

Sustainability Report

2018



2018

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Message from the President

Message from the President

GRI 102-14

The year of 2018 is certainly a milestone in Ourofino Group's history. We have achieved the best results of our Company's history, including revenues growth, productivity gains and indicators improvement.

After a difficult period in 2016, we recovered profitability in 2017, and now, in 2018, we grew up again, achieving above market average performance - the sector recorded growth of 11.32%* and ours was 17%.

In financial terms, we recorded an income above the budget. The adjusted net profit was the highest recorded by the Company, totaling BRL 71 million, with growth of 56% and net margin of 22%. The adjusted EBITDA was BRL 132 million, an increase of 27% compared to 2017, with a margin of 22%. Our net revenues grew 17%, totaling BRL 589 million. We also increased profitability levels, as a result of the rationalization of expenses, sales growth, which contributed to the dilution of fixed costs, and the diversification of the mix of products offered, which resulted in margin gains.

In the segment of Production Animals, net revenues grew 15% and totaled BRL 459 million, with a gross margin of 51% and a 1 p.p. increase in comparison with 2017. This performance reflects the success of our pricing strategy combined with volume increases resulting from the work of

* Ourofino projection



Jardel Massari
President

our commercial team, with the demand generation program, which has enabled us to establish a closer relationship with the customer, with visits to farms throughout Brazil.

In the segment of Companion Animals, we recorded a significant evolution of 24% in net revenues, which totaled BRL 76 million, above the industry average. For this reason, we have focused on the development of the distribution network, the professionalization of distributors and veterinarians and intensification of efforts to sell out.

In relation to International Operations, the increase in 2018 was 18%, with net revenues of BRL 55 million, in line with our internationalization project, which is one of the growth vectors of the Ourofino Group. Mexico and Colombia grew 55% and reached BRL 37 million in revenues year-over-year, representing 68% of the segment's total. Besides the high exchange rate, which contributed to the increase in revenues, the performance achieved was a consequence of the alignment of the practices adopted in Brazil, by linking portfolio, channel diversification and technical services to the characteristics of the local markets. Additionally, in 2018 a partnership was entered into between the Ourofino Group and the Japanese conglomerate Sumitomo, which may bring future opportunities for the Company in other countries, not only in Asia, but in

other regions. Since the beginning of the year, we have had a very clear goal: to grow with sustainable profitability, focusing on productivity and short, medium, and long-term performance indicators, taking the existing opportunities to strengthen our corporate DNA, and thus increase sales and our market share. In addition to the financial and commercial achievements, in 2018 we also took an important step towards our long-term vision, which includes, among other things, continued growth supported by biological products. Our biotechnology facility is ready and, by the of the year, we showed a new vaccine to the market: "Safesui Circovirus" (Circovirus vaccine). Addressed to pork industry, which is a high technology and rigid sanitary protocols business segment, this is the first PCV2b Brazilian vaccine that uses recombinant technology

and has emphasis on more efficient protection against advance and prevalent forms of the virus comparing to other vaccines already on market. This is the first vaccine produced in the new plant and it will be marketed as of the first quarter of 2019. Aware that technological advance is also part of the market's future, we will continue investing part of our net income to R&D and Innovation projects development. In 2018, we increased this percentage to 6.5%, in demonstration of how important this point is to our business. We have also been acting proactively, adopting open innovation concept, assuring project development by interacting with external agents. In this regard, during the year we held the 2nd Ourofino Business Meeting, an event in which we received startups from all over the country to present solu-

tions focused on products or services for the Production Animals and Companion Animals markets. Our idea is to bring a more global vision to the R&D and Innovation area, seeking solutions that are consistent not only with the markets where we operate, but also with new opportunities that may be strategic in the future. Besides investments in technology and innovation processes, in 2018, we developed a project with more rigorous quality control for technical products (which are the main inputs of our drugs) provided by Chinese laboratories. As a result, in 2019, we will add another step on quality control that will be carried out by a team in China, before shipping these inputs to Brazil. Thus, besides improving relationships with these partners, we will assure more agility and assertiveness on the ar-

rival of these products to our plant. Also, with the objective of strengthening our relationship with this public, we will hold the first meeting with major national suppliers in 2019, aiming at strengthening our relationships, seeking innovation and sustainability, thus improving our performance in the supply chain.

I am sure that the performance achieved in 2018 is also due to the joint effort and the commitment of each employee to make the Ourofino Group a Company prepared to face the challenges and maintain a prominent position in the market.

People are our great differential. And to keep this public prepared and motivated, we have invested in technical and behavioral training and finalized our People Master Plan, which will be essential to promote value generation through motivated people. In addition, due to the results generated by the team, we rewarded the teams with an extra bonus salary, which resulted in an extraordinary impact on the expenses of BRL 6 million in the fourth quarter.

I am also aware that the financial and operating results presented in this Report will have no value over the years without respect for the society and the environment.

We are driven by the desire to deliver products with scientific excellence, operating with the highest standards of integrity, concern for the environment and ability to generate value to our stakeholders. That is why we seek to consolidate our fundamental values in the areas of human rights, work relationships, the environment and the fight against corruption. We believe that dialogue and value generation with all stakeholders are fundamental factors in ensuring the sustainability of the business. We will remain committed to providing quality solutions that benefit our customers and support our business.

So, we have much to be proud of 2018 was a lot of work, challenges and achievements. This effort has shown and will continue to show results. We ended the year with more strength, with a corporate culture focused on achieving results and consolidating a search for efficiency and productivity. It is from these results that we will continue working to maintain the performance of the Ourofino Group in the coming years, to overcome the challenges that are still to come and contribute to the growth of the country.

Our expectation is that 2019 will be a year

of consolidation of the work being carried out, focusing on profitability and sustainable above-market growth.

We are working to develop a next generation of animal health solutions that will help our clients create healthy animals to nourish a growing population by providing protein and ensuring food security. We will also stay focused on protecting and prolonging our relationship with pets. We are passionate about delivering solutions to the challenges faced by ranchers and pet tutors.

Good reading!



Jardel Massari
President



About the report

About the report

GRI 102-11|102-32|102-48|102-49|102-50|
102-51|102-52|102-53|102-54|102-56

For the fifth consecutive year, Ourofino Saúde Animal Participações S.A. publishes its Sustainability Report. The preparation of this document follows the guidelines of the Global Reporting Initiative (GRI), in the 'essential' option of GRI Standards, and also some Integrated Reporting guidelines developed by the IIRC (International Integrated Reporting Council).

The information presented refers to the economic, social and environmental performance recorded by the Company in the period from January 11 to December 31, 2018. The reporting cycle is annual and the report for the previous year was published on May 30, 2017.

In 2018, the Ourofino Group reviewed its process of identifying material topics and, based on the results obtained, we promoted changes in the list of reported indicators and in the scope of reporting compared to the previous year.

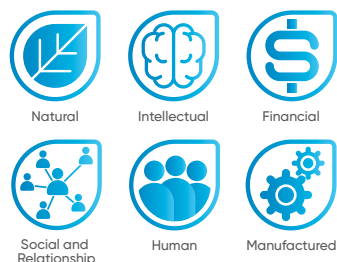
The Company's contributions to the United Nations (UN) Sustainable Development Goals (ODS) are prominently shown at the bottom of the pages of the Report, as well as how the actions promoted generate value in the six different types of capital proposed by the Integrated Reporting (financial, human, intellectual, natural, manufactured and social and relationship).

The accuracy of the data and information reported has been checked by KPMG, an independent company. Any restriction of an indicator changes in its calculation basis, measurement, scope or significant changes to the data reported in the previous years are prominently indicated in the document.

To ensure that the material aspects have been fully addressed in this Report, all executive boards were involved in the content definition process. The validation of the complete document was carried out by the Human Resources and Sustainability executive board and, at the end of the process, it was submitted to the President and the Chief Financial and Investor Relations Officer for formal approval.

Additional information and clarifications on this Report and the reported GRI indicators can be obtained through the following communication channels: www.ourofino.com sustentabilidade@ourofino.com

Value Generation



Sustainable Development Goals



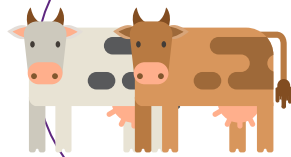


Introduction

About us

A Ouro Fino Saúde Animal Participações S.A. is a publicly-held corporation registered in the Novo Mercado of B3 S.A. (Brasil, Bolsa, Balcão), headquartered in Cravinhos, State of São Paulo. It was incorporated on April 10, 2014

and its main corporate purpose is to hold interest in companies operating in the animal health industry (production and sale of drugs, vaccines and other veterinary products) through three business segments:



○ Production Animals

Manufacturing and sale in the domestic market of drugs (anti-inflammatories, antibiotics, anticoccidials, antimastics, ectoparasiticides, internal parasiticides, endoparasiticides, hemoparasiticide, inoculants, therapeutic drugs, products for animal reproduction (IATF)), vaccines, and performance enhancing additives, probiotics and other veterinary products for bovine, pigs, poultry, sheep, horses and goats, industrialization services to other companies in the sector.



○ Companion Animals (Pet)

Manufacturing and marketing in internal market of drugs (anesthetics, sedatives, anti-inflammatories, antibiotics, antimicrobials, dermatological drugs, ectoparasiticides, internal parasiticides, otologic drugs) and other veterinary products for dogs and cats.



○ International Operations

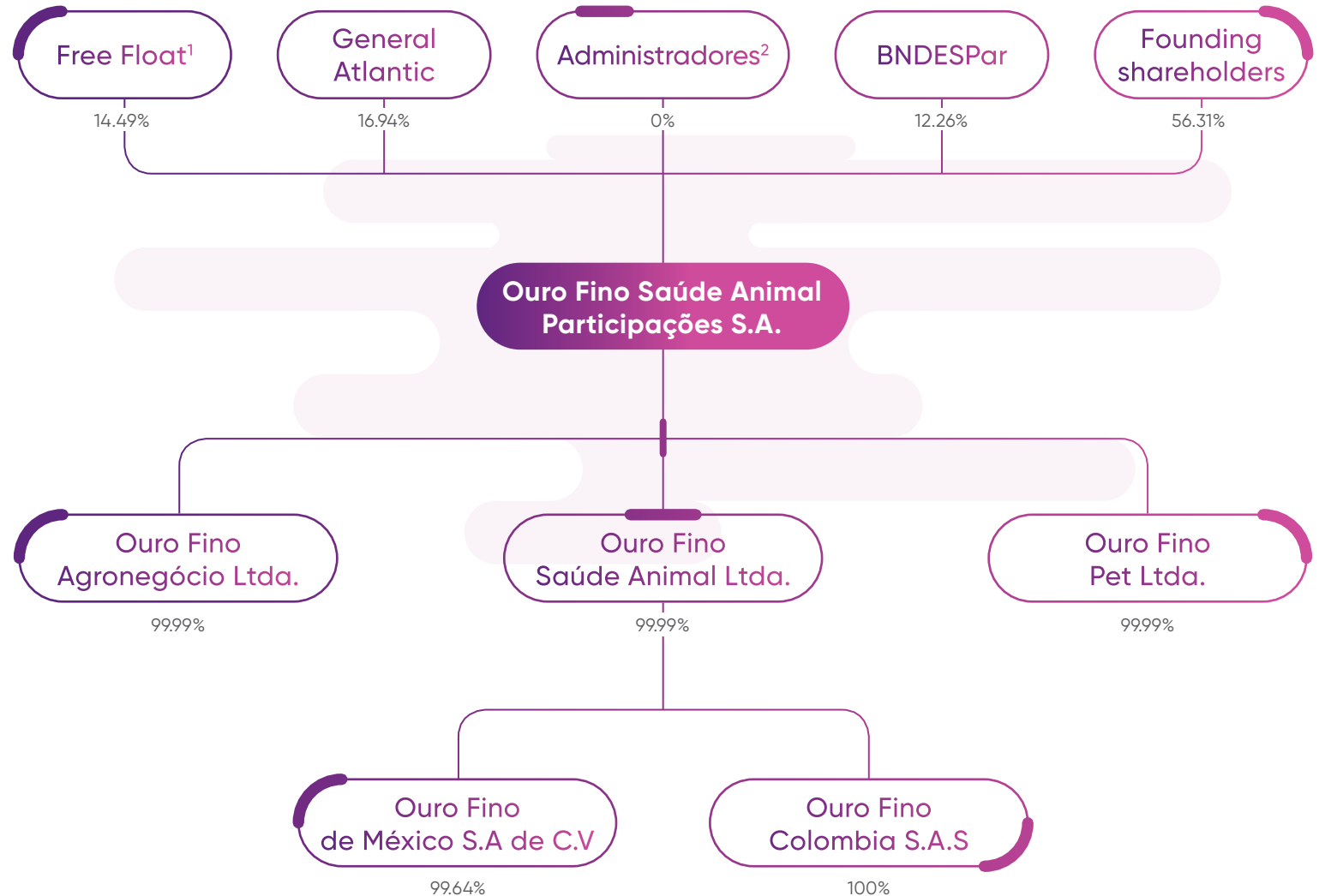
Sale in foreign markets, mainly to Latin America, of drugs, vaccines and other veterinary products for production animals and companion animals. In the Mexican and Colombian markets, it operates with its own team, through subsidiaries.

The business segments are managed through a complete portfolio of animal health products, consisting of 105 veterinary products in all dosage forms: solid, liquid, tablet, semisolid, oral and injectable, as well as vaccines.

The economic group to which the Company belongs was incorporated in 1987 by its founding partners (Norival Bonamichi and Jardel Massari), initially with business exclusively dedicated to the manufacture of drugs and other veterinary products for production animals (bovine, horses, poultry and pigs).

Ourofino is a holding company of a Brazilian group consisting of five other companies, in which it holds interest and direct or indirect control:

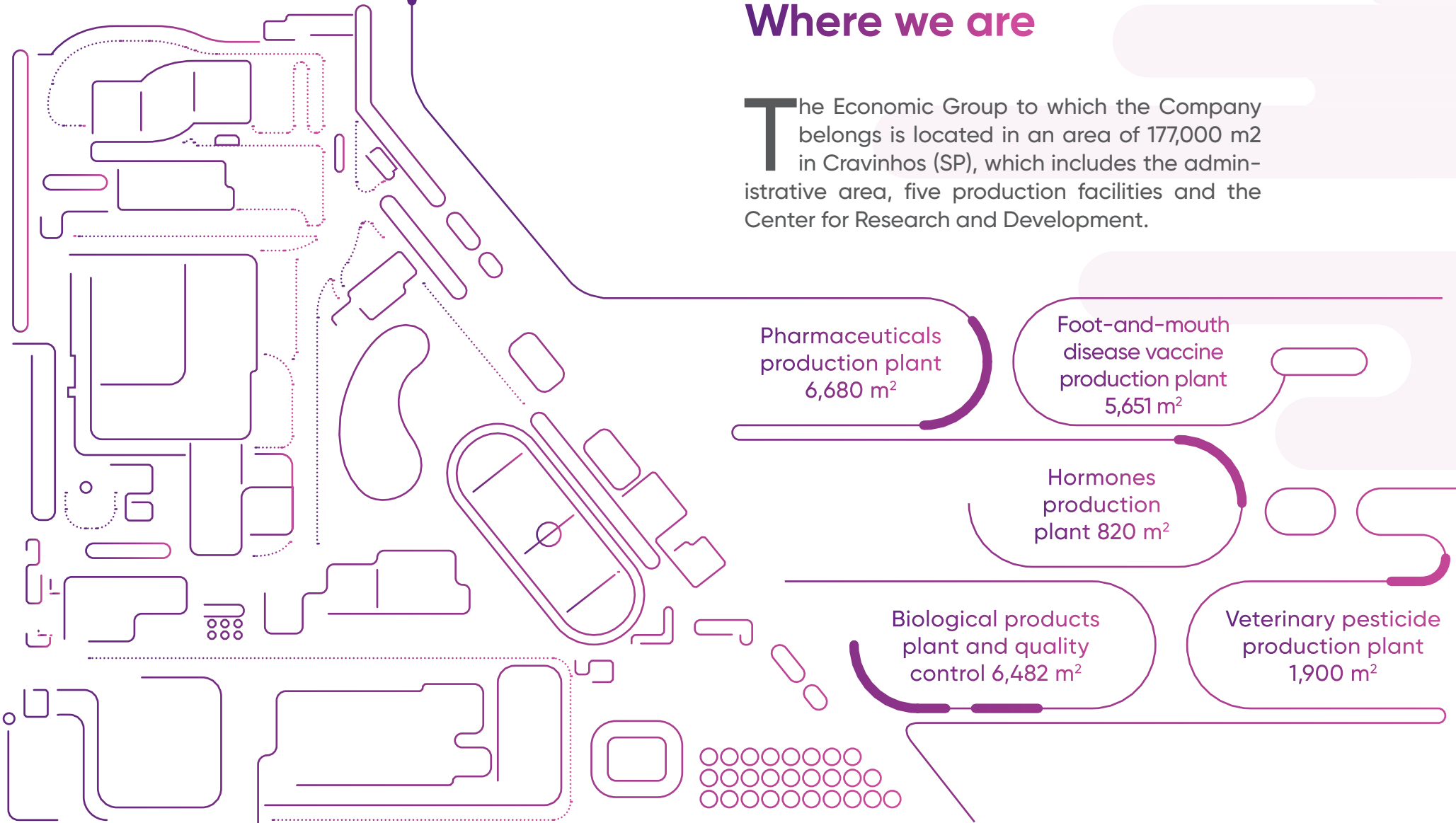
Corporate Structure



Company	Headquarters	Activities
Ourofino Agronegócio Ltda.	Cravinhos (SP)	Sale in the domestic market of drugs, vaccines and veterinary products for production animals (bovine, pigs, poultry, sheep, horses and goats), purchased from Ourofino Saúde Animal Ltda. and third parties (partners not related to the Ourofino Group).
Ourofino Pet Ltda.	Cravinhos (SP)	Sale in the domestic market of drugs, veterinary products and related articles for companion animals (cats and dogs) purchased from Ourofino Saúde Animal Ltda.
Ourofino Saúde Animal Ltda.	Cravinhos (SP)	Research, development, industrialization and sale of drugs, vaccines and other veterinary products. It also operates in the industrialization of products supplied to third parties (other players in the sector), in toll manufacturing agreement and full service.
Ourofino Colombia S.A.S.	Medellín (Colombia)	Sale of drugs and other veterinary products purchased from Ourofino Saúde Animal Ltda., exclusively in the Colombian market.
Ourofino de México, S.A. de CV	Guadalajara (Mexico)	Sale of drugs and other veterinary products purchased from Ourofino Saúde Animal Ltda., exclusively in the Mexican market.

Where we are

The Economic Group to which the Company belongs is located in an area of 177,000 m² in Cravinhos (SP), which includes the administrative area, five production facilities and the Center for Research and Development.





The Company also has:

- **Veterinary Research Center**

Located in an area of 500 hectares in Guatapar (SP), the Veterinary Research Center contains a complete structure for the study of new products, development of own projects or in partnerships, training of professionals, technical training of the team and research.

- **Distribution Centers**

In order to guarantee service to all regions of Brazil, the Ourofino Group has six Distribution Centers located in the cities of Aparecida de Goinia (GO), Vinhedo (SP), Osasco (SP), Cachoeirinha (RS), Cuiab (MT), and Betim (MG).

The operational changes occurred during the year include the cessation of the activities of the tablet factory in Ribeiro Preto (SP), dedicated to the manufacture of a single type of tablet.

Since 1997, the Company has been operating abroad in 15 countries in Latin America, Africa and Asia, and also Russia. In Mexico, the second largest animal health market in Latin America, and in Colombia, the third largest market, it maintains subsidiaries that sale and distribute their products in their respective countries. For the others, the exports are from Brazil.

Hot Topics 2018

Finance

BRL million	2017	2018	Variation
Net Revenue	505.3	589.2	16.6%
Costs of products sold	(236.5)	(265.1)	12.15
Gross Profit	268.8	324.1	20.6%
(Gross margin)	53.2%	55%	1.8 p.p.
Expenses*	(191)	(222.7)	16.6%
Operating profit (loss)	77.8	101.4	30.3%
(Operating margin)	15.4%	17.2%	1.8 p.p.
Financial result, net	(16.8)	(15.2)	-9.5%
Income tax and social contribution*	(15.6)	(15.2)	-2.6%
Adjusted net profit	45.4	71	56.4%
(Adjusted profit margin)	9%	12.1%	3.1 p.p.
Adjusted EBITDA	103.7	131.7	27%
(Adjusted EBITDA margin)	20.5%	22.4%	1.9 p.p.

