

Livestock: Buying, handling and selling cattle

V.01-2024

1. Objective

This Policy establishes the premises and rules for managing the livestock operation, focusing on cattle production, with regard to the purchase, management and sale of cattle, considering compliance with legal and regulatory aspects, with regard to the areas of animal origination, as well as good animal welfare practices.

2. Premises and general rules

SLC Agrícola acts based on the premises and general rules set forth below and guides and encourages its suppliers to act with the same responsibility and diligence in their operations.

- Establish procedures and controls that ensure effective management of cattle purchase, management and sale operation, comprising at least the assessment of the risks involved, profitability analysis and periodic monitoring of indicators;
- Define assessment criteria for the purpose of purchasing and rearing/managing cattle;
- Encourage suppliers to use free-range cattle breeding methods, with a diet composed predominantly of pasture grazing;
- Encourage the use of SISBOV by livestock suppliers/supply chain. Adherence by rural producers is voluntary, except when their obligation is defined in a specific regulatory act, or required by official health controls or programs;
- Seek to minimize indirect impacts, understood as those caused along the value chain, with responsible purchasing practices, which establish criteria to be observed by suppliers in relation to the care of biodiversity;
- Acquire animals from previously approved properties. In other words, not to acquire animals from farms involved in illegal deforestation of native forests, invasion of indigenous lands or environmental conservation areas, which are embargoed by the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) and/or which use forced/slave-like or child labor;
- Work with brokers and ranchers approved prior to purchase;
- Verify the availability of the appropriate documentation and guides required by the legislation using due diligence procedures;
- Seek, whenever possible, to keep the information of origin of the animals (*Property location coordinates, Municipality, State, Owner CNPJ [Corporate taxpayer's ID] or CPF [Individual taxpayer's ID]*) for cattle purchased from third parties (indirect suppliers);
- Work with the condition that the animals are transported from their origin, always accompanied by the GTA (Animal Transport Guide);
- Provide specialized employees to carry out operations at the technical, purchase, handling and sale level.

2.1. Approval of suppliers/ranchers

SLC Agrícola values compliance with laws, regulations and internal rules, and compliance is understood as essential in affirming our ethical standards. Livestock farmers (suppliers), prior to the start of the relationship with SLC Agrícola, undergo an approval process in which technical, legal, reputational, socioenvironmental and governance criteria are evaluated. It is the supplier's responsibility to provide the necessary documentation to enable the analyses. This verification will be revisited annually, with the possibility of a new purchase, or at a lower frequency, as defined by SLC Agrícola.

The table below shows the documents necessary for the approval process.

REQUIRED DOCUMENTS	MANDATORY
CNH [Driver's license], CPF [Individual taxpayer's ID] or CNPJ [Corporate taxpayer's ID]	Required
CAR: Rural Environmental Registry – State	Required
CAR: Rural Environmental Registry – Federal	Required
APF: Provisional Operating Authorization (updated)	Required
State Registration	Required
Health record	Required
Declaration of exempt activity (breeding and retention of breeding stock)	Required
IBAMA: Clearance Certificate of Embargoes – State and Federal	Optional
IBAMA: Debt Clearance Certificate – State and Federal	Optional
For a lease: - Owner's driver's license - Lease, assignment or other similar agreement for cases where the producer is not the owner of the property under analysis - Debt and embargo clearance certificate of IBAMA - Health record	According to each case

Valuing transparency, the Company informs that the aspects analyzed in the evaluation process in the approval flow include:

- Georeferenced analysis in a tool contracted by SLC Agrícola that aims to identify legal/regulatory compliance regarding environmental aspects - licenses and embargoes, considering geospatial monitoring regarding new deforestation, indigenous lands, conservation units and presence in the list of embargoed areas of IBAMA and MTE.
- Third-party risk analysis in a tool contracted by SLC Agrícola, which consults on a public basis, verifying aspects related to: Registration, environment, corruption, criminal, ethics and integrity, financial, tax, prevention of money laundering, reputation and labor.
- Analyses related to animal welfare, carried out during visits to the prospective Units, by the Livestock team.

In addition, it highlights that:

- Suppliers included in the lists of properties embargoed by IBAMA and those properties assessed by state or federal agencies for invasion of protected areas will be excluded from the list of suppliers, after being made unequivocally aware of these situations. These farms can only be readmitted after proving the repair of environmental damages, signing a TAC, the payment of fines and indemnities applied to them and proving compliance with the legislation in force by the Ministry of Labor and Employment (MTE), MPF, FUNAI, Ibama and other agencies involved.
- Suppliers who are fined for slave or degrading labor practice, based on unequivocal knowledge, will be excluded from the list of suppliers for a period of two years and may only be readmitted after proof of compliance with the legislation in force by the Ministry of Labor and Employment (MTE) and the Federal Public Prosecutor's Office (MPF), or signing a TAC.

