



SUSTAINABILITY REPORT

2018



TROPOC

TROPOC (Produtos Tropicais de Castanhal Ltda.) is a business unit strategically located in northern Brazil, the largest pepper producing region of the country. Our company has been supporting and encouraging the cultivation and commercialization of black pepper (*Piper nigrum* L.), and investing human and financial resources to provide the market with a product of the highest quality for more than 45 years.

Our team is composed by 20 own employees and 27 outsourced employees and service providers led by Mr. Wivaldo Araújo, our Managing Director. All operations abide by local laws and regulations and are aligned with international protocols of operations management, quality assessment, and labor safety.

TROPOC supplies dried black pepper, dried white pepper, and green pepper in brine for customers around the world. In 2018, we achieved turnover revenues amounting to BRL\$79.9 million.

Due to a strong relationship with farmers, we are able to offer a 100% traceable product, ensuring total quality that fully meets all demands of the European Community and the Federal Food and Drug Administration (FDA) requirements. Our company focuses on our social and environmental responsibility in its operations.

This first sustainability report discloses, in addition to the relevant themes and established partnerships, its socio-environmental role in the local context, as well as actions and projects carried out, and in progress.

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Dear readers,

It is a pleasure to deliver our first sustainability report. TROPOC works with its suppliers closely in order to produce high-quality products respecting sustainable production principles for more than 45 years. I am honored to experience this journey since the very beginning and see the positive impact that our company has been having on our stakeholders, mostly helping pepper farmers thrive and develop a pepper production chain in the region.

The company is located in northern Brazil, the region with the biggest biodiversity in the world - operating in such an important environment requires special care and attention in all aspects of the production chain.

Along the years, we have built a solid partnership based on collaboration with more than 500 farmers across 20 municipalities, and developed guidelines and protocols of good agricultural practices based on research, development, and local experience. We provide informative materials, training, and technical support to a variety of themes related to sustainability such as good management practices, the use of agrochemicals, disposal of used pesticide containers, forest and wildlife protection, and child and slave labor.

TROPOC also promotes actions and collaborates with local institutions in order to foment actions that effect positively on the social, economic and environmental aspects of our area of influence. Our projects and partnerships will be discussed further in this report.

Our quality and traceability program covers all the production phases and allows us to assure that our products respect national and International regulations related to food safety and sustainability principles. Along with that, and also a part of the scope of our traceability program, we have implemented TROPOC Geo, a project that monitors the forested areas within our suppliers' properties through remote sensing and artificial intelligence. This allows us to identify deforestation and check farmers' environmental compliance. TROPOC encourages and supports farmers so that our pepper is produced in accordance with local and sustainable principles.



TROPOC has also established partnerships with relevant national institutions such as universities and research centers. One of our efforts in the development of a sustainable black pepper production system in our region is currently being jointly developed by TROPOC and Embrapa, the Brazilian Agriculture Research Corporation, which is the most relevant institution of agricultural research in Brazil, and world renowned. Our joint project will be implemented in our property in 2019.

TROPOC/EMBRAPA joint effort aims to generate scientific-based information related to low impact black pepper production, low carbon emissions management practices and mitigation of the effects of the climate change. This project will be an important basis for future research and mostly for the development of the black pepper sector focused on sustainability.

Data presented in this document is related to the year 2018. However, we also presented numbers and information relative to our 2017 operations and production. As our first report, it will be our reference for future comparisons and reports.

WIVALDO ARAÚJO
MANAGING DIRECTOR



Headquartered in the city of Castanhal, TROPOC is a private company that has been active in the purchase and commercialization of pepper for more than 45 years. The company invests in human and financial resources of the pepper production chain, aiming at the regional development respecting the environment, as well as the fulfillment of the demands of the European, Asian and American market.

TROPOC supplies the American, European and Asian markets with black and white pepper classified according to our customers' needs and also green pepper in brine. Respecting food safety regulations of our markets, all of our products go through quality control, which assures the high quality of our processes and final products.

We spread the culture of our company among our employees, partners, suppliers, and other stakeholders through internal and external educational and integration actions. This way, our mission, vision, values, and guidelines become clear to all of our stakeholders. We also strongly encourage commitment to the environment and promote sustainable actions in the community through social and environmental campaigns carried out in the framework of our sustainability program. Information on campaigns will be discussed later in this report.

MISSION

- To offer our customers full transparency through TROPOC Total Traceability Program;
- To ensure our customers guaranteed and recognized quality raw material;
- To offer our customers a technical, logistical and commercial differential;
- To provide customers with a product based on an extensive Sustainability Program;
- To provide farmers business opportunities and income in the geo-economic region of the Amazon.

VISION

To use our 45-year experience in agro-industrial activities in order to be globally recognized as a company with quality assurance and sustainability. To be the largest company of the segment in Latin America offering the global market tracked products that have been selected and tested with quality and responsibility.

VALUES AND GUIDELINES

- Global presence and financial strength;
- Commitment to customer needs by proposing solutions covering quality, innovation and services;
- Commitment to the environment and society where we operate;
- Respect our employees and be a company for which they are proud to work for.

North-Region

Brazilian northern region includes part of the Amazon biome, composed of humid tropical forests that extend through eight countries: Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru and Venezuela. With approximately 6.7 million km², with 60% of this area being in Brazil, Amazonia has a considerable share of global natural resources, with a vital role in the provision of environmental products and services according to the carbon and global climate change regulation. Its biodiversity includes about 60,000 species of plants, 2,000 fishes, 300 mammals and 2.5 million arthropods. In addition to its ecological importance, the region is strategic due to its potential for mineral resources, hydropower and resources management, such as fishing and aquaculture.

Pará

The state of Pará has an area of 1.25 million square kilometers and has 8.5 million inhabitants. With the totality of its area belonging to the Amazonian biome, it is the second largest state in Brazil. Known for its material and immaterial historical culture, Pará has a cultural wealth built over the years by different indigenous peoples and historical influences of immigrants from Portuguese, Italian, Japanese, Lebanese and French origin.

Castanhal

One of the most important cities of Pará, Castanhal is located in the northern portion of the state, 65 kilometers east of state's capital Belém. Its location is privileged, being cut by the main route of connection between the capital of Pará and the other regions of Brazil, the BR-116 highway, which is part of the outflow route of Pará's products. Among the five largest cities in the state, Castanhal has been growing and developing rapidly in the face of the current investment scenario in the region.

Tomé-Açú

Tomé-Açú is located in the northeastern part of the state of Pará. The region was strongly influenced by the Japanese community that colonized the region in the 1920s and 1930s. From Singapore, the first black pepper plants arrived in the region with the Japanese immigrants, who cultivated it and transformed Tomé-Açú into the world's largest pepper producer at the time. To these days, the municipality preserves its historical culture influenced by Japanese settlers and is among the country's biggest black pepper producer.