* In 2017, the non-recurring expenses of Falconi consultancy, settlement of the tax deficiency of previous years and restructuring expenses are not considered. In 2018, the provision for contingencies and extemporary tax liabilities (both of previous years) are not considered. The events had their respective tax effects.



Operations

- Pre-launch of the "Safesui Circovirus" for unprecedented virus coverage in the market.
- Launch of the Portfolio for Companion Animals in Colombia
- Distribution of licensed products for animal productivity as an additional line to the Company's business
- Partnership between the Ourofino Group and Japanese conglomerate Sumitomo
- Validation of suppliers of strategic inputs in China
- Review of the Matrix of Materiality, with the participation of stakeholders

Awards and Recognition

In 2018, the Ourofino Group received the following awards and recognition in the market for its performance:

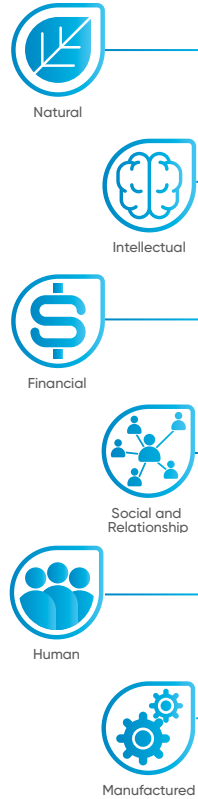
- Top of Mind 2018 and the brand that is most prescribed by veterinarians - H2R Pesquisas
- Touro de Ouro, in Acaricide and Insecticide categories – Revista do Criador
- Prêmio LIDE Agronegócio, first place in the Export category – Grupo de Líderes Empresariais





Management Model

What we use



GRI 102-16

Our Value Generation

Purpose | Reimagining animal health [\(Click to Learn More\)](#)

Our Pillars
 Integrated Innovation
 Involve and Collaborate
 Build and Nurture Relationships

Our Personality
 Agile and Simple
 Open and Collaborative
 Entrepreneurial Attitude

Transparent and Engaging

How we transform

Quality

Quality assurance applied throughout the process – from the R&D and Innovation area to the final consumer – ensuring that all processes are applied in compliance with the legal requirements.

R&D and Innovation

Prospect of new technologies and global trends with an open innovation model; Portfolio renewal management, ensuring the quality and effectiveness of the products.



Register

Registration of new products with the competent regulatory bodies in Brazil and abroad, as well as regulatory inspection and maintenance of existing licenses.



Production

Manufacture of products with safety and quality, respecting all the applicable laws.



Logistics

Storage of inputs and products, and shipment of ordered products to customers in Brazil and 15 other countries around the world. Our trucks travel all over Brazil, guaranteeing that the products reach approximately 5,000 customers, mainly by road.



Quality Control

Analysis of products manufactured according to standardized methods and specifications registered with the regulatory authority, controlling the quality of the products, from the raw material to the manufacturing.



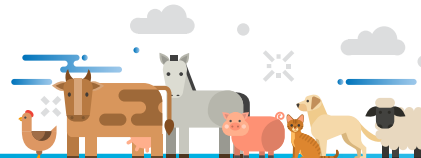
Customers (Resellers - Distributors - Agribusiness)

Our customers receive high quality products, with a portfolio composed of 105 products presented in all pharmaceutical applications (solid, liquid, semisolid and vaccines).



End Consumer

Cattle, poultry, pigs, horses, goats, sheep, cats and dogs.



What we generated



ODS
 6 7 9
 12 13 15

Eco-efficiency: we consciously use natural resources and manage them; Concern about the origin of the materials used.



ODS
 6 7 9 12
 13 15 17

Brand management; Transfer of knowledge between teaching and research institutions, companies in the sector, suppliers and employees; Technical visits – dissemination of knowledge on livestock technology and PET; Development of new technologies and patent registration for industrial processes.



ODS
 8 12

Return on invested capital and dividend to shareholders; Net profit; EBTIDA.



ODS
 8 9 12 15

Promotion of animal health and welfare through our PET solutions; Technology to generate less residues in protein; Private Social Investment; Stakeholder Engagement; Local Development; Job Creation; Payment of taxes to the government.



ODS
 6 7 8 9
 12 13 15

Development and qualification of employees; Benefits; Competitive wage; Integrity and well-being of our employees; Sharing the company's culture with people.



ODS
 8 9 12

High-quality products for animal health and welfare; More efficient processes; New Biotechnology Factory; Product safety.



In this infographic, we associated the capital's results with the 17 Sustainable Development Goals, an action plan of the United Nations for the wellbeing of people and of the planet and the prosperity of all. [\(Click to learn more\)](#)





GRI 102-18|102-23|102-26|102-27

Corporate Governance

The relationship of the Ourofino Group with the market is based on the adoption of transparency and safety criteria in reporting, the equality of treatment dedicated to shareholders and investors and the ethical commitment maintained with all stakeholders.

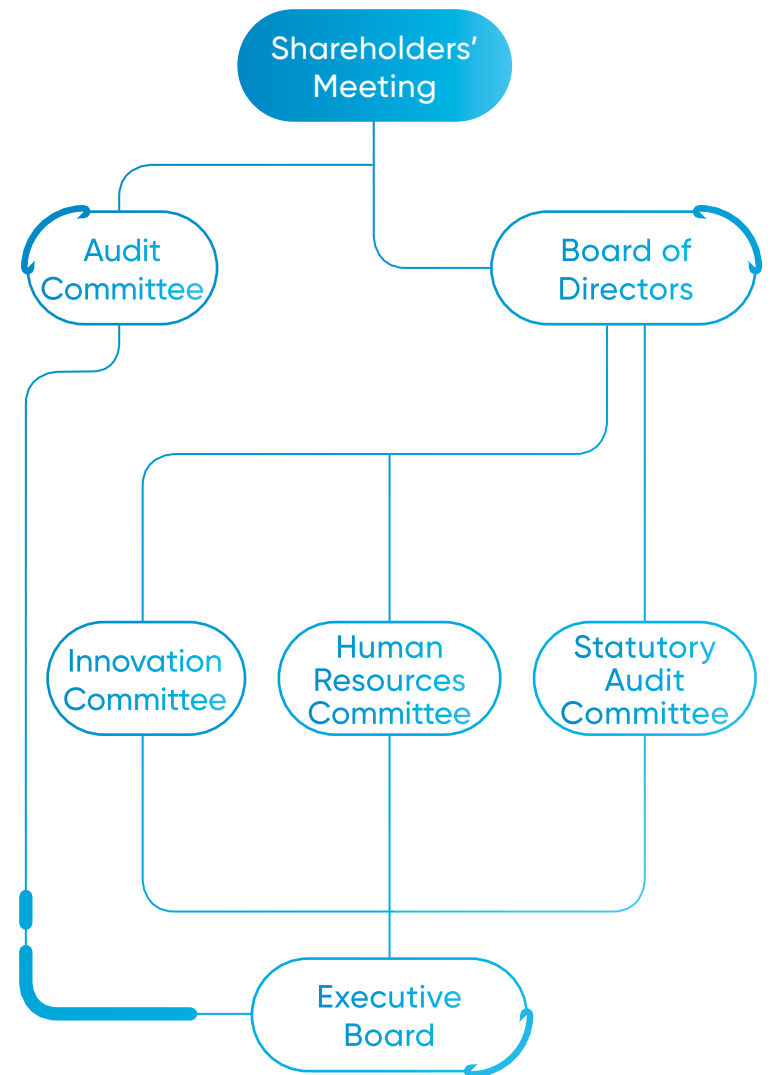
In addition to being listed on the Novo Mercado, which is the segment with the most demanding corporate governance guidelines of B3, it adopts spontaneous measures of governance and transparency, such as capital stock composed only of common shares, which guarantees voting rights to all shareholders.

In the Ourofino Group's corporate governance

model, the Board of Directors and the Executive Board have defined roles and responsibilities that are fundamental for the business. This structure is complemented by the Audit Committee, which is responsible for auditing the accounts, and three specific committees (Human Resources, Innovation and Statutory Audit), which serve as central decision-making forums and determine the general business orientation, preparing the matters in advance to be discussed and approved by the Board of Directors.

For indicator 102-22 that complements this topic, see the appendix.

Governance Structure



Board of Directors

The Ourofino Group's Board of Directors is its highest decision-making body and has six members, four of which are external and independent, according to the definitions of the Novo Mercado. All directors are elected for a two-year term and may be removed by the Shareholders' Meeting, receive fixed compensation, without the participation of consultants to determine values, performance premiums or bonuses, and termination or retirement and pension plans. In line with the good market practices, the Chairman of the Board of Directors does not have a function in the management of the Company.

The main functions of the Board of Directors include supervision of and advice to the Executive Board; establishment of the general orientation and strategic direction of the business of the Company and its subsidiaries; authorization of substantial change in strategy; participation in any joint venture, consortium, unincorporated joint venture or similar enterprise; approval of the annual budget and its relevant changes; and other duties to manage and identify risks in the Company's operations, as well as the defense of the interests of shareholders and other stakeholders. In 2018, the Board of Directors held 10 meetings.

In accordance with its legal, statutory and reg-

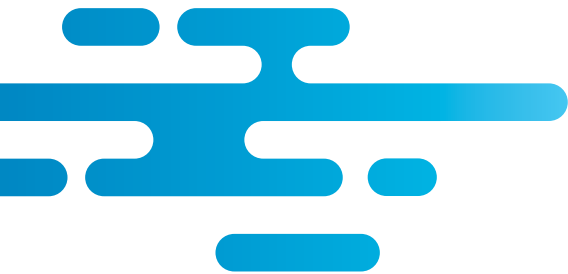
ulatory powers, the Board of Directors participates in the Company's main strategic decisions. Critical issues are notified to the Board of Directors by the Executive Board at meetings with the participation of directors, who seek strategies for solving and monitoring them. The relevant information is disclosed to the public.

Executive Board

It consists of two members (President and Chief Executive Officer), responsible for the management of the Company's day-to-day business, in line with the business management guidelines determined by the Board of Directors. The President is also a majority shareholder of the Company.

Audit Committee

It is permanent and consists of three external and independent members. Its responsibilities are to supervise the acts of the managers and verify the compliance with their legal and corporate duties; give an opinion on the Management Report; to analyze the trial balance and other financial statements prepared periodically by the Company; to review and give an opinion on the financial statements for the fiscal year. In 2018, six meetings were held.



Statutory Audit Committee


It consists of three independent external members; its responsibilities are to strengthen the internal control systems and risk management in the Company. It is an advisory body directly linked to the Board of Directors and has the purpose of: (I) analyzing the hiring and dismissal of independent auditors, (II) reviewing and overseeing the internal and external audit activities, (III) monitoring the quality and integrity of internal control mechanisms and accounting information; (IV) evaluating and monitoring the risk exposure; and (V) evaluating and monitoring, together with the Management and internal audit, the adequacy of related-party transactions. In 2018, the Statutory Audit Committee held six meetings.

Innovation Committee

It consists of four members, two of whom are the founders of the Ourofino Group and two invited technicians, and it is responsible for analyzing initiatives and formulating recommendations regarding strategies and investments in the field of research, development and technological innovation.

Human Resources Committee

It consists of three members elected by the Board of Directors, two of whom are external and independent members, and it is chaired by an independent member of the Board of Directors. It analyzes and suggests actions on human resources policies, structures and practices, including compensation, benefit and performance evaluation strategies and criteria, in line with the best practices adopted by national and international companies.

The list with the name, job description and brief resumes of the directors and officers can be found in the Company's Reference Form on the website ri.ourofino.com. 



Ethics, Integrity and Legal Compliance

A The Ourofino Group's activities are governed by a Code of Conduct, which is available at the [Ourofino's website](#) and in all the channels of contact with the public of interest, who can send us doubts and suggestions. The document covers competition rules, anti-corruption rules, rights and obligations of the actors involved in the chain, as well as provisions on the environment, communication, assets and resources, document ownership, and financial and accounting records.

In order to support and guide the awareness and engagement actions on the matter, the Company maintains an Ethics Committee, made up of representatives from the areas of Human Resources, Internal Audit and Legal Department. It also has tools that enable the technical areas to manage legal compliance, in line with the institutional guidelines and supported by the committee.

In addition, it has two communication channels formally established and disclosed to all employees, suppliers and customers: Ourofino Hotline and email of the Ethics Committee, which remain active for reporting complaints related to deviations of ethics, conduct or corruption, in-

cluding bribery practices, facilitation payments, fraud, extortion, collusion and money laundering, among others. As a reflection of the effectiveness of the internal control measures adopted to guarantee an ethical and safe environment, in compliance with the legal requirements, no lawsuits were filed in 2018 for unfair competition, anti-trust and monopoly practices, as well as cases of corruption.

During the integration process, new employees receive training on the Code of Conduct. The training is also available online for 1 hour for anyone interested in reviewing this subject. In addition, in October 2018, during the SIPAT-MA, a 20-minute renewal of this training was performed.

The Company understands the need to permanently monitor the adequacy of its rules to the principles and attitudes of the team. Therefore, it develops strategies so that 100% of the employees are trained in subjects related to Human Rights and anti-corruption. In addition to the Code of Conduct, the Whistleblower Channel is the main instrument for controlling and fighting unlawful acts in the Company. Its operation is independent and confidential and

is available through toll-free numbers and email.

In 2018, it initiated a process to obtain the "Agro Mais Integridade" Seal granted by the Brazilian Ministry of Agriculture, Livestock and Supply (MAPA) to agribusiness companies that maintain an ethical conduct and social and environmental responsibility.




Risk Management

In order to minimize the impact of variables in the business administration and in the performance of its activities, the Ourofino Group adopts a risk management system that covers the main risks to which it is exposed:

- Operational risks (related to business, relationship with suppliers, customers, shareholders, socio-environmental and others).
- Financial and market risks (related to exchange rate fluctuations, interest rate fluctuations and credit risk).

This process is coordinated by the Statutory Audit Committee, which establishes an annual work schedule for risk management, monitoring the internal and external audits carried out in the administrative and manufacturing areas.

The activities are conducted according to the precautionary principle in order to protect and generate value for the Company and its stakeholders and are based on the operational and financial risk matrix, which is periodically monitored and is available on the website (ri.ourofino.com). 

One of the highlights in 2018 was the process of evaluating



risks and opportunities for the product portfolio from a regulatory and market point of view. The validation of suppliers of strategic technical products/inputs in China, as previously planned, was also implemented during the year and will continue in the coming years.

Until 2018, this work was performed by an audit consortium, aggregating internal and external resources and professionals. For 2019, the expect-

tation is to strengthen the risk management process comprehensively throughout the Company, with the creation of a Governance, Risk and Control department. The measure anticipates the legal obligation of companies included in the B3 Novo Mercado, which provides for the implementation of a compliance area by 2020.



Performance 2018

Operational Performance

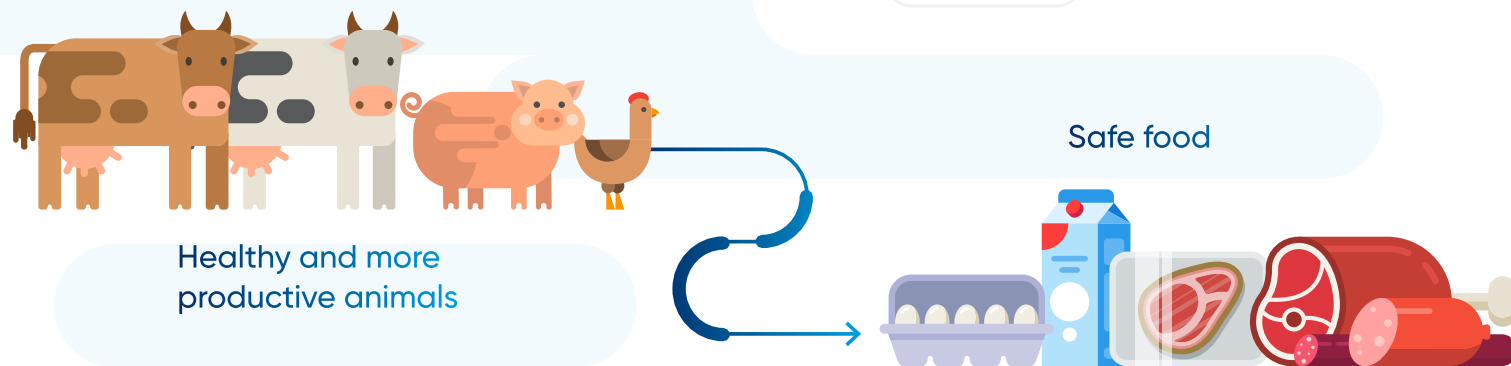
Veterinary Market

According to FAO (Food and Agriculture Organization of the United Nations), the world consumption of animal protein will increase by 1.4% per year by 2024, which will require a production increase of 3.8% in the period to meet this demand. This increase in consumption is estimated not only because of the increase in world population, but also because of the increase in the income of the population, especially in developing countries, causing people to seek food alternatives.

Brazil's role in this increasing world food production is fundamental. But for this to happen, it

is necessary to increase productivity, which is one of the major benefits of animal health – healthy animals are more productive, ensuring food security. Given this scenario, the Ourofino Group contributes with solutions to guarantee high-performance protein production chain.

The World Organization for Animal Health estimates that animal diseases reduce overall food production by at least 20%.



The pet market is a relatively new, constantly evolving business. There are several reasons, especially the social and behavioral changes in society, which has offered more and more space for pets in homes and in the family. The health market for Companion Animals has a lot of room to grow in Brazil, which has the third largest population of dogs and cats in the world (52.2 million dogs and 22.1 million cats), according to the Brazilian Institute of Geography and Statistics – IBGE. Still, according to Sindan, few animals receive medications or make regular visits to the veterinarian.

After three years of moderate performance, the Brazilian animal health industry returned to double-digit growth in 2018: 11.32%, according to the projections estimated by

the Company. The poultry and swine segments stand out, in part due to the animal health requirements of the foreign market, but mainly due to the stabilization of grain prices, which is the basis of the feeding of these species, resulting in greater availability of resources for treatment.

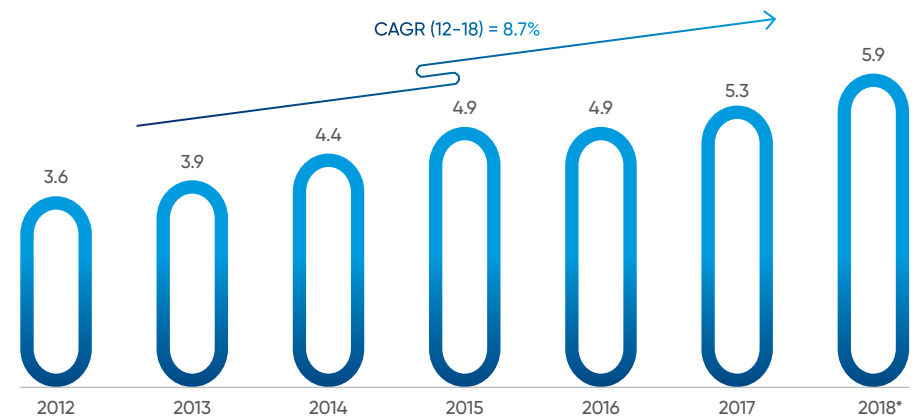
The climate had a favorable impact on the sales to the Northeast region and the north of Minas Gerais, which areas historically depend on rainfall, but did not have a prolonged drought in the year.

For the next few years, the expectation is that the veterinary market will maintain the growth sustained by the expected recovery of the Brazilian economy, while expanding the demand for animal protein and the search for companion animal care.

Animal Health product business grows above the world economy average, driven by the performance of the Animal Protein and Companion Animal segments.

