

2019

IHARA SUSTAINABILITY REPORT





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MESSAGE FROM THE PRESIDENT

GRI 102-14, GRI 102-15

In 2019, given the international scenario, the year was marked by new trade rounds between the United States and China (Trade War) and uncertainties arising from Brexit, issues related to the global economic slowdown. Other factors, such as geopolitical instability in the Middle East and the political rearrangement in Latin America also contributed to heighten volatility in financial markets.

In Brazil, economic growth was still modest, but the Social Welfare System reform was approved, bringing an expectation of a better fiscal balance and economic growth for the coming years. In the political agenda for the following year, tax and administrative reforms, as well as the privatization process, will still be under discussion. Despite the advances, the unstable international scenario has led to a lot of volatility to the exchange rate, which has brought us additional concern in the management of our financial resources.

In agriculture, producers once again showed their capacity, harvesting a record crop of grains, with the advance of the planting areas of relevant crops, such as soybeans.

In 2019, we celebrated the registration of important products to strengthen even more our portfolio, bringing more competitiveness, innovation and solutions for the farmer.

For our company, the year was positive and we overtook the historic mark of USD 500 million in sales, especially regarding the products launched in recent years, which improved our portfolio and made it more complete in solutions.

In addition, in 2019 we celebrated the registration of relevant products that will further strengthen our portfolio, bringing more innovation and solutions to the farmer.

We also highlight the investments made in our plant and in manufacturing processes, seeking to increase capacity and to improve productivity, contributing to the improvement of environmental indicators of water and energy consumption, where we achieved reductions of 10% and 19%, respectively.

Searching for greater capacity for innovation and to bring more solutions to the farmer, we highlight the investment in the acquisition of 2 agricultural areas for research stations in Paraná and Mato Grosso. In order to have more agile processes,

we also invested in the implementation of SAP, our new management system.

In relation to corporate governance, we made a breakthrough in our model with the modernization of the bylaws and improvements in the corporate organization chart.

For the fourth time in a row, we were recognized as the best Agrochemical company in Brazil in the "Best of Agribusiness" award from Globo Rural magazine, and we renewed our Agro+ Integridade Seal in 2019, meeting the level of Compliance required by the Ministry of Agriculture.

For 2020, we will keep investing in strategic sustainability issues for our stakeholders, as well as the best solutions for our agribusiness customers.

We remain firm and passionate about what we do!

Enjoy your reading!

Julio Borges Garcia
President of IHARA

ABOUT IHARA

GRI 102-1, GRI 102-2, GRI 102-3, GRI 102-4, GRI 102-5, GRI 102-10

IHARABRAS S / A Indústrias Químicas is a Brazilian company, a privately held corporation, with its corporate structure composed mainly by Japanese companies, following research, development, production and commercialization of agricultural defensives. Operating for 54 years in the Brazilian territory, seeking to serve the farmer with solutions for the protection of crops against diseases, pests and weeds.

With its headquarters in the city of Sorocaba / SP, the company has its administrative offices, production plants, research center and distribution center located all on the same site. In addition, we have five distribution centers located in the states of Bahia, Goiás, Mato Grosso, Paraná and Rio Grande do Sul.

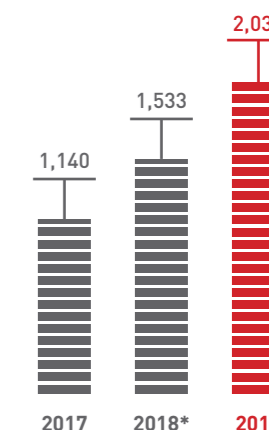
In 2019 IHARA employed 697 employees, 647 of them were IHARA employees and 50 were outsourced.

In order to support negotiations and partnerships with its external suppliers, IHARA opened an office in China, facilitating and strengthening its supply chain.

The company also inaugurated in 2019, the Herbicide Synthesis plant located in Sorocaba's plant, besides investing in the construction of two more research centers, one in Mato Grosso and the other in Paraná, with inauguration planned for 2020.

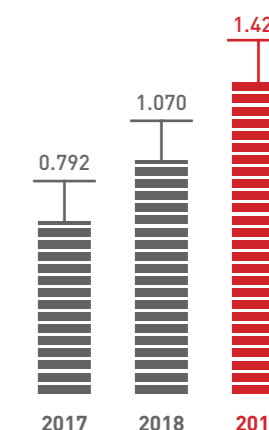
IHARA is permanently investing in the research and development, with the objective of launching new products that address the productivity challenges of Brazilian tropical agriculture, increasing productivity, safety, and sustainability. Practicing the Japanese culture of quality management, the company maintains strict production standards and a highly technical sales team, offering more than 60 agrochemicals, including fungicides, herbicides, insecticides and specialty products.

NET SALES (R\$ Billion)



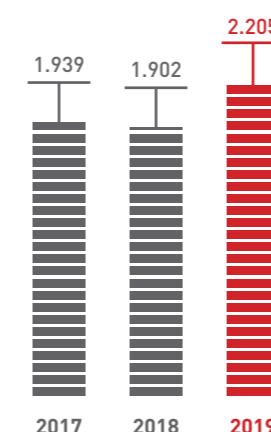
* The 2018 net sales figure has been revised.

COSTS (R\$ Billion)

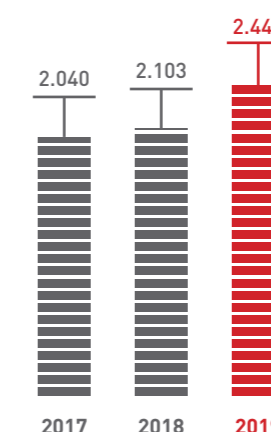


SCALE OF THE COMPANY

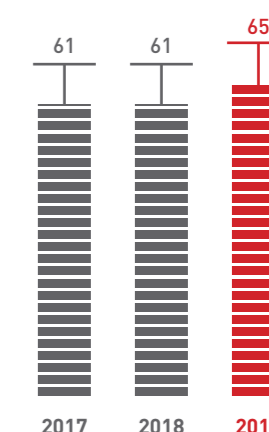
TOTAL CAPITALIZATION BROKEN DOWN IN TERMS OF DEBT AND NET EQUITY (R\$ Billion)



TOTAL ASSETS (R\$ Billion)



QUANTITY OF PRODUCTS

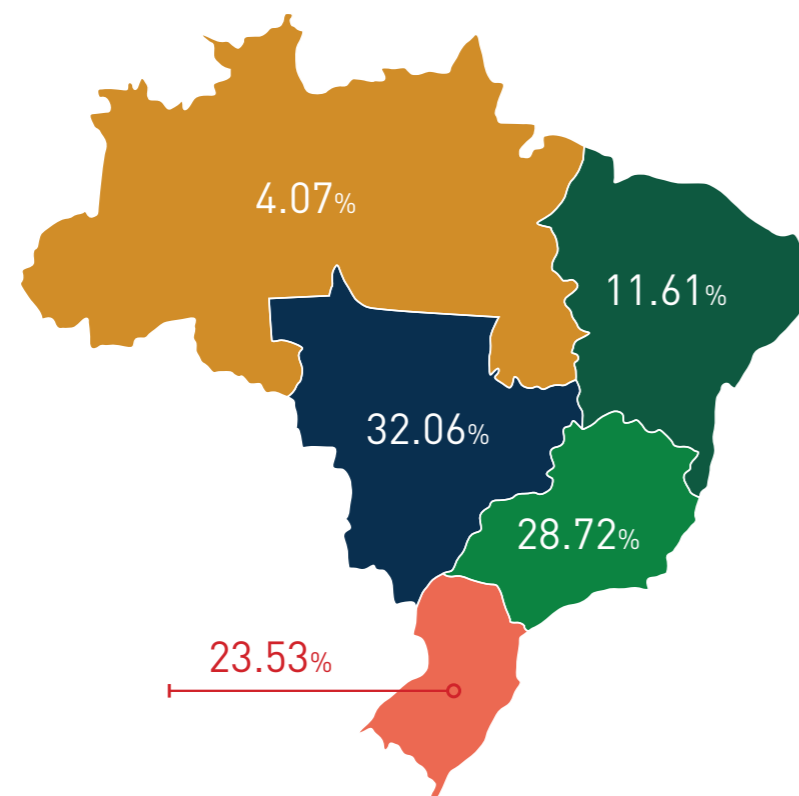


(Considering the amounts for suppliers, financing, accounts payable and provisions, and equity)

MARKETS SERVED

GRI 102-6

BY REGION



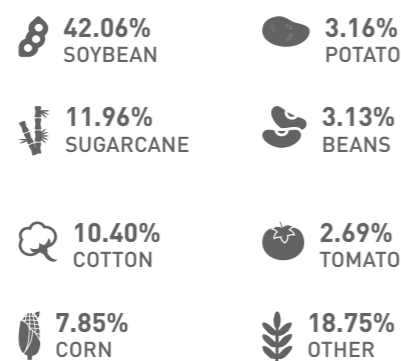
Operating throughout the country in the agrochemical segment and bringing products and services to rural producers, IHARA contributes significantly to the progress and competitiveness of Brazilian agriculture.

BY STATE

17.45% | SP
16.20% | MT
11.51% | PR
10.03% | MG
9.97% | GO
9.43% | RS
7.44% | BA

The remainder is divided among the other Brazilian states.

