



Sustainability
Report
2019

2019

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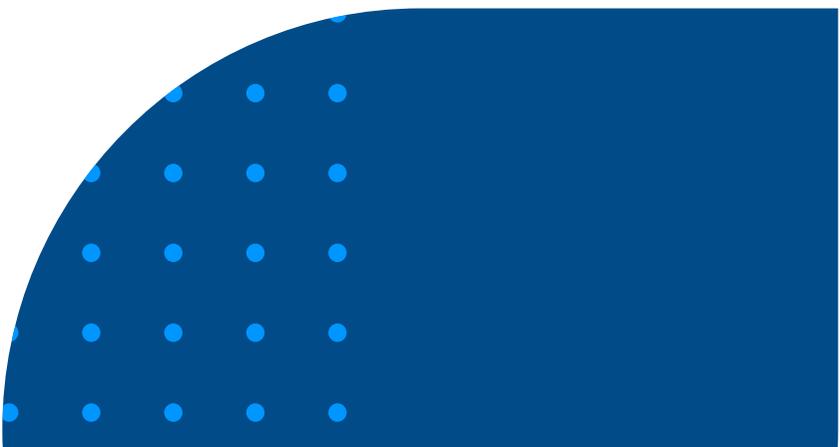
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Ourofino's Purpose

GRI 102-16

Reimagining Animal Health

This is our commitment to challenge conventional thought, promoting evolution and sustainable growth of animal health, inspire and create ideas and solutions integrated to world, people and market needs, connect and work in collaboration with the animal health ecosystem, build and nurture relationships in shared value generation.



Pillars

Integrated Innovation

Create integrated ideas and solutions, developing new ways of producing and caring for animals, with less impact, simplicity and more efficiency.

Involve and Collaborate

Think and act in the broadest sense of animal health, involving, connecting and working in collaboration with our customers, partners and community in a movement of transformation and evolution for the sector.

Build and Nurture Relationships

Establish open and transparent ways of inspiring, endeavoring, connecting, collaborating and making business. Grow together.

Our personality

Agile and Simple

Open and collaborative

Entrepreneurial Attitude

Transparent and Engaging

Brazilian


ourofino
agronegócio

Message from the Chairman

Message from the Chairman

GRI 102-14



Jardel Massari
Chief Executive Officer

In 2019, we concluded the revision of the strategic planning of the Company, toward a new growth and continuity cycle of our business.

Reinforcing the purpose of reimagining animal health, as a company with a broad and multi species portfolio, we established various initiatives, geared especially to excellence in execution, with which we remain confident in growth drivers in the markets in which we operate and consequent value generation to the stakeholders.

Future seem promising when we look at the sectors where we operate and the whole path taken in the last years. We are the largest Brazilian animal health company, with broad capillarity in the national market and investing significantly in international operations, especially in Mexico and Colombia.

We want much more and because of this, we count on a very diverse team with more than 1,000 employees: people from different regions and nationalities, traditions and various beliefs, but united by the purpose of reimagining animal health, bringing differentiated products to the market and building long-term relationships.

Year 2019 has proven to be challenging with revenues growing lower than expected in the segment of livestock animals. Regardless of broadening our sales efforts, revenues grew lower than the projections.

Even with positive indications for Brazilian animal protein market, mostly benefited by the swine flu in China, there was no effect in the demand for products and veterinary medicine.

However, the trend of increasing productivity in farms, associated to the fact that Brazil is still incipient in the use of animal health products, are factors that sustains market growth. We understand that the investments in demand generation programs, the brand and products acknowledgment in the field, and differentiated access compared to competitors and agricultural retailers, are key factors for more positive results in the sector in the following years.

As a consolidated result of 2019, the net revenue of the Company grew 5% compared to 2018, reaching R\$ 620 million.

Tivemos um avanço significativo dos segmentos de animais de companhia (pet) e operações internacionais, que atingiram crescimentos na ordem de 17%, enquanto o de animais de produção apresentou evolução de 2%. As margens brutas foram afetadas em cinco pontos percentuais para 50% em 2019, pela menor diluição da fábrica, o que, em conjunto com os maiores dispêndios em pesquisa e desenvolvimento (P&D), resultaram em redução do ebitda ajustado para R\$ 107 milhões. A geração de caixa operacional atingiu R\$ 86 milhões.

For pets, the growth was justified by the increase in the effectiveness of customers and investments in technical consulting team training. Our team is formed by 22 professionals that operate directly with the veterinarians and purchase influencers for products of the sectors. Associated to this internal work, we observe a growth of expenses with pet health due to “pet humanization” movement. Other important result was obtained in the international operation sector, where our efforts were concentrated in enhancing access to sales channels in the countries, especially in Mexico and Colombia, with replication of marketing program models already implemented. Our growth in 2019 shows that we have evolved in the sector management and we can focus on the addition of new product registrations in these countries.

For the next years we have important ambitions related to products release through organic growth and mergers and acquisitions, as an operative group in animal health sector. We have the commitment to develop solutions to help our customers to raise healthier animals to nurture the population, guaranteeing food safety of the families. We will also maintain our focus on protecting and extending our relationship with the pets and the ambition to evolve in sustainability aspects, transparency, ethics, integrity and safety, consequently, we intend to be a part of the Corporate Sustainability Index (ISE) of the Stock Exchange (B3). For this purpose, we will develop an extensive work

of improvement and process implementation, which are mandatory requirements of the participants of this portfolio. These improvements will be important for the reduction of risks present in the whole chain, generating value for the brand and interested parts. As an additional step to this movement, we became signatory of the Brazilian Network of the Global Agreement. The initiative launched in the 2000s by then secretary-general of United Nations, Kofi Annan, has the main purpose to facilitate knowledge exchange between corporations and then align corporate Sustainable Development Objectives (ODS) to corporate strategy. We continue in 2019 the efforts to evaluate the impacts and opportunities related to climate changes. We will structure a series of actions to reduce greenhouse gas emissions (GEE) gradually and assertively, based in our inventory. We are aware of the challenges, but proud of the role we can play in the animal health market. We believe in a promising future for animal health market where more sustainable and innovative solutions will become more and more a part of the day of the cattlemen and pet tutors. The year 2020 began with excellent perspectives and in March we lived the beginning of the new coronavirus pandemic, which brought us unprecedented challenges. Even so, Ourofino - part of the sector considered essential for bringing value to the protein chain - decided to go towards its strategic objectives, caring for its people and business with the same energy. Thus, a multidisciplinary risk/crisis committee was established and some rigorous

protocols adopted in Brazil, Mexico and Colombia, with the purpose to guarantee health and safety of our employees, customers and suppliers and, at the same time, business conduction in a responsible and ethical manner.

Besides, we chose to continue with the succession process, already planned for 2020 in the Company's Strategic Plan. Thus, in April 2020 we made the transition of the Company CEO, with Mr. Kleber Gomes, until then Finance and Products Vice President assuming the position and launching a new management style, with growth strategy and the intention to be the company that launches the most products, that grows faster and one of the best to work in the sector, with investments in the evolution of organizational culture, based on human values, efficiency, adaptability, incentive to innovation and continuous learning. Wishing that the pandemic is overcome as soon as possible, and with the best wishes to Mr. Kleber Gomes in the management of the Company, we invite all of you to know in detail the results obtained in 2019. Here are our achievements, challenges and especially the plans for the future.

Make yourself at home and have a good reading!

Jardel Massari

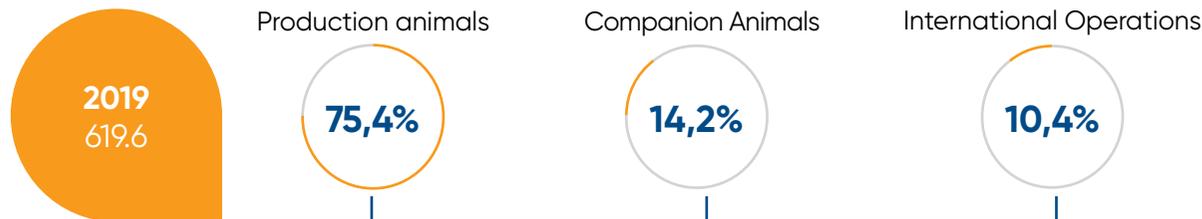
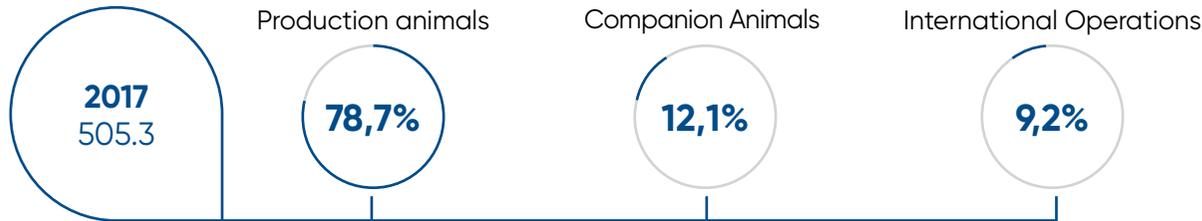
Overview in numbers

GRI 102-7

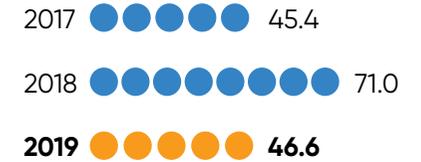
Main financial indicators (R\$ million)

	2017	2018	2019
Net Revenue	505.3	589.2	619.6
Gross Profit	268.8	324.1	311.4
Gross Margin (%)	53.2	55.0	50.3
Corrected Ebitda	103.7	131.7	107.2
Corrected Ebitda Margin (%)	20.5	22.4	17.3
Net Profit	45.4	71.0	46.6
Net Margin (%)	9.0	12.1	7.5
Market Value	1,294.8	1,818.1	2,319.8
Total Asset	810.2	846.0	869.5
Net Equity	405.6	456.0	492.5
Net Debt	200.2	222.4	238.3
Net Debt / Corrected Ebitda	2.0	1.7	2.2
Result per share	0.7	1.3	0.9
No. of shares	53,949,006	53,949,006	53,949,006

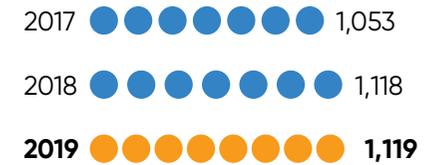
Distribution of net revenue (R\$ million)



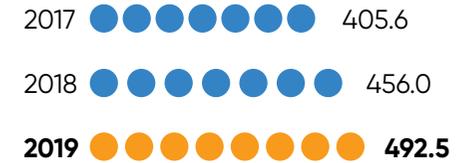
Profit/loss net (R\$ million)



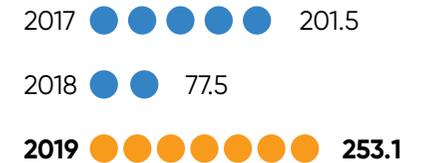
Number of employees



Equity net (R\$ million)



Environmental investments (R\$ thousands)



Note 1: Values presented above correspond to capital expenditure (Capex) 2019 and do not include expenses with employees and routine operations of the environmental area.
Note 2: Data reported above correspond to the industrial plant in Cravinhos (SP).

Group Ourofino

Check out in this section

- [Inside the Company](#)
- [Operation Distribution](#)
- [Industrial Operation](#)
- [Business Model per Capital](#)
- [Corporate Governance](#)
- [Challenges, Practices and Commitments](#)

Inside the Company

We are the largest Brazilian animal health group composed by 1.119 direct employees (including 8 statutory) and exportation to 15 countries with local commercial operation in Mexico and Colombia. Ouro Fino Saúde Animal Participações S.A., ("Company" throughout the report) holding of the Ourofino Group is a traded joint stock corporation registered in the New Market of B3 S.A. - Brazil, Stock, Counter, established in Cravinhos, state of São Paulo. **GRI 102-1, 102-5** We operate in the production and commercialization of medicine, vaccines and other veterinary products, divided into three main sectors: production animals, companion animals (pet) and international operations. Our industrial complex established in Cravinhos (SP) is home to the administrative headquarters, five plants and a research and development center (R&D). We have a Veterinary Research Center (CPV) and the Technical Training Center (CTC), both established in Guatapar (SP), with complete

structure for the study of new products, development of its own projects or in associations, professional training and technical training. To guarantee capillarity, we use nationally seven distribution centers located in the cities of Aparecida de Goinia (GO), Vinhedo (SP), Osasco (SP), Cajamar (SP), Cachoeirinha (RS), Cuiab (MT) and Betim (MG). Internationally, we maintain in Mexico and Colombia two subsidiary companies that trade and distribute our products, through the support of two other distribution centers, located at the cities of Bogota (Colombia) and Veracruz (Mexico). **GRI 102-2, 102-3, 102-4**



With the purpose of reimagining animal health, we have the commitment of challenging the conventional thought, promoting the evolution and sustainable growth of a new generation of animal health, we offer a portfolio composed by 95 veterinary products, commercialized in all pharmaceutical forms: solid, liquid, tablets, semisolid, oral and injectable, as well as vaccines.

GRI 102-2, 102-7

In our country, we hold approximately 9,5% market share in the sector of production animals and 6,7% market share in companion animals (pet).

These numbers demonstrate our growth potential, which associated to other factors motivated us in 2019, to

review our strategic plan. We defined many oriented initiatives, especially excellence on performance, with which we continue trusting the growth drivings in the markets where we operate and consequent value generation.

This new strategic positioning will be an essential factor to increase results of the Company, but especially, its representation in the different national and international markets where it is established.

We are motivated with the future perspectives of the Company and aligned with the ethical principals and transparency that govern our market.

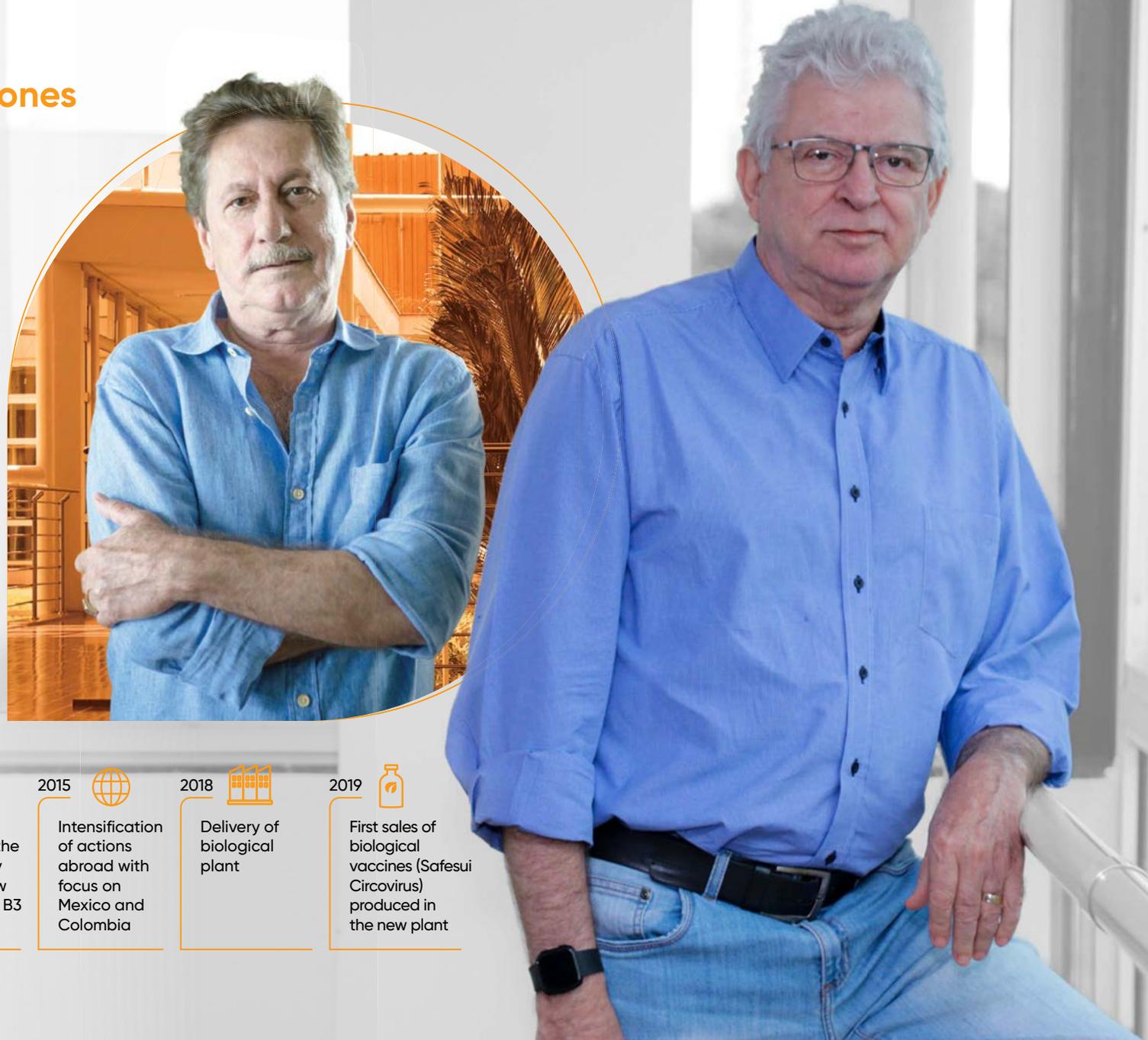
We have a solid business model and oriented to offer solutions to meet the expectations of our customers, pursuing a new growth cycle and business continuity.

How it all started, key milestones and current structure

Economic group to which the Company belongs was built in 1987 by its founding shareholders, Norival Bonamichi and Jardel Massari, initially with business focused exclusively on the manufacture of medicines and other veterinary products for production animals (bovine, equine, poultry and swine).

Nowadays, Ouro Fino Saúde Animal Participações S.A. holding of the Group, controls other five companies, which are: Ouro Fino Agronegócio Ltda., Ouro Fino Pet Ltda., Ouro Fino Saúde Animal Ltda., Ouro Fino Colômbia

S.A.S. e Ouro Fino de México S.A. de C.V. (jointly called "Ourofino Group").



