

## **SUMMARY**



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# WELCOME

Dear readers, in this Activity Report we present the company's main events, achievements and challenges during 2019. We show how we have worked on strengthening the company's culture, including the transition from a family-run business to one run by a private equity fund, our leadership in serving diverse sectors (from industry to agribusiness), the materials we use in our structures and the good sustainability-related practices we employ.

Indeed, the question of sustainability has inspired us to adopt the United Nations Organization's (UNO) Sustainable Development Goals (SDGs) to align our businesses with some of the 17 principles in the 2030 Agenda. We are just at the beginning but are fully committed to progressing in our activities.

No less important is the company's emphasis on people management, with the firm purpose of driving the development of our teams.

Of equal importance, we understand that it is fundamental to promote the health and safety of our employees and the well-being of their families, one of our seven values. We set forth our history on the following pages.

# MESSAGE FROM MANAGEMENT

"We pursue responsible changes for our industry and for society"

At 40 years of age, Tópico maintains the entrepreneurial spirit that marked its creation, replete with energy and fully committed to its mission. For this reason, it is natural that we continue to evolve and assume an increasingly important role in the responsible changes that are necessary for our industry and for society.

This is precisely the context within which we publish our first Activity Report. In recent years, we have made every effort to build a better company, taking advantage of our distinguished position in Brazil and Latin America to exert a positive influence on the market. Beyond proposing an innovative solution for customers, our flexible structures do more than just store things. The projects offer thermal comfort, lighting and may incorporate solar

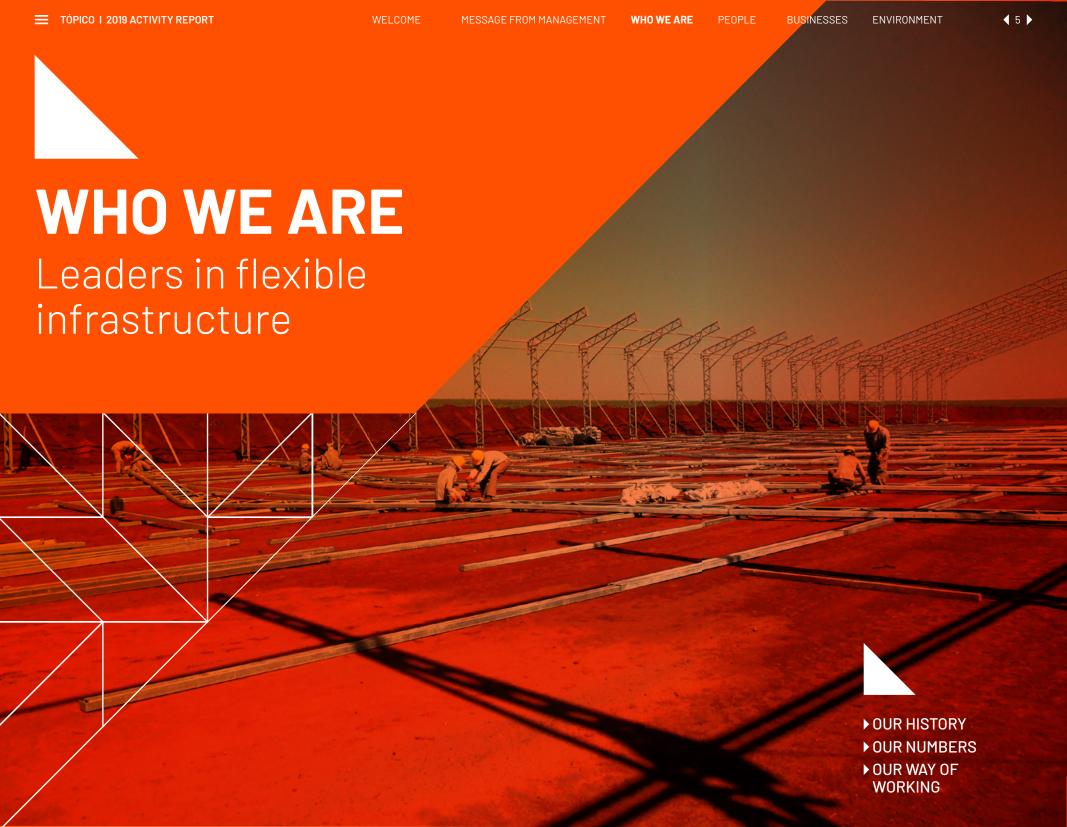
energy generation systems, among other facilities.