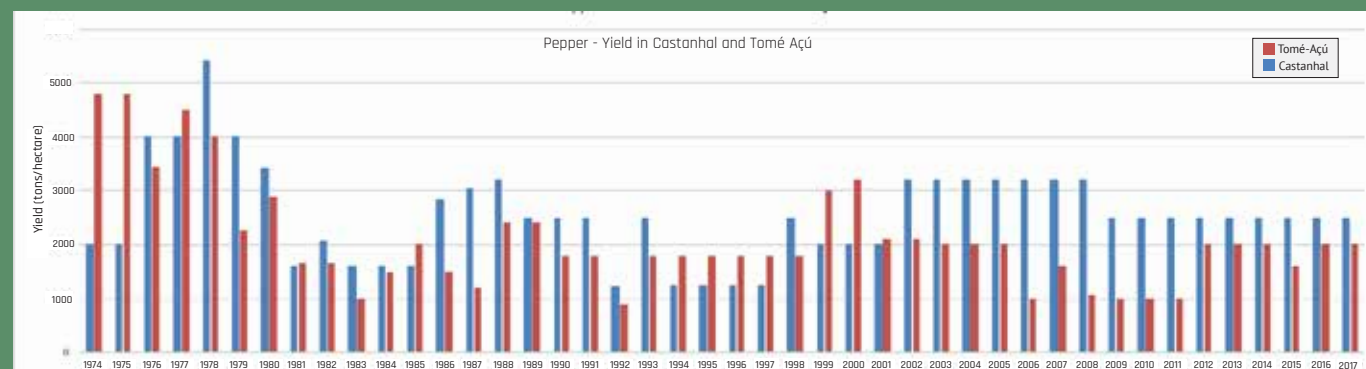
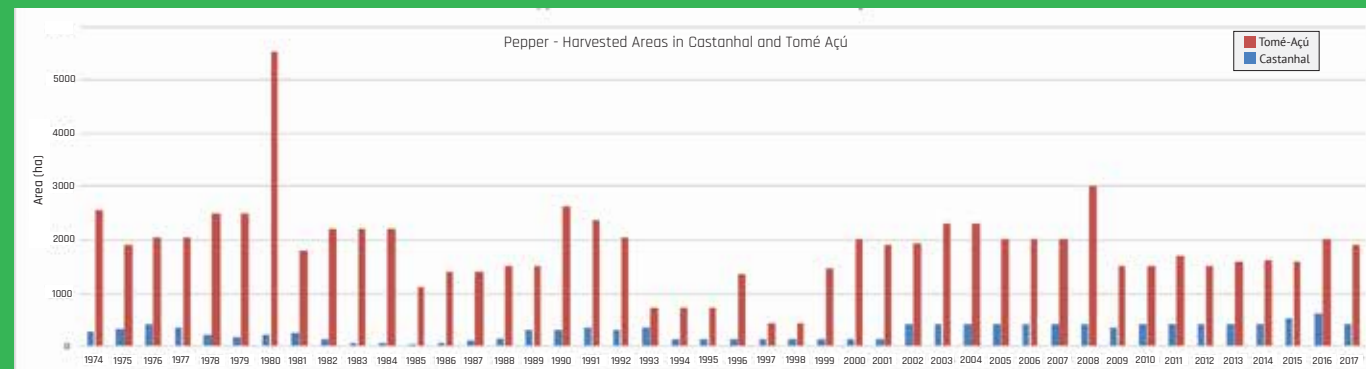
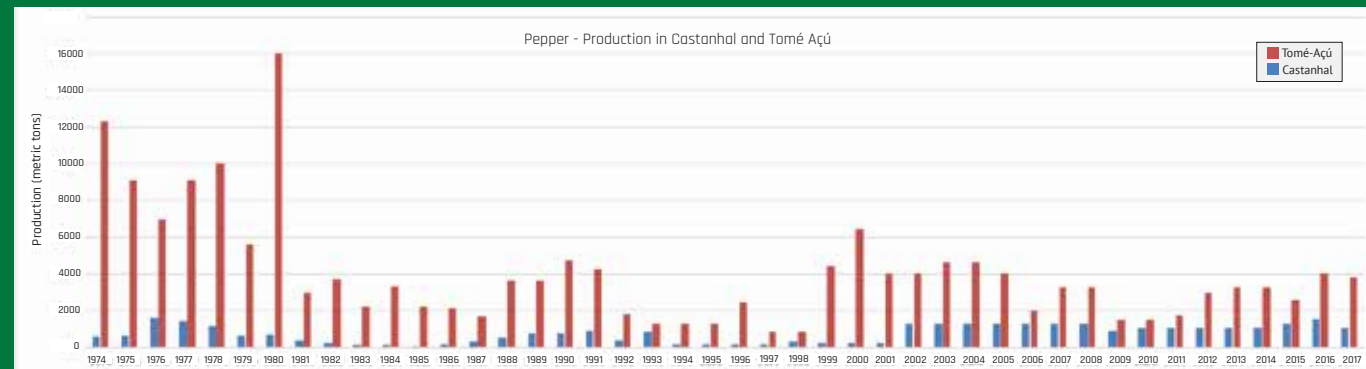


REGION

The black pepper producing regions in Brazil are in the states of Pará, Espírito Santo and Bahia. TROPOC concentrates its activities on the producing areas of Pará, with emphasis on the municipalities of Tomé-Açu and Castanhal, the latter being the location of the company's headquarters and industrial unit. TROPOC has more than 500 suppliers spread in a region of approximately 100 thousand square kilometers that cover 17 municipalities. The graphs below show the production volume, the area planted and productivity of the pepper in Castanhal and Tomé-Açu.

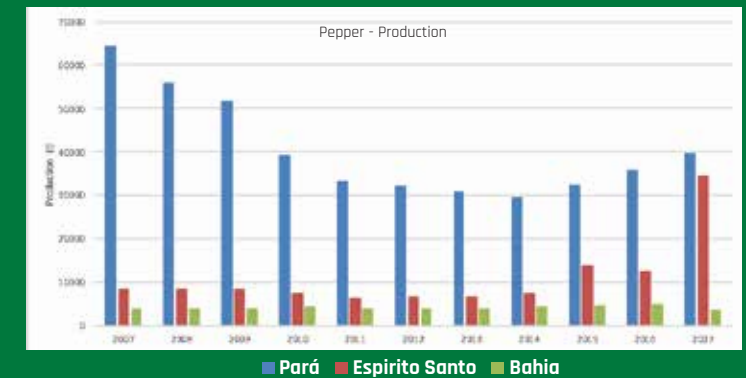


The pepper producing region is concentrated in the northeast portion of the state, where TROPOC is strategically located. Its climatic conditions - heavy rainfall, high temperature and the intensity of sunlight are favorable to the cultivation of black pepper and also of other crops such as palm, açai, manioc and a great variety of fruit species, which often share the same space with pepper crops in mixed systems.



PRODUCTION

Considering the last 11 years, the black pepper production in the state of Pará has suffered a period of decrease from 2007 to 2014 and has increased steadily from year to year from 2015 onwards. There is a considerable increase in production in the state of Espírito Santo from 2014, and in 2017 the production of this state was 13% below the Pará production.



HARVEST

Regarding the harvested area, we can see the same trend observed in the production graph above. Espírito Santo State stands out again due to the significant increase of its area of pepper fields in the last years.



YIELD

Yield is an important indicator for field and business decision-making. The graph alongside clearly indicates that Pará's and Bahia's production oscillate more smoothly than Espírito Santo's. However, it is noticeable that the plantations of the state of Espírito Santo have been reaching higher yields.



STAKEHOLDERS

Our stakeholders are farmers, employees, clients, local community, local government and universities, educational institutes and research centers that are related to the agricultural sector or to our business in any aspect.

We've been working close to our stakeholders to understand possible issues, claims, requirements and also opportunities that may exist regarding our operations, and thus, influence in the local context. We also provide open channels of communication to our clients and stakeholders through our telephones, email and website.

We carried out a stakeholder survey in 2018 to allow an evaluation of our sustainability activities and the relevance of our essential sustainability themes. This involved an online questionnaire to which we drew the attention of our stakeholders by a direct approach. We invited consumers to participate via our social media activities. A total of 321 stakeholders informed us of their assessments and evaluations in a four-week survey period.

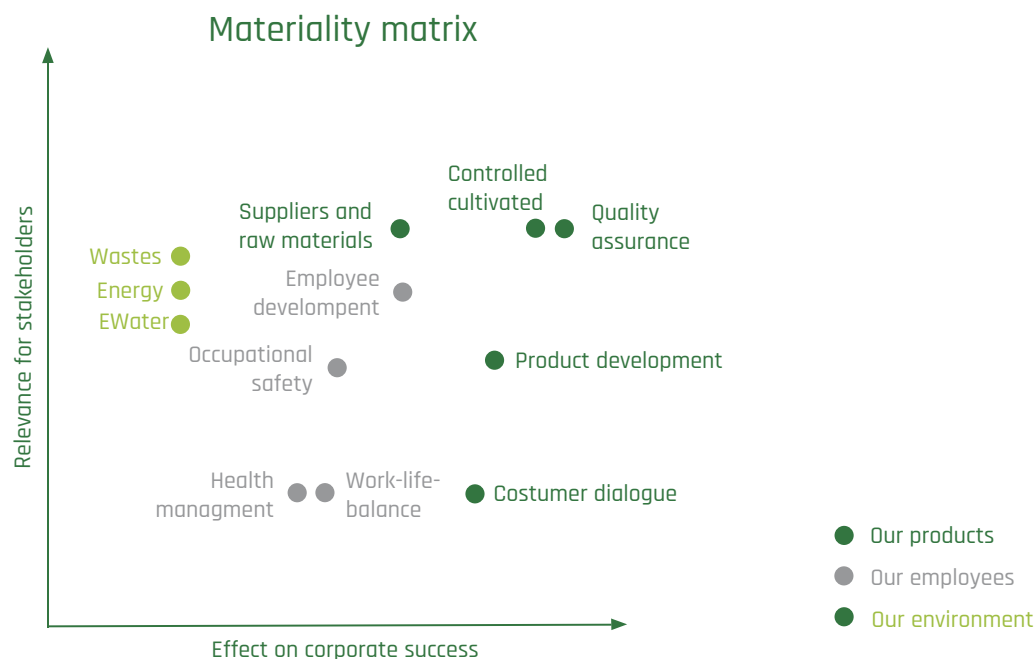
We were highly delighted to see that many survey participants took the opportunity to give us numerous constructive suggestions and ideas. Moreover, the majority of the participants confirmed that we were emphasizing the correct issues and were on the right track.