- 1987** Establishment of Ourofino by Jardel Massari and Norival Bonamichi
- 2000** Entry in the companion animal (pet) market
- 2010** Entry in the vaccine market against Foot-and-Mouth Disease
- 2014** IPO and listing of the Company in the New Market of B3
- 2015** Intensification of actions abroad with focus on Mexico and Colombia
- 2018** Delivery of biological plant
- 2019** First sales of biological vaccines (Safesui Circovirus) produced in the new plant

Inside the Company

Distribution of the operations

Operation industrial

Business model per capital

Governance corporate

Challenges, practices and commitment

Operation Distribution

GRI 102-6, 102-7

more than 
30 years
of stories

more than **4,7**
thousand tons
in volume produced in 2019 

In the world

2 subsidiaries and 2 distribution centers (Mexico and Colombia)

Operation in 15 countries

95 
products
in portfolio

more than **4.000** 
active customers

In Brazil

1 industrial plant with 5 factories

2 Laboratories for Research and Development (R&D)

7 distribution centers

1,119 
employees

Largest group
of animal health in Brazil

Industrial Operation

Our industrial operation has approximately 28,334 m² of built area and it is considered one of the most modern pharmaceutical complexes of Latin America in the animal health sector. As highlights we have:

- A dedicated plant for the production of Foot-and-Mouth Disease Vaccine - level 4 in biosafety (one of the highest levels in the world);
- Production of solid medicines (tablet and powder), semi-solid (cream and ointment) and liquid (solution);
- Production of injectable and hormone medicines;
- Production of biological vaccines.

The project of the pharmaceutical complex was designed according to the principles of Good Manufacturing Practices (GMP) and prioritizing the applicable concepts of the rules of the Ministry of Agriculture, Livestock and Food Supply (MAPA). We also adopted requirements from the most rigorous regulatory rules in the world, such as the ones issued by Food and Drugs Administration (FDA), of the United States and European Medicines Agency (EMA) of the European Union.

Pharmaceutical plant
6.680 m²

Hormone Plant
820 m²

Foot-and-Mouth Disease Vaccine Plant
5.651 m²

Biological Plant and Quality Control
6.482 m²

Animal pesticides plant
1.900 m²

Warehouse
6.801 m²

Business model per capitals

The structuring of the processes of Ourofino Group intends to generate value to relationship audience impacted somehow by our operation.

Main processes

 <p>HUMAN CAPITAL</p>	<p>Talent appreciation and respect for difference Understand the differences between people as assets for our ambitions for the future and</p>	<p>empowering talents of the Ourofino group with and entrepreneurial vision, connected and collaborative. Care and diligence with our people Ensure physical and mental integrity of all employees of Ourofino Group.</p>
 <p>NATURAL CAPITAL</p>	<p>Worries inside and outside of the company Manage the natural resources used in the value chain, in a responsible manner, reducing impacts in its origin and influencing partners.</p>	<p>Animal well-being above all Adopt practiced for health and well-being of animals from the carrying out of our tests to the application and use of the products.</p>
 <p>SOCIAL CAPITAL AND RELATIONSHIP</p>	<p>Customers Meet the expectations and needs of our commercial partners and customers (Cattlemen and companion animals tutors - pet), fair pricing and prioritizing long-term relationships.</p>	<p>Corporate Responsibility Expand trust of our audiences regarding the Company and its controlled companies, through transparent, straightforward and open relationships to inspire, endeavor, collaborate and make business. Communities Manage and mitigate impacts in communities, caused directly or indirectly by our operations and at the same time, generate shared value to the people involved.</p>
 <p>MANUFACTURED CAPITAL</p>	<p>Proximity and Trust Since retail to the cattlemen, to distributors, pet stores in Brazil and international operations.</p>	<p>Logistics Shorten distances between the needs of commercial partners and the production, observing more sustainable logistic options in the whole cycle of the product. Operational quality and efficiency Design more efficient and safer processes, from the development phase to the production and distribution of solutions.</p>
 <p>INTELLECTUAL CAPITAL</p>	<p>The Brand Reimagining animal health, promoting evolution and sustainable growth of a new market generation.</p>	<p>Innovation and technology Create integrated ideas and solutions, developing new ways of producing and caring for animals, with less impact, simplicity and more efficiency.</p>



Main impacts

- Social progress and development**
 - Benefits for agriculture and relationship audiences.
 - Revenue generation and improvement of communities where we operate.
 - Animal health and well-being promotion.
- Reimagined and innovative solutions**
 - Expansion of a more efficient portfolio and adapted to local conditions.
 - Less impacting and sustainable technological solutions.
 - Strengthening of image and development of new long-term partnerships.
- Building Shared Value**
 - Expansion of market share and advances in international markets.
 - Operational advance and qualification of employees.
 - Return of capital employed and dividends to shareholders.

Corporate Governance

The Ourofino Group guides its relationship with the market by the adoption of transparency and safety criteria in the dissemination of information, equality in the treatment to shareholders and investors, and ethical commitment maintained with stakeholders. Besides, we aim to constantly improve our management conducts, which consider in its control environment, the best practices of corporate governance.

Company carried out the initial public offer of shares (IPO) in October 2014, participating in the New Market of B3, sector with the greater requirements regarding transparency and practices of corporate governance.



Listing in this special sector involves the adoption of a set of societal rules that expand shareholders rights, besides the adoption of a more transparent and broad information disclosure policy.

Among corporate governance practices required by the New Market and those recommended by Corporate Governance Brazilian Institute (IBGC) in its Brazilian Code of Corporate Governance, the Company adopts the following:

- Share capital composed only by ordinary shares, providing voting right to all shareholders;
- Obligation to make a public offer of shares acquisition when there are transactions that constitute alienation of corporate control to all shareholders and not only to control block holders. All shareholders must have the option to sell its shares for the same price and in the same conditions. Control transfer must be made in a transparent price.
- Contracting an independent company and that has not provided internal audit services to the Company in the three previous years, to audit financial statements;
- Board of Directors composed by, at least, one third of independent members;
- No cumulation of functions of President Director and President of the Board of Directors;
- Adoption of Risk Management Policy, Code of Ethics and Conduct, Policy for Negotiation of Securities Manual, Anti-Corruption and Anti-Bribery Policy, Interest Conflict Prevention Policy and Related Parts Transaction Policy;
- Definition of an annual calendar with the provision of an annual thematic agenda with relevant subjects and discussion dates including dates of ordinary meetings;

- Minutes of Meeting of the Board of Directors written clearly and recording the decisions taken, people present, dissenting votes and votes abstention;
- Use of the General Shareholders Meeting to communicate the carrying out of businesses of the Company, and the minutes allow the complete understanding of discussions carried out in the Meeting and bring the identification of the votes given by the shareholders.

The corporate governance model of the Company includes the General Shareholders Meeting, the Board of Directors and the Board of the Company. In addition, we have a Supervisory Board and a Statutory Audit Committee. We also have non statutory committees, the Human Resources and Innovation Committees.

GRI 102-18

In the governance structure, we do not have a specific committee for decision making of socio-environmental issues, however, these decisions occur in an integrated manner in Senior Management level. In individual cases, the Board of Directors may be involved. **GRI 102-20**

Aligned management in every area

General Shareholders Meeting

This is the main area of general resolutions of the Company. In the Meeting the most relevant issues are voted, such as results expected for the future, investments and strategies for the management of large risk scenarios. In 2019, a meeting was held, with the main agenda of the provision of accounts of 2018, budget of Capital for the year 2019, annual compensation of the managers for the year 2019, election of the Supervisory Board members, increase in share capital, among others.

Board of Directors

Supreme governing body of the Company's businesses, this group of advisers is the responsible for the main guidelines of Ourofino Group. The entity supervises and guides, through periodic agendas with the Directorates, important issues to business, such as significant strategic changes and approval of annual or special budget. It also has a role in the

authority delegation and responsibility in important themes such as financial and socio-environmental. **GRI 102-19, 102-20, 102-26**

Elected in 2018, the Board has six members, of which four are external and independent, according to the definitions of the New Market regulations, elected for a mandate of two years and dismissed by the General Meeting. The selection of the professionals for the Board is based on criteria that include market experience, assessment of behavior and ethical characteristics. In line with good market practices our Board Chairman does not accumulate functions in the management of the Company. **GRI 102-24**

According to its legal, statutory and regimental competencies, the Board of Directors is part of the main strategic decisions on the Company. Critical issues are communicated to the Board by the Director, in meetings with the participation of the advisers that look for strategies for resolution and follow-up. In 2019, the Board met 16 times, in which various agendas were discussed and comprising strategic issues and oth-

ers regarding the fulfillment of societal obligations of the entity (budget approval, financial statements approval, definition of the amounts provided in the Bylaws of the Company, among others). **GRI 102-34**

Board of Directors

GRI 102-22, 102-23



Supervisory Board*

Permanent and composed by three external and independent advisers, it has the role to supervise and evaluate decisions of the managers of the Company, always observing the fulfillment of legal and statutory duties, resolutions and financial statement issued.

In the last year, we had as members: José Paulo Marques Netto (independent member); Francisco Vicente Santana Silva Telles (independent member); Cesar Augusto Campez Neto (independent member).

Addendum: (*) In the period of disclosure of the Sustainability Report 2019, some of the position in the Board changed.

Board*

Responsible for the management of the businesses of the Company, based on the strategic plan, the Board operates according to the definitions of the Board of Directors. In 2019, the Director President, Mr. Jardel Massari, one of the controlling shareholders, with Mr. Kleber Cesar Silveira Gomes (Financial and Relationships with Investors Director), formed the statutory Board.

In 2019, we had as members of the non-statutory Board: Ângelo Melo Silva, Carlos Alberto Escalada Calzada, Carmen Silvia de Moraes Macedo, Fausto Eduardo Fonseca Terra, Milton Zanetti Rizo e Verônica Martins.

Addendum: (*) In the period of disclosure of the Sustainability Report 2019, some of the position in the Board changed. We also had Mr. Kleber Gomes assuming the Presidency in April 2020.

We have committees prepared to support the governance bodies in decision making and business risk analyses, which are:

Statutory Audit Committee

José Francisco Hintze Júnior (member of the Board of Directors); Frederico Seabra de Carvalho (independent member); Eduardo Scarpellini (independent member).

Human Resources Committee

Jardel Massari; Rodrigo de Almeida Prado Catunda (independent member); Luiz Antonio Santos Baptista (independent member).

Innovation Committee

Jardel Massari; Norival Bonamichi; Carlos Henrique Henrique (invited technician).

The list with number, function description and brief resume of the Advisers mentioned above may be found on the Reference Form of the Company, on the website www.ri.ourofino.com.



Challenges, Practices and Commitments

GRI 103-1 | 206, 103-2 | 206, 103-3 | 206

With the purpose of a new growth cycle and continuity of our businesses, in 2019 we concluded the revision of the strategic plan of the Company, reinforcing the purpose to reimagine animal health, with the commitment to challenge conventional thought, promoting evolution and sustainable growth of a new generation of animal health, inspire and create ideas and solutions integrated to world, people and market needs, connect and work in collaboration with the ecosystem of animal health, build and nurture relationships in the generation of shared value. This purpose is based on our personality as a Company and on our ethical values. Honesty and

respect to the laws, adoption of socially responsible practices and that aim at the well-being of everyone and the protection of the environment, are the ethical and moral principles that guide the activities of the Ourofino Group and all the relationships established in our value chain. To improve our competitiveness in a market dominated by multinational companies, we defined well-structured processes for the internal development of products and evaluation of alternatives existing in the market, intended to offer solutions to the needs of our customers, inside and outside of Brazil. Relationships have strengthened through the adoption of fair practices, upstanding, ethical and transparent. We are a joint-

stock company with national and international operations, this condition imposes the compliance to regulations specific. For this, in 2019, we strengthen the evaluation process of our business processes, risks and internal controls in an extensive manner in the whole Company, through the creation of an area of Governance, Risks and Compliance (GRC), which now incorporates also the area of Internal Audit (A&I). Besides business processes, risks and internal control evaluation, the area of GRC & AI is also responsible for the management of the Reporting Channel and for analyses and investigations of possible ethical deviation causes, issuing of policies and procedures to fight fraud, improper behavior, bribery, corruption, among others. The results of treatments and action plans are reported to operational managers, Board, Statutory Audit

Committee (CAE) and Board of Directors. As an important advance, in the last year, we launched the new Anti-Corruption and Anti-Bribery, Interest Conflict Prevention. Structuring and consolidation of risk management culture, and compliance culture, which will follow five main objectives:

- Strengthening and risk management in an interconnected manner through the whole chain and comprising international operations;
- Revision, definition and communication of new indicators policies for issues as transparency, human rights and fighting against corruption;
- Team and employee training in the issues approached in the new procedures and policies;
- Complete third-parties analysis, including verification of reputation factors and potential risks for Ourofino Group to commercial relations and suppliers;
- Operation and engagement with the relationship audiences for the promotion and strengthening of compliance culture.

Code of Conduct and awareness

GRI 103-1 | 205, 103-2 | 205, 103-3 | 205, 103-1 | 412, 103-2 | 412, 103-3 | 412

Activities of the Ourofino Group are governed by a [Code of Conduct](#), accessible to all the audiences through the website and intranet. The Code has the central purpose of guaranteeing that the relations among employees and customers, suppliers, distributors, service providers, entities and public employees, press, environment and community, among others, are always in accordance with the ethical, upstanding and moral principles that guide the Ourofino Group, among others: honesty and respect to the laws, adoption to socially responsible practices and that aim to the well-being of everyone and environment protection. **GRI**

102-16

The Code also addresses the theme of the Anti-Corruption through the establishment of a set of rules described in the document. These parameters arrange the posture of the Group in its businesses, inhibiting the practice of any illicit conduct or acquisition of improper advantages, establishing open and transparent manners to inspire, endeavor, connect, collaborate and make business, and also building and nurturing relationships in the generation of shared value.

In the last year, we adopted important measures to orient and sensitize our workforce regarding the corporate policies related to the ethical conduct and integrity.

We carried out in October 2019 a Round of Talks about moral and sexual harassment, in which approximately 70% of the employees and 100% of the Directors and Managers were oriented.

We also intend to incorporate to the annual calendar a training related to the Code of Conduct and anti-corruption themes, through web learning platforms.

New employees receive the Code prior to their entry in the Ourofino Group to read and refer to. The contracts signed by Ourofino Group have arbitration contractual clauses for adherence to its Code of Conduct, whose purpose is to extend and disseminate

among its partners, the fight against corruption data protection and human rights.

We seek to guide, support and disseminate our integrity procedures not only for the internal audience but also to our partners and interested parts. To support and guide awareness and commitment actions on the subject, we have an Ethical Committee, formed by representatives of the areas of Human Resources, Internal Audit and Legal. This Committee operated to mitigate issues and doubts that involve the practice and fulfillment of ethical values and rules of conduct of the Ourofino group as well as tracking the progress of the actions proposed in the meetings carried out and monitor commitment activities. In December 2019, the Board of Directors approved specific policies related to the anti-corruption and anti-bribery and interest conflict prevention. The material established standards and internal rules to ensure preventive practices aligned to Brazilian laws and best market practices.

This policy is part of the training program of 2020 for managers, members of the governance entity and employees, promoting the dissemination of in-depth content about the subject.

Relationship channels and transparency

GRI 102-17, 102-43

Ourofino Reporting Channel is the main instrument of control and fight against illicit acts in Ourofino Group, formally established and disclosed to employees, suppliers and customers, including international operations in Mexico and Colombia.

The channel is active for the reception of reports related to ethical deviation, conducts and corruption acts (including bribery practices, facilitation payments, frauds, extortion, colluding and money laundering, among others). Due to the importance of this channel, in September 2019, it is now operated by an specialized and independent third party company and it is under the responsibility of the department of Governance, Risks, Compliance and Internal Audit (GRC & AI), which is responsible also for the investigation of the reports.

Reports are received through a toll-free channel, where the service is recorded by an independent operator, to which only the Ethic Committee and the GRC & AI team have access. All the reports received are transcribed and remain available in an electronic platform managed by the third party company, guaranteeing confidentiality of the information provided by the complainant and its anonymity.

Ourofino Group ensures the secrecy and confidentiality of the people that report in good faith a suspect of fraud or violation of the law, regulation, policies or the Code of Conduct, ensuring the complainants that they will not suffer any retaliation, sanction or negative action as a result of the presented report. The cases of more impact or that present risks to the Ourofino Group, whether financial or of image and reputation, are brought to the knowledge of the Statutory Audit Committee. The Board of Directors can also be contacted for the adoption of applicable measures.

Ourofino Reporting Channel is available to receive third-party and employee reports, 24 hours a day, seven days a week, in Portuguese, Spanish and English, in the phone numbers:

Brasil: 0800-891-4636

Colômbia: 01-800-752-2222

México: 01-800-1233312

Website: www.resguarda.com/denunciaourofino

E-mail: denuncia.ourofino@resguarda.com

Strategy corporate

Check out in this section

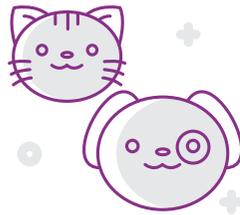
- Strategic pathways and objectives
- Risks and opportunities
- Sustainability Vision
- Materiality

We seek to inspire and create integrated solutions to world and people needs, always in line with the purpose of the company of reimagining animal health. For this reason, we count on the dedication and effort of our employees, commercial partners and suppliers, who daily challenge conventional thought, promoting evolution and sustainable growth of a new generation of animal health. Our purpose guides all the actions of the Company and we believe that its application is the key of a promising future. Great challenges of the market motivate us and we are sure that we can contribute not only for animal health but also with positive impacts in society and the environment. All this ambition to change and development associated to the values cultivated by Ourofino Group, since its origins were the fuel to the actions proposed and the revision of the strategic plan in 2019. Actions proposed form a set of drivers to be incorporated and worked in all of the Company levels throughout the following years.



Our ambition is focused on three main sectors

GRI 102-6



Companion Animals (pet)

It represents the manufacture and commercialization in the internal market of medicines (anesthetic, sedatives, anti-inflammatory, antibiotics, antimicrobials, dermatological, ectoparasiticides, endoparasiticides, otological) and other veterinary products for dogs and cats.



Production Animals

It represents the manufacture and commercialization in the internal market of medicines (anti-inflammatory, antibiotics, anticoccidials, antimastitic, ectoparasiticides, endectocides, endoparasiticides, hemoparasiticides, inoculants, therapeutic, products for animal reproduction), vaccines, besides performance enhancer additives, probiotics and other veterinary products for bovine, swine, poultry, ovine, equine and caprine and provision of industrialization services for other companies in the sector.



International Operations

It represents the commercialization in the external market, especially for Latin America, of medicines, vaccines and other veterinary products for production and companion animals. In Mexican and Colombian markets, we operate with our own team through subsidiaries.

Besides the segments mentioned above and prevailing in the current dynamics of the operations, we contemplate in our strategic planning the possibility to enter new sectors, whether through fusions and acquisitions and/or strategic partnerships.

Strategic pathways and objectives

The development of the previous years was anchored in the responsible management of the leaderships, geared to operational efficiency and innovation, associated to Strengthening of Company values in the various areas. Although we are an important player in the animal health market in Brazil, we understand that we still have scope for significant growth, but for this we will need to evolve in aspects such as

operational efficiency, profitability, market share, international capillarity, socio-environmental risk management, among others.

