

ANNUAL REPORT – RTRS



SLC AGRÍCOLA S.A., a corporation dedicated to producing and processing agricultural commodities, is committed to preventing accidents, promoting ethics and sustainable development, and preserving the environment in all its respects, continuously improving its processes and products by raising a wareness and adopting effective programs.

Porto Alegre, June 2008

1. Economic Responsibility

1.1. Impacts of Infrastructure

1.1. 1. Environmental Licensing

Pursuant to federal and state environmental laws and regulations, we are required to obtain environmental licenses to install and operate every production facility; such licenses are already required for units already in operation, and become necessary as new units are acquired. In addition, we believe Environmental Licensing is a critical management tool, for it allows us to identify the environmental impact of our activities, and how such effects can be managed.

2. Social Responsibility

2.1. Complying with labor legislation and standards

SLC Agrícola S.A. has a consolidated Safety Policy based on accident prevention principles, oriented through the Environmental Risks Prevention Program (PPRA - *Programa de Prevenção de Riscos Ambientais*), which was implemented, developed, and monitored by each unit's Occupational Safety Expert, with the support of the Internal Committee for Prevention of Occupational Accidents (CIPATR), together with the farm manager and other associates.

In addition, the corporation has implemented the Medical Control and Occupational Safety Program (PCMSO) to comply with the NR 7 standard of Ordinance no. 3214, enacted by the Ministry of Labor, the purpose of which is the prevention, early detection, monitoring, and control of possible harm to each employee's health.

Aiming at neutralizing the occurrence of certain accidents that might cause injury, our associates use personal protective equipment (PPE), consisting of personal use tools used to protect workers against possible workplace injuries caused by working conditions, defined according to each activity performed.

Such measures comply with the provisions of NR 31 – Standard of the Ministry of Labor that governs Occupational Safety and Health in Agricultural Activities, as regards the organization and workplace environment, so as to allow for a consistent planning and performance of all activities.

3. Respect for land ownership rights

SLC Agrícola S.A. only acquires rural estates after performing the careful analysis of the area's Ownership History since the very beginning, that is, since the first landowner who was granted the ownership title by the Government, and such analysis is performed

through a consultation to the local Real Estate Registry aiming at ensuring the legality of each land ownership, as well as the guarantee that the land title does not result from land grabbing.

3. Environmental Responsibility

3.1 Residues Management

3.1.1. Selective Collection

The selection of residues is performed in their very source, that is, the employees themselves distribute the discarded materials in suitable recycle bins strategically placed across the workplace.

Awareness, focused on environmental education, is performed with all the company's employees, together with their families, through lectures or seminars, besides environmental education classes given in the surrounding schools, encouraging them to practice the "5 Ss", together with the "3 Rs", aiming at showing them how important it is to preserve the environment, in addition to the simplicity of the methods adopted and the results achieved with this project.

3.2. Soil as a key resource

3.2.1. Direct Planting

No-Till Farming (SPD) is a soil handling system through which straw and the vegetable residues are left on the soil surface. The soil is revolved only in the furrow, where seeds and fertilizers are deposited, and no other soil preparation is performed besides the handling inside the planting furrows. The main advantages are the reduction of erosion, improvement of physical and fertility conditions of soil, increase of organic matter content, nutrients, and water stored in soil, besides fuel consumption reduction as a result of a more efficient crop productivity maintenance system.

In the 2006/2007 harvest year, the units of SLC Agrícola S.A had an average of 75% of its productive lands cultivated with the direct planting system, thus showing the growing search in achieving sustainability in agriculture, with the reduction of environmental impacts resulting from such activity.

3.3. Biologic diversity protection

3.3.1. Legally-protected Environmental Reserve, and Permanent Preservation Areas

The environmental interest areas (both Legally-protected Reserves and of Permanent Preservation Areas) of our real estates are duly identified, characterized, and geo-referenced through the suitable survey and materialization of its legal limits, its related features and characteristics, besides being duly annotated on the margin of the corresponding register at the Real Estate Registries. In addition, all of them are compliant with the competent environmental agencies. In our new units, such processes are being implemented aiming at complying with the minimum percentage areas as required by the applicable laws in force.

SLC Agrícola S.A.'s premise is not to perform production activities in areas of environmental interest, thus showing its compromise and respect towards the environment, and compliance with the applicable legislation.

3.4. Responsible use of agrochemicals

3.4.1. Integrated Plague Management (MIP)

SLC Agrícola S/A deems as critical the proper crop handling, thus avoiding ecological unbalances and increase in production costs. For the proper crop handling, besides preventing, retarding, and/or reverting the problem of resistance to agrochemicals, we perform the Integrated Plague Management (MIP).

Carried out by duly trained and qualified agricultural technicians who perform a proper survey to support the decision-making about which product and dose to use, thus avoiding preventive spraying, applying the product only when the plague achieves the level of economic damage.

Companies have been increasingly paying more attention to the development of molecules with higher selectivity to non-harmful organisms (for instance, natural enemies, pollinating agents, birds, fish, etc.), the company has experimental fields to evaluate such new molecules expected to help to control and decrease the environmental impacts resulting from such activity.

3.4.2. Disposal and Transportation of Toxic Packaging

Empty packages of agrochemicals are washed three times both in the trucks and at the liquid mixing units, and then perforated to avoid their reuse. After such step, they are carried to a temporary warehouse, and then forwarded to a registered Agrochemical Packages Disposal Unit.