validated by the Board. However, only financial data were subject to external verification. In case you have comments, doubts and suggestions to this content, contact our team via email [sustentabilidade@slcagricola.com.br](mailto:sustentabilidade@slcagricola.com.br).



# Materiality matrix

Our materiality matrix was built in 2016 through a process of identification of stakeholders' expectations, assessment of sustainability context and prioritization of the most relevant aspects for stakeholders' decision making, which will better reflect economic, environmental and social impacts of our activities. Publics with which we relate – shareholders, joint ventures' partners, permanent employees, seasonal harvesters, suppliers, clients, experts, lessees, lessors, rural producers, associations and unions, schools and universities, NGOs and government agencies – were mapped based on the Survey on Social Aspects and Impacts on Regulatory Norm 16001.

With the involvement of several areas of the company, we mapped representatives of these publics, which were prioritized according to their level of influence for decision making, definition of SLC Agrícola strategies and results. The direct engagement was chiefly made via online consultation, but for some groups we created specific questionnaires. For example, works in the farms: to facilitate their engagement, we trained our leaders to apply the consultation in person, ensuring opportunity for participation of them all. The materiality process also counted with sectorial benchmarking analysis, media analysis and workshop with SLC Agrícola teams.

As result, 10 priority themes were listed in 2016: economic performance; presence in the market; anticorruption; water; biodiversity; effluents and wastes; environmental compliance; employment, occupational health and safety; and training and education. In 2018, we included in the material themes the aspect of Emissions, considering an assessment of market scenario and civil society demands.

In 2019, we further advanced the understanding of material themes in our business by means of a workshop that defined SLC Agrícola three axes of operation in the sustainability context: climate changes and soil; biodiversity and water; and stakeholders' expectations (learn more on this project on page 15). So, we present in this report our 11 material themes organized under these three axes in order to strengthen the alignment between report and strategy.

## Our material themes in each priority axis



### Climate change and soil

- Emissions
- Environmental compliance



### Biodiversity and water

- Water
- Biodiversity
- Effluents and waste



### Stakeholders' expectation

- Economic performance
- Market presence
- Anticorruption
- Employment
- Occupational health and safety
- Education and training

# Complement to GRI disclosures

## 102-8 | Information on employees and other workers

Total number of employees per employment contract *	2019			2018			2017		
	Permanent	Harvesters	Total	Permanent	Harvesters	Total	Permanent	Harvesters	Total
<b>Per gender</b>									
Men	2,269	1,010	3,279	2,250	945	3,195	1,992	887	2,879
Women	340	11	351	315	3	318	278	2	280
<b>Per region</b>									
Northeast	1,194	513	1,707	1,171	424	1,595	914	373	1,287
Central-West	1,151	500	1,651	1,150	520	1,670	1,137	511	1,648
South	264	8	272	244	4	248	219	5	224
<b>TOTAL</b>	<b>2,609</b>	<b>1,021</b>	<b>3,630</b>	<b>2,565</b>	<b>948</b>	<b>3,513</b>	<b>2,270</b>	<b>889</b>	<b>3,159</b>

\*Information obtained from the business intelligence system. Historical data were represented, because in previous years trainees and interns were included.

Other contractees of the company	2019			2018			2017		
	Permanent	Harvesters	Total	Permanent	Harvesters	Total	Permanent	Harvesters	Total
Trainees	104	81	30						
Interns	45	50	51						

Number of permanent employees per functional level	2019			2018			2017		
	Permanent	Harvesters	Total	Permanent	Harvesters	Total	Permanent	Harvesters	Total
Leaders	244	243	225						
Trainees	23	21	16						
Operational	2,342	2,301	2,029						
<b>TOTAL</b>	<b>2,609</b>	<b>2,565</b>	<b>2,270</b>						



## 102-8 | Information on employees and other workers

Number of permanent employees per educational level	2019	2018	2017
Doctorate	4	3	3
Master's degree	12	11	6
Post-graduation	102	101	76
Complete higher education	297	255	227
Incomplete higher education	77	78	63
Complete technical education	348	349	297
Incomplete technical education	5	5	8
Complete secondary school	862	812	662
Incomplete secondary school	170	178	159
Complete elementary school II	490	414	373
Incomplete elementary school II	108	178	207
Complete elementary school I	74	99	95
Incomplete elementary school I	56	69	80
Preschool	0	2	2
Illiterate	4	11	12
<b>TOTAL</b>	<b>2,609</b>	<b>2,565</b>	<b>2,270</b>