2.2. Cattle purchase

A prerequisite for formalizing the purchase is prior approval from the producer (livestock farmer) and the property.

Advance payments can only be made after internal analysis by the company's financial department and within the credit limits defined internally. For the credit analysis, the existence or not of withholdings (FUNRURAL/SENAR) must be informed.

2.3. Cattle transportation

To transport cattle, the following aspects must be considered, prior to shipment:

- Take out insurance in advance and only transport insured animals.
- Declare the carrier in advance, for DDR.
- Establish controls that ensure the prior completion of the GTA by the supplier (proof by sending a copy of the document), observing the models available on the website of the Ministry of Agriculture. The GTA must be used according to the purpose of the purchase (slaughter, fattening, reproduction, exhibition, auction, sport). Seek to ensure that transport will only occur with the document in hand.
- Do not exceed the number of animals provided for in the GTA and NF.

2.4. Animal welfare

The preferred method of livestock rendering/fattening is by means of ILP/ILPF.

The animals are kept in a suitable environment, with easy access to water and a diet that maintains health and vigor. The cattle are handled in compliance with conditions and treatment that avoid mental suffering.

SLC Agrícola does not administer growth-promoting substances, such as hormones, and we request the same commitment from our suppliers.

The rules and guidelines regarding livestock handling methods on SLC's Farms are defined in specific manuals, and must observe the premises and general rules contained in this Policy. The operating manuals provide guidance on animal welfare practices at the different stages of the process according to the Company's scope, covering:

- Corral management
- Arrival and departure of animals
- Identification, weighing and vaccination
- Best practices with the troop
- Newborn calf handling
- Cleaning the water troughs
- Herd transport

2.5. Cattle sale

Sales are made to previously registered and approved slaughterhouses.

3. Exceptions

No exceptions are provided for in the implementation of the procedure.

4. Sanctions

Failure to comply with the rules contained in this policy may result in non-compliance with legal and regulatory aspects, as well as the company's internal rules and procedures, and the employee or producer may undergo disciplinary measures in compliance with the provisions of the Investigations and Disciplinary Measures Policy and legal provisions.

SLC Agrícola supports and encourages people to report any practices that may violate internal guidelines and rules, this Policy, the Integrity Program, or that are in disagreement with applicable national and foreign laws. The Company ensures anonymity, confidentiality and non-retaliation to the whistleblower. Records must be made to the Whistleblower Channel, which can be accessed by phone, website or app.

- Telephone: 0800 648 6306
- Website: <https://www.contatoseguro.com.br/pt/slcagricola/>
- Through the Contato Seguro app.

5. Glossary

- **ILP:** Crop-Livestock Integration.
- **ILPF:** Crop-Livestock-Forest Integration.
- **CCIR:** Rural Property Registration Certificate - Document issued by Incra that proves the registration of the rural property with the municipality and that it is indispensable to transfer, lease, mortgage, dismember, share (divorce or inheritance) and obtain bank financing. The data contained in the CCIR are exclusively registered, not legitimizing the right to dominance or possession.
- **CAR:** Rural Environmental Registry – A database for controlling, monitoring and combating deforestation of forests and other forms of native vegetation in Brazil, as well as for environmental and economic planning of rural properties. Although it is up to each State, through its environmental agencies, to establish the CAR, Decree No. 7.830/2012 created the Rural Environmental Registry System – SICAR, which will integrate the CAR of all Brazilian states, in addition to regulating the CAR.
- **LAU:** Single Environmental License - replaces the ordinary administrative procedures for the prior licensing, installation and operation of the enterprise or activity, unifying them in the issuance of a single license, requiring the appropriate environmental control conditions and measures.
- **LAR:** Rural Environmental License - is an integral instrument of the Brazilian Environmental Policy (PNMA) law no. 6.938/81, a procedure applied to effective or potentially polluting or degrading activities of the environment.
- **GTA:** Animal Transport Guide – official document for animal transport in Brazil. It contains information on the destination and health conditions, as well as the purpose of animal transport. Each animal species has a specific standard for issuing the transport guide.
- **MTE:** Ministry of Labor and Employment. It provides the 'blacklisted companies' of slave labor, which is a database created in 2003 with the objective of listing the cases where people were rescued under conditions considered analogous to slavery.
- **IBAMA:** Brazilian Institute of the Environment and Renewable Natural Resources, which is a federal agency responsible for environmental protection policies in Brazil.
- **DDR:** Waiver of Right of Recourse - document issued by the carrier's insurer (owner of the goods). This record exempts the contracted carrier from the cost of theft insurance. Thus, the insurer is, in fact, responsible for bearing financial losses in cases of theft claims, subject to the guidelines of the national transport policy, contracted by the owner of the carrier product.
- **SISBOV:** Official system of individual identification of cattle and buffalo. It aims to register and identify the bovine and buffalo herd of the national territory, enabling animals to be tracked from birth to slaughter, providing support reports for decision making regarding the quality of the national and imported herd.