BY CROP

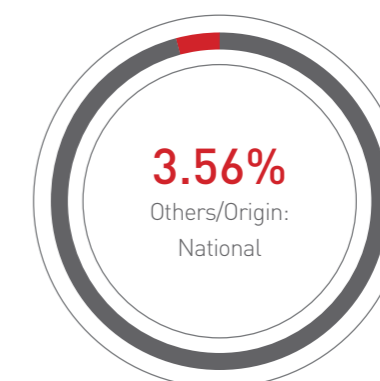
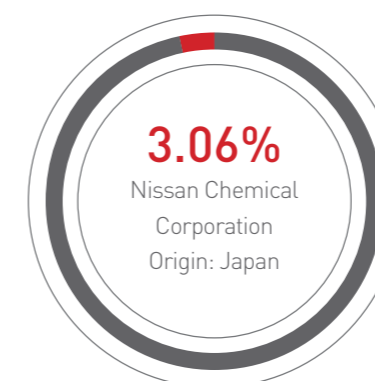
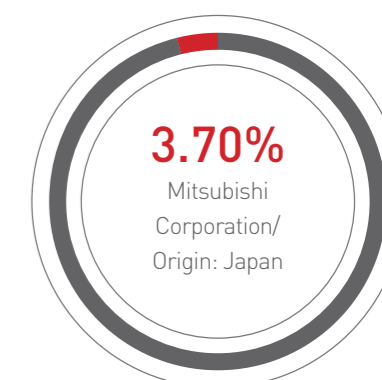
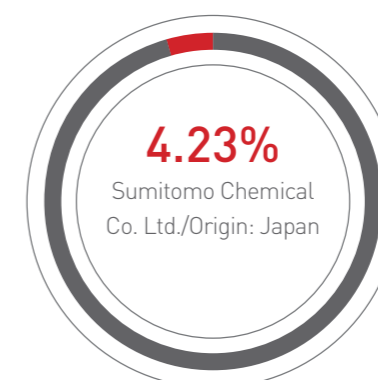
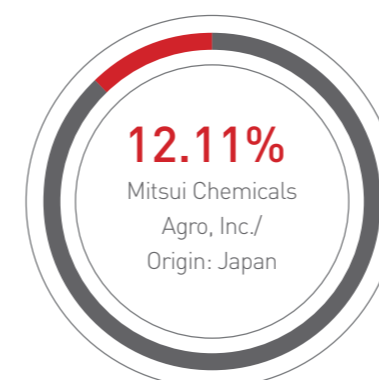
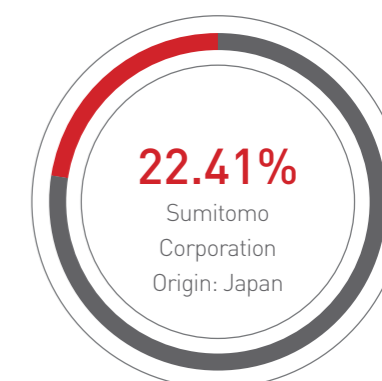
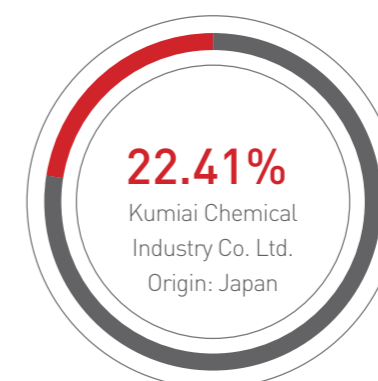
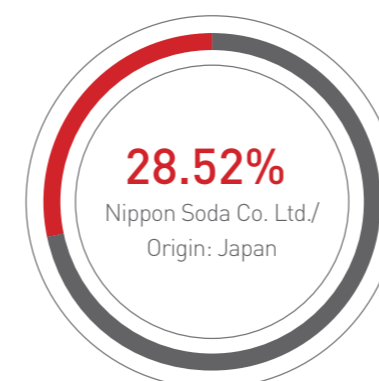


BY CUSTOMERS OR BENEFICIARIES

Resale | 47%
Consumer | 31%
Cooperative | 22%

CORPORATE COMPOSITION

GRI 102-7



Timeline

- **1965** – IHARA is founded in São Paulo, SP, located in the Jagaré district.
- **1970 - 1989** – The company's factory is officially opened in Osasco, SP.
 - The administration was transferred from São Paulo to the industrial park located in Sorocaba, unifying the company's activities.
 - Inauguration of new facilities, synthesis of the propanyl herbicide molecule and beginning of the synthesis of the methyl thiophanate fungicide.
- **1990 - 1997** – Investment in facilities, expansion works, renovations, and modernization.
- **2003 - 2004** – Invoicing reaches \$100 million.
- **2010 - 2011** – Mitsui Chemicals Agro and Nissan Chemical Corporation become shareholders of the company.
- **2012 - 2014** – The company continues to invest in improvements, installation of a new Wastewater Treatment Plant. New projects begin to be developed as new molecules arrive from Japan.
 - Construction of the Distribution Center and Herbicide plant.
- **2015** – IHARA completed 50 years of history! To celebrate this milestone, the company prepared several social and cultural actions, such as the installation of artesian wells in the Northeastern semiarid and musical and theater projects.
- **2016** – IHARA begins to reap the rewards of its investments with the approval of new products.
- **2017 - 2018** – With the launching of approximately 20 products on the market between 2017 and 2018, IHARA undertakes a significant renewal of its portfolio, guided by the constant search for more effective and less risky products.
- **2019** – Construction of the first flex plant for IHARA herbicides and opening of a new synthesis plant.
 - The historical record of \$500 million in sales was exceeded.
 - Acquisition of 2 agricultural areas to accommodate Research Centers in Paraná and Mato Grosso.

Awards



THE BEST OF DINHEIRO RURAL – REVISTA DINHEIRO RURAL

The best in Indirect Agribusiness
The Best financial management in indirect agribusiness
1st place in fertilizers and agrochemicals for the 6th consecutive year



SPECIAL AGRIBUSINESS – FORBES BRASIL MAGAZINE

Among the 50 Best in Agribusiness



BEST IN AGRIBUSINESS – GLOBO RURAL MAGAZINE

1st place in Fertilizers and Agrochemicals
3rd consecutive year in the first category agrochemicals Category



BETTER AND MORE – EXAME MAGAZINE

5th place in Fertilizers and Defensives



AGRO+ INTEGRIDADE 2018-2019 SEAL

Good governance and compliance practice



IHARA Mission, Vision, Beliefs and Principles

GRI 102-16

MISSION

Contribute to the progress and competitiveness of Brazilian Agriculture.

VISION

Using creativity and groundbreaking spirit, we shall transform Brazil in the largest agricultural country in the world.

Always united by the same objectives, let's make of Iharabras a first class company.

Through confidence and cooperation, let's help each other improve and make secure everybody's life.

BELIEFS AND PRINCIPLES¹

Our beliefs and principles are the foundation of our strategies and decisions, guiding our performance.

We are diligent and open to changes and we will always make the necessary changes with the noblest sense.

There is a reason for our existence. Our Beliefs and Principles have the utmost dimensions: Our Planet, Our Country, Our Company and Our People that express our wish to serve our clients with excellence.

OUR PLANET

The world will need food in a greater extent. In our search for productivity we shall always respect the natural resources. Everything is interconnected Earth, Water and Air are humanity most important assets.

We shall be responsible for the way we treat them. Nurturing the world and conserving these assets is true sustainability.

OUR COUNTRY

We are the owners of this Country. We believe that Brazil is the most viable alternative to feed the world. We employ all our energy in such noble mission.

We promote creativity and innovation. We believe that science and technology can solve the productivity challenges of Brazil.

OUR COMPANY

We believe that through ethical, humble and engaged conduct we can overcome the expectations and surprise the concerned parties.

Great realizations do not occur overnight; they are the result of the sum of small step-by-step conquests carried out with determination and courage.

What really matters are the sustainable outcomes.

We share and rejoice our conquests by strengthening relationships and by immediately searching new challenges.

We develop agricultural solutions. We work to serve the rural producer, because they are the reason of our existence.

We are a company driven by Research and Development. Innovation and strategic alliances join forces so that these objectives are attained.

We are united as a family, we are one for all. Our strategic moves are concerned with the collective.

We rather respect the knowledge acquired by experience than theoretical knowledge; nonetheless, the latter shouldn't be disregarded.

No matter the issue our decisions are based on: loyalty, justice, courage, love and modesty, in this order. We are responsible for our company, our trademark and our image. We are proud the IHARA's way of being.

OUR PEOPLE

We are IHARA by choice! We hone the spirit of the business owner in each collaborator. We are responsible for our choices.

Our people are our greatest asset. Great people with big results and determined to grow into their jobs are entitled to be rewarded properly.

We dream big. We believe that performing potential of human being is unlimited and we challenge ourselves at all times.

We believe in leadership, for instance. Selecting and forming people so they become better than us. Our leaders are evaluated by their nature, altruism and engagement of their teams. Our relationship is based on trust. Our people deliver results by acting with integrity, loyalty and impartiality abiding by the law and moral principles.

Modesty is our principle. We value the ability of people who listen and express themselves respectfully.

We value respect. We respect people, the society, the laws, the environment, diversity, that is, life in all its forms.

We look for people with initiative and creativity which we hone as qualities of highest values.

We are enthusiastic. We engage ourselves in work with energy and passion, finding fulfillment and pleasure. When we find pleasure at work, responsibilities

are naturally fulfilled. Our people find challenges irresistible. We have the business owners' spirit which reflects our actions.

We are committed with our goals and face the challenges with joy and courage. Mission given is mission accomplished. Note: The elaboration of IHARA Beliefs and Principles was based on Mr. Inamori's story of success and Kyocera Philosophy.

INSTITUTIONAL RELATIONSHIPS

GRI 102-13

IHARA has institutional relationships with several organizations, including:

- ABMRA: Brazilian Association of Rural Marketing and Agribusiness;
- Brazilian Association of Technical Standards (ABNT)
- Brazilian Human Resources Association (ABRH)
- Sorocaba Human Resources Professionals Association (APRH)
- São Paulo State Industry Center (CIESP-SP)
- CropLife Brasil
- Fungicide Resistance Action Committee (FRAC)
- Brazilian Cotton Consultant Group (GBCA)
- Herbicide Resistance Action Committee (HRAC)
- International Life Science Institute (ILSI)
- National Institute for Empty Packaging Processing (inpEV)
- Insecticide Resistance Action Committee (IRAC)
- PROHUMA Institute for Scientific Studies (PROHUMA)
- National Union of the Plant Protection Products Industry (SINDIVEG)

1. Mr. Inamori's success story and Kyocera's philosophy were the basis for the preparation of IHARA's Beliefs and Principles.

IHARA PORTFOLIO

IHARA has more than 60 products designed to protect over 100 different types of crops.

PRODUCT PORTFOLIO

GRI 102-2

With a portfolio of products suitable for the reality of Brazilian agriculture, IHARA currently offers more than 60 agrochemicals (fungicides, insecticides, herbicides, biological defensives and special products) for over 100 different types of crops, helping farmers to produce more and more food, with more quality and in a sustainable way.

ACCESS TO MARKET

IHARA makes its products available to the market, through cooperatives, resales and direct sales with the support of its technical and commercial team.

NEW PRODUCTS

In 2019, IHARA launched 6 new products, being 1 herbicide, 4 insecticides, and 1 fungicide. For 2020, 10 more new products are expected to be registered and launched.

