



Sustainability Report 2022

SCHEFFER
More life on earth

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ABOUT THE REPORT

The 2022 Scheffer Sustainability Report **is the result of the dedication of different departments within the company**, which collected and analyzed data related

to January 1st to December 31st, 2022. This report delivers relevant information about our business and the performance of our operations in Brazil.

This edition was inspired by the methodology of the Global Report Initiative (GRI), Core option, and the topics and information detailed here were defined by our materiality matrix, built from the survey we held with internal and external stakeholders of the company. Our actions and the associated topics are in accordance with the Sustainable Development Goals (SDG), of the United Nations (UN).

For additional information or suggestions about the content of this report please contact: sustentabilidade@scheffer.agr.br.

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This past year, 2022, was among the most challenging in our history, in which we made bold decisions in order to confirm that the path we have chosen will take us to our chosen destination.

The war between Russia and Ukraine has strongly affected the supply and cost of agricultural inputs. Additionally, we had to deal with the effects of an intense drought, while facing exchange rate fluctuations and uncertainties regarding Brazilian fiscal policy.

Nevertheless, we achieved significant growth which positively impacted our revenue and EBITDA. This was possible due to a combination of factors, including our regenerative practices that make crops and the environment more resilient; the increase in the use of biological inputs, produced in our own facilities; the availability of 100% natural thermophosphate, supplied by our mining company VISO Fertilizantes; and the work of a highly qualified team committed to our purpose and strategies.

In 2022, our budget planning also evolved, consolidating our cost efficiency in our corporate culture, committing to transparent governance, based on our Code of Ethics and Conduct, and strengthening our Compliance management.

We are constantly seeking to move forward, by investing in the training and well-being of our employees, and promoting a positive impact in the communities where we operate. Additionally, we invested more than R\$ 500 million in our business, prioritising the renewal of our machinery, equipment, soil correction technologies and the acquisition of a new warehouse.

Our sustainability strategy and related projects contribute to the emergence of opportunities. For that reason, we will continue to invest in projects related to low-carbon agriculture, which are connected with our core business, as well as in initiatives in the carbon market, in partnership with stakeholders in our value chain.

In the 2021/2022 crop, we certified our first Production Unit 100% regenerative. Guided by a long-term strategic vision, we are committed to have, by 2030, 100% of our farming areas cultivated with regenerative practices.

We believe our mission includes sharing our knowledge, experience and best practices. In this sense, in 2022 we participated in events, technical and commercial congresses, received visits and signed an important partnership to create solutions to increase the use of biological products throughout Brazil. We are confident in the business outlook for 2023. Firstly because, on the demand side, there are signs of better prospects in agricultural commodity markets, mainly as a result of the reopening of China for Brazilian products, after the restrictions of the Covid zero policy.

On the supply side, ending stocks of soybeans and corn in the United States are at historic low levels, and there is also a forecast for a significant reduction in projected cotton area in that country.

We will continue believing and investing in our priority areas — regenerative practices, our own production of biologicals and natural thermophosphate, increasingly solid governance and our team's ability to deliver — pillars that guide our operations, add more efficiency to agriculture and promote care for nature, ensuring high yields with social, economic and environmental responsibility.



2022 HIGHLIGHTS



R\$ 2.4 BILLION
Revenue



2.521
permanent and
temporary
EMPLOYEES



Recognized as one of
the **MAIN BRAZILIAN**
AGRIBUSINESS
companies in **VALOR**
1000 REWARD, by Valor
Econômico magazine



82,000 HOURS
of employee
TRAINING



215,000
HECTARES OF
FARMING AREA,
with two crops
per year



160,000 HECTARES
OF PRESERVED NATIVE
VEGETATION areas in
Cerrado and Amazon
biomes



Três Lagoas Farm
achieved the highest
national score in the
3S CERTIFICATION
PROGRAM, BY
CARGILL



PARTNERSHIP WITH
SYNGENTA
for **RESEARCH AND**
DEVELOPMENT OF
BIOLOGICAL
PRODUCTS

WHO WE ARE



We are a family **farming** company and have been producing **food and natural fibers** for 36 years. We are constantly evolving and have, since the beginning of our activities, invested to grow in a sustainable way.

We identify challenges as opportunities for us to continue growing, contributing to and developing the regions where we operate and the supply chains we are part of. We do not compromise, because innovation is part of who we are. We believe Regenerative Agriculture can allow us to meet the challenge of feeding and clothing ever growing populations, while ensuring we are responsible stewards of our land and natural resources. To regenerate life on earth is our business goal and purpose, as we want to ensure the longevity of our company and, more importantly, of future generations.

OUR STORY BEGINS
IN 1986,
IN MATO
GROSSO
STATE,
BRAZIL.

OUR INFRASTRUCTURE

 **8 Production Units** in Brazil

 **5 Cotton Ginning Units**

 **12 Grain Storage Units**

 **1 Seed Processing Unit**

 **1 Biological Resources Laboratory**

 **1 Biological Resources Industry**

 **2 Administrative Headquarters**

 **1 Phosphorous Mine**

STORAGE CAPACITY

 **71 thousand tons of cotton Lint**

 **75 thousand tons of cotton seed**

 **530 thousand tons of grains**

PRODUCTION CAPACITY

 **215 thousand ha of farming area** with two crops within the same year

 **16 thousand slaughter year 2022**



OUR PURPOSE TO REGENERATE LIFE ON EARTH

OUR VALUES

Our vision is long term

We have a clear vision of our future, over the long term, but we take great care every step of the way. **We always act responsibly**, whether in the short-term or long-term interests of our business.

We work best as a team

We firmly believe **we are stronger together**. Long term success means we must work collaboratively, as a team, towards our common goals.

We demonstrate courage and discipline

We believe we must **innovate**, constantly challenging the status quo **to improve how we operate**. We must all work as owners of the business, never settling for anything less than the goals we set ourselves. Because we take risks, we accept that mistakes will be made on this journey, mistakes that we will learn from.

We are participative

We are enthusiastic and proud of participating in the business, giving 100% to our daily responsibilities, open to experiment and **share ideas**, so that we can achieve the best return on our endeavours to drive farming in a regenerative direction.

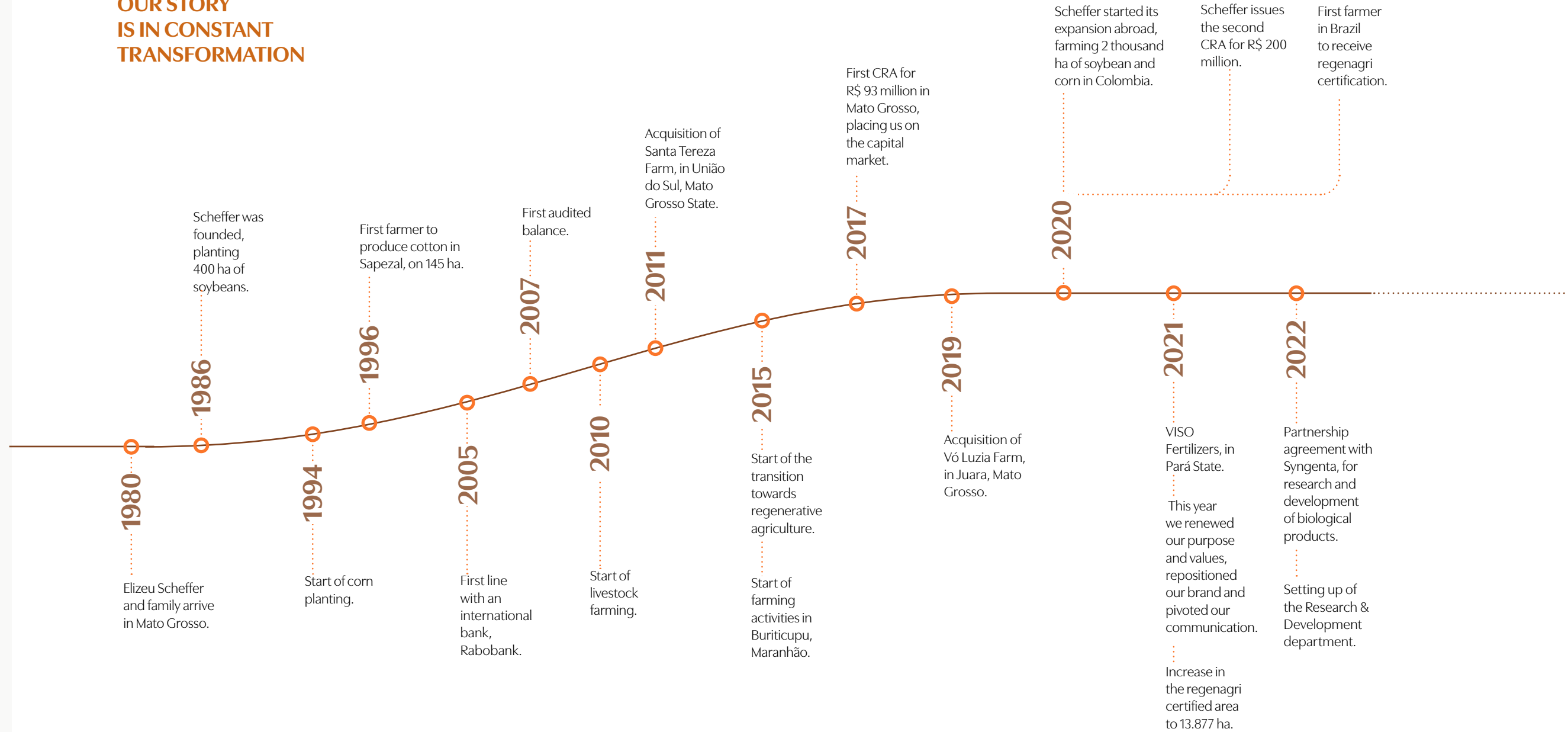
We are committed to integrity

We put trust, **ethics** and commitment at the heart of our business and of our decisions. **We honour our commitments**, keep our promises, and look after ourselves and each other.



TIMELINE

OUR STORY IS IN CONSTANT TRANSFORMATION



CORE BUSINESS

SCHEFFER AGRICULTURAL AND LIVESTOCK FARMING

Our activities are focused on the agricultural production of soybeans, corn and cotton, as well as livestock farming. In the 2021/22 crop, we farmed 215,000 hectares, with two crops within the same year. Our grains operations include everything in between farming to storage and the cotton production also includes ginning.

Regarding livestock, we raise Nelore animals and other crosses, in intensive finishing system on pasture (TIP). In 2022, we commercialized 16 thousand cattle heads.