## 102-13 | Membership of associations

SLC Agrícola participates in sectorial associations in order to contribute to the discussion of topics relevant to the sector in which it operates and to the exchange of knowledge and good practices. Among them, the Brazilian Association of Agribusiness (ABAG), the Brazilian Association of Cotton Producers (Abrapa), regional associations of cotton producers (Agopa - Goiás state, Abapa - Bahia state, Amapa - Maranhão state, Ampa - Mato Grosso state and Ampasul - Mato Grosso do Sul state) and the National Association of Cotton Exporters (ANEA). In terms of people management, we are part of the Brazilian Human Resources Association (ABRH-RS), the National Rural Learning Service (Senar), Junior Achievement Rio Grande do Sul (JARS) and the Federation of Rural Wage Workers in Rio Grande Sul (FETAR-RS).

## 102-48 | Restatements of information

Eventual representations of data previously disclosed are marked throughout the content.

## 102-54 | Claims of reporting in accordance with the GRI Standards

This report has been prepared in accordance with the GRI Standards: Core option.

## 404-1 | Average hours of training per year per employee

Average training hours per employee	2019	2018	2017
<b>Per gender</b>			
Men	78.3	64.3	70.4
Women	52.5	41.0	47.5
<b>Per functional level</b>			
Leadership	131.2	109.0	120.5
Trainees	161.5	132.7	149.5
Operational	69.3	55.7	60.0
<b>GENERAL</b>	<b>75.2</b>	<b>61.3</b>	<b>68.1</b>

## 303-1 | Water withdrawal by source

Water catchment per farm (m <sup>3</sup> )	2019			2018			2017		
	Surface waters	Underground waters	Total	Surface waters	Underground waters	Total	Surface waters	Underground waters	Total
Paiguás <sup>1</sup>	90,180	122,258	212,438	90,180	138,978	229,158	90,180	118,061	208,241
Planorte	109,325	123,087	232,412	109,325	71,436	180,761	109,325	43,828	153,153
Pamplona <sup>1e2</sup>	10,874,318	84,756	10,959,074	10,874,318	166,272	11,040,590	10,874,318	113,214	10,987,532
Planalto	0	102,814	102,814	0	68,124	68,124	0	69,616	69,616
Parnaíba	0	163,740	163,740	0	83,651	83,651	0	10,608	10,608
Palmeira	0	50,717	50,717	0	22,429	22,429	na	na	na
Parnaguá <sup>1</sup>	0	24,317	24,317	0	5,408	5,408	0	5,408	5,408
Parceiro <sup>1</sup>	0	55,217	55,217	0	6,656	6,656	0	59,696	59,696
Palmares <sup>2</sup>	13,668,593	68,128	13,736,721	13,917,289	68,482	13,985,771	8,735,003	68,756	8,803,759
Pantanal <sup>3</sup>	0	49,063	49,063	0	19,968	19,968	na	na	na
Pioneira	0	33,465	33,465	0	46,102	46,102	0	60,609	60,609
Perdizes <sup>1</sup>	0	148,353	148,353	0	2,184	2,184	0	2,184	2,184
Paladino <sup>1</sup>	1,020	38,250	39,270	1,728	48,256	49,984	1,728	9,152	10,880
Planeste <sup>1</sup>	0	144,446	144,446	0	13,312	13,312	0	19,188	19,188
Panorama	0	86,034	86,034	0	62,388	62,388	0	60,579	60,579
Piratini	0	12,750	12,750	0	2,808	2,808	0	2,808	2,808
<b>TOTAL</b>	<b>24,473,436</b>	<b>1,307,394</b>	<b>26,050,830</b>	<b>24,992,840</b>	<b>826,454</b>	<b>25,819,294</b>	<b>19,810,554</b>	<b>643,707</b>	<b>20,454,261</b>

<sup>1</sup> Without water meters installed. In these cases, values are estimated based on existing pumps' capacity and operation period, or, in case this information is not available, by the flow authorized in the grant and operation period.

<sup>2</sup> At Pamplona and Palmares farms water catchment occurs for plantations irrigation.




<sup>3</sup> Farm leased in 2018.