INNOVATION

With the premise of bringing innovation to the field and offering increasingly efficient, modern and safe solutions, IHARA has a Research Center located in Sorocaba (SP), with 330,524 m² of area for cultivation, testing and product testing, thus being able to develop new molecules with the highest standard of safety and compliance. In 2019 alone, around R\$ 12 million were invested in research and, by 2020, an investment of R\$ 16.6 million is expected.

And in order to leverage the creation of innovative solutions that increasingly benefit agriculture, IHARA has entered into a partnership with Plug and Play, a global reference company in acceleration of start-up

companies. Through this partnership, IHARA will be one of the companies responsible for selecting start-up companies in the agribusiness sector in Brazil. Based on it, the company hopes to take another important step in the search for improvements, through an immersion in the universe of innovation, with the exchange of knowledge and new opportunities for the market.

INVESTMENTS

Among the investments, we started the construction of two new Research Centers, one in Mato Grosso and another in Paraná. The completion of the works and start of activities is scheduled for 2020. Another innovation was the creation of a new greenhouse, with 9 independent climate rooms and with the objective of increasing the capacity to install tests, improving their quality. We also updated the existing greenhouses, improving the irrigation systems. We also highlight the investment in the Herbicide Synthesis plant.

IHARA
opened in
2019 the plant
of Synthesis,
one unit
developed
to meet the
needs of
Brazilian
agriculture

PRODUCT SAFETY

GRI 416-1, GRI 416-2

REGISTRATION OF NEW PRODUCTS

In the process of developing new products, IHARA has high innovation and quality standards and taking into consideration the risks and impacts on human health and the environment, selecting only those compounds that are safer to use. In addition to the assessment made by the company, all products also undergo a process of approval by regulatory bodies, which have strict requirements. IHARA's sales team is highly qualified to answer farmers' technical questions and provide guidance on the correct and safe use of all products marketed by the company.

IHARA measures for product safety:

- Investment in biological products
- Prioritization in the development of products with lower environmental impact;
- Training, lectures, guidance and encouragement of good agricultural practices and also for the correct and safe use of our products, including the donation of PPE.

In 2019, IHARA made 12 submissions of new registrations and extensions of product leaflets among fungicides, insecticides and herbicides for several crops, with the regulatory authorities. All these products were technically evaluated for the control of pests, weeds and diseases. In addition, new formulations were developed in order

to obtain a lower environmental impact and for human health.

In order to manage any impact related to health and safety and maintain compliance, IHARA relies on the SOGI tool of the Integrated Management System, which allows the analysis of the causes of possible non-conformities, the elaboration of action plans and verification of their effectiveness. Therefore, at the end of 2019, there were no non-conformity with a warning or fine judged to be justified.

IHARA sells special products that require special care in their use. Aware of the risks related to the misuse of our products, our team is trained to instruct farmers and applicators to adopt good protection practices, including the use of appropriate PPE regarding to the preparation of the product and its application. In addition, IHARA invests in training the technical and commercial team to provide an correct assistance, recommending only what is needed, at the right time and adequate doses of use of each product.

In addition to complying with legal requirements, the company undertakes actions to move society, distributors, and the chemical industry to follow examples of safety and good practices in the field, such as the Cultivida project, which is detailed on page 18.

PRODUCT INFORMATION AND LABELING

GRI 417-1

The labels and leaflets of all IHARA's products are prepared in accordance with legal requirements, offering information on correct use, composition and active ingredi-

ents, in addition to indications of environmental hazard and toxicity to health, all in accordance with Decree # 4,074 of January 4, 2002, Article 49.





CULTIVIDA

Launched in 2012, the Cultivida project aims at instructing rural producers on the correct and safe use of agrochemicals, in addition to disseminating good practices and training public health agents to identify and treat the health conditions of the rural population.

This important initiative of IHARA collaborates to reduce and mitigate cases of contamination, intoxication, and occupational accidents related to agrochemicals in Brazil.

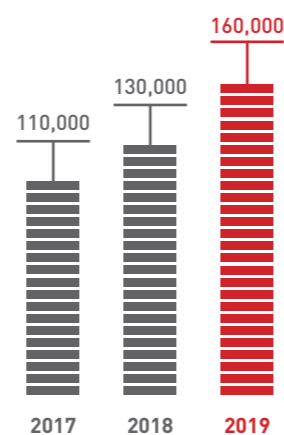
Between 2012 and 2016, Cultivida visited 20 cities in 13 Brazilian states, benefiting more than 8 thousand people, including health agents and farmers from small farms and their families, who received important information through lectures, educational, and recreational actions related to good agricultural practices, such as the use of personal protective equipment (PPE), application technology, final des-

tinuation of empty packaging, use of agrochemicals and also other family and women's health issues.

Through a partnership with the State University of Campinas (Unicamp), Cultivida also involved the training of health professionals from National Health System (SUS), totaling 1,738 people trained in the five years of the project.

As of 2017, the Cultivida project entered the PPE distribution phase, with 400,000 PPEs delivered by 2019.

PPE DISTRIBUTION



PACKAGING RECYCLING

In line with its philosophy, principles and values, IHARA is responsible for all stages involved in its production chain, seeking sustainable solutions compatible with each of its activities. One of the concerns refers to the environmentally correct destination of post-consumption agrochemical packages, which is why IHARA participates in Sistema Campo Limpo System (SCL) [Clean Field System], a Brazilian program that is mainly financed by agrochemical companies to enable reverse logistics of empty packages or packages containing post-consumption products leftovers, coordinated by inpev (inpev.org.br). Besides being associated to inpev, IHARA is also part of the Institute's Board of Directors.

Sistema Campo Limpo Program is an internationally recognized model of success. Through this program, we give the correct destination of agrochemical packages, avoiding negative impacts on the environment due to inadequate disposal, which could compromise the soil, surface water and groundwater.

With environmentally adequate disposal of 94% of plastic packages sold, Brazil has become a world reference in this area, accumulating 550,000 tons of recycled packages since 2002, of which 45,000 tons, in 2019 alone.

Through its Sustainability program, IHARA aims to engage its customers in issues related to the environment through the development of projects capable of bringing reduction of environmental impact besides social and economic benefits.

In 2019, the company carried out a new edition of the program, focusing on training customers on the topics "Correct use of agrochemicals" and "Importance in the use of PPEs". It was the first year that the program addressed these topics and a total of 110 training sessions were held.



CORPORATE GOVERNANCE

GRI 102-14, GRI 102-15, GRI 102-18

The governance structure of IHARA is composed of the Shareholders' Meeting, the Board of Directors and the Executive Board, the latter being supported by strategic committees, which always count on the participation of the Chairman of the Board and the Managing Director, in addition to Directors and Managers selected based on each subject.

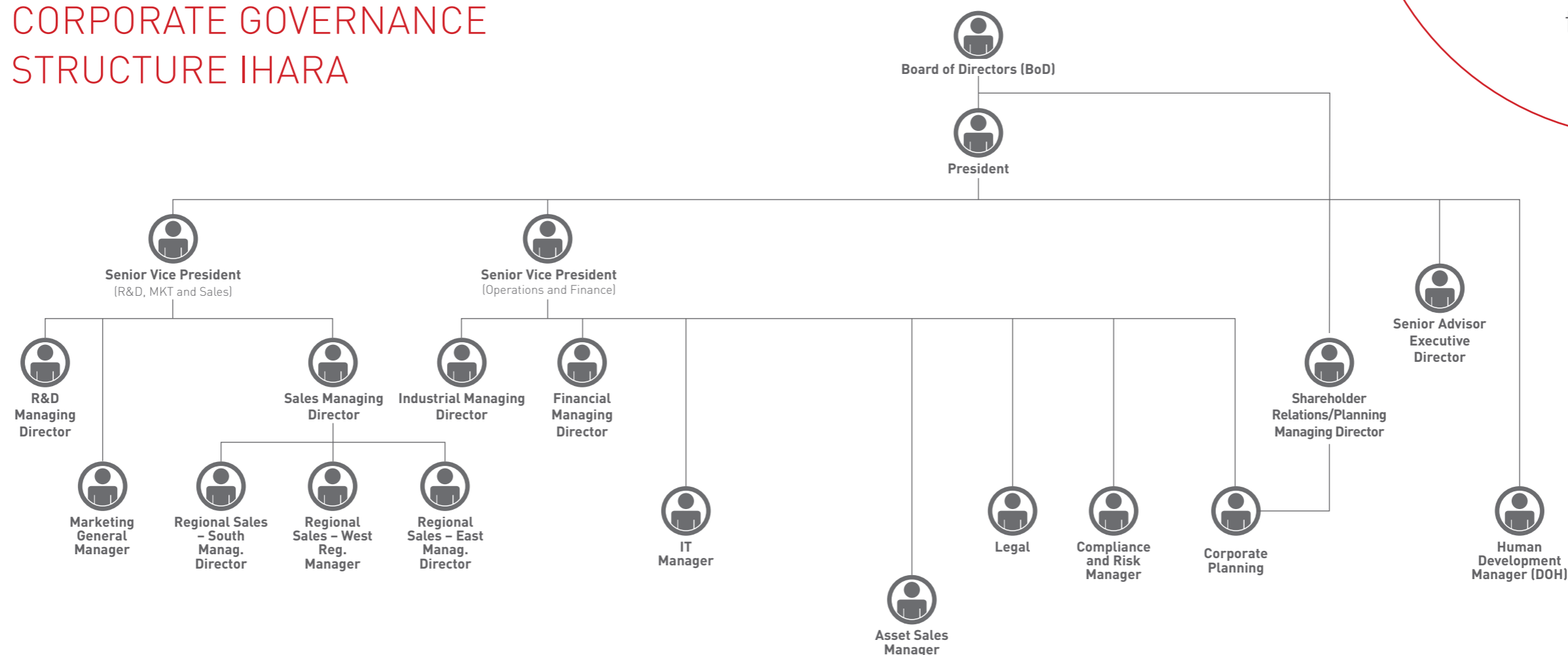
The Ordinary General Shareholders' Meeting is held annually to report to shareholders and society. Every two years, elections are held during the Meetings to compose the Board of Directors, which will be responsible for the election of the Executive Board.