Our production is destined to both domestic and export markets, including many Asian and European countries. We are an integral part of global supply chains.

SCHEFFER BIOLOGICAL RESOURCES INDUSTRY

Located at our Três Lagoas Farm, in Sapezal (MT), the plant produces biological inputs from fungus and bacteria inoculum, which substitute chemical products and act as growth promoters for plants and/or as natural inputs that control pests and crop diseases. The inputs we produce

are used internally, on Scheffer farms located in Mato Grosso State. Our UP located in Maranhão uses commercial biological products, due to the volatility of biological inputs, which must be kept and transported under controlled temperature and humidity conditions. In the 2021/22 harvest, the production capacity of Scheffer Biological Resources Industry was 2.6 million liters.

VISO FERTILIZERS

Scheffer has managed this facility since 2021. The phosphorous mine produces 100% natural fertilizer and is located in Bonito (PA). Most (96%) of its production is destined for use by Scheffer itself and the remaining part (4%) is commercialized.

VISO's biggest advantage is its production method, which processes mineral fertilizer, through thermal solubilization, without adding chemicals and water, thus avoiding the need for dams or tailings piles.

In 2022 we produced 90 thousand tons of phosphate. Our staff consisted of 119 direct employees and 23 outsourced workers. The VISO team has all the benefits of Scheffer.



Thermophosphate

OUR OPERATIONS

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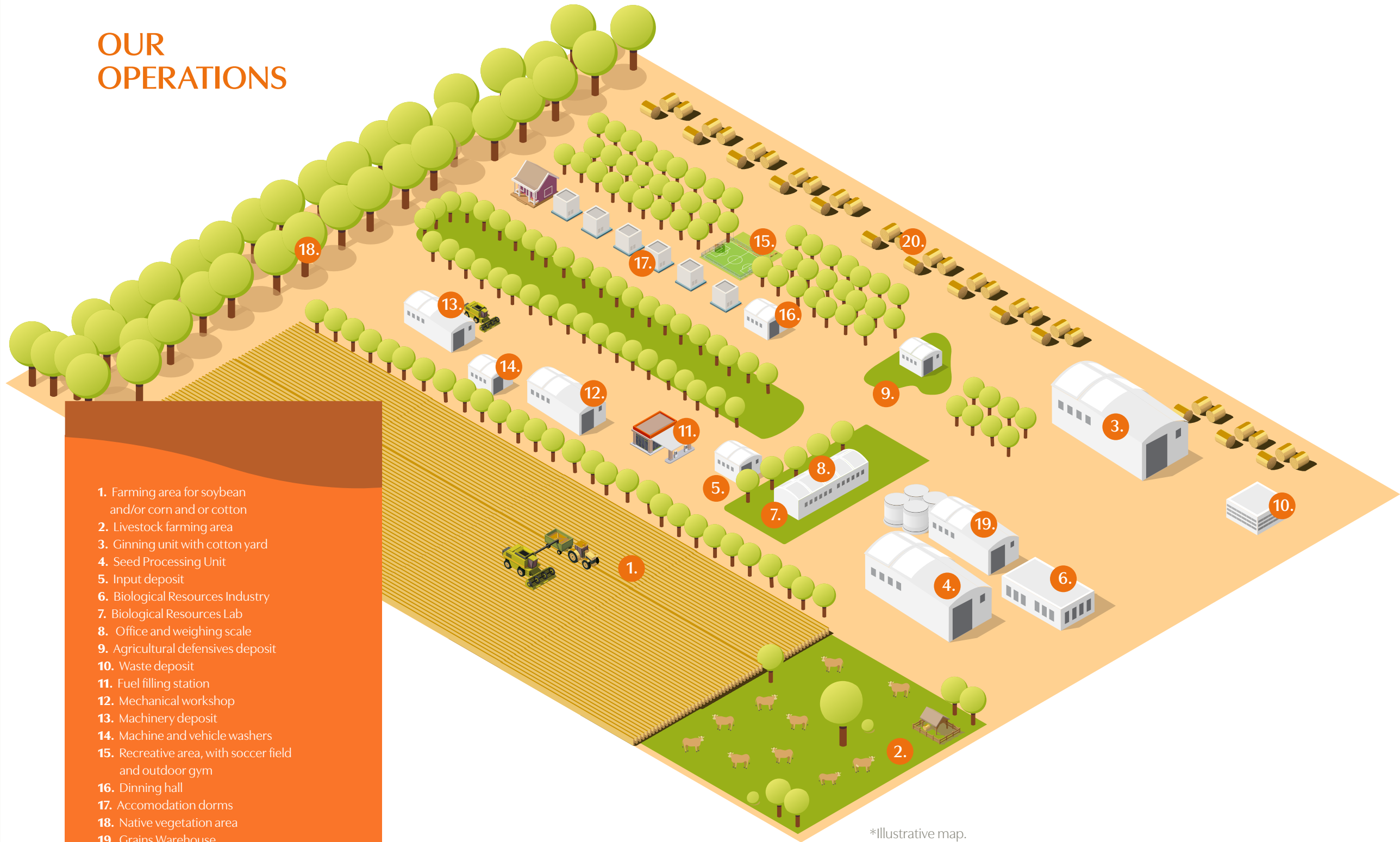
MANAGEMENT AND GOVERNANCE

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*Illustrative map.

1. Farming area for soybean and/or corn and or cotton
2. Livestock farming area
3. Ginning unit with cotton yard
4. Seed Processing Unit
5. Input deposit
6. Biological Resources Industry
7. Biological Resources Lab
8. Office and weighing scale
9. Agricultural defensives deposit
10. Waste deposit
11. Fuel filling station
12. Mechanical workshop
13. Machinery deposit
14. Machine and vehicle washers
15. Recreative area, with soccer field and outdoor gym
16. Dinning hall
17. Accomodation dorms
18. Native vegetation area
19. Grains Warehouse
20. Cotton Ginnig yard

OUR RELEVANT TOPICS

SCHEFFER ACTIVELY PROMOTES SUSTAINABILITY AS PART OF OUR CULTURE

After the materiality survey we undertook in 2021, we identified and included the following topics related to sustainability into our business strategy:

- **Regenerative Agriculture and Soil Health**
- **Biodiversity**
- **Native vegetation areas**
- **Carbon and Climate Action**
- **Responsible Consumption and Clean Water and Sanitation**



Our sustainability actions contribute to and are aligned with targets of the Sustainable Development Goals (SDG) set by the United Nations (UN). Therefore, the sustainable development of our operations is based on the highlighted objectives.

INITIATIVES AND PARTNERSHIPS

WE ARE STRONGER TOGETHER

Our collaborative mindset also guides our relationships as we interact with our supply chain actors and clients outside the company. We understand it is possible to contribute and learn from society and other producers, education or research institutes, as well as financial institutions. For this reason, we have established partnerships with organizations in Brazil and other countries, aiming for an increasingly sustainable production.

Learn about our main Partnerships:



Membership:



AGRICULTURAL PRODUCTION

CHALLENGES AND OPPORTUNITIES

We have a long-term vision, acting responsibly and focusing on efficient results. This value is reflected in our strategy and actions for each and every crop, starting with farming practices and soil improvement, state of the art technology and of course the personal development of our people.

Our agricultural planning team set our agricultural strategy across all activities, to guarantee good yields, efficiency and sustainability in all our operations, preventing and minimizing risks.

In Mato Grosso, we harvest two crops within the same year.

1st CROP*

Soybean

Planting: September to October

Harvest: January to March

2nd CROP*

Cotton, corn, pasture or cover crops

Planting: January to March

Harvest: June to August

*It is possible to cultivate cotton as first crop.

In Maranhão, the first crop is either soybean or corn. The planting window for both products is between December and February; and the harvest happens between April and July.

We follow a crop rotation system, allowing direct planting onto straw that is retained in the field from the previous crop, without tilling the soil.

The yield and quality of the crop depend on agricultural planning and weather conditions, besides biotic and abiotic factors. The 2021/22 crop was very challeng-

ing, mainly because of the lack of rains and sudden temperature drops in Mato Grosso. Unusually, the severe drought affected the yield and quality of the crops, especially cotton, which is cultivated as a second crop, when there was less rainfall. Thus, our cotton yield per hectare was 21% lower than the previous year. Once more, we could confirm the importance of investing in planning as well as soil resilience through regenerative practices and in training our staff, which helped us minimizing as much as possible the drought impact.

Crop 2021/2022 numbers

Farmed area	Grains	Cotton	Livestock
215,000 ha	414,000 tons of soybeans	97,000 tons of cotton lint	16,000 cattle heads
	194,000 tons of corn	120,000 tons of cotton seed	
		14,000 tons of gin notes	
		2,000 tons of cotton fibril	



QUALITY AND TRACEABILITY

The quality of the grains and fibers we produce fulfills the requirements of strict markets in Brazil and abroad. From planting to final destination, we have rigorous quality standards and total control over all stages of our production. By using the Radio Frequency Identification (RFID) it is possible to have full traceability of the cotton, following each bale through its production process, starting in the fields, weighing scale, cotton yard, ginning plant, press and storage module.

Learn more about each of the steps.

Identification

After the harvest, the cotton modules are arranged according to its field lot, variety, type, humidity and dirt. Also, each cotton module has a traceable code that uses radio Frequency (RFID), which is synced with the Scheffer ID software.



Ginning

We gin all our seed cotton in our own ginning units, against specific contracted parameters with segregation where required. This allows us to pay close attention to provenance and quality of the key final product: cotton lint.



Quality control of cotton lint

After ginning, two samples are taken from each each side of every bale, according to the Normative Instruction 24/2016, issued by the Brazilian Ministry of Agriculture and Livestock (Mapa). The samples are properly identified and sent for analysis by High Volume Instrument (HVI), as well as visual examination (take up), by Scheffer.



Storage

The RFID identified bales of cotton and the seeds are weighed and stored, in accordance with their characteristics, in the productive units.



Our grading and the HVI analysis obey the current legislation of Mapa, which is based on the universal classification standard of the United States Department of Agriculture (USDA). We share these results with our buyers under full transparency.

Additionally, we joined the traceability program Standard Brasil HVI Program (SBRHVI), governed by the Brazilian Association of Cotton Producers (Abrapa), that guarantees the credibility and transparency of the HVI results, via their certified labs.



RESEARCH AND DEVELOPMENT

We constantly invest in research to enhance our production process, focusing on yield and sustainable land use. Research and Development activities are managed by the Agricultural Planning department, which, supported by a highly qualified team, conducts tests that allow us to find science based solutions for the challenges we face with our local Brazilian tropical climate.



