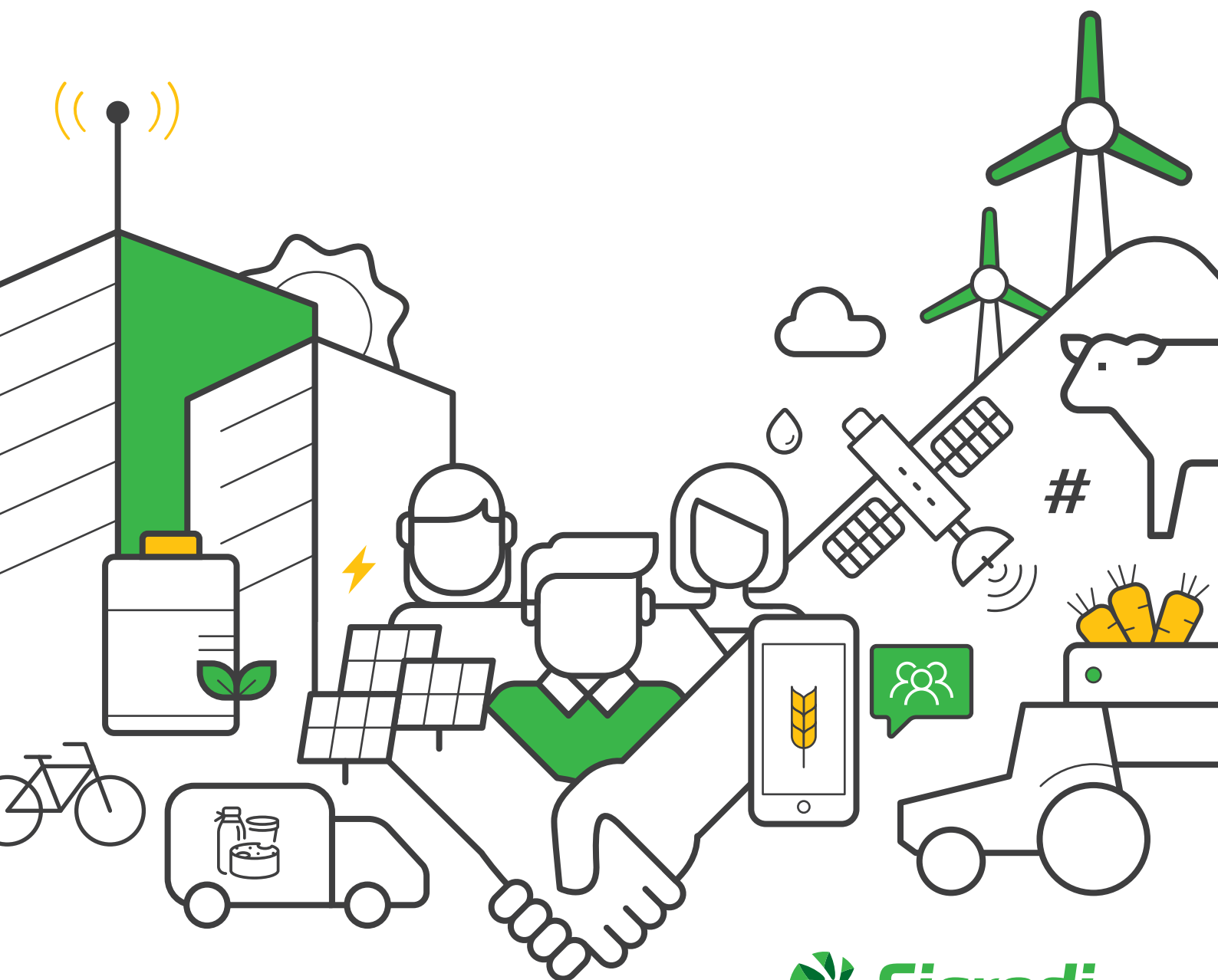


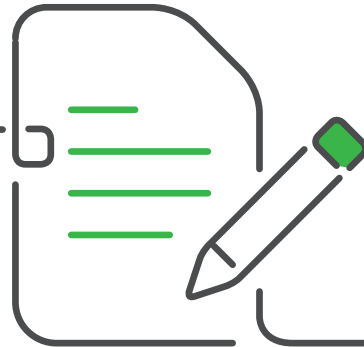
Sustainability Report **2018**



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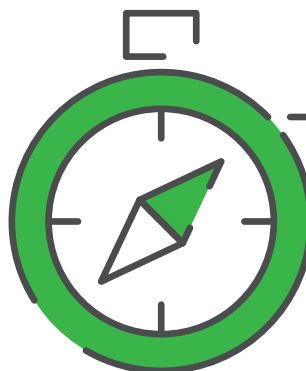
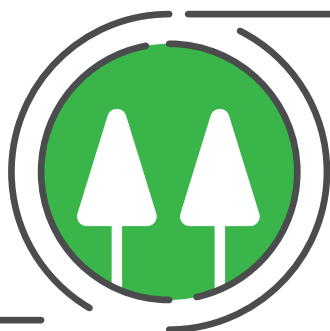
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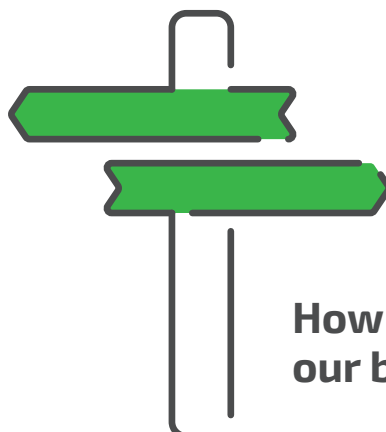
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Message from management



GRI 102-14 / 102-21

In your hands, you have the Sicredi 2018 Sustainability Report. Throughout its pages, our intention is to demonstrate how our responsible and cooperative performance has boosted the sustainable growth of our business, while supporting the economic, social and environmental development of our members, employees and their communities.

In the domestic scenario, the year 2018 was marked by a slow recovery in the economy and high unemployment rates. Despite this context, our business continued to expand throughout the year, demonstrating the strength of the cooperative model to thrive amid a crisis.

Our credit portfolio, for example, reached R\$ 56.1 billion, 28% higher than in 2017, maintaining robust controls on risk indicators.

To that end, we continue to support the businesses and projects of our more than 4 million members. Among the total amount we allocated to our members in 2018, R\$ 10.1 billion was related to the Green Economy, which

encompasses products and services that create positive social and environmental impact, such as reduction of greenhouse gas emissions and efficiency in the use of natural resources.

Also, in 2018, we were the financial agent with the largest volume of operations contracted under

the National Program for the Strengthening of Family Farming (Pronaf).

During the year, we also expanded Sicredi's coverage, reaching 1,684 branches nationwide (compared to 1,550 in 2017), an increase of 8.6%.

In this process, we finished the migration of the cooperatives of the Sicredi Cooperative Centrals - North/Northeast, strengthening the presence of the cooperative model in the region. At the end of the year, we had 25,800 employees, present in 1,279 municipalities.

We have taken important steps in our digital transformation process, evidenced by the launch of Woop Sicredi, a platform offering a 100% digital cooperative experience. More than an online account, it allows the user to be a member and to follow the daily life of your cooperative using his/her cellphone, living the principles and values of cooperativism.

One of the main ways to positively impact the communities where we are present is by disseminating the cooperativism principles and values. The Pertencer Program, for example, encourages participation in governance of cooperatives while leading members to understand - in practice - the importance of values such as democracy, transparency and ethics.

In 2018, 414.9 thousand people participated in our assemblies, exercising cooperativism. These values are also disseminated through the Crescer Program, our main cooperative education initiative, which reached 39,700 members throughout the year. In addition to ensuring the training of the next Sicredi leaderships and, with it, the continuity of our business, these people will also become future leaders of their communities, supporting citizenship and local development.

In addition, we are recognized as a reference in cooperativism: we have signed a cooperation agreement with the Federation of Savings and Credit Cooperatives of Nepal, through the World Council of Credit Unions. This agreement aims to assist in the development of cooperatives in Nepal, taking advantage of Sicredi's knowledge and experience, in our systemic operation model.

We have also impacted communities with our financial education initiatives, which seek to raise awareness among members about the sustainable use of their money and our financial solutions.

In all, we reached 174 thousand people with our actions, which include publications, courses and lectures, mostly developed by the local cooperatives themselves.

On the other hand, the A União Faz a Vida Program aims to contribute to the education of children and adolescents through a teaching methodology that promotes cooperation and citizenship values.

In 2018, we reached 257.1 thousand children and adolescents with the Program, an increase of 25,5% over 2017.

In 2018, we reinforced our capacity to generate value for members, their communities and society in general through the creation of a Sustainability Superintendency, with the responsibility of integrating and enhancing our practices and initiatives related to the theme.





Manfred Alfonso Dasenbrock
Chairman of the SicrediPar Board of Directors

Through our leadership participation in the Sustainability Committee, we aligned the Board of Directors and the Executive Board members, ensuring the inclusion of the theme in our business strategy. In 2018, we formulated our first sustainability action plan at the systemic level.

In addition, we present our positive social and environmental impact for the first time in an integrated way using key indicators.

What's more, we present our data on greenhouse gas emissions in terms of CO₂ per employee, which will contribute to the quality, transparency and effectiveness of our management.

The Report follows the international guidelines of GRI Standards, relating where our performance has an impact from the Sustainable Development Goals (SDGs) point of view.

One of the issues that mobilized our management was diversity. We know that in order to have a broad and national performance, we need a diverse team. To this end, some cooperatives have been implementing Women's Committees and Youth Committees, encouraging the participation of these publics in our governance structures and in their communities.



João Tavares

Executive President of Banco Cooperativo Sicredi

As a result, we received the 2018 Athena Award, granted by the World Council of Credit Unions (Woccu) to institutions that contributed to the development of women's leadership in credit cooperativism.

We also received recognition from Woccu through the World Young Credit Union People programs, in which we had two award-winning projects, and the Growth Award, which awards the three financial institutions with greater growth in membership base.

At the national level, we won first place in the Financial Cooperatives category of the 150 Best Companies to Work for, as well as once again being among the Best Companies to Start the Career.

These are just a few of the highlights you'll find throughout the Report. As it will become clear, sustainability is not an additional concern from our management, but it integrates

our own business model. This is because the value creation for members was part of the ideals of our cooperatives' founders, who sought solutions to problems faced in their communities. Sustainability is at our roots, and we take it into account in all business decisions.

Have a nice reading!

Manfred Alfonso Dasenbrock

Chairman of the SicrediPar Board of Directors

João Tavares

Executive President of Banco Cooperativo Sicredi

About the report

GRI 102-32 / 102-40 / 102-46 / 102-47 / 102-50 / 102-52 / 102-53 / 102-56

Welcome to Sicredi's Sustainability Report 2018. This document aims to present, in a clear and transparent way, how our management, operation and performance have generated value for our different stakeholders between January 1st and December 31st, 2018.

Sicredi's main stakeholders

- Members
- Employees and managers
- Communities in cooperative areas
- Suppliers
- Entities representative of the segment
- Class entities
- Press, opinion formers and digital influencers
- Shareholders of Banco Cooperativo Sicredi (Rabobank and IFC)
- Regulatory bodies of the financial sector

The reported information comprises data from all affiliated credit unions, the Cooperative Centrals and companies based in the Centro Administrativo Sicredi (CAS). For the 6th consecutive year, our Report follows the guidelines of the **Global Reporting Initiative (GRI)**, a voluntary standard adopted by thousands of companies worldwide for sustainability reporting. As of this edition, we will follow the guideline in its latest and updated version, known as **Standards**.



To present the most relevant information to our financial, social and environmental sustainability, we based its construction on a study that pointed out the material topics of our business. During the process, members of the Participações S.A. (SicrediPar) Board of Directors, the Banco Cooperativo Sicredi executive board, members, employees, representatives of the Brazilian Central Bank and business partners were consulted.

The study pointed to 11 material topics, which served as the basis for this Report (learn more about each of the topics on page 92). **Each of them is related to one of the three macro-themes prioritized by our sustainability management described in the following image:**



Sustainability macro-topics

Substantiate
our mission

Responsible solutions

Members prosper when they use financial solutions tailored to their stage in life. This is why we recommend financial solutions in a responsible manner, generating value for the member. We are also concerned about applying good management practices to better manage the funds invested by members, always aimed at ensuring the future of our business.

Material Topics



Socio-environmental criteria
for credit concession



Financial literacy

Local development

Our major result is the positive impact we generate locally. The joint action of our cooperatives with the members and the community is the major driver of local development. It is this virtuous cycle that ensures members invest more and more in the cooperative, boosting the funds available for their region.

Material Topics

Local and regional
development



Financial soundness



Relationship and cooperativism

Close relations with members built on trust help us to be present in their lives, knowing their personal and professional goals and understanding their needs. With this partnership relationship, we experience our culture that values working and growing together. It is a support network that keeps cooperativism alive and generates good business.

Material Topics



Members' satisfaction
and trust



Management
mode



Engaging employees in
the cooperative culture



Disseminating
cooperativism



Transparency
and engagement



Operational
technology



Technology for
relationship
with members



In line with GRI guidelines, in its Core option, we use material topics as the basis for choosing and reporting a set of indicators, which can be identified throughout the report by the acronym "GRI". The full list of indicators can be found in the GRI Content Index (page 94).

Sustainability for Sicredi

Sustainability at Sicredi is the business management focused on expanding the positive economic, social and environmental impact, creating value for members, employees and the community, based on a joint work that promotes transformations in the regions where we operate.

In order to map our impacts on sustainability, we indicate in the GRI Index how the reported indicators relate to the UN-defined Sustainable Development Goals (SDG) for the purpose of guiding national policies and engaging companies and organizations around the world in pursuit of sustainable development (page 94).

The report was formally approved by the SicrediPar Board of Directors. The answered indicators also underwent a limited external assurance process based on the GRI Standards guidelines (learn more on page 113) in its Core option. The report was also submitted to GRI's Materiality Disclosure Service.

Enjoy your Reading!



Comments, criticisms, doubts and suggestions about this publication may be addressed at

sustentabilidade@sicredi.com.br

Positive impacts key indicators

	2016	2017	2018
Number of municipalities where Sicredi is present	1,171	1,138	1,279
Total members	3,478,478	3,703,901	4,020,991
% of municipalities with less than 100 thousand inhabitants	-	78%	87%
Municipalities where we are the only financial institution	181	201	202
% of suppliers contracted in cities with less than 200 thousand inhabitants	26.0%	28.9%	60.4%
Income distributed to members (R\$ million)	-	877	916
Member satisfaction index	63.5%	67.3%	68.9%
R\$ granted to microcredit (R\$ millions)	1,618.6	1,761.1	1,940.4
R\$ granted to low-carbon agriculture (R\$ million)	2,553.6	3,244.5	4,723.9
R\$ granted to good agricultural practices (R\$ million)	2,429.3	2,044.0	1,894.8
R\$ granted in credit to the green economy sectors* (millions)	603.2	775.0	1,400.9
R\$ invested in the green economy* (R\$ million)	7,214.7	7,855.4	10,134.1
% of members attending assemblies in the year	11.6%	10.8%	11.2%
Total trained in the Crescer Program	21,046	28,212	39,697
People affected by the National Financial Education Week	18,544	30,139	72,400
R\$ for the Technical, Educational and Social Assistance Fund - FATES (millions)	90.6	105.8	133.2
R\$ used via FATES (thousands)	71.9	81.4	103.9
Municipalities participating in the A União Faz a Vida Program	274	292	369
Participating schools in the A União Faz a Vida Program	1,428	1,485	1,908
Educators participating in the A União Faz a Vida Program	18,743	21,940	24,906
Children and teenagers participating in the A União Faz a Vida Program	219,866	229,780	284,604
Absolute emissions of greenhouse gases (tCO ₂ e)***	-	-	17,528.34
Total emissions per employee (tCO ₂ e/ employee)****	-	-	0.80

* The classification of the sectors is done through the CNAE code, established by Febraban.

** Green Economy is one that brings improved human welfare and social equity, while significantly reducing environmental risks and ecological scarcity, with the main pillars being low carbon emissions, resource efficiency and social inclusion.

*** The data does not represent 100% of Sicredi's operation, as explained in the table on page 79.

**** The number of employees refers only to the business units that participated in the emissions inventory.

About Sicredi

Who we are

GRI 102-1 / 102-3 / 102-5 / 102-7

We are Sicredi (Sistema de Crédito Cooperativo), the first financial cooperative institution in Brazil. For 116 years, we are committed to the growth of our members and the development of the regions where we operate. Today, we total over 4 million members, distributed in 22 states and the Federal District, and we offer more than 300 financial products and services.

Our performance model values the relationship, offering financial solutions to increase income and contribute to the improvement of the quality of life of members and society.

We operate locally through our 114 credit unions. They are organized in a national system, forming a support network that guarantees solidity and safety to our businesses.

Each credit union is affiliated to one of our five Cooperative Centrals, which are SicrediPar shareholders, a holding company that coordinates the strategic decisions of the entire Sicredi, through a governance system that guarantees the protagonism of credit unions. We also have in our structure (see more on page 22) specialized companies that rationalize activities, such as Confederação Sicredi (Sicredi Confederation), Sicredi Fundos Garantidores (Sicredi Guarantee Funds), Fundação Sicredi (Sicredi Foundation), Banco Cooperativo Sicredi (Sicredi Cooperative Bank) and its subsidiaries — Administradora de Bens (Asset Administrator), Sicredi Cartões (Card Administrator), Administradora de Consórcios (Consortium Administrator) and the Corretora de Seguros (Insurance Brokerage) –, located in Porto Alegre (RS), in the Centro Administrativo Sicredi – CAS.



Our numbers



Over **4 million** members



1,670 branches and **14** advanced service outlets



5 Cooperative Centrals



More than **300** financial solutions



R\$ 95.1 billion in assets



R\$ 60.5 billion in total deposits



114 credit unions



Present in **22** states and the Federal District



25.8 thousand employees in **1,279** cities



Net income of **R\$ 2.7 billion**



R\$ 15.3 billion in net equity



R\$ 56.1 billion in credit portfolio

Together we make a difference

GRI 102-16



Mission

As a cooperative system, valuing relationships, offering financial solutions to add income and contribute to improving quality of life for members and society.



Vision

To be recognized by society as a cooperative financial institution that is committed to the social and economic development of our members and the community, with the sustainable growth of our credit union cooperatives, all integrated into a solid and effective system.



Values

- Unrestricted preservation of the business' cooperative nature
- Respect for the individuality of each member
- Valuing people and fostering their development
- Preservation of the institution as a system
- Respect for official and internal norms
- Management effectiveness and transparency

Principles of Cooperativism

- Free and voluntary membership
- Democratic management by the members
- Economic participation of the members
- Autonomy and independence
- Education, formation and information
- Inter-cooperation
- Interest in the community

Values of Cooperativism

- Democracy
- Equality
- Fairness
- Solidarity
- Honesty
- Transparency
- Responsibility
- Altruism

National performance, local presence

Sicredi DL05 / GRI 102-4 / 102-6 / 102-10 / 102-48 / FS13

The year 2018 represented a strengthening of Sicredi's national presence.

We total

1,684

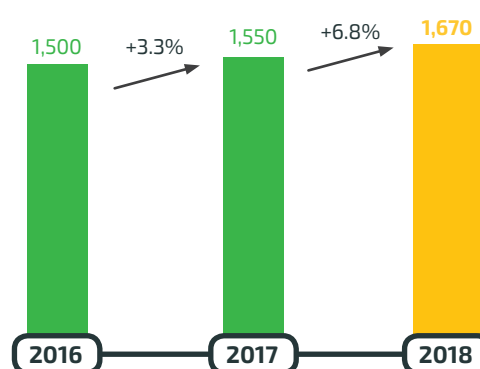
service outlets

across the country, distributed in 22 states and in the Federal District, considering the new 134 opened in the year.

In May, we expanded our operations to the state of Minas Gerais through the migration of the Cooperativa Sicredi Credigrande, with branches in the cities of Lavras, Luminárias and Ingá. The project of credit unions connected to Sicredi Cooperativa Centrais - South / Southeast also foresees the expansion of 11 credit unions to Minas Gerais.

In April, we also opened our first branch in the Federal District, through the Cooperativa Sicredi Planalto Central.

Sicredi branches



These are initiatives that contribute to our purpose of expanding the reach of credit cooperativism in Brazilian society, increasing our value creation and our presence in the national territory.

In December we also completed the migration of the Sicredi Cooperative Centrais - North / Northeast cooperatives. The process began in 2015, when cooperatives became part of Sicredi.

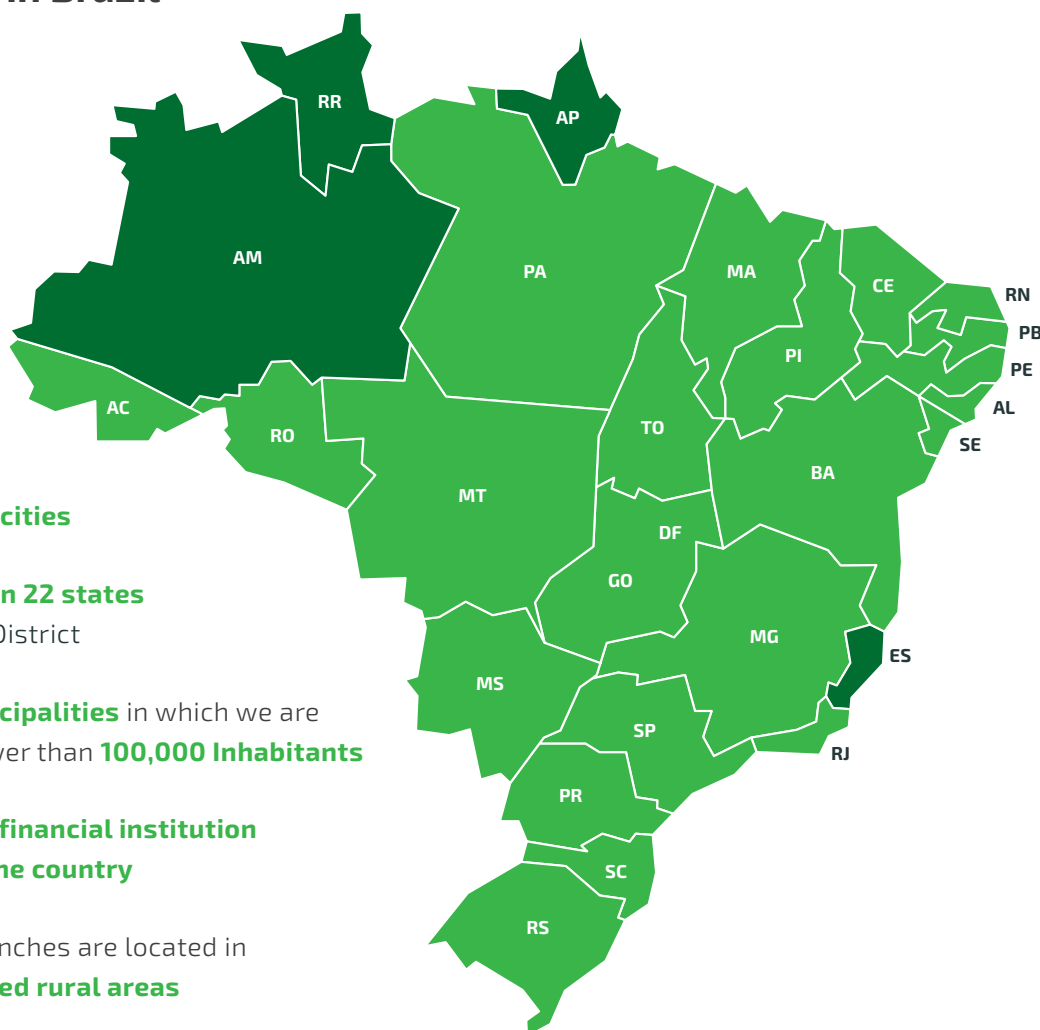
During the transition process, they had the support of parent cooperatives, affiliated to other Sicredi Cooperative Centrais, with whom they could ask questions, get to know our culture, exchange experiences and pass on good practices and are now integrated into our System.



Sustainable branch in João Pessoa (PB), built with 22 containers

Sicredi presence in Brazil

- States with Sicredi branches
- States with expansion project in progress



- Present in **1,279 cities**
- 1,684 branches in 22 states** and the Federal District
- 87% of the municipalities** in which we are present have fewer than **100,000 Inhabitants**
- We are the **only financial institution** in **202 cities in the country**
- 52.6%** of our branches are located in **rural or developed rural areas**

Number of members discriminated by Cooperative Centrals

Sicredi		Sicredi Cooperative Centrals - South/Southeast		Sicredi Cooperative Centrals - PR/SP/RJ	
Year	Members	Year	Members	Year	Members
2016	3,478,478	2016	1,827,581	2016	965,997
2017	3,703,901	2017	1,889,120	2017	1,084,516
2018	4,020,991	2018	1,952,477	2018	1,251,210

Sicredi Cooperative Centrals - North Central		Sicredi Cooperative Centrals - Brazil Central		Sicredi Cooperative Centrals - North/Northeast	
Year	Members	Year	Members	Year	Members
2016	363,449	2016	207,837	2016	113,614
2017	376,543	2017	230,354	2017	123,368
2018	422,011	2018	259,353	2018	135,940



Local impact

Our presence in municipalities with low population density, where rare financial institutions operate, is a demonstration of our commitment to bringing development to the most diverse communities in the country. In 202 municipalities, we are also the only financial institution physically present, representing a unique opportunity so the money generated in the community may remain local, contributing to the financial life of the population.