Our strategic plan was revisited in 2019, with the help of an external consulting, in a long-term work that involved the whole leadership of Ourofino Group. We went through four major steps to reach final results, which are:

Path taken



Company Diagnosis



Market analysis and definition of future scenarios



Strategic alternatives

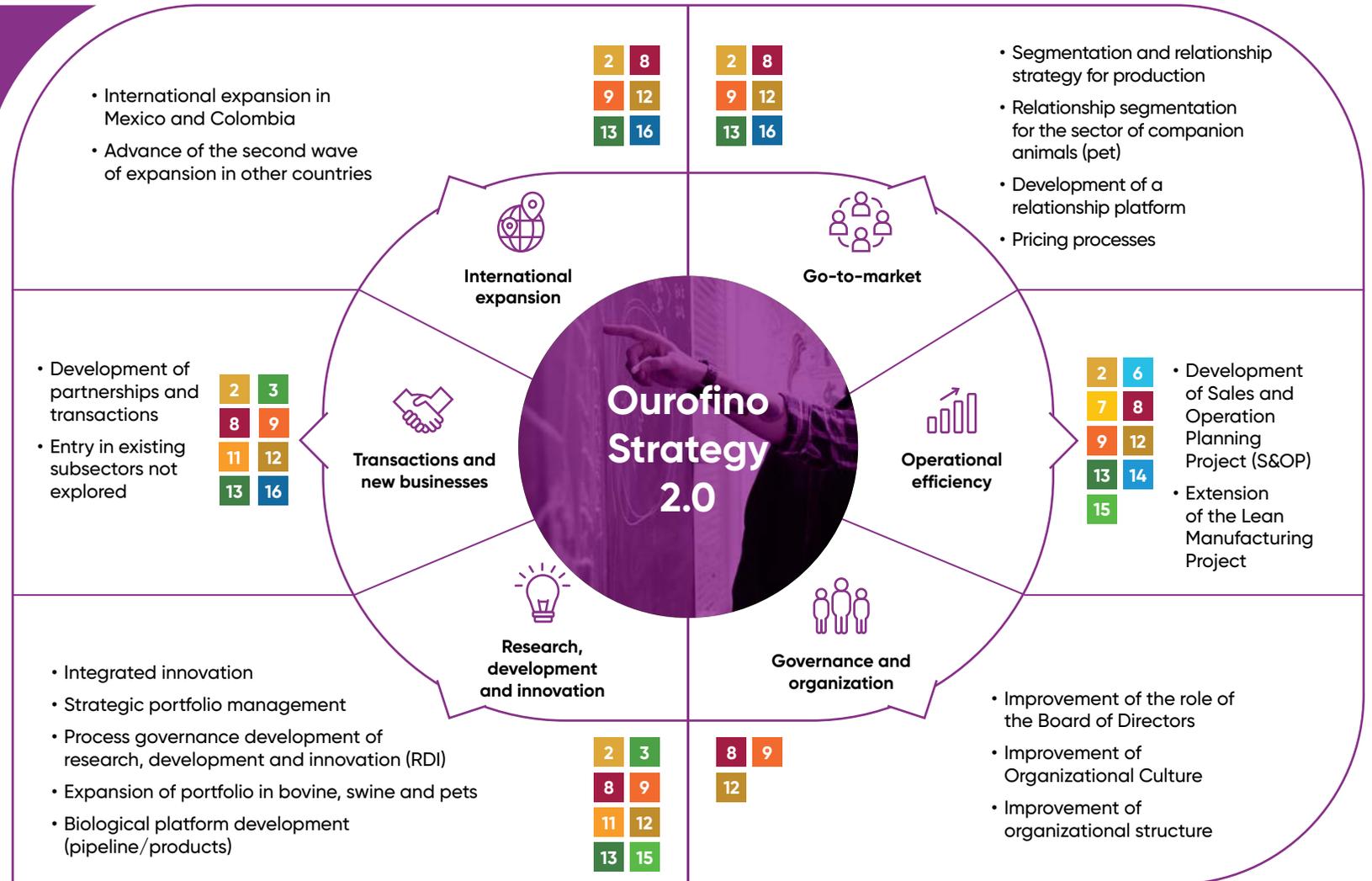


Design of the action plans

Strategic initiatives were defined, Distributed in six main pillars. The expectation is to take Ourofino Group to a new step, called Ourofino 2.0, through the implementation of the proposed actions.

Ourofino 2.0 in practice

- Expansion of the portfolio and coverage of the market
- International growth acceleration
- Development of new businesses
- Digitalization and innovation
- Optimization of the commercial approach (segmentation, pricing and review of the commercial policy)



Risks and opportunities

GRI 103-1 | 307, 103-2 | 307, 103-3 | 307, 103-1 | 419, 103-2 | 419, 103-3 | 419, 102-11, 102-34

In 2019, the area of Governance, Risks, Compliance and Internal Audit (GRC & AI) was created with the purpose to coordinate and monitor the process of Identification and evaluation of the risks of Ourofino Group, considering the main risk scenarios (internal and external), to which we are exposed, the nature of our operations and the dissemination of the culture and risk management methodology. GRC & AI team is responsible to continuously determine integrated actions with the purpose to manage risks efficiently, contributing to the reduction of the materialization of events that affect negatively the strategic and operational objectives of Ourofino Group, ensuring its sustainable growth, profitability and value preservation to its shareholders.

1. Internal and external environment + relationship audiences
2. Identification and registration, follow-up, mitigation and report of operational and corporate risks
3. Monitoring of process and environments affected by the operation
4. Treatment of deviations, employee training and loss management
5. Compliance

The model proposes an integrated and holistic view of the risk management process, capable of protecting the most the values and future ambitions of the Company. This objective can only be reached counting on the participation of all the areas of the Company and analyzing the risk scenarios under internal and external perspective.

The risk factors currently under the management of the Board, as well as the observed guidelines, are in the 2019 [Reference Form](#), items 4 and 5.

Sustainability Vision

Our strategic plan incorporates a long-term view updated for the following years, where we detail the main objectives of the Company, including the sustainability aspects. The vision seeks to monitor global transformations and the anticipation of potential risk scenarios to the business. Our perception and sustainability view evolved and became more integrated to the value chain. Attitudes and directions of the Company seek to understand the impacts and opportunities of value creation for our relationship audiences, including communities, governmental organs, commercial partners and suppliers.

The sustainability area of the Group is captained by the Human Resources and Sustainability Management (RHS), which has a dedicated and experienced team for the challenges required by the theme. The area is responsible for receiving the perception of impacts generated by the operation of the group and in accordance with other leaderships, to determine the driving processes of the management of the area. This perception, collected through consultations and other forms of engagement with interested parts results in our material themes, which are the base for the main report of sustainability area.

The aspects raised by the materiality process and themes related are comprehended as strategic by the senior leadership.

Thus, the main sustainability deliberations are subject to discussions in the Management level and may be shared with the Board of Directors.

We continued in 2019, alert to the adherence opportunities to voluntary commitments in our sector of operation, which may bring different views on important themes or also, add to the management of the Company. Thus, we became signatory to the Brazilian Network of the Global Agreement. This partnership allows us to participate in themed forums, where large companies and important actors of the market discuss solutions for the current and future challenges of humanity. We will also seek to evolve significantly our controls and policies, so that in a few years we are able to compose the portfolio of the Corporate Sustainability Index (ISE) of B3.

We continue alert to the risk scenarios and discussions in the framework of the climate changes. Climate variations increasingly unpredictable may affect the results of the agribusiness in general, including the production of inputs and the trust level of the investors, and consequently the operation of Ourofino Group. Thus, we seek to play our part and reduce gradually direct and indirect greenhouse gas emissions (GEE), through mitigation plans aligned to the global trends in the market. Our management will prioritize the process improvements, use of cleaner energy sources and risk reductions. **GRI 201-2**

Participation and initiatives

GRI 102-12, 102-13

Next, we list the main initiatives in which the Ourofino Group believes and which it joined in the last years. These national and international initiatives, address important themes, such as climate changes, social responsibilities, human rights, ethics and corporate integrity.

Global Reporting Initiative (GRI) and International Integrated Reporting Council (IIRC)

We use yearly the guidelines of GRI in our Sustainability Report, and we will incorporate, in this last year, part of the requirements of IIRC, complementing the various already existing controls and indicators.

Global Agreement

We adhered to the United Nations Agreement in 2019 and now we are part of a network of companies that jointly share and seek to address the main global challenges of humanity, operating in an integral and responsible way.

Gold Community

Collaborative platform that gathers the main supporters of GRI and leads the discussions about trends and opportunities for the future in its area of knowledge.

Brazilian Program GHG Protocol

We use the Brazilian tool to inventory our emissions and thus establish reduction plans in more precise scenarios.

Sustainable Development Objectives (ODS)

Formed by 17 items, the ODS were launched by the United Nations (UN) in 2015 and its main purpose is to address the main challenges of humanity.

These challenges must be worked by the whole organized society and nowadays is part of the foundations of sustainability management.

We also continue as members and/or participants of other national and international initiatives, which we would like to share:

- Brazilian Association of Zebu Breeders (ABCZ)
- Brazilian Association of the Publicly-Held Companies (Abrasca)
- Brazilian Association of Fine Chemical Industry (Abifina)
- Commercial and Industrial Association of Ribeirão Preto (Acirp)
- American Chamber of Commerce Brazil-United States (Amcham)
- Brazilian Agency of Promotion of Exportations and Investments (Apex Brasil)
- Brazilian Hereford and Bradford Association (ABHB)
- Asociación Nacional de Laboratorios de Productos Veterinarios (Aprovet Colombia)
- Center of Industries of the State of São Paulo (Ciesp)
- Association of the Professionals of Credit and Collection of the
- Pharmaceutical Industries and Alike (Credinfar)
- National Biosafety Technical Committee (CTNBio)
- Veterinary Pharmaceutical industry (Infravet Mexico)
- National Union of the Industry of Animal Health Products (Sindam)

Materiality

GRI 103-1, 102-42, 102-43

Since 2014 we use the process materiality as a guideline for sustainability management and corporate strategy, always prioritizing the most relevant themes in the perception of the main interested parts and leaderships.

Ourofino Group reviewed its material themes in 2018, which brought an important update in view of the various changes that occurred throughout the previous years, since the speed of the transformations in consumer behavior, work relations, productive processes and economic, social and environmental spheres were significant. In this last cycle, we have given voice to the main relationship audiences with the purpose to identify and evaluate the most relevant contents for the business. The consultation was car-

ried out through an on line survey, in three languages (Portuguese, Spanish and English). We had approximately 35% of adherence to the survey, which represents a significant amount of the consultations. We also carried out panels in the cities of Cravinhos and Ribeirão Preto, with the participation of representatives of municipal authorities, class associations and managers of strategic areas for Ourofino Group. To conclude this process we presented the results of the survey and panels in a workshop with the participation of

the Directors of the Group. As a result of this encounter and after the discussions with the senior leadership, we came to the current list of material themes. **GRI 102-21** For the following years, our corporate sustainability strategy is now part of the view obtained in the materiality process, the future ambitions of the Ourofino Group, global trends discussed in forums such as the Global Agreement and Sustainable Development Objectives (ODS).



Corporate Strategy

Respect and Quality first

Value Generation

Business in Numbers

The Report

Additional Information

Strategic pathways and objectives

Risks and opportunities

Sustainability Vision

Materiality

Themes materials for the Ourofino Group and limits

GRI 103-1, 102-40, 102-44, 102-47

Material theme	GRI	ODS	Capitais	Global Agreement	Audiences Affected
Animal health Know the actions of the Ourofino Group on behalf of health and safety of animals, especially regarding management, application and tests.	FP11, FP12 and FP13 Animal Well-being	2 12 15	Natural Social and relationship	8 9	Employees Suppliers Public Authority Society Customers
Innovation Know investments carried out in projects of innovation and sustainable technology to generate value for customers.	102-11 Organizational profile 102-15 Strategy 404 Training and education 415 Public policy	3 9 11 12	Financial Intellectual Human Natural Social and relationship	9	Employees Suppliers Public Authority Society Customers Entities funders
Supplier Validation Know the practices of the Group Ourofino for the management of its suppliers, as well as for the insertion of sustainability criteria.	102-9 Organizational profile 204 Acquisition Practices 308 Environmental evaluation of suppliers 408 Child Labor Forced 409 Labor or Compulsory Labor 414 Social evaluation of suppliers FP1 Subcontracting and purchases	8 12 16	Finances Human Social and relationship	1 2 4 5 6 8 10	Employees Suppliers Public Authority Society Customers Entities funders
Product safety Know the management of Ourofino Group on behalf of health and safety of its consumers and third parties.	403 Safety and occupational health 404 Training and education 416 Customer safety and health 417 Marketing and labeling	3 12	Manufactured Intellectual Social and Relationship	7	Employees Suppliers Public Authority Society Customers
Future vision of the Ourofino Group Purpose of the Group Ourofino, increase of future portfolio and industry 4.0.	102-15 Strategy 102-16 Ethics and Integrity 201 Economic Performance 202 Market presence 203 Indirect economic impacts 205 Anti-corruption 206 Anticompetitive behavior 401 Employment 404 Training and education 405 Diversity and Equality 406 Non-discrimination 412 Human rights 413 Local communities 419 Socioeconomic Compliance	2 8 9 12 13	Financial Manufactured Natural Human Intellectual Social and Relationship	1 2 3 4 5 6 7 8 9 10	All of the audiences
Environmental impacts and preservation Know the significant environmental impacts of Ourofino Group.	302 Energy 303 Water 305 Emissions 306 Effluent and residues 307 Environmental compliance 404 Training and education	6 7 12 13 14 15	Natural Human Intellectual Social and Relationship	7 8 9	Employees Suppliers Public Authority Society Entities funders



Respect and Quality first

Check out in this section

- **Product Quality and Safety**
- **Service to Commercial Partners and Product Users**
- **Animal Safety and Well-being**
- **Innovation, knowledge generation and engagement**
- **Operational Excellence and Attention to Detail**

The products of Ourofino group are already present in the routine of thousands of cattlemen and tutors of companion animals (pet), mostly, throughout Brazil but also in Latin America and Colombian and Mexican markets. This acknowledgment and trust placed in our Brand brings great responsibilities for all employees of the Ourofino Group. We believe that the best way to repay trust placed in our work and evolve animal health market is to invest continuously in the enhancement and improvement of each solution developed by the Company.

With the revision of strategic plan during the past year, we noticed great opportunities of expansion in international operations (Mexico and Colombia) and participation in the market of Brazil, founded in the productive potential, already installed in the industrial plant of Cravinhos (SP).

We also understand that the best way to efficiently expand the portfolio of the Group is through the development of solutions that comply with the needs of cattlemen and tutors of companion animals (pet). The expansion will be gradual and founded in our capacity of innovating with quality, reducing impacts through all the value chain and contributing with the evolution of animal health market.

Product Quality and Safety

GRI 103-1 | 416, 103-2 | 416, 103-3 | 416, 403-7

The evolution of the companies of the group and the Successful pathway in the market of Animal health in Brazil are directly connected to the perception and acknowledgment of customers about reliability and differentiated quality of Ourofino solutions. The senior leadership of the Company is committed to lead an evolution in animal health, in line with the expectations and desires of cattlemen, tutors of companion animals (pet) and other relationship audiences. Quality and safety standards of the products are disseminated by the Ourofino Group and governed by the Quality area, in all of the production processes, from input purchase to distribution. Management system is organized in policies and procedures, distributed through all productive stages, which meet the sector's national and international rules and standards. We follow the provisions of the Ministry of Agriculture, Livestock and Food Supply (Mapa) and at the same time, we adopt reference national standards, such as American, British and European Pharmacopoeia, Codex Alimentarius and others. Criteria and requirements mentioned above comprise 100% of the portfolio of Ourofino and appear as import-

ant tools in the management and control of risks, whether regulatory or sanitary. We also have a pharmacovigilance sector that jointly with the Quality Assurance area, operates with precise answers to the demands of customers and technicians. GRI 102-11

Currently 100% of the products developed by the Group have health and safety impact analysis in its life cycle. This care is initiated still in the formulation development stages, in which all the legal health and safety parameters are met to ensure the lowest risk possible to product users. Next, we evaluate the risks of input handling and potential impact situations to employees responsible for the formulation in our industrial plant and, after, all necessary safety measures are carried out. Besides, the safety information sheets of chemicals (Fispq) are sent for registration of our products in our distribution centers and are available in our website for consultation. In the case of dangerous products, there is a follow-up in the transportation of the emergency sheets (FE). All of the products are commercialized with its own leaflets. We also have the communication



channels responsible for receiving any situation or report of potential impacts to health and safety of users and consumers, which must be investigated and, if necessary, corrected. **GRI 416-1**

Quality Audits Cycle

GRI 102-11

We have an annual internal and external audit cycle, coordinated by the Quality team. The process' main purpose is to evaluate the levels of legal compliance and the compliance with customer contractual requirements and certifications, operating preventively in possible risk situations that may impact the operations of Ourofino Group.

External audits are carried out by regulatory agencies such as the Ministry of Agriculture, Livestock and Food Supply (Mapa) and the National Sanitary Surveillance Agency (Anvisa). We are also audited by customers and commercial partners, which have subcontracted production lines in our plant.

Internally we maintained the level of verifications that include environment aspects, health, safety and quality, always in line with legal obligations and normative standards. Internal compliance verification is considered crucial to the continuous improvement of the management system and evolution of the knowledge of employees.

The scope includes national and international operations and seeks to standardize the operation of the company, reducing risks.



Service to Commercial Partners and Product Users

The main asset of the Ourofino Group before its commercial partners and users has always been trust in the brand. This asset was built by long-term and close relationships and through the whole chain. Aspects such as integrity, safety and quality have always appeared as notable characteristics for the relationship audiences. We adopt the Code of Conduct of Ourofino Group associated to the laws and practices for consumers and customers as shapers of our actions and position

before the market. This position defines the efforts, investments and important determinations of the Ourofino Group to evolve its service to the interested parts. As a main channel for the reception of complaints, clarifications of doubts, record of complaints and reception of compliments, we have the Customer Service (SAC) of Ourofino Group. The access can be made through website, telephone or e-mail and serves both national and international demands.



The records generated by this channel are investigated and treated by our technical areas and in 100% of the cases involving quality and safety aspects of the products, our Quality area takes the lead. The legal team is called to support some of the answers and processing of cases that involve legal decisions.