As of January 1, 2020, the President of IHARA, Mr. Julio Borges Garcia, will assume the responsibility of Chairman of the Board of Directors. Vice-President Mr. José Gonçalves do Amaral, will assume the responsibility of President of IHARA. The Director of Operations and Finance, Mr. Wagner Assis Angelim, will assume the responsibility of Senior Vice President for Finance and Operations and a professional will be hired to assume the responsibility of Senior Vice President for Research, Marketing and Commercial. In addition, the Corporate Planning General Manager, Mr. Gustavo Urdan, will be appointed as the Shareholder Relations Department Director.

Changes will also occur in the structure of the Board of Directors to meet the 2020/2021 biennium. The leader, as Chairman of the Board of Directors, becomes Mr. Julio Borges and five other professionals are now members of the Board of Directors, with two internal directors and three independent directors - Mr. José Gonçalves do Amaral (internal); Mr. Wagner Assis Angelim (internal); Mr. Ricardo Vellutini (independent); Mr. André Pessoa (independent) and Mr. Antonio Damaceno (independent).

For 2020, there will be a reformulation of the entire corporate governance structure of the company in order to improve the existing structure.

CORPORATE GOVERNANCE STRUCTURE IHARA



Note: a new structure takes effect as of January 1, 2020.

BOARD OF DIRECTORS - BOD



From left to right: Mr. Wagner Angelim, Mr. Gustavo Urdan, Mr. Julio Borges, Mr. André Pessoa, Mr. José Gonçalves, Mr. Ricardo Vellutini, Mr. Antonio Damaceno.

STRATEGIC COMMITTEES

- Advisory Committee for remuneration and appointment
- Audit and Compliance Committee
- Corporate Risk Committee
- Sustainability Committee
- Portfolio Committee
- Planning and Investment Committee
- Treasury and Credit Committee
- Legal Affairs Committee

ETHICS AND INTEGRITY

GRI 205-1, GRI 102-16

Ethics and integrity are essential values that are reflected in the way IHARA works and relates with its main stakeholders.

To ensure that risks related to corruption are properly reduced and mitigated, IHARA has put in place policies and controls to ensure that all risks are covered. These controls

are monitored and directly involved by senior management and the Compliance team.

In 2019, no relevant corruption risks were identified, and IHARA has controls and an audit process, supported by the Compliance and Corporate Risk Committees and the Ethics Committee.



The company has no relationship with unknown companies and, by means of an audit, performs a verification work through information obtained through the "Transparency Portal" and periodic supplier analysis, and additionally IHARA does not do business with government agencies.

IHARA has a Code of Ethics and Conduct, based on the company's Beliefs and Values, which formalizes the IHARA's way of being, guided by law, ethics and respect for society. Its provisions are reinforced through training and e-learning sessions after being presented and delivered to each employee at the time of their integration. After

the document is delivered the employee reads and signs evidence of knowledge of the Code of Ethics and Conduct.

IHARA encourages all employees to report through the communication channels provided by the company situations that are not in line with the behavior standards of the organization. IHARA prohibits retaliation for reports made in good faith, and the company also makes available totems and folders for an anonymous description of the problem identified. This form may be also completed electronically and always anonymously.

COMMUNICATION CHANNELS AVAILABLE:

Totems and folders at IHARA main entrance halls and at the convenience area;



[55 15] 3235-7777;



ouvidoria@ihara.com.br;



Website: <http://www.ihara.com.br/fale-conosco> (click "Ouvidoria" ["Ombudsman"])

ECONOMIC AND FINANCIAL PERFORMANCE

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

GRI 201-1

IHARA has effectively contributed to the wealth generation of the economy in which the company is inserted in a global vision of performance.

The wealth generated by IHARA has had a positive impact not only on shareholders but also on employees, customers, and society.

It is the result of the combined effort of all production factors, directed at meeting the demands and needs of Brazilian farmers.

The increase in IHARA sales in 2019 represents 32% compared to 2018, and 79% compared to 2017, which is related to the strengthening of IHARA's product portfolio as well as the growth in demand.

The gross value added of 527.80 million reais represents an increase of 25.8% in relation to 2018 and 67.5% compared to 2017.

IHARA appreciates its customers for their confidence in allowing us to serve them, with the support of suppliers, service providers and employees, because through you we are supporting and contributing to our society and our country.

	2017	2018	2019
Value added statement (in %)			
Shareholders	15.86	16.21	15.53
Employees (employee remuneration and benefits)	24.66	25.57	25.07
Government	26.62	27.15	30.35
Retained earnings	37.97	38.84	37.21
Interest and rent (operating costs)	-5.11	-7.77	-8.17
Value added statement – abridged (in million R\$)			
Revenue	1,161.03	1,568.53	2,081.44
Inputs purchased from third parties	845.97	1,148.95	1,553.65
Gross added value	315.05	419.58	527.80
Withholdings	13.54	-11.23	11.11
Net added value produced by the organization	301.51	408.35	516.68
Added value received on transfer	91.26	53.03	34.40
Total added value to distribute	392.77	461.38	551.09

SOCIAL PERFORMANCE

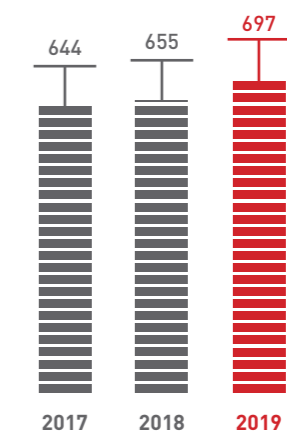
INTERNAL PUBLIC

GRI 102-8, GRI 102-41, GRI 202-2, GRI 401-1, GRI 405-1

In 2019, IHARA increased its workforce by 6.41% compared to 2018, ending the year with 697 employees: 647 IHARA employees and 50 outsourced employees, in line with the company strategy of serving customers more and better with high technology and innovation products.

The company employees are divided into 78.3% male and 21.7% female, mostly in the 26 to 35 age group and concentrated in the Southeast region.

TOTAL EMPLOYEES



EMPLOYEES BY CONTRACT TYPE AND GENDER – GRI 102-8

	Internal					
	2017		2018		2019	
	Permanent Contract	Temporary Contract	Permanent Contract	Temporary Contract	Permanent Contract	Temporary Contract
Male	473	15	489	16	504	3
Female	110	7	118	4	119	21
Total	583	22	607	20	623	24
	Outsourced					
	Permanent Contract	Temporary Contract	Permanent Contract	Temporary Contract	Permanent Contract	Temporary Contract
Male	0	30	21	0	22	10
Female	0	9	7	0	7	11
Total	0	39	28	0	29	21

EMPLOYEES BY SHIFT TYPE AND GENDER – GRI 102-8

	Internal					
	2017		2018		2019	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Male	480	8	489	16	506	1
Female	110	7	118	4	140	0
Total	590	15	607	20	646	1
	Outsourced					
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Male	30	0	21	0	22	10
Female	9	0	7	0	7	11
Total	39	0	28	0	29	21

EMPLOYEES BY CONTRACT TYPE AND REGION – GRI 102-8

Internal			
Region	Permanent Contract	Permanent Contract	Total
South	47	11	58
Southwest	497	4	501
Northeast	18	2	20
Center-West	52	7	59
North	8	0	8
China	1	0	1
Total	623	24	647
Outsourced			
Region	Permanent Contract	Permanent Contract	Total
Southeast	29	21	50

PERCENTAGE OF EMPLOYEES BY AGE RANGE AND GENDER – GRI 405-1

	Board	Managers and Leaders	Analysts, Consultants, Specialists, Technicians	Operating Staff
Gender				
Male	100.00%	88.63%	80.53%	78.34%
Female	0.00%	11.36%	19.46%	21.66%
Age Range				
Up to 25 years	0.00%	0.00%	5.09%	12.44%
26-35 years	0.00%	25.00%	58.68%	37.33%
36-45 years	25.00%	52.27%	30.24%	40.09%
Over 46 years	75.00%	22.73%	5.99%	10.14%
Persons with Disabilities (PCD)				
	0.00%	0.00%	0.00%	4.00%

MEMBERS OF GOVERNANCE AGENCIES, BY AGE RANGE AND GENDER – GRI 405-1

Functional Category	Chairman of the Board of Directors	Members of the Board of Directors	Statutory Directors	Total	Percentage (%)
Faixa etária					
Over 45 years	1	4	3	8	72.72
36-45 years	0	2	0	2	18.18
26-35 years	0	1	0	1	9.09
Gênero					
Male	1	7	3	11	100.00
Female	0	0	0	0	0.00

In 2019, a total of 114 employees were hired, mostly located in the Southeast region in the age group between 26 and 35 years old. In that same year, 85 employees were fired.

INTERNAL EMPLOYEES HIRED, BY GENDER, AGE RANGE AND REGION – GRI 401-1

	Total number of employees	Rate of new hires (%)	Total number of terminations	Turnover rate (%)
Gender				
Male	94	14.53%	72	11.94%
Female	20	3.09%	13	2.16%
Age Range				
Up to 25 years	18	15.80%	5	5.88%
25-35 years	65	57.00%	42	49.41%
36-45 years	25	21.90%	32	37.64%
Over 45 years	6	5.30%	6	7.06%
Total	114	100%	85	100%
Region				
Southeast	82	71.93%	63	74.11%
South	9	7.90%	7	8.24%
Center-West	15	13.16%	9	10.59%
Northeast	6	5.26%	5	5.88%
North	2	1.75%	1	1.18%
Total	114	100%	85	100%

Aiming at expanding its business and serving its clients, IHARA has implemented a recruitment and selection platform with the objective of optimizing the hiring process through artificial intelligence, promoting impartial recruitment and selection processes that promote diversity and inclusion.

TRAINING AND CAREER DEVELOPMENT

GRI 404-1, GRI 404-2

Through its Annual Training Plan (PAT), IHARA promotes the technical qualification of its employees according to their professional needs.

In general, the trainings are related different topics ranging from behavioral develop-

ment, economic education, financial, leadership to specific techniques by activity, such as operational or sales. The training offered contemplated the NR's for the operational public and training for the sales team to better understand the crops we work with, such as: corn, soy, cotton, tomato, potato, sugar cane, coffee, among others.

In addition to technical training, IHARA has offered its employees language courses, undergraduate, graduate, national and international conferences.

Last year, IHARA held a total of 35,478 hours of training, involving different levels of training related to leadership, technical training, skills development, languages, conferences, among others.