Source: Sindan

Brazilian animal health industry - BRL billion



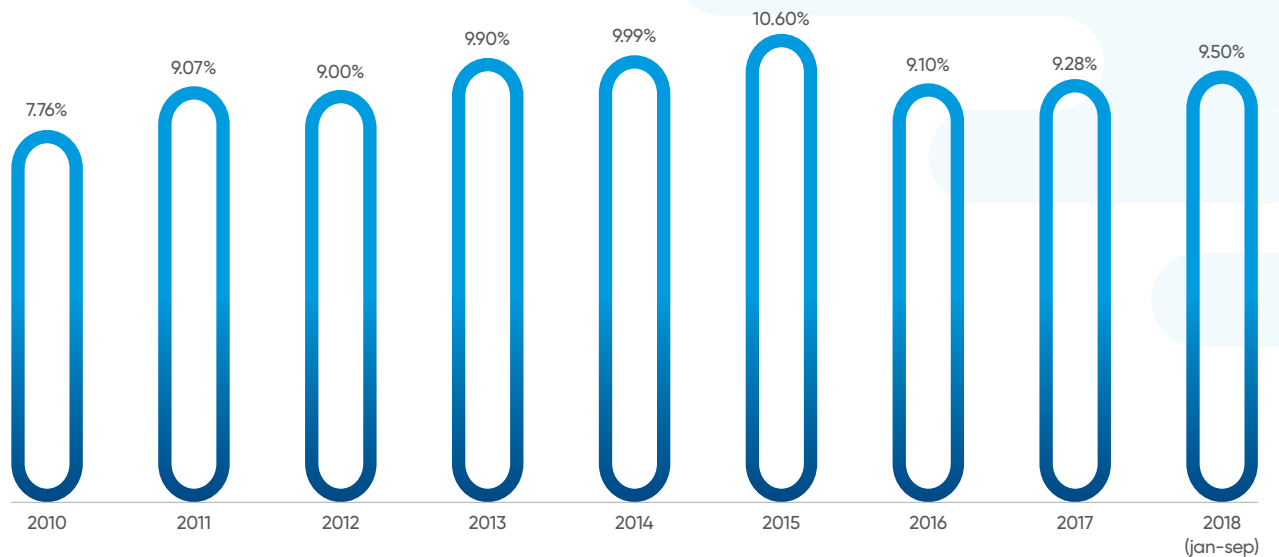
Source: 2012 to 2017, Sindan (website).
*2018 estimated by the Company.



Production Animals

The Ourofino Group achieved a performance above the market average in the segment and ended 2018 with growth of 15%. The result is due to the realignment made in previous years in the commercial strategy, which allowed to establish a closer relationship with the customer from the demand generation program, besides the portfolio segmentation and diversification of the offered product mix.

Evolution of the Market Share - Production Animals



The strategy focuses on revenue quality, no longer based on volume discounts, but on assertive sales, geared to the needs of each producer – which are raised by the Market Intelligence studies and field visits of the Ourofino Group's Technical Advisors, who also carry out training sessions for ranchers, promote lectures to clerks, field days, assisted application of products, follow the results, present solutions and implement sanitary protocols and schedules.

In order to differentiate itself in the market, the Company bets on a relationship that goes beyond the marketing of prod-

ucts. There are already more than 1,000 participants in three relationship programs, in which different groups of customers are served:

- Aliança (Alliance), which monitors and rewards the performance of resellers and cooperatives.
- Cliente Ouro (Gold Customer), to support the end consumer, i.e. ranchers.
- Abrangente (Comprehensive), focused on technical and administrative training of hundreds of agroindustry units across the country.

By actively exploring the portfolio of essential and performance items for each group, the Company increased its sales volume to its current customers, with a consequent reduction in production and logistics costs and the re-pricing of products.

Generation of demand in the field

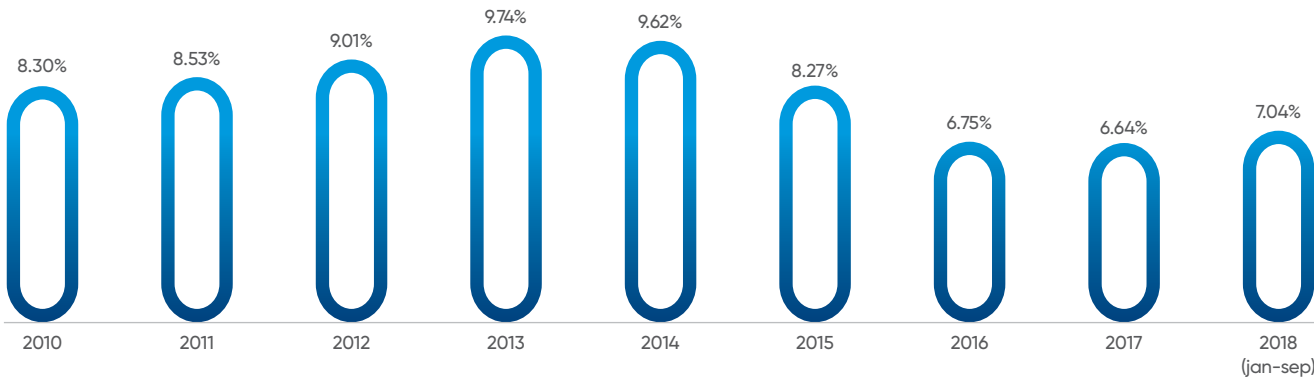
- 82 Technical Consultants
- 13,000 farms registered
- 34,000 visits to production units
- 2,450 lectures and trainings
- 20% of demand for the end consumer

Companion Animals

For Companion Animals, the growth registered in the year was 24%. Our focus on the development of the distribution network, investment in the professionalization of distributors and veterinarians and intensification of efforts to sell out were the main reasons for the performance.



Evolution of the Market Share - Companion Animals



The Ourofino Group ended 2018 with 41 distributors that serve 25,000 points of sales throughout the country. Along with veterinarians, they are the main influencers of the consumption of products. For this reason, both are central to the Company's strategy to gener-

ate demand, in the same relationship line adopted for Production Animals: conducting visits for demonstration of the portfolio and technical support to distributors, training on financial management, personnel training, tax planning, marketing and others.

The Company also increased the number of points of sale and worked on the diversification of the mix, encouraging the acquisition of new items in its portfolio by the existing customers.

The population of cats and dogs increase, and people take better care of their pets.

Influencers for demand generation

- 38,000 visits to vets
- 17,800 participants in 3,800 trainings
- 3,400 "Dia Top Proteção" events
- 20 "Programa do Conhecimento" events across Brazil

International Operations

○ Mexico and Colombia

Internationalization is one of the drivers of growth of the Ourofino Group. In Mexico, which is the second largest veterinary market in Latin America, the Company grew by 52.8% in net revenue (in Reais) in 2018. In Colombia, which is the third largest veterinary market in the continent, the increase was 56.7% (in Reais). These results reflect the best mix in the periods and gains with favorable exchange rates.

○ Production Animals

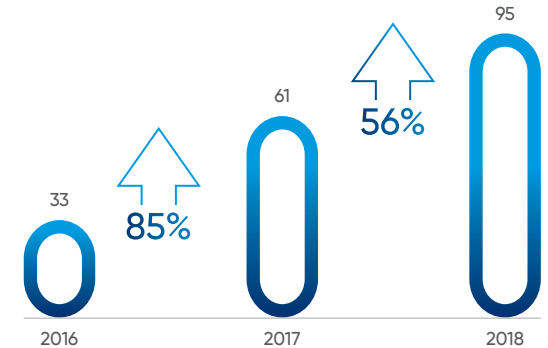
The performance in Mexico is a consequence of the evolution that has been occurring in recent years, when international performance was aligned with the same practices adopted in Brazil – uniting portfolio, channel diversification and technical services provision – and also adapted to the characteristics of the local market: more concentrated in large producers, with different climate and livestock techniques than those applied in Brazil.

In 2018, there were two launches in Mexico. In addition, the teams of techni-

cal advisors and salespeople were expanded, practically doubling the number of people in the field. As a result, the customer base grew 56% in 2018.

Mexico: increase of the customer base

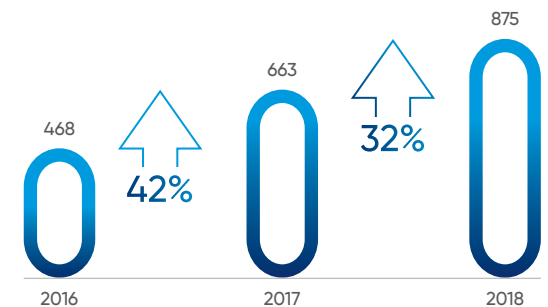
Business model - Distribution
Number of active customers (large animals)



More similar to the Brazilian livestock production, Colombia increased its customer base by 32% in the year, as well as increased the market share for the Ourofino Group in 2018. In aggregate, four product launches and new hires were promoted for the commercial and technical teams.

Colombia: increase of the customer base

Business model - Resale
Number of active customers (large animals)



○ Companion Animals

The Ourofino Group replicated its model of operations in Brazil (sell out culture and investment in the development of the sector), restructured its operations in Mexico and Colombia, which now have their own specialized teams and local distributors.

In Mexico, the number of distributors was selected to focus on exclusivity by region, bringing immediate results in reducing inventories and increasing sales. In Colombia, 13 products were launched at events held in Bogotá and Medellín.

As in Brazil, the policy of relationship with distributors and veterinarians – for technical

and managerial training – was the basis of the strategy applied to conquer the market in both countries.

○ Other countries

Peru is again included in the list of 15 countries where the Ourofino Group sells products through technical and commercial representatives. With the launch of four new products for these markets, the portfolio for Production Animals in Latin America, Central America and Russia was strengthened, helping to maintain growth in these operations.

Operational Excellence

At the beginning of the year, the Manufacturing and Supply areas were integrated, creating a new Industrial Operations executive board, responsible for logistics, planning, production, maintenance, engineering and operational excellence. The latter department, also created in 2018, coordinated the implementation of the LEAN Manufacturing methodology, reviewing processes to obtain a leaner and smoother operating flow, with increased quality.

In order to improve performance within industrial operations, 125 indicators were also monitored to ensure greater reliability, transparency and agility in decision making. They are indices of productivity, compliance with the production program, energy and water efficiency, steam consumption, among others.

The analysis of more strategic information is shared with the Steering Committee, which sets out action plans to increase efficiency, with direct consequences on the quality and safety of the products.





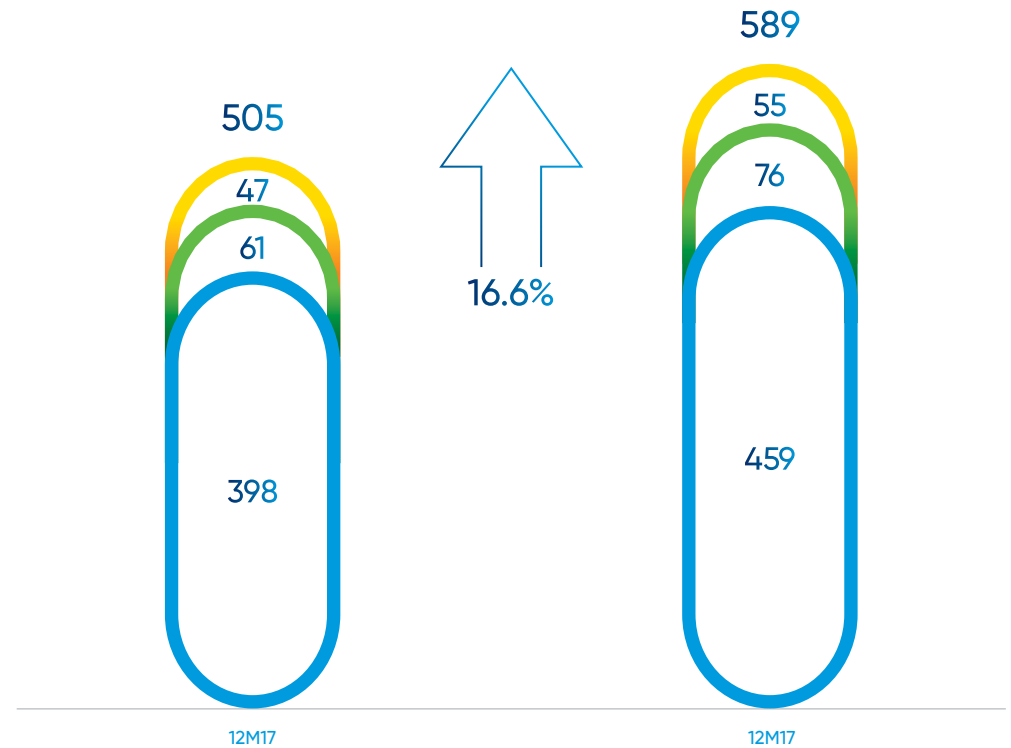
Financial Performance

Net Revenue

The Ourofino Group recorded net revenue of BRL 589.2 million in 2018, an increase of 16.6% compared to the previous year.

- The Production Animal segment recorded net revenues of BRL 458.6 million, growth of 15.3% impacted by increases in volume and price in 2018.
- The Companion Animal segment recorded net revenues

- of BRL 75.6 million, growth of 23.9% compared to 2017. The growths occurred substantially with increases in volume.
- The International Operations segment recorded net revenues of BRL 55 million, an increase of 18%. This result was mainly due to growth in local currency, with favoring in the exchange rate, and was impacted by decreases in sales to other countries, especially sales of foot-and-mouth disease vaccines in 2017.

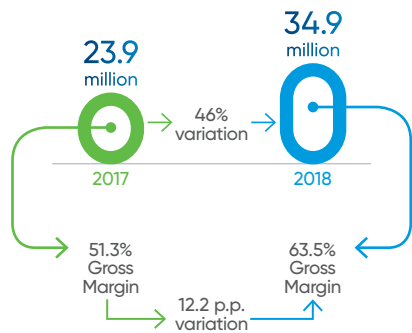


○ Production Animals
 ○ Companion Animals
 ○ International Operations

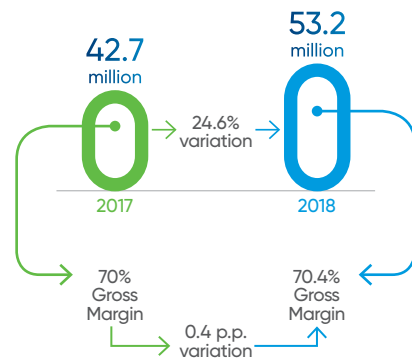
Gross Profit and Gross Margin

The gross margin was 55%, an increase of 1.8 p.p. compared to 2017.

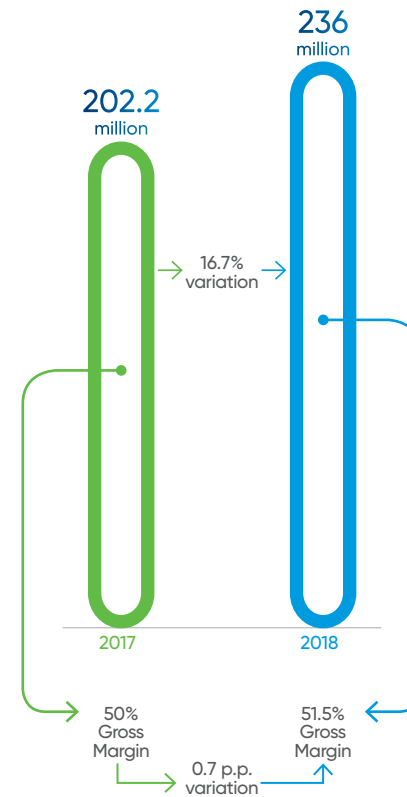
Gross Profit for International Operations



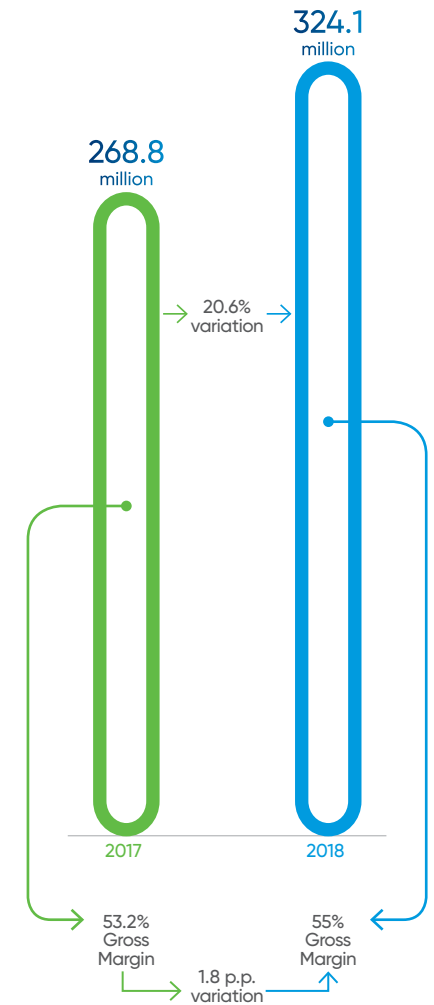
Gross Profit for Companion Animals



Gross Profit for Production Animals

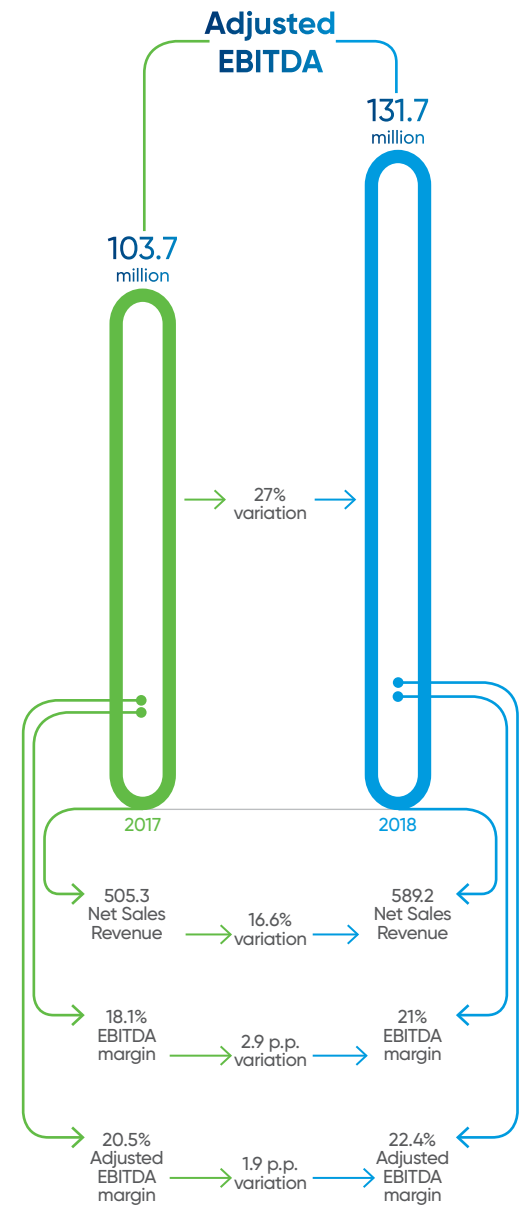
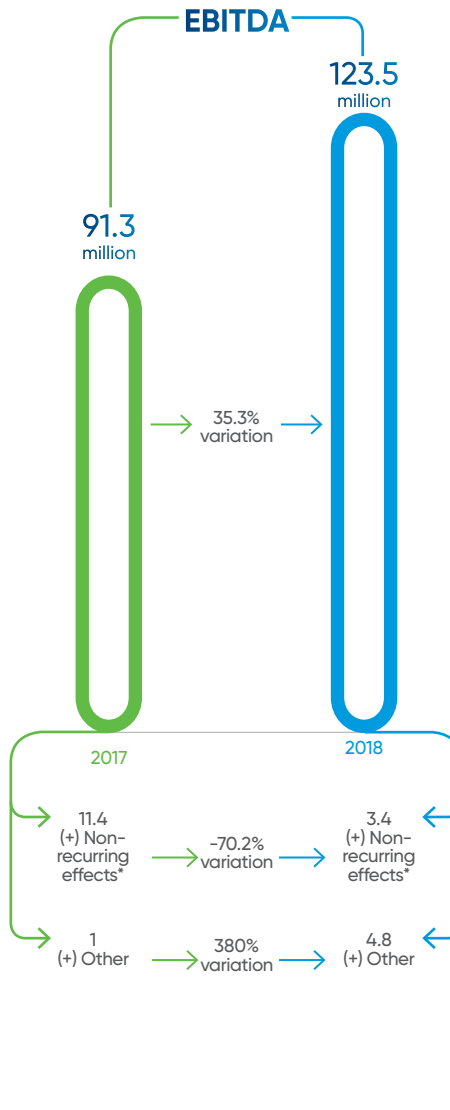
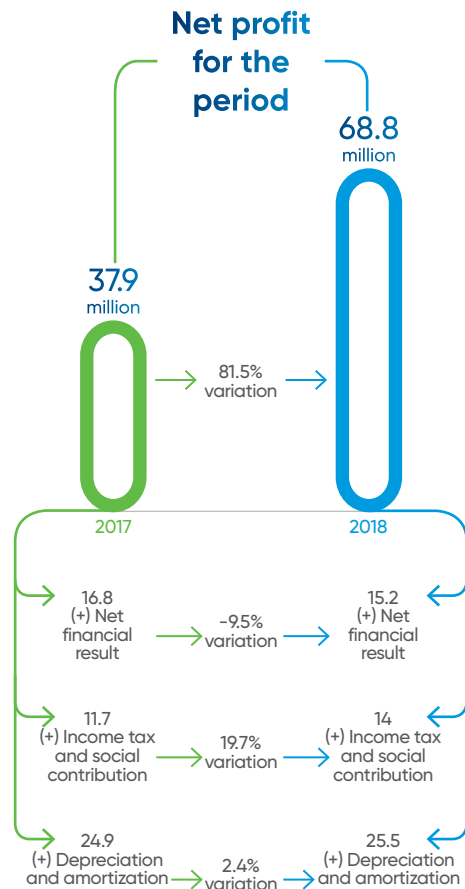
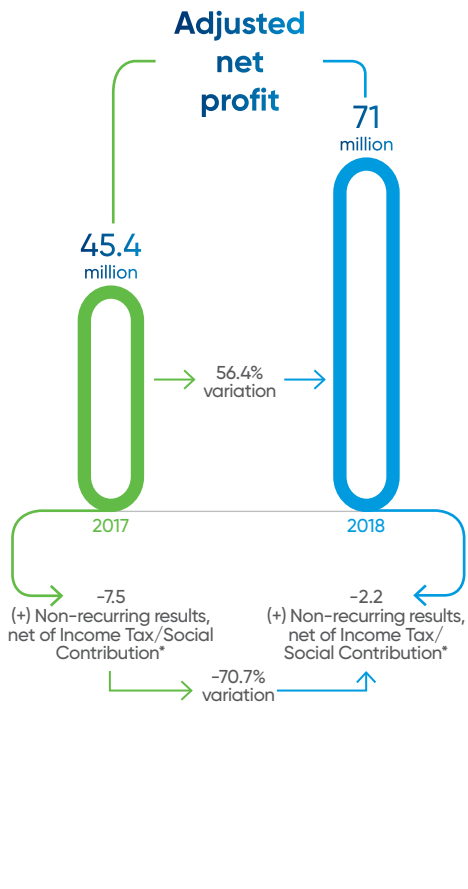


Gross Profit



EBITDA and EBITDA Margin

The adjusted EBITDA was BRL 131.7 million, with a margin of 22.4%, an increase of 1.9 p.p. compared to 2017, reflecting gross margin gains throughout 2018.