We have an experimental station of 84 hectares, in the UP of Três Lagoas, with numbered field trials targeted at specific treatments, crops and agricultural practices.



SOME OUR MAIN EXPERIMENTAL FIELDS ARE LISTED BELOW:

1. Analysis of different farming techniques for various types of soybean and its resistance to nematodes.
2. Study of nutritious sources for plant feeding.
3. Analysis of plant resilience to abiotic stress caused by the use of biostimulants.
4. Analysis of biofungicides efficiency in controlling soybean diseases.
5. Analysis of fungicides efficiency based on hyperacetic acid in controlling soybean foliar diseases, and the degree of its phytotoxicity.
6. Analysis of bioinsecticides efficiency in controlling soybean bugs.
7. Analysis of the use of biological agents for controlling weed.
8. Analysis of compatibility of biological and chemical inputs in the crops.
9. Study of the consequences of diversifying and rotating cover crops.

Furthermore, we have ongoing studies focused on precision agriculture and agricultural mechanization.

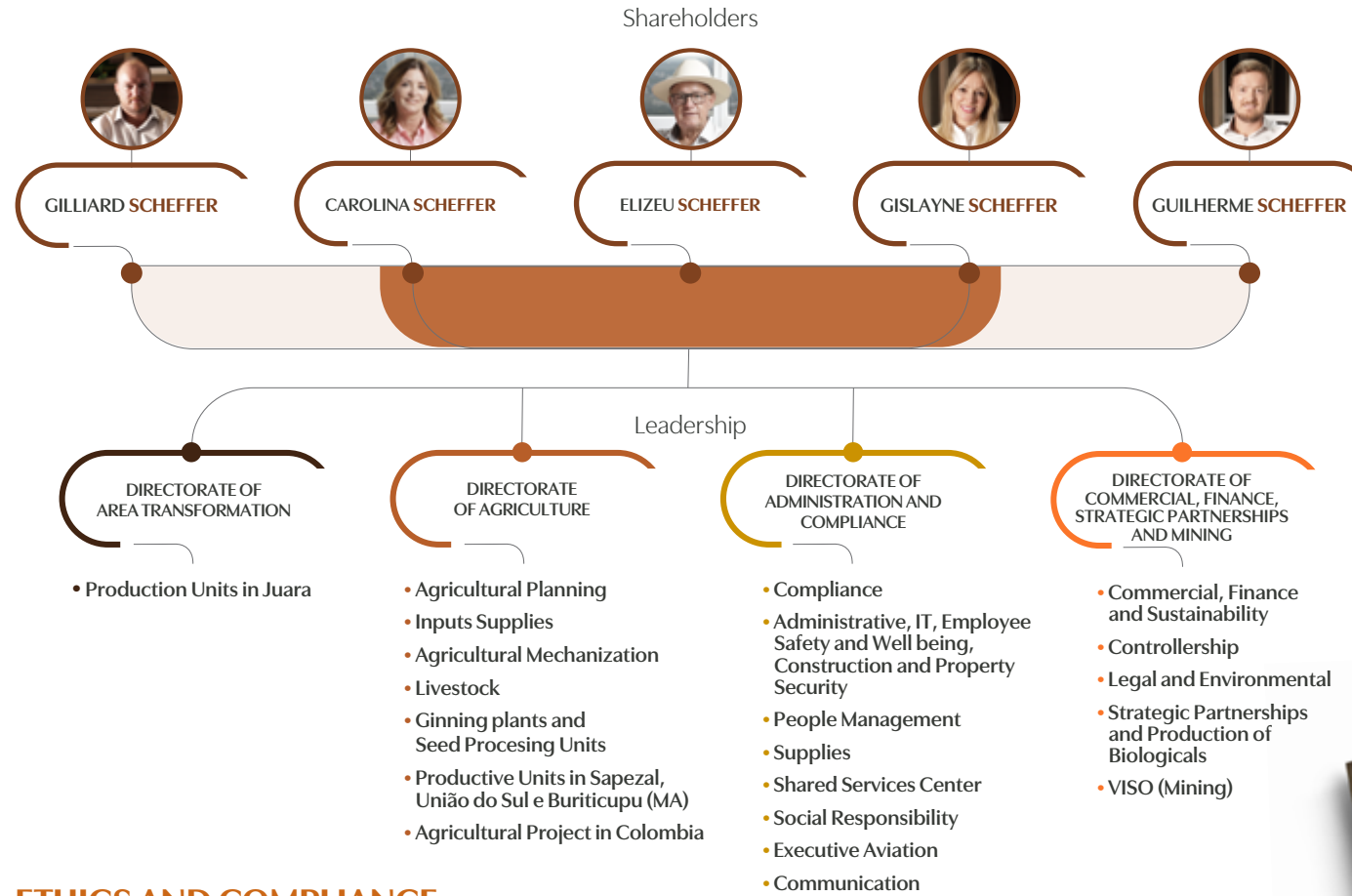
MANAGEMENT AND GOVERNANCE

Our purpose and values form the foundation for the company's governance and management. Our beliefs guide us as we plan operations and the processes necessary to ensure efficiency. Our actions are built on transparency, equity, accountability and corporate responsibility.

Our management team is comprised of Directors, Heads and managers, who are responsible for developing strategy and drawing the roadmap to ensure the strength and longevity of the company, so that we can achieve short-term and long-term goals.



ORGANOGRAM



ETHICS AND COMPLIANCE

Our Compliance department supports management with its relationships and decisions, ensuring consistency of ethics and building trust and commitment. Compliance works both proactively and defensively, with a focus on both short and long term results, to identify risks and ensure regulatory compliance. They also establish procedures and standards internally, and ensure Scheffer's intellectual capital is protected.

Supplier Conduct Manual

Our Manual reinforces our ethics, integrity and sustainability throughout our supply chain. It prescribes the behavior expected from suppliers and service providers, as well as from everyone the company has relationships with.



Ethics Code

Based on our mission and values, our Ethics Code guides and limits the conduct of everyone who works or represents the company, regardless of job titles, when dealing with clients, commercial partners, competitors, finance institutions and other stakeholders.

Throughout 2022, our employees participated in monthly discussions about how to apply, through everyday actions, the guidelines of our Ethics Code. Also, our official communication channels released weekly short newsletters called "Ethics Seeds", in which there are examples of how to use the Code.

We have an Ethics Committee, responsible for receiving and analyzing suggestions, reports and complaints. The committee is composed of employees of the company and incidents may be communicated, anonymously, **through a dedicated Reporting Channel or by completing an electronic form at contatoseguro.com.br/scheffer.**



SOCIAL

EDUCATION AS TOOL FOR TRANSFORMATION

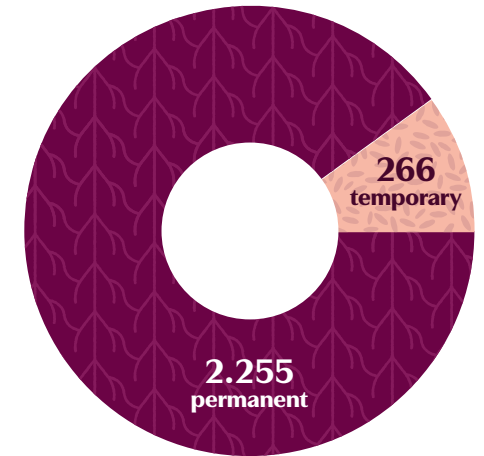
HUMAN RESOURCES MANAGEMENT

Our job is to develop and **take care of each and every Scheffer employee**, by planning, managing and investing in continuous learning. We value, explain, engage and share with them the purpose of regenerating life on earth.

OUR STAFF

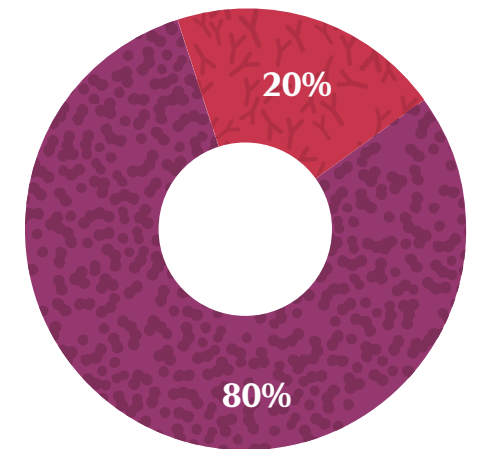
We have permanent and temporary employees, for activities such as planting, harvest and cotton ginning. We provide all of their legal rights and in accordance with relevant legislation.

In 2022, our total staff was 2.521, of which 266 were temporary.



■ Permanent employees ■ Temporary employees

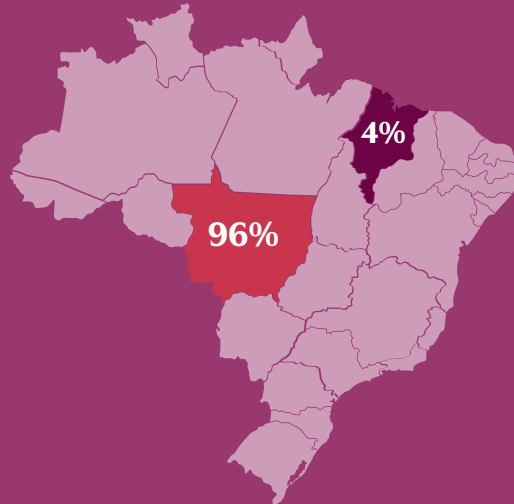
Among the permanent employees, 80% were men and 20% were women.



■ Men ■ Women

Total employees sorted by job sector	
Job sector	Number of employees
Administrative	402
Apprentice	51
Manager	231
Director	4
Internship	9
Operational	1.466
Technician	82
Trainee	10
Total	2.255

96% of permanent employees are based in Central West and 4% in the Northeast of Brazil.



WAGES

We guarantee fair compensations for all positions and job titles of the company, so that our employees are fairly paid and consistent with the market. Our salary policies are based on branch companies, defined by region and performance level, and wages are readjusted according to an annual collective agreement, held with representatives appointed by the employees themselves, who participate in the definition of salary policies and benefits offered by the company.

BENEFITS

All our permanent employees* have a full benefits package offered by the company, which contributes to the salary, health and welfare of our staff.

Our package includes:

- **Health insurance** that may be used within Brazil, 100% funded by the company, without any extra charge.
- **Food allowance** for all Scheffer employees, proportional to the working hours: BRL 700 for 44 hours a week, BRL 550 for employees with a workload of 30 hours a week, and for those who work 20 hours/week, BRL 350.
- **Fuel voucher** to all employees at the head office and and the UP in Maranhão.
- **Life insurance** for all our employees, with coverage for death and disability, in addition to a food basket and funeral assistance.
- **Day Care Assistance:** employees who fulfill pre-established requirements receive an allowance that represents 32% of the current minimum wage.