Labeling of products and information

GRI 103-1 | 417, 103-2 | 417, 103-3 | 417

We comply with the laws and rules recommended for labeling of products and communications associated to products. Communication and transparency strategy for labels and packages of the Group is entirely guided by the rules of the Ministry of Agriculture, Livestock and Food Supply (Mapa) and other laws, when applicable, related to the quality and safety of the products. In addition, we include in the labels, leaflets and packages, information related to the subcontracting of components, potential environmental or social risks, safe use, correct storage and handling. These legal and regulatory alignments are present in the products resulting from our production lines and are essential to the strengthening of the brand and maintenance of the corporate integrity.

Specific obligations for sales in other countries are determined according to legislation and rules of the local market, accompanied by the legal team of the central office. Our local offices have a fundamental role in this process and operation, since any failure during the regulation of the products may preclude its distribution.

Mandatory labeling requirements applied to 100% of the Ourofino products*

GRI 417-1



Addendum: (*) The information described above is applicable to leaflet, leaflet-label, leaflet-cartridge, label and cartridge or casing.

- Name of the product
- Commercial brand
- Caption "VETERINARY USE", highlighted in the main face
- Description of active ingredients and corresponding quantitative and for biological products, its composition
- Etiologic agents and animal species susceptible to the use
- Directions
- Notices, precautions, side effects, contraindications, drug interactions and antidotes
- Storage conditions
- Grace period (when applicable)
- Statement of sales under veterinary prescription (when applicable)
- Registration organ, registration date and number
- Batch or consignment
- Manufacture and expiration date
- Name, address and tax identification number of the facility that holds the registration, manufacturer, importer or subcontractor
- Name and number of professional registration of the responsible technician
- Caption "IMPORTED PRODUCT", highlighted when it comes to imported

Ourofino's Purpose	Message from the Chairman	Overview in numbers	Ourofino Group	Corporate Strategy	Respect and Quality First	Value Generation	Business in Numbers	The Report	Additional Information
Product Quality and Safety		Service to Commercial Partners and Product Users		Animal Safety and Well-being		Innovation, knowledge generation and engagement			Operational Excellence and Attention to Detail

Animal Safety and Well-being



We are in line with the best global animal handling practices and we understand as non-negotiable value its well-being. The business of the Ourofino Group is intrinsically connected to the productivity of livestock and especially food safety. For this reason we adopted a responsible posture, focused in efficiency, from the test and research phase until the slaughter and transportation of animals by third parties. We have a Veterinary research Center at Guatapar (CPV), located in the city of Guatapar (SP), that carries out most of the research procedures involving animals. The Center is managed by a multidisciplinary team of capable professionals that carry out yearly more than 150 studies (pre-clinical

and clinical). We adopt a Series of procedures and policies to comply with the parameters of the National Council of Animal Experiment Control (Concea), US, Food and Drug Administration (FDA) and European Medicines Agency (EMA). We are committed to share technical knowledge accumulated over the years and for this reason, we use our Technical Training Center (CTC), also located in Guatapar (SP). Courses are offered for free to customers and partners from companies, among producers, veterinarians, technicians, retailers and also students. There are 18 courses that involve central themes in the rural context, such as fixed time artificial insemination (IATF), ultrasound in female bovine, rational handling, trimming, milk property management people management, among others. In 2019,

the load of training reached almost 1.100 hours, among theoretical and practical classes, distributed in 44 courses given, with the participation of 663 people from all states of the country and also customers from other countries (Bolivia, Colombia and Paraguay). The unit of companion animals (pet) expanded significantly in 2019, the dissemination of technical knowledge through trainings for professionals involved in the sector (from clerks to veterinarians), strengthening the relationship in the value chain. We expanded in 72% the amount of trainings carried out in 2019, in comparison with 2018. There were 30.771 people trained, in more than 7.000 trainings carried out in Brazil, Mexico and Colombia. We also invested around R\$ 119 thousand in 14 trainings through Knowledge

Program, focused in various themes such as team management, leadership, service and others. In the Program, 453 professionals were trained, including veterinarians and employees of the technical and commercial areas of Ourofino, and partner distributors in the national territory. Finally, we narrowed our relationship with the consumers of the Pet line, through the activity called Top Day. The activity occurs in the points of sales and has the purpose to generate spontaneous demand, especially of the Protection line, that does not require veterinary prescription. In 2019, we had more than 5.000 Top Days carried out, which corresponds to a growth of 58% in comparison with 2018.

Innovation, knowledge generation and engagement

One of the most remarkable characteristics of Ourofino Group, are the continuous investments in innovation. This effort is essential for us to reach our strategic goals, and maintain technological leadership of the sector through more sustainable and less impacting products. We orientate our strategy through the maintenance of innovative teams, ready to serve a market in constant change, added to important investments in modern structure, such as laboratories and research and development centers. Thus we continued in 2019, we invested approximately R\$ 42

million in research and development (R&D) which represent almost 7% of our net revenue. This resource comprised from the development and test of new products to the building or renovation of laboratory structures. R&D structure has internal laboratories for the research and the development of new products and an internal multidisciplinary team with approximately 107 people. Composed by veterinarians, pharmaceuticals, chemists, biologists, biotechnologists, engineers and managers

As a highlight of 2019, we launched two products, Safsui Circovirus and Ativi UC-II. The year was marked also by the acquisition of 29 new regulatory registrations in national and international territory.



Product Quality and Safety

Service to Commercial Partners and Product Users

Animal Safety and Well-being

Innovation, knowledge generation and engagement

Operational Excellence and Attention to Detail

AgTech Garage

We initiated in 2019 a strategic partnership with AgTech Garage. The initiatives present in this innovation hub promote the connection between large companies, start-ups, producers, investors, academy, among other players of the innovation and entrepreneurship ecosystem.

We seek to integrate strategic partnerships related to the promotion of health and well-being of animals, through innovative technologies that bring solutions to the main demands of our customers. We also aim to accelerate the development of products that help the control of endo and ectoparasiticides of significant economic impact, alternatives to the use of antibiotics, performance enhancers for

production animals systems and reproductive technologies for production animals.

In this first year, we claimed the selection of start-ups with technology proposals that are synergetic to the development of products geared to animal health and well being. However, the short term made available for the program did not allow the definition of tangible goals with the chosen start-ups, having in mind that in the case of product development, we will need larger deadlines, considering the learning curve and exchange of experiences. We want to design solutions that meet the demands of the market and may be phased for industry.



AgTechGarage



Operational Excellence and Attention to Detail

Tourofino Group has as a daily challenge, reduction of costs and resources optimization for the expansion of its operation in the animal health market. We adopted the concept of operational excellence, which in line with our strategic plan allows us to analyze various procedural and structural opportunities, resulting in positive results, such as decrease in factory idleness and gain in productive agility. We are in the second year of the project of adopting a new management philosophy, guided by the concepts of Lean Manufacturing. This new culture incorporated by the workforce and applied to the industrial processes, resulted in an increase of 39,1% of productive efficiency in the previous year.

The result was only possible with the investment in the training of teams, which are 562 employees trained in Lean concepts.

In 2019, due to the economy generated by the increase in industrial efficiency added to other investments, we chose to develop various projects in the area of logistics that generated important savings, highlighted as follows:

Change of logistic operator

- Generated economy of R\$ 247.383
- Change of the logistics operator of the companion animals (pet) line for efficiency gain and improvement in service level.

Drawback exemption

- Generated economy of R\$ 328.600
- Tax exemption for future purchase of imported raw materials.

Export consolidation actions

- Generated economy of R\$ 107.903
- Concentration of loads from a same modal for the same destination in a single shipment, with the purpose to reduce freight and export expenses.

Storage costs decrease

- Generated economy of R\$ 170.705
- Management of import processes for the collection of loads immediately after customs clearance and taking the opportunity of crossdocking of carriers;
- Commercial agreement with all docking facilities in Santos; constant study for continuous suitability between the best modal per type of goods; improvement of interaction with Purchase, Production Control Planning (PCP) departments with the suppliers, to carry out customs clearance process in a better and faster way, focused on the cost reduction.

Change of package for international shipment

- Generated economy of R\$ 11.747
- Replacement of polystyrene for kraft paper for shipments to Colombia.

Value generation

Check out in this section

- People
- Health and Safety
- Suppliers and Integrity
- Local operation
- Government Incentives
- Environmental Performance

Human development of our employees and local communities is essential for the Company to reach its strategic objectives. Comprehend the needs of the groups with which we relate to is the best way to enhance value generation. Our strategy goes through results way beyond financial and it continues to be in line with the Sustainable Development Objectives (ODS) of the United Nations, a vision of capitals of the Integrated Reported Council (IIRC) and personality of the Group.

People

Generate value through the whole chain and leverage the growth of the Ourofino Group in an inter-manner are the key objectives when we speak of human capital. Our workforce has 1.119 employees, distributed through Brazil and international operations. Approximately 5% of the

professional are assigned in Mexico and Colombia, and the others in the national territory. We make sure to have culturally diverse teams, but that together operate for the same ideal. We count on people from various Brazilian regions and some countries in the world.

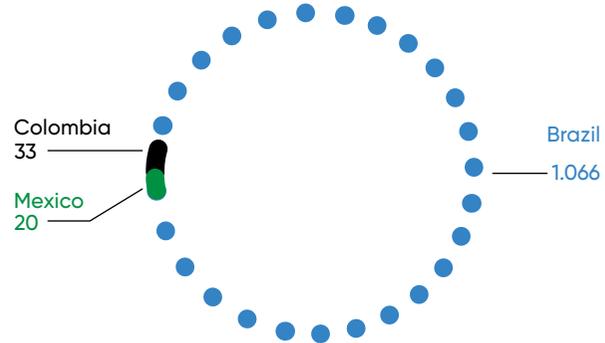
Number of employees per contract and gender

GRI 102-8

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent Contract (Brazil)	637	374	1,011	667	392	1,059	676	390	1,066
Permanent Contract (Mexico and Colombia)	31	11	42	45	14	59	39	14	53
Total	668	385	1.053	712	406	1.118	715	404	1,119

Note 1: The data presented for permanent contract include apprentices.
Note 2: Data presented do not include interns.
Note 3: In 2019, we had nine men and five women interns.

Number of employees per region



People Development Plan

In 2019, Human Resources and Sustainability Department (RHS) reviewed the People Development Plan and continued the actions initiated in 2018, seeking to align jointly the business and practical solution to people. In line with the strategic plan of the Company, the People Development Plan has in 2019, a new dimension, called Culture and Engagement.

These dimensions integrate the main ideas and strategic actions of the area, and are central for the management of the human capital. In each dimension, there is a plan with actions and important milestones forming then a strong scope for future ambitions



Profile of teams and diversity

GRI 103-1 | 401, 103-2 | 401, 103-3 | 401, 103-1 | 405, 103-2 | 405, 103-3 | 405, 103-1 | 406, 103-2 | 406, 103-3 | 406

We believe that the success of the Company is totally connected to the valuation of differences and people development. With this thought, we prioritize a diverse environment, formed by people from all locations and regions, different beliefs, races, ages, impairments and morals, favorable to the development and interaction.

To ensure this environment, we use standards and politics that protect the employees from any form of discrimination, such as the Code of Conduct. We are also attentive to important processes, such as contracting, compensation definition, or even business decisions, to be carried out based only in technical and market criteria.

The determination of salaries and awards follows technical criteria in line with animal health market, and there is no significant difference between remunerations of men and women, regardless of the function.

For the executives and leaderships we adopt as a metric the market research carried out by the human resources team, associated to the view of the Compensation Committee.



Profile of hirings in 2019

GRI 401-1



In accordance with the Sustainable Development Objectives (ODS)m of the United Nations (UN), we will start a movement, next year, to promote changes that increase representation of audiences considered minorities. We hope that this movement in association with other awareness strategies allow the evolution of important themes such as corporate integrity, ethics in relationships and diversity.

Training

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

Periodically we map capabilities and needs of our teams, regarding trainings. This diagnosis is carried out by the Human Resources and Sustainability (RHS) team, in association with the specific technical areas.

Training planning continues in line with the Company's strategy and seeks not only to meet the mandatory requirements but to

develop employees based on their professional profile and career plan. In this regard, in 2019, approximately 97,6% of the employees received evaluations in the Performance Management Program, which shape the planning of complementary training for the next period. From this amount, 64.7% were men and 35.3% women. [GRI 404-3](#)



Average training hours per gender

GRI 404-1



Note: Data use as base the payroll in December 31st 2019, considering 1.066 employees located only in Brazil.

Average training hours per functional category

	2019
Board of Directors	0.0
Board and Presidency	4.1
Management	82.6
Administrative	189.1
Production	33.0
Apprentices	5.0

Note: Data use as base the payroll in December 31st 2019, considering 1.066 employees located only in Brazil.

Quality of life

GRI 401-2

Employees quality of life is a priority for Ourofino Group and for this reason, we offer a variety of benefits and structures that translate this concern. We believe that safe, balanced and inspiring environments are essential for the leaderships to develop their whole potential, creating innovative solutions and bringing significant results.

The industrial plant in Cravinhos (SP) was designed to provide comfort and leisure to the employees, offering structures such as sports fields, decompression rooms and gym. Besides, we have corporate initiatives in the Viva Mais Ourofino Program, focused on the well-being of the professional and their families, which include from preventive vaccination campaigns to volunteering programs. In 2019, we included in the portfolio of Viva Mais, the granting of the Gympass benefit, that subsidize part of the amount of the monthly payments of gyms (associated to the program) to the employee and their families.

We also offer private pension plans (PGBL and VGBL), with input of the Ourofino Group participant companies, according to the rule established and in line with the market. In 2019, the contributions of the Ourofino Group totaled R\$ 1,130,019.01, distributed among 470 participant employees, with an average of 3% of the individual wage applied. The amount represented an increase of 12% in investments in comparison with the previous year. **GRI 201-3**

We maintained our series of benefits to the employees, guaranteed by the corporate management or union resolutions, which are:

- Medical and dental plan
- Food in the central office (100% subsidized by the Company)
- Meal voucher to the external employees
- Chartered transport (100% subsidized)
- Day care center aid
- Pharmacy voucher
- Food voucher
- Educational allowance for training and language courses
- Health insurance
- Participation in earnings or results (PLR)
- Christmas gift baskets or cards
- Birthday present
- Baby Kit
- Bonus for working time (10, 15, 20 and 25 years)
- Wedding gift
- Reimbursement for children with special needs
- Gifts in commemorative dates

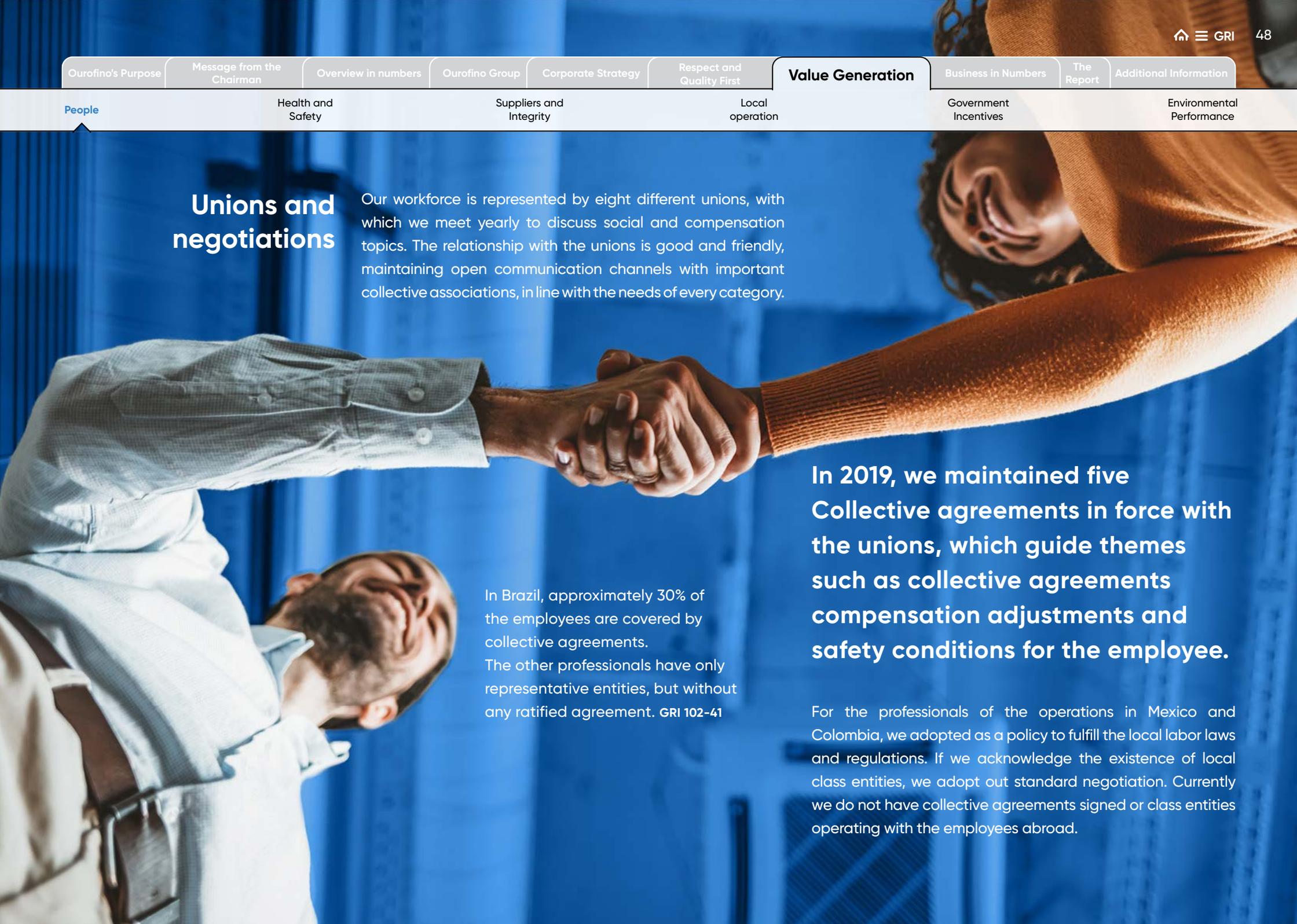
Unions and negotiations

Our workforce is represented by eight different unions, with which we meet yearly to discuss social and compensation topics. The relationship with the unions is good and friendly, maintaining open communication channels with important collective associations, in line with the needs of every category.

In Brazil, approximately 30% of the employees are covered by collective agreements. The other professionals have only representative entities, but without any ratified agreement. **GRI 102-41**

In 2019, we maintained five Collective agreements in force with the unions, which guide themes such as collective agreements compensation adjustments and safety conditions for the employee.

For the professionals of the operations in Mexico and Colombia, we adopted as a policy to fulfill the local labor laws and regulations. If we acknowledge the existence of local class entities, we adopt out standard negotiation. Currently we do not have collective agreements signed or class entities operating with the employees abroad.