The questionnaire showed that the main concerns of our stakeholders are related to the quality of our product, traceability, environmental protection, local and professional development, and sustainability.

Working for more than four decades in the same region, TROPOC has fixed its roots in this soil. So, the environment and the community we belong are in the top concerns of our operations and actions.

TROPOC has been executing programs and actions related to community education and public health in partnership with the local government. The results of these campaigns will be shown in the social projects section.

In 2018, we commissioned studies and researches on the social and environmental aspects of our region of influence, aiming to find opportunities to take relevant actions for sustainability and social responsibility. The results provided a basis for decision-making and definition of targets and goals for future projects.



PATNER INSTITUTIONS:



STRUCTURE

TROPOC owns a structure of the highest quality and efficiency for pepper processing.

Our site has 96.3 hectares and several buildings dedicated to our processing and administrative operations and also an accommodation and fraternization area with kitchen, cafeteria, cleaning and rest areas for our employees and collaborators. A new processing unit was added to our structure by the end of 2018. Today TROPOC has the highest technology for cleaning and classification of black pepper. This was the most significant change we had in our supply chain this year.

It was possible to install a modern pepper processing line - a center of excellence in terms of quality. A 6.000 square meters greenhouse provides a natural sun drying area for pepper with a high degree of sustainability using only solar energy. Besides the industrial area destined to production with 2.430 square meters, TROPOC has three warehouses with a total storage capacity of 2.300 ton. pepper.

The administrative building has rooms with high-efficiency air conditioning systems, led bulbs and comfortable workstations for our employees. Our facilities and operations respect the requirements of local laws and regulations.

- 1 Administration building
- 2 Employees' houses
- 3 Living center
- 4 Warehouses
- 5 Green pepper processment unit
- 6 Truck scale
- 7 Black pepper processment unit
- 8 Greenhouse
- 9 Guests' house
- 10 Entrance/Exit



OUR SUSTAINABILITY STRATEGY

Our sustainability strategy is based on the Sustainable Development Goals (SDG's) to promote prosperity while protecting the planet as defined by the United Nations. They recognize that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection.



In September 2015, representatives of the 193 member states of the United Nations (UN) got together to draft a document entitled "Transforming Our World: The 2030 Agenda for Sustainable Development", where countries committed themselves to take action to promote sustainable development over the next 15 years.

Agenda 2030 is an action plan that seeks to guide the world towards a more sustainable path. The plan indicates 17 Sustainable Development Goals and 169 targets to eradicate poverty and promote a dignified life for all within the limits of the planet.

The 17 objectives are integrated and indivisible, and blend, in a balanced way, the three dimensions of sustainable development: the economic, social and environmental dimensions. They are like a list of tasks to be fulfilled by governments, civil society, the private sector and all citizens in the collective journey for sustainability.

GUIDELINES TO INTERNATIONAL SUSTAINABILITY TARGETS

In order to collaborate with the sustainability goals defined by United Nations, we have chosen six SDG's to be part of our company's strategy. Programs, actions and partnerships have been settled in the context of our operations. They aim to develop the region's black pepper value chain and also the social, environmental and economic aspects of our region.



We want to contribute to a healthy, varied, flavorsome diet, and bring delight at meal-times and during food preparation. Moreover, we want to promote well-being at all ages.



We want to ensure inclusive and equitable education, so we promote lifelong high quality learning opportunities.



We promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Our goal is to constantly reduce our ecological footprint when manufacturing our products. This effects mainly our energy consumption, water requirement and waste management.



We take urgent actions to combat climate change and its impacts.



We endeavor to protect biodiversity in all the regions in which we operate. We protect and promote a sustainable use of terrestrial ecosystems, sustainably managed forests; we combat desertification, and halt and reverse land degradation.



OUR KEY THEMES

This report works as a milestone since it is TROPOC's first publication on the issue of sustainability, social and environmental responsibility.

Our main objective here is to contextualize TROPOC and its local influence on social and environmental aspects regionally, as well as disclose the actions and programs already adopted by the company.

In this context, TROPOC's sustainability program has been developed based on our responsibility towards our products, environment and people. We are in synergy with our stakeholders regarding to these concern and priorities. This report is divided according to the following themes:

OUR PRODUCTS

Traceability and Supply Chain
Products

OUR EMPLOYEES

Our employees and Collaborators
Working Conditions
Employee development

OUR ENVIRONMENT

Social Projects
Water
Energy
Waste Generation and Management
Fossil fuel
Forest and Wildlife Protection

TRACEABILITY AND SUPPLY CHAIN

TROPOC has been investing in the traceability of its products in order to ensure that all quality processes are performed with excellence, from the farm to the end product, according to FDA legislation and demands of the European Community

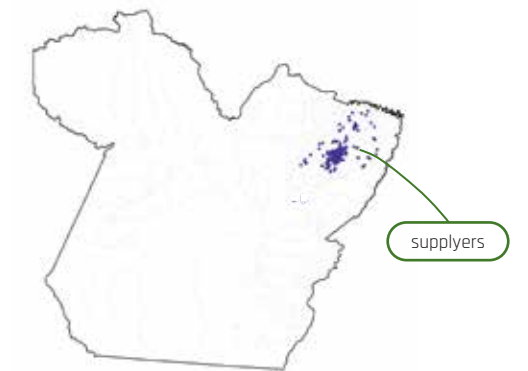
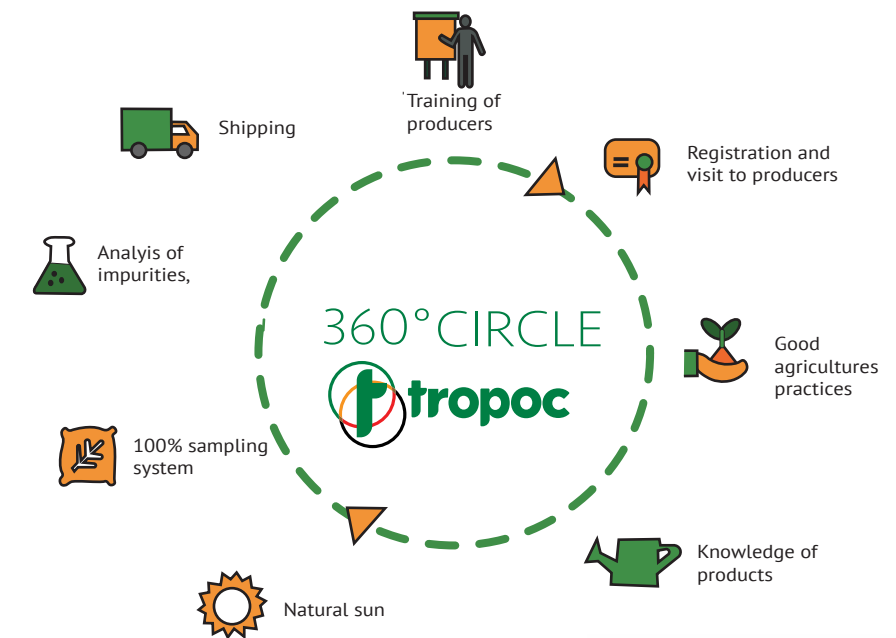
- 1 Our process begins in the field. Producers receive training, instructions and manuals of good agricultural practices to guide them in their activities and quality management, as well as environment preservation.
- 2 The product is separated in bags supplied by TROPOC, which are identified with the code of the farmer. The next step is to transport them from the field to the TROPOC unit in Castanhal.
- 3 Once the product arrives at TROPOC, sampling of all bags is carried out and the product goes to quality analysis. Being approved according to our quality control, the product is stored in our warehouses.
- 4 The pepper goes through technical procedures of cleaning, processing and preservation, which aim to maintain the quality parameters required by the specific regulations. The next step is the transportation of the product to our customers.