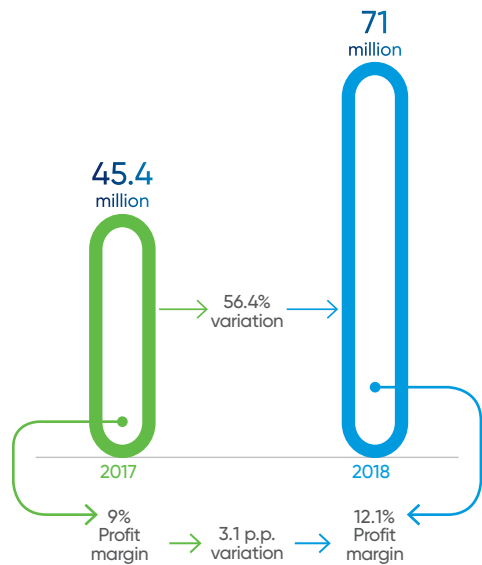


Financial Result

Net financial expenses totaled BRL 15.2 million in 2018, a reduction of 9.5% compared to 2017. The average cost of debt was 7.22% p.a. in 4T18 against 6.84% p.a. in 4T17 and reflects the disbursements of FINEP financing, with costs more aligned with those practiced in the market.

Net Profit

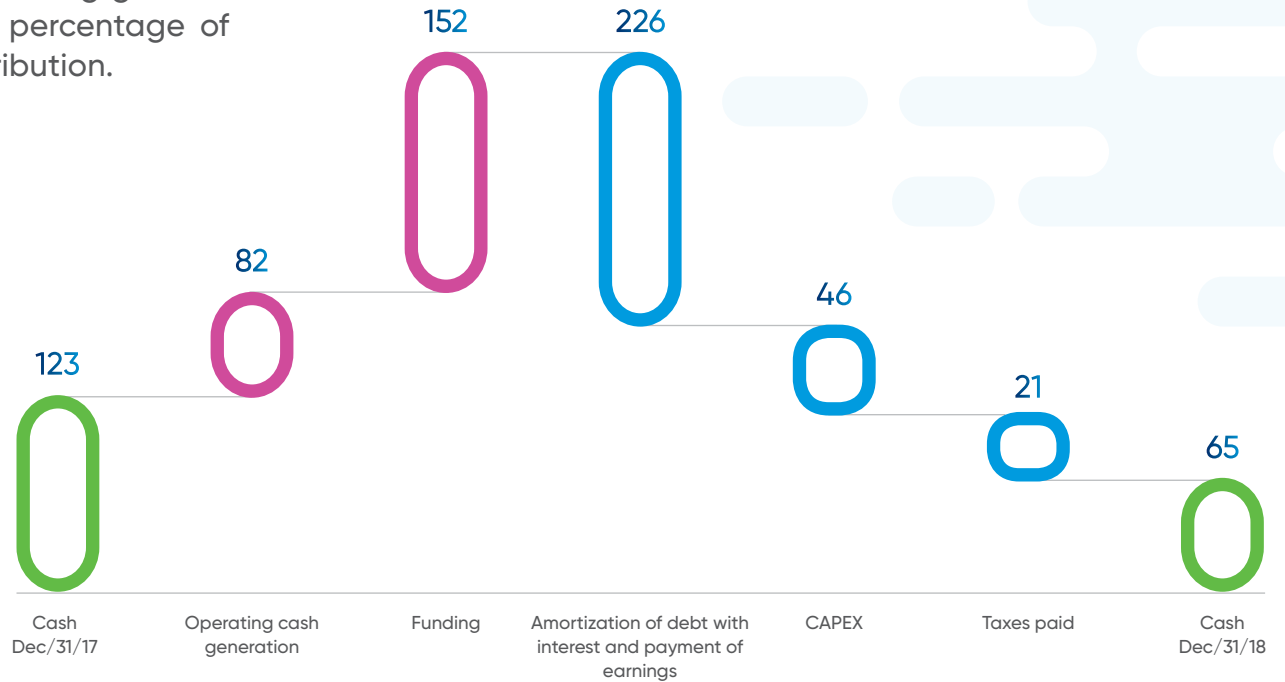
The adjusted net profit was BRL 71 million, with a net margin of 12.1%, an increase of 3.1 p.p. compared to 2017, reflecting gains in adjusted EBITDA margin, combined with a lower percentage of taxes on profit before Income Tax and Social Contribution.



Cash Position

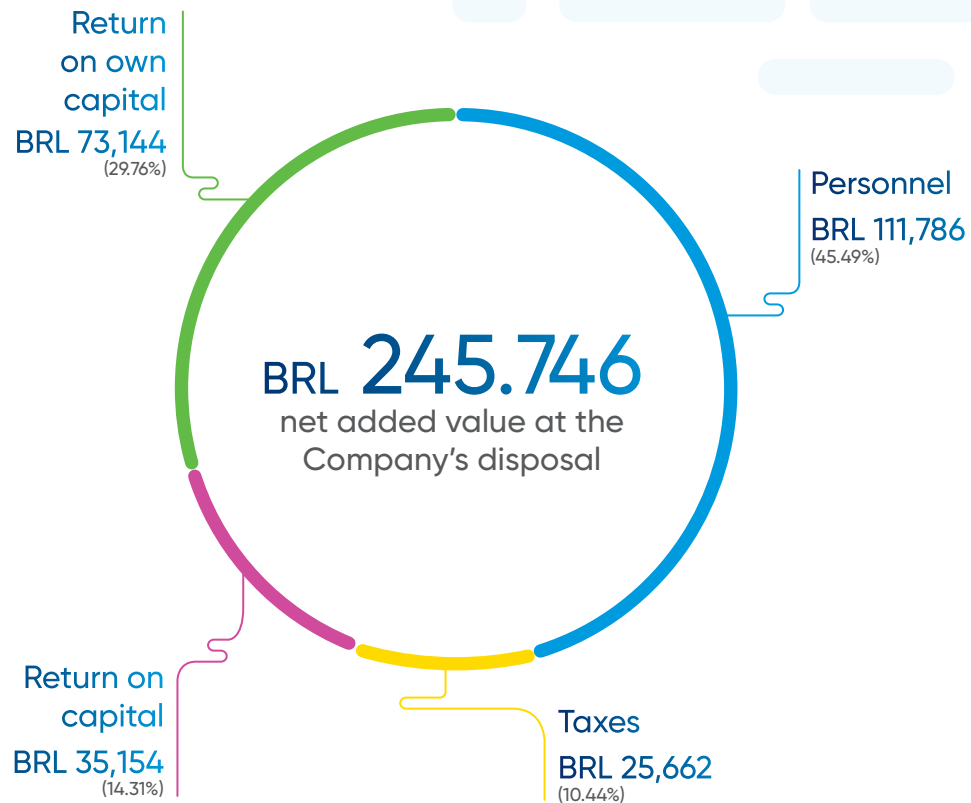
In 2018, an operating cash generation of BRL 82 million was recorded, impacted by the increase in the volume of inventories as a result of larger purchases of inputs in China. The amortization of debts, payments of interest and earnings, totaling BRL 226 million,

also stands out. Loans totaled BRL 152 million in the period, with debt rollover and profile improvement, with long-term indebtedness reaching $\frac{3}{4}$ of total gross debt. The average cost of debt as at December 30, 2018 was 7.22% p.a., accounting for the costs of derivatives and associated sureties.



Value Added Statement (VAS)

In 2018, the net added value available to the Company totaled BRL 245,746. These recourses are distributed as follows:



Stock Market

Negotiated since October 2014 at B3, under the OFSA3 ticker, the common shares of Ourofino Group increased 41.5% in the year, quoted at BRL 33.70 at the end of the year. In the same period, Ibovespa (the index that includes shares with greater liquidity in the Stock Exchange of São Paulo) recorded appreciation of 15%.

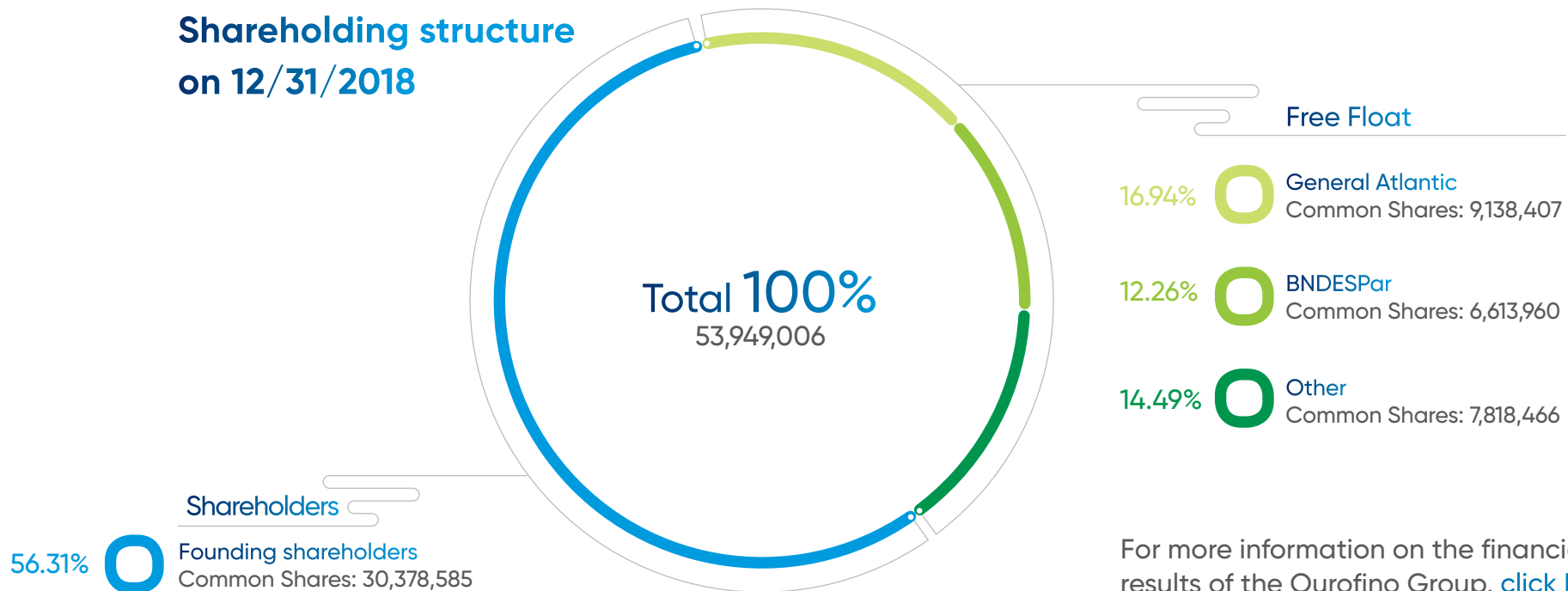
The average daily trading volume totaled BRL 536,500, with an average of 67 trades/day. During the year, BRL 16,351,229.07 of dividends were distributed to shareholders as compensation for the year ended December 31, 2018.

Relationship with the market

- Participation in five conferences with investors.
- Ourofino Day event held in November, with a record attendance of more than 100 people.
- 94 face-to-face meetings with analysts and 112 meetings by telephone.
- Participation of the CFO and the president in all quarterly earnings conference calls.



Shareholding structure on 12/31/2018



For more information on the financial results of the Ourofino Group, [click here](#).



GRI 102-8

People

Stimulating the valorization and development of people is part of the performance of the Ourofino Group, which ended 2018 with 1,118 employees, being 1,059 in Brazil and 59 in Mexico and Colombia.

In 2018, the Human Resources executive board intensified the actions previously undertaken, together with senior management and employees, seeking

an integrated alignment with the business and practical solutions for people.

In this strategic context, the People Master Plan was approved, which guides the Company's activities for the next five years and has the challenge of engaging all employees, bringing insight about people and their future opportunities. The plan also seeks to create val-

ue for the business, reinforcing the presence of human capital at the center of organizational transformations, sustaining the three pillars of productivity: Value Creation, Adaptability and More Quality.

The scope is guided by 10 dimensions defined according to the strategy of action of the Human Resources executive board. They are interconnected in the

development of planning, and each dimension contemplates macro actions and a schedule with milestones along the plan. These dimensions cover the main ideas and trends that have guided or will guide the Company in the management of its human capital.

For indicators 401-1, 401-3, and 405-1 that complements this topic, see the appendix.



The actions are focused on organizational climate improvements, strategies focused on recognition, meritocracy, attraction and retention, development plans and mapping of key employees and potential talent, evolution of the performance management model, changes in recruitment and selection programs as well as initiatives focused on quality of life and family programs. In order for these strategic actions to be implemented and absorbed by the employees, the Human Resources executive board continues to play its role in the process of incorporating the Company's purpose and rescuing the pillars that have enhanced the Ourofino Group's human resources aspects. In this regard, the internal public engagement process was continued through the HR Dialogues program, which seeks to identify the main needs of the internal public and to work on resolutions of problems that may impact the results of the teams.

Organizational Climate

After a recent period of structural changes, the employee satisfaction is in the transition phase, as demonstrated by the Organizational Climate Survey conducted during the year. The survey had 57% of adhesion and indicated an overall average of 3.5 out of 5 points. In order to implement the action plans for improving the index, the Organizational Climate Committee was created, aligned and supported by the senior management, some

members of which take part in the committee.

As its main objective is actively listening to the employees (including managers and senior management), alignment with the foreign market to understand the best practices and intense focus and performance of the Master Plan, the Ourofino Group will seek to maintain a high-performance team to continue achieving positive results and maintain the values/pillars of the Company, with a positive organizational climate.



Training

The Leadership in Practice Program (LPP) continued in 2018, with behavioral training for managers. In addition, the LPP began to be applied among the teams, so that employees also receive training on the culture and attitudes expected by the Company. For this reason, the executive boards of Industrial and Commercial Operations (Production Animals and Companion Animals) were prioritized. At the same time, technical and mandatory training (Regulatory Norms) were carried out, in addition to daily operational training regarding internal procedures of the Company.

Productivity engagement campaigns were also carried out with external consulting, especially in the area of Industrial Operations, in furthering the dissemination of the Ourofino Group's culture to all hierarchical levels.

For indicator 404-1 that complements this topic, see the appendix.

Benefits

Employees can join the private pension plan (PGBL and VGBL), with contributions from the participating companies of the Ourofino Group, according to established rules in line with the market. In 2018, the Company's contributions totaled BRL 1,006,983.76, distributed among 397 participant employees, with an average of 3% of the individual salary invested. This amount represents an increase of 6.9% in investments compared to the previous year, reflecting an increase in the number of participants compared to 2017 (370 people).

The Ourofino Group also offers benefits such as medical care and dental plan, meal at the headquarters (100% subsidized by the Company) and meal vouchers to external employees, chartered transportation (100% subsidized), daycare assistance, pharmacy card, with standard discounts on networks of drugstores and debit in the payroll, and food allowance card for purchases in supermarkets as an option to those who choose not to receive the basic food basket. The Company also offers educational grants for training and language courses.

Health and Safety

In order to promote a balance between the professional and personal aspects of the employees, in 2018 the "Qualidade de Vida Viva Mais Program" (Quality of Life) was created, which integrates actions related to occupational health, occupational safety, benefits, volunteering, sports and leisure. The proposal is to raise awareness among employees, disseminating knowledge and tools to make them responsible for managing their own health, and engaging them in social issues.

For indicators 403-5 and 403.8 that complements this topic, see the appendix.

Initiatives of the "Viva Mais" Program

- Healthy longevity and mental health groups
- Influenza vaccination
- Deworming
- Campaigns: voice health, conjunctivitis, blood donation, drugs, STDs, dengue prevention, encouragement of breastfeeding and the fight against breast and prostate cancer
- Volunteer Program
- "Dia Animado"
- End-of-year celebration for employees



The 2nd Health Week was held, with its central theme on Prevention, offering lecturers to employees on emotional health care, precautions to avoid diseases – in the administrative areas, also a specific module on musculoskeletal diseases, hearing health and first aid guidelines. For 2019,

the goal is to create a support group for hypertensive employees and to expand health actions with walking days, family days, campaigns on skin cancer, among others.

Due to the nature of its operation, the Company maintains an Environmental Risk Prevention Program (PPRA) in which

physical, chemical and biological threats are identified along with their respective treatment. The mapping of risks (accidents and ergonomic), monitoring and action plans developed in the Occupational Health and Safety (AET), Occupational Hazard and Risk Survey (LPRO) and Occupational Health Medical

Control (PCMSO) programs are regulated by federal and occupational medicine standards.

Within the Occupational Health and Safety Management System, it has the Internal Committee for the Prevention of Work Accidents (CIPA), the Executive Safety Committee and the Claims Committee.

Health care for employees

- 2 family doctors for 16 hours a week: clinical care, issuance and authorization of examination referral forms, if necessary.
- 1 collection of samples for laboratory tests per week: in the Company itself, before the start of the working day, for internal or external medical requests.

CIPA

Internal Committee for the Prevention of Work Accidents

Representatives are employees elected by employees and appointed by the employer.

Monthly meetings, according to the rules of the Ministry of Labor.

Executive Safety Committee

Is composed by managers responsible for validating the procedures in the area of Occupational Health, Safety and Environment (HSE).

Claims Committee

It is part of the areas of Medicine and Human Resources and operates the contracted medical plan.

Monthly meetings addressing the subjects of the companies of the group: animal health, pet and agribusiness.