MEAN TRAINING HOURS, BY GENDER – GRI 404-1

Gender	Number of employees	Number of hours	Mean number by employee
Male	507	28,075.42	79.13
Female	140	7,403.08	20.87
Total	647	35,478.5	54.84

MEAN NUMBER OF TRAINING HOURS, BY FUNCTIONAL CATEGORY – GRI 404-1

Functional Category	Number of employees	Number of hours	Mean number by employee
Board	8	488.00	61.00
Managers/Leaders	88	12,653.50	143.79
Analysts, Consultants, Specialists, Technicians	286	17,552.00	61.37
Operating Staff	265	4,785.00	18.06
Total	647	35,478.00	54.83

The trainings are held internally or in institutions contracted by IHARA.

The programs are financed by the company and may reach 100% of subsidy.

For positions with strategic functions, executive training in renowned educational institutions were directed, including providing international experiences to complement the training of these professionals.

All employee training management is carried out by the Human Development Department (DDH), and monthly monitoring of the annual training plan (PAT) execution indicators is performed.

PERFORMANCE EVALUATIONS

GRI 404-3

At IHARA, all permanent employees, who have been in the company for more than 3 (three) months, perform ADI - Individual Performance Evaluation and receive their reports and structured feedback process from their respective managers. Within the ADI process, the essential and specific competencies of each position are evaluated. After the evaluation and feedback process has been carried out, follow-up by the DDH and managers is continued in order to monitor the evolution of employee competencies through the PDI (Individual Development Plan) registered in the system.

PERCENTAGE OF EMPLOYEES UNDERGOING PERFORMANCE EVALUATIONS – GRI 404-3

	Number of internal employees evaluated	Total number of employees evaluated	Percentage of employees evaluated (%)
Functional Category			
Board	8	8	100%
Managers and Leaders	88	88	100%
Operating Staff	310	334	93%
Analysts, Consultants, Specialists, Technicians	200	217	92%
Total	606	647	94%
Genders			
Male	493	525	94%
Female	113	122	93%
Total	606	647	94%

REMUNERATION AND BENEFITS

GRI 202-1, GRI 401-2

IHARA always seeks to practice for all its employees a remuneration and package of fair and market compatible benefits. The company carries out constant research and comparative analyses on remuneration and benefits offered so the model meets the needs of its employees. In addition, it offers a differentiated profit-sharing plan, which allows the employee to obtain

a variable income each year. IHARA's benefits policy seeks differentiated market practices, making it possible to meet various needs and also the satisfaction of our employees.

To attract and retain employees, IHARA seeks to invest in multidisciplinary training for skills, develop talents, recognize employees, offer opportunities for growth, pay for merit, among others.

BENEFITS OFFERED BY TYPE OF CONTRACT

	Full time	Temporary or part time
IHARAPREV (private pension plan)	yes	no
Medical and hospital assistance	yes	yes
Dental assistance and subsidy	yes	no
Life insurance	yes	yes
Food and meal vouchers	yes	no
Aid (birth, daycare, children with disabilities and marriage)	yes	no
School supplies subsidy	yes	no

In 2019, the minimum salary floor was of R\$ 1,882.00 (own employees), 81.1% higher than the national minimum wage of R\$ 1,039.00. Over the years, the average salary has been above the market.

The year represented a historical increase in salaries at IHARA. In addition, the Profit Sharing and Results model of IHARA is a market differential, being a reference in the region.

Topics	2014	2015	2016	2017	2018	2019
National Consumer Price Index (INPC)	6.30%	10.30%	8.50%	1.80%	4.00%	2.55%
National Broad Consumer Price Index (IPCA)	6.60%	9.90%	7.90%	2.70%	4.53%	3.12%
Chemists' Union Collective Bargaining Agreement (November)	7.50%	10.30%	8.50%	1.80%	4.00%	2.55%
Metalworkers' Union Collective Bargaining Agreement (September)	7.90%	9.80%	9.60%	1.80%	5.00%	3.80%
Chemists' Union Salary Floor	R\$ 1,258.00	R\$ 1,388.00	R\$ 1,506.00	R\$ 1,535.00	R\$ 1,596.40	R\$ 1,637.00
Readjustment Percentage in the Chemists' Union Salary Floor	8.40%	10.30%	8.50%	1.90%	4.00%	2.54%
IHARA Salary Floor (Lowest Base Salary)	R\$ 1,447.00	R\$ 1,596.00	R\$ 1,732.00	R\$ 1,764.00	R\$ 1,836.00	R\$ 1,882.00
Percentage of IHARA Salary Floor vs. Chemists' Union Salary Floor	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
IHARA Mean Increase – Variation in 12 months	17.30%	13.20%	11.30%	7.60%	7.50%	11.80%
Real Increase = IHARA vs. Collective Bargaining Agreement	9.80%	2.90%	2.80%	5.80%	3.50%	9.30%

HEALTH AND SAFETY

GRI 403-2

The health and safety of IHARA's employees are seen as priority issues and the company undertakes several actions in this regard.

During 2019, safety actions were monitored through the 1200 Miles Program, implemented in 2015, which seeks to establish a proactive and preventive culture, providing a great evolution in several issues, especially in the reduction of RIS (Safety Inspection Report) emissions, an indicator that shows improvement in the maturity of the safety culture. This program brings monthly indicators, aiming at continuous improvement, and counts on the participation of employees in formal demonstrations when finding and recognizing a dangerous condition within the manufacturing environment or a deviation of behavior, facilitating the immediate identification of risk situations.

This program was also strengthened with the increase in the use of the 5's program, in which during the year it was possible to

reach an average of 95% use. 148 ideas for improvements related to safety, environment and quality were presented, an important increase of almost 10% compared to 2018.

Health and safety campaigns were also carried out during the year, accompanying government campaigns, including Yellow May, Pink October, Blue November, in addition to campaigns identified as necessary based on internal indicators, addressing topics such as the safe use of mobile phones, family safety and safe holidays.

IHARA works to improve the safety culture, aiming at the goal of zero accident, however, in 2019, the company registered one traffic accident with one of its external collaborators while travelling to a meeting to talk about results.

In such cases, IHARA works on the education of external collaborators to eliminate such occurrences.

INJURIES, OCCUPATIONAL DISEASES, INCIDENTS WITH LEAVE, ABSENTEEISM AND WORK-RELATED DEATHS – GRI 403-2

	2017	2018	2019
Accident frequency rate*	0	1.00	0.85
Number of occupational diseases	0	0	0
Severity rate**	0	15.00	26.00
Absenteeism	0	0	0
Number of deaths	0	0	0

* Accident frequency rate = injury rate (considering only accidents with leave, as in previous reports. The counting of days of leave is performed according to Regulatory Standard No. 4: leave days x 1,000,000h/# of man/hours worked.

** Severity rate = leave day rate

SUPPLIERS

GRI 102-9, GRI 408-1, GRI 409-1

IHARA has a purchasing policy that establishes rules of conduct and expectations that the company has in order to do business with its suppliers. Some rules are that IHARA restricts and does not purchase products or services from suppliers that are known to use child labor and/or that keep workers in inhumane working condi-

tions and/or under forced labor. As a way of risk mitigation, the company performs the monitoring through auditing and controls.

The company immediately breaks off the commercial relationship with any supplier when its involvement with these practices is proven, and reports it to the Public Prosecution Service.

SUPPLIER'S EVALUATION

GRI 308-1, GRI 414-1

IHARA has an internal procedure that establishes the criteria for approval of new suppliers, taking into account the environment, occupational health and safety, quality, and human rights.

In 2019, 100% of its new suppliers were submitted to such evaluations. The supplier is contacted in advance and should send the previous documents for evaluation. Whenever the basic documents are available, the supplier receives an on-site audit through an IHARA representative.

SOCIETY

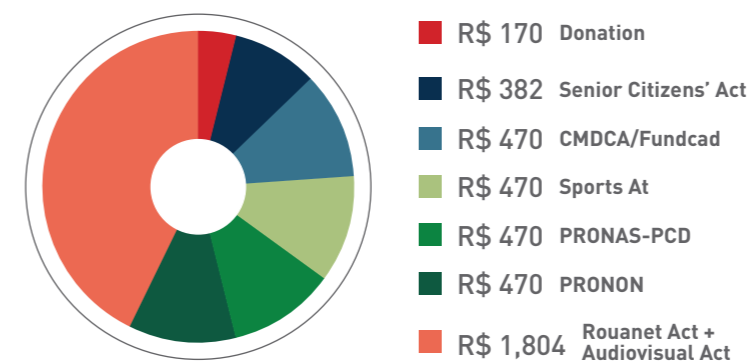
GRI 413-1

In 2019, being aware of its role in contributing to society, IHARA carried out and supported several projects that benefit society, in areas of social assistance, culture and health, among others. Donations totaling R\$ 4.2 million were made to institutions, focusing on assistance entities that have presented serious work recognized by society. The main contribution was by using financial resources.

Several regions were identified besides the local public at the company headquarters, so employees based in other states could also be involved in these social engagement programs.

IHARA supports and conducts internal campaigns through institutions such as A.M.A (Associação de Amigos do Autista) [Association of Autist Friends] and G.P.A.C.I (Grupo de Pesquisa e Assistência ao Câncer Infantil) [Pediatric Cancer Research and Assistance Group]. In addition, IHARA has been advancing on the topic of diversity and inclusion, and in 2019 it hired immigrant refugees in situations of social vulnerability, thus providing a fresh start with a better quality of life and dignity.

IHARA is fully aware of its social role so human beings with needs and dreams may be reintegrated into society in an integral way.



ENVIRONMENTAL PERFORMANCE

ENVIRONMENTAL RISKS

GRI 102-11

To manage potential environmental impacts, IHARA establishes mitigation controls and actions. IHARA works with projects implementation, always focusing on the reduction of water and energy consumption, besides the reduction of industrial waste generation, such as improving the efficiency of its processes by reducing the consumption of natural resources, using more efficient lighting systems, seeking renewable energy, among others.

RISKS ASSOCIATED WITH CLIMATE CHANGES

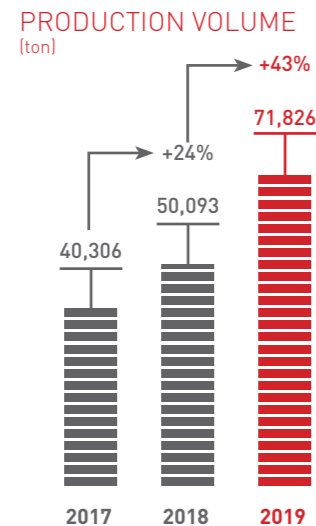
GRI 201-2

In 2019, IHARA identified risks and opportunities arising from climate change.