A relevant change we had in our supply chain concerns our product green pepper in brine. Research and development for the production of green pepper in brine, carried out in 2017, made it possible to replace the use of refrigerated containers with regular ones. That way we are able to cause less impact on the environment, once we don't have to use energy to keep low temperatures in transportation. The impacts in the greenhouse gas emissions due to that change will be discussed later in the waste generation and management section.

Another relevant change we had, this one in 2018, is the installation of the new processing unit with cutting-edge black pepper industrial technology.

We have begun the black pepper processing operations in our new industrial unit, a four-floor modern building where the black pepper is cleaned and sorted by modern machines set up in a way to meet our customers' needs. This improvement allowed the increase in production capacity, process efficiency, and final product quality.

Our technology allows us to offer the Tailor-Made Black Pepper, a product that our customers can request under specific characteristics like size and density.



TROPOC Quality and Traceability Program meets international standards for the production and supply of black pepper. All processes and steps, which begin with the training of farmers and go until shipping it to the customer, are indicated in the diagram above. This program is in continuous improvement and today it counts on leading technologies in its procedures, such as the use of remote sensing and artificial intelligence.

TROPOC suppliers are distributed in 17 municipalities in the northeast of Pará State. 68% of them are concentrated in the municipalities of Tomé-Açu and Castanhal. Having approximately 5 million black pepper plants, our suppliers can count on us to provide technical assistance from the planting to the harvest and commercialization. Our Traceability Program includes periodic visits to our suppliers' farms to ensure the quality of the production management process, prevention of any kind of product and environment contamination as well as traceability of the production system and social and environmental aspects of the site.

TROPOC encourages and gives support to follow the good agricultural practices as defined in our protocols, and respects the social and environmental aspects defined by law and our policies. Our traceability system allows us to identify and check possible issues of the farmers and guarantee that 100% of our products come from sources in accordance with our guidelines and values.

TROPOC TRACEABILITY APP

TROPOC Traceability App allows information recording, management procedures and environmental and social aspects from the suppliers' farms quickly and efficiently. It consists of a data entry application, a step of information validation, registering in the database and generating a QR Code for each farmer, which provides access to an individualized web page, where information relative to the farm and its location, production aspects, pictures of fields and socio-environmental aspects can be consulted by us. Information collected is used by us to assess the supplier's management procedures related to good agricultural practices and also social and environmental aspects of the farm.





GREEN PEPPER

Green pepper is a highly appreciated spice in cooking. Harvested before ripening, it tastes fresher and milder than black pepper and has a very aromatic characteristic. Our green pepper is delivered in brine carefully prepared based on our special recipe.

BLACK PEPPER

Black pepper is TROPOC's main product. Its production has increased considerably in recent years and now our processing unit is equipped with cutting-edge technology for pepper cleaning and classification. The black pepper can also be requested by our clients under specific conditions of size and density.



WHITE PEPPER PLATINUM

Dried peppers with clear bark, free from genetically modified organisms, sun-dried and non-irradiated, in accordance with the requirements of the food industry. This pepper is very special because, in addition to having a superior pipeline and volatile oil content, it shows the highest production sustainability grade among all white pepper production patterns.

Our products are shipped all around the world - Europe, North America, and Asia are our main markets. Our Quality and Traceability Programs allow us to provide products with high standard quality parameters and fully meet the standards and food regulations defined by the US Food and Drug Administration (FDA) and European Union Food Safety.

Our black pepper and white pepper are naturally dried under sunlight and are free from genetically modified organisms. The product goes through our quality assessment procedures as soon as it gets to our facilities. Our processing, selection and storage procedures follow regulations to assure the absence of harmful biological or chemical agents and meet quality specifications of the market.

We can trace back all of our products through our traceability system. This way, we can be in control of supply chain products, procedures, and protocols and also prevent and identify sources of possible problems.

The green pepper in brine is produced using the fruits when still at the green stage. The processing activities occur in a period that covers 6 to 8 weeks of every year and it requires intense workforce.

TROPOC provides all structure necessary to our employees and collaborators, including accommodation for rest and social integration. Our production follows our protocols that respect food safety regulations and environmental compliance.



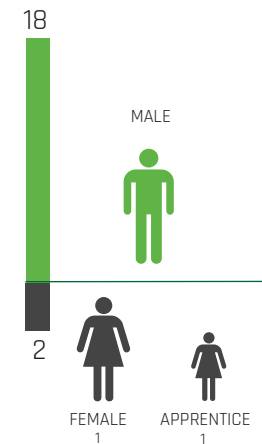
OUR EMPLOYEES AND COLLABORATORS



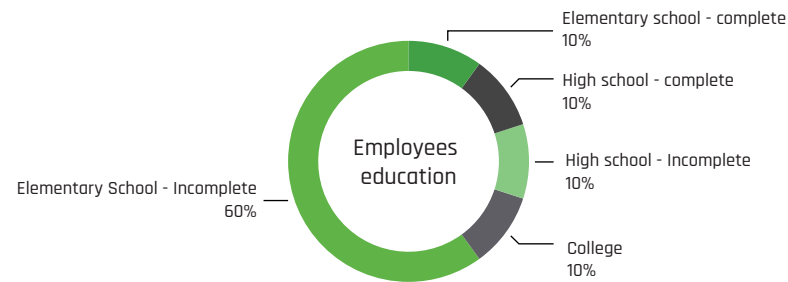
Overview of our employees and collaborators:

TROPOC counts on a team of 20 own employees who are distributed in functions ranging from the administrative, cleaning, and management to the field areas. They all work 40 hours a week.

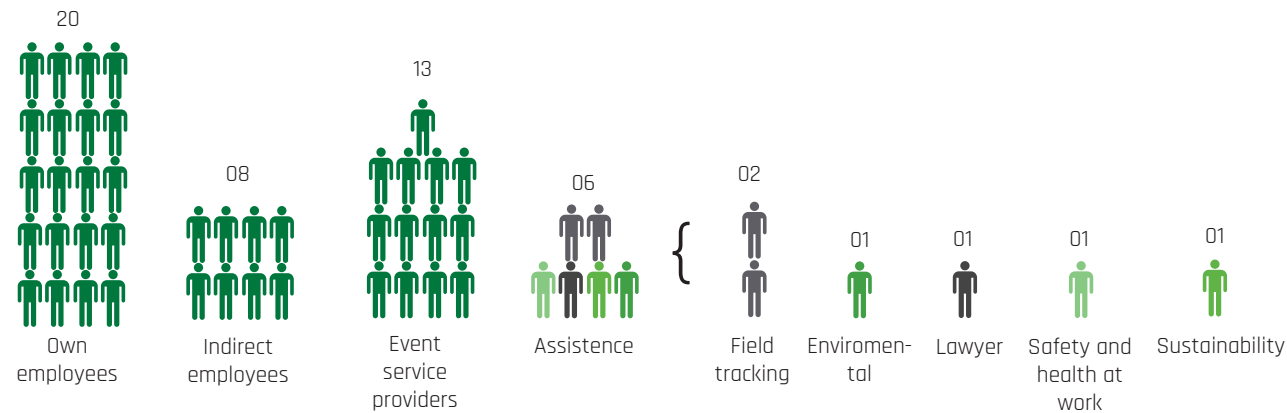
Number of employees by Gender



Besides the own employees, TROPOC counts on the support of 27 outsourced employees and services that are provided by occasional service providers; outsourced employees and consultants in the areas of traceability, environment, sustainability, legal and occupational health and safety.