PRESENCE IN MUNICIPALITIES WITH LOW POPULATION DENSITY

Number of inhabitants	Municipalities in Brazil	Municipalities with Sicredi presence	Municipalities where Sicredi is the only financial institution
Up to 5 thousand	1,235	288	150
From 5 to 20 thousand	2,567	459	52
From 20 to 50 thousand	1,103	238	0
From 50 to 100 thousand	355	128	0
Total	5,260	1,113	202

Financial solutions

GRI 102-2

Since we are a cooperative financial institution, we have as priority is to meet our members' needs. Therefore, we have a wide product and service portfolio that meet your financial needs, with rates that are appropriate to the various members profiles. The solutions are geared towards private individuals, businesses and for agribusiness.

Products and services



For you

- Currency exchange
- Credit and debit cards
- Digital certification
- Direct debit
- Authorized direct debit
- Checking accounts
- Credit (personal, vehicles, real estate)
- Consortiums
- Investments
- Private pensions
- Payments and collection
- Savings
- Insurance



For your business

- Checking accounts
- Corporate Cards
- Payments and Collection Solutions
- Payroll
- Billing
- Check custody
- Card Terminal
- Banking domicile
- Credit
- Financing
- BNDES investment credit
- Investments
- Corporate Pension Plan
- Currency Exchange
- Digital certification
- Consortiums
- Insurance



For your agribusiness

- Currency exchange
- Cards
- Digital certification
- Checking accounts
- Rural credit
- BNDES investment credit
- Consortiums
- Financing
- Investments
- Payments and collection
- Insurance
- Savings



Channels

- Sicredi App
- ATM
- Internet banking
- Telephone services

2018 highlights



Increase of
8.6%
in total members,
expanding our
impact on society.



Opening of
120
new branches.



Balance of
R\$ 10.1 billion
allocated for Green Economy
products and services, number
29% higher than last year.



System Expansion
for **Minas Gerais**
and **Federal District**.



Launch of
Woop Sicredi,
our first
100% digital account.



39.7 thousand
people trained
in Crescer Program, our
Cooperative Education program.



Credit portfolio of
R\$ 56.1 billion,
figure 27.7% up from 2017.

Comprising
R\$ 32.7 billion
in commercial credit and

R\$ 23.4 billion
in Rural and directed credit.



72.4
thousand
people reached by
the actions of the
National Financial
Education Week,
volume **140.2%**
higher than in 2017.

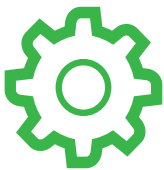
First place

in agro lines in the ranking of **BNDES (National Economic and Social Development Bank) disbursements,**

1st place in onlendings for individuals and second place in operations for micro, small and medium enterprises.



Launch of our **card terminal for corporate customers,** our new acquisition product.



Intensification of our digital transformation,

kicking-off the development of new processing technologies and the expansion of the agile methodology.



Launch of a **Sustainability Action Plan,**

with 43 actions to be carried out in the 2019-2021 period.

Update of the strategic planning, which now has seven priorities, including **sustainability.**



Creation of **Sustainability Superintendency,**

with a view to aligning the theme with the business strategy.



1,908 schools in 369 municipalities participating in the **A União Faz a Vida Program,** impacting 257 thousand students and 25 thousand educators.

Closure of the **migration process in Sicredi Cooperative Centrals - North/Northeast cooperatives,** which are now fully integrated into our system.

Sicredi awards and recognitions in 2018



Woccu (World Council of Credit Unions)

Two Sicredi projects were awarded by the World Young Credit Union People program, aimed at employees up to 35 years old who have developed initiatives of economic and social relevance in the regions where they operate. The Athena Award recognized our contribution to the development of women's leadership in credit cooperatives and the Growth Award awarded the three cooperative financial institutions with the largest growth in Woccu member base, including Sicredi.

Sicredi signed a cooperation agreement with the Federation of Savings and Credit Cooperatives of Nepal, through the Woccu – World Council of Credit Unions. This agreement was signed so that Woccu and the cooperative financial institution can assist the development of the cooperatives of Nepal, taking advantage of the knowledge and experience of Sicredi in its systemic model of operation.

Nepal, with some 29 million people, has a long cultural tradition of informal, community-based cooperatives, including savings and credit, production and labor associations. Specifically in the credit sector, Nepal has about 13,000 cooperatives, comprising 3.5 million members. The Federation associated with Woccu and that will have the experience of Sicredi has 3,000 cooperatives and 2.5 million members.



150 Best Companies To Work For

We reached the first place in the Financial Cooperatives category, created in *Você S/A* magazine and Fundação Instituto Administração (FIA). This is the 8th consecutive year in which we appear in the awards.



Best Companies to Start a Career

We were recognized for the second consecutive year in a survey conducted by *Você S/A* magazine, in partnership with Fundação Instituto de Administração (FIA). We rank 16th in the list, which includes companies that offer the best programs for those starting out in the job market.

Top 5 (Brazilian Central Bank)

Second place among the Top 5 institutions of 2017 in the ranking about inflation, in both the Wholesale (IGP) and Consumer (IPCA) categories. The survey is promoted by the Central Bank and compiles, monthly and annually, the five financial institutions that have made more consistent economic projections.

BNDES ranking

First place in agro lines in the ranking of disbursements of the Banco Nacional de Desenvolvimento Econômico e Social (BNDES), which identifies the performance of financial institutions in operations in which the BNDES indirectly participates in the transfer of funds through an accredited financial agent. We also ranked first in on lending for individuals and second in operations for micro and small and medium-sized enterprises.

ABAC Compartilhar award 2018

We were recognized for our performance in the Best Business Practices category in the Consortia area. The prize is awarded by Associação Brasileira das Administradoras de Consórcios (ABAC).

Biggest & Best 2018

Sicredi was featured 14 times in the Exame - Melhores & Maiores 2018 yearbook. In the 200 Largest Groups category, SicrediPar was featured in the 48th position. On the other hand, Banco Cooperativo Sicredi maintained its position in the 3rd place in Crédito Rural and ranks 40th among the 50 largest Banks by Equity.

Valor 1000

Once again, we are among the largest in the country according to the Valor 1000 (Valor Econômico newspaper) ranking, with 12 indicators being highlighted in the yearbook. In the ranking of the 100 Largest Banks, we were in 10th place. Among the financial institutions that grew the most in Credit Operations and Total Volume of Deposits, we are ranked 4th and 11th, respectively.

STP Award – Standard Practices

Granted by CommerzBank AG Frankfurt, our main banking partner for dollars and euros movement, we were recognized for compliance with international guidelines and policies for payments (learn more on page 69).

Governance

The role of the member

GRI 103-2

Cooperativism is an economic organization instrument for its members, who meet voluntarily in a jointly owned and shared management company, with the goal of creating mutual benefits. In the case of credit unions, they were created to offer financial solutions according to the needs of members and their communities.

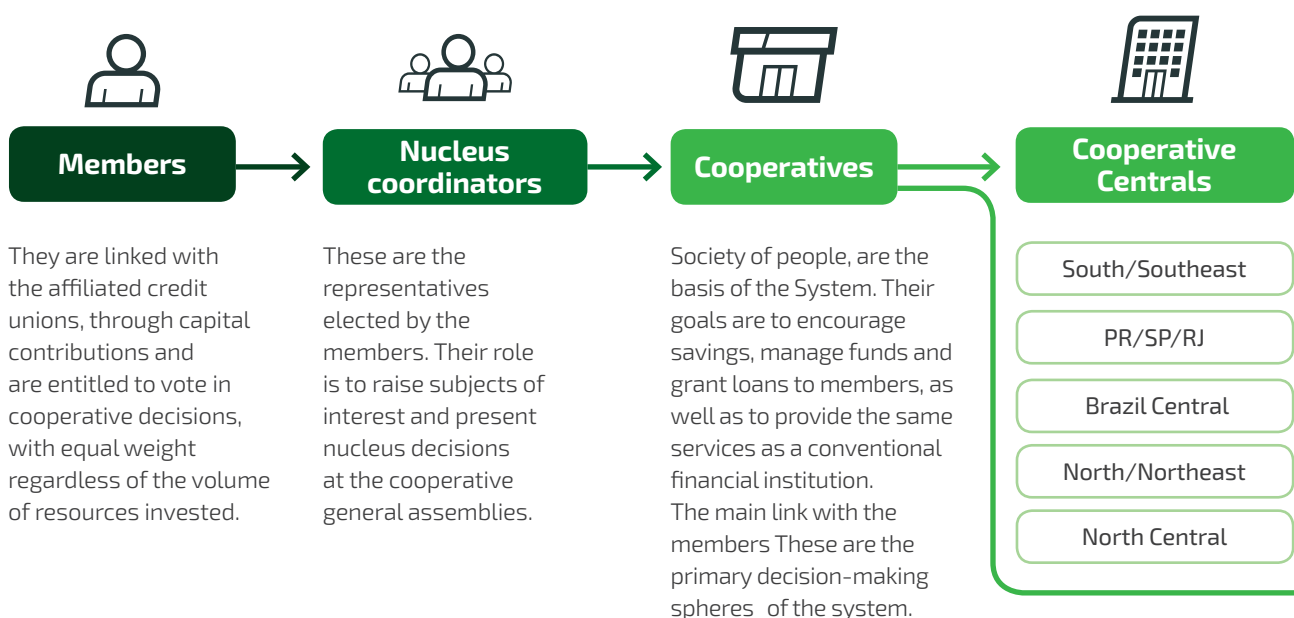
So, at Sicredi, the member is actively involved in running the business. The money that he/she invests in its cooperative is spent on financial services rendered to other members, remaining in the community itself, generating local development, and the financial results can be divided among the members respecting the general assemblies decisions.

Therefore, we promote the cooperation culture while stimulating our business sustainability, generating value for members, their communities, society and the environment.

Governance structure

GRI 102-18

We organize ourselves in a System, seeking the specialization of the areas, reducing operational cost and making possible gains of scale and intercooperation, expanding the possibilities to suit the demands of the members. Each entity plays specific roles, promoting efficiency gains in our strategy, decision making and internal process development. All these entities together make up Sicredi.



This is the holding company that controls Banco Cooperativo Sicredi and coordinates strategic decisions in the System. It aims to promote the direct, formal participation of the credit unions in corporate management and to ensure greater transparency in the governance structure. The Board of Directors meets monthly to discuss and decide on strategic and systemic questions.

Fundação Sicredi

The foundation is responsible for keeping the essence of cooperativism alive, by means of cooperative educational and cultural initiatives aligned with strategy, contributing to the quality of life of members, employees and society.

Sicredi Fundos Garantidores

The purpose of SFG is to contribute to the credibility, development, solvency and soundness of its members.

Banco Cooperativo Sicredi

It develops and makes available financial products and services, as well as promoting System access to the financial market. It is responsible for the System's centralized risk management structure and for managing funds at scale. It has as strategic partners Rabo Partnerships B.V. and the IFC.

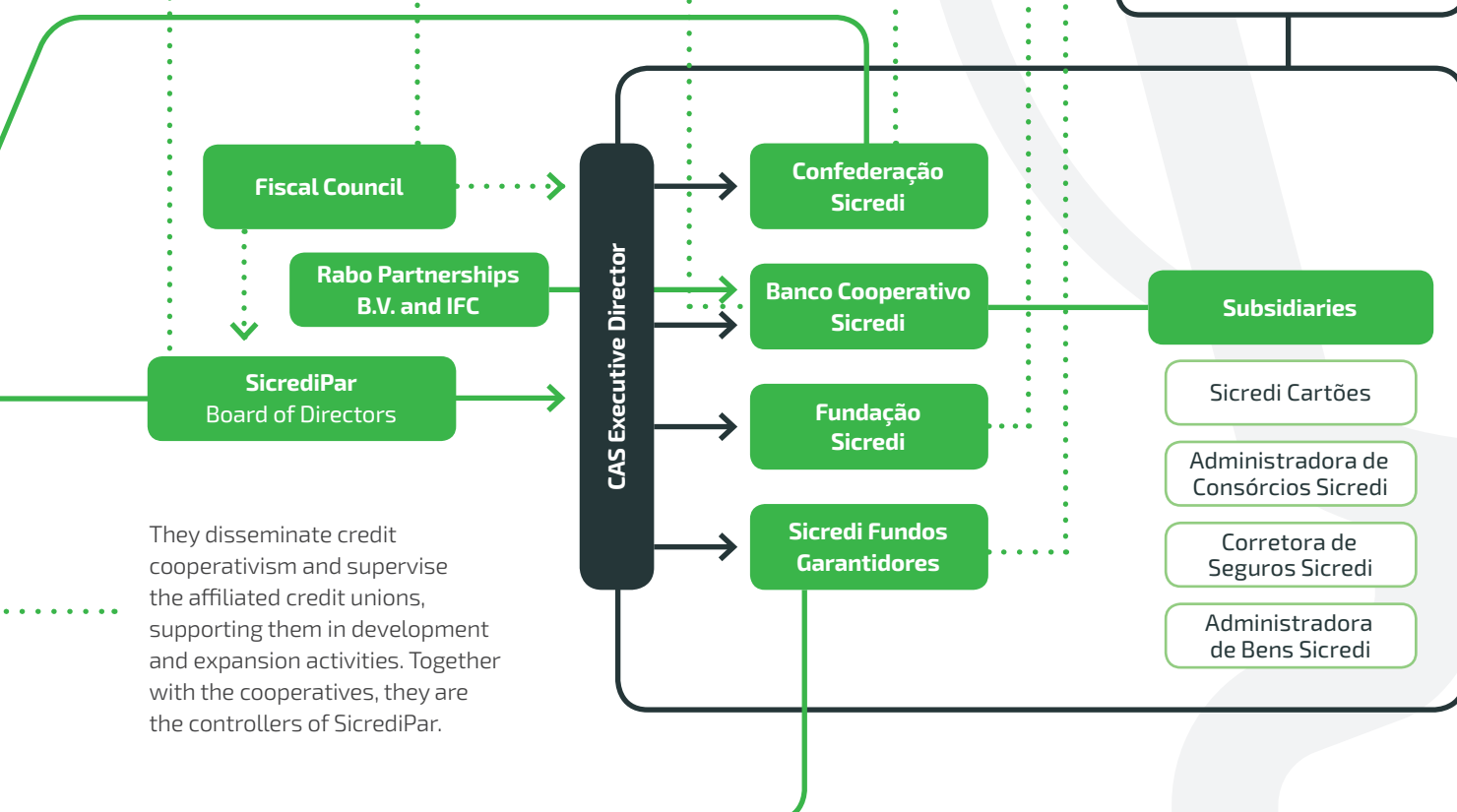
Responsible for monitoring fulfillment of management's legal and statutory obligations.

Confederação Sicredi

Provides services in Information Technology, operations, administrative services, logistics coordination, purchase of goods and securities portfolio management.

CAS - Centro Administrativo Sicredi

This is the headquarters of SicrediPar, Banco Cooperativo and its subsidiaries, Fundação, Sicredi Fundos Garantidores (SFG) and the Confederação. It develops solutions and assists the cooperatives in fulfilling members' needs.



Assembly

Sicredi RC09 / GRI 102-43 / 103-2 / 103-3

Our members are organized in nuclei that hold annual assemblies. They are the fundamental deliberation of our management model, in which we put into practice the cooperativism values. In them, the main themes of our management are discussed, the representatives are elected, the accountability of the cooperative is approved and the distribution of results is decided, guiding the Delegate vote (Nucleus coordinator).

The topics presented in the ordinary general assembly are debated beforehand in the nucleus assembly, encounters coordinated by the president or vice president of the credit union's Board of Directors. In the ordinary general assemblies, the members are represented by the nucleus coordinators/ delegates, who are also elected in the assemblies.

In 2018, we held our assemblies between the months of January and April. The 3.7 million members of Sicredi at the time were called to their assemblies, and 414,900 participated in the process.

The number of participants was 20.9% higher than in the previous year, representing 11.2% of our total membership base in the period.

Nucleus coordinator

This is the member elected to promote dialogue between the cooperative and the other members. The coordinator is responsible for representing yours nucleus at general assemblies and mobilizing members to attend assemblies, keeping them informed about cooperative news.

Pertencer Program

GRI 103-2

The goal of the Pertencer Program is to stimulate members' attendance in the assemblies and in the decision-making processes of the cooperatives, bringing more transparency and democracy to the System. The Program engages the members, establishing rules and shaping the participative management model. It also provides the credit unions with tools to increase participation while enhancing members' experience in their assemblies.

In 2018, we developed and implemented a new systemic management tool for the Pertencer Program, which enables control of all the stages of the assemblies, enhancing the member's experience.

The new system was created based on a collaborative methodology. Among other features, it allowed the biometric registration of members' attendance, streaming the assembly process. The tool also allows better management of each nucleus, from the registration of the various events, reports' preparation and export and the systemic compilation of information. In October, we began training those employees who will use the new tool and, starting from their suggestions, we initiated the third phase of their development, expected to end in 2020.

Another significant advance in 2018: we began to focus our efforts not only at the time of assembly, but also in its outreach to members. We have developed a communication campaign to engage the largest number of members and provide transparency to decisions made (access the link <http://bit.ly/assemb2019> to watch a video showing the relevance of participating in a assembly for Sicredi's future). By enhancing our outreach work, we have contributed to encourage participation and further delight members.



Board of Directors

GRI 102-24 / 102-26 / 102-29

The SicrediPar Board of Directors (CAD) meets monthly to discuss and decide on Sicredi's strategic themes, including its risks, opportunities, policies and other guiding principles of the System, preceded by consultation with the credit unions.

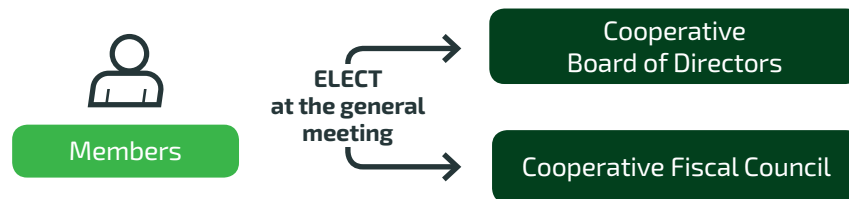
Since November, the Board has had an independent external board member, which makes it possible to bring a market vision for Sicredi's governance.

The SicrediPar Board of Directors comprises 12 members: five cooperati centrals presidents, five cooperative representatives, one representative nominated by Rabo Partnerships B.V., an external shareholder of the bank and one independent board member. All members are elected every three years in general assembly of SicrediPar. Understand in the infographic, how the election process of the SicrediPar Board of Directors works. To exercise a statutory position, candidates must meet legal requirements and those set forth in the bylaws, as well as having the knowledge and experience necessary for the function.

SicrediPar Board of Directors election process

Credit unions

The 114 credit unions have Board of Directors and Fiscal Councils.



Cooperative Centrals

The five central cooperatives have Board of Directors and Fiscal Councils.



Sicredipar



Training and assessment of SicrediPar Board Members

GRI 102-27 / 102-28 / 102-35 / 102-36 / 102-37

During their term of office, the board members participate in discussion forums with the technical areas to develop and improve their knowledge on economic matters. Members also receive suggestions on participation in conferences, congresses, courses and events that address subjects related to their activities as SicrediPar board members.

The board members perform a self-appraisal, as well as assessing the other members and the chairman of the SicrediPar Board of Directors, with support from a consultancy company. The chairman receives feedback on his performance and that of the other

board members from the consultancy; this is shared with the members both individually and in a group. After the feedback, action plans are drafted to meet the improvement needs identified. The process also assesses the performance of the board as a whole, using as a measure good governance practices.

The members of SicrediPar Board of Directors are compensated according to what is set in the General Assembly, observing Sicredi's compensation policy.

Composition of SicrediPar Board of Directors

GRI 102-22

With the exception of the member indicated by Rabo Partnerships B.V. and the independent board member, all the others also have governance or leadership roles in Cooperative Centrals and cooperatives.

CAD Board members (2018 - 2020 term of office)	
Manfred Alfonso Dasenbrock	Chairman of the Board of Directors and president of the Sicredi Cooperative Centrals - PR/SP/RJ
João Carlos Spenthof	CAD vice president and president of the Sicredi Cooperative Centrals - North Central
Fernando Dall'Agnese	CAD member and president of the Sicredi Cooperative Centrals - South/Southeast
Celso Ronaldo Raguzzoni Figueira	CAD member and president of the Sicredi Cooperative Centrals - Brazil Central
Wilson Ribeiro de Moraes Filho	CAD member and president of the Sicredi Cooperative Centrals North/ Northeast
Wellington Ferreira	CAD member and president of the Sicredi União PR/SP Cooperative
Eledir Pedro Techio	CAD member and president of the Sicredi Ouro Verde Cooperative MT
Márcio Port	CAD member and vice-president of Sicredi Cooperative Centrals - South/Southeast
Sadi Masiero	CAD member and president of the Sicredi South Central Cooperative MS
Francisco Ary Vieira Sobral	CAD member and administrative director of the Sicredi Central Cooperative - North/Northeast
Cornelis Johannes Beijer	CAD member and representative of Rabo Partnerships B.V.
Walter Oti Shinomata	CAD independent board member

Composition of Sicredipar Fiscal Council

Effective members (2018-2019 term of office)	
Eugênio Poltronieri	Sicredi Alto Uruguai RS/SC
Antonio Geraldo Wrobel	Sicredi Southeast MT
Orlando Muffato	Sicredi Grandes Lagos PR/SP
Jeder Luciano Maier	Sicredi South Central MS
João Bezerra Junior	Sicredi João Pessoa

Alternate members (2018 term of office)	
Marcos André Balbinot	Sicredi Serrana RS
Clemente Renosto	Sicredi Parque das Araucárias PR/SC
Juares Antonio Cividini	Sicredi Univales MT/RO
Claudio Regis Andrighetto Filho	Sicredi Celeiro Midwest CO
José Hegel Nobrega de Almeida	Sicredi Ceará North Central

SicrediPar Board of Directors support committees

GRI 102-18 / 102-27

The support committees have the task of analyzing matters in greater depth and making recommendations to the Board, which is responsible for deliberating on them.

Strategy Committee

The committee provides support in formulating long-term strategies and assessment for the entry into new markets, strategic associations and potential acquisitions, mergers and divestments of companies in the System, as well as monitoring Sicredi strategic drivers.

Foundation Committee

It assists in the decisions that include the educational and social programs and other initiatives of the Fundação Sicredi, as well as in the topics related to the systemic sustainability. Sustainability issues were raised in three assemblies of the Committee in 2018, including the creation of a new Sustainability Superintendency, the development of a sustainability action plan and a materiality review (learn more on page 40).

People Committee

It supports the decisions related to personnel management policies at the systemic level, as well as to other strategic personnel management issues.

Guarantee Funds Committee

The committee provides support for decisions related to the corporate use of Guarantee Funds, encompassing recommendations related to technical feasibility and economic-financial recovery studies, administrative procedures and sanctions in the event of non-compliance with conditions for access to funds.

Risk and Compliance Committee

It provides support in formulating, monitoring and controlling policies and methodologies used by the Company, related to (legal or internal) credit, market, liquidity, operational, environmental and other types of risk, in addition to the Risk Appetite Statement, Compliance Policy and Compliance Program.

Audit Committee

Assists in the decisions regarding the standards and procedures to be adopted by Sicredi entities in relation to Internal Audit, External Audit and Cooperative Audit to comply with Sicredi's Internal Legislation and regulations, as well as analysis of Internal and External Audit reports related to CAS companies and cooperative central.

Sustainability Committee

It tracks, suggests, monitors, promotes and disseminates the projects related to Sustainability and its developments to the other instances of the System. After the Committee's analysis, the projects are presented for consideration and submitted to the approval of the competent authorities, according to our governance model.