The risk arises from prolonged droughts or excessive rainfall in regions producing grains and lint, which may negatively affect the clients' business as well as their financial capacity. As a risk mapping tool, IHARA constantly evaluates the accounts receivable portfolio, using as parameters the region, value and rating of each client, monitoring their payments and guarantees.



IHARA manages energy, water, waste and effluents, considering indicators of consumption or generation/ton produced.



ENERGY

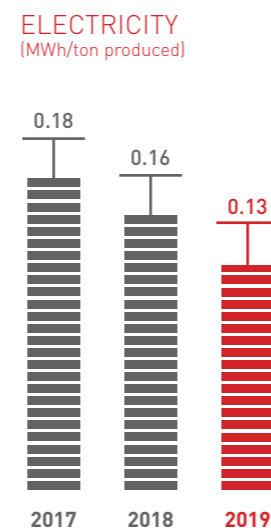
GRI 302-1

ELECTRICITY CONSUMPTION

IHARA energy matrix consists mainly of electric power, and IHARA has a goal to reduce the annual consumption. The efficiency indicator is based on consumption in MWh/ton produced.

In 2019, IHARA reduced MWh/ton produced consumption by 19% compared to 2018, reaching the reduction target, through projects for this purpose.

Despite the total consumption in MWh had grown by 16% compared to 2018, the production volume rose 43.4%, showing an increase in energy efficiency in our processes. Regarding to energy consumption for heating, natural gas is used to feed boilers and generate steam.



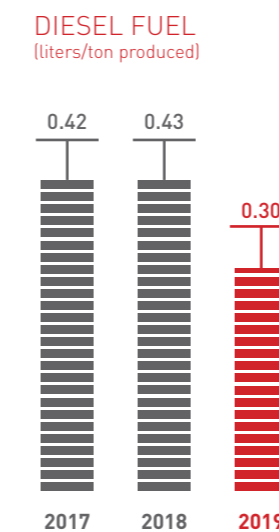
ENERGY CONSUMPTION IN THE ORGANIZATION – GRI 302-1

	2017	2018	2019
ELECTRICITY			
Electricity (MWh)	7,122	8,132	9,432

DIESEL FUEL

GRI 302-1

IHARA uses diesel oil mainly in power generators, and the management indicator is the consumption of diesel oil liters/ton produced. In 2019, IHARA had a reduction of 30% compared to 2018. The total consumption of diesel oil in 2019 remained stable, compared to 2018, even with the increase in production volume.



ENERGY CONSUMPTION IN THE ORGANIZATION – GRI 302-1

	2017	2018	2019
NON-RENEWABLE SOURCES			
Diesel fuel (l)	16,780	21,528	21,366

IHARA carries out the management of natural resources, implementing actions that contribute to the efficient consumption of them and defining indicators for the continuous monitoring

COOLING CONSUMPTION

GRI 302-1

For refrigerant gas, air conditioners and chillers are used. IHARA has consistently reduced gas consumption as well as using more environmentally friendly gases. In 2019, it achieved a reduction of 5.9% compared to 2018, maintaining the commitment to continuing its efforts to reduce the consumption of refrigerant gases.

ENERGY CONSUMPTION IN THE ORGANIZATION – GRI 302-1

Gas	Consumption (kg)		
	2017	2018	2019
R-22 Refrigerant Gas	30.00	6.50	22.70
R-410 Refrigerant Gas*	38.00	15.50	68.10
R-404 Refrigerant Gas	18.00	6.50	0.00
R- 407-C Refrigerant Gas	11.00	63.50	0.00
R-134-A Refrigerent Gas	10.00	4.50	0.00
Total	107.00	96.50	90.80

* The increase in refrigerant gas R-410 was basically due to the replacement of the use of other gases (R-407-C; R-404 and R-134-A).

STEAM CONSUMPTION

GRI 302-1

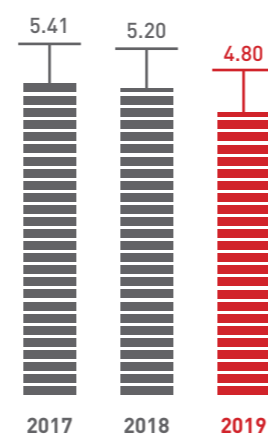
IHARA uses natural gas for boiler heating and steam generation, the efficiency indicator is by total gas consumption in m³/ton produced. In 2019 there was a reduction of 7.7% compared to 2018. Total consumption for the year was 32.47%, higher when compared to 2018, however, lower than the increase in production which was 43%, demonstrating greater efficiency in relation to the volume produced.

Due to the low consumption, there is no monitoring of the amount of steam generated and/or consumed by IHARA and there is no project expected to allow measurements due to costs.

ENERGY CONSUMPTION IN THE ORGANIZATION – GRI 302-1

	2017	2018	2019
NON-RENEWABLE SOURCES			
Natural gas (m ³)	218,144	260,250	344,770

NATURAL GAS
(m³/ton produced)

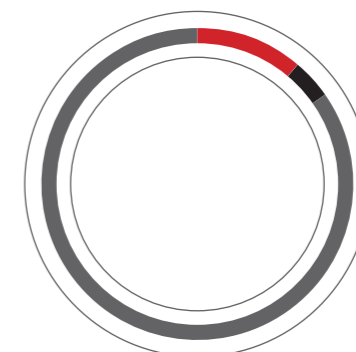


GAS EMISSION

GRI 305-1, GRI 305-2, GRI 305-3

For the tenth time, IHARA prepares its greenhouse gas emissions inventory based on the GHG Protocol methodologies. In 2019, the company issued 18,419.1 ton CO₂, of which 2,083.3 were direct emissions (Scope 1) and 753.1 ton CO₂ of indirect emissions (Scope 2). Scope 3 emissions (other indirect emissions) were 15,582.70 ton CO₂e, always considering CO₂, CH₄, N₂O and HFC gases in the calculations. Regarding the direct and indirect biogenic emissions, the total emissions were 2,800 ton CO₂e.

GREENHOUSE GAS EMISSIONS, BY SCOPE (%)



11.3 Scope 1 **4.08 Scope 2** **84.6 Scope 3**

Direct and indirect biogenic emissions are not considered in the calculation of the percentage.

DIRECT GREENHOUSE GAS (GHG) EMISSIONS – SCOPE 1 – GRI 305-1

	2017	2018	2019
Gross direct greenhouse gas emissions	1,208.20	2,159.12	2,083.3
Biogenic emissions	386.8	1,108.78	1,120.2

INDIRECT GREENHOUSE GAS (GHG) EMISSIONS – SCOPE 2 – GRI 305-2

	2017	2018	2019
Indirect greenhouse gas emissions	661.30	650.61	753.1

OTHER INDIRECT GREENHOUSE GAS (GHG) EMISSIONS – SCOPE 3 – GRI 305-3

	2017	2018	2019
Other indirect greenhouse gas emissions	10,597.10	11,945.40	15,582.70
Biogenic emissions	829.0	1,131.10	1,679.8



WATER AND EFFLUENTS

WATER

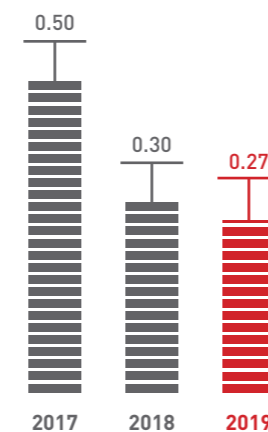
GRI 303-1, GRI 303-3

The absolute water consumption of IHARA in 2019 was 125,659 m³, 12.7% lower than in 2018, exceeding the reduction target of IHARA.

The company water supply was mostly guaranteed by surface collection (63.16%), followed by underground collection (32.47%), with a small participation of the municipal supply network (4.37%).

The groundwater efficiency indicator is m³/ton produced, the index excludes the

SUBTERRANEAN WATER
(m³/ton produced)



volume of groundwater incorporated in the products. In 2019, IHARA reduced by 10% compared to 2018, result of the improvement of the monitoring process and consumption reduction projects

WATER WITHDRAWN, BY SOURCE (M³) – GRI 303-1

	2017	2018	2019
Surface water	75,039	106,145	79,363
Groundwater	36,209	31,960	40,801
Municipal supply service or other services	6,516	5,889	5,495
Total	117,764	143,994	125,659

The management of groundwater consumption, public water supply and reuse is performed through weekly readings of water meters for consumption assessments and consumption identification/analysis to investigate causes and define actions. Readings are noted on control spreadsheets for the indicators management.

REUSED WATER

GRI 303-1, GRI 303-3

Reused water consumption is measured by using the indicator of reused water volume/ total water volume captured in m³.

In 2019, it was 19% lower when compared to 2018, mainly due to limprovements of efficiency in the reverse osmosis system.

REUSED WATER – GRI 303-3

	2017	2018	2019
Volume (m ³)	1,704.16	2,286.89	1,621.34
Percentage of the total water used (%)	1.45	1.59	1.29

The management of groundwater consumption, public water supply and reuse is performed through weekly readings of water meters for consumption assessments and consumption identification/analysis to investigate causes and define actions. Readings are noted on control spreadsheets for the indicators management.

EFFLUENTS

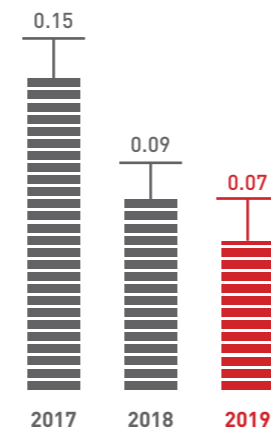
GRI 306-1

IHARA has an effective management of its effluents monitoring, besides having a treatment station that allows 100% reuse of the effluents as reuse water with no re-release into the water body.

Our industrial effluent indicator in m³/ton produced in 2019 was reduced in 28% compared to 2018, mainly due to changes in product mixture and production volume.

Some effluents are disposed externally as waste through CADRI issued by the environmental agency.