It aims to reduce health care costs and discuss strategies for the conscious use of the medical plan.



Community

The Ourofino Group's involvement with the community begins with the actions carried out with the family of its employees. Every year, the "Dia Animado" event is held, a celebration of the Children's Day. In 2018, the Company regained its pride and sense of belonging by inviting not only the employees and their children, but also their spouses to participate in leisure and recreation activities.

Building and nurturing relationships are some of the most evident purposes of the Ourofino Group, as it understands its social role in relation to its stakeholders. Therefore, during the Materiality review process in 2018, a forum was held with members of the community of Cravinhos and Ribeirão Preto (surrounding communities) to address issues such as diversity and youth employability.

The Company, aware of its role, aims to reduce social and environmental impacts and risks by investing in social projects, and to approach more and more the residents of the region where it operates.

Social Projects

In 2018, the Ourofino Group invested approximately BRL 854,500 in social projects to benefit different segments of the society.

Out of such amount, BRL 747,000 is related to the Tax Incentive Law, through the Rouanet Law, Sports Incentive Program (PIE), Cultural Action Program (ProAc), National Programs to Support Oncological Care (Pronon) and Disabled

People's Health (Pronas), Municipal Council for the Rights of Children and Adolescents (CM-DCA) and the Municipal Elderly Fund of Ribeirão Preto. This amount is 13.5% higher than that in 2017.

Additionally, BRL 107,500 were used as support through Private Social Investment, including projects at national scale, such as the Abrinq Foundation, Association of Visually Impaired People of Ribeirão Preto and others in the local community.



Project	Fund	Investment
2018 - Basket - Under-13 - Phase VI	PIE	BRL 10,556.55
"Educa Judô" – Judo program	PIE	BRL 16,299.70
"Pedalando para o futuro" – Bike program – Cravinhos Center	PIE	BRL 69,999.90
"Liga Desportiva" – Sports League – Serrana	PIE	BRL 28,420.49
Cia Mináz	ProAc	BRL 10,157.50
"Festival da Cultura Caipira" – Countryside culture festival: "Raizes da Nossa Gente" – Our roots	ProAc	BRL 7,806.55
Presentation - romantic comedy Sylvia	ProAc	BRL 64,222.40
"Cão Guia" – Guide dog – documentary	ProAc	BRL 43,090.19
Cia Minaz	Rouanet	BRL 190,000.00
"Atos e Palhaços" – Acts and clowns	Rouanet	BRL 32,222.00
Polo	Sport	BRL 27,000.00
"Educa Judô" – Judo program	Sport	BRL 27,000.00
"Casa do Vovô" – Grandpa's house	Elderly Fund	BRL 27,000.00
Lar Padre Euclides	Elderly Fund	BRL 27,000.00
FAEPA	PRONON	BRL 55,555.00
APAE Catanduva	PRONAS	BRL 5,000.00
Interaction	PRONAS	BRL 50,000.00
"Casa da Criança" – Children's house	Children and Adolescents	BRL 18,500.00
ADEVIRP	Children and Adolescents	BRL 18,500.00
NGO Sara	Children and Adolescents	BRL 18,500.00
Tax Incentive Law		BRL 746,830.28

Volunteering

The Company continues to connect employees to the projects and social actions through the volunteer group, now integrated into the Viva Mais welfare program. In 2018, 260 hours of volunteer work were registered, with special emphasis on the donation and distribution of 315 toys for children in the communities of Ribeirão Preto and Cravinhos, mentoring in the Projeto project (training of young people in the areas of finance and entrepreneurship), charity dinners and campaigns.





Materiality

Materiality

GRI 102-40|102-42|102-43|102-44|102-46

The speed of transformations in consumer behavior, labor relations, production processes, social and economic areas and the environment requires that companies often review their ways of acting in order to remain aligned with the expectations of stakeholders. The Ourofino Group, motivated by this purpose, reviewed its Materiality process in 2018, and analyzed the topics applied four years ago.

The Company gave voice to its internal and external target public in order to identify and evaluate the most relevant contents for the business, inviting all stakeholders to contribute to the debate.

To engage the different publics, an online survey was applied in three languages (Portuguese, Spanish and English). The preparation of the questionnaire took into account the guide-

lines of GRI Standards, the Ourofino Sustainability Report 2017, the Sustainability Policy and benchmarking of the animal health sector.

Of the total of 164 invited people, 35% responded to the survey, representing a significant portion of the stakeholders. In the cities of Ribeirão Preto and Cravinhos, where the Company's headquarters are located, a face-to-face panel was also organized with the participation of representatives of the municipal government, class associations and managers of strategic areas of the Ourofino Group.

After the research was finalized, a workshop was held with the executive board of the Ourofino Group, aiming to prioritize the Company's material issues. In this meeting, the Materiality Matrix was presented, based on the results of the stakeholder survey.





Ourofino

The results of the Materiality Matrix guide the content of this Report, while being a tool for prioritizing actions, setting goals and integrating sustainability practices into the Company's strategy and management for the coming years.

During the workshop, 10 additional topics were also presented, both from the survey and the face-to-face discussions.

Based on this information, the executive board and the president of the Ourofino Group discussed the priorities and, through a vote, elected a set of six topics. Each was correlated with the UN Sustainable Development Goals and GRI Standards.

Material topics and their boundary

Material topic	Description	Stakeholder	Operações
Animal Safety	To know the actions of Ourofino Group for animal health and safety, in particular with regard to handling, administration and testing.	Shareholders, employees, suppliers, government, customers and the media	All operations
Innovation	To be aware of the significant environmental impacts of the Ourofino Group, as well as the mitigation actions.	Shareholders, employees, suppliers, government, customers and the media	All operations
Supplier Validation	To know the practices of the Ourofino Group for supplier management, as well as inserting sustainability criteria in the procurement processes.	Employees, suppliers, customers, media, government, shareholders, communities, financing entities.	All operations
Product Safety	To know the management of the Company for the health and safety of its consumers or third parties.	Shareholders, employees, suppliers, government, customers and the media	All operations
Company's Future Vision	Purpose of the Company, future portfolio growth, industry 4.0.	Employees, suppliers, customers, media, government, shareholders, communities, financing entities.	All operations
Environmental Impact and Preservation of the Environment	To be aware of the significant environmental impacts of the Ourofino Group, as well as the mitigation actions.	Employees, suppliers, customers, media, government, shareholders, communities, financing entities.	All operations

Animal Safety

Animal welfare is inextricably linked to food security and herd productivity. Aware of this, the Ourofino Group maintains a responsible and sustainable position regarding the tests and procedures for management, handling, reproduction, nutrition, sanitation and well-being for about 5,500 animals maintained in the Veterinary Research Center (CPV) in the city of Guatapar (SP).

This philosophy is also disseminated to the chain, through training provided by the Company's technical area on nutrition and silage, rational management, trimming and others to professionals of the field offered free of charge by the Technical Training Center (CTC), located at the CPV in Guatapar.

With the intensification of research, the total number of animals raised or processed in Guatapar grew four times in the last year. The Company does not have a specific policy to address the issue, but all studies and tests conducted in 2018 in the vivarium have been carried out according to the safety standards established by the Brazilian and international legislation.

The Company is committed to producing and marketing animal health products, working with

the highest levels of safety and quality. All animal-related research for validation of the protocols and methods to be used are reviewed by the Company's Animal Use Ethics Committee (CEUA). Processes that involve solutions of Genetically Modified Organisms (GMOs) are submitted to the approval of the Internal Biosafety Commission (CIBio), which reports to the Ministry of the Environment. In 2018, as in the previous year, no animal handling accident or incident

was recorded in the Ourofino Group's farm. The Company also monitors innovations in drug and vaccine administration routes, such as replacement of needles by adhesives capable of amplifying production capacity while reducing side effects.

For indicators FP1, FP11 and FP12 that complements this topic, see the appendix.

Main regulations followed by the Ourofino Group

National

- Law 11,794 (Arouca Law) of October 8, 2008, which establishes procedures for the use of animals in scientific experimentation, regulated by Decree No. 6899 of July 15, 2009, which provides for the members of the National Council for the Control of Animal Experimentation (CONCEA).

International regulations

- (U.S.A - Food and Drug Administration) VICH GL43 – Target Animal Safety Guidelines for Veterinary Pharmaceutical Products. Guidance for Industry – April/2009.
- VICH GL44 – Guideline on target animal safety for veterinary live and inactivated vaccines. July/2008.



GRI 103-2 | 103-3 | 416-2 | 417-2

Product Safety

The Ourofino Group is part of a food chain and its commitment to quality and safety allows us to offer a portfolio of products and solutions that support the increasingly demanding choices of cattle ranchers and consumers in search of safe and healthy food.

Safety and quality are monitored by the Quality area in all production processes, from the purchase of the inputs to the distribution, and also shelf stability studies are carried out during the shelf life.

By guaranteeing the safety, power, identity and performance of its products, the Ourofino Group seeks the effectiveness of its portfolio items, applying a set of quality standards and procedures to measure, control and ensure compliance with the Good Manufacturing Practices (GMP). It also maintains internal procedures to establish in a timely manner the investigation of deviations, disposal and incineration of batches in the event of nonconformities that may hinder the use of the product and/or

contaminate the environment.

The apparently simple process improvement also results in improved product safety, such as automated interlocking of production line access doors, eliminating the risk of contamination, and laser printing on packaging, which prevents counterfeiting of products.

Some years prior to the requirement of the Ministry of Agriculture, Livestock and Supply (MAPA), the Ourofino Group has already had a Pharmacovigilance sector, with a total of 5 people, which evaluates the data reported by its customers and field technicians to the service center, able to act quickly on any deviations of quality, internally addressing the necessary measures to ensure the continuous improvement of products and processes.

The Company fully complies with the MAPA rules and adopts international compendia, regulations and guidelines, such as

the American, British and European Pharmacopoeia, Metrological standards NBRs, Codex Alimentarius, and others.

No fines, warnings or penalties for non-compliance with regulations or voluntary codes regarding the supply or use of products and services have been applied during 2018. Likewise, no complaints about incidents related to product labeling were recorded.

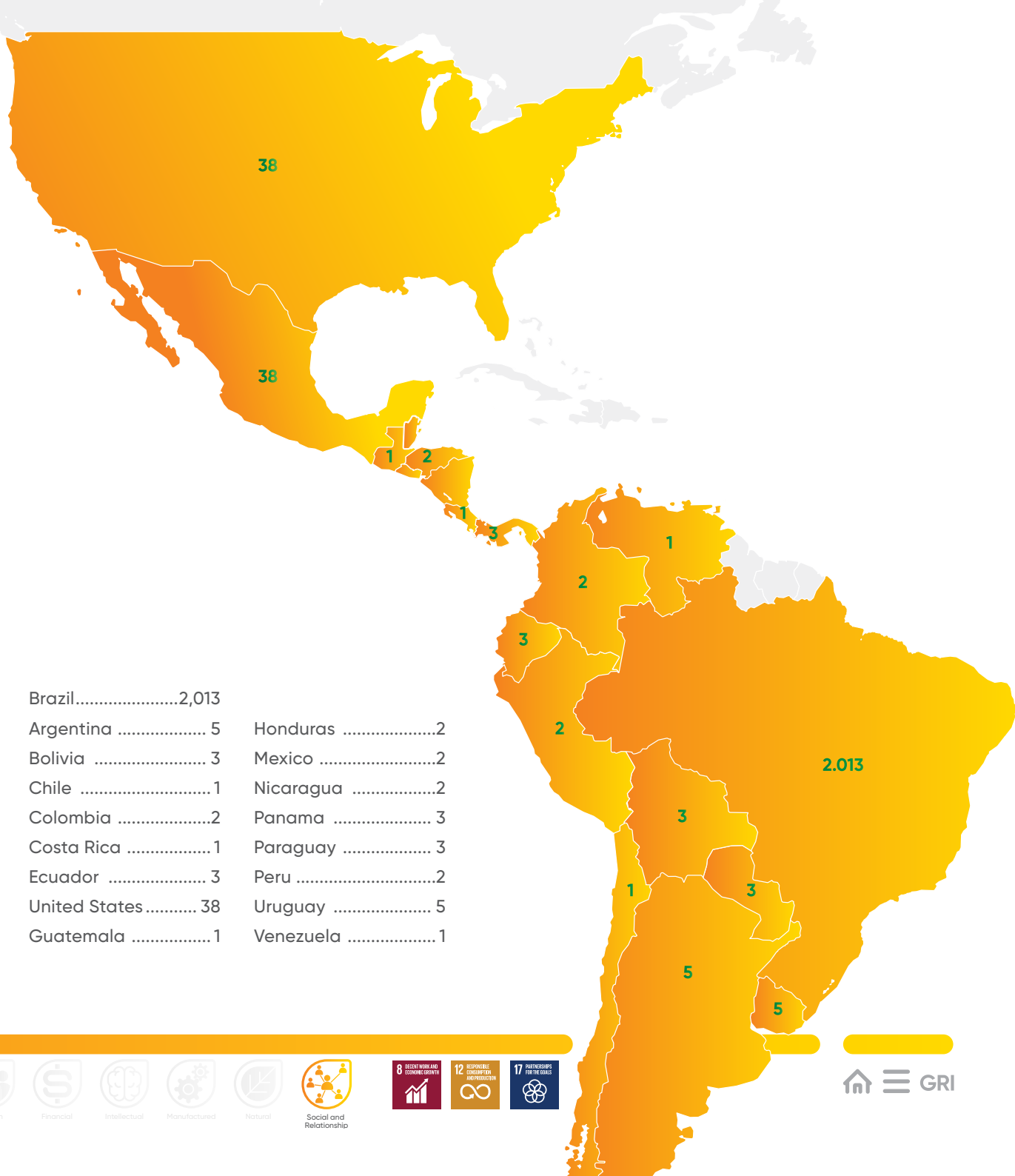
For indicators 416-1, 417-1 and 417-3 that complements this topic, see the appendix.

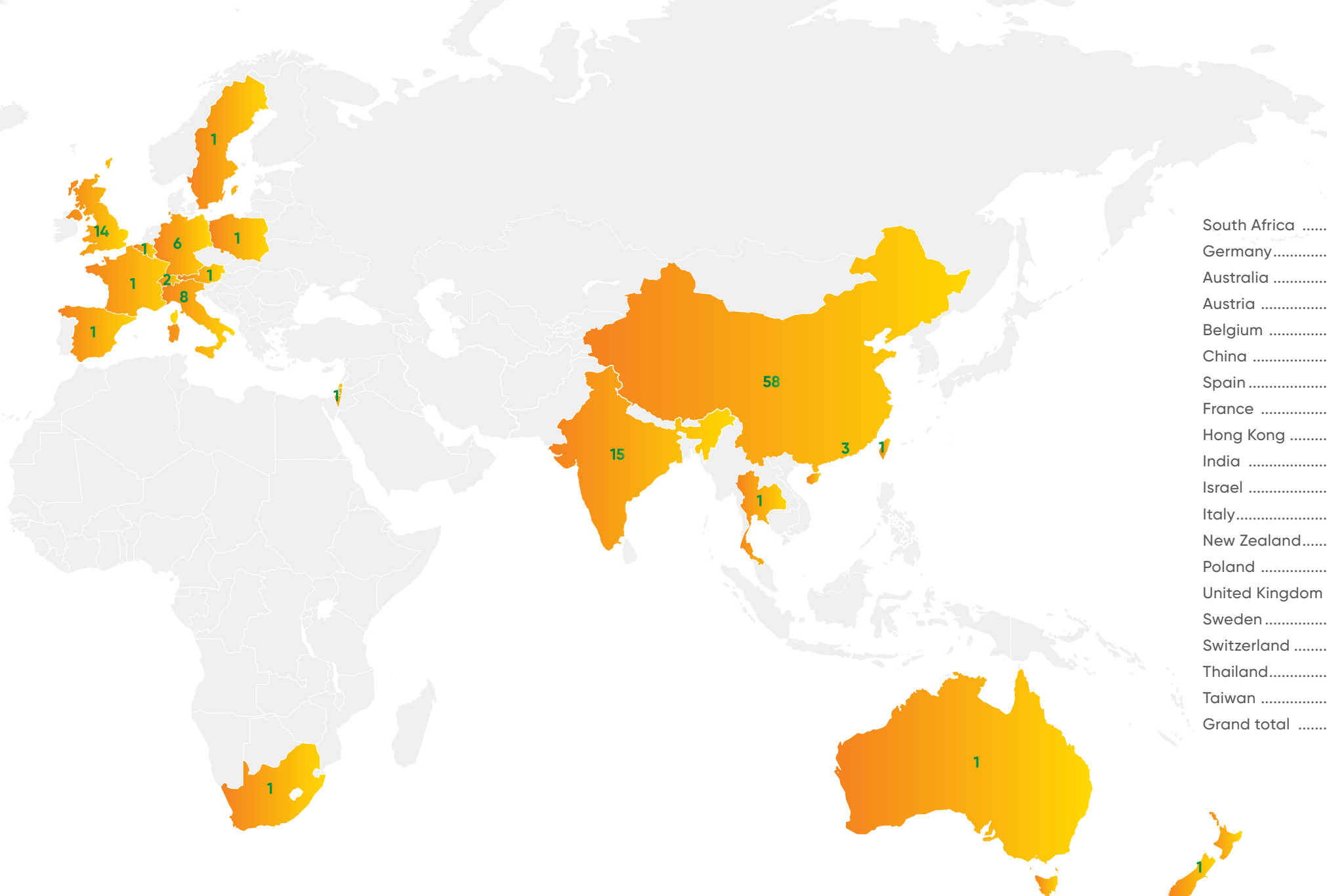


Supplier Validation

In 2018, the supply chain of the Ourofino Group was composed of 2,206 companies, 2,013 of which are national and 193 are international. Out of this total, 12% are considered direct suppliers (raw material and packaging) and 88% indirect suppliers (fixed assets, spare parts, services and others).

In 2018, the Ourofino Group's expenses with local suppliers (considering the 34 municipalities in the Ribeirão Preto Metropolitan Region, near the city of its headquarters, Cravinhos) totaled BRL 41,999 million, representing 13.04% of total expenses with suppliers in the year.





South Africa	2
Germany	6
Australia	1
Austria	1
Belgium	1
China	58
Spain	1
France	1
Hong Kong	3
India	15
Israel	1
Italy	8
New Zealand	1
Poland	1
United Kingdom	14
Sweden	1
Switzerland	2
Thailand	1
Taiwan	1
Grand total	2.206

Materiality



Qualification of Suppliers

The leading suppliers of active ingredients for animal health products in the world are located in China and India. Therefore, the Company seeks to maintain a close relationship with the suppliers of these inputs, in order to guarantee quality, regularity of supply and business continuity.

In 2018, in a process conducted by the Quality and Supply areas, the Company structured a project to control the inputs purchased in China. The process, which is carried out by sampling only upon arrival in Brazil, will be performed prior to shipment optimizing the approval cycle.

For such, the Chinese laboratories were audited and accredited to use analytical methodology and standards formalized in Quality Agreements – contracts that specify the requirements according to the degree of complexity of each item. The project began with 15 inputs of the 30 products with the highest participation in the sales.

During the qualification of the supplier, the batches are still double checked in the laboratories of the Ourofino Group in Brazil, in order to guarantee compliance with the levels contracted. The change could reduce the rejection of material and increase the time of availability of the product upon arrival in Brazil, speeding up production. As a result, there will also be significant impacts on the Company's costs and institutional position in China as a partner that contributes to the development of the supply chain in this industry.

In Brazil, the supplier qualification program has been applied since 2017, with periodic evaluations and quality audits that seek to encourage the adoption of best practices. In 2019, an approaching

event will be held, bringing to the Company's headquarters some of the main partners in this value chain for them to get to know the production processes closely, as well as to involve them in the Ourofino Group's culture.

In another area, the Company invests in the development of new trading partners, prospecting manufacturers to expand the range of its supply chain in Brazil and other countries.

The management of the processes of qualification and development of suppliers and procurement was automated and integrated in the same software, the implementation of which began in 2018. The Company evaluates the possibility of creating a specific check list in this software for the evaluation of socio-environmental criteria in its supply chain. Although it does not have a specific policy on the subject, all partners receive the Supply Terms and Conditions, which contains guidelines on environmental, social and economic aspects as well as the measures adopted by the Company in case of noncompliance.