## 303-3 | Water recycled and reused

Reused water per farm (m <sup>3</sup> )*	2019		2018		2017	
	Total volume of reused water	Reuse index	Total volume of reused water	Reuse index	Total volume of reused water	Reuse index
Planorte	24,908	10.72%	24,908	13.78%	24,908	16.30%
Pamplona	20,951	0.19%	20,951	0.19%	20,951	0.20%
Planalto	21,039	20.43%	21,039	30.88%	21,039	30.20%
Parnaguá	8,588	35.32%	8,588	15.88%	8,588	14.20%
Parceiro	8,588	15.55%	8,588	12.90%	8,588	9.20%
Pioneira	14,454	43.19%	14,454	31.35%	14,454	66.20%
Perdizes	11,070	7.46%	1,107	50.69%	11,070	5.30%
Planeste	12,775	8.83%	12,775	9.60%	12,775	21.10%
Panorama	16,356	5.26%	0	0.00%	0	0.00%
<b>TOTAL</b>	<b>138,729</b>	<b>0.53%</b>	<b>112,410</b>	<b>0.47%</b>	<b>122,373</b>	<b>0.59%</b>

\*Farms not listed in the table don't count on reuse mechanisms.

## 305-4 | GHG emissions intensity

Intensity of GHG emissions (tCO <sub>2</sub> e/ton of product) in 2019	Soy	Corn	Cotton
			
Paiguás	0.10	0.32	0.60
Planorte	0.10	0.43	0.52
Pamplona	0.09	0.03	0.61
Planalto	0.08	0.16	0.67
Parnaíba	0.10	0.24	0.78
Palmeira	0.10	0.03	0.24
Parnaguá	0.11	0.11	0.66
Parceiro	0.09	na	na
Palmares	0.09	0.67	0.56
Pantanal	0.09	0.02	0.20
Pioneira	0.13	0.16	na
Perdizes	0.10	0.75	0.38
Paladino	0.13	0.81	0.63
Planeste	0.09	0.21	0.86
Panorama	0.08	0.56	0.66
Piratini	0.09	0.03	na



### 304-1 | | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

#### Position of farms with regard to conservation units

Paiguás	Distant 35 km from indigenous area in anthropized location
Planorte	Adjacent to indigenous area in anthropized location
Pamplona	Distant 10 km from federal conservation unit without relevant value for biodiversity
Planalto	Adjacent to conservation unit that was partly constituted by the donation of an area that belong to Planalto farm
Parnaíba	Distant 75 km from federal conservation unit with potentially higher social value and lower environmental vulnerability
Palmeira	Distant 79 km from Parque Nacional das Nascentes do Rio Parnaíba, managed by Chico Mendes Biodiversity Conservation Institute (ICMBio) and turned to the promotion of research, environmental education and ecological tourism
Parnaguá	Distant 25 km from federal conservation unit
Paineira (arrendada)	Distant 10 km from federal conservation unit
Parceiro	Distant 9 km from federal conservation unit and 5 km from state conservation unit
Palmares	Part of the farm is in Rio de Janeiro basin APA (Environmental Protection Area) and surrounding a state conservation unit.
Pantanal	Distant 29 km from Parque Nacional das Emas, administered by ICMBio, that preserve different characteristic environments of Cerrado
Pioneira	Distant 110 km from Araguaia State Park, full protection area considered contact zone between Cerrado and Amazon rainforest
Perdizes	Distant 30 km from indigenous area with potential for agriculture and forestry
Paladino	Distant 55 km Serra Geral de Goiás APA (Environmental Protection Area), relevant for maintenance of other two conservation units (Park and Extractivist Reserve) in the region
Planeste	Distant 45 km from indigenous area and 100 km from federal conservation unit, with higher social potential and lower environmental vulnerability
Panorama	Distant 10 km from state conservation unit
Piratini	Distant 25 km from federal conservation unit and 60 km from state conservation unit

### 307-1 | Non-compliance with environmental laws and regulations

We did not receive fines or significant sanctions associated to environmental aspects.

## 403-2 | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

### Lost-time accident frequency rate among employees (permanent and seasonal harvesters)

	CROP 2018/2019	CROP 2017/2018	CROP 2016/2017
<b>Per region</b>			
Midwest	3.80	5.24	4.45
Northeast	3.38	2.59	2.66
South	0.00	0.00	0.00
<b>Per gender</b>			
Men	3.60	3.88	3.27
Women	0.95	0.00	2.39
<b>CONSOLIDATED</b>	<b>3.35</b>	<b>3.51</b>	<b>3.19</b>

\* Number of lost-time Work Accident Notifications (CATs) recorded in the period / total worked hours \* 1,000,000. Considers all levels of injuries and types of accidents (commuting, typical or occupational disease), including notifications of death.