In addition to providing all the corporate benefits required by law, we also provide additional benefits to our employees, such as meal assistance, individual life insurance, medical and legal assistance. All of our employees are hired under the norms and specifications of the collective bargaining agreement of the Union of Workers in the Food Industries of Castanhal and Region - Pará State.



We have mapped all the risks of our processing procedures to our employees. To control the possible hazardous agents, we have implemented special programs that include medical examinations, specific training, operating procedures protocols, mandatory use of equipment for individual safety, inspections and audits, and appropriate technical supervision. Nowadays, there is no employee with several disabilities working at TROPOC.

WORK CONDITIONS AND QUALITY OF LIFE

The company has environmental risk prevention programs, health and occupational medicine control, and respiratory and hearing protection.



Employees rely on all Personal Protective Equipment for their safety and better working conditions.

We conduct trainings provided by our staff or third parties for employees and collaborators in topics related to food handling, human relations and motivation, customer service, among others. The new plant has modern facilities and equipment, which, in addition to providing greater work efficiency and productivity, offers better working conditions for our employees.

The company has a 297 m2 living center with kitchen, restrooms and changing rooms, dormitories and recreation facilities.

Engineering principles to control and contain dust in the processing of black pepper were adopted, and a totally enclosed system was put in place. Our machinery prevents the passage of the dust to the working environment, so the local atmosphere is free from particles from the processing phase, which can be harmful to the respiratory system. This way, we protect our workforce and respect the limits of tolerance specified by norms and regulations.

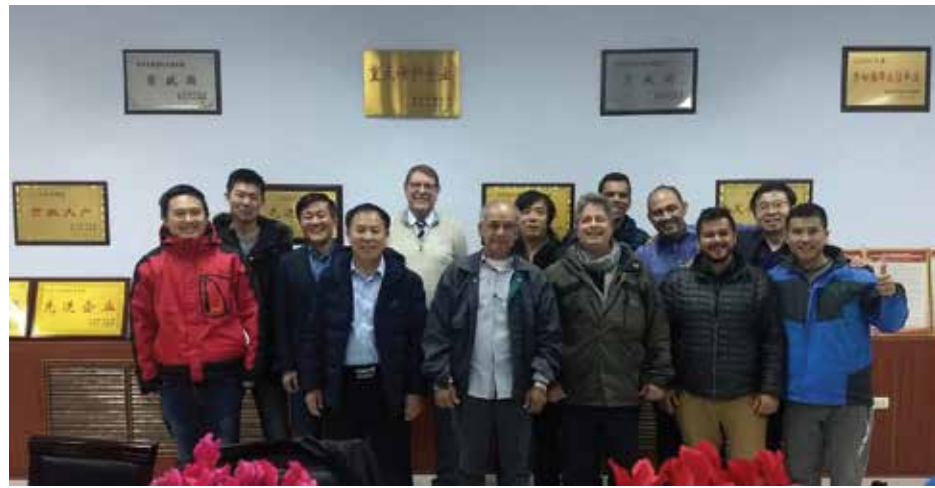
EMPLOYEE DEVELOPMENT

TROPOC has established partnerships with important national public institutions such as the Technical Assistance and Rural Extension Agency of Pará (EMATER-PA), the State University of Pará (UEPA) and the Brazilian Agricultural Research Corporation (Embrapa).

The strategic partnerships provide the possibility for TROPOC employees and partners to receive training and technical assistance in their activities, as well as the development of projects in line with the concepts of sustainability and regional development.

Training courses and lectures are held in many areas related to our operations and processes. This way, we collaborate with the professional and personal development of our employees and reach higher levels of efficiency and quality in our operations.





YOUNG APPRENTICE

An apprentice was hired to assist in TROPOC's administrative procedures and processes. And so, in addition to providing technical learning and work experience, the company is in accordance with the Apprentice Act established in the year 2000 in Brazil.

BRAZIL-CHINA INTEGRATION

Visit of the TROPOC team to Fuchs China Foodstuffs (FCF). Besides the technical learning during the exchange between companies, integration provided an experience of cultural exchange of great value for the collaborators of both countries.

PARTNERSHIP WITH RURAL SCHOOL OF TOMÉ AÇÚ

A partnership was established with Nossa Senhora Aparecida de Tomé-Açú Rural School. Educational and recreational materials were provided as well as agricultural inputs for experimental crops in the school area.



TROPOC donated sporting materials such as balls, uniforms, industrial water coolers and other items to stimulate sports and physical activity for children.

INTERNAL EXCHANGE

In 2018, one of our employees had the opportunity to study English in Cambridge-England. TROPOC sponsored a four-week course at Eurocentres Language School.

ANNUAL CONFRATERNIZATION

TROPOC annually throws Christmas and New Year's Eve parties for the employees. It is a very special event for all of us, when gifts are distributed and the entire team spends the day together.



TROPOC understands that it is extremely important to value activities and culture of the Amazonian farmer, stimulating and supporting actions that aim at the continuity and development of the sector.

SOCIAL PROJECTS

TROPOC has been carrying out social activities for many years, always seeking to integrate the community. We understand the importance of contributing to the society on which our activities impact and, obviously, we are part of it all.



PROJECT AGAINST LEPROSY IN SCHOOLS

A campaign to combat leprosy and vaccination of elementary school children in the municipality of Tomé-Açú was carried out in partnership with the City Department of Health. The campaign reached 25% of students of the municipality aged 5 to 14 years (3,747 children).

14.4% of the students of the municipality (2,109 children) were actively examined

16.5% of the students of the municipality received vaccination against worm infections



The impact of the campaign is not limited to the children, since the material provided was offered to the parents and caretakers, thus making considerably more people aware of the importance of detection and treatment of the disease.

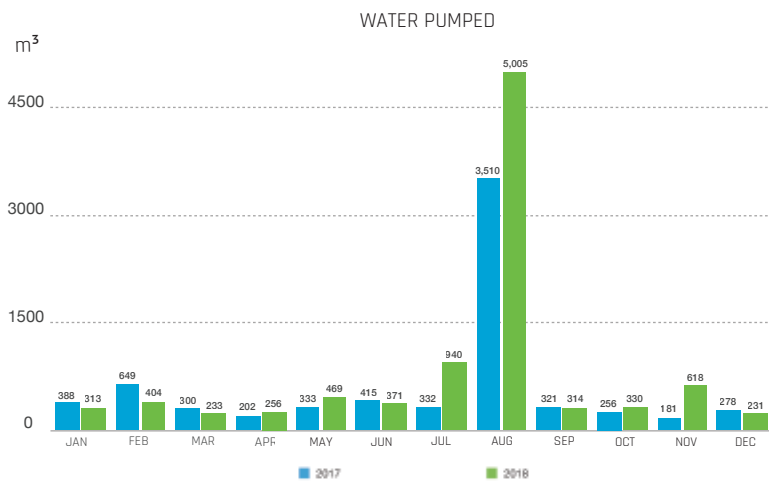


WATER

The company has its own water supply - an artesian well with a pumping capacity of 50m³ per hour. The water is used in all company facilities, including houses, administrative buildings, the living center, warehouses and factories. It is also used in the processing of green pepper.

Water Consumption:

The consumption records were obtained on a weekly basis from January 2017 to December 2018.



TROPOC's average water consumption per month was estimated considering the period of 24 months, excluding August, when there is a high demand of water to the processing of green pepper. Average consumption, excluding the green pepper processing period, was estimated at 369 m³ per month.

According to the calculation based on the green pepper production in 2017, it is estimated that 3,175 m³ of water was used in this activity. Based on this value and the production of green pepper of the same year (2017), we obtained the value of 8.8 liters of water used to produce one kilo of green pepper (final product).

In 2018, we observed a consumption peak, also in the month of August that was higher than the previous year. This was observed due to the green pepper production carried out that month, added to the building of the new black pepper processing unit. Considering the same water used effectively in the green pepper processing (8.8 liters/kg pepper), we obtained 4.182 m³ used in the processing and 824 m³ of water consumed in the new facility construction.

The water quality has been verified and documented in a physical-chemical and microbiological analysis report that is performed frequently.

In order to use the artesian well, approval must be obtained from the responsible environmental agency and compliance with a series of requirements established by the State Act No. 6381. The artesian well has a Grant, registered at the state environmental office of Pará (SEMA-PA) and it is valid until January 24, 2023.