Environmental Impacts and Environment Preservation

Optimizing the use of technology in search of an increasingly sustainable environmental performance. This was the focus of the Ourofino Group in 2018, as demonstrated by some of the actions promoted by the environmental and engineering areas and which are supported by the integrated HSE policy.

During the year, the adoption of the laser printing system for product packaging eliminated the use of alcohol and solvent. In addition, the new packaging has a pictogram that guides the responsible disposal.

After years of discussion, Sindan (National Union of the Animal Health Product Industry) adhered to the sectorial reverse logistics agreement of the Federation of Industries of the State of São Paulo (FIESP), to which the Ourofino Group became a signatory. The commitment is to collect 22% of its product packaging in the State of São Paulo, through companies authorized to carry out the collection from 2019.



Energy

As a result of the start-up of the new biological plant and the enlargement of the energy consumption reporting (inclusion in the fuel consumption indicator, the Company's own fleet of vehicles), an increase of 24% in total energy consumption was recorded in 2018, compared to the previous year.

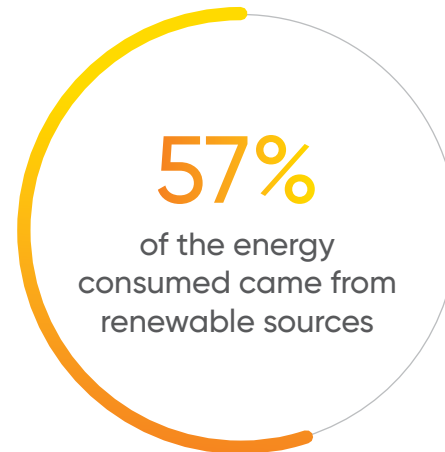
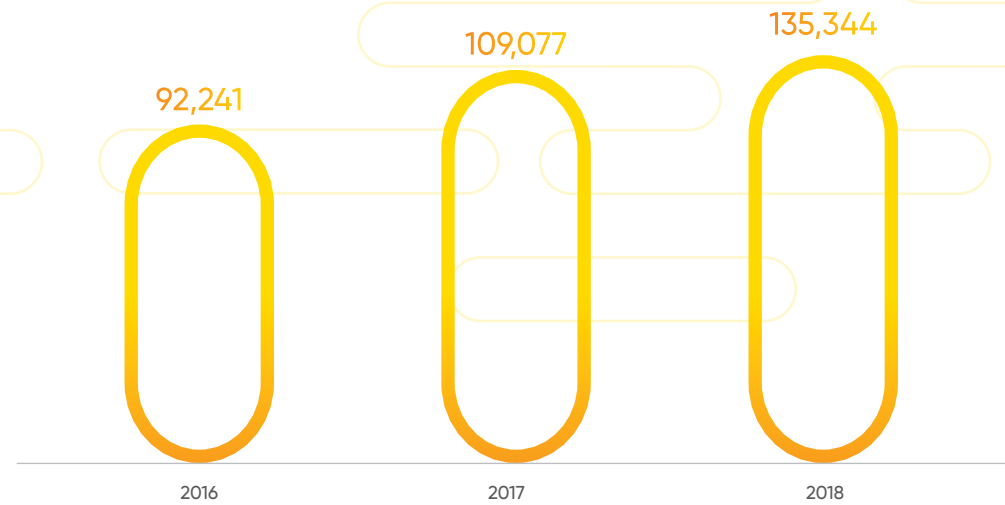
The Company has an energy management system for each department and substation that allows verifying the total and individual use of the facilities in real time. The goal is to expand the units produced per kilowatt consumed. One of the tools for this is the annual advance purchase of electricity in the free market, already adopt-

ed by the Ourofino Group, with daily consumption monitoring to avoid the need to purchase more batches than planned.

In association with companies near its headquarters, the Company intends to, in the medium term, make it possible to install an energy substation to reduce oscillations and generate savings, as well as an increase in the HVAC system and gas treatment techniques before the air gets to the atmosphere.

To increase the energy efficiency of its production processes and those of the industrial complex, in 2018 the Ourofino Group replaced all the lamps for more efficient lamps. In addition, 57% of the total energy consumed was generated from renewable sources.

Total energy consumption (GJ)





GRI 103-2 | 103-3 | 303-2 | 303-3 | 303-4 | 303-5 | 306-5

Water and effluents

Water is an essential natural resource for business continuity and growth. A possible scarcity of water resources can compromise financial and operating results, which may even make the production processes unfeasible. With this in mind, the Ourofino Group always seeks to reduce consumption in its operations, improving efficiency through initiatives and new technologies of reuse and reduction of waste.

To improve water efficiency, the Company monitors consumption and reuses water from two systems: reverse os-

mosis system and thermocompressor system. Both generate purified water that becomes raw material for production.

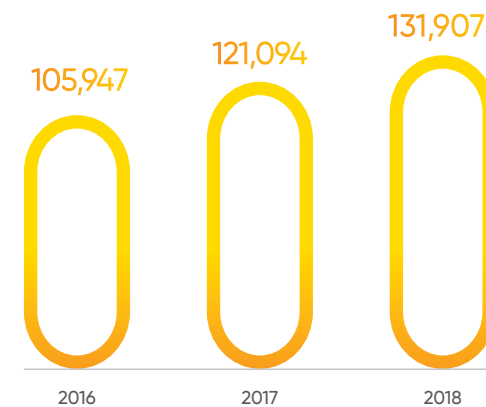
The Ourofino Group uses water from the public supply network for its production processes and the Cravinhos unit has an artesian well for irrigation and landscaping purposes. The beginning of the activities of the biological plant increased the water withdrawal in the year by 9%, totaling 131,907 m³.

The Company's headquarters in Cravinhos has two Effluent Treatment Plants (ETEs), to which all industrial waste and part of the sanitary sewage are destined.

To operate satisfactorily, the system has standardized operations and daily monitoring to analyze the effluent quality and the operation of the equipment. The data are registered and monitored by the Company and every quarter external analyzes are also carried out in accordance with the parameters established in State Decree No. 8464/76.

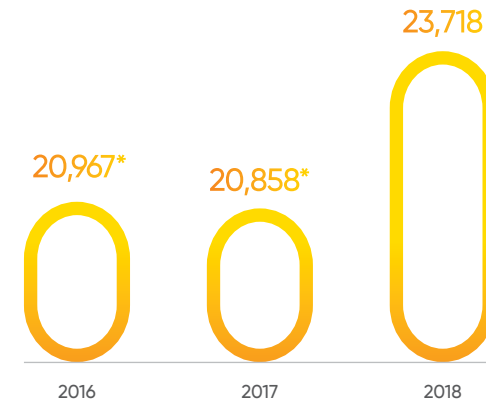
The treated industrial effluent and the raw sanitary sewage are disposed of into the public sewage network and sent to the Wastewater Treatment Plant of the municipality. There is no effluent/sewage disposal directly into water bodies. The disposal of water from the public network reached a total of 23,718 m³ in the year. This increase is due to the beginning of operations of the biological product plant.

Total water withdrawal (m³)



* The volume of water collected in 2018 refers to Cravinhos and Comprimidos units (Ribeirão Preto).

Water discharge (m³)



* The data of 2016 and 2017 took into account the disposal of effluents from the units abroad.

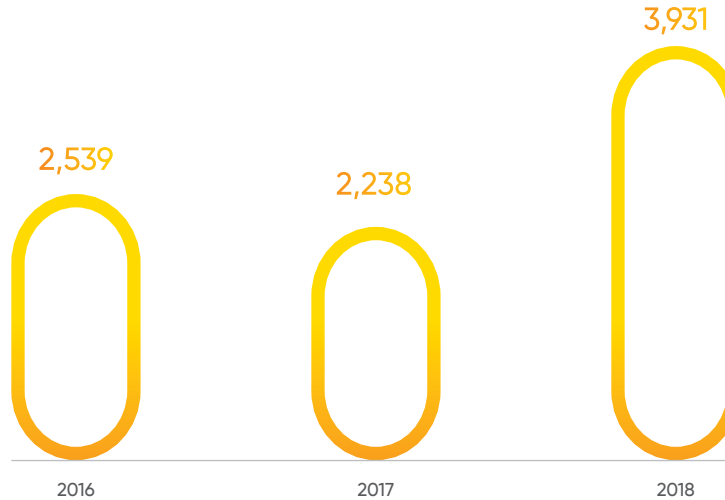
GHG Emissions

The Ourofino Group, aware of its responsibility for greenhouse gas (GHG) emissions, seeks to implement actions that contribute to the reduction of energy consumption and GHG emissions in its activities.

One of the Company's commitments is to work increasingly on 'climate change'. For this reason, in 2018 the decision to make an adjustment at the GHG inventory was made. In 2019, a consultancy will be hired to assist in the identification of all the emission sources of the Company, as well as accounting for some Scope 3 emission sources. This measure will assist in the implementation of an action plan for mitigation and adaptation to this issue.

The GHG Protocol methodology was adopted as the basis for calculating the reported emissions and the Scope 1 emissions reached a total of 3,931.06 tCO₂e. The increase in emissions is mainly due to the increase of data reported on fuels from the Company's own fleet of vehicles.

GHG Emissions – Scope 1 (tCO₂e)



306 - 4

Waste

The Ourofino Group has a standard operating procedure for waste flow and disposal, guiding employees on the importance and standards to minimize any environmental impacts resulting from improper disposal.

The waste is segregated according to its class, stored in a specific place and disposed for treatment, respecting its characteristics. Disposal is carried out by the Company itself, while transportation and treatment are outsourced. All steps – scheduling, weighing the

truck, loading, issuing documents and releasing the vehicle of the process – are monitored until the issue of the Final Destruction Certificate, ensuring its elimination.

As a safeguard, the Company uses legal contracts and follows specific and mandatory legislation: Transportation Certificate of Waste of Environmental Interest (CAD-RI) of CETESB, for hazardous waste, and Transportation Manifest for others.

In 2018, the collection of waste destined to the landfill was carried out by the Municipal Government of Cravinhos, resulting in a reduction in the volume of non-hazardous waste. There was also a reduction in hazardous waste, as drums previously sent for co-processing or incineration started to be recovered.

Innovation



The Ourofino Group, aware that innovation is a strategic tool that must permeate all business processes, allocated 6.5% of its net revenue to the development of Research, Development and Innovation projects. As a result, it obtains 20% of this revenue from new products (according to the NPVI - New Product Vitality Index).

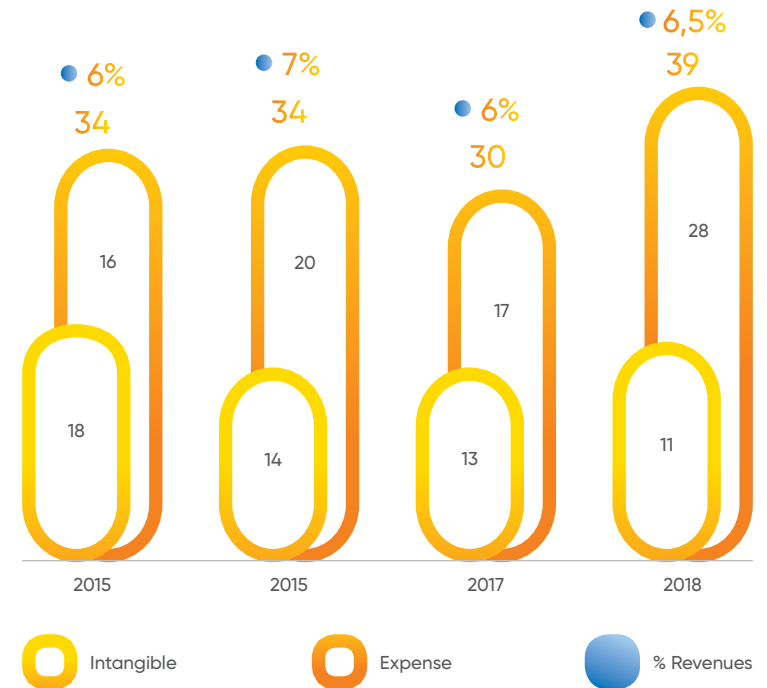
With a team of 108 professionals (10% PhDs), in 2018 the Company conquered the patent for the process for the preparation of parasiticide, including injectable form. It also obtained 14 new regulatory registrations for Latin America, with emphasis on products destined for Companion Animals, which gain competitiveness in the foreign market.

Parallel to the advances of its own team, the Ourofino Group reinforced in 2018 the open innovation concept, assuring project development by interacting with external agents. In line with the branding of Reimagining Animal Health, the purpose is to act in a more globalized way, seeking solutions that are consistent with the markets where it operates and with new strategic opportunities.

In practice, it means looking for integrated solutions to improve the productivity and profitability in different markets of Production Animals

while meeting the needs of the Companion Animal segment, also through strategic partnerships and joint development.

During 2018, 6.5% of net R&D revenue was invested, totaling BRL 39 million.



● Biotechnology

The year of 2018 was also a milestone for the Ourofino Group, which finalized its first vaccine produced in its new biological product plant. The strategy for this market was developed in the last cycle of Strategic Planning, where the animal health market is increasingly moving towards prevention.

A result of years of significant and ongoing investments in R&D and Innovation, the “Safesui Circovírus” (Circovirus vaccine) is a vaccine against circovirus – a disease that typically affects pigs and causes mortality or severe deficiencies in the growth of these animals.

Unlike other options on the market, the Ourofino Group’s vaccine has an unprecedented feature: it is the only one that efficiently covers the PCV2b virus and by similarity and homology it also protects against PCV2d and PCV2a, which represents more protection against failure, regardless of the mutation of the virus that threatens the herd.

The new product, which will be launched in the first quarter of 2019, was presented to the market in November 2018 during an event held with the participation of managers and specialists from the main Brazilian slaughterhouses and swine breeding influencers.



Launches in 2018

During the year, the Ourofino Group launched own products and licensed items from international companies, not limited to the pharmaceutical and biological segments.



Pareun

Own products

Intended Use

Treatment of bacterial infections and joint problems that affect horses. Available in 100 ml containers.

Segment



Therapeutic class

Antimicrobial



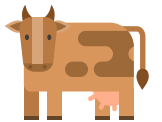
SiloSolve MC

Licensed Products
Partnership
Chr. Hansen

Intended Use

Bacterial inoculum made on scientific grounds, formulated to dominate the fermentation process, guaranteeing reduction of pathogenic microorganisms in the silage; higher dry matter recovery; increased silage palatability; more efficient production of milk or meat.

Segment



Therapeutic class

Nutritional



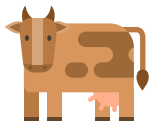
SilageSeal

Licensed Products
Partnership
Passion AG

Intended Use

Protected polyamide-based product, it is a multilayer film that prevents oxygen from entering the silos and maintains the quality of animal feed.

Segment



Therapeutic class

Seal

Market Intelligence

In-depth studies on the customer portfolio, product mix and market potentials have been essential to guide the evolution of the Company's Commercial area. In 2018, with the implementation of automated systems for the sales force, it was possible to identify market opportunities from the data generated by the team, considering the profile of customers, their location and purchase history and thus generate customized mix solutions.

These analyzes, together with the external surveys on market trends, allow customers to anticipate possible gains in productivity, reinforcing the role of the Ourofino Group as a partner in the development of animal protein producers. And not only as a manufacturer of medicines and vaccines, but with a full range of licensed products and technical services that boost animal performance and thus bring better returns to customers.

Segmented operation contributes to the effort to rationalize resources and has positively reflected the conversion rate of sales, relationship programs and promotional campaigns developed.

In 2019, the forecast is to complete the implementation of the automation of the sales force in

Mexico and Colombia, as well as to create new modules of indicators that allow to follow the market on a weekly basis. The challenge is to make the information reach the business team faster by proactively correcting routes and promoting increased assertiveness in the sales strategy.

Market Intelligence will also be essential in guiding the Company's insertion in the biological product market in Brazil and abroad, exploring the weaknesses of competition with the attributes of innovation and strength of the brand, as well as offering new licensed products and services.

Knowledge Management

The beginning of Ourofino Group's activities in the production of an innovative vaccine represented a major challenge for the entire Company in 2018, including for knowledge management. Unlike the production of the foot-and-mouth disease vaccine, the technology of which has been applied for many years in the market, the development of the first product for circoviral disease required the establishment of new processes and raising the level of knowledge of the team through consultancies with specific know-how, which will be essential in supporting the expansion of the vaccine line in the coming years.

The Quality area worked closely with the R&D and Innovation and Industry teams so that the transfer of pilots (from the lab to production) succeeded, establishing their own robust methodologies for quality and reduction of deviations.

The processes for changing any of the Company's products or equipment were also redesigned and automated in 2018 by a Change Control (CM) software, allowing any modification (packaging or configuration of a production machine) to be recorded, tracked and analyzed in an agile and accessible way.



Future Vision

The outlook for increasing world population and demand for protein, with Brazil as one of its main producers, is driving the animal health market. The circumstances are even better when considering the productivity gap, especially in livestock, compared to other meat exporting countries. The pressure for higher quality and lower costs motivates the shift of focus from treatment to prevention in animal breeding.

At the same time, increasing the longevity of the urban population also impacts the pet market, increasing the search for treatments and services that will prolong the relationship between animals and their tutors in a healthy way.

In this scenario, the Ourofino Group is experiencing the

growth cycle designed in its strategic planning of 2014, when it opted for IPO and directed investments to expand its portfolio in Production Animals and Companion Animals, and especially in the area of biological products.

The Company has also embarked on the challenge of internationalization and solidified its operations in Mexico and Colombia, the two largest animal health markets in Latin America, following Brazil, which still have growth potential.

Positioned as a Brazilian technology-based, innovative organization with recognized commercial expertise, the Ourofino Group analyses the next steps, looking for new market opportunities to be explored over the next few years.





The Company's strategic look turns to changes in consumer behavior. Although still inaccessible to lower-income classes, the healthy food trend directly impacts the animal protein market, either by reducing meat consumption or by increasing demands on food security, animal treatment and care for the environment. More than regulatory obligations, the market trends drive the Company to transform product development processes, packaging and its corporate conduct.

Driven by solid and potential growth not yet explored not only in Brazil, the pet market presents opportunities that

are on the radar of the Ourofino Group.

Also, the digital age, which is a reality in all market segments, encourages the Company to seek new solutions and business models to meet the needs of its customers. Going beyond its borders, the Ourofino Group seeks to add knowledge with open innovation, studying experiences of artificial intelligence, internet of things, marketplace and other technologies.

In this regard, in 2018, it held the 2nd Business Meeting, which gathered startups from all over the country to discuss how to unite their digital development

skills to the Company's expertise in commercial, regulatory or market access areas.

Investing in strategic partnerships for the development of new business and incremental earnings is another action developed with a focus on the future. In line with this position, in 2018 an agreement was executed with Sumitomo Corporation to evaluate and explore business opportunities in the veterinary segment in Brazil and Japan.

The Company's future vision also includes the increasingly intensive use of automation and robotics in the manufacturing processes and a change

of profile of the Information Technology area, no longer as a support, but as a business generator. One of the expected consequences of the optimization of internal processes is the expansion of the Operational Excellence area beyond the industry, promoting continuous improvement in all departments.

The Ourofino Group believes in the sustainable development of livestock through its commitment to good practices, research, innovations and chain engagement seeking a balance between the social, economic and environmental pillars.





GRI Appendix

102-8

Number of Ourofino Group's employees in Brazil, by gender and employment contract

	2017	2018
	Permanent	Permanent
Men	637	667
Women	374	392
Total	1,011	1,059

*All Ourofino Group's employees are located in the Southeast region
 **The Ourofino Group has third-party workers working in the areas of cleaning, company cafeteria, security, IT and others.