Health and Safety

GRI 103-1 | 403, 103-2 | 403, 103-3 | 403, 403-6, 403-7

The safety and well-being of our employees are non-negotiable conditions for the Ourofino Group. We seek to value life and encourage safe behaviors that keeps us perfect physically and mentally. In 2019 we continue the efforts to improve the structure conditions of the industrial plant and at the same time, we invested in technical trainings for the improvement of operational efficiency and consequently the positive evolution of health and safety indicators. There were around 3,244 hours dedicated to legal training, operational procedures, emergency simulators, among others. [GRI 403-5](#) We have an integrated management system to manage the risks of the operation that involves environmental, safety and health aspects. The system covers 100% of direct and third party employees that provide services in the premises of the Company controllers (approximately 105 professionals).

Founded in the concepts of prevention and continuous improvement, the system seeks to meet national and international legal requirements, through the implementation of indicators, goals and programs. The scope of operation includes national and international operations of the Group. [GRI 403-1, 403-8](#)

As a main guideline, we maintain a Environmental Risks Prevention Program (PPRA) where the main physical, chemical and biological threats of the operations. In addition, we have other sources to map and mitigate risks, such as the Ergonomic Work Analysis (AET), Survey of Occupational Hazards and Risks (LPRO) and the Occupational Health and Medical Control Program (PCMSO). We also train most of our workforce to observe and report any situation or condition not monitored. This practice raises the level of engagement of teams and allow that potential

incidents are investigated, including opening of non-compliances for the more serious cases, always with the involvement of managers and leaders. Our health service is conducted by a specialist team and operated preventively in the ambulatory of the industrial plant. Besides periodic and assistance evaluations, the ambulatory is open to all employees

and it continues structured to receive professionals involved in incidents. According to the seriousness of the situation, the employee may be seen locally or also sent to associated hospitals in the region. Ourofino Group also offers supervision by family doctors and psychologists (three times a week and with prior scheduling) to the employees, that in



association with the SSMA team, monitors potential trends related to occupational diseases. In 2019, we did not identify occupational diseases related to the activities carried out by employees in our operations, whether our own or regular third parties. [GRI 403-2, 403-3, 403-10](#)

To support the occupational health and safety management system, we have forums (with 100% of the workforce represented) and participatory events to explore the theme of health and safety. Among the main participatory forums, we highlight in the annual calendar the Accident Prevention Committee (CIPA) - monthly meetings, the Committee for Workplace Safety and health - quarterly meetings, Accidents Committee - monthly meetings, Emergency Brigade - monthly meetings, Internal Week for Preventing Accidents in the Workplace, Environment and Sustainability (Sipatmas) - annual event, awareness campaigns - monthly, such as White January, Green April (awareness of the decrease in the number of occupational accidents), Yellow May (traffic awareness), Pink October (breast cancer prevention) and Blue November (prostate cancer. [GRI 403-4](#)

Main Health and Safety rates per gender

GRI 403-9

	2017	2018	2019		
			Men	Women	Total
Injuries with absence	4	4	4	0	4
Rate of injuries with absence	2,0	2,0	3,0	0	1,9
Injuries without absence	6	7	2	2	4
Rate of injuries without absence	3,0	3,5	1,5	2,7	1,9
Rate of days lost	23,5	74,0	30,0	0,0	30,0
Rate of diseases occupational	0,0	0,0	0,0	0,0	0,0
Absence	3,4	4,3	1,8	4,7	2,8
Number of deaths	0	0	0	0	0

Note 1: Data above correspond to direct employees, since in 2019, all rates for regular third parties were zero.

Note 2: We did not count the absence rate of service providers.

Note 3: Data reported above correspond to the industrial plant in Cravinhos (SP), Veterinary Investigation Center (CPV) and Technical Training Center (CTC), both located in Guatapar (SP).

Note 4: Accident frequency rates are calculated considering the number of accidents per person/hour worked times 1.000.000, according to NBR 14280 and NTEP.

Note 5: All rates presented consider as base the amount of 1.319.351 for men and 747.469 for women/hour worked in 2019.

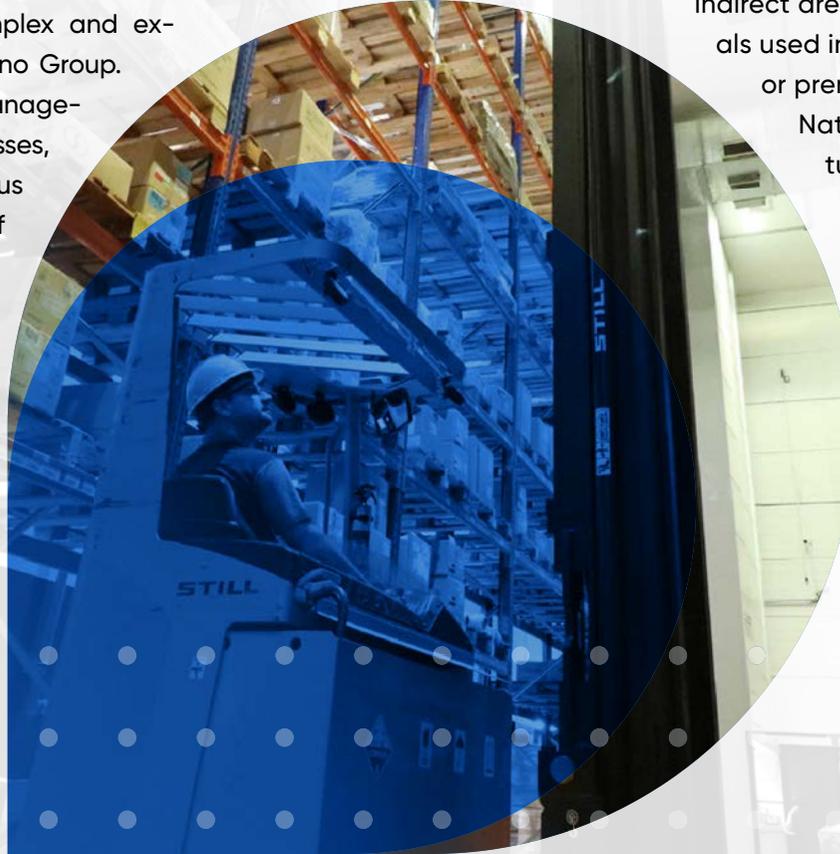
Note 6: Injuries with absence - injury in lower limb, fall from ladder, sprain and knee distension and finger drilling. Injuries without absence - finger drilling, fall of employee in the same floor level, excoriation with shatters on the face and face burn.

Note 7: For all accidents that happened Communications of Work-related Accidents (CAT), followed by an accident investigation process and root cause mitigation action plan.

Suppliers and Integrity

GRI 103-1 | 308, 103-2 | 308, 103-3 | 308, 103-1 | 408, 103-2 | 408, 103-3 | 408, 103-1 | 409, 103-2 | 409, 103-3 | 409, 103-1 | 414, 103-2 | 414, 103-3 | 414, 102-9

Our supply chain is composed by more than 2.000 partners distributed in various areas around the globe. Relationship and management of this chain is complex and extremely strategic for Ourofino Group. Management involves management of purchase processes, negotiations with various countries, comprehension of international laws, quotations and varied logistics



We divided our supply chain in two main groups, the first of direct materials and the second, indirect. Direct are those applied in the composition and filling of the solutions and indirect are characterized by materials used in the maintenance or premises.

National Procurement structure has an expert team, focused on reducing the time between entry of order and the manufacture of solutions. We also have the support of an international office in Shanghai (China) composed by third party professionals. This advanced struc-

ture allows us more closeness and risk management, since most of the critical suppliers are in regions close to China.

All Ourofino Group acquisitions are guided by rules and procedures formally established and disclosed that ensure integral and lower risk conditions. We use the Code of Conduct and the Supply Conditions Term to establish and communicate to commercial partners our ethical principles and minimum requirements for the supply. Besides, in contracts celebrated by the Company, there are arbitration clauses to fulfill the Code of Conduct of Ourofino Group by the contracted, as well as its statement and guarantee regarding subjects related to anti corruption, data protection and human rights. [GRI 412-3](#)



Quality and Efficiency

We have a Supply Qualification Program, that has period evaluations and quality audits to encourage the adoption of better market practices. The process analyzes financial, market, labor, manufacture operational performance risks, among others. This process is applied for the suppliers of productive items prior to the supply. Although robust, the process still does not comply with socio-environmental criteria specifically, however we evaluate if the new suppliers or even the ones in our base present any environmental process. We intend to establish an even broader evaluation for the following years..

We carry out audits periodically in our suppliers considered critical. Results obtained are recorded in a management system that prioritizes in future purchases the highest rated partners. The lowest rated may even be inactivated based on the contractual criteria (including compliance to the Code of Conduct), labor and financial. In 2019, we carried out 20 audits in suppliers with the quality team, five of them in Brazilian partners, eight in Indian, six in Chinese and one Korean.

We also automatized the acquisition of indirect items by the technical areas, which seek directly the supplier based on an umbrella contract established by Procurement. This improvement brought us agility and procedural safety. In January 2019, we hosted the first Brazilian supplier meeting, with the participation of more than 50 partner companies. It was an important moment to narrow relationships, show the next steps of the Group and context of the Brazilian market. Even more important were the suggestions received during the event, which allow us to evolve in management.



Local operation

GRI 103-2 | 202, 103-3 | 202, 103-1 | 203, 103-2 | 203, 103-3 | 203, 103-1 | 204, 103-2 | 204, 103-3 | 204, 103-1 | 413, 103-2 | 413, 103-3 | 413

We believe in a responsible management, close to the communities we are a part of. Through directed actions and social development, we impact positively the life of thousands of people. Comprehend the needs and local desires to allow us to have a broad view of how we may create value, engage people, mitigate potential socio-environmental risks and also, protect the reputation of the Group.

The Human Resources and Sustainability area (RHS) is responsible to establish participatory and constructive schedules with the local communities and manage the social process as a whole. We prioritize investments in the cities of Ribeirão Preto (SP) and Cravinhos (SP), due to the closeness of the main operation of the Group and presence of the families of the employees in these cities. [GRI 413-1](#)

Action planning is geared to affect internal and external audiences, observing opportunities in line with the Sustainable Development Objectives (ODS). In the last year, actions were scattered to meet various segments of the society, with the active participation of community and significant investments in personnel training, through fairs and technical events. We also make significant donations to entities in Ribeirão Preto (SP), mostly. Finally, we use fiscal incentives to promote social projects that include from sport promotion to cultural events.

Investments, incentives and local sponsorships (R\$)

GRI 203-1, 413-1

Fairs and events

R\$ 2.293.739,85

Social projects (through fiscal incentive laws - federal)

R\$ 299.665,00

Social projects (through fiscal incentive laws - state)

R\$ 192.588,96

Donations

R\$ 292.642,78

Total
R\$ 3.078.636,59

Purchases and local workforce

Other form of promoting social development to neighbor communities is to invest in purchase and local professional contracting.

In the last year, approximately 70% of the supplies were purchased in Brazilian territory, in a total amount of around R\$ 265 thousand. From this amount, around 13% of the materials were acquired from suppliers from cities near to

industrial operation. [GRI 204-1](#)

We also invest in local workforce, with a staff full of professionals from cities around the industrial plant of the Group. Neighbor communities continue represented among the Directors (including statutory and non statutory) and Chairman, with around 37% of them born locally. [GRI 202-2](#)

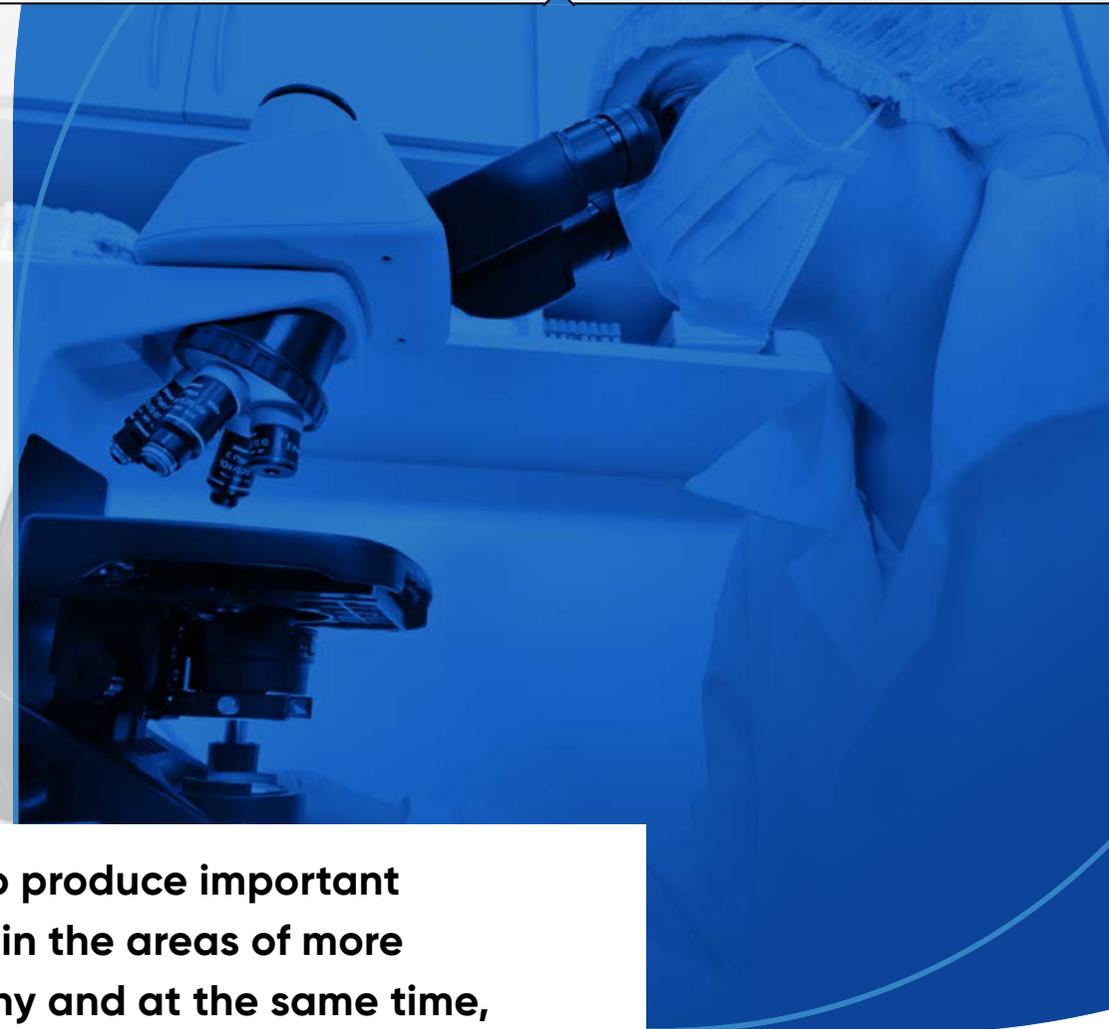
Government Incentives

GRI 103-1 | 415, 103-2 | 415, 103-3 | 415

The Ourofino Group is committed to conduct its business without resorting to the practice of any illicit conduct or obtainment of improper advantages. Specifically regarding relationships with the public authorities and public employees, our employees are prohibited to carry out any corruption act, passive or active, direct or indirect. We also do not carry out or support representatives or political activists, except in the exact terms of the current election law, and granting transparency to these donations.

In Brazil, we enjoy fiscal incentives in the state and federal areas, which are related to the sector of operation of Ourofino Group and the nature of some of the activities developed in our productive scope, such as research and development (R&D).

Incentives are geared to produce important socioeconomic impacts in the areas of more influence of the Company and at the same time, to produce scientific development to the country, since most of the incentives are connected to R&D.



Environmental Performance

GRI 102-11

Surely the major environmental challenges of Ourofino Group are the responsible use of natural resources in all productive stages and the mitigation of potential damages generated by the operation, whether internal or external. We bet on innovation and the use of technologies as key factors for a more sustainable operation and in line with global needs.

Our research projects developed continue in line with important environmental precepts. We seek more efficient formulations and with reduced toxicity, lower levels of residue and grace period. With this in mind, we can reduce risks to final consumers and also contribute to the maintenance of natural resources.

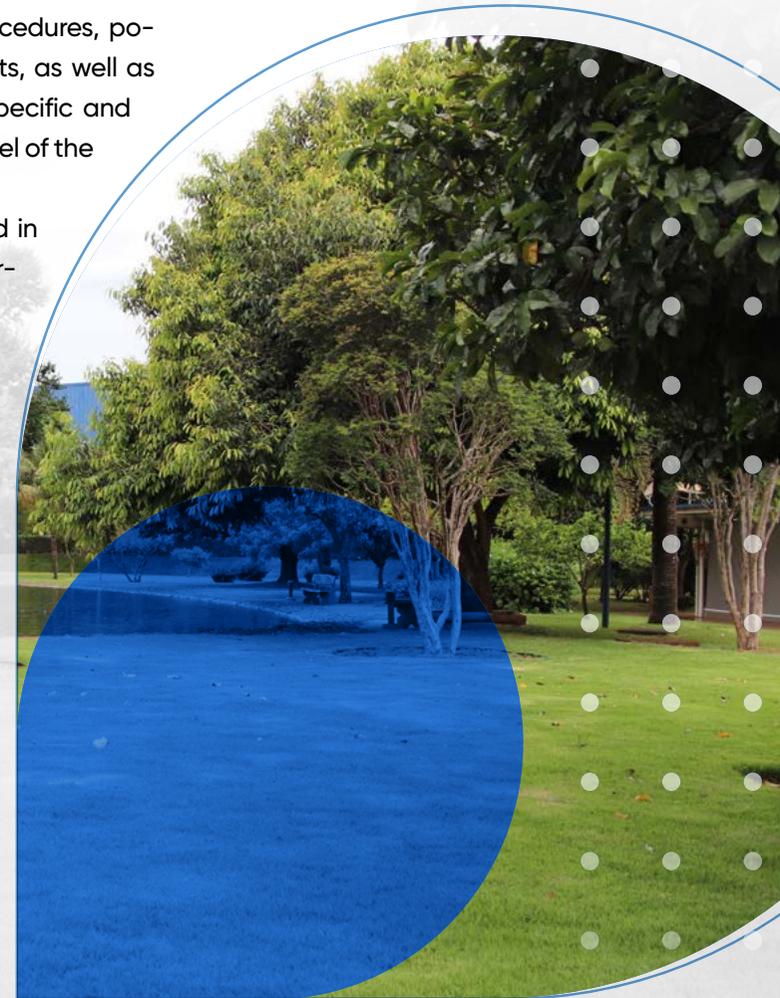
Regarding climate changes, we understand the potential impact to animal health market, whether for the difficulties imposed by unexpected climate events to cattlemen or even to potential unavailabilities in the offer of inputs caused by productive adversities around the world. We know our role to develop corporate and operational initiatives and which may influence the adoption of more suitable practices through the whole chain and then mitigate potential adverse effects.