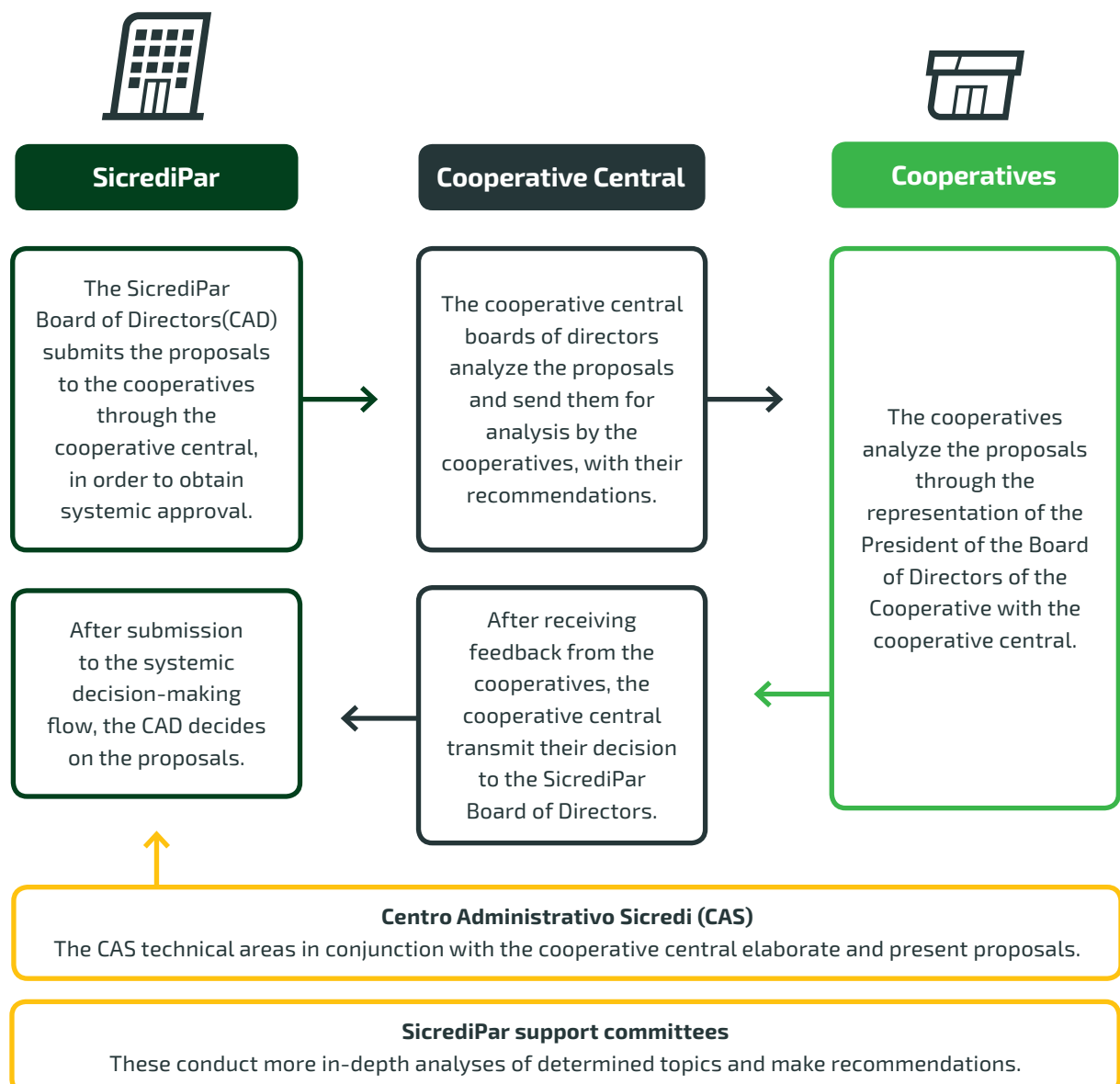
Democratic decision making process

GRI 102-18 / 103-2 / 103-3

At Sicredi, we believe that when everyone decides together, everyone grows together.

Therefore, our decision-making process is democratic and provides security, because it considers all the points presented by the cooperatives, cooperative central and Centro Administrativo Sicredi (CAS). The Board of Directors meets monthly to discuss and decide on strategic matters, including impacts, risks and opportunities. Decisions are taken in line with systemic strategic directives and the interests of members by means of the decision-making flow shown in the following infographic:

Decision Making Flow



Crescer Program

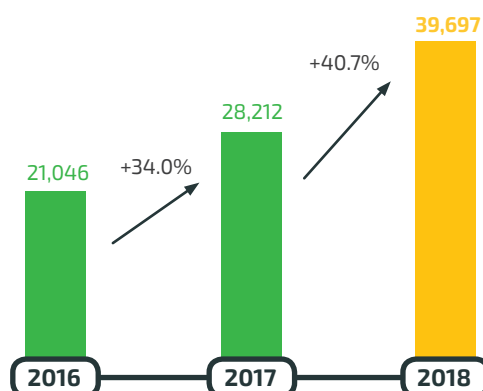
Sicredi RC12 / RC13/ GRI 102-27 / 103-2 / 103-3

The Crescer Program is our main cooperative educational initiative, has fundamental importance at disseminating the culture of cooperativism and credit cooperativism among our members. Through it we offer training that broadens their understanding of cooperative societies, their operations, the benefits they offer, as well as their differentials in relation to other financial institutions.

The goal is for the member to understand his or her role in business governance, qualifying yours participation in the cooperative enterprise.

Members trained in the Crescer Program	
	Número
Sicredi Cooperative Central - Brazil Central	7,501
Sicredi Cooperative Central - North Central	12,325
Sicredi Cooperative Central - South/Southeast	10,803
Sicredi Cooperative Central - PR/SP/RJ	9,068
Total	39,697

Trained in the Crescer Program



In 2018, we reshaped the **Crescer Program**, which, in 2019, will present new learning formats, delivering content that brings the knowledge of the reality of our audiences closer together, engaging more people in cooperativism.

The Program new design, which before was composed of three stages, is now extended to four stages:

Crescer Program

Before

Stage 1: members training

Stage 2: training for members who want to apply for the positions of nucleus coordinator

Stage 3*: training for cooperative fiscal council and board members

After

Stage 1: Purpose

(for all audiences)

Stage 2: Sense

(common and specific content for each audience)

Stage 3: Segments

(content for Sicredi's targeted audiences)

Stage 4: Technical and continuous training

(for nucleus coordinators, nucleus and board members)

* Stage 3 of the program is aimed at basic training of board members and fiscal councilors elected in the cooperatives. Currently, we do not have control over the number of graduates in this modality, since each cooperative invests in the development of its directors according to their strategy.



Disseminating cooperativism

Sicredi RC08 / GRI 102-13

In addition to the Crescer Program, we conducted other initiatives throughout 2018 to disseminate the topics of cooperativism and credit cooperativism among our audiences:

Como Fazer Juntos Content Platform:

Launched in 2018 to present our cooperative financial institution, our values, products and services in a differentiated manner. Discover the videos of the series at <http://bit.ly/comofazerj>



Defense of cooperativism

In order to contribute to financial inclusion and access financing services in a sustainable way, we are members of the World Council of Credit Unions (Woccu), where we assume a position on the organization's board.

Raiffeisen courtyard::

Inaugurated in March at the Centro Administrativo Sicredi (CAS), aims to value the history of credit cooperativism and the legacy of its precursors. The courtyard is composed of cast bronze busts of three outstanding personalities of this story: Friedrich Wilhelm Raiffeisen, born 200 years ago and creator of the model that inspired most credit unions in the world; Father Theodor Amstad, founder of the first Brazilian credit union, which gave rise to Sicredi in 1902, in Nova Petrópolis (RS); and Mário Kruehl Guimarães, precursor of contemporary credit cooperativism that gave rise to the systemic organization of Sicredi's cooperatives.

International Credit Union Day:

Celebrated on the third Thursday of October, this is an important date to highlight the contribution of our business model to make the members' personal and professional dreams come true, as well as valuing purposes that are part of the cooperativism essence. In 2018, for the fourth consecutive year, we held a press trip with journalists from all over the country. The event brought together 80 professionals from the press who participated in various activities to spread credit cooperativism. Check out the highlights at: <http://bit.ly/DiaCC2018>



C Day:

The Cooperate Day (C Day), celebrated on July 30, is a national initiative organized by the Sistema OCB (Brazilian Cooperatives Organization) which seeks to demonstrate the strength of cooperativism in favor of social transformations. This year, Sicredi cooperatives participated in the event, with more than 21 thousand volunteers. The 638 initiatives developed have impacted more than 385 thousand people. Among them, campaigns for the collection of goods for donation, financial education lectures, recycling workshops, mobilizations for the revitalization of squares and walking tracks.



How we conduct our business

Ethics and compliance

GRI 102-16 / 102-17 / 102-25 / 205-1 / 205-2 / 205-3

Our organizational culture is sustained by values and principles of cooperativism, including honesty, transparency, responsibility and interest in the community. These are the concepts that have governed our System since its origin and have led our sustainable growth over the years.

We have a Code of Conduct, which is a map of values, a set of guidelines, a framework of moral and ethical conduct to guide our actions and decisions. It provides a pattern of behavior to be followed by everyone, in internal and external relations, with colleagues, members, other cooperatives, financial institutions, partners, suppliers, press, competitors, government and community.

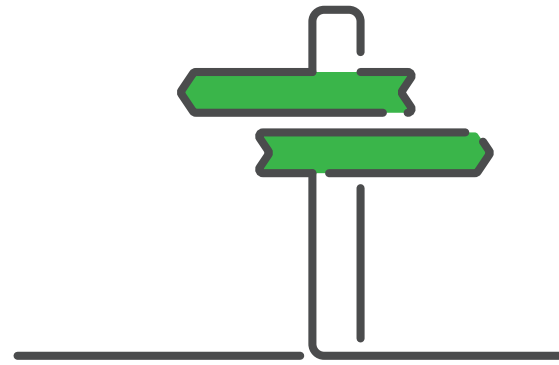
The Code of Conduct also guides our positioning on sustainability issues, establishing, among the cooperative principles that govern the attitudes of our employees, democratic control by members, cooperative education, cooperation and support to the communities in which we operate, promoting socioeconomic development. In its integration process, each employee

receives a copy of the Code of Conduct and signs a commitment letter, undertaking to act in accordance with the document's guidelines.

In 2018, we reviewed the Code of Conduct. We updated the language used - the previous version dated from 2012 - and clarified some concepts. The basis of the document, however, remains the same, built on Sicredi's values. The new document has already been approved by the Board of Directors.

The inclusion of a section on our commitment preserving the environment, noting that we do not accept the misuse of natural resources and waste of any kind and that we seek to develop eco-efficient practices in all units of the System are among the new features.

The Code of Conduct and internal standards also orientate employees, business partners and senior managers – including board members – on how to avoid conflicts of interest and situations that may generate unwarranted benefits to any party. Precisely to prevent such situations, our internal processes are defined with due segregation of functions.



Ombudsman

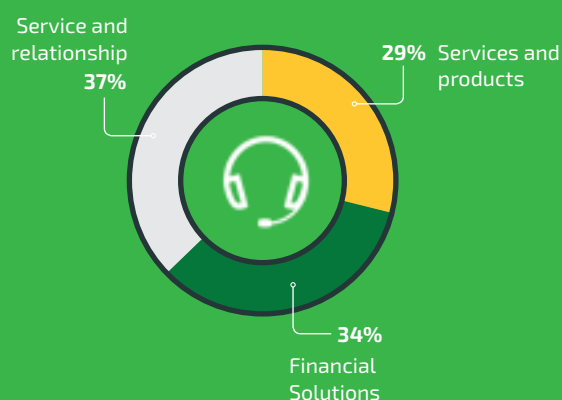
We provide all our audiences with a channel to report on violations or suspected violations of our Code of Conduct and Brazilian law. Occurrences can be reported by the form available at <https://www.sicredi.com.br/denuncia/> or by the hotline 0800 646 2519.

From the moment we receive a complaint, we conduct an internal investigation and respond to the complainant - if he or she has not done so anonymously - with the assessment of the case and its treatment. We also have an ombudsman, available 24 hours a day, to receive complaints from employees. The channel provides an option for recording doubts, compliments, complaints, suggestions and complaints, where the user chooses to be identified or remain anonymous.

Substantiated complaints are referred to the higher instances of the respective cooperative or, if they involve employees in leadership positions, to the higher instances of the Central Cooperative or SicrediPar. Investigation, correction and punishment procedures, as appropriate, are applied based on the Code of Conduct, Internal Regulation and on the Bylaws of the Cooperatives, besides the referrals that the legislation in force determines.

We also have a Customer Service, which can be accessed by calling 0800 724 7220, where members can register information, praise and complaints. If the reports or complaints have not received satisfactory service, they are sent to the Ombudsman's Office. In 2018, complaints made to Customer Service and handled by the ombudsman were divided as follows:

Complaints received by the Customer Service and forwarded to the Ombudsman's Office



After review by the Ombudsman, 44% of these complaints were deemed founded and directed for solution.

All our employees receive training on the Code of Conduct in its basic cycle, and at the end it is necessary to answer to a test to be approved.

Total employees communicated in anti-corruption procedures*								
	CAS	Cooperative Central					Total	%
		South/ Southeast	BRC	North Central	North/ Northeast	PR/SP/RJ		
Elected	-	5	-	1	1	1	8	3.8%
Senior Management	2	7	4	4	7	7	31	10.5%
Middle Management	9	39	7	16	21	70	162	4.4%
Professionals	397	1,071	414	564	184	1,799	4,429	22.1%
Technicians	-	4	1	-	3	3	11	20.0%
Interns	25	221	47	91	55	251	690	79.5%
Apprentices	-	226	47	67	28	129	497	79.1%
Total	433	1,573	520	743	299	2,260	5,828	22.6%

Total employees trained in anti-corruption procedures*								
	CAS	Cooperative Central					Total	%
		South/ Southeast	BRC	North Central	North/ Northeast	PR/SP/RJ		
Elected	-	3	-	-	1	1	5	2.3%
Senior Management	-	7	4	4	2	7	24	8.1%
Middle Management	7	34	7	16	15	65	144	3.9%
Professionals	323	989	397	552	133	1,671	4,065	20.3%
Technicians	-	4	1	-	-	2	7	12.7%
Interns	16	196	44	88	40	221	605	69.7%
Apprentices	-	103	43	65	16	110	337	53.7%
Total	346	1,336	496	725	207	2,077	5,187	20.1%

Total employees trained in anti-corruption procedures**							
	CAS	Central Sicredi					Total
		South/ Southeast	BRC	North Central	North/ Northeast	PR/SP/RJ	
Elected	-	71%	71%	55%	80%	72%	70%
Senior Management	75%	87%	88%	83%	78%	89%	84%
Middle Management	98%	94%	96%	96%	92%	97%	95%
Professionals	95%	95%	97%	97%	90%	96%	95%
Technicians	100%	100%	83%	100%	57%	85%	89%
Interns	68%	90%	94%	95%	76%	90%	89%
Apprentices	-	56%	92%	98%	64%	88%	73%
Total	94%	93%	96%	96%	88%	95%	94%

* The number of employees communicated and trained only considers those who were admitted in the year 2018.

** This data corresponds to the total number of employees trained on the subject since joining Sicredi. We believe that 100% of the employees received a communiqué on the subject.

Compliance

Sicredi is committed to meet the legal and regulatory requirements inherent to its business segment. The Compliance area mission is to integrate this requirement into Sicredi's business environment, promoting an organizational culture valuing ethics and integrity, aimed at preserving the image and reputation of the System.

To this end, the Compliance area is structured into three major work fronts, which include: preventing and fighting economic and financial crimes, official and external regulations and compliance governance.

In relation to official and internal regulations, we highlight that we have an official repository of internal regulations that foresees construction, approval flow and normative availability in a single location, easily accessible by all employees. In December 2018, we had a total of 409 published regulations, among regiments, codes, policies, norms, regulations and manuals. The process of management of external regulations was consolidated during 2018, providing for the receipt, analysis, distribution and follow-up of adherence to new external regulations. Previously, each area sought to keep abreast of the rules and regulations that could impact their work and performed the procedures to better serve them.

We now have a centralized process with greater rationality and efficiency, capturing all changes in legislation and regulation, sending to the areas involved and monitoring the progress made.

As for preventing and fighting economic and financial crimes, we highlight our commitment to assembly the international recommendations of the of the Anti-Money Laundering and Financing of Terrorism Action Group GAFI/FATF (Grupo de Ação Financeira contra a Lavagem de Dinheiro e Financiamento ao Terrorismo) and to complying with legislation, preventing our cooperatives from being used for illegal activities. All of them are engaged in monitoring to prevent crimes related to money laundering, concealment of assets, rights and funds. When acquiring products and services we adopt practices to prevent improper conduct, illegal acts or breaches of civil, environmental, tax and labor legislation and obligations.

Throughout the year, we have invested in process automation, bringing extra safety, preventing failures by human intervention while reducing the operational load of our cooperatives. Numbers referring to this evaluation cannot be presented because they are considered confidential information.

Regarding compliance governance, we have, in our basic cycle, a training in Money Laundering and Financing of Terrorism Prevention, which must be carried out by all incoming employees.

Online Training

In 2018, we launched a training video addressing the importance of complying and introduces Sicredi's integrity program, focusing on the pillars of prevention, detection and correction. The video was made available through email marketing to all Sicredi employees and disclosed in the internal communication channels. From 2019, video will become part of the basic training of all employees.

Strategic planning

Sicredi RC01 / GRI 102-19 / FS15

During 2018, we updated our 2016-2020 Strategic Planning. The process involved a diagnostic phase, where studies on the market, business and initiatives implemented so far were carried out, and a consultation stage with cooperatives, cooperative centrals and CAS (Centro Administrativo Sicredi) to update the strategy. The planning stages are carried out in the CAS, in the cooperative centrals

and in the cooperatives through projects and actions, respecting local autonomy.

As a result of the process, we have reinforced our focus on the cooperative model, with local action in the communities where we are present. From the discussions, we draw seven strategic systemic priorities.

STRATEGIC SYSTEMIC PRIORITIES

2016-2020 Cycle - Strategy 2018 Update

5 million
TOTAL MEMBERS

Long Term + NNE Ambition
+ 220K Non-Account
Holders + Woop 2020 =
4,990,836 members

62 billion in
CREDIT

Long Term + NNE
Ambition +
Woop 2020 =
R\$ 62,030,907,697
in credit

70 billion in
DEPOSITS

Long Term + NNE
Ambition +
Woop 2020
= R\$ 69,708,506,355
in deposits

POSITIONING BY SEGMENT

To make Sicredi's value proposition tangible by segment, prioritizing products, channels and processes, incorporating a wide use of data for business growth and improving member's experience

DIGITAL TRANSFORMATION

To promote digital transformation in Sicredi, with the exchange of the banking core, building a new operational model and a new experience of physical and digital relationship ... Physital

GEOGRAPHICAL ACTION

To develop geographic development strategies according to the different sizes of municipalities

OPERATIONAL MODEL

Ensure the operational model optimizing costs and preparing the company for the migration of the new core banking

PEOPLE

Align the competency model with digital transformation and strategic priorities

RISKS AND FINANCE

Ensure sustainable levels of risk and liquidity management for Sicredi growth

SUSTAINABILITY

Align the positioning of sustainability theme with business strategy



Centro Administrativo Sicredi, Porto Alegre - RS

The Positioning by Segment topic is one of the priority points for updating our Strategic Planning. One of the strategic initiatives on which it is based is the value proposition, aiming to make our purpose more tangible for members, offering a superior experience to each of the different audiences.

The group identified the value attributes of each member profile, which were tested through quantitative surveys. As a result, we raised more than 100 actions needed to deliver what the public valued and built an implementation plan. We are currently in the acculturation stage, implementing this transformation, which should direct processes, products, training, among other topics.

The other major priority of Strategic Planning is Sicredi's digital transformation, which is based on the technological evolution of our systems, on the construction of a new operational model and on a new relationship experience, linking the physical with digital - physital (learn more on page 59).

The Geographical Action topic proposes the development of tools and models to support System expansion, reaching new municipalities, regions and states of the country. It also indicates the initiative to evolve in monitoring competitors, market information and business models to support this expansion.

Regarding Risks and Finances, the objective is to guarantee the sustainable liquidity indexes in the System and to develop measurement and monitoring of strategic risks.

For the first time, the Strategic Planning brings the Sustainability topic among its priorities, defining the theme positioning at Sicredi and financial education as strategic initiatives. As part of the first initiative, we put into practice the following actions: training board members on the theme, mapping our positive impacts, revising our materiality and internally disseminating sustainability concepts. For the financial education initiative, we outlined the actions to define a systemic approach to the theme and developed initiatives that meet employees, members and community.

Sustainability management

GRI 102-19 / 102-20 / 102-27

In order to increase our value generation for the communities where we operate, society in general and the environment, we have a Sustainability and Socio-environmental Responsibility Policy. The document directs our sustainability strategy and assigns roles to leaders in governance and management.

The Policy reinforces the principles of cooperativism as promoters of sustainability at Sicredi and establishes guidelines to manage the theme:

Sicredi sustainability guidelines



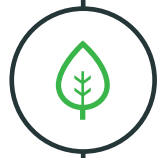
Products and Services

Our cooperatives seek to contribute to financial inclusion and local development by bringing credit and other financial services to society as a whole, including regions not served by the conventional financial system.



Dialogue with stakeholders

We seek to encourage dialogue with our stakeholders (get to know our stakeholders on page 8) to engage them in conducting our business in order to create, maintain and strengthen trustworthy, inclusive and mutually beneficial bonds.



Socio-environmental risk management

We define socio-environmental risk as the possibility of occurrence of losses resulting from social and environmental damages. Therefore, we analyze the risks and socio-environmental opportunities inherent in our credit operations (learn more on page 72).



Transparency

Our accountability happens periodically and is subject to a structured process with members participation, in addition to the publication of this Sustainability Report, the Risk Management Report, the Operational Risk Report, the accounting and financial Statements, among other documents.



Conscious use of financial resources

Our employees guide the use of resources to better meet the needs and goals of the members. Additionally, we conduct financial guidance initiatives to members.

In 2019, we will review and update our Sustainability and Socio-environmental Responsibility Policy.

In addition to the guidelines set out in the document, Sicredi's sustainability strategy prioritizes three major topics - Relationship and Cooperativism, Responsible Solutions and Local Development - and eleven material topics (learn more about the themes on page 9).

In accordance with our strategic priority of aligning sustainability to business, the Sustainability Superintendency was created in 2018. The new department has the role of integrating and enhancing the practices and initiatives related to the theme, creating a more robust and integrated structure to the other areas of Sicredi. It should also promote systemic alignment, supporting cooperative centrals and cooperatives.

To carry out the governance of the theme, we rely on a Systemic Sustainability Committee, which meets annually and discuss how the topic will be managed in our business. The committee comprises the presidents of the cooperatives and cooperative centrals, executive directors of Centro Administrativo Sicredi and the cooperative centrals, representatives of the Cooperative Development area of cooperative centrals and representatives of the Fundação Sicredi. The strategic matters of the Advisory type Committee are sent to be discussed by the SicrediPar Board of Directors preceded by consultation with the credit unions.

In November, the sixth annual assembly of the Committee was held, when a sustainability action plan for Sicredi was approved for the first time. The plan was developed by the Sustainability Superintendency and proposes 43 actions to be carried out in the 2019-2021 period to enhance our management on the theme, among them:

2019 Sustainability Action Plan

Training of leaders in sustainability

Implementation of automated tool for sustainability indicators management

Material Topics Review (see box below)

Execution of a study on Sicredi's positive impacts

Positioning and systemic itinerary for Sicredi's action in the fight against climate change

Review of the Sustainability and Social and Environmental Risk Policy

Support for the creation and implementation of Sustainability Committees

In 2018, cooperative centrals Sicredi South/Southeast, Sicredi PR/SP/RJ and Sicredi North Central also held assemblies at their Sustainability Committees to discuss the management of the theme in their regions. In 2019, as part of our action plan, we intend to support the holding of regional Committees by the five cooperative centrals and the establishment of local Committees for 20 cooperatives.

Material Topics Review

In 2018, we began our Material Topics reviewing process. These are the topics that are most likely to impact our value generation and business sustainability in the short, medium and long term. (see our Current Materials Topics on page 9). The survey is expected to end in 2019 and will guide our sustainability management to identify impact and management indicators. The purpose of this review is to bring sustainability closer to the business strategy.

Risk Management

GRI 102-11 / 102-15 / 102-29 / 102-30 / 102-31 / 102-33 / 102-34

At Sicredi, our cooperatives, cooperative centrals and CAS have an Integrated Risk Management structure that is constantly evolving to contribute to the solidity of the System. From the defense lines model, we have risk units that act independently from the business and internal audit areas and are dedicated to identifying, controlling and mitigating factors that may impede business sustainability in the short, medium and long term.

The following risks are considered:

Financial

- credit;
- market;
- interest rate variation for bank portfolio instruments;
- liquidity; and
- capital.

This process includes monitoring indicators and reporting to the committees that support the Board of Directors in decisions related to risk management policies and guidelines and prudential limits to be observed. This monitoring does not have a frequency defined. To identify and manage risks and opportunities, the Board is assisted by five supporting committees: Audit, Risks and Compliance, Guarantee Funds, People, Fundação and Strategy.

The effectiveness of the risk management processes is ensured through discussion in the support committees, where the more wide-ranging technical aspects of the risks are assessed, reporting and/or recommending measures to be decided by the Board.

Non financial

- operational;
- information security and cybersecurity;
- social and environmental; and
- compliance.