### Number of lost-time accidents with third parties

	CROP 2018/2019	CROP 2017/2018	CROP 2016/2017
<b>Per region</b>			
Midwest	8	3	2
Northeast	2	3	2
South	0	0	0
<b>Per gender</b>			
Men	10	6	4
Women	0	0	0
<b>CONSOLIDATED</b>	<b>10</b>	<b>6</b>	<b>4</b>

### Number of lost-time accidents with third parties

	CROP 2018/2019	CROP 2017/2018	CROP 2016/2017
<b>Per region</b>			
Midwest	59.16	149.15	46.73
Northeast	89.31	27.46	42.84
South	0.00	0.00	0.00
<b>Per gender</b>			
Men	75.74	84.35	35.53
Women	6.63	0.00	100.43
<b>CONSOLIDATED</b>	<b>69.30</b>	<b>76.27</b>	<b>41.51</b>

\* Number of calendar days of leave associated to Work-related Accident Notifications (CATs) recorded in the period / total of hours worked \* 1,000,000. Considers all levels of injuries and types of accident (commuting, typical or occupational disease), including communications of death.

### Number of calendar days of leave associated to CATs with third parties

	CROP 2018/2019	CROP 2017/2018	CROP 2016/2017
<b>Per region</b>			
Midwest	149	47	10
Northeast	15	14	0
South	0	0	0
<b>Per gender</b>			
Men	164	61	10
Women	0	0	0
<b>CONSOLIDATED</b>	<b>164</b>	<b>61</b>	<b>10</b>

### Absenteeism rate among employees (permanent and seasonal harvesters)\*

	CROP 2018/2019	CROP 2017/2018	CROP 2016/2017
<b>Per region</b>			
Midwest	1.02	1.16	5.81
Northeast	1.22	1.56	9.25
South	1.09	1.23	4.06
<b>CONSOLIDATED</b>	<b>1.12</b>	<b>1.32</b>	<b>6.37</b>

\*Number of days lost due to doctor's statement (except for maternity leave) / total of hours worked \* 1,000. Data not available in segmentation per gender.

# GRI CONTENT INDEX

GRI Standard	Disclosure	PAGE	OMISSIONS	GLOBAL COMPACT
GRI 101   Foundation 2016				
General disclosures				
GRI 102   General disclosures 2016	<b>Organizational profile</b>			
	102-1   Name of the organization	6	-	-
	102-2   Activities, brands, products, and services	6 and 25	-	-
	102-3   Location of headquarters	6	-	-
	102-4   Location of operations	6	-	-
	102-5   Ownership and legal form	10	-	-
	102-6   Markets served	24 and 25	-	-
	102-7   Scale of the organization	7	-	-
	102-8   Information on employees and other workers	42, 64 and 65	-	6
	102-9   Supply chain	21	-	-
	102-10   Significant changes to the organization and its supply chain	19	-	-
	102-11   Precautionary Principle or approach	26 and 27	-	-
	102-12   External initiatives	15	-	-
	102-13   Membership of associations	65	-	-
	<b>Strategy</b>			
	102-14   Statement from senior decision-maker	3 and 4	-	-
	102-15   Key impacts, risks, and opportunities	12, 13, 15, 16 and 18	-	-
	<b>Ethics and integrity</b>			
	102-16   Values, principles, standards, and norms of behavior	8 and 10	-	10
	102-17   Mechanisms for advice and concerns about ethics	11	-	10
	<b>Governance</b>			
	102-18   Governance structure	14	-	-



GRI Standard	Disclosure	PAGE	OMISSIONS	GLOBAL COMPACT
<b>Stakeholder engagement</b>				
<b>GRI 102   General disclosures 2016</b>	102-40   List of stakeholder groups	63	-	-
	102-41   Collective bargaining agreements	42	-	3
	102-42   Identifying and selecting stakeholders	63	-	-
	102-43   Approach to stakeholder engagement	63	-	-
	102-44   Key topics and concerns raised	63	-	-
	<b>Reporting practice</b>			
	102-45   Entities included in the consolidated financial statements	62	-	-
	102-46   Defining report content and topic Boundaries	63	-	-
	102-47   List of material topics	63	-	-
	102-48   Restatements of information	65	-	-
	102-49   Changes in reporting	63	-	-
	102-50   Reporting period	62	-	-
	102-51   Date of most recent report	62	-	-
	102-52   Reporting cycle	62	-	-
	102-53   Contact point for questions regarding the report	62	-	-
	102-54   Claims of reporting in accordance with the GRI Standards	65	-	-
	102-55   GRI content index	70, 71, 72 and 73	-	-
	102-56   External assurance	62	-	-