- **Stork Kit:** employees with new-borns receive a welcome kit with items for the baby. In adoption cases the kit can be converted into a bonus, according to the age of the newly adopted child.
- **Transportation Voucher** are provided, free of charge, to all employees who use public transport.
- **Profit sharing (PLR):** 100% of the company's employees can receive PLR, depending on the achievement of pre-established goals. The benefit corresponds to up to 2.5 workers' base salary and is paid regardless of the fixed salary.

*Temporary employees benefits: health and life insurance, and food allowance.



Quality of life and Welfare

We have operations in different regions and we recognize that our employees have different needs. Therefore, we invest to support our staff's quality of life and welfare.

- **Free accommodation and housing** for employees and their families on our farms.
- **Free of charge transportation** back and forth to the farms for employees who live in nearby cities.
- **Cafeterias** in the production units, which are run by a nutritionist and a team of cooks, serving breakfast, lunch and dinner.
- **Outdoor gym and soccer fields available**, available to employees at the larger production units.
- **“Footvolleyball”** classes for employees at the headquarters unit, twice a week, for two groups.
- **Monthly leasing of soccer field** for our employees at the headquarters office.

- **Gym passes**, with reduced tuition.

PEOPLE AND TRANSFORMATION

We believe investing in people is as important as investing in innovation and good agricultural practices. We develop tools for generating and sharing knowledge, promoting training cycles, gathering internal dialogs, strategic programs, focusing on developing behavioral competencies in our staff, who are responsible for turning our purpose into reality.

TRAINING

We have a multidisciplinary and specialized team of pedagogues, psychologists, managers and occupational safety technicians to carry out our internal training, which is divided into two categories:

- **Mandatory** for performance of functions and/or activities established by law and Regulatory Standard (NR).
- **Non-mandatory** aim to develop or improve skills of employees.



Total of training hours in 2022: People x Training hours

Type of training	Number of employees	Total of hours
Mandatory	2.486	59.664
Non-mandatory	965	23.160

TALENT DEVELOPMENT PROGRAM

We invest in developing **new talent**, through our Programs of Apprenticeship, Internship and Trainees.

We have partnerships with Senai - MT (“National Rural Learning Service”) Senai - MT (“National Industrial Learning Service”), allowing employees from the UP of Sapezal, Juara and União do Sul, in Mato Grosso, to attend classes in the Technical Learning Program in Heavy Machine Maintenance.

We also have a partnership with the Business and School Integration Center (CIEE), which focuses on administrative training for high school students to work on our headquarters, in Cuiabá, in Sapezal and Juara.

Our Internship and Trainee programs provide students the chance to experience, in theory and practice, professional environments and challenging situations. With a duration of 6 months (Internship) to a year and a half (Trainee), the programs aim to bring and develop new talents, promoting their integration within culture of the company and developing their potential. Participants of both programs may take courses offered by the company to improve their skills, with the supervision of a member of our staff, who will help and guide them through their learning and developing process. Interns who stand out may join the Trainee program in the company.

LEADERSHIP DEVELOPMENT PROGRAM

In 2022, we promoted courses to our managers, coordinators and supervisors of all our productive units (UP). The Executive Coaching Program was held with 21 managers and heads of the company, providing them tools to enhance their performance.

Our 30 coordinators participated in the Advanced Leadership Training (“FAL”), that included workshops and individual sessions with all participants. Supervisors participated in the Management and Leadership Journey, held in three classes of which 105 supervisors participated. The supervisors were trained to overcome barriers in business and in interpersonal relationships.

Number of participants per program in 2022

Type	Employees
Graduate Trainees	26
Trainees	28
Apprentices CIEE	22
Apprentices Senai	31



MUTUAL COLLABORATION AGREEMENTS

We have agreements of cooperation with 13 institutions in Brazil, to provide our staff a wide range of educational programs. The partnerships allow employees to enroll in extension courses, professional trainings, graduate studies and language classes.

EDUCATION ALLOWANCE

In 2022, 48 employees received the benefit, which aims **to promote education, training and potential development**. All members of our staff are eligible to receive the aid, through which the company pays, partially or fully, for the employee’s course of choice, according to whether the course adheres to strategic objectives of the company.

CORPORATE SPANISH CLASSES (“ESPAÑOL IN COMPANY”)

We offer Spanish classes in our administrative headquarter, for all levels of learning. The classes and the support materials are 100% paid for by the company, as a way of incentivizing employees to learn a second language. In 2020, 20 of our employees participated in the program.

CORPORATE DIALOGUES AND EVENTS

Sharing and improving knowledge is key to our corporate culture. We promote different kinds of events, aiming for **continuous learning** for our staff and management body.

Scheffer Managers Annual Meeting (June):

In 2022, we hosted the first edition of the meeting, held to integrate different areas of the company, such as agricultural planning, production and regenerative agriculture. During the meeting, managers presented and analyzed results from the 2021/22 crop, detailed the costs and goals of the company, as well as the balance sheet, in order to plan for the 2022/23 crop and its budget.



Workers Month (May):

We promoted training, talks and awareness about safety at work. Throughout the month, we held events to build on our staff understanding about the importance of team work, cooperation and learning.

Scheffer Production Seminar (August):

We hosted a meeting in Sapezal (MT) with all our managers, coordinators, and other staff members from our agricultural sector. The meeting theme was: “All results are important for our learning”.

World Soil Day (December):

For the second consecutive year, we brought our employees together on World Soil Day. The edition theme was “Soil, the basis of nutrition”. Leaders of all our Production Units gathered their teams to reinforce the importance, for the planet and for agriculture, of healthy soil.

HEALTH AND SAFETY

We take care of each other, making sure all our employees are safe all the time. We have a specialized team to promote and verify on the ground health and safety at work. Our health and safety team is formed by safety engineers and technicians, nurses and a nutritionist.

We identified and mapped risks across our activities, to determine and guide all Health and Safety initiatives, complying with labor and social security legislation.

We provided individual and collective protection equipments (“EPI” and “EPC”) to all our employees, who are carefully instructed about proper use. Each and all farms have, at the very least, one Workplace Safety technician, to support managers in strengthening safety culture with the teams.

Accidents at work are reported as “occurrence alerts”, which are sent to our health staff. The occurrence is investigated by the safety technician and the leader of the area involved, to determine the causes and define an action plan to prevent the reoccurrence of such events. Moreover, we have wards and emergency ambulances nearby all production units.

Occupational health and safety actions:

- **Inspection and safety audits in all our units and work stations, to identify, analyze and normalize** eventual irregularities within the work environment.

- **Training of employees** on the specific risks of their activities and based on the relevant regulatory standard.

- **Forming of Internal Committees of Prevention of Rural Work Accidents (“CIPATR”)** in all our units and administrative offices. The committees participate in accident investigations and promote campaigns related to health and safety, such as the Week of Prevention of Rural Work Accidents, among other initiatives, that focus on preserving the safety of our employees.

- Monthly analysis, by the **Safety Committee**, of statistical data and action plans for health and safety. Leaders of different sectors of the company are part of the committee.

- Statistical analysis of accidents at work, through standard **methodologies and monthly indicators**.

- Weekly dialogue with staff, in which managers detail the danger and risks of each activity, in accordance with the **Safe Work Manual**, that teach methods to safely perform each task. All our units have copies of the manual.

- Orientation talks, internal campaigns and corporate integrations, to discuss with new employees **relevant aspects of their health and safety at work**, to instruct them about safe procedures for their roles.

- Internal awareness campaigns, especially during months that promote discussions about “silent” diseases: September (mental illness), October (breast cancer) and November (prostate cancer). **Members of our staff receive guidance, clarification and support.**



COMMUNITY RELATIONSHIP

Based on our purpose and values, we prioritize social investment and actions that contribute to education and giving young people qualifications. We take care of the communities in which we live, promoting local development and quality of life improvement. In 2022, we directly invested BRL 774.843 in social projects.

EDUCATION



GEMTE

Scheffer is one of the founders and maintainers of the Grupo Empresarial Mato Grosso em Evolução, an initiative that aims to support and monitor the implementation of actions to improve Mato Grosso public education, so that the state will become a national reference in education nationwide, in the period of up to 20 years. To learn more about the project, visit: gemte.org.br

Scheffer More Education – Partnership with Liceu Cuiabano

We have a partnership with Mato Grosso State Secretary of Education (Seduc - MT), through which we contributed to State School *Liceu Cuiabano* Maria de Arruda Müller becoming “a national reference in forming autonomous citizens”. More about our initiatives in *Liceu Cuiabano*:

- Support for developing socio-emotional skills of 34 teachers and school employees, through Postgraduate Course in Socio-emotional Skills.
- Support for the maintenance of sports activities in the school, with the acquisition of materials used for physical education classes and other sports activities.
- Promotion of individual skills and artistic-cultural development of students. We prioritized the resumption of the school band, that was created more than 40 years ago but could not perform due to a lack of instruments and guidance. To this end we provided musical instruments and hired a regent and choreographer for the band.

Partnership for Maintenance of School Transport Line

We continue our partnership with União do Sul (MT) Secretary of Education, signed in 2020. Through this agreement, we provided school transportation for 17 children residing at Fazenda Santa Tereza, reducing the journey time and increasing safety on journeys back and forth between the farm and the schools *Matilde Altenhofe* and *Ivaldino Frâncio*. We were thus able to make better use of time spent learning.

UP Opened to students

During 2022, our Três Lagoas Unit, in Sapezal (MT), received 28 Agronomy students from Federal Institute of Mato Grosso (IFMT) and 17 teachers and staff members of *Jaime Marcelo Schecheli* School. During the visits, they learned about our activities and our journey towards regenerative agriculture, and visited our crops and Biological Resources Industry.



Tree Day

On September, we promoted educational campaigns with 405 public schools students from Sapezal, Juara and União do Sul (MT). Along with members of our staff, the children engaged in discussions about the importance of the trees and how to better preserve natural resources. They also planted 127 fruit trees in their schools.

World Cotton Day

In October, 208 children from Jaime Schecheli School, em Sapezal (MT), visited the Três Lagoas Unit and learned about cotton farming, its technological tools, social aspects and the different products that can be made out of cotton, as well as all the different parts of the plant that can be used.

DONATIONS

National Campaign Cotton for Life

In partnership with Tama Brasil, we donated 30 laptops and 18 tablets to the surgical center of the Cancer Hospital of Mato Grosso, that treats an average of 417 people per month.