We have policies and standards in accordance with legal requirements, market practices and institution practices, which are revised at least annually, in order to maintain the consistency of such controls.

We also have policies and processes dedicated to monitoring and mitigating the socio-environmental risks of our business (learn more on page 72).

Integrated risk management

We have a Risk Appetite Statement, or RAS - a systemic document aligning our appetite with all the different types of risks we run - , defining alerts and limits and facilitating the dissemination of a risk management culture.

All associated bodies and their components must be aware of the RAS and comply with it. Our risk appetite is based on the following

strategic vision: to be recognized by society as a cooperative financial institution that is committed to the social and economic development of our members and the community, with the sustainable growth of our credit union cooperatives, all integrated into a solid and effective system. As a guideline to achieving its goals, all the actions in the institution's strategic planning must be compatible with Sicredi's risk appetite, as set forth in the RAS.

Financial security

GRI 103-2 / 103-3

Sicredi offers a support network in which cooperatives act in an integrated way and support each other. As part of this network, our members rely on a series of instruments that guarantee safety and reliability to their investments.

The Sicredi Fundos Garantidores (Sicredi Guarantee Funds), for example, is a fund made up of contributions from Sicredi's cooperatives, reimbursements and asset recovery. It has the function of guaranteeing compliance with financial obligations and supporting development actions for cooperatives.

We also have the guarantee of the Fundo Garantidor do Cooperativismo de Crédito (FGCoop) - www.fgcoop.coop.br - which was created with the objective of fulfilling the same role FGC plays for commercial banks, guaranteeing deposits while enabling financial assistance to institutions with possible liquidity difficulties.

The safety of our members' investments is attested by the main branches of credit risk classification in the world, which guaranteed to Banco Cooperativo Sicredi the following national scale ratings:

FitchRatings

Fitch: AA

MOODY'S

Moody's: Aa2

**STANDARD
&POOR'S**

Standard & Poor's: AAA

Suppliers

GRI 102-9/ 204-1

Relations with suppliers are guided by the Internal Corporate Purchases Standard. The guideline indicates that suppliers should preferably be members of one of our cooperatives in order to generate more value to our business chain.

We also prioritize suppliers from the communities where we are present, as part of our strategy to contribute to local development.

We have procurement policies that guide the contracting and management of the suppliers that will be used by the System. In 2018, we spent R\$ 3.5 billion with our suppliers, buying everything from supplies to complex service solutions. Cooperatives and cooperative centrals, however, have the autonomy to execute their contracts locally and do not have systemic control over this amount.

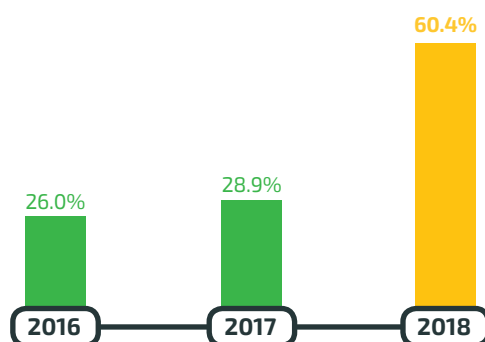
In 2018, we spent

R\$ 970.9 million

on suppliers contracted

in municipalities with less than 200 thousand inhabitants, corresponding to **27.6%** of the total.

Percentage of suppliers contracted in municipalities with less than 200 thousand inhabitants



Proportion of spending on local suppliers*

Cooperative Central	2016	2017	2018
Sicredi Cooperative Central - South/Southeast	37%	40%	39%
Sicredi Cooperative Central - PR/SP/RJ	31%	34%	34%
Sicredi Cooperative Central - Brazil Central	15%	17%	16%
Sicredi Cooperative Central - North Central	40%	44%	41%
Sicredi Cooperative Central - North/Northeast	10%	11%	9%
CAS's Companies	5%	6%	4%

* Local suppliers are ones located in cities with fewer than 200,000 inhabitants, considering geographical information from 2015 provided by the Banco Cooperativo Sicredi Business Planning area. The calculation excluded the amounts corresponding to payments to public agencies, associations, vehicle manufacturers and entities of the Sistema Cooperativo Sicredi.

Although we have no systemic control over the hires made by cooperative centrals and cooperatives, most local contracts are also signed with companies in the regions where they operate.

To ensure that suppliers are aligned with our values, we include anti-corruption, human rights and environmental clauses in our contracts, dealing with issues such as child and slave labor. We recommend that cooperatives use these same standardized clauses in their local purchases,

by publishing the model in a Guide to Best Practices in Contract Management published in 2018.

During the year, we worked on defining the suppliers' skills and qualifications with whom we wish to do business. Our intention is to create new social and environmental requirements to be considered at the time of hiring in order to increasingly align our partners with our business values.



Relationship with members

Member satisfaction

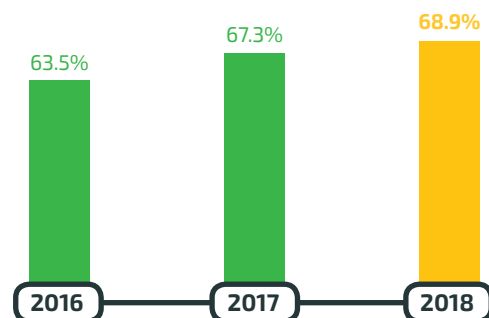
Sicredi-RC20 / GRI 102-43 / 103-2 / 103-3

In 2018, we remain focused on making our members more and more satisfied with Sicredi. The effort was reflected in the 68.9% satisfaction rate brought by the Net Promoter Score (NPS) survey, performed with more than 114 thousand members. The result is 1.6 percentage points higher than in the previous year. The brand promoter members highlight the quality of service in the branches, carried out by the managers and other employees.

NPS is a methodology used around the world to measure the likelihood of being recommended by our members, allowing a correlation between their satisfaction and our business growth. In order to better understand the members' demands, we have implemented the members' relationship cycle at our branches.

It uses statistical surveys to indicate to our managers the best situations to communicate with each member and what are the most important contents for each phase in their relationship with us, fostering a more assertive communication.

Members satisfaction rate



Relationship channels

GRI 103-2 / 103-3 / FS14 / Sicredi-RC02 / RC03 / RC04 / RC17 / RC18 / RC19 / RC21

With a focus on better assembly the needs of our members, we work to continuously improve our relationship channels, offering more speed, convenience and safety.

As a result of these efforts, we remain expanding the number of transactions performed in service channels compared to branches. In 2018, 71.9% of transactions with

financial transactions were made through alternative channels, a result 2.57 percentage points higher than in the previous year.

When we also consider operations other than financial transactions, such as advisory and administrative operations, the result is 89.6%. In this case, the highlight is the app, which concentrated 45.3% of total registrations.



Branch: our relationship space

Offering ever more attractive relationship channels is part of our strategy of making branches less focused on financial transactions and more focused on strengthening relationships with members. To this end, our branches are being updated according to the new Sicredi brand, creating a more welcoming and uncomplicated experience, with ample coexistence spaces.



Cooperative Sicredi Planalto Central Branch, in Brasília, Brazil

Number of members who use the channels	2016	2017	2018
ATMs*	3,050,526	3,004,862	3,251,468
Accredited Agents (number of accredited agents active in the year)	1,858	1,501	1,494
Internet banking	539,862	578,464	764,320
App	397,383	757,629	1,437,469
Telephone service**	12,959	10,246	9,064

* The technological platform of the ATM was replaced in the course of 2018, so the number of members who accessed the channel in that year is composed of the sum of the old and new bases.

** The option for consultations and transactions to the checking account using the Telephone Service channel was disabled by the end of 2018, so this number should not be reported in 2019.

The increased use of alternative channels instead of using branches services is important to our business strategy, as cooperatives may focus on financial advice and other actions to benefit the community and to the members, who gain in speed and convenience. Throughout the year, we carried out a series of communication actions that encouraged

the use of digital channels. In our internal platform, for example, we sent 986.2 thousand stimuli to the branches' relationship managers, proposing that they contact the members of their portfolio and encourage the registration to access internet banking and the app. For the same purpose, we sent 2.7 million SMS messages to members.

To monitor the evolution of these channels, we monitor the IT Service Availability indicator monthly, which identifies whether the services offered are accessible at the moment the members need them. In 2018, the overall average of service availability was 100%.

Throughout the year, we have launched a number of improvements to the channel experience, enhancing the feature catalog and enhancing the members' experience.

Accessibility

At the end of 2018, 99.98% of our ATM park was by ABNT-NBR-15250-2005 accessibility requirements, which include tactile keypad signaling and the use of sound information. The value is 0, 94 percentage points higher than in 2017. Certified machines are distributed in 99.99% of our branches in the country.

We have developed, for example, the cardless withdrawal, so the member can authorize withdrawals through the Sicredi app, withdrawing money directly at the ATM. We also offer the option of blocking and unblocking cards using the app, without the need to go to a branch or an ATM.

We launched a series of improvements in the statements and current account balance in these channels, such as layout reorganization, inclusion of information and exporting in new formats. The internet banking, app and ATM channels now provide old dated statements, beginning in 2010, helping members who need information for tax audits.

At internet banking, we have launched a new security device option: the QR Code. It is a code generated on the computer screen that, when read by the member's app, allows it to perform operations without the need to have a physical token. We also launch on internet banking the possibility of the member leaving their feedback on the channel.

Finally, we have made available, on the app and on Internet banking, a feature that allows members to follow their pre-approved credit limits and, in relation to products unavailable for online contracting or simulating, the member may show interest so the branch may get in touch.

In order to continue evolving our member relationship technology infrastructure, we have implemented a managerial information channel platform. It provides our employees with reports on transactions, operations, accesses, financial volumes, limits, park distribution, technology and fraud coverage on each channel. Reports are now consolidated into a single tool, Tableau, automatically updated and made available online.

This set of data can be easily accessed by cooperative centrals and cooperatives, serving as a source to monitor the evolution of products in the channels and to subsidize the leaders during decision making.

Channel Security

With the increasing use of digital channels, the cybersecurity of our services and products remains a constant concern. In 2018, we made new advances in the access and identity management in our channels, implemented secure development governance, and made available new security devices to transact on the channels, which allowed us to adjust transactions limits according to the level of security. Our Electronic Transaction Security indicator achieved 99.9962% protection on channels, reducing losses with electronic fraud, while contributing to a better member experience. For 2019, we plan to evolve our model for preventing, detecting and responding to cybernetic attacks, in line with market practices, as well as incorporating tools and processes to provide the central cooperatives and cooperatives with updated intelligence related to attacks on the financial system in general and, more specifically, on Sicredi. We will also support the cooperatives, enabling them to plan and optimize their investments in physical security, elevating the branches' level of protection against these attacks.

Employees

Sicredi RC06 / GRI 102-8 / 102-43 / 401-1

In our daily lives, employees are responsible for creating ever closer relationships with members. From a routine coexistence, they seek to be present in their lives, knowing their personal and professional goals and understanding their financial service's needs.

Our 25.8 thousand employees - who are also members -, therefore, participate in decisions that impact on the management of their cooperative.

Number of employees by type of work contract						
	2016		2017		2018	
	Men	Women	Men	Women	Men	Women
Fixed term*	169	263	190	318	260	368
Permanent	8,416	11,717	9,644	13,241	10,578	14,577
Total by gender	8,585	11,980	9,834	13,559	10,838	14,945
Total	20,565		23,393		25,783	

* Fixed term contracts only apply to apprentices.

Number of employees by conglomerate**			
Cooperative Central	2016	2017	2018
South/Southeast	8,251	8,648	9,190
PR/SP/RJ	6,300	7,032	8,230
North Central	2,750	2,886	3,115
Brazil Central	1,457	1,618	1,843
North/Northeast	--	1,444	1,467
Centro Administrativo Sicredi (CAS)	1,797	1,755	1,927
SicrediPar	10	10	11
Total	20,565	23,393	25,783

** Starting in 2017, data now include the employees of the Sicredi Cooperative Central - North/Northeast.

Therefore, we intent to attract people who identify themselves with the cause of cooperativism. We maintain an attraction and systemic capture strategy, with practices implemented according to the local strategy, considering each cooperative culture and the planning.



*In 2018
the overall
employee
satisfaction
index was 86%.*



Number of admissions by gender

	2016		2017		2018	
	Admissions	Admissions rate	Admissions	Admissions rate	Admissions	Admissions rate
Men	2,005	23.4%	2,409	24.5%	3,019	27.9%
Women	2,747	22.9%	3,090	22.8%	3,761	25.2%
Total	4,752	23.1%	5,499	23.5%	6,780	26.3%

Turnover rate by gender

	2016		2017		2018	
	Terminations	Turnover rate	Terminations	Turnover rate	Terminations	Turnover rate
Men	1,389	19.8%	1,727	21.0%	2,073	23.5%
Women	1,851	19.2%	2,234	19.6%	2,435	20.7%
Total	3,240	19.4%	3,961	20.2%	4,508	21.9%

Number of admissions by conglomerate

	2016		2017		2018	
	Admissions	Admissions rate	Admissions	Admissions rate	Admissions	Admissions rate
Central Sicredi						
South/Southeast	1,449	17.6%	1,649	19.1%	1,812	19.7%
PR/SP/RJ	1,735	27.5%	1,960	27.9%	2,567	31.2%
North Central	771	28.0%	753	26.1%	857	27.5%
Brazil Central	441	30.3%	543	33.6%	637	34.6%
North/Northeast	-	-	325	22.5%	442	30.1%
CAS	354	19.7%	268	15.3%	463	24.0%
SicrediPar	2	20.0%	268	10.0%	2	18.9%
Total	4,752	23.1%	5,499	23.5%	6,780	26.3%

Turnover rate by conglomerate

	2016		2017		2018	
Regional	Terminations	Turnover rate	Terminations	Turnover rate	Terminations	Turnover rate
South/Southeast	1,014	14.9%	1,237	16.7%	1,285	16.9%
PR/SP/RJ	1,127	22.7%	1,218	22.6%	1,337	23.7%
North Central	622	25.3%	605	23.5%	626	23.8%
Brazil Central	273	24.5%	368	28.2%	409	28.4%
North/Northeast	-	-	235	19.4%	490	31.8%
CAS	204	15.5%	298	16.1%	360	21.4%
SicrediPar	0	10.0%	0	5.0%	1	13.6%
Total	3,240	19.4%	3,961	20.2%	4,508	21.9%

Number of admissions by age group

	2016		2017		2018	
	Admissions	Admissions rate	Admissions	Admissions rate	Admissions	Admissions rate
Under 20 years	1,081	86.7%	1,232	88.7%	1,097	110.8%
From 21 to 30 years	2,563	25.2%	2,807	25.9%	3,435	32.4%
From 31 to 40 years	881	12.6%	1,144	13.8%	1,641	15.8%
From 41 to 50 years	187	11.7%	246	12.1%	391	13.9%
Over 50 years	40	7.4%	70	8.5%	216	21.6%
Total	4,752	23.1%	5,499	23.5%	6,780	26.3%

Turnover rate by age group

	2016		2017		2018	
	Terminations	Turnover rate	Terminations	Turnover rate	Terminations	Turnover rate
Under 20 years	472	62.0%	683	68.9%	548	83.1%
From 21 to 30 years	1,683	20.9%	1,924	21.8%	2,009	25.6%
From 31 to 40 years	849	12.3%	1,052	13.2%	1,280	14.1%
From 41 to 50 years	189	11.8%	235	11.8%	386	13.8%
Over 50 years	47	8.1%	67	8.3%	285	25.0%
Total	3,240	19.4%	3,961	20.2%	4,508	21.9%

Since 2017, we have been living an ongoing transformation process in our internal organization model, implementing the agile method in different areas of the business.

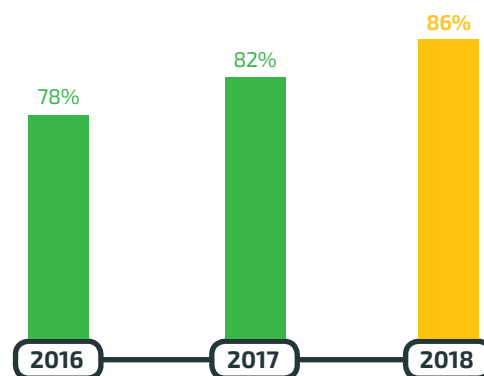
In 2018, we reviewed our job structure and career maps, providing clearer criteria for promotions while aligning the structure with our new compensation model. The employees now have the online platform, My Career, where they may consult new structure of positions and understand their professional evolution possibilities, helping to plan their future with us. Since launching in March, the page has an average of 2,200 hits per month.

As a result of these initiatives, our organizational climate survey resulted in a satisfaction rate of 86%, four percentage points higher than in 2016.

Confirming our people management success, we are also part of the 150 Best Companies to Work for and Best Companies to Start Career rankings (learn more about the awards on page 20), with 82.1 points on the Happiness at Work Index (IFT), 92.3 in the Quality in the Workplace Index (IQAT) and 63.1 in the Quality in People Management Index (IQGP).

In 2018, we launched the new Collaborative Network, our platform aimed at presenting employees with the tools, applications and administrative releases in a centralized manner. The new tool presents systemic, regional and local information in a more interactive and simple way, bringing content more focused on employee needs, based on multichannel convergence and interaction.

General employee satisfaction rate



Employee support

In 2018, we remain focused on providing support to employees in a fast and efficient manner: via chat. As a result, the use of this channel increased by 159% over the previous year.

To advance the efficiency of this service, we launched Theo, a digital assistant powered by artificial intelligence. Using cognition tools, it is able to communicate with the employee in a humanized way, take questions and record comments automatically. It has a series of registered interactions and, through machine learning algorithms, it learns new answers from each service. In cases where Theo is unable to remedy the doubts, the employee is referred to a human respondent. Through the new tool, we managed to answer about 30% of the questions, increasing our speed.

Training

Sicredi RC07 / GRI 103-2 / 103-3 / 404-1 / 404-2 / 404-3

In order to constantly improve the experience of our members, we continuously invest in employees' development.

In 2018, we invested

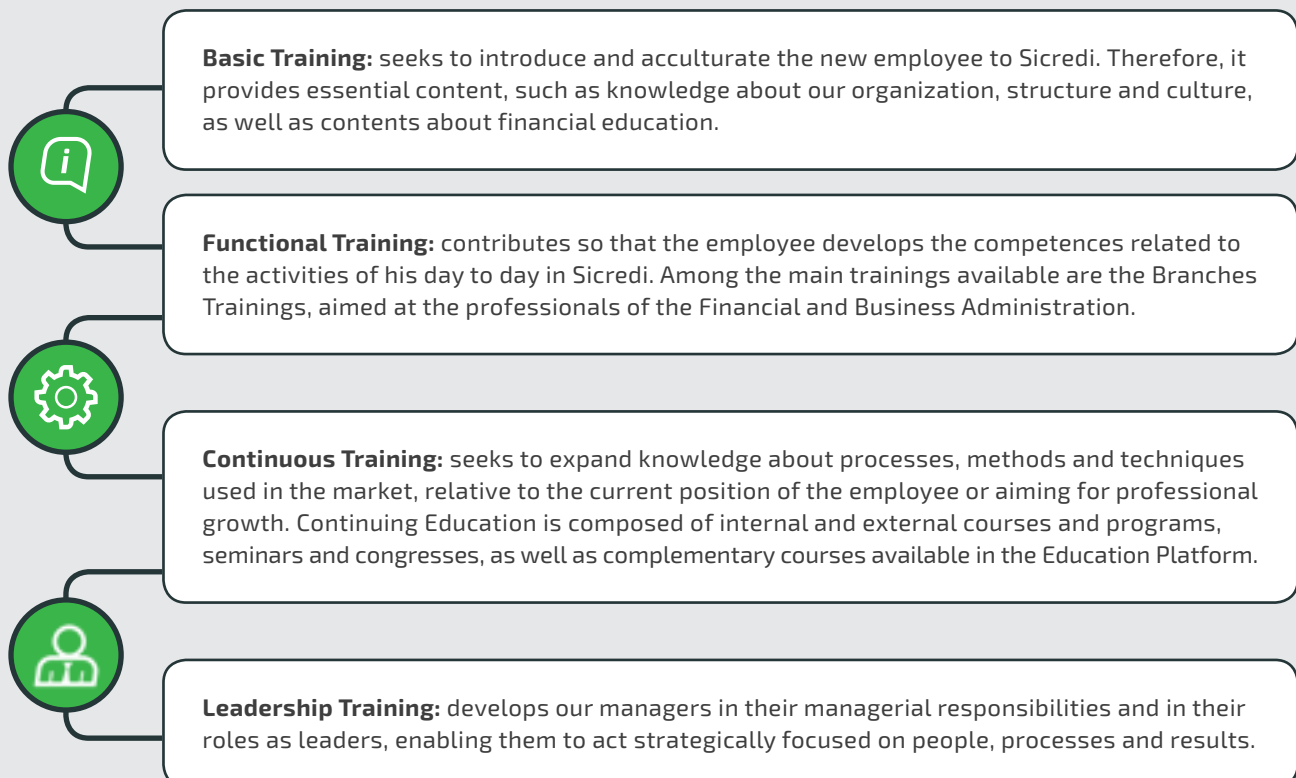
R\$87 million

in training and capacity building programs, higher than the amount invested in the previous year, which was R\$ 66.4 million.

We offer our employees a continuous, growing and cumulative learning, structured in different levels of training that consider the stage of knowledge in relation to the organization and the role they play. The cooperative centrals and cooperatives also develop training programs focused on their specific needs.

Our corporate education actions take place through the Sicredi Aprende (Sicredi Learns) platform, which offers content in online and classroom formats. The tool seeks to develop the skills of employees by development paths, the main ones being:

Sicredi employees' development paths



In 2018, we updated the platform with 24 new online courses, focusing on leadership development and branches managers training.

Also, we have created a corporate education map, which allows the employee to know about our main courses and the courses available.

Average hours of training per employee, broken down by gender

	2016	2017	2018
Men	31	29	28
Women	28	27	26
Total	29	28	27

Average hours of training per employee, broken down by functional level

	2016	2017	2018
Elected	9	8	6
Senior Management	40	38	22
Middle Management	33	33	33
Professionals	26	26	25
Technicians	31	28	27
Interns	25	24	23
Apprentices	19	15	15
Total	29	28	22

In addition, we carry out trainings aimed at training our employees on cooperative issues, such as the Collective Encounters for Growth and the Sicredi Way of Being.

Employees trained in cooperative issues*

Sicredi Cooperative Central - South/Southeast	427
Sicredi Cooperative Central - PR/SP/RJ	298
Sicredi Cooperative Central - North Central	657
Sicredi Cooperative Central - Brazil Central	114
Sicredi Cooperative Central - North/Northeast	261
CAS	282
SicrediPar	1
Total	2,040

* In 2018, we measured this indicator for the first time. The numbers of trained employees may be underestimated, as each cooperative has the autonomy to carry out this monitoring.

Annually, all employees are submitted to a performance appraisal process to guide career development based on the identification of strengths and opportunities for improvement. In 2018, 100% of employees participated in performance reviews.

Getting to know European co-operatives

In August 21 Sicredi employees participated in the 2018 ADG Program, an exchange organized by the Academy of German Cooperatives (ADG), visiting countries such as Germany, Switzerland, Austria and the Netherlands. The objective was to increase their knowledge in the cooperative models of each country, including technical visits to branches and cooperatives, as well as to deepen their theoretical foundations regarding digital transformation, innovation and strategic management.

Diversity

GRI 405-1 / 405-2

At Sicredi, we respect the individuality of people, be they members or employees, promoting respect for differences and working to build an inclusive environment.

We believe that diversity can be a differential for our business, favoring innovation and developing solutions for our stakeholders. Because of our size, we have a natural geographical diversity, but we still have opportunities for improvement in other indicators, such as gender, age and race:

Employees gender by functional level					
	Total	Men	%	Women	%
Elected	213	203	95.3%	10	4.7%
Senior Management	296	272	91.9%	24	8.1%
Middle Management	3,700	2,016	54.5%	1,684	45.5%
Professionals	8,772	3,955	45.09%	4,817	54.91%
Technicians	11,306	3,818	33.77%	7,488	66.23%
Interns	868	314	36.2%	554	63.8%
Apprentices	628	260	41.4%	368	58.6%
Total	25,783	10,838	42.0%	14,945	58.0%

Age group of employees by functional level

	Total	Under 20 years	%	From 21 to 30 years	%	From 31 to 40 years	%	From 41 to 50 years	%	Over 50 years	%
Elected	213	0	0%	0	0.0%	5	2.3%	23	10.8%	185	86.9%
Senior Management	296	0	0%	3	1.0%	62	20.9%	116	39.2%	115	38.9%
Middle Management	3,700	0	0%	486	13.1%	1,994	53.9%	917	24.8%	303	8.2%
Professionals	20,023	9	0,1%	2,786	31.8%	4,557	51.9%	1,169	13.3%	251	2.9%
Technicians	55	203	1,8%	6,645	58.8%	3,726	33.0%	585	5.2%	147	1.3%
Interns	868	248	29%	601	69.2%	19	2.2%	0	0.0%	0	0.0%
Apprentices	628	530	84%	98	15.6%	0	0.0%	0	0.0%	0	0.0%
Total	25,783	990	4%	10,619	41.2%	10,363	40.2%	2,810	10.9%	1,001	3.9%

Disabled employees by functional level

	Total employees	%
Elected	0	0%
Senior Management	1	0.3%
Middle Management	31	0.8%
Professionals	100	1.1%
Technicians	385	3.4%
Interns	2	0.2%
Apprentices	2	0.3%
Total	521	2.0%

Black employees by functional level

	Número de colaboradores	%
Elected	0	0.0%
Senior Management	1	0.3%
Middle Management	25	0.7%
Professionals	68	0.8%
Technicians	114	1.0%
Interns	9	1.0%
Apprentices	6	1.0%
Total	223	0.9%

Ratio between women's and men's compensation *

	Ratio of the average compensation	Ratio of the average base salary
Elected	59.9%	59.9%
Senior Management	85.6%	85.6%
Middle Management	71.5%	70.2%
Professionals	84.6%	83.6%
Technicians	102.1%	100.6%
Interns	96.2%	96.2%
Apprentices	101.7%	101.6%

* Average compensation is the average amount received by employees in each functional category. The average base salary is the average of the starting salary of each functional category.