We have our own sewage treatment system that treats the water used in our facilities and returns it clean to the environment. The maintenance is done by our employees according to the specifications defined by a specialist engineer consultant who monitors the conformity of the system.

| | TOTAL WATER CONSUMPTION m ³ | GREEN PEPPER SPECIFIC WATER CONSUMPTION (l/kg final product) | BLACK AND WHITE PEPPER SPECIFIC WATER CONSUMPTION (l/kg final product) |
|------|--|--|--|
| 2017 | 7,165 | 8.8 | 0.77 |
| 2018 | 9,484 | 8.8 | 0.63 |

We have increased our total production by 61% from 2017 to 2018, which has increased our water consumption by 32%. Considering both black pepper and white pepper products, we have increased our production by 63%. The water footprint for the production considering all direct and indirect activities related to the processing was 0.77 liter per kilogram of the final product in 2017, and 0.63 liters per kilogram of the final product in 2018.

Concerning the green pepper, we have increased our production by 31%. The water footprint for its production considering all direct and indirect activities related to the processing was 0.88 liter per kilogram of the final product for both the years 2017 and 2018.

ENERGY

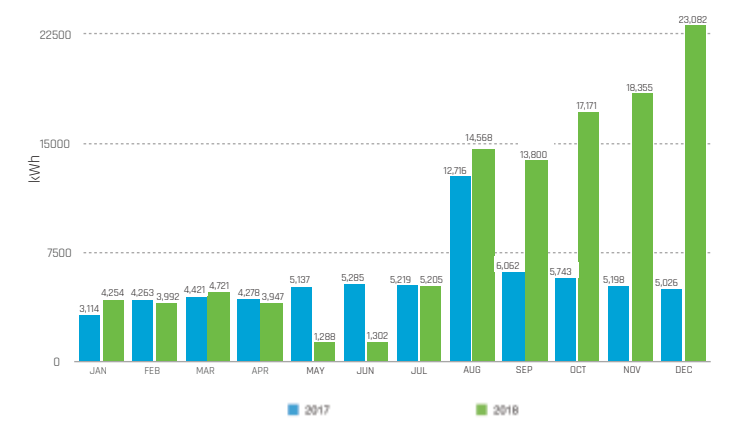
The electric power that supplies Para's state comes mostly from the Tucuruí Power Plant, located 450 km from the city of Castanhal. The power distribution is made by CELPA (Centrais Elétricas do Pará), which is the electric utility in the state of Pará.

Consumption of electric energy is measured currently in a segmented way, that is, the facilities have their own power meter, which allows us to control and monitor our consumption and quickly detect problems related to electric energy and its use at the company.

Peak consumption:

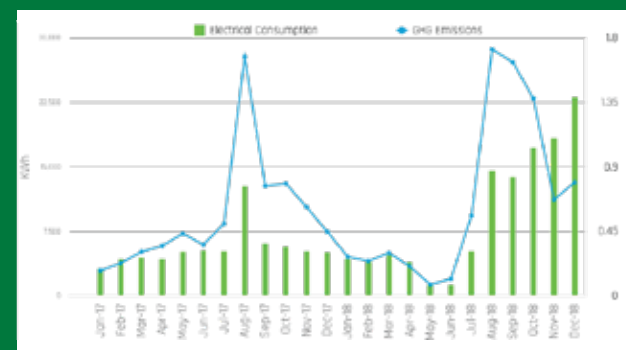
A peak of consumption has been observed in August 2017, during the processing of the green pepper. This fact is due to the high water demand of the process, which requires intense use of the artesian well pump, very relevant equipment when considering the energy consumption of the company. In 2018, we observe high consumption from August to December. Consumption in August 2018 is high also because of the processing of green pepper and the high values observed in the later months were due to the construction and operation of the new processing that has increased the electrical energy demand.

The graph below shows the electric energy consumption during the years 2017 and 2018.



Actions and programs have been set to reduce electric energy consumption overall and mostly at peak hours, aiming to reduce energy use and be more sustainable.

GREENHOUSE GAS EMISSIONS



Electricity consumption is classified as indirect emissions according to the GHG Protocol, methodology developed by the World Resources Institute (WRI). The emission of greenhouse gases from TROPOC electric energy consumption was calculated considering the period from January to December 2017 and for January to December 2018. The values obtained were 6.6 and 7.9 t CO₂ equivalent, respectively.

| | TOTAL ENERGY CONSUMPTION kWh | GREEN PEPPER SPECIFIC ENERGY CONSUMPTION (kWh/kg final product) | BLACK AND WHITE PEPPER SPECIFIC ENERGY CONSUMPTION (kWh/kg final product) |
|------|------------------------------|---|---|
| 2017 | 66,462 | 0.021 | 0.011 |
| 2018 | 111,685 | 0.022 | 0.012 |

The increase in our total production by 61% from 2017 to 2018 led to an increase in our electrical energy consumption by 68%. Considering the black pepper and white pepper products, we have increased our production by 63%. The electrical energy footprint for the production considering all direct and indirect activities related to the processing was 0.011 kWh per kilogram of the final product in 2017 and 0.012 kWh per kilogram of the final product in 2018.

In relation to the green pepper we have increased our production by 31%. The electrical energy footprint for the production considering all direct and indirect activities related to the processing was 0.021 kWh per kilogram of the final product in 2017 and 0.022 kWh per kilogram of the final product in 2018.

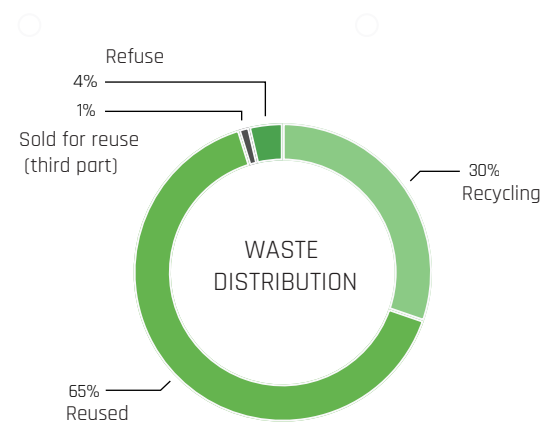
WASTE GENERATION AND MANAGEMENT

The byproducts and remains from the production process, as well as the packaging components and auxiliary materials, exported or not, are sent for recycling or reuse. The exception is the product All dri desiccant used in the transportation process, which is discarded in the final destination.

| Material | Product | Use | Ingredient/type of packaging | Exported | Final destination | Weight (Kg) |
|--------------|--------------------------|---------------|------------------------------|-----------------------------|-----------------------------|-------------|
| Metal | Rack | Packing GP | - | Yes | Reused | 38,148 |
| Wood | Pallet | Packing GP | - | Yes | Reused | 23,100 |
| | Plywood | Packing GP | - | Yes | Recycling | 5,940 |
| Paper | Cardboard | Packing GP | - | Yes | Recycling | 2,112 |
| | | Packing BP | - | Yes | Recycling | 2,868 |
| Plastic | Craft paper | Processing GP | Citric acid bag | No | Recycling | 19,2 |
| | | Packing GP | - | Yes | Recycling | 924 |
| | Plastic bag (translucid) | Packing GP | - | Yes | Recycling | 2,508 |
| | Plastic bag | Processing GP | Sodium metabissulfito bag | No | Recycling | 2.8 |
| | Nylon clamps | Packing GP | - | Yes | Recycling | 5.3 |
| | Bag | Packing BP | - | Yes | Recycling | 14,000 |
| | Big bag | Packing GP | - | Yes | Reused | 1,584 |
| | | Processing GP | Salt in bulk | No | Recycling | 148 |
| | Stretch film | Packing GP | - | Yes | Recycling | 792 |
| | Plastic drum | Processing GP | Acetic acid | No | Sold for reuse (third part) | 168 |
| Plastic drum | Processing WP | Oxireducer | No | Sold for reuse (third part) | 920 | |
| | All dry (dissecant) | Transport BP | Disiccant | Yes | Refuse | 3,538 |

*GP = green pepper / BP = black pepper / WP = white pepper

The company has specific garbage cans, signs in the facilities and rules that guide the proper way to discard waste or recycle products. All employees and collaborators receive informative materials and must follow the rules.