Noah's Ark Animal Protection Association

We make monthly donations to guarantee the rescue, treatment, neutering and responsible adoption of abandoned domestic animals of Sapezal/MT. In 2022 the association rescued 288 animals.

Philanthropic Institutions

To celebrate World Cotton Day, we donated 1,632 bed and bath sets, made with 100% Brazilian cotton, to seven shelters for vulnerable people: *Abrigo Bom Jesus de Cuiabá*; Cuiabá General Hospital and Maternity; Home for the Elderly *São Vicente de Paula*; Frieds Association of Children with Cancer; Temporary House *Irmã Dulce*; *Casas do Caminho Redentor*; and Social Actions *Seara de Luz*.

Institute United for Brazil

We donated R\$40,000 to *Unidos pelo Brasil* Institute, which aims to develop citizenship and health for Brazilians. The institute brings together representative entities, multisectoral companies and workers to structure post-pandemic activities in a planned, safe and responsible manner, ensuring the continuity of actions.

Asphaltic Paving

In partnership with the Intermunicipal Association of Producers and Beneficiaries of Highway MT 220/160, we subsidized part of the engineering project and asphalt paving of the part in between Juara and Águas Claras (MT).

Communities, Associations and Municipal Schools

We support community initiatives that collaborate to maintain living spaces, donation of books and sports and leisure items. In 2022, we made donations to the following groups:

St. Peter the Apostle Parish (Bonito/PA); Arinos Valley Breeders Association (Juara - MT); Association of Parents and Friends of the Mentally Handicapped (Marcelândia - MT); ARLS Estrela do Parecis (Sapezal - MT); *Águas Claras* Milk Producers Association (Juara - MT); Church *Nossa Senhora da Glória*

(União do Sul - MT); Church *Nossa Senhora de Fátima* (Sapezal - MT); Municipal School Prof. *Olavo da Silva Ghiraldi* (União do Sul - MT) and *Jaime Schecheli* Municipal School (Sapezal - MT).



EVENTS AND PUBLICATIONS

SHARING KNOWLEDGE: AN INCENTIVE FOR SUSTAINABILITY

As pioneers and protagonists in regenerative agriculture, we are aware of our important role in the dissemination of regenerative principles and their benefits for the health of the soil and the planet. Throughout 2022, we had the privilege of participating in international events and publications, sharing important points in our history and explaining the reasons that led us to adopt regenerative agriculture.

March

World Agri-Tech

Main technology event for sustainable agriculture in the world, the fair held in San Francisco, in the United States. On this occasion, our Commercial, Financial and Sustainability Director met with specialists from more than 20 countries to discuss the challenges and present the opportunities for the future of agriculture.

April

PVH Denim Fair

We participated in the 10th edition of the PVH Denim Fair, hosted at the PVH Europe headquarters in Amsterdam. This event promotes sustainable practices and industry partnership and is part of PVH Corp's journey towards responsible

denim. Our Head of Commercial, Financial and Sustainability explained our motivation to start transitioning to Regenerative Agriculture, as well as our practices and how regenerative cotton can contribute to mitigating climate change. It was the first time a cotton producer participated in the event. PVH Corp. is the parent company of Calvin Klein and Tommy Hilfiger and hosts its Denim Fair twice a year, in April and October.

Sustainable Apparel and Textiles Conference, by Innovation Forum

Represented by our director and the Commercial, Financial and Sustainability Head, we participated in this event which promotes the discussion and exchange of sustainable practices within the textile industry, with the aim of reducing its environmental impact. The conference lasts for three days and is held annually.

June

Better Cotton Conference

Our Research and Development Head spoke about our Regenerative Agriculture journey and how we aim to convert 100% of our production areas regenerative by 2030. With the theme "Cotton + Climate Action", the conference was hosted by the city of Malmo, Sweden, and gathered actors from across the cotton industry.



August

37º Brazilian Congress of Nematology

Our team of researchers and agronomists participated in the event promoted by Embrapa, which gathered around 400 participants from all parts of Brazil. During the Congress, held in Ribeirão Preto, São Paulo, we presented data on the management of nematodes in regenerative agriculture and its importance in controlling microorganisms in the soil.

13º Brazilian Congress of Cotton

We were part of the 2022 edition of the event, which is promoted by the Brazilian Association of Cotton Producers (ABRAPA) and focuses on presenting trends and policies for the sector. Members of our team participated in debates and presentations on cotton farming in Brazil, sharing and learning about topics such as innovation, sustainability and intensive cultivation,

among others. Our biological production coordinator presented the work “Compatibility of the biological defensive *Isaria Javanica* with chemical insecticides used to control Bemisia tabaci in cotton”, which was awarded 6th place in the Pest Control subject.

September

Agritalks

We attended the Agritalks Lisboa, in which our Commercial, Financial and Sustainability Director participated in two panels: “The green transformation of agriculture in Brazil and Germany” and “Innovations in agriculture: opportunities and challenges to increase productivity in the sustainable field”.

October

“Scheffer Regenerative” article on Cotton Outlook Special Feature

Our Commercial, Financial and Sustainability Director wrote an article about our cotton, its importance for the production chain and the history of Scheffer and regenerative agriculture. The text was published in the World Cotton Day Special Feature, launched by Cotton Outlook, a company that monitors and reports data related to the world cotton industry.

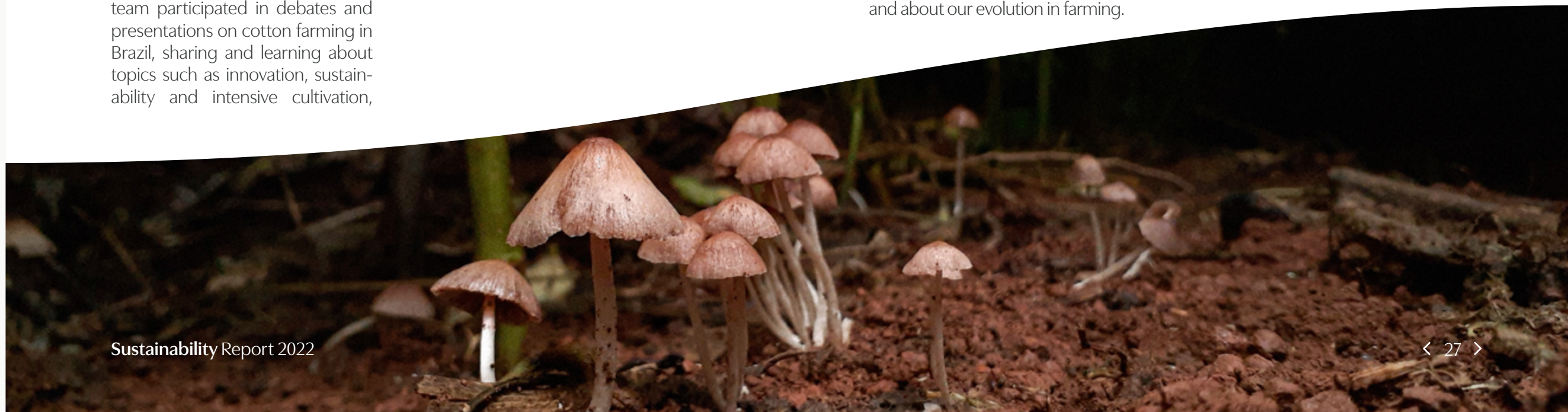
Featured in German magazine Natur

Our regenerative practices and the results we are achieving were featured in the German magazine Natur. The publication reported about our approach to work with the soil, and about our evolution in farming.

November

Sustainability Talks Istanbul

We were the only cotton producers who participated in the presentations and panels at the event, held in Turkey. During the Conference, representatives from the textile chain were brought together to discuss and present ways of promoting sustainability in the global textile industry. Participants talked and learned about ways to mitigate the effects of climate change, responsible supply of raw materials and minimal use of resources, as well as traceability of the textile chain, targeting innovation and transparency.



ENVIRONMENTAL

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NATIVE VEGETATION

We are dedicated to responsibly and efficiently farming, investing in practices that conserve biodiversity, ecosystems, sustainable use of natural resources and aimed at mitigating climate change. We comply with the Brazilian Forestry Code and preserve 160 thousand hectares of native vegetation, which represents 48% of our properties.

**WE PRESERVE
160,000
HECTARES
OF NATIVE
VEGETATION**

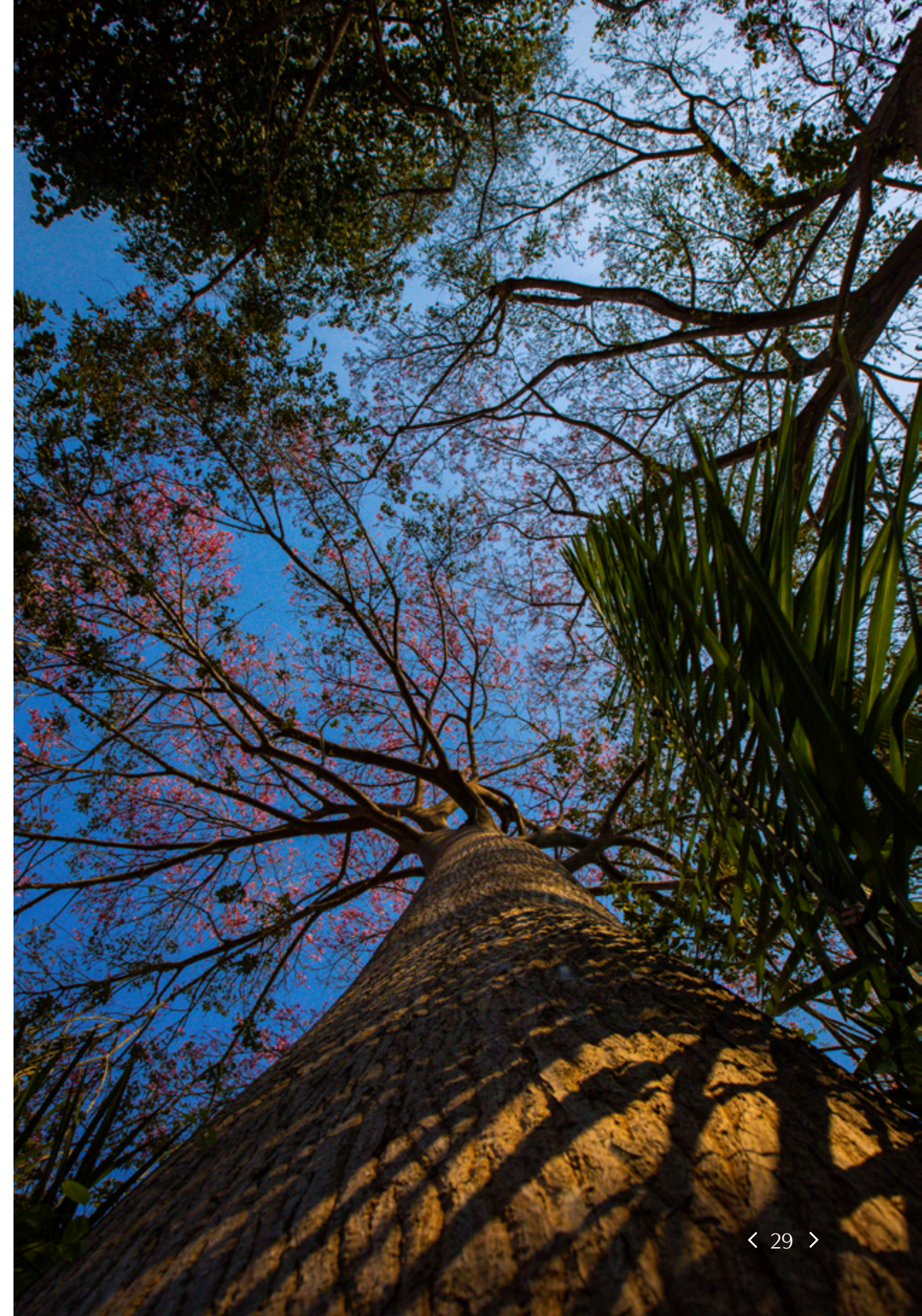
The native vegetation within our areas are managed by a specialized team, which evaluates and monitors the area, to guarantee the preservation and environmental integrity of our native vegetation areas.