To this end, in 2018, we began to address the diversity theme in internal discussions and affinity groups..

In order to increase women's participation in our management, we are encouraging the creation of a Women's Committee in each cooperative in order to empower and engage this public to assume leadership roles in their communities and institutions. It is a program linked to the management of the cooperative, reporting to the Board of Directors, acting in collaboration

with the Executive Board and aligned with its strategic definitions.

Our cooperatives are also encouraged to create a Young Committee to initiate the same discussion with this audience.

Recognizing our evolution in the theme, we received the Athena Award 2018, granted by the World Council of Credit Unions (Woccu), to the financial institutions that contributed to the development of women's leaders in credit cooperatives.

Sicredi Cooperative Central - PR/SP/RJ, for example, has 20 Women Committees and 15 Young Committees.



2nd Women of Sicredi Committees Summit with the theme: Women that Inspire and Make It Happen



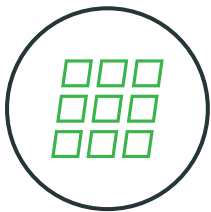
Digital transformation

Sicredi RC04 / GRI 103-2 / 103-3

Digital transformation is one of the focuses of our 2016-2020 Strategic Planning.

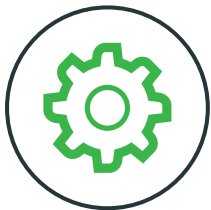
This is an essential breakthrough for our sustainability in a constantly evolving business environment, with the increasing digitalization of the financial sector and, above all, the change in consumer mentality. To continue to be relevant to the communities in the regions where we are involved, we are evolving our technology to deliver a better experience for our members.

Focal points of digital transformation



A new experience

(New forms of physical and digital relationship)



Technological Evolution

(New technologies, including banking core)



Innovation Platform

(Architecture and organization prepared for the future)

We are going through a digital transformation journey that aims to update our systems and solutions to win new members, facilitate the experience of the current ones and support the continuity of our business, while maintaining our essence and the values of cooperativism. Since its inception in 2016, we have invested more than R\$ 167 million.

Woop Sicredi

Sicredi RC01

In June, we had the first major digital transformation delivery, which was the launch of Woop Sicredi, our first 100% digital offering. Through it, the member can open an account completely online, and have access to all the most used financial services, such as checking account, savings, payments, transfer, preapproved personal credit, debit card or multiple debit card and credit (learn more about the solution at <http://bit.ly/2Mcmnjm>).



With Woop Sicredi we seek to create a digital cooperative experience. Therefore, when opening an account, the person associates with one of our cooperatives, and starts to count on all the benefits of the other members. Through our app, he/she can learn about the history of the cooperative and its evolution over time, tracking data such as performance, number of members and key impacts on the community. In addition, he / she has access to financial education and cooperativism content. The launch is part of our commitment to approach an audience that prefers to have a digital relationship with their financial institution. During the development process, we conducted qualitative and quantitative researches, focus groups, and audience testing that helped define some of its functionalities. Demonstrating the importance of this new relationship mode, 64% of Woop Sicredi's accounts were opened after working hours and 22% opened on weekends. Of all visits, 80% were conducted via chat, 58% were performed after working hours and 12% on weekends.

Woop Sicredi represents an opportunity to test new experiences, processes and technological solutions together with a new public with a digital profile. This strategy allows us to test, validate and mitigate risks on a digital platform that will be used later for all Sicredi members. The platform will allow a new relationship model that we are calling Physital experience, which is the union of physical and digital experience. A process that will streamline and make our operating systems more agile and easy, delivering an integrated experience for members and employees.

Inovar Juntos Program

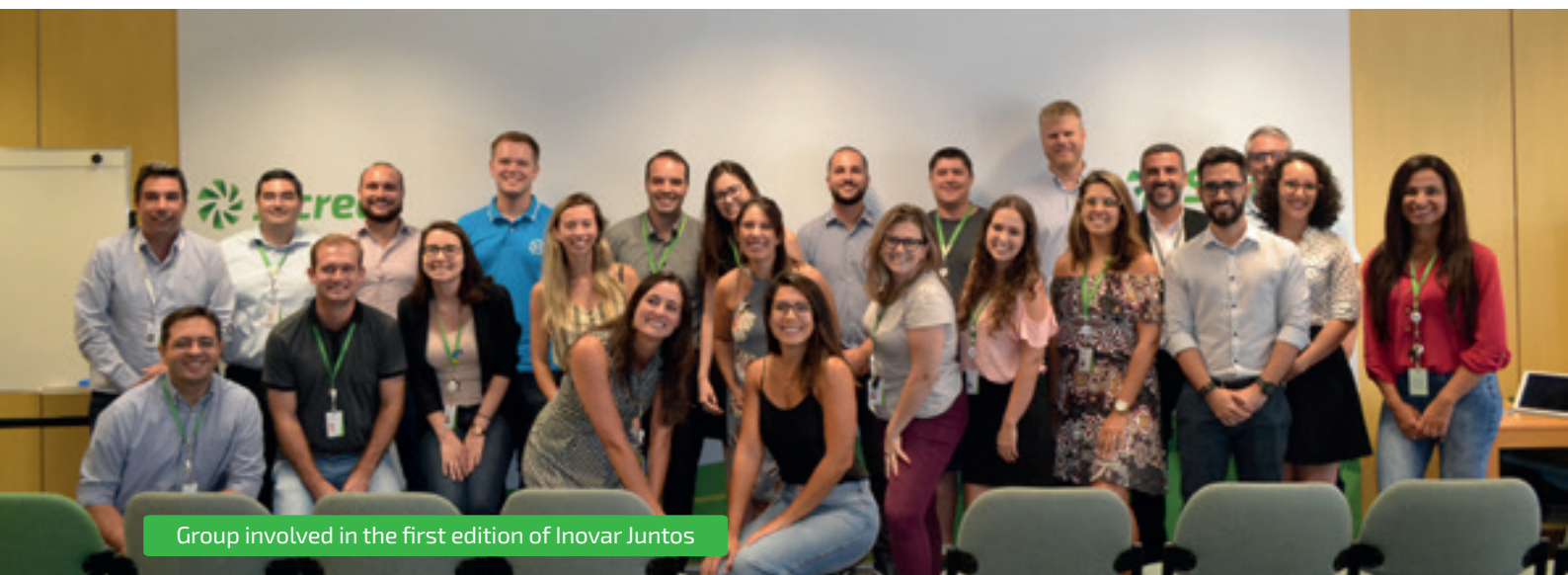
During the year, we remain focused on evolving our methods to execute business demands. To this end, we implemented the Inovar Juntos program, which brought us closer to the startups ecosystem, bringing more innovation while increasing the speed of our deliveries.

Based on the needs of our cooperatives, we drew ten challenges and we searched the Brazilian market for startups that had solutions that would help us overcome them. Challenges include optimizing the screening of resumes, connecting corporate and individual members, managing travel expenses and reimbursements, safety, document scanning and empowerment with gamification.

With the aim of streamline this type of partnership, we created a new integration model with startups, which brought more speed to internal processes such as contracts signing, information exchange and systems connection. Still in 2018, we selected the ten winning solutions and started testing them, with a view to being implemented the in following year.

Our Ideas

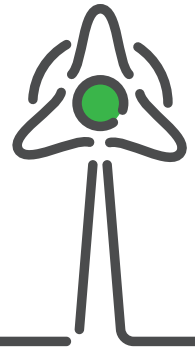
In 2018, we implemented an online platform with the objective of collecting and adopting solutions suggested by our cooperatives. Our Ideas works in our internal system, whereby employees across the country can make suggestions for ideas that can support the business. Each suggestion is evaluated by the other cooperatives and cooperative centrals, which can even criticize and suggest improvements. Our business area also studies each solution, in order to measure its alignment with our strategy. The ideas with the best evaluation are analyzed by the Products area, which prioritizes the project and outlines a plan for its implementation. In 2018, 809 ideas were registered in the platform, which already led to the execution of ten projects.



Group involved in the first edition of Inovar Juntos

Responsible financial solutions

GRI FS6



The year 2018 represented a continuity in the Brazilian economy recovery process, with a slow reheating impacted by the uncertainties caused by the political crisis. Nevertheless, we continue to improve our performance, reaching, once again, the best result in our history.

We closed the year with R\$ 95.1 billion in total assets (growth of 23.0%), strengthening the capacity of our operation. Members received R\$ 916 million in distributed results.

Financial indicators demonstrate the profitability and quality of our management. It is precisely our financial solidity that allows us to provide members with credit to finance their businesses and personal projects, creating value for their community (learn more about our virtuous cycle on page 83).

Financial Highlights



Net equity

R\$ 15.3 billion
(growth of 16.9%)



Net income

R\$ 2.7 billion
(growth of 15.8%)



Total deposits

R\$ 60.5 billion
(growth of 20.1%)



R\$ 916 million in
results distributed
to members in 2018

Our performance was positive in 2018. Total assets were R\$ 95.1 billion, growth of 23% over last year.

Consolidated Sicredi (in thousands of R\$)				
		2016	2017	2018
Total assets		65,884,842	77,309,437	95,072,833
Assets:	Cash and cash equivalents	622,658	812,722	844,155
	Short-term interbank investments	14,075,009	13,875,888	13,797,205
	Securities	13,981,481	16,375,830	20,382,042
	Interbank and interbranch relations	869,253	1,947,901	3,196,214
	General credit	17,948,147	22,026,224	29,668,305
	Rural credit	15,073,791	18,193,512	21,872,899
	Other credits	1,586,962	2,020,601	2,818,691
	Other amounts and goods	288,036	385,740	434,137
	Permanent	1,439,505	1,671,019	2,059,185
	Liabilities	Deposits	42,873,487	50,366,971
Open market funds		1,259,019	1,535,738	3,869,178
Loans and onlending		6,959,801	8,152,453	9,810,081
Other liabilities		3,676,177	4,170,120	5,616,275
Net equity		11,116,358	13,084,155	15,290,889
Result	Income from financial	10,702,551	10,840,263	11,084,435
	Other operating revenue	1,917,956	2,005,730	2,609,641
	Financial intermediation expenses	5,364,133	4,695,790	4,166,468
	Other operational expenses	5,236,721	5,736,600	6,743,637
	Surplus	2,019,653	2,413,603	2,783,971
	Interest on own equity	452,726	453,083	390,266

Banco Cooperativo Sicredi's total assets were R\$ 47.0 billion, 14% over the previous year.

Banco Cooperativo Sicredi (in thousands of R\$)				
		2016	2017	2018
Total assets		40,223,543	41,243,917	46,980,187
Assets	Cash and cash equivalents	68,945	91,073	65,865
	Short-term interbank investments	14,083,559	13,877,377	13,790,102
	Securities	7,970,570	4,079,936	4,090,114
	Interbank and interbranch relations	827,337	1,851,127	3,165,201
	Rural credit onlending	8,841,436	11,092,074	13,127,365
	General credit	1,277,499	1,667,773	1,956,642
	Rural credit	5,855,566	6,804,731	8,305,141
	Other credits	1,128,001	1,594,442	2,278,250
	Other amounts and goods	2,763	2,387	844
	Permanent	167,867	182,997	200,663
Liabilities	Deposits	12,846,748	16,105,028	18,436,899
	Open market funds	17,139,593	13,365,833	14,016,993
	Loans and onlending	6,959,801	8,152,453	9,810,081
	Other liabilities	2,072,080	2,410,134	3,501,030
	Net equity	1,205,321	1,210,469	1,215,184
Result	Income from financial intermediation	3,943,140	3,335,010	3,084,027
	Other operating revenue	196,889	218,088	303,732
	Financial intermediation expenses	3,360,941	2,657,485	2,303,040
	Other operational expenses	672,784	806,955	995,195
	Surplus	106,304	88,658	89,524
	Interest on own equity	0	10,000	10,000

Participation of business lines in total revenue (R\$ thousands)

	2016		2017		2018	
	Amount	%	Amount	%	Amount	%
Credit	7,120,631	59%	7,741,210	62%	8,719,306	67%
Financial revenues	3,582,381	30%	3,099,052	25%	2,365,129	18%
Services rendered	1,293,285	11%	1,564,264	13%	1,935,665	15%
Banking services	552,357	5%	619,422	5%	726,018	6%
Insurance	207,777	2%	263,740	2%	329,959	3%
Cards	160,901	1%	219,756	2%	316,899	2%
Collection	160,317	1%	211,970	2%	249,042	2%
Consortiums	116,243	1%	141,083	1%	168,709	1%
Agreements	64,697	1%	69,398	1%	67,414	1%
Other services	30,993	0%	38,895	0%	77,624	1%
Total	11,996,297	100%	12,404,526	100%	13,020,100	100%

Distribution of results to members*

Sicredi DL04

In 2018, we distributed the results to members based on the decisions taken in the general assemblies. From the R\$ 677 million at the disposal of the assemblies, R\$ 526 million was distributed to the members, accounting for 77.7% of the total. Moreover, during the year we paid out R\$ 390 million in interest on own equity to members, corresponding to 14.0% of the results distributed. By distributing interest on equity, we share the results generated by the cooperatives. The results are distributed by means of a deposit in the account of the member or as a capital quota**.

* Results referring to 2017.

** Capital quota: it is the member's share in the Cooperative, representing direct participation in strengthening the institution. When members invest in the Capital Account, they inject funds into the cooperative, with the goal of strengthening the business margin and benefiting all members.

Products and services

Credit

Sicredi DL06/ DL07 / DL08 / DL09 / DL10 / DL11 / GRI 102-48

In 2018, our credit portfolio grew 27.7% (R\$ 12.2 billion increase) and reached the mark of R\$ 56.1 billion in total credit. The portfolio consists of R\$ 32.7 billion in commercial credit and R\$ 23.4

billion in rural and targeted credit. Among the products, we highlight the growth in Credit for Solar Energy Financing and Real Estate Credit.

Balance and credit concession (R\$ billion)			
	2016	2017	2018
Balance	36.2	43.9	56.1
Concession*	33.4	42.5	52.3

* The data on the 2017 concession was changed from that reported in the previous year, as we now consider Central North / Northeast information. Only the concession data in 2016 disregard this cooperative central.

Breakdown of credit portfolio by product (R\$ billion)			
	2016	2017	2018
Real Estate Credit	0.1	0.1	0.2
Commercial Credit private individuals	10.1	12.0	15.6
Commercial Credit businesses	8.6	10.6	14.0
Foreign currency	0.2	0.3	0.4
Rural and directed credit	16.0	19.5	23.4
Vehicles	1.2	1.4	2.5
Total	36.2	43.9	56.1

The credit concession strategy, in 2018, focused on agility in servicing members, operational efficiency and security for the cooperative enterprise.

Through the pre-approved limits made available to the members, in addition to automatic decisions at the time of the proposal and opening of the account, we recorded a substantial increase

in the level of automatic concessions, which reached more than 1 million proposals, representing 57.9% of the total. In 2017, there were 639 thousand proposals, equivalent to 46.7% of the total. In these modalities, members with less probability of default are benefited, providing a higher credit quality to the System.

We continued the evolution of systems and processes, which led to the expansion of the sustainable lines portfolio and reduction in contracting time, increasingly assembly the needs and satisfaction of members. As a result,

we recorded a significant increase in portfolios in 2018. In the housing area, we achieved a 93% increase in the portfolio, after the hiring 500 new operations. In addition, we extended the provision of real estate credit with funds from the FGTS (Time of Service Guarantee Fund), focusing on popular real estate.

We also presented a significant increase in Green Economy products and services that contribute to communities and the environment, such as solar energy financing and agroecology (learn more on page 75).

Loans granted in rural and directed credit

	2017		2018	
	Amount financed (R\$ bi)	Total operations	Amount financed (R\$ bi)	Total operations
Rural	12.06	162,163	14.13	164,767
OTHERS	7.19	36,117	8.21	34,529
PRONAF	2.59	102,674	2.94	103,702
PRONAMP	2.28	23,372	2.98	26,536
Directed	2.19	23,022	3.04	27,773
ABC	0.03	81	0.06	110
BNDES AUTOMATIC	0.02	49	0.03	40
Others	0.02	135	0.03	196
FCO	0.13	581	0.04	160
FINAME	0.03	152	0.11	347
INOVAGRO	0.08	164	0.27	430
MICRO-CREDIT	0.01	2,252	0.01	1,695
MODERAGRO	0.20	570	0.31	752
MODERFROTA	0.29	1,166	0.48	1,970
MODERINFRA	0.02	33	0.01	27
MODERAGRO	0.18	844	0.18	835
PCA	0.03	31	0.09	69
PROCAMINHONEIRO	0.00	15	-	-
PROCAPAGRO	0.01	3	-	-
PRONAF	0.79	14,637	1.17	19,578
PRONAMP	0.34	2,309	0.24	1,564

* Rural data for 2017 are different from the previous report because they have been reported on the basis of cooperatives. This year, to follow the pattern of the whole report, they were informed based on the consolidated balance sheet.

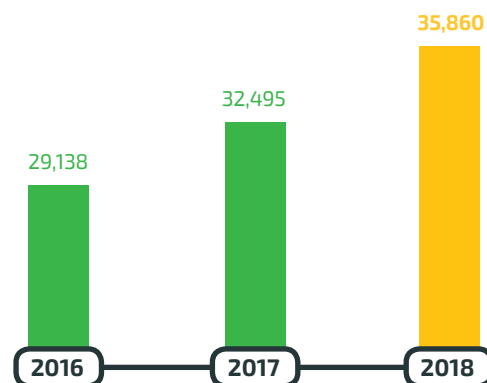
Focused on supporting members through products and services tailored to their needs, we seek to provide conscious credit, contributing not only to the business growth, but also to the cooperative growth and, consequently, to local development. In rural credit operations, small and medium-sized producers continued to be the main focus served by Sicredi, with about 79% of the operations carried out directed to these audiences. Under the PRONAF (National Program for the Strengthening of Family Farming), rural credit concessions increased by 13% compared to 2017, reaching R\$ 2.9 billion. In the PRONAMP (National Program to Support the Medium Rural Producer), the growth in the rural credit concession reached 30% in the period, registering an increase of R\$ 0.7 billion.

In the BNDES (National Economic and Social Development Bank) funds, we granted 39% more than in 2017. As a result, we reached the 4th position in the Ranking of Accredited Institutions of Indirect Operations of BNDES, reaching 1st placed with onlendings to individuals, 2nd place in operations for micro, small and medium-sized enterprises and the 1st place with onlendings of Federal Government agricultural programs (more on page 21).

As for the agro segment with directed credit, we offer a new line with BNDES resources in Pronaf and sustainability bias: Pronaf Agroecologia, which allocates resources for investment in agroecological or organic production systems.

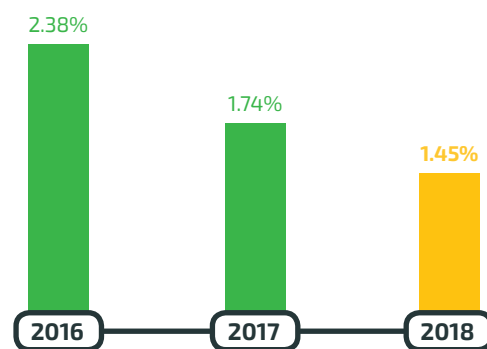
In addition, we continue to offer lines that fund sustainable practices for our members (learn about these practices on page 75). In the corporate segment with a social focus, we continue to make available the Working Capital from BNDES line, which enables working capital to increase production, employment and salaries.

Average ticket per member (R\$)

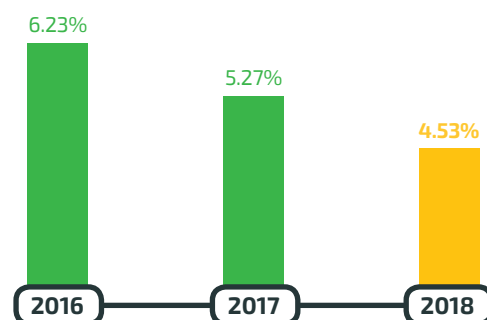


* The data reported for 2016 and 2017 were restated.

Delinquency rates



Provision Level



With continued risk management efforts, we have been able to maintain the safety of our business while raising the concession to the public by more than 10%. Such a strategy drives us to a more robust and perennial outcome of the portfolio over longer horizons.

Our delinquency indicator has been steadily reduced. The delinquency indicator above 90 days reached the mark of 1.45%, value almost 0.3 percentage points below the previous year.

As a consequence of a portfolio focused on better risks, more concise credit recovery processes and less delinquency, it was possible to reduce the provision level required. We reached a fall of 0.74 percentage points in the year, closing at the level of 4.53%. We also highlight the financial strength of the System, through a coverage level, calculated from the ratio between provisions for credit losses and delinquencies over 90 days, at a level of 312%.

Currency Exchange

At Sicredi, we believe that by supporting our members' foreign trade operations, we also collaborate with their development and their community. Therefore, we provide resources for the financing of exports and imports, as well as other exchange services, including the sale of foreign currency in kind.

In 2018, we performed 18,757 foreign exchange transactions, resulting in an average of 74 contracts per day. The value is 17.8% higher than in the previous year. Among the operations, 730 were made for cooperatives, 62 for associations and 14 for foundations. Throughout the year, we registered 1,193 new members, an increase of 63.29% compared to 2017.

In 2018, we received the STP Award - Standard Practices, granted by Commerzbank AG Frankfurt, our main correspondent banking partner for the movement of dollars and euros. The award recognizes customers who comply with international guidelines and policies for payments, presenting a negligible number of errors and unfolding investigations into remittances abroad.

Consortium

As a financial solution to increase the equity and contribute to improve members' quality of life, we offer consortium groups in the real estate and cars segments with longer terms: 200 months and 100 months. With that in mind, we provide a more affordable and adherent installment to the monthly budget of members with lower income brackets. In addition to a longer period of time to allow consortium members to remain loyal for longer, while avoiding the search for these opportunities in other institutions.

Our consortium area also seeks to support the investment of the small and medium farmer through letters of credit from consortia for the acquisition of agricultural machinery and equipment, operating with one of the lowest market rates. The product enables the investment and modernization of work tools, improving members' quality of life. Considering the farmer's income seasonality, which often hinders access to credit, we offer differentiated plans with quarterly / half-yearly financial contributions. Therefore, we promote the regional economic development of agribusiness.

We also offer consortiums for the acquisition and construction of container-houses and the acquisition of ecoefficient products, which contribute to our positive socio-environmental impact (learn more on page 77).

Consortium for the acquisition of drones

In 2018, we launched the Drones Acquisition Consortium product. This launch has the premise of achieving a gain of efficiency and savings of up to 60% for member's agribusiness and can generate a return of 15 to 20% in productivity increase, reducing considerably the quantity of inputs used to spray large areas. With the drone, the spraying happens with the exact location control, avoiding the dispersion in neighboring plantations while providing greater safety for the producer, since it prevents its contact with the chemical agent.

Insurance

We act as consultants for members in the acquisition of insurance products, from the application process to dealing with claims. We have specialized teams that provide support for the cooperatives in the provision of services for policy holders and the negotiation of prices and terms with partnering insurance companies. We constantly carry out analyzes and negotiations with the entire supplier chain to provide products to members with standards of competitiveness compatible with the market. We also monitor policy holders' claims actively to speed up the settlement process, ensuring they receive the best service possible from insurance companies.

We have an insurance multi-offer platform for residential, business and automobile products, which allows the member to

obtain quotes from different insurance companies in the cooperative itself.

In addition, auto insurance is already offered through the relationship platform, optimizing member service.

In 2018, we provide protection to more than 1.3 million people in more than 3.1 million policies of diverse products, among them the life, residential, automobile, rural, agricultural and patrimonial insurance.