Thus, we aim to reduce consumption of energy and water, mitigate greenhouse gas emissions (GEE), collect and reuse residues, among others.

Our Health, Safety and Environment (SSMA) area is responsible for the environmental management system, which regulates the operation of Ourofino Saúde Animal Ltda. The guidelines of the system are guided by the national law, environmental rules and market practices. The system has procedures, policies and indicators to prevent risks and impacts, as well as raise opportunities. Employees are trained in specific and legal programs by the SSMA team, raising the level of the controls.

In 2019, we invested more than R\$ 250 thousand in initiatives to improve our environmental performance, and most of the investments are geared to increase the capacity and efficiency of our effluent treatment station (ETE), due to the significant consumption of water of the industrial operation.

For 2020, we have a new improvement project that includes the reuse of 100% of the water used in industrial processes.





Water

GRI 103-1 | 303, 103-2| 303, 103-3 |303

We consider water as the most important natural resource in the animal health market and consequently of the businesses of Ourofino Group. Its shortage undermines not only industrial operation, but the whole supply chain that involves us, besides other important chain links of the national and international livestock production.

In this context, the SSMA area continues attentive to the discussions and studies disclosed by the regional River Basins Committee, that provides us with important studies regarding water availability.

Our water management complies with applicable Brazilian laws and the whole productive process, it is monitored with specific measure indicators of important parameters, such as consumption, quality and efficiency. [GRI 303-2](#)

Monitoring and efficiency

GRI 303-1

We seek to reduce and optimize water consumption in the productive processes.

Despite not having goals focused on the reduction of water consumption per volume produced, we make an effort to, in a near future, incorporate such goals.

We have good practices applied to the treatment, reuse and efficiency of water resources in the industrial plant of Cravinhos (SP). As a highlight we have

two main systems that operate with the same objective, called reverse osmosis and thermo compressor. Both carry out water purification, elevating its quality and then enabling its reintroduction in the system productive, generating efficiency gain and economy in the consumption.

Most of water consumption of the industrial plant comes from the public network that supplies to the area of Cravinhos (SP). The minority share of the consumption comes from a granted artesian well, used to serve the irrigation and landscaping design of the industrial site.

Total volume of water collected per source (m3)

GRI 303-3, 303-5

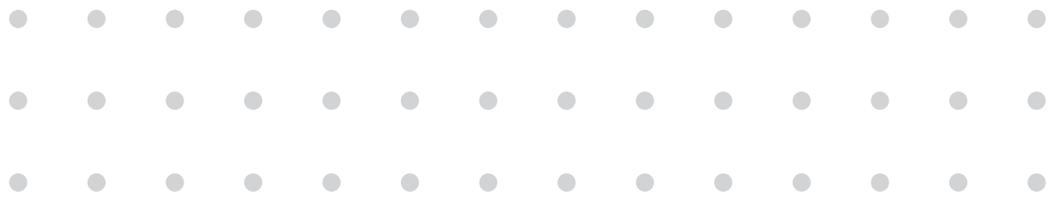
	2017	2018	2019
Groundwater (artesian well)	9,581.10	18,792.90	20,296.20
Municipal water supply or other water supply companies	111,513.00	113,114.00	95,837.00
Total	121,094.10	131,906.90	116,133.20

Addendum: Data reported above correspond to the industrial plant in Cravinhos (SP).

Recycled and reused water

	2017	2018	2019
Total water reused or recycled by the organization (m3)	30,628.00	29,871.60	14,191.00
Total water collected (m3)	121,094.10	131,906.90	116,133.20
Ratio of the volume of water used and recycled per total amount of new water collected (%)	25.29	22.64	12.21

Note: Data reported above correspond to the industrial plant in Cravinhos (SP).



Effluents

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

Our industrial activity generates effluents, which are managed by the team of SSMA. This control has the purpose of reducing potential environmental impacts that may be caused by the incorrect disposal of these materials in hydric bodies and soil. The central structure of the Group, located in Cravinhos (SP), has two effluent treatment stations (ETEs), to which are destined all the industrial residues and part of the sanitary sewage. This system has standard operational procedures, trained professionals and daily monitoring. There are parameters such as quality and effluent volume and the operation of equipment. Data registered periodically are monitored by the team and evaluated externally, according to legal parameters. The effluent treated from the operation and part of the sanitary sewage are disposed in the public network of the city and sent to the local treatment station. [GRI 303-2, 306-5](#)

Water/Effluent disposal per destination (m3)

GRI 303-4, 306-1

	2017	2018	2019
Municipal sewage collector network - Cravinhos (SP)	20,858.00	23,718.00	22,943.06

Note 1: : ETEs present in the operation of Cravinhos (SP) were designed to comply with the legal quality parameters of the effluents. In the process, first the effluent is treated through physiochemical processes where through the flocculation/coagulation the solid fraction with high toxic load is decanted and only the clarified liquid is sent to further treatment. In the next step, the effluent under-

goes biological treatment, where the organic matter is degraded with the action of microorganisms. **Note 2:** Daily, monitoring analysis are carried out by the internal team, having as guideline the State Decree no. 8464/76. **Nota 3:** Monthly, samples of the effluent are collected and sent to analysis in external laboratory. **Note 4:** There is no reuse of effluent and/or sewage.



Emissions

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

We understand the importance of monitoring and mitigating greenhouse gas emissions (GEE), as a great opportunity to contribute to future generations, reduce, socio-environmental impacts and at the same time, identify potential productive gains. We are focused on increasing efficiency in the use of natural resources and at the same time, controlling direct and indirect emissions (scope 1 and 2). We also work to

influence positively the chain, seeking a low carbon economy. In 2019, we inserted the theme of GEE emissions to the Sustainability Master Plan and continue to inventory the emissions, through a tool of the Brazilian Program GHG Protocol, of the main operations of the Group. The scope of analysis includes the industrial plant of Cravinhos (SP), Veterinary Research Center (CPV) and Technical Training

Center (CTC), both located in Guatapar (SP). These operations present the main opportunities of emission reduction in short, medium and long term. For 2020, besides structuring an emission mitigation plan, we will evaluate future scenarios and potential climate change impacts, which may affect the business.

People

Health and Safety

Suppliers and Integrity

Local operation

Government Incentives

Environmental Performance

Greenhouse gas emissions (GEE) per scope

GRI 305-1, 305-2

	2017	2018	2019
Direct emissions Scope 1 (tCO2 equivalent)	2,238.33	3,931.06	3,880.18
Biogenic Emissions Scope 1 (tCO2)	801.38	445.24	511.37
Indirect emissions Scope 2 (tCO2 equivalent)	1,698.86	1,402.17	1,703.09
Biogenic Emissions Scope 2 (tCO2)	0.00	0.00	0.00

Other greenhouse gas emissions (GEE)

GRI 305-3

	2019
Business travels Scope 3 (tCO2 equivalent)	734.44

Intensity of gas emissions (GEE)

GRI 305-4

	2017	2018	2019
Total emissions of GEE (tCO² equivalent)	3,937.19	5,333.23	5,583.27
Total annual volume produced (t)	4,772.26	5,892.43	4,763.52
GEE intensity (tCO² equivalent/t produced)	0.83	0.91	1.17



Energy

GRI 103-1 | 302, 103-2 | 302, 103-3 | 302

Energy management is considered strategic for the operation of Ourofino Group. Its unavailability affects our productivity and may generate vulnerability scenarios, which are followed directly by higher management and risk management. Currently, the industrial plant is fed by energy from Free Market, and part comes from renewable sources. We negotiate the purchase of resources in advance yearly, which guarantees more predictability, safety, economy in the long term.

Energy consumption in the operation is managed in real time and directly monitored by the Utility team. This periodic and timely follow up allows the teams to carry out repairs and correct failures quickly.

In 2019, we invested in modernization and expansion of our powerhouse. We changed equipment to maintain, at the end of the line, an installed capacity of 120% for industrial operation. We also carried out investments for the assemble of a new cold water center.

This assemble was carried out in the first semester and it means, among many other advantages, a decrease of 8% in energy consumption in comparison with previous systems.

Total energy consumed per source type (Gj)

GRI 302-1

	2017	2018	2019
Fuel from non renewable sources			
liquefied petroleum gas (GLP)	18,813.49	328.85	0.00
Natural Gas (GN)	21,391.24	36,018.16	36,359.89
Diesel Oil	167.40	567.10	676.80
Fuel from renewable sources			
Electricity	68,539.31	78,872.45	79,546.23
Total	108,911.44	115,786.56	116,582.92

Addendum: Data reported above correspond to the industrial plant in Cravinhos (SP).

Energetic intensity

GRI 302-3

	2017	2018	2019
Total energy consumed (Gj)	108,911.44	115,786.56	116,582.92
Total annual volume produced (t)	4,772.26	5,892.43	4,763.52
Energetic intensity (Gj/t produced)	22.82	19.65	24.47

Addendum: Data reported above correspond to the industrial plant in Cravinhos (SP).

Residues

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

We adopted a responsible management for all residues generated in our processes. Our main action is in the awareness and monitoring of residue generation.

We also have actions spread among leaderships and employees of the operations to promote recycling and reuse of materials.

We monitored throughout 2019 the discussion related to reverse logistics in the animal health market. Although the National Union of the Industry of Animal Health Products (Sindan) has announced its integration to the Reverse Logistics of General Packaging System, the theme did not evolve in 2019, as expected, but we believe that in 2020, we have a definition of

this issue.

All residue destination is directed through guidelines and training of the employees. We also operate through awareness in daily discussions and integrations. We are aware of the negative impacts generated by improper disposal of residues and thus we have a large centralizing area in Industrial Operation that receives the materials. Residues are segregated according to its type, stored and destined to treatment, respecting its characteristics. In 2019 we did not have cases of leakage with soil or hydric bodies contamination potential, resulting from the storage of residues or other sources. [GRI 306-3](#)

Health, Safety and Environment team (SSMA) is responsible for the follow-up of all stages of residue management of the Group Ourofino. Since the separation carried out internally until the transportation and treatment of materials, which is subcontracted, our practices continue in line with laws and sanitary

requirements. In administrative operations we implemented waste collect where we separated the organic residues of other categories (recyclable and non recyclable).

Selective collect is present in the operations of the Group and in 2019, we carried out the replacement of the collectors of the whole industrial plant.



Residues per disposal method (t)

GRI 306-2

	2017	2018	2019
Dangerous			
Incineration	287.22	152.30	172.26
Coprocessing*	124.29	162.90	107.23
Recovery**	23.33	45.67	2.14
Not dangerous			
Recycling	241.46	229.72	251.52
Industrial landfill	275.43	198.86	492.49
Recovery***	212.39	231.83	291.93

Note 1: (*) Corresponding to batteries and lamps.

Note 2: (**) Corresponding to recovery and can depressurization.

Note 3: (***) Corresponding to recovery of drums, canisters, containers and wood.

Note 4: In 2019, the volume of residues sent to industrial landfill nearly doubled due to the various works that happened during the year, generating excessive volume of civil construction works.

Note 5: Data reported above correspond to the industrial plant in Cravinhos (SP).

Transported and treated dangerous residues (t)

GRI 306-4

	2017	2018	2019
Transported	434.84	361.10	281.63
Imported	00.00	00.00	00.00
Exported	00.00	00.00	00.00
Treated	434.84	361.10	281.63

Note 1: : All residues transported are destined to treatment, for this reason, numbers are the same.

Note 2: Data reported above correspond to the industrial plant in Cravinhos (SP).

Business in Numbers

Check out in this section

- Financial Result



Financial Result

In 2019, we finished the review of the strategic planning of the Company, with the purpose of a new growth cycle and continuity of our business. Reinforcing the purpose of reimagining animal health, as a company with a broad and multi species portfolio, we established various initiatives, geared especially to excellence in execution, with which we remain confident in growth drivers in the markets in which we operate and consequent value generation to the stakeholders. As a general result, net revenue grew 5% in comparison with 2018, reaching the mark of R\$ 620 million. Gross margins were affected in five percent to 50% in 2019, for the lower dilution of the plant, which, along with higher expenditures on research and development (R&D), resulted in decrease of Ebitda adjusted to R\$ 107 million, with operational cash flow generation reaching R\$ 86 million.

Financial Result

GRI 103-1 | 201, 103-2 | 201, 103-3 | 201

The sector of production animals presented a net revenue of R\$ 467,1 million, growing 1,9% in comparison with 2018. This result was below the Company's expectations and did not reflect the good moment of the animal protein sector (with increase in prices and exportation volume) in the sub-sectors in which we are most relevant. In companion animals (pet), our net revenue was R\$ 88,2 million with growth of 16,7% in comparison with the previous year. These results are a consequence of increase in volume, mainly, but also of gains in price. Both aspects were caused by the improvement in customer confirmations, communication with the final consumer and continuity of the strategy of growth

As a general result, the net revenue grew 5% in comparison with 2018, reaching the mark of **R\$ 620 million.**

of the team of technical consultants to enhance demand generation. Finally, the segment of international operations presented net revenue of R\$ 64,3 million and growth of 16,9% in comparison with 2018m reflecting gains in volume, followed by the increase in prices and favorable exchange. The increase in volume and price in Colombia geared the growth of net revenue in 23,7%, disregarding the negative impact of the currency exchange and associated to the increase in the amount of points of sales reached in the country. In Mexico, there was a growth of 11,4% in comparison with 2018, favored especially by the positive impact of exchange and gains in prices



Financial Result

Main indicators (R\$ million)

	2018	2019	Variation (%)
Net Revenue	589.2	619.6	5.2
Costs of products sold*	(265.1)	(308.2)	16.3
Gross Profit	324.1	311.4	(3.9)
Gross Margin (%)	55.0	50.3	-4,7 p.p.
Net expenses*	(222.7)	(238.6)	7.1
Operational profit	101.4	72.8	(28.2)
Operational Margin (%)	17.2	11.7	-5,5 p.p.
Net Financial Result	(15.2)	(13.8)	(9.2)
Income Tax (IR) and Social Contribution (CS)	(15.2)	(12.4)	(18.4)
Corrected profit	71.0	46.6	(34.4)
Corrected Profit Margin (%)	12.1	7.5	-4,6 p.p.
Corrected Ebitda	131.7	107.2	(18.6)
Corrected Ebitda Margin (%)	22.4	17.3	-5,1 p.p.

Note: (*) In 2018 we did not consider the provision for contingencies and extemporaneous (both from previous periods). In 2019, it does not consider non-recurring expenses of external consultancy, expenses with 2014 infraction notice defense, provision for non-extemporaneous tax credit (both from previous periods). The events had its corresponding fiscal effects

Sales net revenue per sector (R\$ million)

	2018	2019	Variation (%)
Production Animals	458.6	467.1	1.9
Companion Animals (pet)	75.6	88.2	16.7
International Operations	55.0	64.3	16.9

The gross margin of the Company decreased 4,7 p.p. in 2019, resulting from, especially, the lower dilution of the plant in the year 2019 in comparison with 2018, year in which there was a review of the minimum inventory policy, with the consequent increase in the production for compliance with the minimum established limits. In the sector of production animals, we reached a gross margin of 45.5%, which represented 6 p.p. of decrease, due to less use of the plant capacity in 2019. The sector or companion animals (pet) presented a gross margin of 69,3% and decrease of 1 p.p., reflecting also the increase in plant idleness. The international operations sector presented a gross margin of 58,9% and decrease of 4,6 p.p., with negative impacts in the dilution of plant costs.

Financial Result

Gross Profit (R\$ million)

	2018	2019	Variation (%)
Gross Profit	324.1	311.4	(3.9)
Gross Margin (%)	55.0	50.3	-4,7 p.p.
Gross profit for production animals	236.0	212,4	(10,0)
Gross margin for production animals (%)	51.5	45.5	-6,0 p.p.
Gross profit for companion animals (pet)	53.2	61.1	14,8
Gross margin for companion animals (pet) (%)	70.4	69.3	-1,1 p.p.
Gross profit for international operations	34.9	37.9	8.6
Gross margin for international operations (%)	63.5	58.9	-4,6 p.p.

IN 2019, the expenses with sales, general and administrative totaled R\$ 238,6 million, increase in revenue of 0,7 p.p. in comparison with the year 2018. The assignment of the expenses of re-

search and development (R&D) as expenses were R\$ 12 million higher than the year 2018, with the consequent impact in dilution of expenses in comparison with net revenue.

Expenses with sales, general and administrative (R\$ million)

	2018	2019	Variation (%)
Expenses with sales, general and administrative and others	(222.7)	(238.6)	7.1
Percentage over net revenue (%)	37.8	38.5	0.7 p.p.

Financial Result

In 2019, corrected Ebitda was R\$ 107,2 million with margin of 17,3%, decrease of 5,1 p.p. in comparison with 2018. In greater importance, the decrease in corrected Ebitda may be attributed to the impact in the gross margin for the lower use of the plant in the last year.

Ebitda and Ebitda margin (R\$ million)

	2018	2019	Variation (%)
Corrected net profit	71.0	46.6	(34.4)
Non-recurrent results*	(2.2)	(0.4)	(81.8)
Net Profit of the period	68.8	46.2	(32.8)
Net Financial Result	15.2	13.8	(9.2)
Income Tax (IR) and Social Contribution (CS)	14.0	11.7	(16.4)
Depreciation and amortization	25.5	24.9	(2.4)
Ebitda	123.5	96.6	(21.8)
Non-recurrent effects*	3.4	1.1	(67.6)
Others	4.8	9.5	97.9
Corrected Ebitda	131.7	107.2	(18.6)
Sales net revenues	589.2	619.6	5.2
Ebitda Margin (%)	21.0	15.6	-5.4 p.p.
Corrected Ebitda Margin (%)	22.4	17.3	-5.1 p.p.

Note: (*) In 2018 we did not consider the provision for contingencies and extemporaneous tax credit (both from previous periods). In 2019, it does not consider non-recurring expenses of external consultancy, expenses with 2014 infraction notice defense, provision for not anticipating payments to suppliers and extemporaneous tax credit (both from previous periods). The events had its corresponding fiscal effects.

Financial Result

The net financial expense in 2019 totaled R\$ 13,8 million, with a decrease of 9,2% in comparison to 2018. Such decrease is associated to the decrease in the aver-

age cost of the debt in 1,3 p.p. to 5,91 a.a. in 2019, following indicators such as Certificates of Interbank Deposits (CDI) and Long Term Interest Rates (TJLP).