Distributed in the *Cerrado* and **Amazonian biomes**, our areas play an important role in the preservation of water resources, landscape, geological stability, biodiversity conservation and soil protection, important for the well-being of humanity.



Check out some of our actions:

1. Due diligence on the acquisition of new areas, taking into account both legal and sustainable aspects. We verify the land itself, validating its environmental and tax compliance. Decisions on new acquisitions are only made after a thorough analysis of the area.
2. Internal monitoring of Permanent Preservation Areas and Legal Reserve Areas, through a high-resolution geospatial system.
3. Monitoring of Rural Environmental Registers (CAR) of specific areas to ensure environmental compliance with regulations.
4. Prevention of fires in native vegetation areas, through:
 - i. Construction of strips around the preservation areas or perimeter of the properties ("firebreaks"), separating them from the crop, to prevent fires spread - if necessary;
 - ii. Use of firefighting equipment and brigade training.
5. Internal campaigns to raise awareness of native vegetation areas and combating fires.
6. Monitoring and identification of hot spots from satellite images, with mapping of locations where hot spots occur. During the fire ban period, bulletins are sent 3 times a week to all production units.
7. Promotion of socio-environmental education with communities and children from municipal schools located in the regions where we operate.
8. Installation of visual signs indicating protected areas, as well as prohibitions on hunting or fishing.



SOIL AND REGENERATIVE AGRICULTURE

PROTECTING THE SOIL: MORE THAN A GOAL, A PURPOSE

We are farmers and the longevity of our company depends on the health and conservation of the soil. The yield and quality of the grains and fibers we plant depend on the ability of plants to adapt to environmental conditions. For this reason, we use agricultural practices that promote soil health, and that conserve and increase its biological activity. Consequently, our production becomes more efficient and sustainable.

Our experience has shown us that there must be a balance between agriculture and the environment and this has motivated us to look for “new” solutions for existing problems and for those that arise with each harvest. With regenerative agriculture, we seek ways to promote soil health and conservation, finding biological balance in agricultural production. In this way, we work with nature, using biological inputs that strengthen crops while enriching the health of the soil and ecosystem.



We believe that by promoting regenerative agriculture we can meet the challenge of producing healthy crops while, at the same time, regenerating soil health, conserving ecosystems and mitigating climate change through low-carbon agriculture. That is why we are committed to expanding regenerative practices to all production areas by 2030. Find out more about our practices and their benefits:

WATER EFFICIENCY AND SOIL EROSION CONTROL

In agriculture, water erosion is among the most determinant causes of soil degradation, making it essential to adopt appropriate practices that will avoid this process and reduce soil losses, thus ensuring the sustainability of agricultural production in the long term.



In our farming areas, the soil is always covered and protected, either by residues from previous crops or by cover crops or straws, such as brachiaria, millet and stylosanthes. These practices improve water efficiency by reducing soil heating and direct water evaporation, reducing the impact of rain on the soil and protecting it from erosion, sealing the surface layer and increasing its permeability and infiltration capacity.

Every year, we analyze the need for adjustments or new contour lines in areas with slightly undulating relief, which are identified with a planialtimetric survey. When necessary, we implement level planting, with sowing that follows the natural land level, to help reducing the run-off of rainwater and allowing greater absorption into the soil, avoiding erosion and nutrient loss.

Additionally, every year we instal surface drainage on rural roads, guaranteeing access and avoiding erosion processes and the appearance of gullies, which helps the absorption of rainwater into the soil.

FERTILIZING AND SOIL REMINERALIZATION

To improve soil fertility, we promote natural fertilization in all our areas, using polysulfate and thermophosphate, which are natural fertilizers based on rock dust. These minerals have the potential of providing essential nutrients for soil and plant nutrition, such as phosphorus, potassium, calcium, magnesium and sulfur, which are released slowly, as they interact with water and microorganisms present in the soil and in the roots of the plants, avoiding nutrient loss by fixation or leaching.



CONTROL AND REDUCTION OF CHEMICAL INPUTS

Integrated Pest and Disease Management

We use Integrated Pest and Disease Management (IPDM and MID) to monitor and preserve the natural enemies of crop pests and to reduce and control the use of chemical inputs, ensuring high yields and avoiding environmental and economic damage.

On a weekly basis, our agricultural technicians monitor plants, diseases and weeds in the fields, using a digital platform that shows - with heat maps - areas that need interventions. Thus, measures for controlling occurrences are precise, without the need to work the entire farmed area.



Biological Inputs

We use biological inputs in our areas to control the population level of weeds within the crops we farm, increasing beneficial microorganisms within the soil and reducing the use of chemical inputs, which are replaced by biological products.

Production Development

We started producing biological inputs in 2016, testing them on 480 hectares, to control pests and diseases in soybeans, cotton and corn. The further on-farm multiplication of microorganisms was perfected and we began to apply our biological defensives on a larger scale.

In 2020, we expanded and improved our biological production plant, mainly due to such good results from their use, increasing our demand for biological inputs. We invested in structural refinement and hired a multidisciplinary qualified team with experience in bioprocesses, improvement of fermentation processes, bioreactor engineering and agricultural microbiology.

In the same year, our partnerships with the Campinas Biological Institute and Embrapa allowed us to expand our biological portfolio that promotes plant growth and the control of pests and diseases, based on new strains of microorganisms.

Currently our production capacity ranges from **75,000 to 100,000 liters of biological inputs per week**, which are produced in our own Laboratory and Industry of Biological Resources, located in the Três Lagoas Production Unit, in Sapezal (MT).

IN 2022, THE TOTAL PRODUCTION OF BIOLOGICALS WAS 2.6 MILLION LITERS



Steps for the production of biological inputs:

The production of biological inputs begins on field: entomopathogenic fungi and bacteria are collected, isolated from the rhizosphere of plants of interest and multiplied in our **Laboratory of Biological Resources (LRB)**, in small scale. The total volume of inoculum produced at our LRB is sent to our Industrial Unit, for large-scale multiplication, under strict control at each stage, to ensure product quality.

In the Biological Resources Industrial Unit, the inoculum “born” in the LRB is multiplied in 300 and 5,000 liter bioreactors. **At the end of the process, the products are carefully prepared, filled, labeled and stored in a cold chamber, where they will be kept until they are used in the production areas.**

Our microorganism production process is rigorous and safe. All production residues are sent to the Industrial Effluent Treatment Station (ETEI) and the purified water resulting from the process is reused in the irrigation of the Biological Resources Industry garden.

The solid waste undergoes thermal decomposition (pyrolysis), that transforms it into biochar, which is applied on farming areas. Biochar is known for its potential to improve physical, chemical and biological properties of the soil, as well as to mitigate greenhouse gas emissions.

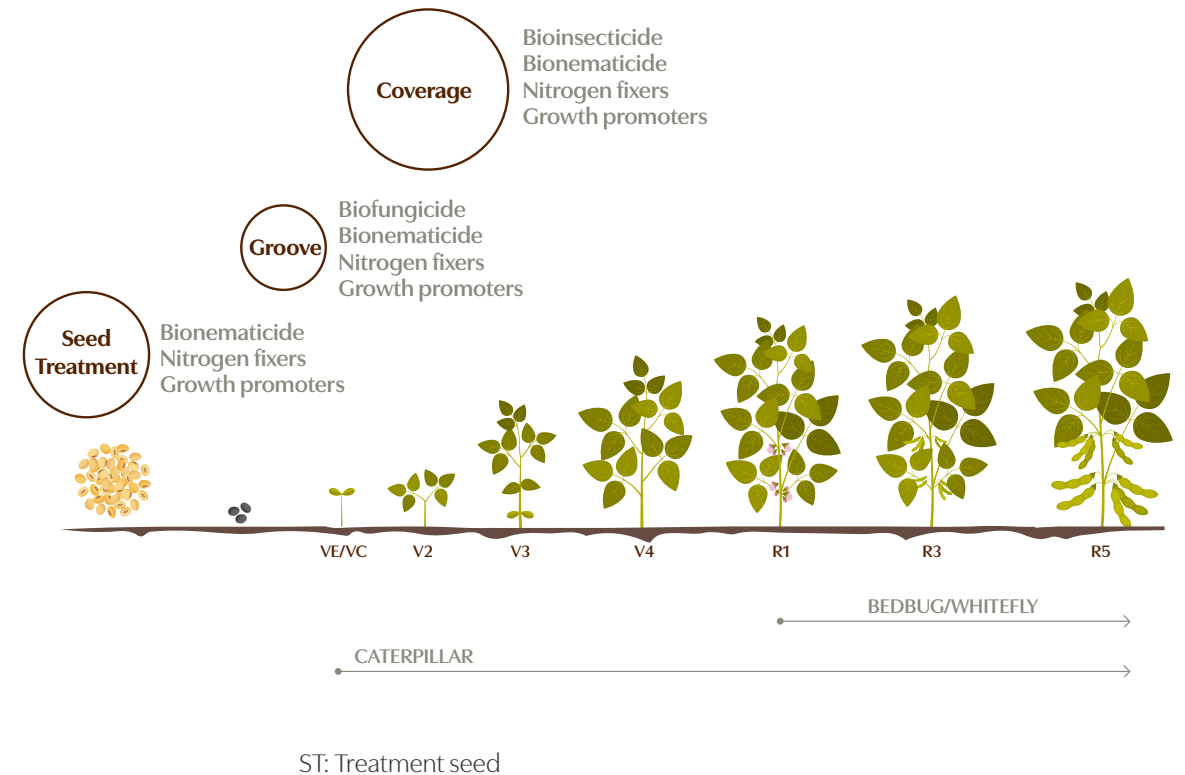
Application in farming areas

All our areas use, at different scales, biological inputs, and the quantity depends on weather conditions, the region of the farm, phenological stage of the crop, pest management and agricultural planning for each crop. We produce the biological inputs applied in our farms, and our portfolio has microorganisms with varied functionalities.