In 2018, more than R\$ 485.6 million was paid out in insurance claims. Following the impact of some climatic events on small communities, what preserved the local economy was the payment of insurance claims. In the case of life insurance, we offer protection and financial security to members, their families and communities. Members also received BRL 6.9 million from certain insurance products that incorporate draws.

Savings

In 2018, our members deposited R\$ 13.3 billion in savings accounts, recording growth of 38.7% over 2017. We remain as the sixth largest portfolio in the country and we had the highest percentage growth among financial institutions in the year.

In February, we launched Poupador, a solution available in our app that encourages savings to members who have a standing balance in their checking account. Over ten months, it was responsible for raising more than R\$ 200 million, through 105 thousand applications. Therefore, we contributed to financial education, showing that it is possible to save even with small amounts, and we raised funds to expand credit supply in their region.

Deposits

We surpassed the R\$ 34 billion in the term deposit portfolio. These resources guarantee the expansion of our commercial credit portfolio, being fundamental to promote economic development in the cooperative regions.

Acquisition

With the objective of expanding our business and positioning the bank as a merchant acquirer, we launched, in November 2017, the Sicredi card terminal, in partnership with FirstData. With it, we support the development of members' businesses, with the possibility of accepting payments on debit, credit and voucher, in addition to more efficiently controlling sales.

Since its launch, more than 80 thousand members have contracted the product, carrying out transactions that have moved more than R\$ 5 billion in its terminals. As a result, they generated R\$ 45 million in net revenue for their cooperatives.

Investment funds

Our members can also choose to save and add funds through investment funds. To offer the funds that can generate the most value for each person, we apply an Investor Profile Analysis questionnaire, according to the determination of the regulatory agencies. Based on the identification of the member's profile and key questions such as when he/she

will need to use the funds, we offer products suited to their needs. Members may also fill out the questionnaire and use an investment manager through our internet banking and app.

In 2016, we internalized the Resources Management, with an area responsible for portfolio management, investment strategies and market valuations, always with a view to meeting the needs of investors. With the internalization of management, we have calculated that we should save R\$ 47.5 million between 2016 and 2021.

In 2018 alone, the initiative **generated savings of**

R\$ 14.5 million

Throughout the year, we have repositioned the Investment Funds portfolio, as well as Private Pension Plans, reducing the initial application values and the administration and loading rates of the products.



Socio-environmental risk

GRI 102-11 / 102-15 / 102-33 / 102-34 / 103-2 / 103-3 / FS1 / FS2 / FS3 / FS4 / FS5 / FS9 / FS10

Socio-environmental risk factors (RSA) can directly affect our operations, generating financial losses and damaging our reputation. The financing of activities in sectors that are more exposed to socio-environmental impacts, such as agriculture and livestock, require more detailed risk mitigation mechanisms, as well as the evaluation of the impacts to the business and to the communities in which we are inserted.

Our Standard for Social and Environmental Risk Related to Credit, revised in 2016, complies with Brazilian Central Bank Resolution 4.327, and continues to be the main driver of socio-environmental management at Sicredi. The standard, in conjunction with the Sustainability and Socio-environmental Responsibility Policy, sets forth directives, as well as consolidating specific parameters and procedures for socio-environmental practices in the concession of loans, including managing socio-environmental risks, impacts and opportunities.

Furthermore, the Internal Audit area conducts an annual process to assess the effectiveness of the procedures adopted under the standard. The application of socio-environmental practices is also assessed externally by the Brazilian Central Bank, which periodically oversees the implementation of Resolution 4,327, as does our business partner the International Finance Corporation (IFC), by means of the annual Universal Banks report. Since 2016, the Brazilian banking federation Febraban (Federação Brasileira dos Bancos), has tracked conformance with its SARB14 self regulatory framework via a Compliance Report.

Our evaluation of the RSA in credit concessions has been gradually evolving with the incorporation of new practices, the improvement of current processes and the continuous dissemination of good risk practices in our internal culture.

RSA practices adopted by Sicredi



Self-declaratory socio-environmental questionnaire



Geoprocessing



Prohibited and not recommended activities



Dialogue with environmental agencies



Environmental Screening

In our credit concession process, we apply self-declaratory questionnaires to members whose activities present exposure to socio-environmental risks and relevant proportionality in our portfolio, as well as carry out additional checks to evaluate the involvement with not recommended activities (extraction or sale of timber from native forest, for example).

By the end of 2018, we had 10,393 self-declaratory socio-environmental questionnaires applied and still valid. Of these questionnaires, 74% were applied to corporate members and, for the most part, were conducted during on-site visits.

All our loan contracts have a socio-environmental responsibility clause which provides for a fine and the early liquidation of operations where there is a breach of clauses establishing socio-environmental commitments.

We also employ a systemic block which prevents the granting of credit to members mentioned in the Employers' Registry who submitted workers to conditions similar to those of slave, disclosed by the Ministry of Labor and Employment (MTE). Similarly, we also employ a systemic block to members, and their respective economic groups, on the official environmental embargo lists released by the environmental agencies IBAMA (Instituto Brasileiro do Meio Ambiente) and ICMBio (Instituto Chico Mendes de Preservação da Biodiversidade), which are submitted to a specialized evaluation by a team dedicated to socio-environmental risk management.

This process is called environmental screening, which evaluates the proposals for the credits requested and the areas to be benefited, through documentation and elements that subsidize the final decision of the credit. In cases where the area to be benefited is not the location subject to the embargo and that socio-environmental risks are mitigated, an opinion is issued for the continuity of the credit concession, observing



the reservations and conditions deemed necessary. The member remains locked while in the official lists and this screening is performed with each new credit request.

In 2018, we have also made progress with the georeferencing system for assessing areas of greater environmental risk in our agricultural financing and investment operations, in line with the obligation to register coordinates established by CMN Resolution 4.427/15 and updated by CMN Resolution 4.580/17.

Based on the geodesic coordinates of the object of financing, we may automatically validate whether there is any overlap with the risk areas officially disclosed by the competent authorities. A message indicating a "restriction" is issued when any overlaps with indigenous, quilombola, environmental preservation (APA) ecologically important area (ARIE) areas are identified. Similarly, a message indicating "prohibition" is displayed when embargoed areas or conservation units are identified, impeding the continuity of financing in these cases.

This initiative has broadened the reach of our processes, establishing a new level of mitigation of socio-environmental risks, limiting damages and unwanted exposures in areas of greater risk. The main challenge is to maintain a simplified and yet effective and secure process, aligned with the various member profiles by region.

We performed more than 60,000 geoprocessed operations, volume 46% higher than in 2017. They totaled R\$ 7 billion in credit, representing 42% of rural credit concessions for the year.

In 2018, we once again had the opportunity to narrow the relationship with environmental agencies, especially the pilot workshop held at one of our cooperative centrals, which provided a assembly with Sicredi teams and representatives from ICMBio and the Brazilian Federation of Banks (Febraban), for clarification on the Rural Environmental Registry, Environmental Regularization Program, restricted areas, environmental licensing conditions in conservation areas, among others.

We are supported by a specialized environmental consultancy to develop analyzes to assist members in their environmental regularization processes. Initiatives such as these reinforce our responsible financing strategy and contribute to the training and awareness of the various areas involved in identifying social and environmental risks in credit operations.

The implementation of these actions and their results are reported and discussed in the relevant forums, including the Sustainability, Risk and Compliance Committees

Socio-environmental Risk Training

In order to strengthen our culture and processes, we have invested in functional training and RSA-focused training, among which we highlight the certification on Socio-Environmental Responsibility in the Financial System (distance modality), which is compulsory for various functions in the branches, cooperatives and cooperative centrals, which was held by 3,625 employees in 2018.

In the internal reinforcement of the processes, about 160 multipliers were trained in the cooperative centrals and cooperatives, whose objective was to disseminate and improve the practices adopted. RSA's centralized management team intensified its specializations in the subject, totaling more than 140 hours in courses, participation in lectures, congresses, forums, workshops and working groups with other financial institutions in order to qualify and exchange experiences.

In addition, the automation of tools has reduced the operational work for the cooperatives and branches, allowing a greater focus on the understanding of the concepts rather than the process. By making the usability of the tools more adequate and secure, we improve the competence of all the System employees with respect to the theme, since their needs change: from operational decrease to advances in rules and indicators.

Social and environmental responsibility

GRI FS7 / FS8 / FS15

As a result of our management focused on social-environmental issues, part of the resources we offer in the form of credit are allocated in the so-called Green Economy, which results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcity.

In order to measure the amount of resources we allocate in this sector of the economy, we use the methodology employed by the Brazilian Banking Federation (Febraban) in its study on "The National Financial System and the Green Economy". The result was growth of 29% in the balance allocated to the Green Economy, impacted mainly by the higher balance of products with a specific purpose in low carbon agriculture.

Products and services promoting environmental and social benefits ¹ (R\$)*			
	2016	2017	2018**
Sectors of the green economy	603,242,551	775,041,308	1,400,946,199
Products with a specific purpose	6,611,427,615	7,080,406,140	8,733,128,463
Low carbon emission agriculture	2,553,634,007	3,244,462,762	4,723,923,366
Good agricultural practices	2,429,272,570	2,044,012,497	1,894,801,841
Micro-credit	1,618,554,956	1,761,073,008	1,940,414,435
Other products with a specific purpose	9,966,082	30,857,873	173,988,821
Total Green Economy	7,214,670,166	7,855,447,448	10,134,074,661

* Data from the cooperatives.

** Considering the cooperatives of the Cooperative Central North/Northeast.

Renewable energy, energy efficiency, sustainable construction, sustainable transport, sustainable tourism, water, fishing, forest, sustainable agriculture and waste sectors, as well as specific agribusiness and some social sectors such as education, health, productive inclusion and local and regional development were considered in the calculation.

Agricultural financing lines, which use no-till systems in the straw, are our main products with the specific purpose of low carbon emissions. This is due to the fact that no-tillage significantly decreases the environmental impact, since it avoids plowing and tilling operations, reducing soil rotation and reducing greenhouse gas emissions. Also, the straw that lies on the ground promotes the increase of the microbiological life, reducing the emission.

In addition to these, we provide a number of other lines of credit that finance sustainable practices:

- **Program for Reducing Emissions of Greenhouse Gases in Agriculture (Programa ABC):** seeks to encourage investment in agricultural projects that reduce emissions of greenhouse gases and deforestation. The program is dedicated to the implantation of organic systems of agricultural production, implantation and improvement of "in the straw" no-tillage systems and implantation of systems of crop-livestock integration, forest-farming, forest-raising or forest-animal husbandry agroforestry systems. It also funds the adequacy or regularization of rural properties to environmental legislation, including the recovery of the legal reserve, permanent preservation areas and degraded areas, and the implementation and improvement of sustainable forest management plans. In addition, it supports the implementation, maintenance and improvement of animal waste and waste treatment systems for energy generation and composting, and the use of biological nitrogen fixation. In addition to generating environmental value, these investments increase the producer's own profitability and positively impact his/her community.
- **In the Pronaf Investment Program, the Credit Line Pronaf Mais Alimentos:** an important product that brings social benefits by making it possible to finance farmers and family farmers. It should be used for investments directly related to, for example, the implantation, expansion or modernization of the structure of production, storage, transport or agricultural and non-agricultural services, in rural location or in nearby rural community areas.
- **In the Pronaf Investment Program, the Credit Line for Investment in Renewable Energy and Environmental Sustainability (Pronaf ECO):** aimed at investment in the use of renewable energy technologies, environmental technologies, water storage, small hydropower uses, forestry and adoption of conservation practices and correction of acidity and soil fertility, aiming at its recovery and improvement of productive capacity.
- **Program for Modernization of Agriculture and Conservation of Natural Resources (MODERAGRO):** promotion of actions related to animal defense; support for soil recovery through financing for acquisition, transportation, application and incorporation of agricultural correctives; investments necessary for the supply of water, food and waste treatment related to animal husbandry activities; works resulting from the execution of sanitary and environmental adequacy project.
- **Incentive Program for Irrigation and Production in Protected Environment (MODERINFRA):** financing for the development of sustainable irrigated agriculture (including water reserves), as well as for encouraging the use of protected production structures and for protecting fruticulture in temperate climates from the incidence of hail.
- **Incentive Program for Technological Innovation in Agricultural Production (INOVAGRO):** financing for the incorporation of technological innovations in rural properties, contemplating the implementation of systems for generation and distribution of alternative energy to conventional

electricity, for own consumption, such as wind, solar and biomass energy, observing that the project must be compatible with the need of energy demand of the productive activity installed in the rural property.

- **Microcredit Lines:** finance formal and informal microentrepreneurs and promote the inclusion of low-income microentrepreneurs in the financial market. In 2018, approximately R\$ 4.1 million of resources were made available to legal entities, while for individuals, the amount was R\$ 6.6 million. Of this amount, 58% of the operations were aimed at the male public and 42% went to the female gender.

We also offer consortiums for the acquisition and construction of container-houses, through the provision of this product in our real estate consortium credit portfolio, and for the acquisition of eco-efficient products, through the Consórcio Sicredi Sustentável (Sicredi Sustainable Consortium). This product may be used for investments in water and sewage treatment, energy efficiency and wind and solar energy generation. Since its launch in July 2015, the sustainable consortium has accumulated 12,241 active quotas, with more than R\$ 490 million credits.

Another highlight in our portfolio in the year was the concession of R\$ 232.3 million in 2,699 operations of the credit product Sicredi Financing for Solar Energy, which registered a 648% growth in the balance. The credit portfolio increased from R\$ 33.2 million in 2017 to R\$ 248.6 million in 2018, an increase of R\$ 215.3 million. Our funding for solar energy seeks to provide direct financial savings to members, who spend less on energy consumption, while reducing the consumption of polluting energy sources in society, supporting the fight against climate change.

Solar energy

The Sicredi Vale do Rio Pardo Cooperative, in Santa Cruz do Sul (RS), financed the largest solar plant in a hospital in Brazil, installed in December 2017 at the Ana Nery Hospital. In the first months of operation, the savings generated for the health home were between 25% and 35% per month, depending on the incidence of sun. The municipality ranks in the first place in the state and fifth in the country in investments in photovoltaic energy. Of the 416 solar energy connections installed in the city in 2017/2018, more than 50% were financed by the cooperative.



Sustainable operation

GRI 305-1 / 305-2 / 305-3

Our focus on generating positive value for the environment and the communities where we are inserted is also present in the way we build and manage our operations.

At the Centro Administrativo Sicredi (CAS), we have had the LEED seal for Existing Buildings in Operation and Maintenance at Platinum level, since 2016. This certification focuses on operational efficiency and building maintenance, helping to minimize costs and impact on the environment. The building has sewage treatment plants, rainwater collection for use in toilets and urinals, automation system for lighting control and energy meters, which help us to understand our energy consumption and draw up plans for improvements.

Since 2012, we have developed initiatives to measure, reduce and offset greenhouse gas emissions (GHG), in a non-systematized way. Starting in 2013, some cooperatives and the Centro Administrativo Sicredi (CAS) started measuring eco-efficiency data, including some emission sources, as well as developing training and awareness materials for employees.

Respecting the autonomy of each cooperative centrals and cooperative, adherence to the eco-efficiency and inventory management process was voluntary. Over time, some cooperatives have begun to implement actions to reduce emissions, such as the installation of photovoltaic panels, management and minimization of solid waste and offset of emissions through the purchase of carbon credits and tree planting.

This year, for the first time, we present our Greenhouse Gas Emissions Inventory in a systemic way. From it, we reinforce our commitment to the transparent, efficient and sustainable management of our business. The adhesion of cooperative centrals and cooperatives remains voluntary. In the data collected, we had the participation of 74 affiliated credit unions, five cooperative centrals, the three buildings of the Centro Administrativo Sicredi, and the collection area. Another 20 affiliated credit unions also contributed, but with partial participation in the data.

The units adhering to the inventory emitted, together, 17,528.34 tons of carbon dioxide equivalent. Scope 01 (direct emissions) and Scope 02 (indirect emissions by acquired energy) totaled 8,845.36 tCO₂e (50.46%). Scope 03 emissions (other indirect emissions) accounted for 8,682.97 tCO and (49.54%).

Regarding the sources of emissions, it was verified that in 2018 they were concentrated in the energy consumption of the units (25.65%), business trips (20.19%), fugitive emissions by the replacement of gases in appliances (17.69%), transportation of employees from CAS to work (10.11%) and in the transportation of pouches and cash (upstream) (9.72%). These sources represent more than 83% of the group's emissions in 2018.

In 2018, we issued 0.80 tCO₂e per employee, considering only the units that participated in the inventory.

Total emissions * in 2018		
Sources of emissions	Total emissions	%
Scope 1	4,385.04	25.02%
Fugitives	2,618.88	14.94%
HFCs	2,610.06	14.89%
Carbon dioxide (CO ₂)	8.82	0.05%
Direct Mobile Combustion	1,649.61	9.41%
Gasoline	1,515.08	8.64%
Diesel Oil	132.81	0.76%
Ethanol	1.72	0.01%
Stationary combustion	79.15	0.45%
Diesel Oil (pure)	56.94	0.32%
Liquefied Petroleum Gas (LPG)	22.21	0.13%
Effluents	35.71	0.20%
Activated sludge / Anaerobic digester	24.74	0.14%
Septic tank	10.97	0.06%
Waste	1.70	0.01%
Composting	1.70	0.01%
Scope 2	4,460.32	25.45%
Energy	4,460.32	25.45%
Electricity acquired	4,460.32	25.45%
Scope 3	8,682.97	49.54%
Business travel	3,768.33	21.50%
Aviation Kerosene	2,151.09	12.27%
Gasoline	1,617.24	9.23%
Upstream transportation and distribution	1,712.68	9.77%
Gasoline	453.76	2.59%
Diesel Oil	1,258.92	7.18%
Employees transportation	1,880.00	10.73%
Diesel Oil	1,880.00	10.73%
Waste from Operations	1,145.03	6.53%
Landfill	1,132.29	6.46%
Composting	12.75	0.07%
Upstream transportation and distribution	174.85	1.00%
Goods and Services Purchased	2.08	0.01%
Total (tCO₂e)	17,528.34	100%

* Refers to the 94 affiliated credit unions (out of a total of 114 in the System), as well as five Cooperative Centrals, three buildings of the Centro Administrativo Sicredi and the collection area. Of the 94 affiliated credit unions, 20 reported only data related to the transportation of cash. The inventory is created based on the concepts and guidelines established by the following methodologies: "The Greenhouse Gas Protocol – a Corporate Accounting and Reporting Standard – Revised Edition" – WRI/WBCSD, 2011; "Verification Specifications of the Brazilian GHG Protocol Program – Second Edition" – WRI/FGV, 2011; "Accounting, quantification and publication of Corporate Inventory of Greenhouse Gas Emissions, First Edition" – WRI/FGV, 2012; "ISO 14.064:2007 – Greenhouse Gas Management System" – (International Organization for Standardization – ISO), 2007.



Sicredi Smart

In 2018, Sicredi União Cooperative PR/SP installed our first Branch Smart, in the city of Cafeara (PR). It is a sustainable branch, which generates value in the communities where we are present, for its simple and cheap operation. The solution can even be adopted in small towns, where it is not feasible to build a branch following the traditional molds (the municipality of Cafeara has a population of 1.2 thousand economically active people).

To make the installation easier, the property is made of container. The branch also generates its own solar energy and captures rainwater, reducing its environmental impact.

Financial education

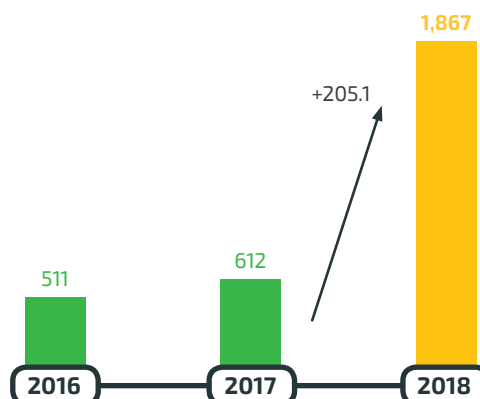
Sicredi SR01 / GRI 103-2 / 103-3 / FS16

At Sicredi, we believe that financial education is one of the main ways to extend our value creation to members and their communities, contributing to the conscious and sustainable use of our financial solutions, achieving their personal and business goals. Therefore, the theme is inserted in our strategic planning, as part of the sustainability actions.

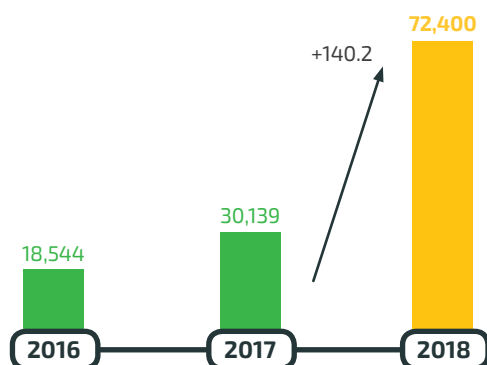
Our main systemic action within this theme is Brazil's National Financial Education Week (ENEF Week). It is an initiative of CONEF (National Committee for Financial Education) with the objective of promoting the National Strategy for Financial Education. Organized by the Central Bank of Brazil and held from May 14 to 20, 2018, the Week was supported by financial organizations from all over the country, which carried out free educational actions to spread the word.

In all, we carried out 1,867 actions involving 72,400 people, an increase of 205.1% over the previous year and of 265.4% in relation to our first participation in 2016. We then tripled our number of actions in the initiative.

Actions undertaken at ENEF Week



People reached by ENEF Week



Our cooperatives also carry out financial education initiatives aimed at employees, members and the community in general. They are developed through trained assessors, who conduct lectures, workshops, assemblies and training both face-to-face and distance learning. In 2018, there were 2,942 actions

in all regions covered by our cooperative central, impacting 173,709 people.

We also use preventive SMS, sent to members with reminders of the due date of their consortium installments, aimed at reducing delinquency. This initiative affect consortium quota holders on a regular situation, but have already been defaulters at some point, as well as consortium quota holders in default with their payments, helping them to keep their financial life under control.

In the basic training of all employees, personal finance content is included, raising awareness about the importance of financial planning and bringing tips on how to manage financial resources. We also encourage the participation of employees and members in the free distance course of the Brazilian Central Bank dedicated to the importance of planning a financial life.

Turma da Mônica and financial education for children

Sicredi Cooperative Central - PR/SP/RJ has launched, in partnership with Mauricio de Sousa Produções (MSP), a special series of comics magazines from Turma da Mônica with the theme "financial education for children". The launch was held at the headquarters of MSP, in São Paulo, on May 14, the first day of National Financial Education Week (ENEF). In total, there will be six editions, focusing on the contents: our relationship with money; personal or family budget; use of credit and debt management; planned and conscious consumption; savings and investment; and prevention and protection. In 2018, 1.5 million comic books were distributed in three editions, impacting thousands of children and their families. In 2019, three other editions will be published.



Community Development

How we make the difference

GRI 103-2 / 103-3



The result of our responsible and close operation is the transformation of the communities where we operate. This is because our job is to raise members' resources and lend to other members from the same regions. The permanence of the resources in the same location positively impacts the community, stimulating income generation and sustainable growth, with greater supply of jobs, local products and economic development.

Therefore, the member can invest more and more resources in the cooperative, and we grow together. We named this process of joint development of the cooperative, the member and the community as Sicredi's virtuous Cycle.



Sicredi's virtuous Cycle

Sicredi makes members' financial lives more cooperative. Whoever saves helps to finance the credit of whoever needs it, developing the community.



Sicredi Foundation

GRI 103-2 / 103-3

To increase our value creation to the communities, all our cooperatives and cooperative centrals count on professionals who work in the Cooperative Development area, coordinating actions directed to members and the community.

These actions are assisted by Fundação Sicredi, which provides support through specialized technical assistance in the following initiatives: Crescer Program - learn more on page 30, Pertencer Program - page 24, A União Faz a Vida Program - page

87, Sicredi's Library (page 90), Financial Education - page 80 and Fundraising.

The Fundação team acts in line with our Strategic Planning, with actions based on the macro themes of sustainability (see more on page 9) and planned in a collaborative way, with the participation of cooperative centrals and cooperatives.

In 2018, our governance structure now has a Foundation Committee, reporting directly to the Board of Directors of SicrediPar, with the goal of assisting in decisions about social programs, enhancing their effects and aligning them with the core of our business.



Union Creates Life Program

FATES

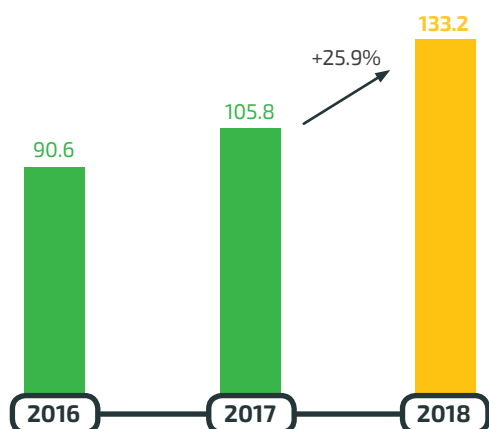
Sicredi DL03

All Sicredi cooperatives collaborate with the Technical, Educational and Social Assistance Fund or FATES — by means of a reserve of at least 5% of its financial result for the year.