GRI Standard		Disclosure	PAGE	OMISSIONS	GLOBAL COMPACT
Material topic   Climate Change and Soil					
GRI 103   Management approach 2016 <sup>1</sup>	103-1   Explanation of the material topic and its Boundary	54, 55 and 63	-	-	
	103-2   The management approach and its components	54 and 55	-	-	
	103-3   Evaluation of the management approach	9, 54 and 55	-	-	
GRI 305   Emissions 2016	305-1   Direct (Scope 1) GHG emissions	54 and 55	-	7 e 8	
	305-2   Energy indirect (Scope 2) GHG emissions	54 and 55	-	7 e 8	
	305-4   GHG emissions intensity	67	-	8	
GRI 307   Environmental compliance 2016	307-1   Non-compliance with environmental laws and regulations	68	-	8	
Material topic   Biodiversity and Water					
GRI 103   Management approach 2016 <sup>2</sup>	103-1   Explanation of the material topic and its Boundary	49, 50, 51, 52, 53 and 63	-	-	
	103-2   The management approach and its components	49, 50, 51, 52 and 53	-	-	
	103-3   Evaluation of the management approach	9, 49, 50, 51, 52 and 53	-	-	
GRI 303   Water 2016	303-1   Water withdrawal by source	50 and 66	-	7 e 8	
	303-3   Water recycled and reused	50 and 67	-	8	
GRI 304   Biodiversity 2016	304-1     Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	68	-	8	
	304-3   Habitats protected or restored	52	-	8	
	GRI 306   Effluents and waste 2016	306-1   Water discharge by quality and destination	50	-	8
306-2   Waste by type and disposal method		51	-	8	

<sup>1</sup> The management approach refers to all GRI topics prioritized in the material topic of Climate Change and Soil.

<sup>2</sup> The management approach refers to all GRI topics prioritized in the material topic of Biodiversity and Water.

GRI Standard		Disclosure	PAGE	OMISSIONS	GLOBAL COMPACT
Material topic   Stakeholders' expectation					
GRI 103   Management approach 2016 <sup>3</sup>	103-1	Explanation of the material topic and its Boundary	37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47 and 63	-	-
	103-2	The management approach and its components	37, 38, 39, 40, 41, 42, 43, 44, 45, 46 and 47	-	-
	103-3	Evaluation of the management approach	9, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46 and 47	-	-
GRI 201   Economic performance 2016	201-1	Direct economic value generated and distributed	60	-	-
	201-2	Financial implications and other risks and opportunities due to climate change	12, 54 and 55	-	7
GRI 202   Market presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	42	-	6
GRI 205   Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	10	-	10
GRI 401   Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	42	-	-
GRI 403   Occupational health and safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	44 and 45	-	-
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	45 and 69	-	-
	403-3	Workers with high incidence or high risk of diseases related to their occupation	44	-	-
	403-4	Health and safety topics covered in formal agreements with trade unions	45	-	-
GRI 404   Training and education 2016	404-1	Average hours of training per year per employee	38 and 65	-	6
	404-2	Programs for upgrading employee skills and transition assistance programs	39	-	-
	404-3	Percentage of employees receiving regular performance and career development reviews	40 and 41	-	6

<sup>3</sup> The management approach refers to all GRI topics prioritized in the material topic of Stakeholders' Expectation.



## Corporate information

SLC Agrícola S.A.  
Rua Bernardo Pires, 128, 3rd floor  
Bairro Santana - Porto Alegre/RS  
CEP 90620-010  
[www.slccagricola.com.br](http://www.slccagricola.com.br)  
[ri.slccagricola.com.br](mailto:ri.slccagricola.com.br)  
E-mail: [ri@slccagricola.com.br](mailto:ri@slccagricola.com.br)

## Credits

### Coordination

HR, Communication, Investor Relations and  
Sustainability teams of SLC Agrícola

### Consulting, content and design

usina82

### Photos

SLC Agrícola's collection and Gilberto  
Marques