We developed individual protocols for the application of biological products, which are applied in precise quantities and specific fre-

quency, according to each area and the problems we want to address, from seed treatment to the final stages of crop development.

Application protocol for each stage of crop development

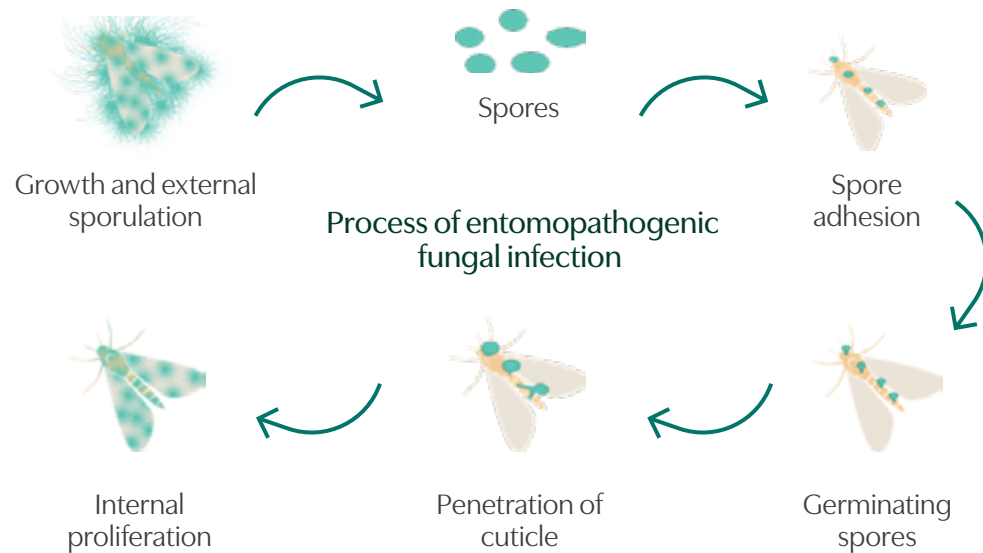


Once applied, the biological action mode could be:

1. by ingestion of crystals or toxins, as it occurs in *Bacillus thuringiensis*, or
2. by contact of a control agent with the body of an insect, as it usually occurs in entomopathogenic fungi.

Entomopathogenic fungi do not need to be eaten to control insects and pests. The infection mechanism of these fungi occurs through the fixing of spores on their external surfaces, followed by germination, penetration and internal dissemination. Thus, the fungus uses the nutrients present in the host body for its own growth, causing the death of insects.

The *Bacillus thuringiensis*, bacterium, or simply Bt, has two main active ingredients: bipyramidal-shaped crystals and protoxins, which only act on weed caterpillars that feed from crop leaves.



Proper soil management, together with an individualized application protocol and biological control of pests and diseases, has proven to be an important tool to reduce chemical applications and to improve soil biodiversity in our farming areas.

During the 2021/22 harvest,

**WE REDUCED
OUR CHEMICAL
APPLICATIONS
BY 55%
FOR SOYBEANS
AND 43% FOR
COTTON**

based on our Três Lagoas regenerative production unit, compared to other units.



SOIL PROTECTION AND MAINTENANCE

The agriculture practices we use are recognized worldwide as positive for the conservation and promotion of soil health. They include:



Direct Planting System*, in all of our areas we preserve the soil, with minimal soil disturbance and without conventional preparation stages of plowing and harrowing. Thus we keep the soil covered and protected from the direct impact of the sun, wind and rain.



Crop rotation, soybean sowing in spring, followed by cotton or corn in summer. As such, we have two different crops, in the same area and within the same year, **optimizing the benefits of direct planting and conserving or continuously improving soil health.**



Additionally, we have **30 thousand hectares with cover crops** and consortium– brachiaria, sunn hemp, stylosanthes and Millet, which protect the soil and promote diversification of plant materials, increasing nutrients, organic matter, the potential for water absorption and biological activity, maximizing carbon sequestration in tropical soils.

30 THOUSAND HECTARES WITH COVER CROPS



*Except for new areas and fields that need in-depth acidity correction.

PRECISION AGRICULTURE AND NEW TECHNOLOGIES

OUR JOURNEY TOWARDS REGENERATIVE AGRICULTURE

We are constantly searching for ways to make our operations **more efficient and sustainable**. The use of precision farming tools and modern technologies allows us to increase yields within agricultural areas, optimize land use and reduce costs of inputs and soil preparation.

Precision agriculture has allowed us to make significant advances:

- **Enrichment of soil attributes.**
- **Optimization of time/productivity.**
- **Workforce efficiency.**
- **Reduction of production loss.**
- **Improvement of product quality.**
- **Improvement of the quality of life of rural workers.**

Among the activities that contribute to these advances, we highlight: sensors that allow the localized application of inputs, digital meteorological stations, remote monitoring systems of machines and tracking of cotton lint lots.

Find out more about our tools:

Maps of farms boundaries, by crop.

Altimetry maps of the plots, showing differences in elevation of specific areas, for planning operations.

Maps of crop yield potential, showing variability and anomalies for immediate corrective actions.

Maps of planting lines and spraying, increasing the efficiency of agricultural operations in the same area, reducing maneuvers on the ground and fuel consumption.

Harvest maps of the main crops, identifying the yield variability of each area and the factors restricting yield, through analysis and studies of the specific plots.

Soil study and analysis, identifying soil attributes, to obtain indicators such as clay percentage, organic matter and other elements such as Calcium, Magnesium, Phosphorus, Potassium, that will guide the correct application of inputs.



Inputs application at variable rates: to promote soil fertility, we apply inputs at variable rates, using only the required dose of inputs where needed, avoiding waste and optimizing applications within the same area.

Variable seed rate: based on identification maps of different yield potentials, we use seed prescriptions at variable rates, aiming to standardize planting and plant population, supporting the even spacing of plants within the same plot.

Agricultural telemetry

Using hardware connected to sensors embedded in the machines, we detect and map data on: farmed area, spraying, Rotation Per Minute – RPM, speed, application failures and operational yields. Based on information collected, we make adjustments to optimize the machines’ performance and the use of inputs, fuel or hours worked.

From the careful control of RPM during operations, we can readjust engine efficiency to reduce fuel consumption while maintaining efficiency, which consequently reduces the emission of polluting gases. In addition, by maintaining its “light” rotation, we managed to

bring the machine to a “healthier” state of operation, wearing down less mechanical, hydraulic and electrical components.

Weather monitoring

We use platforms to monitor weather, precipitation and temperature, which help us to understand and determine the necessary adjustments to ensure good yields. The platforms are capable of measuring the weather trend for the next 30 days, in addition to keeping daily weather records of different production environments.

Pest monitoring

We control phytosanitary applications by recording and monitoring pests and diseases using digital platforms, which maintain data on infestations in each plot.



BIODIVERSITY

SOIL MICROBIOL BIODIVERSITY

Soil is a multifunctional and complex environment, harboring a wide variety of living organisms, which use the soil as a habitat and, at the same time, contribute to its formation and health.

The biodiversity within the soil can promote nutrient cycling, such as nitrogen, phosphorus and potassium, in addition to controlling the exchange of carbon dioxide with the atmosphere, which contributes to making the soil the second largest carbon reservoir on the planet*.

Therefore, conserving soil biodiversity is absolutely fundamental to allow nature to function optimally.

* Source: https://climate.ec.europa.eu/system/files/2016-11/soil_and_climate_en.pdf

**soil cover with vegetation, direct planting, availability of biomass, natural fertilization and use of biological defenses.

We recognize the important role biodiversity plays in our purpose of **regenerating life on earth** and for that reason we use regenerative practices** that aim **to maintain and promote environmental balance and biodiversity in our soils.**

Annually, we collect and test soil samples to measure the population increase of microorganisms resulting from our Regenerative Agriculture practices. In 2022, we analysed soil DNA from 23 of our regenerative plots and from 2 within Cerrado areas, being all our plots located in Sapezal (MT).

The results showed differences between Regenerative Agriculture and Cerrado areas, with regard to the richness and composition of fungi and bacterial species.

100% OF THE SAMPLED REGENERATIVE AREA HAD HIGHER SPECIES RICHNESS* AND FUNCTIONALITY, COMPARED TO THE CERRADO AREAS.

*In 2021, this result was 95%

Definitions:

Richness: Number of microorganism species found in the soil. Species richness is a measure of diversity, without considering the individual number of each species, that is, the abundance of each species.

Functionality: Ability of soil microbial communities to perform multiple functions. It is evaluated based on the predicted functional profile for each identified microorganism species.

CATALOG OF NATURAL ENEMIES

In farming areas, natural enemies are extremely important in biologically controlling pests, as they contribute to promote a balance in the environment and also yields. In the 2022/23 crop, we started to monitor the presence and diversity of natural enemies by using a digital tool installed in agricultural monitors, which also allows the identification of pests and diseases in the areas.

Natural enemies found in cotton and soybean crops:



Cycloneda sanguinea - **Ladybug**



Allograpta obliqua - **Fly**



Podisus spp. - **Predatory bedbug**



Chrysoperla externa - **Garbage bug**



Euborellia annulipes e *Dorus luteipes* - **Earwig**



Calosoma spp. - **Predatory beetles**

POLLINATORS - BEEKEEPING

The natural presence of bees (and their permanence) in agricultural areas is a bioindicator of environmental quality, as they demonstrate a balanced and healthy environment, in addition to contributing to the pollination of native plants and commercial crops.



At Scheffer, we invest in beekeeping projects to increase the presence of bees in farming areas, expanding the pollination of crops and, consequently, improving yield and product quality.

In 2022 we worked with 49 boxes of *Apis mellifera*.