INDUSTRIAL EFFLUENT (m³/ton produced)



EFFLUENTS – GRI 306-1

	Disposal	2017	2018	2019
Industrial effluent (m ³)	Internal treatment	5,877.27	4,543.94	4,687.34

WASTE

GRI 301-1, GRI 306-2

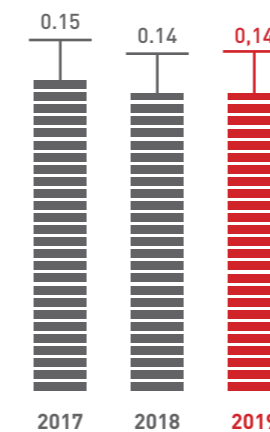
IHARA controls and manages waste by origin, type and destination, always focusing on the 3 Rs of sustainability.

The waste management indicator is tons of waste generated/ton produced. In 2019, IHARA maintained the indicator of 0.14 compared to 2018. Nevertheless, during the year, investments were made in improvements and updates to the effluent

treatment system, which should result in improvements in the indicator in the following year. In 2019, the total volume increased by 40% due to loss of efficiency in the reverse osmosis system, which had already been resolved and resulted in a lower volume for the following year, and there was also a change in the product mix and accumulation of 2018 drum and packaging waste, discarded in 2019.

Waste is segregated, quantified and disposed in accordance with standards and the best treatment technologies.

WASTE (metric/ton produced)



WASTE GENERATED, BY TYPE AND DISPOSAL METHOD – GRI 306-2

Waste Type	Disposal Method	Amount (t)		
		2017	2018	2019
Contaminated packaging, asbestos tiles, and others	Class I landfill	247	394	280
Solid waste, household waste and rubble	Class II landfill	421	344	221
Medical waste	Medical waste autoclave	0	0	0
Organic waste	Internal composting of organic waste	5	0	-
Hazardous and agrochemical waste	Incineration	123	371	98
Lamps, plastic drums and packaging	Class I Recyclable Waste	446	560	1,134
Papers, plastics and wood	Class II Recyclable Waste	1,127	1,282	1,949
Biological sludge	Class I External treatment (wastewater treatment plant)	167	408	129
Reverse osmosis waste	External treatment	3,104	2,828	3,563
Low-contaminant liquid waste	Co-processing	488	1,075	2,812
Total		6,127	7,263	10,186



MATERIALS

GRI 301-1, GRI 306-2

IHARA carries out its purchase management of raw materials and packaging through system, following the production demand. In 2019, the company consumed 19,284.19 ton and 13,821,878 units of materials.

RENEWABLE MATERIALS USED – GRI 301-1

Material name	Material type	2017	2018	2019
		Volume/ weight	Volume/ weight	Volume/ weight
Recycled plastic drums (unit)	Recycled packaging/drums used to package finished products	120,120	240,512	227,184
Recycle plastic covers (unit)	Recycled covers used to close off drums for packaged finished products	3,306,739	3,979,700	4,772,200

NON-RENEWABLE MATERIALS USED – GRI 301-1

Material name	Material type	2017	2018	2019
		Volume/ weight	Volume/ weight	Volume/ weight
Mixture of esters and ethoxylated fatty alcohol (t)	Raw material	896.13	1,324.96	2,747.19
Mineral oil (t)	Raw material used in the composition of finished products	4,724.40	3,611.14	5,199.54
Xylol (t)	Solvent used in the manufacture of finished products	665.40	830.66	935.70
KOH solution – Herb (t)	Neutralizer	-	5,730.59	9,116.34
Mixture of decyl glycoside in water 60% sol – Herb (t)	Surfactants	-	1,624.38	2,221.13
Plastic bottles and drums (unit)	5 L and 20 L Mono and Coex drums; 250 ml and 1 L Mono and Coex bottles	1,695,197	3,706,643	6,771.03

BIODIVERSITY

GRI 304-2

As a way of reducing and or mitigating environmental impacts, IHARA fulfills all requirements related to the environmental licensing of new expansion projects, new equipment or new products, and it is also carried out the survey of environmental aspects and impacts through LAIA, in which the impact controls are inserted.

SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS AND SERVICES ON BIODIVERSITY, AND RESPECTIVE ACTIONS BY THE COMPANY – GRI 304-2

Potential Impact	IHARA Actions
Failure to conserve permanent protection areas	As a way to mitigate negative environmental impacts on the regional fauna and flora, caused by the lack of preservation of natural areas, IHARA maintains an area of 47,9506 hectares of Legal Reserve and 31,6597 hectares of Permanent Preservation Area on its property and, thereby ensuring the preservation of several species of natural fauna and flora.
Failure to conserve soil, water and air	All projects involving installations of new equipment, built area and other items are carried out only after the environmental licensing by CETESB, which, in turn, establishes technical requirements to be fulfilled and demonstrate their compliance. The requirements developed include controls on atmospheric emissions.



ABOUT THE REPORT

GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-53, GRI 102-54, 102-56

This is the eleventh annual Sustainability Report published by IHARA, in which its environmental, social, economic, financial and organizational profile information for the year 2019 is presented to the public. This report was prepared in accordance with GRI Standards: essential option.

The last report with annual issue cycle referred to the year 2018. IHARA opted not to perform external verification of this document.

Contacts related to the IHARA 2019 Sustainability Report may be done through sustentabilidade@ihara.com.br, our relationship channels.

Previous reports are available for viewing or downloading on the website: <http://www.ihara.com.br/institucional>.

MATERIAL SUBJECTS

GRI 102-40, GRI 102-42, GRI-102-43, GRI 102-44, GRI 102-46, GRI 102-47

In order to define the content of its Sustainability Report (and respective GRI indicators), IHARA carried out a structured stakeholder consultation process in 2015, which culminated in the preparation of its Materiality Matrix.

Thus, the company learned about the most relevant issues for itself and its interested audience.

The process was initiated by the elaboration and subsequent application of an on-line materiality questionnaire, addressing three major themes - Environment, Value Chain, and Economic/Products, subdivided into seven subject to be ordered by the most relevant to the least relevant respondents. Three strategic stakeholders were selected to participate in the process: internal public, suppliers, and clients. This choice was made based on the impact of the company activities, products and services, as well as its expectations, interests and capabilities on these audiences.

After the preparation of the Materiality Matrix, the company conducted a survey of all GRI indicators related to the material aspects identified, defining the indicators that IHARA considers important for its business. Thus, the set of indicators reported in this report was established.

STAKEHOLDER ENGAGEMENT

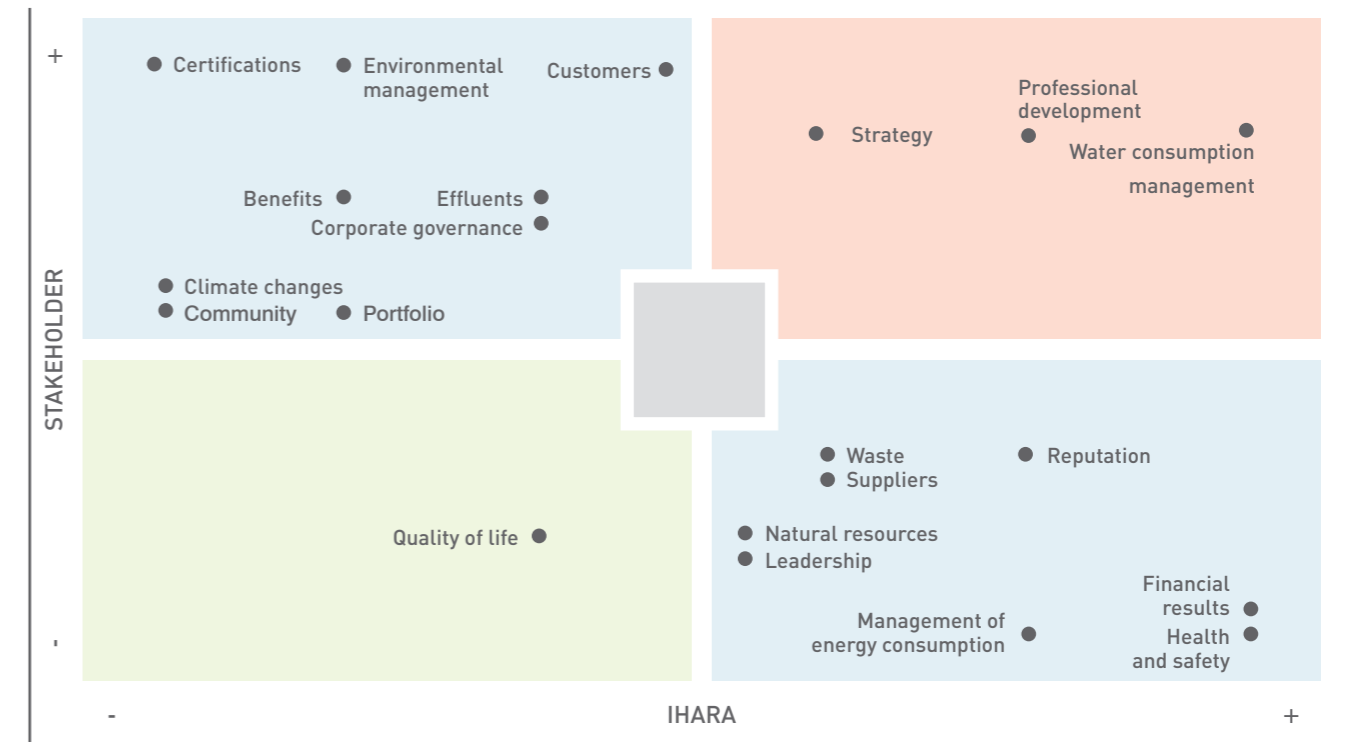
GRI 102-43

In 2019, IHARA carried out some engagement projects (described in this Report) aimed at the internal public, farmer customers, various customers, consumers and society, according to the table below.

Stakeholder	Form of engagement
Costumers	IHARA Sustainability Program
Customers and consumers	Cultivida Project
Internal public	Sustainability Committee
Society	Social Inclusion Project



GRI 102-47



- The issues in the upper right area are those of greater relevance to IHARA and its stakeholders
- The matters allocated at the center are of medium relevance for IHARA and its stakeholders.
- The issues in the lower left quadrant are those not relevant to the report at this time, for IHARA and its stakeholders.
- The issues on the upper left and lower right are those whose priority is seen differently by IHARA and its stakeholders, pointing out the need for an analysis.