We've been working on increasing the level of commitment of our own and outsourced employees on proper waste disposal through training and campaigns, and also providing recycling bins throughout the company facilities. A specialized third-party company is in charge of our waste disposal.

We have developed the Standard Operational Procedure (SOP) for waste management and disposal to be implemented in 2019. This protocol will substantially increase our level of control of our waste management procedures.

FOSSIL FUELS

We use fossil fuels for the vehicles, tractors and maintenance equipment.

To prevent losses of machinery efficiency and mostly avoid water and soil contamination, our employees perform inspections and repair leaks of oil, fuel or other fluids frequently. The TROPOC sustainability program encompasses maintenance and inspection control and monitoring activities. It is important to monitor the amount of fossil fuels that is being used directly and indirectly in the business and processing activities. This way, we can calculate the greenhouse gas emissions of these activities and evaluate our impacts related to this theme. These actions and the monitoring procedures will be executed in the next years.

GREENHOUSE GAS EMISSIONS

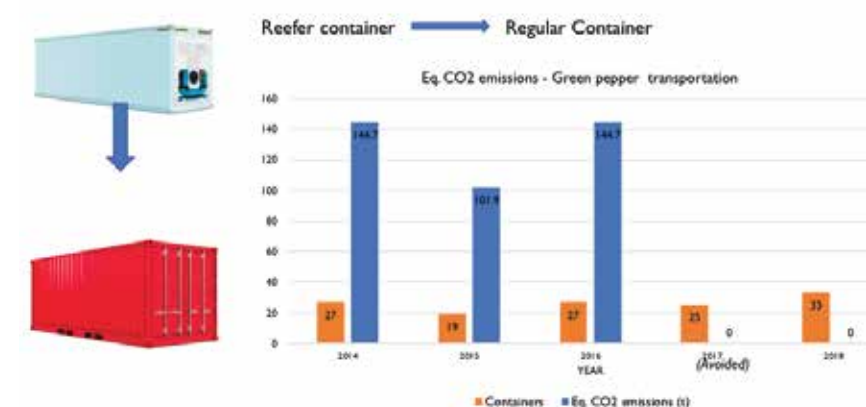
The use of fossil fuels, even indirectly, is also a point that must be taken into account in the accountability for indirect emissions of greenhouse gases. The use of third-party transportation services, for instance, generates emissions through the burning of fuel from their vehicles. In the case of TROPOC, we can consider as indirect emissions the transportation of the raw material to the industry, the freight of the finished product to the port, and maritime transport to the final destination in the case of exports.

GHG EMISSIONS - CONVENTIONAL X REFRIGERATED CONTAINER

By the year 2016, the green pepper produced at TROPOC was transported to Germany in refrigerated containers. It is necessary to use electric energy for temperature maintenance, which can be done by connecting them to the electric energy distribution network supply or to combustion generators with energy converters, as in the case of vessels, that generate electricity during the burning of marine diesel.

From the year 2017, transportation of this product began to be carried out in conventional containers that are not refrigerated. And so, there was a significant reduction of greenhouse gas emissions, reaching zero in this specific and important part of the transportation process.

Fossil fuel indirect use / Indirect green house gas emission (Escope 3 – GHG Protocol)



Replacing the cooled containers for common containers resulted in zero emission in this transportation phase. Obviously, there are indirect emissions from the entire transport chain, including the trucks and the vessel itself, yet to be calculated in the near future.

FOREST AND WILDLIFE PROTECTION

Currently, the protection of forests is documented and made official by a registry of the Brazilian government called CAR.

Created by Act Nº 12.651 from 2012, the Rural Environmental Registry (CAR) is an electronic registration, mandatory for all rural properties in Brazil; it is a strategic database for the control, monitoring and combat of deforestation including of other forms of native vegetation in Brazil, as well as for the environmental and economic planning of rural properties.

TROPOC has an area of 96.3 hectares, consisting of:

- 3 hectares of administrative easement area (electric transmission line).
- 44.41 hectares of legal reserve, including 8.75 hectares of permanent preservation area.
- 48.63 hectares of land with consolidated use, mostly occupied by native forest.

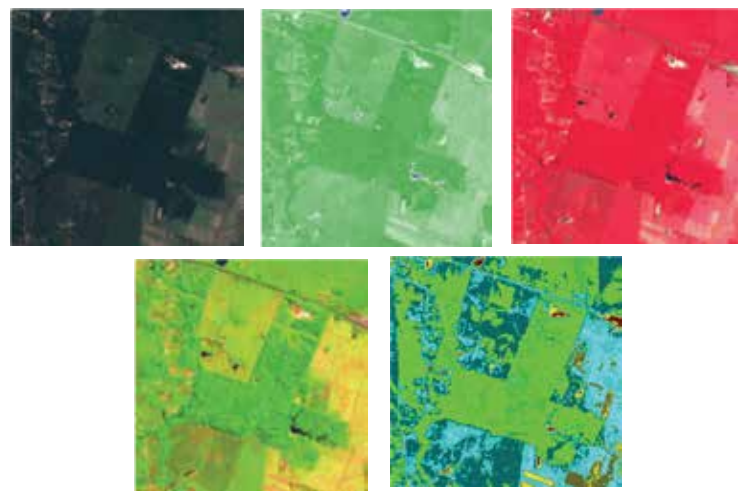
TROPOC guarantees the preservation of its native forests and monitors them within the Geo TROPOC Project. This consists in remote sensing and spectral analysis allied to the state-of-the-art technology in terms of satellite image analysis; it detects areas of deforestation, loss of vegetation or eventual changes in soil use.

The GEO Project began in 2018. In addition to monitoring deforestation within the property of TROPOC and its suppliers, it serves as a basis for identifying areas that need intervention in order to comply with environmental laws. We also quantify the area planted with pepper in the region and suppliers, serving as a double check of this information in the TROPOC traceability system. In the future, it can serve as a basis for studies on the spatiotemporal dynamics of the pepper production in the region.

GEO TROPOC has the following target:

- 1) Have the correct positioning of each field
- 2) Verify and analyze the number of pepper plants in each plant field
- 3) Have evidence of the exact cultivated area by each farmer
- 4) Check the area on the property intended for legal reserve and permanent reservation
- 5) To advise the rural producer on the completion of the Rural Environmental Certificate (CAR)

Examples of satellite images and spectral analyzes to monitor deforestation and/or land use change.



Satellite images from TROPOC plant area. The different colors indicate spectral responses that give us information relative to land use and its dynamics.

Due to the area of vegetation preserved on TROPOC property and the biome in which the company is located, the Amazon, there is a huge diversity of wild animals that can be found in the place and its surroundings.

Regarding wildlife protection, TROPOC already carries out an awareness campaign through explanatory brochures that reinforce the importance of biodiversity and protection of wildlife.

TROPOC's APIARY

Bees are essential agents for the protection, maintenance and balance of biodiversity. Acting directly on the pollination process, the impact of reducing the bee's population is enormous. According to the Food and Agriculture Organization of the United Nations (FAO), more than 75% of crops intended for human consumption depend on pollination for quality and productivity. Factors such as deforestation, the use of pesticides, and the expansion of monoculture and climate change contribute to the decline in the number of hives around the world. Unfortunately, this phenomenon has been observed worldwide.

TROPOC opened its doors to students from Castanhal municipal schools. They visited the company's property and got to know our Meliponary project, listened to lectures and received materials on environment and wildlife protection.



Ordinance No. 444, by the Ministry of Environment on December 17, 2014, published in the Official Gazette of the Union, lists the endangered species of the Brazilian fauna as well as their degree of extinction risk. The bees Uruçu-Amarela (*Melipona rufiventris*) and Uruçu-Cinza (*Melipona fasciculata*) are classified as endangered species. TROPOC has an apiary with these two species. This project is being proudly carried out in partnership with the State University of Pará.