Financial Result (R\$ million)

	2018	2019	Variation (%)
Net Financial Result	(15.2)	(13.8)	(9.2)

Income Tax (IR) and Social Contribution (CS) totaled in 2019, R\$ 12,4 million and in 2018, R\$ 15,2 million. It should be

noted that the calculation of IR and CS is made on fiscal bases that are different from the accounting result.

Income Tax (IR) and Social Contribution (CS) (R\$ million)

	2018	2019	Variation (%)
IR and CS	(15.2)	(12.4)	(18.4)
Percentage over profit before IR and CS	(17.6)	(21.0)	-3.4 p.p.



The corrected net profit was R\$ 46,6 million with a net margin of 7,5%, reflecting a decrease of 4,6 p.p. In comparison with 2018. These results reflect the loss of margin by factors previously mentioned, besides the assignment of the expenses with research and development (R&D) as expenses.

Net Profit (R\$ million)

	2018	2019	Variation (%)
Corrected profit	71.0	46.6	(34.4)
Profit margin (%)	12.1	7.5	-4.6 p.p.

Financial Result

In 2019, we generate operationally a cash flow of R\$ 86 million, with amortization of debts, payment of interests and proceeds totaling R\$ 132 million. Captures totaled R\$ 90 million and indebtedness profile is

60% of the gross debt in the long term. The average debt cost in December 31ts 2019 was 5.91%, counting the costs of derivatives and associated sureties.

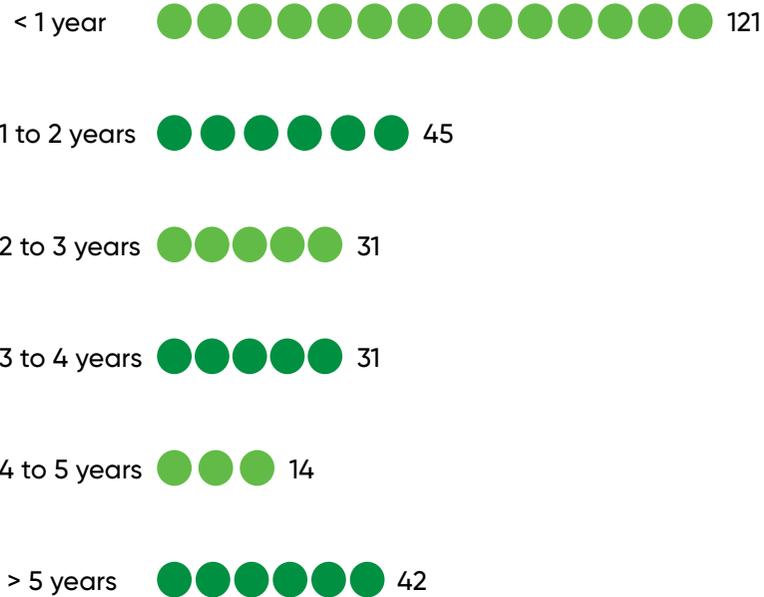
Indebtedness (R\$ million)

	In 12/31/2018	In 12/31/2019
Current	76.4	118.2
Non-current	211.1	162.9
Gross debt	287.5	281.1
Associated derivative financial instruments	-	2.3
Gross debt considering associated derivatives	287.5	283.4
Cash and cash equivalents	65.2	45.0
Net Debt	222.3	238.4
Average cost of the debt per year (%)*	7.22	5.91
Net debt/Corrected Annual Ebitda LTM	1.69	2.22

Addendum: (*) Net bank debt considering derivatives associated and costs of bank sureties.

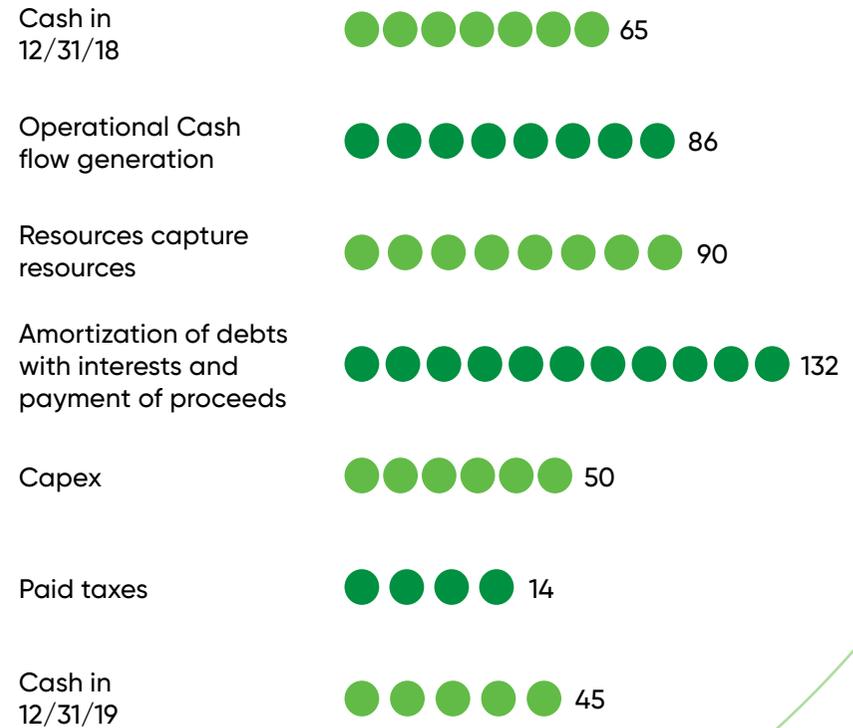
Financial Result

Aging of bank indebtedness (R\$ million)



Note: It considers the period between January 1st and December 31st and debts plus derivatives.

Cash position (R\$ million)



Financial Result

Added economic value (R\$ thousands)

GRI 201-1

	2018	2019
Revenues		
Gross sales of products and services	635,085	671,327
Other revenues (expenses), net	(328)	3,047
Revenues related to the building of own assets	20,794	14,393
Provision for credits of doubtful liquidation	(419)	(1,180)
Inputs acquired from third parties		
Costs of products sold, goods and services	(234,660)	(258,285)
Materials, energy, third party services and others	(124,669)	(147,510)
Losses of active values, net	(17,646)	(17,422)
Added value (distributed) gross	278,157	264,370
Depreciation and amortization	(25,532)	(24,627)
Added net value (distributed) produced by the entity	252,625	239,743
Added value received in transfer	16,670	13,272
Result in equity equivalence	-	-
Financial revenues	16,127	12,744
Royalties	115	162
Others	428	366
Total economic value added	269,295	253,015

Distribution of the added economic value (R\$ thousands)

	2018	2019
Personnel		
Direct compensation	90,294	102,498
Benefits	15,172	20,319
Fund for Guaranteed Time of Service (FGTS)	6,320	8,450
Taxes, fees and contributions		
Federal	45,237	31,278
State	7,991	11,405
Municipal	260	413
Third party capital remuneration		
Interests, passive currency variation, losses with derivatives etc.	31,689	29,170
Rentals	3,247	2,998
Others	218	206
Equity capital remuneration		
Retained profits	51,615	35,179
Interests on Equity Capital and proceeds	17,232	11,099
Participation of non-controllers	20	-
Total economic value added distributed	269,295	253,015

The Report

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This annual report sends to our relationship audiences the main advances and results obtained by Ourofino Group, in social, environmental and financial areas, in the period between January 10th and December 31st 2019. The material has financial and non-financial performance data, which have their annual disclosure guaranteed by our policies of responsibility and

transparency. [GRI 102-50, 102-52, 102-54](#)
 The whole context and content of the Sustainability Report is guided by the themes defined as priorities in the last materiality process carried out by the Company, which considers the internal and external view related to the impacts caused by its operations. For another year, we use the Standards version of the Global Reporting Initiative (GRI), adopting the essential option. We also incorporate part of the guidelines of the Integrated Report of the International Integrated Reporting Council (IIRC) and then, maintaining better cohesion between financial and non-financial performances and corporate governance.

[GRI 102-46](#)

Throughout the report, we also demonstrated the

efforts of the Ourofino Group to establish actions in line with the Sustainable Development Objectives of the United Nations (ODS), referenced throughout the material. This care is essential to meet the expectations of our investors present in the Stock Market (B3), besides keeping us attentive to new global trends. Indicators, mostly, reflect the results obtained in all operations inside and outside of Brazil, however for the cases with scope specifications or integration processes, explanatory notes are presented in texts and charts. [GRI 102-48, 102-49](#)
 Data and financial indicators comply with Brazilian rules and International Financial Reporting Standards (IFRS), always in line

with standards of the Securities and Exchange Commission (CVM). It is

worth emphasizing that financial indicators present in the material were audited externally. This year, due to the difficulties established by the global scenario of pandemic and cost containment policy, we validated the whole process of report and indicators internally, with the participation of the Governance, Risks, Compliance and Internal Audit area (GRC & AI). [GRI 102-56](#)
 If there is any doubt or you want to interact with our team for suggestions, contact us through our website www.ourofino.com or e-mail sustentabilidade@ourofino.com. [GRI 102-53](#)



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GRI 102-55

General Disclosures

Organizational Profile

GRI Standard	Disclosure	Page/Cause of omission	ODS
GRI 102: General Disclosures 2016	102-1 Name of the organization	12	
	102-2 Activities, brands, products and services	12	
	102-3 Place of the head office	12	
	102-4 Place of operations	12	
	102-5 Nature of the property and legal form	12	
	102-6 Served markets	15, 25	
	102-7 Size of organization	10, 13, 15	
	102-8 Information about employees and workers	43	8
	102-9 Supply chain	51	
	102-10 Significant changes in the organization and its supply chain	We did not have significant changes in terms of location, operation and supply chain.	
	102-11 Approach or precautionary principle	28, 34, 35, 55	
	102-12 Initiatives developed externally	30	
	102-13 Participation in associations	30	

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Strategy

GRI 102: General Disclosures 2016	102-14 Declaration of senior decision maker	5, 6, 7, 8	
	102-15 Main impacts, risks and opportunities	The risk factors to which the business is exposed are in the item 4 and 5 of the Reference Form .	

Ethics and Integrity

GRI 102: General Disclosures 2016	102-16 Values, principles, standards and behavioral norms	4, 22	16
	102-17 Counseling mechanisms and ethical worries	23	16

Governance

	102-18 Governance structure	18	
	102-19 Delegation of authority	19	
	102-20 Executive level responsible for the economic, environmental and social topics	18, 19	
	102-21 Consultation to stakeholders about economic, environmental and social topics	31	16
	102-22 Composition of the most high entity of governance and its committees	19	5 16
	102-23 President of the most high governance entity	19	16
	102-24 Selecting and nominating the most high governance entity and its committees	19	5 16

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**GRI 102:
General
Disclosures 2016**

102-25 Conflicts of interests	The cases of conflicts of interests for members of deliberative bodies follow the determinations provided in the Law of Joint Stock Companies. Any suspicion or potential conflicting matter must be voted by the other members, considering the abstention of the involved member. For further information, item 16.3 of our Reference Form describes more details of the operation of the Company.	16
102-26 Role of the most high governance entity in the definition of purpose, values and strategies	19	
102-27 Collective knowledge of the most high governance entity	We do not have a formal established process to develop and improve the collective knowledge of the Board of Directors. Everyone is aware of the main policies of the Group and Code of Conduct.	4
102-28 Performance assessment of the most high governance entity	We do not have a formal established process to assess the performance of the Board of Directors.	
102-29 Identifying and managing economic, environmental and social impacts	The Board of Directors does not carry out the identification and management of environmental and social impacts. This role is delegated to specific Boards that carry out this work with dedicated teams. In cases where the risk to the business is very high or extreme situations, the Board is involved to help the decisions.	16
102-30 Efficiency of the risk management processes	The Board of Directors does not carry out the efficiency assessment for environmental and social risks. This role is delegated to specific Boards that carry out this work with dedicated teams.	
102-31 Review of economic, environmental and social topics	The Board of Directors does not carry out review environmental and social topics. This role is delegated to specific Boards that carry out this work with dedicated teams	
102-32 Role of the most high governance entity in the report process	Our Sustainability Report undergoes the approval of the Financial and Investors Relations, Human Resources and Sustainability Director and final validation by the Company Chairman	

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102-33 Communicating critical worries	The critical worries are examined first the analysis of the responsible Board and if necessary, they are presented in periodic meetings of the Board of Directors. The definition and review of strategic planning, expansion projects and investment programs are also examined by the Board of Directors.	
102-34 Nature and total number of critical worries	19, 28	
102-35 Compensation policies	The detail of the guidelines for the compensation of the high management are in the item 13 of the Reference Form .	
102-36 Processes for the determination of compensation	The detail of the guidelines for the compensation of the high management are in the item 13 of the Reference Form .	
102-37 Involvement of stakeholders in the compensation	The detail of the guidelines for the compensation of the high management are in the item 13 of the Reference Form .	16
102-38 Proportion of the total annual compensation	We chose not to disclose this information because we consider it confidential.	
102-39 Percentage increase in the total annual compensation	We chose not to disclose this information because we consider it confidential.	

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Commitment of the stakeholders

GRI 102: General Disclosures 2016	102-40 List of stakeholders groups	32	
	102-41 Collective agreements	48	8
	102-42 Identification and selection of stakeholders	31	
	102-43 Approach for commitment of the stakeholders	23, 31	
	102-44 Main topics and worries raised	32	

Report practices

GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial demonstrations	Ouro Fino Participações S.A. and controlled - Ouro fino Agronegócio Ltda., Ouro fino Pet Ltda., Ouro fino Saúde Animal Ltda., Ouro fino Colombia S.A.S. and Ouro fino de México S.A. de C.V.	
	102-46 Defining the content of the report and limits of the topic	73	
	102-47 List of material topics	32	
	102-48 Reformulation of information	73	
	102-49 Changes in the report	73	
	102-50 Period of the report	73	
	102-51 Date of the most recent report	The last Sustainability Report is in our website and corresponds to the year 2018.	
	102-52 Cycle of the report	The Sustainability Report is made and disclosed annually.	
	102-53 The Sustainability Report is made and disclosed annually	73	
	102-54 Option of agreement with GRI Standards	73	
	102-55 GRI Content Index	74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 89	
	102-56 External assurance	73	

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Material Topics

Economic Performance

GRI 103: Approach of management 2016	103-1 Explanation about the material topic and its limits	32, 64	
	103-2 Approach of management and its components	64	1 5 8 16
	103-3 Evolution of the management approach	65	
GRI 201: Economic performance 2017	201-1 Direct economic value generated and distributed	71	2 5 7 8 9
	201-2 Financial implications and other risks and opportunities due to climate change	30	13
	201-3 Obligations of the established benefit plan and other retirement plans	47	
	201-4 Financial help received by the government	We chose not to disclose this information because we consider it confidential.	

Market presence

GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	32, 53	
	103-2 Approach of management and its components	53	
	103-3 Evolution of the management approach	53	
GRI 202: Market presence 2016	202-2 Proportion of high management members contracted in the local community	53	1 8 17

Indirect economic impacts

GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	32, 53	
	103-2 Approach of management and its component	53	
	103-3 Evolution of the management approach	53	

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GRI 203: Indirect economic impacts indirect 2016	203-1 Development and investment impact in infrastructure and offered services	53, 99	2 5 7 9 11
	203-2 Significant indirect economic impacts	We do not have an assessment or studies to assess effectively the indirect economic impacts generated by our presence.	1 2 3 8 10 17
Purchase practice			
GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	32, 53	
	103-2 Approach of management and its components	53	
	103-3 Evolution of the management approach	53	
GRI 204: Purchase practice 2016	204-1 Proportion of expenses with local suppliers in important operational units	53, 100	12
Fight against Corruption			
GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	22, 32	
	103-2 Approach of management and its components	22	
	103-3 Evolution of the management approach	22	
GRI 205: Fight against corruption 2016	205-1 Operations subject to risk evaluations related to corruption	In September 2019, we initiated the use of tools to collect and analyze monthly register and reputation data of customers and suppliers, to assess possible risks of association with third parties. Until December there were no operations that required analysis or investigation for risks related to corruption. In 2020 we will have more relevant data and a more effective management to the issue.	16
	205-2 Communication and training in policies and procedures to fight against corruption	90, 91	16
	205-3 Confirmed cases of corruption and measures taken	There were no records in 2019 of confirmed corruption cases.	16

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Unfair competition			
GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	21, 32	
	103-2 Approach of management and its components	21	
	103-3 Evolution of the management approach	21	
GRI 206: Unfair competition	206-1 Legal actions issued by unfair competition, trust practices and monopoly	There were no records in 2019 of confirmed corruption cases.	16
Energy			
GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	32, 60	
	103-2 Approach of management and its components	60	
	103-3 Evolution of the management approach	60	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	60	7 12 13
	302-2 Energy consumption out of the organization	There is no consumption out of the organization.	7 12 13
	302-3 Energetic intensity	60	7 12 13
	302-4 Reduction of energy consumption	Despite the efforts, we did not have significant reductions in 2019.	7 12 13
	302-5 Reduction of energy of products and services	Despite the efforts, we did not have significant reductions in 2019.	7 12 13
Water and effluents			
GRI 103: Management approach 2018	103-1 Explanation about the material topic and its limits	32, 56	
	103-2 Approach of management and its components	56	
	103-3 Evolution of the management approach	56	

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GRI 303: Water 2018	303-1 Interactions with water as a shared resource	57	3 6 12 14
	303-2 Management of impacts related to water disposal	56	3 6 12 14
	303-3 Water collection	57	6 12 14
	303-4 Water disposal	58	6 12 14
	303-5 Water consumption	57	3 6 12 14
Emissions			
GRI 103: Approach of management 2016	103-1 Explanation about the material topic and its limits	32, 58	
	103-2 Approach of management and its components	58	
	103-3 Evolution of the management approach	58	
GRI 305: Emissions 2016	305-1 Direct greenhouse gas emissions (Scope 1)	59	3 12 13 14 15
	305-2 Indirect greenhouse gas emissions (Scope 2)	59	3 12 13 14 15
	305-3 Other indirect greenhouse gas emissions (Scope 3)	59	3 12 13 14 15
	305-4 Rate of greenhouse gas emissions	59	13 14 15
	305-5 Reduction of GEE emissions	We did not record GEE emissions in 2019, obtained as a result of reduction of emissions or from compensations.	13 14 15
Effluent and residues			
GRI 103: Management approach 2016	103-1 Explanations about the material topic and its limits	32, 58, 61	
	103-2 Approach of management and its components	58, 61	
	103-3 Evolution of the management approach	58, 61	