GRI 103-1, GRI 103-2, GRI 103-3

Material Topics	Limit: where the impact occurs	Description of the material topic	GRI Standards Correlation		IHARA's management approach	Assessment of the management approach
Strategy	Material within the organization.	Knowing IHARA growth strategy and long-term vision.	Strategy: GRI 102-14, GRI 102-15 Ethics and Integrity: GRI 102-16 Governance: GRI 102-18 Economic performance: GRI 201-1, GRI 201-2 Market presence: GRI 202-1, GRI 202-2		IHARA business strategy is to deliver solutions and invest in research and development to constantly launch products that meet the complex needs of agriculture with productivity and sustainability. Its management tool is the Panel of Objectives and Goals under responsibility of the financial area, presented monthly in a meeting of the Board of Directors. It contemplates all the indicators unfolded from the corporate strategy to the other boards: Board of Directors and Sales, Marketing, Technical, Industrial, and Financial Director Office. These indicators are defined once a year, according to the contribution of each area to the achievement of the corporate guideline.	Strategic indicators are broken down by area, with periodic monitoring by the top management so monitoring and intervention are timely when necessary. This control is the guideline for the achievement of the established goals.
Professional Development	Material within the organization.	How IHARA values its employees, planning trainings, strengthening competencies and offering a motivating work environment.	Training and education: GRI 404-1, GRI 404-2, GRI 404-3 Diversity and equality of opportunities: GRI 405-1, GRI 405-2		The people's development management at IHARA is monitored by the Human Development Department, which holds regular meetings with the managers of each area. This meeting uses the concept of Knowledge, Skills, and Attitude (CHA): while the Knowledge issues and Skill are worked by the Human Development Department through training, Attitude is handled and monitored by managers. A highlight of 2019 was PDL - Leadership Development and employee training in Lean Six Sigma with Black Belt certification.	In order to promote the development of its employees, the Human Development Department works with each manager through the Annual Training Plan - PAT, IHARA performs an annual mapping of the training needs of its various areas, giving priority to the topics connected to the business and defines the training for the years and makes monthly monitoring to ensure compliance with PAT.
Water consumption management	Material within the organization.	IHARA water consumption monitoring actions.	Water: GRI 303-1, GRI 303-2, GRI 303-3		Water consumption management is a widely discussed topic at IHARA, monitored and evaluated weekly by the Environment area, which reports the results each month to the Top Management with the definitions of causes and actions for positive and/or negative results. The target established for reducing water consumption is 5% in relation to the previous year. This is measured in index, i.e. total water collected (for use in utilities - consumptions subject to reduction actions) divided by the volume produced. According to the results, the Environment area together with the Sustainability Committee defines improvement projects, which are presented to the Senior Management to show the gains and obtain authorization for implementation.	The management of water consumption indicators is evaluated on a monthly basis by the Senior Management, in addition to being monitored and discussed every three months with the Sustainability Committee. Based on periodic measurements, causes and actions are defined for the achievement of established goals and continuous improvement.

GRI STANDARDS

CONTENT SUMMARY

GRI 102-55

GRI Standards	Disclosure	Notes	Report page	Omission
GRI 101: FOUNDATIONS 2016				
GENERAL CONTENT				
GRI 102: STANDARD CONTENT 2016	ORGANIZATIONAL PROFILE			
	GRI 102-1	Name of the organization	07	
	GRI 102-2	Activities, brands, products, and services	07, 15	
	GRI 102-3	Location of the headquarters	07	
	GRI 102-4	Location of the operations	07	
	GRI 102-5	Ownership and legal form	07	
	GRI 102-6	Markets served	08	
	GRI 102-7	Scale of the organization	09	
	GRI 102-8	Information on employees and other workers	29	
	GRI 102-9	Supply chain	35	
	GRI 102-10	Significant changes to the organization and its supply chain	There were no significant changes in relation to the supply chain	07
	GRI 102-11	Precautionary principle or approach	37	
	GRI 102-12	External initiatives	IHARA has no initiatives in this regard.	
	GRI 102-13	Membership of associations	13	
	GOVERNANCE			
	GRI 102-18	Governance structure	20	
	STAKEHOLDER ENGAGEMENT			
	GRI 102-40	List of stakeholder groups	49	
	GRI 102-41	Collective bargaining agreements	29	
	GRI 102-42	Identifying and selecting stakeholders	49	
	GRI 102-43	Approach to stakeholder engagement	49	
	GRI 102-44	Key topics and concerns raised with stakeholders	49	
	REPORTING PRACTICE			
	GRI 102-45	Entities included in the consolidated financial statements	IHARA has no subsidiaries. The financial statements are individual and do not have consolidated investments.	
	GRI 102-46	Defining report content and material topic boundaries	49	
	GRI 102-47	List of material topics	49	
	GRI 102-48	Restatements of information	As of 2019, there was no reformulation of information.	
	GRI 102-49	Changes in reporting	As of 2019, there were no changes in the reporting and/or reformulation of information.	
	GRI 102-50	Reporting period	49	
	GRI 102-51	Date of most recent report	49	
	GRI 102-52	Reporting cycle	49	
	GRI 102-53	Contact point for questions regarding the report	49	
	GRI 102-54	Claim of reporting in accordance with the GRI Standards	49	
	GRI 102-55	GRI content index	54	
	GRI 102-56	External assurance	49	

GRI Standards	Disclosure	Notes	Report page	Omission
MATERIAL TOPICS				
STRATEGY				
GRI 103: FORMS OF MANAGEMENT 2016	GRI 103-1	Explanation of the material topic and its boundaries	52	
	GRI 103-2	Management approach and its components	52	
	GRI 103-3	Evaluation of the management approach	52	
GRI 102: STRATEGY 2016	GRI 102-14	Statement from senior decision-maker	04, 20	
	GRI 102-15	Key impacts, risks, and opportunities	04, 20	
GRI 102: ETHICS AND INTEGRITY 2016	GRI 102-16	Values, principles, standards, and norms of behavior	12 e 24	
GRI 102: GOVERNANCE 2016	GRI 102-18	Governance structure	20	
GRI 201: ECONOMIC PERFORMANCE 2016	GRI 201-1	Direct economic value generated and distributed	27	
	GRI 201-2	Financial implications, risks and opportunities due to climate change	37	
GRI 202: MARKET PRESENCE 2016	GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	33	
	GRI 202-2	Proportion of senior executives hired at the local community	29	
WATER CONSUMPTION MANAGEMENT				
GRI 103: FORMS OF MANAGEMENT 2016	GRI 103-1	Explanation of material topics and its boundaries	52	
	GRI 103-2	Management approach and its components	52	
	GRI 103-3	Evaluation of the management approach	52	
GRI 303: WATER 2016	GRI 303-1	Total water withdrawal by source	42	
	GRI 303-2	Water sources significantly affected by withdrawal of water		Information not available: regarding the availability of groundwater from water sources, no database has been found to assess its significance.
	GRI 303-3	Water recycled and reused	42	
PROFESSIONAL DEVELOPMENT				
GRI 103: FORMS OF MANAGEMENT 2016	GRI 103-1	Explanation of material topics and its boundaries	52	
	GRI 103-2	Management approach and its components	52	
	GRI 103-3	Evaluation of the management approach	52	
GRI 404: TRAINING AND EDUCATION 2016	GRI 404-1	Average hours of training per year per employee	31	
	GRI 404-2	Programs for upgrading employee skills and transition assistance programs	31	
	GRI 404-3	Percentage of employees receiving regular performance and career development reviews	32	
GRI 405: DIVERSITY AND EQUALITY OF OPPORTUNITIES 2016	GRI 405-1	Diversity of governance bodies and employees	29	
	GRI 405-2	Ratio of basic salary and remuneration of women to men		Classified information: IHARA considers the information requested by the GRI 405-2 indicator to be classified, so, as in the previous year, the company will not disclose such information.
SPECIFIC INDICATORS				
ECONOMIC SERIES				
GRI 205: ANTICORRUPTION 2016	GRI 205-1	Operations assessed for risks related to corruption	24	
ENVIRONMENTAL SERIES				
GRI 301: MATERIALS 2016	GRI 301-1	Materials used by weight or volume	44, 46	
GRI 302: ENERGY	GRI 302-1	Energy consumption within the organization	38	
GRI 304: BIODIVERSITY 2016	GRI 304-2	Significant impacts of activities, products and services on biodiversity	47	

GRI Standards	Disclosure		Notes	Report page	Omission
GRI 305: EMISSIONS 2016	GRI 305-1	Direct (Scope 1) GHG emissions		41	
	GRI 305-2	Energy indirect (Scope 2) GHG emissions		41	
	GRI 305-3	Other indirect (Scope 3) GHG emissions		41	
GRI 306: EFFLUENTS AND WASTE 2016	GRI 306-1	Total water discharge, broken down by quality and disposal		44	
	GRI 306-2	Waste by type and disposal method		44, 46	
GRI 308: SUPPLIER EVALUATION 2016	GRI 308-1	New suppliers that were screened using environmental criteria		35	
SOCIAL SERIES					
GRI 401: EMPLOYMENT 2016	GRI 401-1	New employee hires and employee turnover		29	
	GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		33	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016	GRI 403-2	Hazard identification, risk assessment, and incident investigation		34	Information not available: IHARA does not have information on the hours worked by outsourced employees, which is why it is not possible to calculate the corresponding rates.
GRI 408: CHILD LABOR 2016	GRI 408-1	Operations and suppliers at risk of occurrence of child labor		35	
GRI 409: FORCED OR COMPULSORY LABOR 2016	GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		35	
GRI 413: LOCAL COMMUNITIES 2016	GRI 413-1	Operations with local community engagement, impact assessments, and development programs		35	
GRI 414: SOCIAL SUPPLIER EVALUATION 2016	GRI 414-1	New suppliers that were screened using social criteria		35	
GRI 416: CUSTOMER HEALTH AND SAFETY 2016	GRI 416-1	Assessment of the health and safety impacts of product and service categories		16	
	GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		16	
GRI 417: MARKETING AND LABELING 2016	GRI 417-1	Requirements for product and service information and labeling		17	
GRI 419: SOCIOECONOMIC COMPLIANCE 2016	GRI 419-1	Non-compliance with laws and regulations in the social and economic area			Classified information: IHARA considers the publication of possible violations of laws and/or regulations as classified information. IHARA works to meet all levels of compliance required for the business.

CREDITS

GRI 102-3, GRI 102-53

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