Pamphlets developed by TROPOC aiming the awareness of wildlife protection.





| GRI Standard | Discoure | Page/Omissions/Answers |
|--|---|--|
| GRI 101: FOUNDATIONS 2016 | | |
| GRI 102: GENERAL DISCLOSURES 2016 | | |
| GRI 102 | Organisational profile | |
| GRI 102 | 102-1 Name of the organisation | 2 |
| GRI 102 | 102-2 Activities, brands, products, and services | 6 |
| GRI 102 | 102-3 Location of the organisation's headquarters | 6 |
| GRI 102 | 102-4 Location of operations | 8 |
| GRI 102 | 102-5 Ownership and legal form | All legal entities are under private law, and they are corporations by companies with limited liability (Ltda.). |
| GRI 102 | 102-6 Markets served | 19 |
| GRI 102 | 102-7 Scale of the organisation | The company chose not to disclose the economic information in the public version of its report because it is strategic data. However, the version of the report with such information can be requested from the company, which will assess whether or not releasing access is appropriate. |
| GRI 102 | 102-8 Information on employees and other workers | 20 |
| GRI 102 | 102-9 Supply chain | 16, 17, 19 |
| GRI 102 | 102-10 Significant changes to the organisation and its supply chain | 16 |
| GRI 102 | 102-11 Precautionary Principle or Precautionary Approach | 16, 17, 19, 21 |
| GRI 102 | 102-12 External initiatives | 22, 23 |
| GRI 102 | 102-13 Membership of associations and interest groups | 10 |
| GRI 102 | Strategy | |
| GRI 102 | 102-14 Statement from senior decision-makers | 5 |
| GRI 102 | Ethics and integrity | |
| GRI 102 | 102-16 Values, principles, standards, and norms of behaviour | 6 |
| GRI 102 | Governance | |
| GRI 102 | 102-18 Governance structure | 2 |
| GRI 102 | Stakeholder engagement | |
| GRI 102 | 102-40 List of stakeholder groups | 10 |
| GRI 102 | 102-41 Collective bargaining agreements | 20 |
| GRI 102 | 102-42 Identifying and selecting stakeholders | 10 |
| GRI 102 | 102-43 Approach to stakeholder engagement | 10 |
| GRI 102 | 102-44 Key topics and concerns raised | 10, 15 |
| GRI 102 | Reporting practice | |
| GRI 102 | 102-45 Entities included in the Consolidated Financial Statements | 22, 23 |
| GRI 102 | 102-46 Procedure for defining report content and topic boundaries | 10, 15 |
| GRI 102 | 102-47 List of material topics | 15 |
| GRI 102 | 102-48 Restatements of information | There was no reformulation of information as this is the first report of the company. |
| GRI 102 | 102-49 Changes in reporting | There are no changes as this is the company's first report. |
| GRI 102 | 102-50 Reporting period | 33 |
| GRI 102 | 102-51 Date of most recent report | 33 |
| GRI 102 | 102-52 Reporting cycle | 33 |
| GRI 102 | 102-53 Contact point for questions regarding the report | 33 |

| | | |
|--|---|--|
| GRI 102 | 102-54 Claims of reporting in accordance with the GRI Standards | 33 |
| GRI 102 | 102-55 GRI content index | 31 |
| GRI 102 | 102-56 External auditing | 33 |
| GRI 201 | 201-1 Direct economic value generated and distributed | The company chose not to disclose the economic information in the public version of its report because it is strategic data. However, the version of the report with such information can be requested from the company, which will assess whether or not releasing access is appropriate. |
| KEY TOPICS | | |
| OUR PRODUCTS | | |
| GRI 103 (2016) | 103-1 Explanation of the material topic and its boundaries | 16 f. |
| GRI 103 (2016) | 103-2 The management approach and its components | 17, 18, 19 |
| GRI 103 (2016) | 103-3 Evaluation of the management approach | 17, 18, 19 |
| OUR EMPLOYEES | | |
| GRI 103 (2016) | 103-1 Explanation of the material topic and its boundaries | 20, 21 |
| GRI 103 (2016) | 103-2 The management approach and its components | 20, 21 |
| GRI 103 (2016) | 103-3 Evaluation of the management approach | 20, 21 |
| OUR ENVIRONMENT | | |
| WATER | | |
| GRI 103 (2016) | 103-1 Explanation of the material topic and its boundaries | 24 |
| GRI 103 (2016) | 103-2 The management approach and its components | 24 |
| GRI 103 (2016) | 103-3 Evaluation of the management approach | 24 |
| GRI 303 (2016) | 303-1 Water withdrawal by source | 24 |
| ENERGY | | |
| GRI 103 (2016) | 103-1 Explanation of the material topic and its boundaries | 25 |
| GRI 103 (2016) | 103-2 The management approach and its components | 25 |
| GRI 103 (2016) | 103-3 Evaluation of the management approach | 25 |
| GRI 302 (2016) | 302-1 Energy consumption within the organization | 25 |
| GRI 302 (2016) | 302-3 Energy intensity | 25 |
| WASTE GENERATION AND MANAGEMENT | | |
| GRI 103 (2016) | 103-1 Explanation of the material topic and its boundaries | 26 |
| GRI 103 (2016) | 103-2 The management approach and its components | 26 |
| GRI 103 (2016) | 103-3 Evaluation of the management approach | 26 |
| GRI 306 (2016) | 306-2 Waste by type and disposal method | 26 |
| FOSSIL FUELS | | |
| GRI 103 (2016) | 103-1 Explanation of the material topic and its boundaries | 27 |
| GRI 103 (2016) | 103-2 The management approach and its components | 27 |
| GRI 103 (2016) | 103-3 Evaluation of the management approach | 27 |
| FOREST AND WILDLIFE PROTECTION | | |
| GRI 103 (2016) | 103-1 Explanation of the material topic and its boundaries | 28, 29 |
| GRI 103 (2016) | 103-2 The management approach and its components | 28, 29 |
| GRI 103 (2016) | 103-3 Evaluation of the management approach | 28, 29 |
| GRI 304 (2016) | 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 28, 29 |
| GRI 304 (2016) | 304-3 Habitats protected or restored | 28, 29 |
| SOCIAL PROJECTS | | |
| GRI 103 (2016) | 103-1 Explanation of the material topic and its boundaries | 22, 23 |
| GRI 103 (2016) | 103-2 The management approach and its components | 22, 23 |
| GRI 103 (2016) | 103-3 Evaluation of the management approach | 22, 23 |
| GRI 413 (2016) | 413-1 Operations with local community engagement, impact assessments, and development programs | 22, 23 |

This Report is TROPOC's first Sustainability Report. Information herein relates to 2018. However, we also present some information relative to 2017.

During 2018, we have implemented projects and systems to gather and analyze data more efficiently and accurately. This will allow us to provide more information in the next reports.

This Report was prepared following the norms and instructions of GRI Standards: "Core Option". When presenting the Report's contents, we adhered to the Reporting Principles as defined by the GRI Standards to specify the contents of the Report- Inclusion of Stakeholders, Sustainability Context, Materiality and Completeness - and to the Reporting Principles defining the Report's quality - Accuracy, Balance, Intelligibility, Comparability, Reliability and Up-to-Dateness.

Since this involves the first Sustainability Report, there were no significant changes relative to previous reports and no restatements of information from previous reports.

We have had a significant change in the organization and in its supply chain occurred in the year of the report (2018), which was the construction and operation of our new processing plant. This change and its impacts are discussed in the report.

Our Sustainability Report is published annually. This Report was not examined by external auditors.

Imprint

Contact person
Wivaldo Araújo
wivaldo@tropoc.com

Concept, design and text
Eduardo Pavão
eduardompavao@gmail.com

Exclusion of liability

All information in this publication was collected and processed with the greatest care. Nonetheless, errors cannot be entirely excluded. All future-oriented statements were made based on assumptions and estimates existing at the time of publication

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TROPOC has carried out actions aimed at the sustainable development of black pepper production activity in the north region of Brazil. In addition, its social role has been intensified in recent years through partnerships, actions and projects with public institutions. The TROPOC Sustainability Program works to identify opportunities, goals and targets and also on the execution of projects so that the company can act as a relevant agent in the local context considering its social, environmental and economic scenario.



tropoc

TROPOC – Produtos Tropicais de Castanhal Ltda.

Rodovia BR 316, s/n, km 74,6 – Zona Rural

CEP: 68.740-970

Caixa Postal: 111

Castanhal-PA.

Tel.: +55 (38) 3562-2870

CNPJ: 02.317.099/0001-85

www.tropoc.com.br