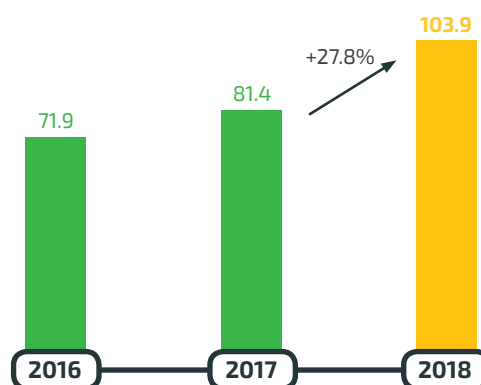
The intention is to strengthen the cooperativism principles, with all supporting each other. In 2018, a total amount of R\$ 133.2 million was allocated to FATES.

Amount contributed to the Fates Fund (R\$ thousand)			
	2016	2017	2018
Starting balance	82.6	110.4	134.8
(+) Contributions to FATES	90.6	105.8	133.2
(+) Contributions to FATES in the current fiscal year	82.3	98.0	121.8
(+) Contributions to FATES in the previous year	8.3	7.9	11.4
(-) Absorption of expenditures by FATES	72.0	81.4	103.9
(+) Entry of Sicredi Cooperative Centrals - North/Northeast	9.2	0	0
(-) Cooperatives exiting the system	0.3	0	0.16
Final balance	110.4	134.8	163.9

Amount destined to FATES (R\$ million)



Amount used by FATES (R\$ million)



The Fund provides assistance to members, their families and, where provided in the by-laws, to cooperative employees on three fronts:

- **Technical assistance:** supports technical training activities to develop members' economic activity, improving the conditions of professional activity while supporting family subsistence.
- **Educational assistance:** aims to improve the social, family and employee of the cooperative context through the development of educational activities for the diffusion and promotion of cooperativism through courses, lectures, seminars and training with specialized professionals.
- **Social assistance:** aims to help, improve and protect the lives of members, their families and employees through social and health support, events, sports and cultural activities, among other initiatives.

Supporting the conservation of the Pantanal

Since 2012, Sicredi Sul MT has carried out the Projeto Recuperando Nascentes (Recovering Springs Project), which aims to recover and preserve water courses located on the properties of its members. The springs that are recovered are tributaries of the Pantanal Mato Grossense, collaborating with the biome preservation. The initiative has voluntary membership, and the cooperative and the member share the final cost of the project. Partners offer materials such as seedlings, fence and transport. By the end of 2018, 90,000 seedlings were planted as part of the project. This project has affected other cooperatives that have already started the actions, like Sicredi South-west, which already has more than 5,000 seedlings planted involving dozens of cooperative and community volunteers.

Fighting the soybean stink bug

In partnership with the MS Foundation, the Sicredi Cooperative Centrals - Brazil Central develops a research project to combat soybean predators through biological pest control. The partnership arose from a demand from Mato Grosso do Sul farmers to have a more sustainable and affordable solution to fight the brown soybean stink bug, which can impact productivity by up to 20% when there are control problems. Instead of using chemical pesticides, the research seeks to develop a technology for biological control of the bug, based on the preservation of the natural enemies already existing in the area. In addition to reducing the environmental impacts in agribusiness, initial results have already pointed to a reduction in costs with the application of chemicals, which can represent up to 15% of a crop.

Value Added Statement (DVA)

GRI 201-1

Direct economic value generated and distributed (R\$ thousand)			
	2016	2017	2018
Direct economic value generated -	10,739,438	11,403,788	12,014,004
Economic value distributed	9,172,511	9,443,268	9,620,299
Operating costs	6,436,573	6,423,346	6,290,203
Operating costs	1,800,402	2,020,928	2,324,286
Payments to capital providers	452,726	453,083	390,266
Payments to	480,002	542,679	609,604
Community investments	2,808	3,232	5,940
Economic value	1,566,927	1,960,520	2,393,705

* Direct economic value generated minus economic value

A União Faz a Vida Program (PUFV)

Sicredi DL01 / GRI 413-1

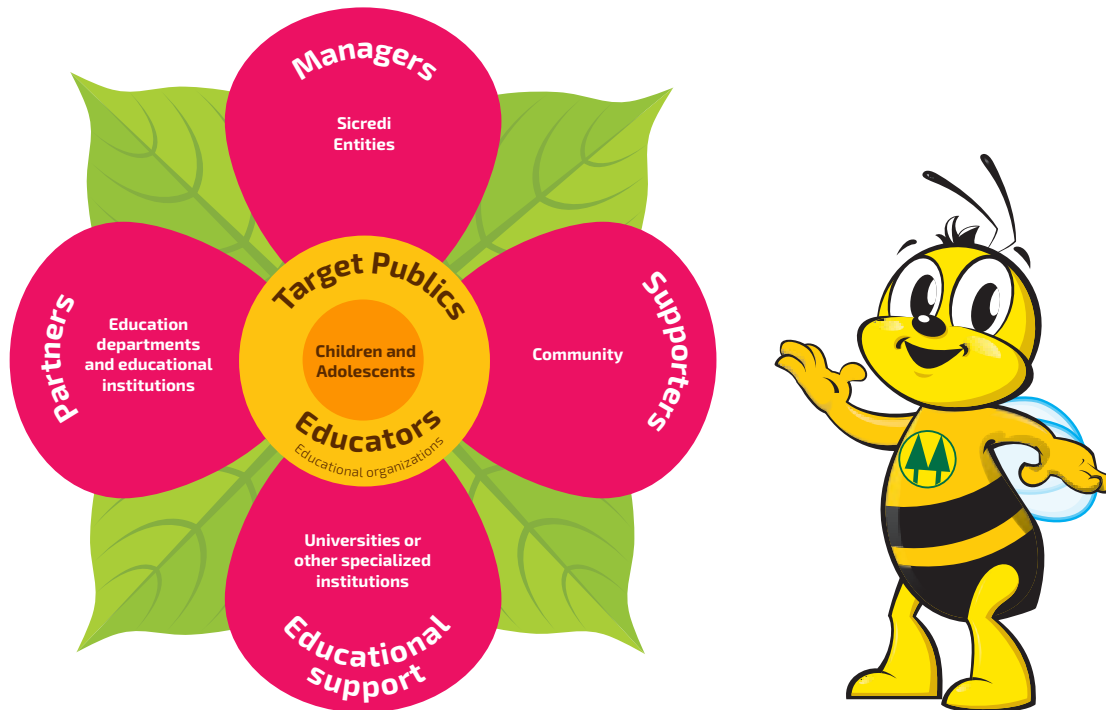
At Sicredi, We believe that investing in education contributes to the development of a fairer, more supportive society. That is why we have broadened our positive impact on society through the A União Faz a Vida Program, which has been promoting the values of cooperation and citizenship among children and adolescents for 23 years in the communities where we are inserted.

Through the Program, we provide a teaching methodology in which students are protagonists of the learning process and count on the support of educators, parents and community. This methodology is based on the principles of cooperation and citizenship, aiming at building values such as solidarity, justice, dialogue, respect for diversity and entrepreneurship (learn more about the Program at www.auniaofazavida.com.br).

Throughout the Program, students develop projects that help to work the globalized knowledge, valuing the knowledge obtained inside and outside the school. The practices developed seek to awaken a new attitude in students, developing a new way of seeing the world and acting collectively. Thus, the methodology results in a cooperative citizen, which is the main reason for the Program existence.

The A União Faz a Vida Program is based on a committed network that we form with public and private educational institutions, educational consultants and individuals and companies from the community. At the center of this network is the target public: educators – who are the mediators in the construction of knowledge –, and children and adolescents – the active agents in the teaching and learning process.

PUFV commitment network



In 2018, the Fundação Sicredi provided 300 hours of training for more than 800 people who are involved in the program's commitment network.

We seek to continually expand the number of municipalities and schools participating in the Program. Currently, 66 of our cooperatives develop A União Faz a Vida, representing 57% of the total number of cooperatives affiliated to the System. The figure is four percentage points higher than in 2017.

A União Faz a Vida Program Overview*

	Sicredi Cooperative Central - South/Southeast			Sicredi Cooperative Central - PR/SP/RJ			Sicredi Cooperative Central - North Central			Sicredi Cooperative Central - Brazil Central **		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Municipalities	142	141	172	108	120	166	22	27	27	2	4	4
Schools	788	769	866	417	471	775	221	237	258	2	8	9
Educators	9,687	9,846	11,996	5,265	7,902	9,401	3,743	4,082	3,421	48	110	88
Children and adolescents	88,412	95,677	110,754	62,441	65,533	103,003	68,042	67,253	69,307	971	1,317	1,540
Projects***	3,045	--	3,342	1,340	--	--	2,196	--	4,690	20	--	71

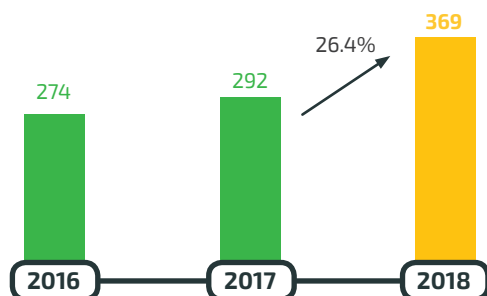
* Information provided by the cooperatives.

** Cooperative Central Central North/Northeast I does not develop the Program in its cooperatives yet.

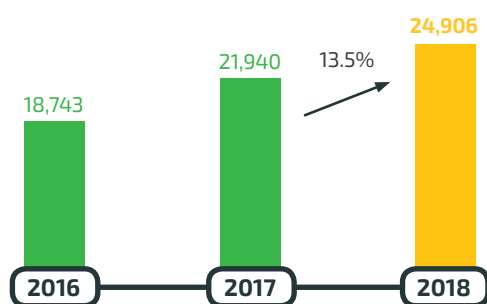
*** In 2018, the numbers referring to Number of Projects and cooperatives that were not part of the 2017 report were raised.

A União Faz a Vida Program

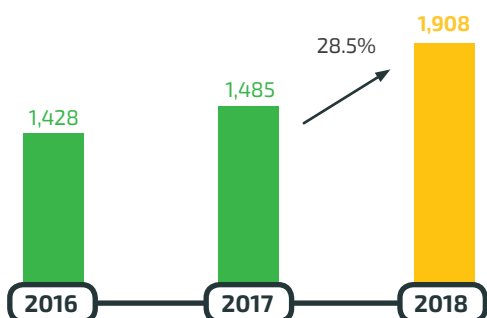
Municipalities



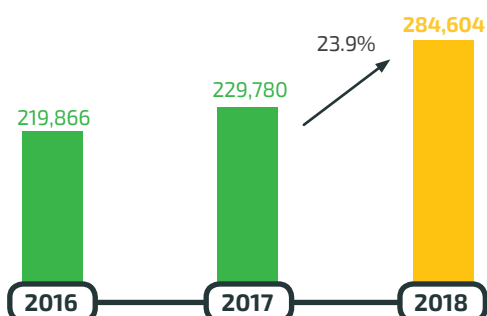
Educators



Schools



Children and adolescents



The methodology of the Program can be applied to students in Early Childhood, Elementary and Secondary Education. In 2018, for the first time we developed a specific qualification for Early Childhood Education and we delivered materials addressing this theme, training 185 pedagogical advisors to work with this age group (learn more about this methodology at <http://bit.ly/2FJpcqX>).

We also started the development of a tool for the systemic management of the Program and an institutional site, with the purpose of facilitating the action of those involved while generating systemic data.

School Cooperatives

Sicredi Cooperative Central - South/Southeast develops the School Cooperative Program in schools in Rio Grande do Sul and Santa Catarina. Cooperatives are formed by students who meet after / before school, with the coordination of a teacher, to hold assemblies, workshops and research, and function as a laboratory where social and cultural activities are developed.

The program is guided by UNESCO's four pillars of education: learning to be; to know; to do; and living together and their curriculum is based on the seven principles of cooperativism.

Currently, the region has 107 school cooperatives, reaching more than 4,000 students in 48 municipalities. The program develops leadership and entrepreneurship spirit in young people and promotes financial education and social inclusion. In this way, we support the practice of cooperation and citizenship among students, leading to the construction of the sustainability of cooperativism in their communities.

Sicredi's library

Sicredi-RC14 / RC15

Created in 2004 to organize our archive, the library has become an information and memory center that is systemic in reach. Located at the Centro Administrativo Sicredi (CAS), in Porto Alegre (RS), It contains more than 14,000 items, including books, journals and DVDs from different areas of knowledge, with emphasis on cooperativism.

Items may be taken by any member of Sicredi, regardless of the location of their cooperative, since the materials are shipped via mailbag.

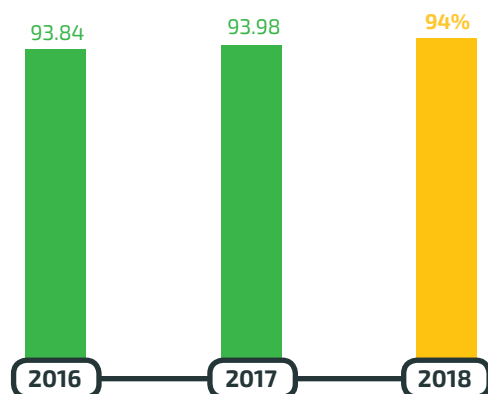
Cultural programming in the library

Monthly, it is also held at the Library of Sicredi the Cultural Wednesday. Open to the public, it has a program that includes literary, musical and visual arts exhibitions. In 2018, we invested R\$ 166 thousand in the project by means of the Rouanet cultural incentive law, organizing 19 cultural attractions.

Book loans in 2018

Sicredi Cooperative Central - South/Southeast	5,399
Sicredi Cooperative Central - PR/SP/RJ	2,540
CSicredi Cooperative Central - North Central	769
Sicredi Cooperative Central - Brazil Central	200
CAS	5,610
Total	14,518

Member satisfaction with the library



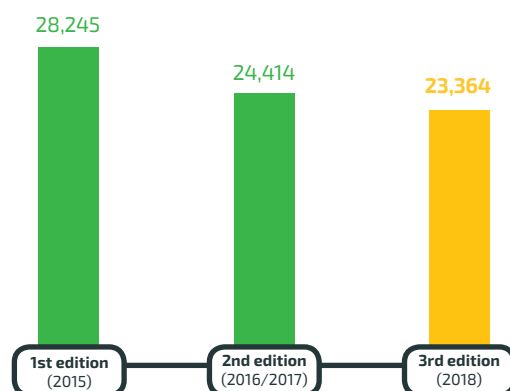
Promoting culture

GRI 413-1

In 2018, we held the third edition of the show Qual Vai Ser?, undertaken in partnership with the Ministry of Culture under the Rouanet* law. The play, which covers topics such as financial education and career choice, was attended by more than 23,000 young people in 81 municipalities. Since the beginning of the project, in 2015, more than 76 thousand young people and adolescents have benefited. In this last edition, presentations were made with accessibility for audio description and sign language.

*The Rouanet Law is a Brazilian law that encourages cultural investments that can be used by firms and citizens to help finance cultural projects.

Number of young people and adolescents who participated in the project



Sicredi Memory

Fundação Sicredi is also responsible for maintaining the site Sicredi Memory, an online platform that seeks to preserve the history of Sicredi. Besides dedicating itself to telling the whole trajectory of the System, it allows the cooperatives themselves to insert relevant information about their local history. The site can be accessed at <https://www.sicredi.com.br/memoria/>



Show Qual vai ser?

GRI ANNEX

Material topics

GRI 102-15 / 103-1

Material Topic	Relevance	Boundaries
Relationship and Cooperativism		
Member satisfaction and trust	Members' satisfaction may be perceived by our capacity to meet their needs and expectations. Trust is represented by the level of familiarity and security of our relationship with members. The combination of these generates quality and soundness for our business.	Internal audience: <ul style="list-style-type: none"> • Member • Employee
Management model	Our governance model is democratic. The member has active participation cooperatives' decision making in the assemblies and have direct contact with the leaders, such as the nucleus coordinators. Members' participation and involvement in the cooperative is fundamental for generating trust and a sense of belonging, strengthening us.	Internal audience: <ul style="list-style-type: none"> • Member • Nucleus Coordinators • Board of Directors • Fiscal Council
Engaging employees in the cooperative culture	Fostering a cooperative culture among employees is fundamental for maintaining cohesion and internal alignment. On a broader level, this helps ensure that cooperation is part of the daily routine in our credit unions.	Internal audience: <ul style="list-style-type: none"> • Employee
Disseminating cooperativism	Members who understand cooperative business participate more actively in their cooperatives. This is why we conduct training and measures to promote this subject on a day to day basis. This is how we strengthen and boost the perception of value generation that our business gives the members and the community.	Internal audience: <ul style="list-style-type: none"> • Member • Nucleus Coordinators • Board of Directors • Fiscal Council • Employee External audience: <ul style="list-style-type: none"> • Community
Transparency and engagement	Transparency is one of the values of cooperativism that we exercise on a daily basis. Our management is democratic and open to the participation of members. This is why we encourage members to participate in the assemblies, sharing our results, challenges and strategies with them so that we can figure out and decide on the next step together.	Internal audience: <ul style="list-style-type: none"> • Member External audience: <ul style="list-style-type: none"> • Government • Community

Material Topic	Relevance	Boundaries
Technology for relationship with members	We offer products and services that meet our members' needs. This is why we invest in technology to make our members' lives simpler, providing quality service channels that are convenient, secure and efficient.	Internal audience: <ul style="list-style-type: none"> • Member • Employee
Operational Technology	We invest in technology to streamline and simplify our processes, to automate transactions and to drive efficiency and security in our systems. This gives our employees more time to invest in relationship with members.	Internal audience: <ul style="list-style-type: none"> • Member • Employee
Responsible Solutions		
Social and environmental criteria for granting credit	Granting credit responsibly, assessing our member's socio-environmental risk exposure is fundamental for ensuring the cooperatives' reputation, integrity and financial soundness. This is why we work together with members, preventing and/or mitigating the impact of socio-environmental risk.	Internal audience: <ul style="list-style-type: none"> • Member • Employee External audience: <ul style="list-style-type: none"> • Government • Community
Financial literacy	We encourage a conscious mindset in relation to money, giving our members, employees and the community the autonomy and independence to plan their finances and make conscious choices aligned with their well-being.	Internal audience: <ul style="list-style-type: none"> • Member • Employee External audience: <ul style="list-style-type: none"> • Community
Local development		
Local and regional development	We seek to ensure prosperity for members, suppliers and business partners by fostering the local economy. Additionally, our credit unions invest heavily in programs and actions in their communities, generating bonds of trust and reciprocity that have a positive impact on business.	Internal audience: <ul style="list-style-type: none"> • Member • Employee External audience: <ul style="list-style-type: none"> • Community
Financial soundness	We work together with our members to promote systemic growth and to generate financial soundness for the cooperatives. This enables positive results that strengthen our reputation to build financial partnerships in Brazil and overseas, generating funds that support the development of members and communities locally.	Internal audience: <ul style="list-style-type: none"> • Member External audience: <ul style="list-style-type: none"> • Community

GRI standards content index

GRI 102-55



For the Materiality Disclosures Service, GRI Services has reviewed whether the GRI Standards Content Index is clearly presented and whether the references for Disclosures 102-40 to 102-49 are aligned with the corresponding sections in the Report content.

Disclosures	Reference (page) / direct disclosure	SDGs Impacted
GRI 101: Fundamentals - 2016		
GRI 102: General disclosures - 2016		

Organizational Profile

102-1	Name of the organization	Page 12	-
102-2	Activities, brands, products, and services	Page 17	-
102-3	Location of headquarters	Page 12	-
102-4	Location of operations	Page 14	-
102-5	Ownership and legal form	<p>Sicredi is a brand through which all the legal entities of a private nature that integrate the System act.</p> <p>Page 12. We are composed of Affiliated Credit Unions (limited liability, nonprofit, cooperative-type financial institutions), their respective Cooperative Centrals (limited liability, nonprofit, cooperative-type financial institutions), the Confederação Interestadual das Cooperativas Connected to Sicredi (Confederação Sicredi, limited liability, non-profit, cooperative-type institution), Sicredi Participações S/A (SicrediPar, a joint-stock company type), the Fundação de Desenvolvimento Educacional e Cultural do Sistema de Crédito Cooperativo (Fundação Sicredi, private foundation), the Sicredi Fundos Garantidores (civil association, non-profit), the Banco Cooperativo Sicredi S/A (Banco Sicredi, a financial institution of the joint-stock type) and the companies controlled by it: the Administradora de Bens Sicredi Ltda, the Administradora de Consórcios Sicredi Ltda, the Corretora de Seguros Sicredi Ltda and the Administradora de Cartões Sicredi Ltda (all are limited liability companies, Ltda).</p>	-
102-6	Markets served	Page 14	-
102-7	Scale of the organization	Page 12	-
102-8	Information on employees and other workers	<p>The profile of employees is on page 49.</p> <p>All contracts are full time.</p> <p>The information was extracted directly from the HR database, with the base date of 12/31/2018.</p>	8 - Decent Work and Economic Growth

Disclosures		Reference (page) / direct disclosure	SDGs Impacted
102-9	Description of the organization's supply chain	The supply chain is described on page 44. The quantity reported corresponds to the number of suppliers registered with the systemically used ERP (SAP). The calculation takes into account only the initial entries, excluding transactions between Sicredi companies.	-
102-10	Significant changes to the organization and its supply chain in the reporting period	Page 14	-
102-11	Whether and how the organization applies the Precautionary Principle or approach	Pages 42 and 72	-
102-12	Externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses	Sicredi does not sign charters or principles and does not develop externally initiatives related to socio-environmental aspects.	-
102-13	Main memberships of industry or other associations, and national or international advocacy organizations	Page 32	-

Strategy

102-14	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization	Page 4	-
102-15	Key impacts, risks, and opportunities	Pages 42, 72 and 92	-

Ethics and integrity

102-16	Values, principles, standards, and norms of behavior	Pages 13 and 34	16 - Peace, Justice and Strong Institutions
102-17	Mechanisms for advice and concerns about ethics	Page 34	16 - Peace, Justice and Strong Institutions

Governance

102-18	Governance structure, including committees	Pages 22, 28 and 49	-
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Disclosures		Reference (page) / direct disclosure	SDGs Impacted
102-19	Delegating authority	Pages 38 and 40	-
102-20	Executive-level responsibility for economic, environmental, and social topics	Page 40	-
102-21	Consulting stakeholders on economic, environmental, and social topics	Page 4. There are no established processes for stakeholder consultation with regard to sustainability. Internally, the employees of the Cooperative Centrals and the cooperatives are usually consulted in these matters, and the issues are taken to the Systemic Sustainability Committee, which leads to the Board of SicrediPar.	16 - Peace, Justice and Strong Institutions
		Another form of consultation is done by the Cooperative Centrals, which consult their cooperatives on relevant sustainability issues.	
102-22	Composition of the highest governance body and its committees	Page 27	16 - Peace, Justice and Strong Institutions
102-23	Chair of the highest governance body	The Chairman of the Board of Directors has no executive position. As provided in the Bylaws, no director may have employment in any institution of the System.	16 - Peace, Justice and Strong Institutions
102-24	Nominating and selecting the highest governance body	Page 25	16 - Peace, Justice and Strong Institutions
102-25	Conflicts of interest	Our Policies do not include guidelines on processes to prevent conflicts of interest within the Board of Directors. The Code of Conduct addresses conflicts of interest concerning all employees in our business (page 34).	-
102-26	Role of highest governance body in setting purpose, values, and strategy	Page 25	-
102-27	Collective knowledge of highest governance body	Pages 26, 28, 30 and 40	-

Disclosures		Reference (page) / direct disclosure	SDGs Impacted
102-28	Evaluating the highest governance body's performance	Page 26	-
102-29	Identifying and managing economic, environmental, and social impacts	Pages 25 and 42	16 - Peace, Justice and Strong Institutions
102-30	Effectiveness of risk management processes	Page 42	-
102-31	Review of economic, environmental, and social topics	Page 42	-
102-32	Highest governance body's role in sustainability reporting	Page 8	-
102-33	Communicating critical concerns	The process to communicate identified risks is described on pages 42 and 72, but we do not yet have a definition on critical concerns and on the reporting process to the Board. It is in the action plan of the areas involved in the theme (compliance, legal, sustainability, and others to be identified) to make this definition of concept in order to carry out the reporting of information.	-
102-34	Communicating critical concerns	Mechanisms to address identified risks are described on pages 42 and 72, but we do not yet have a definition on critical concerns and on the reporting process to the Board. Therefore, we were not able to measure this information. It is in the action plan of the areas involved in the theme (compliance, legal, sustainability, and others to be identified) to make this definition of concept in order to carry out the monitoring of information.	-
102-35	Remuneration policies	Page 26	-
102-36	Process for determining remuneration	Page 26	-
102-37	Stakeholders' involvement in remuneration	Page 26	16 - Peace, Justice and Strong Institutions
102-38	Stakeholders' involvement in remuneration	In relation to the proportion of the highest paid position and the total annual average compensation of all employees, the figure is 28.32 times higher. We used the 812 report extracted from the payroll system, base date Dec/2018 and Dec/2017. We did not consider the employees working at Cooperative Central Sicredi North Northeast, as we do not centralize the people management process. We also do not consider trainees, apprentices, vice-presidents and Board Members since, when analyzing their total annual compensation, it can not be compared with the other base publics.	-

Disclosures		Reference (page) / direct disclosure	SDGs Impacted
102-39	Percentage increase in annual total compensation ratio	The compensation of the highest paid position fell from 2017 to 2018, while the average of this same period increased. Therefore, the proportion in the year was -9.96. We used the 812 report extracted from the payroll system, base date Dec/2018 and Dec/2017. We did not consider the employees working at Cooperative Central Sicredi North Northeast, as we do not centralize the people management process. We also do not consider trainees, apprentices, vice-presidents and Board Members since, when analyzing their total annual compensation, it can not be compared with the other base publics.	-

Stakeholder engagement

102-40	List of stakeholder groups engaged by the organization	Page 8	-
102-41	Percentage of total employees covered by collective bargaining agreements	100% of employees are covered by collective bargaining agreements.	8 – Decent Work and Economic Growth
102-42	Basis for identifying and selecting stakeholders with whom to engage	In order to define its priority stakeholders, Sicredi carries out analysis of strategic, institutional and market relations.	-
102-43	Organization's approach to stakeholder engagement, including frequency of engagement	<ul style="list-style-type: none"> • Assemblies (learn more on page 24) • Climate survey (learn more on page 49) • Face-to-face Assemblies • Periodic newsletters • Internal communications • Sustainability report • Satisfaction Surveys (learn more on page 46) • NPS Survey (learn more on page 46) • Official announcements • Corporate citizenship actions 	-
102-44	Key topics and concerns that have been raised through stakeholder engagement, including how the organization has responded to those key topics and concerns	There is no survey of the main topics of interest of our relationship publics, but we conduct satisfaction surveys with members, as well as climate surveys for employees, and other satisfaction surveys regarding deliveries to other publics.	-

Reporting Practices

102-45	Entities included in the consolidated financial statements	The financial statements of our combined balance sheet include Banco Cooperativo Sicredi, cooperatives, Cooperative Centrals and investment funds in which these entities substantially assume or retain risks and benefits.	-
102-46	Process for defining report content and topic Boundaries	Page 8	-

Disclosures		Reference (page) / direct disclosure	SDGs Impacted
102-47	List of material topics identified in the process for defining report content	Page 8	-
102-48	Report on the effect of any restatements of information provided in previous reports	Pages 14 and 66	-
102-49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries	There was no change in the materiality matrix for 2018. The materiality review process is under way and we intend to complete it in 2019.	-
102-50	Reporting period	Page 8	-
102-51	Date of most recent report	January 1, 2017 through December 31, 2017	-
102-52	Reporting cycle	Page 8	-
102-53	Contact point for questions regarding the report	Page 8	-
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	-
102-55	GRI content index	Page 94	-
102-56	External assurance	Page 8	-

GRI 103: MANAGEMENT APPROACH - 2016

The indicators on the Management Approach refer to all Material Topics, which can be found in detail on page 90.