Number of Ourofino Group's employees in Colombia and Mexico, by gender and employment contract

		2017	2018
		Permanent	Permanent
Colombia	Men	20	26
	Women	4	8
Mexico	Men	11	19
		7	6
Total		42	59

In Brazil and abroad, Ourofino Group acts in consistency with governing bodies and actively participates in forums, committees and commissions to minimize the impacts from its production and operational processes. Since 2016, it has been part of the Gold Community, a collaborative platform that brings together GRI major supporters and leads discussions on trends and opportunities for the future in its field of expertise. In its strategy to promote the development of the animal health industry, the Company is also a member and/or participates in initiatives and discussions of several national and international organizations:

- AASP - Associação dos Advogados de São Paulo [Association of Lawyers of São Paulo]
- ABCZ - Associação Brasileira dos Criadores de Zebu [Brazilian Association of Zebu Breeders]
- ABRASCA - Associação Brasileira das Companhias Abertas [Brazilian Association of Publicly-Held Companies]
- ACIRP - Associação Comercial e Industrial de Ribeirão Preto [Industrial and Commercial Association of Ribeirão Preto]
- AMCHAM - Câmara Americana de Comércio Brasil-Estados Unidos [Brazilian-American Chamber of Commerce]
- Apex Brasil - Agência Brasileira de Promoção de Exportações e Investimentos [Brazilian Agency for the Promotion of Exports and Investments]
- APROVET - Asociación Nacional de Laboratorios de Productos Veterinarios (Colombia)
- Associação Brasileira de Hereford e Braford [Brazilian Association of Hereford and Braford]
- CETESB - Companhia Ambiental do Estado de São Paulo [Environmental Company of the State of São Paulo]
- Ciesp - Centro das Indústrias do Estado de São Paulo [Center of Industries of the State of São Paulo]
- CONSEA - Conselho Estadual de Segurança Alimentar [State Council for Food Security]
- CREDINFAR - Associação dos Profissionais de Crédito e Cobrança das Indústrias Farmacêuticas e Afins [Association of Credit and Collection Professionals of Pharmaceutical and Related Industries]
- CTNBIO - Comissão Técnica Nacional de Biossegurança [National Technical Biosafety Commission]
- CVS - Centro de Vigilância Sanitária [Sanitary Surveillance Center]
- DAEE - Departamento de Águas e Energia Elétrica [Department of Water and Electric Energy]
- Ibama - Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis [Brazilian Institute of Environment and Renewable Natural Resources]
- IBGC - Instituto Brasileiro de Governança Corporativa [Brazilian Institute of Corporate Governance]
- Infravet - Indústria Farmacêutica Veterinária [Veterinary Pharmaceutical Industry] (Mexico)
- MAPA - Ministry of Agriculture, Livestock and Food Supply
- MCTI - Ministry of Science, Technology and Innovation
- SINDAN - National Union of the Animal Health Product Industry
- Sindirações - National Union of the Animal Health Product Industry



Members of the highest governance body and its committees

	Members	Investiture	Members that hold other positions in the Companies
Board of Directors	<p>Composed by 6 members:</p> <ul style="list-style-type: none"> ○ 4 external independent members ○ 1 chief executive officer/controlling shareholder ○ 1 controlling shareholder 	04/13/2018 (two-year term)	<p>Jardel Massari (chief executive officer and member of the Human Resources and Innovation Committee)</p> <p>José Francisco Hintze (member of CAE)</p> <p>Luiz Baptista (member of the Human Resources Committee)</p> <p>Norival Bonamichi (member of the Innovation Committee)</p>
Audit Committee	Composed by 3 independent members	04/13/2018 (one-year term)	
Statutory Audit Committee	Composed by 3 external independent members	12/30/2014 (up to ten-year term)	José Francisco Hintze (member of the Board of Directors)
Human Resources Committee	Composed by 3 members	12/30/2014	<p>Massari (chief executive officer, member of the Board of Directors and the Innovation Committee)</p> <p>Luiz Baptista (member of the Board of Directors)</p> <p>Rodrigo Catunda (member of the Board of Directors)</p>
Innovation Committee	Composed by 2 members and 2 invited technicians	12/30/2014	<p>Jardel Massari (chief executive officer, member of the Board of Directors and the Human Resources Committee)</p> <p>Norival Bonamichi (member of the Board of Directors)</p>



95.59% of the employees of the Ourofino Group are covered by collective bargaining agreements, with the exception of em-

ployees working in Mexico and Colombia, where there is no formal agreement with local government bodies.

201-1

Value Added Statement (VAS) – Consolidated		
	2017	2018
Revenues		
Gross sales of products and services	550,442	635,085
Other revenues (expenses), net	1,460	-328
Revenue relating to the construction of own assets	15,635	20,794
Allowance for doubtful accounts	-987	-419
	566,550	655,132
Inputs acquired from third parties		
Cost of products sold, goods and services rendered	-188,476	-234,660
Materials, energy, third-party services and others	-127,489	-124,669
Loss of assets, net	-17,560	-17,646
	-333,525	-376,975
Gross (distributed) value added	233,025	278,157
Depreciation and amortization	-24,859	-25,532
Net (distributed) value added generated by the entity	208,166	252,625

Value added received as transfer

Income using the equity method		
Financial revenue	11,228	16,127
Royalties	117	115
Other	261	428

Total value added distributed

219,772 **2,269,295**

Distribution of value added

Personnel

Direct compensation	85,536	90,294
Benefits	17,327	15,172
FGTS	8,232	6,320
Taxes, fees and contributions		
Federal	45,834	42,475
State	-6,642	-17,073
Municipal	250	260
Return on third-party capital		
Interest, foreign exchange loss, derivative loss, etc.	27,662	31,689
Rents	3,423	3,247
Other	249	218
Return on own capital		
Retained earnings	29,057	51,615
Interest on shareholders' equity and dividends	9,051	17,232
Interest of non-controlling shareholders	-207	20
Value added distributed	219,772	269,295



Ratios of standard entry level wage by gender compared to local minimum wage

Brazil Local minimum wage	Lowest wage paid by the Company (2018) - Men	Lowest wage paid by the Company (2018) - Women	Men Proportion	Women Proportion	Apprentice Proportion
BRL 954.00	(BRL 477.00 – Apprentice*) BRL 1,596.40	(BRL 477.00 – Apprentice*) BRL 1,596.40	67.34%	67.34%	-50%
Mexico Local minimum wage	Lowest wage paid by the Company (2018) - Men	Lowest wage paid by the Company (2018) - Women	Men Proportion	Women Proportion	Apprentice Proportion
\$ 2,686.14 Mexican Pesos	\$ 13,880.16	\$11,958.00	416.73%	345.17%	N/A
Colombia Local minimum wage	Lowest wage paid by the Company (2018) - Men	Lowest wage paid by the Company (2018) - Women	Men Proportion	Women Proportion	Apprentice Proportion
\$ 781,242 Colombian Pesos	(\$ 781,242 - Apprentice) \$ 1,280,000	\$ 1,280,000	63.84%	63.84%	0%

* The compensation of the Apprentice position is based on the working hours. That is, \$ 477.00 refers to half of the total workload, equivalent to 4 hours.



There is no restriction of locality for hiring, although the Company gives preference to local residents for operational positions (process operator or administrative assistant) and commercial positions in specific

regions (due to the ease of logistics and prior knowledge of the territory of operation). Candidates from another locality who demonstrate possibility of moving out will not be excluded from the selection process.

Proportion of senior management members hired from the local community	2017	2018
Percentage of senior management members from local communities. (Brazil)	1%	0.9%
Percentage of employees from local communities. (Brazil)	96%	95%
Percentage of senior management members from local communities. (Colombia)	0%	0%
Percentage of employees from local communities. (Colombia)	2%	3%
Percentage of senior management members from local communities. (Mexico)	0%	0%
Percentage of employees from local communities. (Mexico)	2%	2%

A. Energy generated by fuel consumption (GJ)	2017	2018
LPG	18,813.49	328.85
NG	21,391.24	36,018.16
Diesel	167.40	567.10
Gasoline	165.02	12,086.08
Ethanol	-	4,414.93
Subtotal	40,537.15	53,415.12
Percentage of energy generated from renewable fuels	0.10%	14.45%
B. Energy acquired (GJ)		
Electricity	68,539.31	78,872.45
D. Total (GJ)		
Total energy consumed (A+B)	109,076.47	132,287.6
Percentage of energy from renewable sources on the total energy consumed	53%	57%
Production (unit)	-	31,848,490
Energy intensity (GJ/unit)	-	0.0024**

*The data above consider the energy consumption of the units of Cravinhos, Comprimidos (Ribeirão Preto), until the end of business, Mexico and Colombia.

**It considers only the electric energy consumed in Cravinhos.

***The reduction in LPG consumption occurred because the Company replaced the fuel.

**** The increase in the use of diesel, gasoline and ethanol occurred due to the inclusion of the fuel consumption of the Company's own fleet of vehicles in the indicator.



Water discharge (m3)	2018
Surface water	
Groundwater	
Sea water	
Third-party water	23,717.84
Total (m3)	23,717.84
Disposal of water by level of treatment	
Secondary Treatment	23,717.84
Total (m3)	23,717.84

* The above data consider the disposal of water to the units of Cravinhos.

Water Withdrawal and Consumption (m³)		
Collected Water (m³)	2017	2018
Surface water		
Groundwater	9,581.10	18,792.90*
Sea water		
Produced water		
Third-party water	111,513	113,114
Total (m³)	121,094.10	131,906.90
Reclaimed water (m ³)	30,628	29,871.60
Percentage of reclaimed water on the total collection	25%	23%
Consumed Water (m³)	111,513	113,114

*The volume of groundwater collection increased significantly due to alteration to the well grant.



As its headquarters is located in an area specifically dedicated to industrial facilities, the Ourofino Group considers that there are no impacts of its operations on biodiversity.

305-1|305-2|305-4

Ourofino Group Inventory of greenhouse gas emissions (tCO ₂ e)	2016	2017	2018
Scope 1	2,539.110	2,238.330	3,931.064*
Scope 2	2,035.306	1,698.866	1,402.177**
Total	4,574.42	3,937.20	5,333.241

* It considers emissions in the operations in Brazil - Cravinhos, Comprimidos (Ribeirão Preto), until the end of business, and Colombia

** It considers emissions in the operations in Brazil - Cravinhos, Comprimidos (Ribeirão Preto), until the end of business, Mexico and Colombia

Biogenic emissions	2016	2017	2018
Scope 1	833.570	801.380	445.245

Indicator of GHG emission intensity	2018
Cravinhos Production (tCO ₂ e/unit)*	0.00017

* This indicator considers only the production of the industrial complex of Cravinhos

306-2

Waste by type and method of disposal (tons)

Type	2017	2018
Hazardous	434.84	359.10
Non-hazardous	716.18	643.40
Total	1,151.02	1,002.50
Method*		
Recycling	241.46	229.72
Reuse	111.87	70.80
Landfill	262.33	183.60
Recovery of drums	100.52	159.30
Aerosol cans	23.33	45.70
Co-processing	124.29	162.90
Incineration	287.22	150.50
Total	1,151.02	1,002.50

* The Company does not use industrial landfill, composting, autoclaving, power generation, return to the supplier, decontamination and chemical treatment methods.



Transportation of hazardous waste (in tons)		
Disposal*	2017	2018
Hazardous waste transported	434.84	359.10
Hazardous waste treated	434.84	359.10

* No transportation of imported or exported hazardous waste

307-1

Regarding non-compliance with environmental laws and regulations, the Ourofino Group was not subject to administrative or judicial sanctions in 2018.

401-1

Operations in Brazil:

Turnover Rate		
Turnover rate by gender (%)	2017	2018
Male	13.80%	13.42%
Female	17.60%	17.35%
Turnover rate by age group (%)		
Under 30 years old	34%	39.1%
31-50 years old	5.30%	7.6%
Over 50 years old	10.60%	9.5%

Turnover rate by region (%)	2017	2018
South		
Southeast	15.20%	14.9%
Central West		
Northeast		
North		

Employment Rate

Turnover rate by gender (%)	2018
Male	15.6%
Female	19.6%
Turnover rate by age group (%)	
Under 30 years old	47%
31-50 years old	6%
Over 50 years old	11%
Turnover rate by region (%)	
South	
Southeast	17%
Central West	
Northeast	
North	



Operations in Colombia and Mexico:

Turnover Rate Colombia

Turnover Rate	2018
Overall	23.5%

Turnover Rate Mexico

Turnover Rate	2018
Overall	32%

401-3

Return to work and retention rates after maternity/paternity leave, by gender		2018	2016
How many employees were entitled to enjoy maternity/paternity leave?	Men	23	23
	Women	22	27
How many employees enjoyed maternity/paternity leave?	Men	23	23
	Women	22	27
How many employees returned to work after the end of maternity/paternity leave?	Men	23	23
	Women	22	27
How many employees who returned from maternity/paternity leave were still employed 12 months after their return?	Men	0	1
	Women	2	2
What is the retention rate for employees who returned to work after the end of the leave? (%)	Men	0%	4%
	Women	9%	7%
What is the return rate for employees who remained on the job after the end of the leave? (%)	Men	100%	100%
	Women	100%	100%

Through the Department of Occupational Medicine and Safety, several training and events were offered on occupational health and safety in 2018, such as the 24th Internal Week of Work Accident Prevention and the Environment (SIPATMA), awareness raising actions, trainings on Regulatory Standards, simulated emergency tests, among others – which totaled 12,356.24 hours, with the participation of 100% of the employees in some of these actions.

The effectiveness of the training is verified through assessments always at the end of the course and evidenced through examinations and certifications. Only trained employees with the required experience are qualified to provide specific training. In some cases, such as NR 10 (electricity safety) and NR 13 (safety in pressure vessels), qualified consultants are

contracted. Training on occupational health and safety is provided free of charge and occurs during paid working hours, with the participation of all.

403-8

The implementation of the Occupational Health and Safety area and a management system on these topics is under structuring phase and is expected for 2021.

404-1

The Ourofino Group offers on-site and online training so that employees can learn continuously. The goal for 2019 is to proceed with the plan of compulsory, technical and behavioral trainings.

Average hours of training by employee by year

Title	Working hours	
	2017*	2018
Management	-	25.48
Men	-	22.68
Women	-	32.48
Coordination	-	55.02
Men	-	53.36
Women	-	56.43
Superior	-	14.17
Men	-	14.19
Women	-	14
Administration	-	28.75
Men	-	31.31
Women	-	26.77
Technical	-	56.98
Men	-	54.46
Women	-	61.50
Operating Performance	-	57.73
Men	-	56.42
Women	-	63.41
Apprentices	-	14.61
Men	-	13.15
Women	-	15.73

* The data for 2017 were not reported because the reporting format was changed.



Performance evaluations are carried out at the beginning of the year to analyze the performance of the employee for the previous year. According to the rules of the Performance Management Program, employees with less than three months of employment are not eligible to participate in the evaluation, as well as trainees, apprentices, temporary employees and third parties. Thus, out of 1,118 active employees on December 31, 2018, the following were not included in the calculation: 24 apprentices and 28 employees hired after October 10, 2017, with 1,066 individuals eligible to participate in the performance evaluation.

	2018	
	Men	Women
Percentage of total employees who received performance analysis and career development (%) *		
Total employees (equal to 102-8)	683	383
Number of employees subject to performance analysis and career development	663	355
% by gender	97.07%	92.69%
% Total	94.88%	

* The calculations consider employees from Brazil, Colombia and Mexico.



Operations in Brazil:

Percentage of composition of the functional levels by gender

Category	Men	Women
Board	100%	0%
Executive Board and President	87%	13%
Management	71%	29%
Administration	47%	53%
Production	84%	16%
Apprentices	43%	57%
Total	63%	37%

Percentage of composition of the functional levels by age group

Category	Up to 30 years old	30 - 50	Over 50
Board	0%	22%	78%
Executive Board and President	0%	88%	13%
Management	0%	84%	16%
Administration	21%	76%	3%
Production	14%	77%	9%
Apprentices	100%	0%	0%
Total	18%	75%	7%

Percentage of employees by minorities

Category	black and mixed race %	Pcd %
Board	0%	0%
Executive Board and President	13%	13%
Management	0%	0%
Administration	8%	2%
Production	24%	6%
Apprentices	17%	0%
Total	14%	3%

Operations in Colombia and Mexico:

Percentage of composition of the functional levels by gender

Category	Men	Women
Board	0%	0%
Executive Board and President	0%	0%
Management	100%	0%
Administration	75%	25%
Production	0%	0%
Apprentices	100%	0%
Total	76%	24%

Percentage of composition of the functional levels by age group

Category	Up to 30 years old	30 - 50	Over 50
Board	0%	0%	0%
Executive Board and President	0%	0%	0%
Management	0%	33%	67%
Administration	24%	69%	7%
Production	0%	0%	0%
Apprentices	100%	0%	0%
Total	24%	66%	10%



406-1

In 2018, there were no incidents of discrimination or the need for corrective action.

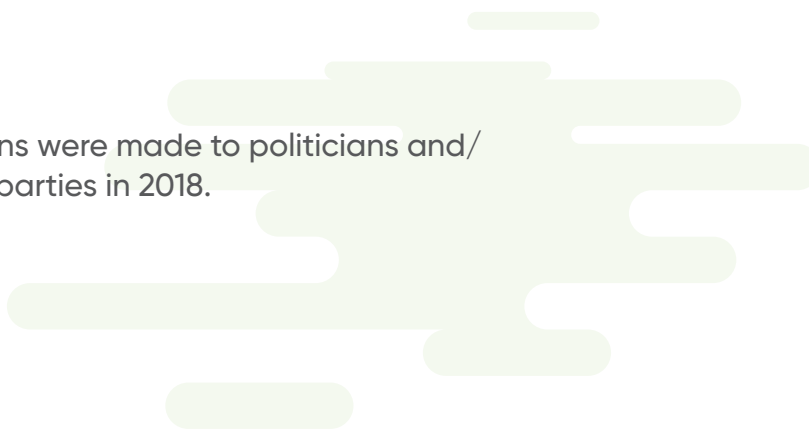
412-2

	2018
Number of employees trained in human rights policies or procedures	1,059
Hours of training in human rights policies or procedures	534.33
Hours of training in human rights policies or procedures by employee	0.5
% of employees trained in human rights policies or procedures	100%*

*Employees in Brazil

415-1

No donations were made to politicians and/or political parties in 2018.



416-1

Quality controls for Ourofino products

Product category	Requirements evaluated
Injectable/Hormones	Physical-chemical parameters (content), volume, sterility and endotoxins.
Implants	Physical-chemical parameters (content), weight, microbiological counts and absence of pathogens.
Solid (Tablets)	Physical-chemical parameters, such as: content, hardness, friability, dissolution, disintegration etc.
Solid (Premixes and Additives)	Physical-chemical parameters, such as: content, weight, heavy metals, grain size (particle size) etc.
Liquid	Physical-chemical parameters (content), volume and microbiological counts.
Semi-solid	Physical-chemical parameters, such as: content and viscosity, weight and microbiological counts of the environment.
Vaccines	Physical-chemical parameters, sterility, potency, purity, stability, innocuity, inactivation, microorganism identity, titration, quantification.
Aerosol	Physical-chemical parameters, such as: content, weight and aerosol dispersion.

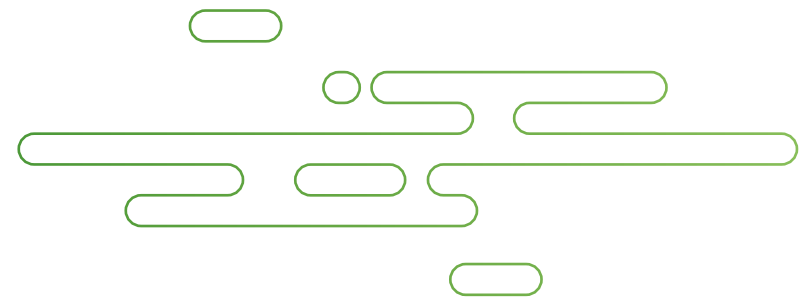
Product Labeling

2018	Description	Completed	Quantity	Name	Procedure
Product component outsourcing	Care with the handling of substances produced in the OF Group that are used externally as inputs for other products.	No	0	Not applicable.	The OF Group does not sale products that are characterized as inputs for other products and/or other companies.
Environmental or social impacts that may be generated by hazardous substances	Does the labeling indicate the risks of the product when in contact with people or the environment?	Yes	102	All products ready for sale.	The Ourofino Group complies with MAPA Decree No. 5053/2004, IN MAPA No. 35/2017, IN MAPA No. 26/2009 and Ordinance No. 48/1997, which provide for labeling information for pharmaceutical and biological products, and MAPA Decree No. 6296/2007, IN MAPA No. 22/2009 and IN MAPA No. 30/2009, which provide for labeling information for animal feed products.
Safe use of the product	Does labeling advise on proper product handling, risks and precautions?	Yes	102	All products ready for sale.	The Ourofino Group complies with MAPA Decree No. 5053/2004, IN MAPA No. 35/2017, IN MAPA No. 26/2009 and Ordinance No. 48/1997, which provide for labeling information for pharmaceutical and biological products, and MAPA Decree No. 6296/2007, IN MAPA No. 22/2009 and IN MAPA No. 30/2009, which provide for labeling information for animal feed products.
Product disposal	Does labeling inform about proper disposal?	No	102	All products ready for sale.	The Company informs that the packaging must be disposed of according to the applicable laws. There is no current legislation on the disposal of packaging of veterinary products.
Other labeling information (please describe)	Other information established by the Ourofino Group that is not a legal requirement	No	0	Not applicable.	Not applicable.