WILD FAUNA

Animals living freely in nature are essential for the preservation and maintenance of biodiversity, as they **contribute to a natural balance of the food chain and to improving seed dispersal.**

Our areas are home to a rich and diverse number of wild species. We also maintain ecological corridors or microhabitats, such as pigeon peas and preservation areas, which ensure the movement and transit of wild fauna between crops and native vegetation areas, sheltering insects and small animals.

In 2022, we monitored and recorded different species of wild fauna in the plots close to the *Cerrado* areas, using images from cameras installed at the Três Lagoas UP, in Sapezal (MT).

Tapir *Tapirus terrestris*

Maned wolf *Chrysocyon brachyurus*

Pampas deer *Ozotoceros bezoarticus*

Jaguar *Panthera onca*

Lesser anteater *Tamandua tetradactyla*



*Hunting and fishing are prohibited in all our properties.

WATER

Our agricultural practices promote conscious and sustainable water consumption in all our activities.

100% OF OUR FARMING AREAS HAVE NATURAL IRRIGATION, USING RAINWATER ONLY, REDUCING THE NEED FOR WATER CAPTURE AND RETURNING PART OF THE WATER TO THE ATMOSPHERE, THROUGH EVAPOTRANSPIRATION.

This natural irrigation is possible because of the regions where our farms are located, in which there is sufficient quantity of water and spatial and temporal distribution of rainfall to meet the water needs of crops.

We use tubular wells to collect water only for the purpose of human supply, animal watering and agricultural support activities such as: dilution of agricultural defensives, fire fighting system, washing of machinery and vehicles.

The volumes we capture from wells are monitored with water meters installed at the collection points, in compliance with the local authorities. In 2022, the total water collected from the ground was 940 m³, 18% higher than 2021 consumption. This increase is explained by the authorized installation of new wells in the production units, which was necessary to enable agricultural operations.

We treat all effluents from our activities and use specific systems for each type:

Oily effluents: treatment in water and oil separator boxes.

Sanitary effluents: treatment in pit + filter + sink.

Chemical defensive effluents: ozonizers and evaporation pond.

Biological inputs effluents: compact physical-chemical treatment plant.

The State where most of our farming area is located, Mato Grosso, is known as the 'water State' because of its quantity of rivers, aquifers and lakes. Our 8 production units located in the State have, within their boundaries, important rivers and springs that are part of the Amazon Basin:



Using the Rural Environmental Registry (CAR), we mapped approximately 500 springs in our areas, all of which are protected and preserved by permanent preservation areas.

WASTE

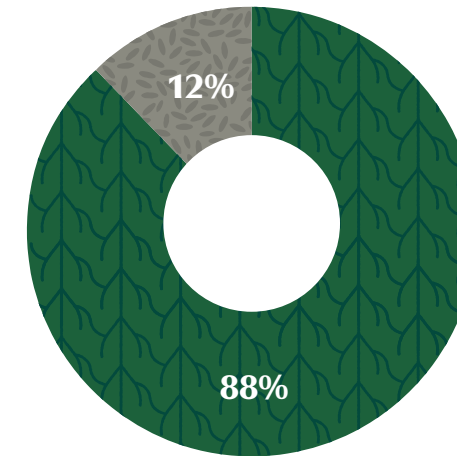
The management of waste generated from our activities is carried out through the 'selective collection' program implemented in our Production Units. This waste management includes classification, segregation, storage and final disposal of all solid waste, and we have internal norms (Standard Operating Procedures - SOPs) to detail all stages of waste disposal.

The waste is then kept for temporary storage at each unit and, periodically, specialized and licensed companies collect it from the site. As part of our waste disposal management, we verify and control all licenses and authorizations of the companies that provide this service to us.

In 2022, our operations generated **1,387 tons of solid waste and 112,000 liters of used lubricating oil, 28% lower than the previous year.**

The decrease resulted from the reuse of plastic sheets, used to protect the harvested cotton.

Our waste volume is classified as **88% recyclable and 12% as hazardous.**



■ Recyclable ■ Hazardous

REUSE OF ORGANIC WASTE

The organic waste from crop processing, biological inputs production and farm canteens are all sent for composting and, after quality control, used as natural fertilizer in farm gardens and in some of our fields.

The cotton husks from ginning are transformed into briquettes, which can be used in cattle feed or as an alternative source of energy in four of our ginning units, and can also be sold.

IN 2022, PRODUCED APPROXIMATELY 14 THOUSAND TONS OF BRIQUETTES



CARBON AND CLIMATE CHANGE

We understand the first step towards low carbon agriculture is to measure the total emissions from our activities, so that we can stabilise and detail an action plan to reduce our emissions and, consequently, help mitigating climate change.

GREENHOUSE GAS EMISSIONS INVENTORY (GEE)

The measurement procedures for GEE considered our 2021 emissions and were based on the following guidelines:

- *IPCC* – Guidelines for National Greenhouse Gas Inventories (Intergovernmental Panel on Climate Change).

- Brazilian Program for GHG Protocol – Guide for preparing inventory of corporate Greenhouse Gases (GEE), *Getulio Vargas* Foundation (FGV), 2009.

- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) - World Business Council for Sustainable Development (WBCSD), 2004.

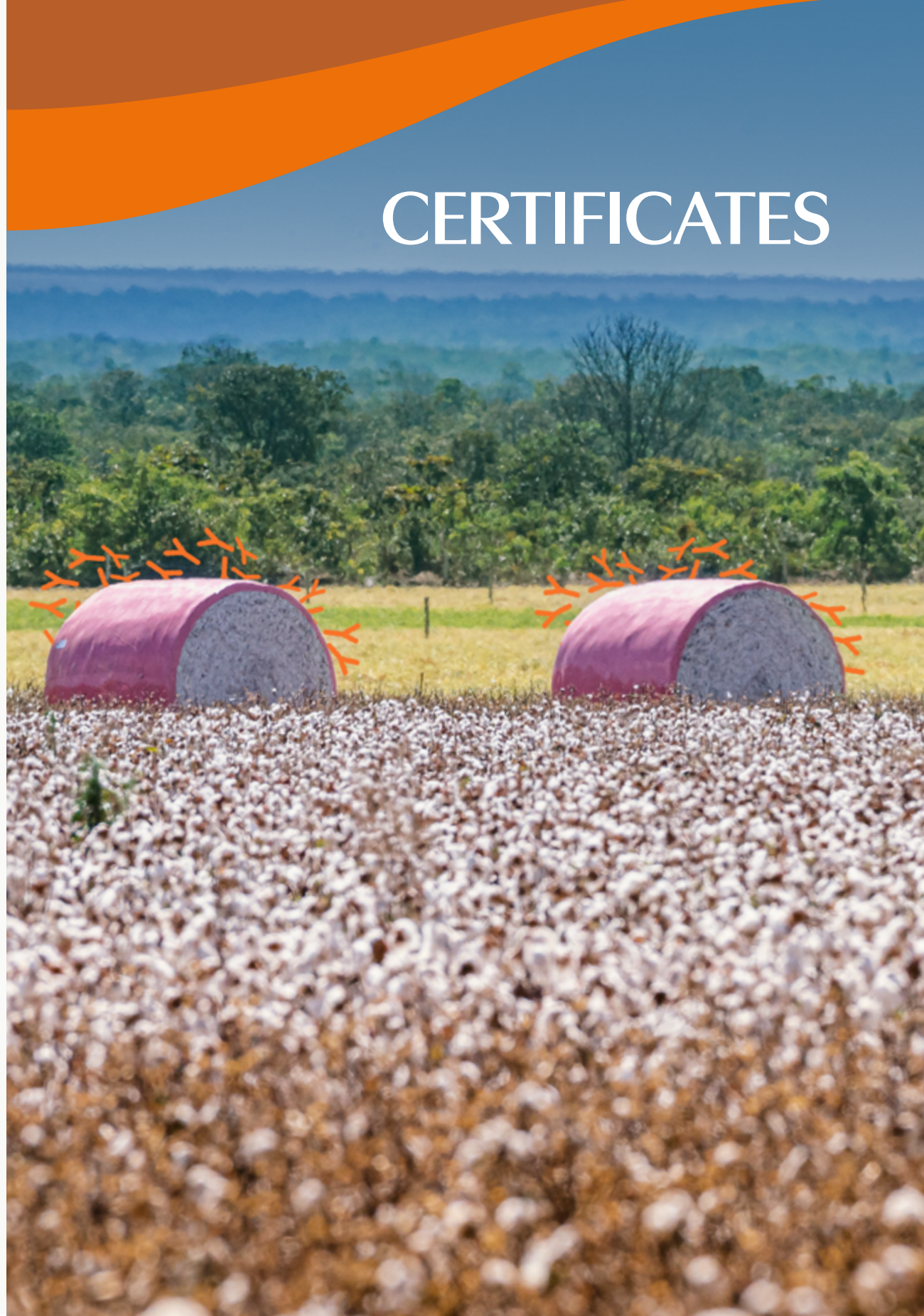
- World Resources Institute – WRI Brazil, Methodology of agricultural GHG Protocol, 2015.

Results

526,294 tCO₂ eq – scopes 1 e 2.



CERTIFICATES



We are committed to continuous evolution and improvement, and for that reason we pursued different certifications that assess socio-environmental performance and good agricultural practices of our farming systems, to attest to the sustainability and quality of our products.



Algodão Brasileiro Responsável (ABR)

Developed by the Brazilian Association of Cotton Producers (ABRAPA), this certificate promotes sustainability within cotton production. ABR works to ensure continuous and progressive evolution of good social, environmental and economic practices in favor of more sustainable cotton farming in Brazil.



Better Cotton Initiative (BCI)

Our cotton production is 100% Better Cotton certified, by an international non-profit organization that works to improve cotton production all over the world. The

institution prioritize the continuous improvement of cotton farming techniques, fair work conditions and relationships, and transparency of market and traceability of cotton.



Sustainable, Sourced and Supplied (3S), by Cargill

This is a voluntary Cargill program which contributes to improving soybean farming, and promotes advances in the sustainability of farming activities. Our Rafaela e Três Lagoas UP's have been part of the program since 2020 and the Três Lagoas unit ranked first place in Brazil, having achieved the highest farm score in the program.



regenagri

The regenagri certification aims to support producers in the transition for practices that guarantee soil health and improvement of biodiversity, following criteria set by international certification body Control Union, from the United Kingdom. In 2020, we were the 1st company in Brazil to achieve the certification and currently we have 13,877 certified hectares.

CREDITS

Content development

Sustainability, Commercial, and Financial
Management

Graphic design and layout

Communication Management



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