103-1	Explanation of the material topic and its Boundary	Page 92	-
103-2	The management approach and its components	<ul style="list-style-type: none"> - Member satisfaction and trust - page 46 - Management model - pages 22 and 24 - Engaging employees in the cooperative culture - page 54 - Disseminating cooperativism - pages 24 and 30 - Transparency and engagement - pages 24 and 29 - Technology for relationship with members - page 59 - Operational Technology - page 59 - Social and environmental criteria for granting credit - page 72 - Financial literacy - page 80 - Local and regional development - pages 82 and 84 - Financial soundness - page 43 	-

Disclosures	Reference (page) / direct disclosure	SDGs Impacted
103-3 Evaluation of the management approach	<ul style="list-style-type: none"> - Member satisfaction and trust - page 46 - Management model - page 24 - Engaging employees in the cooperative culture - page 54 - Disseminating cooperativism - pages 24 and 30 - Transparency and engagement - pages 24 and 29 - Technology for relationship with members - page 59 - Operational Technology - page 59 - Social and environmental criteria for granting credit - page 72 - Financial literacy - page 80 - Local and regional development - pages 82 and 84 - Financial soundness - page 43 	-
GRI 201: ECONOMIC PERFORMANCE - 2016		
201-1 Direct economic value generated and distributed	Page 87	8 - Decent Work and Economic Growth
GRI 202: MARKET PRESENCE - 2016		
202-2 Proportion of senior management hired from the local community	<p>We consider senior management the Board of Directors and the Executive Officers of the Central Cooperatives, Cooperatives and the Centro Administrativo Sicredi (CAS). In this context, all board members are members and therefore are part of the local community.</p> <p>At CAS, 71% of the Executive Officers were hired locally, considering as local hires the ones in which the Executive Officer's CPF (social security number) is registered in the state of Rio Grande do Sul. Cooperative Centrals and cooperatives have autonomy to hire their Executive Board and we do not have the systemic information about this process.</p>	-

Disclosures	Reference (page) / direct disclosure	SDGs Impacted
GRI 203: Indirect Economic Impacts - 2016		
203-2 Significant indirect economic impacts	For this year, the Company chose to no longer report the information considered in the previous year and to reassess the reporting methodology for this indicator. The report will only be changed in 2019. A study of the significant positive impacts for a more assertive response is underway in 2018. The study will be approved in 2019 and the content will be published in the next reporting cycle.	1 - No Poverty. 2 - Zero Hunger 8 - Decent Work and Economic Growth 10 - Reduced Inequality
GRI 204: PROCUREMENT PRACTICES - 2016		
204-1 Proportion of spending on suppliers local to significant locations of operation	Page 44	-
GRI 205: ANTI-CORRUPTION - 2016		
205-1 Total number and percentage of operations assessed for risks related to corruption, and significant risks identified	Procedures for assessing corruption-related risks are described on page 34. Figures for this assessment, however, can not be presented because they are confidential information.	16 - Peace, Justice and Strong Institutions
205-2 Communication and training about anti-corruption policies and procedures	Page 34	16 - Peace, Justice and Strong Institutions
205-3 Confirmed incidents of corruption and actions taken	Page 34	16 - Peace, Justice and Strong Institutions

Disclosures	Reference (page) / direct disclosure	SDGs Impacted
GRI 206: ANTI-COMPETITIVE BEHAVIOR - 2016		
<p>206-1</p> <p>Legal actions for anti-competitive behavior, anti-trust, and monopoly practices</p>	<p>SicrediPar, Confederação Sicredi, Fundação Sicredi, Banco Cooperativo Sicredi, Administradora de Consórcios Sicredi, Corretora de Seguros Sicredi, Sicredi Cartões, Sicredi Fundos Garantidores and Administradora de Bens Sicredi (all CAS companies) do not have lawsuits relating to anti-competitive behavior, trust and monopoly practices. As some cooperatives operate in a local model of judicial process management, we can not guarantee that 100% of their lawsuits are registered in our management system, which is why we only certify the aforementioned companies.</p> <p>Nevertheless, we deem it necessary to indicate that we have a lawsuit regarding a cooperative process that is under our management and, in addition, two other proceedings involving Banco Cooperativo Sicredi SA, but that have not reached the status of a lawsuit, to be contemplated as risk indicators in this item: a) We became aware of a lawsuit filed by a crypto-coin broker (CoinBR Serviços Digitais Ltda.), In the face of Banco Cooperativo Sicredi S.A. (Sicredi Vale do Piquiri PR/SP being responsible), under the pretext that Sicredi would be adopting anticompetitive practices.</p> <p>The account of the brokerage firm was closed, through judicial authorization by interlocutory appeal. CoinBR filed a regulatory appeal, which was denied. The proceeding awaits judgment, and the prospect is that Sicredi will succeed in this demand, due to STJ's pronouncement in REsp nº 1696214 / SP, which established the thesis that the account closure used to market crypto-coins does not constitute abusive practice.</p> <p>b) As a result of the above case, an administrative proceeding preparatory procedure was initiated before the Administrative Council for Economic Defense (CADE), for alleged anticompetitive practices in the face of crypto-currency brokers. There is still no final decision on the preparatory procedure.</p> <p>c) There is another situation that is being monitored, but it has not yet become a recognized legal action because Banco Cooperativo Sicredi S.A., has not yet been officially notified. It's about the civil action (Complaint) No. 16CV6577 filed by Paul Backer in New York (USA), against Rabobank and several financial institutions holding a shareholding position (including Banco Cooperativo Sicredi S.A.), for alleged trust fraud and abusive anti-consumer practices, financially hurting citizen Paul Backer and all those U.S. citizens because of the \$30 billion Medium Term Note Program (MTN) program of the global financial group.</p>	<p>16 - Peace, Justice and Strong Institutions</p>

Disclosures		Reference (page) / direct disclosure	SDGs Impacted
GRI 305: EMISSIONS - 2016			
305-1	Direct (Scope 1) GHG emissions	Page 78	-
305-2	Energy indirect (Scope 2) GHG emissions	Page 78	-
305-3	Other indirect (Scope 3) GHG emissions	Page 78	-
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT - 2016			
308-1	New suppliers that were screened using environmental criteria	We do not consider this criterion in the selection of new suppliers. In 2018, we began a study to define the inclusion of environmental and social criteria in supplier selection, described on page 44.	-
308-2	Negative environmental impacts in the supply chain and actions taken	We do not monitor impacts in the supply chain.	-
GRI 401: EMPLOYMENT - 2016			
401-1	Total number and rate of new employee hires during the reporting period, by age group, gender and region	Page 49	5 - Gender equality 8 - Decent Work and Economic Growth
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>Benefits provided to full-time employees:</p> <ul style="list-style-type: none"> • Medical and dental assistance extensive to dependents; • Life insurance; • Funeral allowance; • Meal and food allowance; • Transportation voucher; • Nursery allowance; • Complement to sick leave allowance or allowance for victims of accidents for 24 months after start of leave of absence; • Agreements with commercial establishments and educational institutions in the region; • Sempre Bem; • Private Pension; • Exceptional child allowance. <p>Sicredi does not have part-time or temporary employees.</p>	8 - Decent Work and Economic Growth
GRI 402: Labor/Management Relations - 2016			
402-1	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	There is no minimum notice for communications on operational changes, as there are no clauses in collective bargaining agreements that address this type of obligation. For this reason, there is also no internal process within this scope. However, we always value internal communication with clarity, objectivity and transparency to our employees.	8 - Decent Work and Economic Growth

Disclosures		Reference (page) / direct disclosure	SDGs Impacted
GRI 404: TRAINING AND EDUCATION - 2016			
404-1	Average hours of training per year per employee, by gender and employee category	Page 54	4 - Quality education 5 - Gender equality 8 - Decent Work and Economic Growth
404-2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Page 54	8 - Decent Work and Economic Growth
404-3	Percentage of total employees by gender and by employee category who received a regular performance and career development review, by gender and employee category	Page 54	5 - Gender equality 8 - Decent Work and Economic Growth
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Percentage of individuals within the organization's governance bodies by gender, age group, minorities, and other indicators of diversity	Page 56	5 - Gender equality 8 - Decent Work and Economic Growth
405-2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Page 56	5 - Gender equality 8 - Decent Work and Economic Growth 10 - Reduced inequalities
GRI 412: HUMAN RIGHTS ASSESSMENT - 2016			
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	In order to better suit the GRI protocol, Sicredi is reviewing the approach of this indicator and will report from the next cycle.	-
GRI 413: LOCAL COMMUNITIES - 2016			

Disclosures		Reference (page) / direct disclosure	SDGs Impacted
413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Pages 87 and 91	-

GRI 414: SUPPLIER SOCIAL ASSESSMENT - 2016

414-1	New suppliers that were screened using environmental criteria	We do not consider this criterion in the selection of new suppliers. In 2018, we began a study to define the inclusion of environmental and social criteria in supplier selection, described on page 44.	-
414-2	Negative social impacts in the supply chain and actions taken	We do not monitor impacts in the supply chain.	-

GRI 417: MARKETING AND LABELING - 2016

417-3	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of result	We did not have any incidents of non-compliance in communication campaigns, promotional regulations and sports sponsorship in 2018.	-
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GRI 419: Socioeconomic compliance - 2016

419-1	Non-compliance with laws and regulations in the social and economic area	No new incidents occurred in 2018	16 - Peace, Justice and Strong Institutions
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SECTOR SUPPLEMENT

Material aspects

Product portfolio

FS1	Policies with specific social and environmental components applied to business lines	Page 72	10 - Reduced inequalities
FS2	Procedures for assessing and identifying social and environmental risks in business lines	Page 72	10 - Reduced inequalities

Disclosures		Reference (page) / direct disclosure	SDGs Impacted
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements	Page 72	
FS4	Processes for improving staff competency to implement the environmental and social policies and procedures applied to business lines	Page 72	10 - Reduced inequalities
FS5	Interactions with clients/ subsidiaries / business partners regarding social and environmental risks and opportunities	Page 72	10 - Reduced inequalities
FS6	Percentage of the portfolio for business lines by specific region, size and sector	Page 62	1 - No poverty 8 - Decent Work and Economic Growth 9 - Industry, Innovation and Infrastructure
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line, broken down by purpose	Page 75	1 - No poverty 8 - Decent Work and Economic Growth 9 - Industry, Innovation and Infrastructure 10: Reduced inequalities
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line, broken down by purpose	Page 75	

Disclosures		Reference (page) / direct disclosure	SDGs Impacted
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	In 2018, it was not considered in this indicator to contain information pertinent to the supervision of operations to verify the application of resources. Page 72	10 – Reduced inequalities

Active ownership

FS10	Percentage and number of companies held in the institution's portfolio with which the organization has interacted on environmental or social issues	Page 72	10 – Reduced inequalities
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Local community

FS12	Voting policies applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	We do not have voting policy and we are not aware of the existence of an appeal in other institutions that provides us with the right to vote. In 2018, the methodology of the indicator was changed in relation to the information published in the 2017 GRI, as the organization revised the information required in response to the indicator and introduced improvements in the reported data.	
FS13	Access points in low-populated or economically disadvantaged areas by type	Page 14	1 – No poverty 8 – Decent Work and Economic Growth 10 – Reduced inequalities
FS14	Initiatives to improve access to financial services for disadvantaged people	In 2018, the methodology of the indicator was changed in relation to the information published in the 2017 GRI, since the organization revised the information required in the response to the indicator and introduced improvements in the reported data. Pg. 46	1 – No poverty 8 – Decent Work and Economic Growth 10 – Reduced inequalities

Product and service labeling

	Disclosures	Reference (page) / direct disclosure	SDGs Impacted
FS15	Policies for the fair design and sale of financial products	<p>Guided by the Strategic Aspirations contained in our 2016/2020 Strategic Map and in order to meet the needs of our members, we seek to reinforce the proposed value themes, segmentation of members, the usability of Digital Channels, the importance of the CRA process and use of the CRM tool as fundamental inputs for a consultative sale, generating sustainable business for our Cooperatives. Some of the resulting initiatives are described on pages 38 and 75.</p> <p>The development and sale of our products are based on the following documents: Credit Policy, Code of Conduct, Prevention of Money Laundering and Fighting Terrorist Financing Policy, Sustainability Policy and Social and Environmental Responsibility.</p>	10 - Reduced inequalities
FS16	Initiatives to enhance financial literacy by type of beneficiary	Page 80	1 - No poverty 8 - Decent Work and Economic Growth 10 - Reduced inequalities

Sicredi Indicators

Macro-topic	Indicator		REFERENCE (PAGE) / DIRECT ANSWER
Relationship and Cooperativism	Sicredi-RC01	Projects/Actions to include members in the development of new products and services	Pages 38 and 60
Relationship and Cooperativism	Sicredi-RC02	Projects/channels to expand accessibility to products and services for members	Page 46
Relationship and Cooperativism	Sicredi-RC03	Projects/channels to increase transparency of the System for all stakeholders	Page 46
Relationship and Cooperativism	Sicredi-RC04	Actions taken to ensure the privacy and security of members' data	Pages 46 and 59
Relationship and Cooperativism / Local development	Sicredi-RC05	Primacy	<p>This indicator aims to estimate the primacy of the member, that is, if he has Sicredi as its main financial institution.</p> <p>The indicator was not measured in 2018. In 2019, we will conduct a study to define the best metric for primacy.</p> <p>The first step provides for the identification of the separation: differentiate the members who have the primacy of those who do not. In the second step, we intend to calculate a metric that estimates the degree of this primacy.</p>

Macro-topic	Indicator		REFERENCE (PAGE) / DIRECT ANSWER
Relationship and Cooperativism	Sicredi-RC06	Perception of climate	Page 49
Relationship and Cooperativism	Sicredi-RC07	Total employees trained in cooperative issues, broken down by program, region and time in the company.	Page 54
Relationship and Cooperativism	Sicredi-RC08	Campaigns, events and actions organized to disseminate cooperativism, discriminated by region and people reached.	Page 32
Relationship and Cooperativism	Sicredi-RC09	Number of participants in assemblies, discriminated by members and nonmembers, age group, gender and region	Page 24
Relationship and Cooperativism	Sicredi-RC10	Number of Nucleus Coordinators, discriminated by age group, gender and region	As each cooperative holds the management of its Nucleus coordinators, we do not have this systemic information. In 2019 we will implement a system in which cooperatives will register their Nucleus coordinators, allowing the stratification of this information. Indicator not audited.

Macro-topic	Indicator		REFERENCE (PAGE) / DIRECT ANSWER
Relationship and Cooperativism	Sicredi-RC11	Number of Nucleus Coordinators trained to be board members, discriminated by gender, age group and region.	We do not have this information, because this is controlled at the cooperative level. We are developing a new tool which will enable this stratification. Indicator not audited.
Relationship and Cooperativism	Sicredi-RC12	Numbers trained in Crescer Program, discriminated by region	Page 30 Indicator not audited.
Relationship and Cooperativism	Sicredi-RC13	Number of board and fiscal council members trained in Crescer Program, discriminated by region.	Page 30
Relationship and Cooperativism	Sicredi-RC14	Total number of works available for members in the Sicredi library, discriminated by region	Page 90
Relationship and Cooperativism	Sicredi-RC15	Member satisfaction with library services	Page 90
Relationship and Cooperativism	Sicredi-RC17	Derivation rate	Page 46
Relationship and Cooperativism	Sicredi-RC18	Number of members using the channels, discriminated by channel	Page 46

Macro-topic	Indicator		REFERENCE (PAGE) / DIRECT ANSWER
Relationship and Cooperativism	Sicredi-RC19	Projects to stimulate use of virtual channels and promote digital inclusion	Page 46
Relationship and Cooperativism	Sicredi-RC20	We recorded a satisfaction index of 85.6% in the service to member, same value of the previous year. In addition, we also recorded an evolution in the service satisfaction index provided to cooperatives and the Centro Administrativo Sicredi (CAS). The result for cooperatives was 89.5%, representing an increase of 11.4 pp compared to 2017. Regarding CAS, the index was 84.2%, an increase of 5.2 pp.	Page 46
Relationship and Cooperativism	Sicredi-RC21	Percentage of service availability	Page 46
Local development	Sicredi-DL01	Number of municipalities, teaching institutions, students, educators and projects participating in the A União Faz a Vida Program (Unity Gives Life), discriminated by region	Page 87
Local development	Sicredi-DL03	Funding volume for Fates fund.	Page 85
Local development	Sicredi-DL04	Percentage of result distributed to members	Page 65
Local development	Sicredi-DL05	Number of members discriminated by region	Page 14

Macro-topic	Indicator		REFERENCE (PAGE) / DIRECT ANSWER
Local development	Sicredi-DL06	Balance and Credit Concession	Page 66
Local development	Sicredi-DL07	Breakdown of Credit Portfolio - by product	Page 66
Local development	Sicredi-DL08	Average ticket per member	Page 66
Local development	Sicredi-DL09	Funds granted to rural and directed credit, discriminated by program, amount granted and number of operations	Page 66
Local development	Sicredi-DL10	Delinquency Rate	Page 66
Local development	Sicredi-DL11	Provision Level	Page 66
Responsible Solutions	Sicredi-SR01	Number of Financial Literacy actions undertaken and number of people who had access to Financial Education contents, discriminated by audience and region	Page 80

Independent Auditors' Limited Assurance Report on the Sistema de Crédito Cooperativo - Sicredi's Annual Sustainability Report based on GRI – Standards (In accordance – "Core") and Greenhouse Gases Inventory.

To the Administrators and Shareholder of Sistema de Crédito Cooperativo - Sicredi Porto Alegre – RS

Introduction

We were engaged by Sistema de Crédito Cooperativo - Sicredi ("Sicredi") management to present our limited assurance report on the information contained in the Annual Sustainability Report based on Global Reporting Initiative ("GRI") – Standards (including Greenhouse Gases Inventory's indicators), for the twelve-month period ended December 31, 2018 ("Report").

Sicredi's management responsibilities

Sicredi's management is responsible for preparing and presenting appropriately the information contained in Report in accordance with criteria, assumptions and requirements of the GRI guidelines (In accordance – "Core"), Brazilian GHG Protocol Specification Program (Greenhouse Gases Inventory) and for the internal controls as management determines is necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express a conclusion on the Sicredi's Report information, based on the limited assurance work conducted in accordance with Technical Notice of Ibracon 07/2012, approved by the Brazil's National Association of State Boards of Accountancy (CFC) in light of NBC TO 3000 (Assurance Work Other Than Audit or Review), issued by the CFC, which is equivalent to international standard ISAE 3000, issued by the International Federation of Accountants, applicable to non-historical information. These standards call for compliance with ethic requirements, including independence and work

carried out to obtain limited assurance that the Report is free of material misstatement.

A limited assurance work conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of inquires of management and other professionals from Sicredi who were involved in the preparation of the Report, as well as of the application of additional procedures deemed necessary to obtain evidence which enables us to conclude on the limited assurance on the Report. A limited assurance work also requires additional procedures, as the independent auditor becomes aware of matters that lead him to believe that the Report information may contain material misstatement.

The selected procedures relied on our understanding of the aspects concerning the compilation and presentation of the Report information in accordance with criteria, assumptions and own methodologies from Sicredi. The procedures comprised:

- a. the planning of the work, considering the materiality, the volume of quantitative and qualitative information and the operating and internal control systems which supported the preparation of the Report;
- b. the understanding of the calculation methodology and the procedures for preparation and compilation of the Report through interviews with management in charge of preparing the information;
- c. the application of analytical procedures on quantitative information and sample verification of certain

evidence supporting the data used for the preparation of the Report;

- d. comparison of the financial indicators with the financial statements and/or accounting records..

The procedures applied in this limited assurance work also comprised compliance with the guidelines of the structure for development of the GRI applicable in the preparation of the information contained in the Report and Brazilian GHG Protocol Specification Program for the Greenhouse Gases Inventory.

We believe that the evidence obtained in our work was sufficient and appropriate to provide a basis for our limited conclusion.

Scope and limitations

The procedures applied in a limited assurance work are substantially less in scope than those applied in an assurance work aimed at issuing an opinion on the Report information. As a consequence, we are not in a position to obtain assurance that we are aware of all matters which would be identified in an assurance work aimed at issuing an opinion. Had we carried out a work to issue an opinion, we could have identified other matters or misstatements in the Report information. Accordingly, we did not express an opinion on this information. In addition, Sicredi's internal controls were not part of our limited assurance scope.

The non-financial data is subject to further inherent limitations than financial data, given the nature and diversity of methods used to determine, calculate or estimate such data. Qualitative interpretations of materiality, significance and accuracy of data are subject the individual assumptions and judgments. Also, we did not carry out any work on data reported for prior periods nor in relation to future projections and goals.

The Sicredi's own KPIs RC10, RC11 and RC12 were not included in the scope of our limited assurance engagement, so we have not carried out any audit procedures upon these indicators.

Conclusion

Based on the procedures performed and herein described, nothing came to our attention that makes us believe that the GRI KPIs presented on the Report, for the twelve-month period ended December 31, 2018, was not prepared, in all material respects, in accordance with criteria, assumptions and methodologies for the preparation of the KPIs based on requirements of the Global Reporting Initiative – Standards (In accordance – “Core”) and Brazilian GHG Protocol Specification Program

Porto Alegre (RS), March 15th, 2019

ERNST & YOUNG

Auditores Independentes S.S
CRC 2SP015199/O-6



Americo F. Ferreira Neto
Contador – CRC – 1SP192685/O-9

Credits

General coordination

Fundação Sicredi
Communication and Marketing Superintendency
Sustainability Superintendency

Source of data

Sicredi

GRI consulting, editorial coordination , review and project management

Ricca Sustentabilidade

Graphic design and layout

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