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GRI 306: Effluents and residues 2016	306-1 Water disposal per quality and destination	58	3 6 12 14
	306-2 Residues per type and method of disposal	61	3 6 12
	306-3 Significant leakage	61	3 6 12 14 15
	306-4 Transport of dangerous residues	62	3 12
	306-5 Water bodies affected by disposals or water drainages	58	6 15
Environmental compliance			
GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	28, 32	
	103-2 Approach of management and its components	28	
	103-3 Evolution of the management approach	28	
GRI 307: Compliance environmental 2016	307-1 Non-compliance with laws and environmental regulations	There were no records, in 2019 of non-compliances with laws and rules of environment that resulted in fines or significant penalties.	12 13 14 15 16
Supplier environmental evaluation			
GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	32, 51	
	103-2 Approach of management and its components	51	
	103-3 Evolution of the management approach	51	
GRI 308: Supplier environmental evaluation suppliers 2016	308-1 New suppliers that were selected using environmental criteria	We do not have a process for the selection of new suppliers based on environmental criteria, but we assess if the suppliers of our database and the new ones present environmental suits or penalties. If there is any situation, there is no recommendation of registration or review, inactivating it.	
	308-2 Negative environmental impacts in the supply chain and measures taken	We do not have a formal process to evaluate negative environmental impacts in the supply chain	12 13 14 15 16

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Employment			
GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	32, 45	
	103-2 Approach of management and its components	45	
	103-3 Evolution of the management approach	45	
GRI 401: Employment 2016	401-1 Rates of new contracts and rotation of employees	45, 93, 94, 95, 96	5 8
	401-2 Benefits granted to full-time employees that are not offered to temporary employees or part-time employees	47	8
Safety and occupational health			
GRI 103: Management approach 2018	103-1 Explanations about the material topic and its limits	32, 49, 50	
	103-2 Approach of management and its components	49, 50	
	103-3 Evolution of the management approach	49, 50	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	49	3 8
	403-2 Identification of dangers, evaluation of risks and incident investigations	50	3 8
	403-3 Occupational health services	49	3 8
	403-4 Participation, consultancy and communication of the employees about occupational health and safety	50	8
	403-5 Employee training in occupational health and safety	49	3 4 8
	403-6 Employee health promotion	49	3 8
	403-7 Prevention and mitigation of impacts in health and safety occupational directly associated with commercial relations	34, 49	3 8
	403-8 Employees covered by a system of occupational health and safety management	50	8
	403-9 Injuries related to work	50	3 8
	403-10 Diseases related to work	50	3 8

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Training and education

GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	32, 46	
	103-2 Approach of management and its components	46	
	103-3 Evolution of the management approach	46	
	404-1 Average training hours per year per employee	46	4 5 8
GRI 404: Training and education 2016	404-2 Continuous learning programs for employees and preparation for retirement	In 2019, the competency management and continuous learning program that contributed to the continuity of the employability in the period of preparation for retirement or termination of contract was not carried out. However, the Ourofino Group intends to implement it in the near future.	8
	404-3 Percentage of employees that receive regular performance and career development analysis	46	5 8

Diversity and equality of opportunities

GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	32, 45	
	103-2 Approach of management and its components	45	
	103-3 Evolution of the management approach	45	
GRI 405: Diversity and equality of opportunities 2016	405-1 Diversity in governance entities and employees	45, 97, 98	5 8
	405-2 Mathematical proportion of salary and compensation between men and women	98	5 8 10

Equal treatment

GRI 103: Management approach 2019	103-1 Explanation about the material topic and its limits	32, 45	
	103-2 Approach of management and its components	45	
	103-3 Evolution of the management approach	45	

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GRI 406: No Equal treatment 2019	406-1 Incidents of unequal treatment and corrective actions taken	In 2019, we did not record incidents of unequal treatment in our operation	5 8 16
Child labor			
GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	32, 51	
	103-2 Approach of management and its components	51	
	103-3 Evolution of the management approach	51	
GRI 408: Child labor 2016	408-1 Operations and suppliers with significant risk of child labor incidents	We do not have a formalized process to evaluate significant risk of forced work and/or analogous to slavery incidents	8 16
Forced work or analogous to slavery			
GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	32, 51	
	103-2 Approach of management and its components	51	
	103-3 Evolution of the management approach	51	
GRI 409: Forced work or analogous to slavery 2016	409-1 Operations and suppliers identified as of significant risk for the incidence of forced work or analogous to slavery	We do not have a formalized process to evaluate significant risk of forced work and/or analogous to slavery incidents.	8
Human rights			
GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	32, 51	
	103-2 Approach of management and its components	51	
	103-3 Evolution of the management approach	51	

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	412-1 Operations that were submitted to human rights review or impact evaluation	In 2019, human rights impact evaluation were not carried out in the operations of the Group.	8
GRI 412: Human Rights 2016	412-2 Training of employees about policies or procedures of human rights	90	4 5 8
	412-3 Agreements and significant investment contracts that include human rights clauses or that were subject to an evaluation regarding human rights	51	5 8 16
Local communities			
GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	32, 53	
	103-2 Approach of management and its components	53	
	103-3 Evolution of the management approach	53	
GRI 413: Local communities 2016	413-1 Operations with local communities engagement programs implemented, evaluation of impacts and local development	53	
	413-2 Operations with potential significant impacts or negative real impacts on local communities	There were no records in 2019 of significant or real negative impacts on the local communities close to the main operations of the Group.	1 2
Social evaluation of the suppliers			
GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	32, 51	
	103-2 Approach of management and its components	32, 51	
	103-3 Evolution of the management approach	32, 51	
GRI 414: Social evaluation of the suppliers 2016	414-1 New suppliers selected based on social criteria	We do not have a process for the selection of new suppliers based on social criteria, but we assess if the suppliers of our database and the new ones present environmental suits or penalties. If there is any situation, there is no recommendation of registration or review, and it is inactivated.	
	414-2 Negative social impacts in the supply chain and measures taken	We do not have a formal process to evaluate negative social impacts in the supply chain.	5 8 16

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Public policy			
GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	32, 54	
	103-2 Approach of management and its components	54	
	103-3 Evolution of the management approach	54	
GRI 415: Public Policy 2016	415-1 Political contributions	There were no records in 2019 of any contributions to campaigns, parties and/or candidates to public functions.	16
Consumer Health and Safety			
GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	32, 34	
	103-2 Approach of management and its components	34	
	103-3 Evolution of the management approach	34	
GRI 416: Consumer Health and Safety 2016	416-1 Products and services to which the impacts in health and safety are evaluated	34, 35	
	416-2 Cases of non-compliance related to the impacts caused by products and services in health and safety	There were no records in 2019 of incidents related to health and impacts in the safety of products and services.	16
Marketing and labeling			
GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	32, 37	
	103-2 Approach of management and its components	37	
	103-3 Evolution of the management approach	37	
GRI 417: Marketing and labeling 2016	417-1 Requirements to information and labeling of products and services	37	12 16
	417-2 Cases of non-compliance related to the information and labeling of products and services	There were no records in 2019 of incidents related to information and labeling of products and services	16
	417-3 Incidents of non-compliance related to marketing communications	There were no records in 2019 of incidents related to marketing communications	

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Socioeconomic Compliance

GRI 103: Management approach 2016	103-1 Explanation about the material topic and its limits	28, 32	
	103-2 Approach of management and its components	28	
	103-3 Evolution of the management approach	28	
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and social and economic regulations	There were no records in 2019 of non-compliance with laws and social and economic rules.	16

Subcontracting and purchases

Sector supplement: Food Processing	FP1 Percentage of volume purchased in compliance with purchase policy of the organization	In 2019, all suppliers (with contract signed) complied with the criteria established in the Purchase Policy and the clauses of Supply Terms and Conditions.	12 16
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Well-being of animals

Sector supplement: Food Processing	FP11 Percentage and total of animals bred and/or transformed per species and race, per type of housing	92	
	FP12 Policies and practices regarding the use of antibiotics, anti-inflammatory, hormones and/or treatments with growth enhancers, per species and type of breeding	92	2
	FP13 Total number of significant laws and rules violations and adherence to the voluntary standards related to transport practices, handling and slaughter of terrestrial and aquatic animals	There were no records in 2019 of cases of significant laws and rules violations and adherence to the voluntary standards related to transport practices, handling and slaughter of terrestrial and aquatic animals	



Additional Information

Challenges, practices and commitments

Employees trained in policies and procedures of human rights per region

GRI 412-2

	2019
Number of employees trained (Brazil)	176
Total number of employees (Brazil)	1,066
Percentage of employees trained (%)	16.5

Note 1: Data present in the indicator are related to the training in the Code of Conduct of Ourofino Group, carried out during integration of new employees.

Note 2: Code of Conduct comprises elements related to the theme of the human rights.

Note 3: Data presented do not include interns.

Employees communicated and trained in anti corruption theme per region

GRI 205-2

	2019
Number of employees communicated and trained (Brazil)	176
Total number of employees (Brazil)	1,066
Percentage of employees communicated and trained (%)	16.5

Note 1: All employees trained were previously communicated and then the number of professionals trained and communicated are the same.

Note 2: Data present in the indicator are related to the training in the Code of Conduct of Ourofino Group, carried out during integration of new employees.

Note 3: Code of Conduct comprises elements related to the theme of anti corruption.

Note 4: Data presented

Employees communicated and trained in anti corruption theme per functional category

	2019
Board of Directors	0
Board and Presidency	1
Management	4
Administrative	122
Production	12
Apprentices	37
Number of employees communicated and trained (Brazil)	176
Total number of employees (Brazil)	1,066
Percentage of employees communicated and trained (%)	16.5

Note 1: All employees trained were previously communicated and then the number of professionals trained and communicated are the same.

Note 2: Data present in the indicator are related to the training in the Code of Conduct of Ourofino Group, carried out during integration of new employees.

Note 3: Code of Conduct comprises elements related to the theme of anti corruption.

Note 4: Data presented do not include interns.

Well-being of animals

Animals bred and/or processed per type of breeding

GRI FP11

	Quantity	Representation (%)	Creative Department
Veterinary Research Center			
Bovine	400	41.7	Open Field
Ovine	16	1.7	Open Field
Swine	73	7.6	Internal extensive confined internal
Equine	25	2.6	Open Field
Rats and Mice	446	46.4	Internal intensive confined
Total	960	100.0	
Technical Training Center (CTC)			
Bovine	117	100.0	Open Field
Total	117	100.0	

Animals bred and/or processed per type of treatment

GRI FP12

	Race	Treatment	Medicine
Veterinary Research Center (CPV)			
Bovine (Group 1)	Nelore/Half-breed/ Girolando	Antibiotics	Betalactams, sulfas, aminoglycosides, macrolides, tetracyclines
Bovine (Group 2)	Nelore/Half-breed/ Girolando	Anti-inflammatory	Steroidal and non steroidal
Bovine (Group 3)	Nelore/Half-breed/ Girolando	Hormones	bST, estrogen, progesterone, eCG, clorprostenol, buserelin
Bovine (Group 4)	Nelore/Half-breed/ Girolando	Promotion of growth	Probiotics
Swine (Group 1)	Landrace/Large white/Duroc	Antibiotics	Betalactam
Swine (Group 2)	Landrace/Large white/Duroc	Anti-inflammatory	Steroidal and non steroidal
Ovine (Group 1)	Santa Inês	Antibiotics	Betalactam and tetracycline
Ovine (Group 2)	Santa Inês	Anti-inflammatory	Steroidal and non steroidal
Equine (Group 1)	-	Antibiotics	Betalactams, sulfas
Equine (Group 2)	-	Anti-inflammatory	Steroidal and non steroidal
Technical Training Center (CTC)			
Bovine (Group 1)	Nelore/Half-breed	Antibiotics	Betalactams, sulfas, aminoglycosides, macrolides, tetracyclines
Bovine (Group 2)	Nelore/Half-breed	Anti-inflammatory	Steroidal and non steroidal
Bovine (Group 3)	Nelore/Half-breed	Hormones	bST, estrogen, progesterone, eCG

Note: Number and representations of animals are referred in indicator FP11.

People



Contracting per gender

GRI 401-1

	2017		2018		2019	
Brazil						
	Number	Representation (%)	Number	Representation (%)	Number	Representation (%)
Men	57	54.8	104	57.5	117	62.9
Women	47	45.2	77	42.5	69	37.1
Total	104	100.0	181	100.0	186	100.0
Mexico and Colombia						
Men	17	81.0	19	73.1	9	75.0
Women	4	19.0	7	26.9	3	25.0
Total	21	100.0	26	100.0	12	100.0

Departure of employees per gender

	2017		2018		2019	
Brazil						
	Number	Representation (%)	Number	Representation (%)	Number	Representation (%)
Men	119	57.8	74	55.2	116	62.4
Women	87	42.2	60	44.8	70	37.6
Total	206	100.0	134	100.0	186	100.0
Mexico and Colombia						
Men	14	77.8	8	66.7	17	81.0
Women	4	22.2	4	33.3	4	19.0
Total	18	100.0	12	100.0	21	100.0

Contracting per age range

	2017		2018		2019	
	Number	Representation (%)	Number	Representation (%)	Number	Representation (%)
Brazil						
Below 30 years old	61	58.7	95	52.5	108	58.1
Between 30 and 50 years	41	39.4	82	45.3	76	40.9
Above 50 years old	2	1.9	4	2.2	2	1,0
Total	104	100.0	181	100.0	186	100.0
México e Colômbia						
Below 30 years old	6	28.6	6	23.1	5	41.7
Between 30 and 50 years	15	71.4	18	69.2	6	50.0
Above 50 years old	0	0.0	2	7,7	1	8.3
Total	21	100.0	26	100.0	12	100.0

Departure of employees per age range

	2017		2018		2019	
	Number	Representation (%)	Number	Representation (%)	Number	Representation (%)
Brazil						
Below 30 years old	83	40.3	61	45.5	51	27.4
Between 30 and 50 years	119	57.8	69	51.5	125	67.2
Above 50 years old	4	1.9	4	3.0	10	5.4
Total	206	100.0	134	100.0	186	100.0
México e Colômbia						
Below 30 years old	3	16.7	3	25.0	4	19.1
Between 30 and 50 years	8	44.4	8	66.7	12	57.1
Above 50 years old	7	38.9	1	8.3	5	23.8
Total	18	100.0	12	100.0	21	100.0

Distribution of individuals per gender in governance and other functional categories (%)

GRI 405-1

	Men	Women	Total
Brazil			
Board of Directors	100.0	0.0	100.0
Board and Presidency	72.7	27.3	100.0
Management	65.3	34.7	100.0
Administrative	48.3	51.7	100.0
Production	83.9	16.1	100.0
Apprentices	77.8	22.2	100.0
Mexico and Colombia			
Board of Directors	0.0	0.0	0.0
Board and Presidency	0.0	0.0	0.0
Management	100.0	0.0	100.0
Administrative	77.1	22.9	100.0
Production	0.0	0.0	100.0
Apprentices	50.0	50.0	100.0

Distribution of individuals per age range in governance and other functional categories (%)

	Up to 30 years	Between 30 and 50 years	Above 50 years	Total
Board of Directors	0.0	12.5	87.5	100.0
Board and Presidency	0.0	81.8	18.2	100.0
Management	0.0	85.7	14.3	100.0
Administrative	24.7	72.2	3.1	100.0
Production	13.4	78.2	8.4	100.0
Apprentices	100.0	0.0	0.0	100.0

Distribution of minorities in governance and other functional categories (%)

	Black and mixed race	PcD*	Total
Board of Directors	0.0	0.0	0.0
Board and Presidency	9.1	0.0	9.1
Gerência	2.0	0.0	2.0
Administrative	7.9	1.7	9.6
Production	23.4	7.1	30.5
Apprentices	13.9	0.0	13.9

Addendum: (*) PcD - Person with disability or permanent limitations (visual, hearing, physical or intellectual).

Proportion between salaries of women and men per functional category

GRI 405-2

	2017	2018	2019
Board of Directors	0.0	0.0	0.0
Board and Presidency	1.1	1.2	0.7
Gerência	1.1	1.1	0.9
Administrative	1.0	1.0	1.0
Production	1.0	1.0	1.0
Apprentices	1.0	1.0	1.2

Addendum: Data reported do not include operations in Mexico and Colombia.

Local operation

Projects or beneficiaries supported by fiscal incentive or donation (R\$)

GRI 203-1

	Instrument used for promotion	Value
Fiscal incentives, state and federal		
Extending horizons through museums	State Law - Cultural Actions Program (Pac)	82,199.16
Cycling School "Pedalando para o Futuro"	São Paulo Law of Sports Promotion (LPiE)	58,716.56
GP Paulista of 3 Tambores	São Paulo Law of Sports Promotion (LPiE)	25,286.49
Valuing Cultural Assets	State Law - Cultural Actions Program (Pac)	26,386.75
Minaz Culture Association	Federal Law of Culture Promotion - Rouanet	68,000.00
Agrimán and Food Safety Squad	Federal Law of Culture Promotion - Rouanet	65,000.00
Br CAR-T Platform	National Support to Oncologic Attention Program (Pronon)	33,333.00
Association of Parents and Friends of Exceptional Children	National Support to Attention to Disabled People Health Program (Pronas/PCD)	33,333.00
Female Polo Training Center	Law of Sports Promotion	33,333.00
Association of Visually Impaired People in Ribeirão Preto (Adevirp)	Municipal Council for the Rights of Children And adolescents (CMDCA)	33,333.00
Hospital of Love	Municipal Elderly Fund	33,333.00
Total		492,253.96
Private investment		
Equotherapy	Analysis or internal indication	2,524.00
Projete	Analysis or internal indication	10,000.00
Ecobolsas	Analysis or internal indication	10,100.00
Total		22,624.00

Distribution of national purchases per type and material (R\$ thousands)

GRI 204-1

	Direct materials		Indirect materials and services	
	Value	Representation (%)	Value	Representation (%)
Local	2,539.31	4.6	33,215.17	15.9
Not local	53,092.41	95.4	176,035.41	84.1
Total	55,631.72	100.0	209,250.58	100.0

Distribution of purchases per place (R\$ thousands)

	Value	Representation (%)
International	113,545.11	30.0
National	264,882.15	70.0
Total	378,427.30	100.0

Distribution of national purchases per type (R\$ thousands)

	Value	Representation (%)
Local	35,754.33	13.5
Not local	229,127.82	86.5
Total	264,882.15	100.0



Credits

Planning and coordination of the project

Carmen Macedo
Daniela Achite

Coordination and development

Daniela Achite

Graphic design and formatting

Ninin Studio

Communication Support

Lucas Cardoso

Consultancy, project and writing

Schmidt Consulting

Internal audit

Fábio Brasiliano (GRC & AI)
Monique Fernandes Madurro (GRC & AI)