417-3

During the year 2018, the Regulatory Affairs/ R&D and Innovation department did not identify or receive notice of “non-compliance” with laws and regulations regarding the supply and use of products and services.



418-1

Total number of substantiated complaints concerning breaches of customer privacy, categorized by:		Description
Complaints received from third parties and substantiated by the organization	-	The Company received no complaints.
Complaints from regulatory agencies	-	The Ourofino Group received no complaints from third parties or regulatory agencies regarding privacy and loss of customer data.
Total number of identified disclosures, losses or theft of customer data	-	There were no incidents related to loss, disclosure or theft of customer data in 2018.
Total	0	

419-1

The Company was not subject to significant non-monetary fines and/or penalties for non-compliance with laws and/or regulations in the Social and Economic areas during 2018.

FP1

In 2018, all suppliers met the criteria established in the Sourcing Policy and the clauses of the Terms and Conditions of Supply.

FP-11

Animals raised and/or processed in CPV Guatapar

Race	Average quantity/year	% in relation to the total	Type of breeding
Cattle	1,307	24.03%	Outdoors
Sheep	119	2.19%	Outdoors
Pigs	184	3.38%	Extensive confinement (indoors)
Equine	103	1.89%	Outdoors
Vivarium	3,726	68.51%	Intensive confinement (indoors)
Total	5,439		

Treatment policies and practices*

Type	Race	Treatment	Medication
Cattle	Nelore / Mestizo / Girolando	Antibiotics	Beta-lactam, sulfas, aminoglycoside, macrolide, tetracycline
Cattle	Nelore / Mestizo / Girolando	Anti-inflammatory	Steroidal and non-steroidal
Cattle	Nelore / Mestizo / Girolando	Hormones	bST, estrogen, progesterone, eCG, Cloprostenol, buserelin
Cattle	Nelore / Mestizo / Girolando	Promotion of growth	Probiotics
Pigs	Landrace / Large White / Duroc	Antibiotics	Beta-lactam
Pigs	Landrace / Large White / Duroc	Anti-inflammatory	Steroidal and non-steroidal
Sheep	Santa Ines	Antibiotics	Beta-lactam and tetracycline
		Anti-inflammatory	Steroidal and non-steroidal
Equine	Crossbred	Antibiotics	Beta-lactam, sulfa
		Anti-inflammatory	Steroidal and non-steroidal

FP-13

There were no cases of non-compliance with laws and regulations related to the transportation, handling and/or slaughter of animals, which is carried out by third parties and monitored by the Company. Therefore, no fine or penalty was applied.

* Conduction of all treatments according to the disease presented

GRI Content Index

		Page	Omission	SDG
GRI 101:	Foundation 2018		Do not include any disclosures in this report.	
GRI 102: General Disclosures 2016	Standards			
Organization profile				
	102-1: Name of the organization	11		
	102-2: Activities, brands, products, and services	11 and 12		
	102-3: Location of headquarters	11		
	102-4: Location of operations	14 and 15		
	102-5: Ownership and legal form	12 and 38		
	102-6: Markets served	15, 31 and 32		
	102-7: Scale of the organization	11		
	102-8: Information on employees and other workers	39		8
	102-9: Supply chain	52		
	102-10: Significant changes to the organization and its supply chain	14 and 52		
	102-11: Precautionary principle or approach	24		
	102-12: External initiatives	66		
	102-13: Membership of associations	66		

Strategy				
	102-14: Statement from senior decision-maker	5 to 7		
Ethics and Integrity				
	102-16: Values, principles, standards, and norms of behavior	19		
Governance				
	102-18: Governance structure	20		
	102-22: Composition of the highest governance body and its committees	67		
	102-23: Chair of the highest governance body	20		
	102-26: Role of highest governance body in setting purpose, values, and strategy	20 and 21		
	102-27: Collective knowledge of highest governance body	20		
	102-32: Highest governance body's role in sustainability reporting	9		
Stakeholder engagement				
	102-40: List of stakeholder groups	47 and 49		
	102-41: Collective bargaining agreements	68		8
	102-42: Identifying and selecting stakeholders	47 and 49		
	102-43: Approach to stakeholder engagement	47 and 48		
	102-44: Key topics and concerns raised	48 and 49		

Reporting practices

102-45: Entities included in the consolidated financial statements	13		
102-46: Defining report content and topic boundaries	47 to 49		
102-47: List of material topics	49		
102-48: Restatements of information	9		
102-49: Changes in reporting	9		
102-50: Reporting period	9		
102-51: Date of most recent report	9		
102-52: Reporting cycle	9		
102-53: Contact point for questions regarding the report	9		
102-54: Claims of reporting in accordance with the GRI Standards	9		
102-55: GRI Content Index	83 to 92		
102-56: External assurance	9 and ???		

Indicators not related to material topics

GRI 201: Economic Performance 2016

201-1: Direct economic value generated and distributed	68 and 69		8, 9
201-3: Defined benefit plan obligations and other retirement plans	42		8

GRI 202: Market Presence 2016			
	202-1: Ratios of standard entry level wage by gender compared to local minimum wage	69	5, 8
	202-2: Proportion of senior management hired from the local community	70	8
GRI 204: Procurement Practices 2016			
	204-1: Proportion of expenses on local suppliers	52	17
GRI 205: Anti-Corruption 2016			
	205-2: Communication and training on anti-corruption policies and procedures	23	
	205-3: Confirmed cases of corruption and actions taken	23	
GRI 206: Anti-Competitive Behavior 2016			
	206-1: Lawsuits for unfair competition, anti-trust and monopoly practices	23	
GRI 307: Environmental Compliance 2016			
	307-1: Non-compliance with environmental laws and regulations	73	
GRI 401: Employment 2016			
	401-1: New employee hiring and employee turnover	73	
	401-3: Paternity/maternity leave	74	

GRI 403: Occupational Health and Safety 2018

403-1: Occupational health and safety management system	42 and 43		3, 8
403-2: Hazard identification, risk assessment and incident investigation	43		3, 8
403-5: Occupational health and safety training for workers	75		3, 8
403-6: Promotion of worker's health	43		3, 8
403-7: Prevention and mitigation of health and safety at work, impacts directly related to commercial relations	43		3, 8
403-8: Workers covered by the occupational health and safety management system	75		3, 8

GRI 404: Training and Education 2016

404-1: Average hours of training by year by employee	75		8
404-3: Percentage employees who regularly receive performance analysis and career development	76		8

GRI 405: Diversity and Equal Opportunities 2016

405-1: Diversity of governance bodies and employees	77		3, 5, 8, 10
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GRI 406: Non-Discrimination 2016

406-1: Incidents of discrimination and corrective actions taken	78		3, 8, 10
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GRI 412: Human Rights Assessment 2016

412-2: Training of employees in human rights policies or procedures	78		3, 8, 10
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GRI 413: Local Communities 2016

413-1: Operations with local community involvement, impact assessments and development programs	44		8, 10, 17
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GRI 415: Public Policies 2016

415-1: Political Contributions	78		
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GRI 418: Customer Privacy 2016

418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	80		
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GRI 419: Socioeconomic Compliance 2016

419-1: Non-compliance with laws and regulations in the social and economic area	80		
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Material topics

Innovation

103-1: Explanation of the material topic and its boundary	49	The Ourofino Group is working to identify specific limitations in relation to the topic boundary	
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GRI 103: Management Approach 2016	103-2: The management approach and its components	59 to 63	This topic is developed by the Company's senior management, allocating the responsibilities to the rest of the organization. The Ourofino Group does not have a specific policy to address the issue.	8, 9, 17
	103-3: Evaluation of the management approach	59 to 63	The Ourofino Group uses indicators to evaluate strategic management, such as the GRI indicators. In 2018 there were no adjustments to the management form as a result of the evaluation for the topic.	
GRI 102: Strategy 2016	102-15: Key impacts, risks, and opportunities	24, 59 and 63		9

Company's Future Vision

GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	49	The Ourofino Group is working to identify specific limitations in relation to the topic boundary	
	103-2: The management approach and its components	59 to 63	This topic is developed by the Company's senior management, allocating the responsibilities to the rest of the organization. The Ourofino Group does not have a specific policy to address the issue.	8, 9, 17
	103-3: Evaluation of the management approach	59 to 63	The Ourofino Group uses indicators to evaluate strategic management, such as the GRI indicators. In 2018 there were no adjustments to the management form as a result of the evaluation for the topic.	

GRI 102: Strategy 2016	102-15: Key impacts, risks, and opportunities	24, 59 and 63		9
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Environmental Impacts and Environmental Preservation | Animal Safety

Energy

GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	49	The Ourofino Group is working to identify specific limitations in relation to the topic boundary	
	103-2: The management approach and its components	55 and 56		5, 8, 16
	103-3: Evaluation of the management approach	55 and 56		
GRI 302: Energy 2016	302-1: Energy consumption within the organization	56 and 70		7, 12, 13
	302-3: Energy intensity	70		7, 12, 13
	302-4: Reduction of energy consumption	56		7, 12, 13

Water and Effluents

GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	49	The Ourofino Group is working to identify specific limitations in relation to the topic boundary	
	103-2: The management approach and its components	55 and 57		6, 12, 15
	103-3: Evaluation of the management approach	55 and 57		

GRI 303: Water and Effluents 2018	303-2: Management of water discharge related impacts	57		6, 12, 15
	303-3: Water withdrawal	57 and 71		6, 12, 15
	303-4: Water discharge	57 and 71		6, 12, 14
	303-5: Water consumption	57 and 71		6, 12, 14
Biodiversity				
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	49	The Ourofino Group is working to identify specific limitations in relation to the topic boundary	
	103-2: The management approach and its components	55		
	103-3: Evaluation of the management approach	55		
GRI 304: Biodiversity 2016	304-2: Significant impacts of activities, products, and services on biodiversity	72		6, 7, 12, 13, 15
Emissions				
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	49	The Ourofino Group is working to identify specific limitations in relation to the topic boundary	
	103-2: The management approach and its components	55 and 58		7, 12, 13, 15
	103-3: Evaluation of the management approach	55 and 58		



GRI 305: Emissions 2016	305-1: Direct (Scope 1) GHG emissions	58 and 73		12, 13, 15
	305-2: Energy indirect (Scope 2) GHG emissions	73		12, 13, 15
	305-4: GHG emissions intensity	72		7, 12, 13
Effluents and Waste				
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	49	The Ourofino Group is working to identify specific limitations in relation to the topic boundary	
	103-2: The management approach and its components	55, 57 and 58		
	103-3: Evaluation of the management approach	55, 57 and 58		
GRI 306: Effluents and Waste 2016	306-2: Waste by type and disposal method	73		6, 12
	306-4: Transportation of hazardous waste	58 and 74		12
	306-5: Water bodies affected by water discharges and/or runoff	57		6, 15



Supplier Validation | Environmental Impacts and Environmental Preservation

Supplier Environmental Assessment

GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	49	The Ourofino Group is working to identify specific limitations in relation to the topic boundary	
	103-2: The management approach and its components	52 to 54	The Ourofino Group does not have a specific policy to address the issue.	8, 12, 17
	103-3: Evaluation of the management approach	52 to 54		
GRI 308: Supplier Environmental Assessment 2016	308-1: New suppliers that were screened using environmental criteria	54		
	308-2: Negative environmental impacts in the supply chain and actions taken	54		

Supplier Social Assessment

GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	49	The Ourofino Group is working to identify specific limitations in relation to the topic boundary	
	103-2: The management approach and its components	52 to 54		
	103-3: Evaluation of the management approach	52 to 54		

GRI 414: Supplier Social Assessment 2016	414-1: New suppliers that were screened using social criteria	54		8, 12, 17
Product Safety				
Customer Health and Safety				
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	49	The Ourofino Group is working to identify specific limitations in relation to the topic boundary	
	103-2: The management approach and its components	51	The Ourofino Group maintains processes and procedures for this topic.	2, 12
	103-3: Evaluation of the management approach	51	In 2018 there were no adjustments to the management form as a result of the evaluation for the topic.	
GRI 416: Customer Health and Safety 2016	416-1: Assessment of the health and safety impacts of product and service categories	79		
	416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	51		



Marketing and Labeling

GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	49	The Ourofino Group is working to identify specific limitations in relation to the topic boundary	
	103-2: The management approach and its components	51	The Ourofino Group maintains processes and procedures for this topic.	12
	103-3: Evaluation of the management approach	51	In 2018 there were no adjustments to the management form as a result of the evaluation for the topic.	
GRI 417: Marketing and Labeling 2016	417-1: Requirements for product and service information and labeling	80		12
	417-2: Incidents of non-compliance concerning product and service information and labeling	51		16
	417-3: Incidents of non-compliance concerning marketing communications	80		

Animal Safety

Food Processing

GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	49	The Ourofino Group is working to identify specific limitations in relation to the topic boundary	
	103-2: The management approach and its components	50, 81 and 82		2, 15
	103-3: Evaluation of the management approach	50, 81 and 82	In 2018 there were no adjustments to the management form as a result of the evaluation for the topic.	
GRI G4 Sector Disclosures: Food Processing	FP1: Percentage of purchased volume from suppliers compliant with company's sourcing policy	81		
	FP11: Percentage and total of animals raised and/or processed, by species and breed type, per housing type	81		
	FP12: Policies and practices on antibiotic, anti-inflammatory, hormone and/or growth promotion treatments, by species and breed type	82		2
	FP13: Total number of incidents of non-compliance with laws and regulations, and adherence to voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals	50		



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Relatório de asseguarção limitada dos auditores independentes

Ao Conselho de Administração, Acionistas e Demais Partes Interessadas
Ourofino Saúde Animal Ltda.
Cravinhos - SP

Introdução

Fomos contratados pela Ourofino Saúde Animal Ltda (Ourofino ou "Companhia") com o objetivo de aplicar procedimentos de asseguarção limitada sobre as informações de sustentabilidade divulgadas no Relatório de Sustentabilidade 2018, relativas ao ano final em 31 de dezembro de 2018.

Responsabilidades da administração da Ourofino

A administração da Ourofino é responsável pela elaboração e apresentação de forma adequada das informações de sustentabilidade divulgadas no Relatório de Sustentabilidade 2018 de acordo com os Standards para Relato de Sustentabilidade da Global Reporting Initiative - GRI e com os controles internos que ela determinou como necessários para permitir a elaboração dessas informações livres de distorção relevante, independentemente se causada por fraude ou erro.

Responsabilidade dos auditores independentes

Nossa responsabilidade é expressar conclusão sobre as informações divulgadas no Relatório de Sustentabilidade 2018, com base no trabalho de asseguarção limitada conduzido de acordo com os Standards para Relato de Sustentabilidade da Global Reporting Initiative - GRI e a metodologia desenvolvida globalmente pela KPMG para asseguarção de informações socioambientais divulgadas em relatórios de sustentabilidade, denominada KPMG Sustainability Assurance Manual - KSAM, aplicáveis às informações não financeiras históricas.

Essas normas requerem o cumprimento de exigências éticas, incluindo requisitos de independência e que o trabalho seja executado com o objetivo de obter segurança limitada de que as informações divulgadas no Relatório de Sustentabilidade 2018, tomadas em conjunto, estão livres de distorções relevantes.

Um trabalho de asseguarção limitada conduzido de acordo com os Standards para Relato de Sustentabilidade da Global Reporting Initiative - GRI e a metodologia KPMG Sustainability Assurance Manual - KSAM consiste principalmente de indagações à administração da Ourofino e outros profissionais da Companhia que estão envolvidos na elaboração das informações constantes no Relatório de Sustentabilidade 2018, assim como pela aplicação de procedimentos analíticos para obter evidências que nos possibilitem concluir na forma de asseguarção limitada sobre as informações de sustentabilidade tomadas em conjunto. Um trabalho de asseguarção limitada requer também, a execução de procedimentos adicionais, quando o auditor independente toma conhecimento de assuntos que o levem a acreditar que as informações divulgadas no Relatório de Sustentabilidade 2018, tomadas em conjunto, podem apresentar distorções relevantes.

Os procedimentos selecionados basearam-se na nossa compreensão dos aspectos relativos à compilação, materialidade e apresentação das informações constantes no Relatório de Sustentabilidade 2018 e de outras circunstâncias do trabalho e da nossa consideração sobre áreas e sobre os processos associados às informações materiais de sustentabilidade divulgadas no Relatório de Sustentabilidade 2018, em que distorções relevantes poderiam existir. Os procedimentos compreenderam:

- planejamento dos trabalhos: consideração da materialidade dos aspectos para as atividades da Ourofino, da relevância das informações divulgadas, do volume de informações quantitativas e qualitativas e dos sistemas operacionais e de controles internos que servirão de base para a elaboração do Relatório de Sustentabilidade 2018 da Ourofino. Esta análise definiu os indicadores a serem testados em detalhe;
- entendimento e análise das informações divulgadas em relação à forma de gestão dos aspectos materiais;
- análise dos processos para a elaboração do Relatório de Sustentabilidade 2018 e da sua estrutura e conteúdo, com base nos Princípios de Conteúdo e Qualidade dos Standards para Relato de Sustentabilidade da Global Reporting Initiative - GRI (GRI-Standards);
- avaliação dos indicadores não-financeiros amostrados:
 - entendimento da metodologia de cálculos e dos procedimentos para a compilação dos indicadores por meio de entrevistas com os gestores responsáveis pela elaboração das informações;
 - aplicação de procedimentos analíticos sobre as informações quantitativas e indagações sobre as informações qualitativas e sua correlação com os indicadores divulgados no Relatório de Sustentabilidade da Ourofino;
 - análise de evidências que suportam as informações divulgadas;
 - visitas aos escritórios e unidades da Ourofino para aplicação destes procedimentos, assim como dos itens (b) e (c);
- análise da razoabilidade das justificativas das omissões de indicadores de desempenho associados a aspectos e tópicos apontados como materiais na análise de materialidade da Companhia;
- confronto dos indicadores de natureza financeira com as demonstrações financeiras e/ou registros contábeis.

Acreditamos que as informações, as evidências e os resultados obtidos em nosso trabalho são suficientes e apropriados para fundamentar nossa conclusão na forma limitada.

Alcance e limitações

Os procedimentos aplicados em um trabalho de asseguarção limitada são substancialmente menos extensos do que aqueles aplicados em um trabalho de asseguarção razoável. Consequentemente, não nos possibilitam obter segurança de que tomamos conhecimento de todos os assuntos que seriam identificados em um trabalho de asseguarção razoável, que tem por objetivo emitir uma opinião. Caso tivéssemos executado um trabalho de asseguarção razoável, poderíamos ter identificado outros assuntos e eventuais distorções que podem existir nas informações constantes no Relatório de Sustentabilidade da Ourofino.

Os dados não financeiros estão sujeitos a mais limitações inerentes do que os dados financeiros, dada a natureza e a diversidade dos métodos utilizados para determinar, calcular ou estimar esses dados. Interpretações qualitativas de materialidade, relevância e precisão dos dados estão sujeitos a pressupostos individuais e a julgamentos. Adicionalmente, não realizamos qualquer trabalho em dados informados para os períodos anteriores, para a avaliação da adequação das suas políticas, práticas e desempenho em sustentabilidade, nem em relação a projeções futuras.

Conclusão

Com base nos procedimentos realizados, descritos neste relatório, nada chegou ao nosso conhecimento que nos leve a acreditar que as informações constantes no Relatório de Sustentabilidade da Ourofino, não foram compiladas, em todos os aspectos relevantes, de acordo com os Standards para Relato de Sustentabilidade da Global Reporting Initiative - GRI (GRI-Standards) e com os registros e arquivos que servirão de base para a sua preparação.

São Paulo, 17 de maio de 2019

KPMG Financial Risk & Actuarial Services Ltda.

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