For the publication of this report, each one of us who is committed to building this company paused to assess everything we have managed to modify and improve, measure and plan. This has enabled us to develop a more integrated vision of the base we have built and the course we want to follow, underpinned by the increasingly important pillars of the sustainable company that we target becoming.

Accordingly, this is the perfect opportunity to boost the visibility and transparency of the company's activities, projects, evolution and challenges. More than just informing, we want to engage the reader interested in this subject and in Tópico to help us on our way. You are part of this journey!

Arthur Lavieri CEO





# OUR HISTORY

The integrated business model enabled the creation of end-to-end sustainable solutions

During the course of 40 years we have achieved leadership (with a 65% market share) in the manufacture and rental of flexible facilities (canvas and steel) for storage and covered storage for different types of businesses, ranging from agriculture to industry. We have a total of more than 2.5 million square meters of infrastructure installed in the country, produced in our plant located in Embu das Artes (São Paulo).

To serve our more than 750 customers in different regions of Brazil, we have four branches: Embu (São Paulo), Salvador (Bahia), Contagem (Minas Gerais), Parauapebas (Pará); as well as facilities in Joinville (Santa Catarina) and Rondonópolis (Mato Grosso).

Our flexible structures offer clients a series of benefits: agility and com-

petitiveness; growth without the need for heavy investment in assets; use according to demand (this decreases idleness and eliminates unnecessary costs); exemption from land taxes such as IPTU; and agile modifications in layout in accordance with the dynamics of use.

Since we have a fully integrated business model, we are able to manufacture, assemble and disassemble warehouses, as well as providing post-sale services. This end-to-end work has enabled us to create reusable sustainable solutions, with recyclable raw materials and no wastage in construction works.

In 2015, the private equity fund Southern Cross Group acquired a 70% holding in the company, with the remaining 30% belonging to the founding group.



### **Mission**

We participate in the sustainable development of our clients and society, protecting and optimizing resources with agile, reliable and flexible infrastructure solutions.



### **Vision**

We want to be the largest and the most reliable infrastructure provider in the world, always close to our clients, with fast service and competitive costs, acting as agents of prosperity in the regions where we operate, creating value for society and for our shareholders.



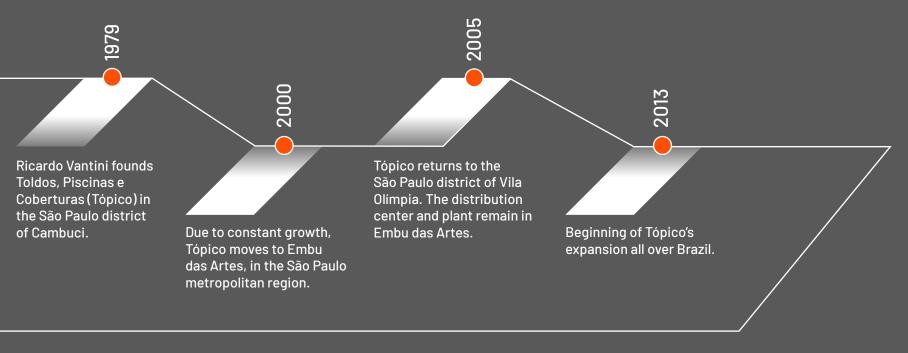
### **Values**

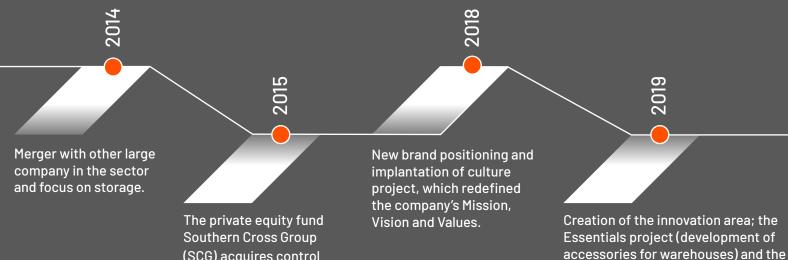
Transparency
Recognition
Ethics
Safety
Innovation
Respect
Family

implantation of the Be a Leader program

(role of leadership as an agent of transformation and inspiration).

### TIMELINE

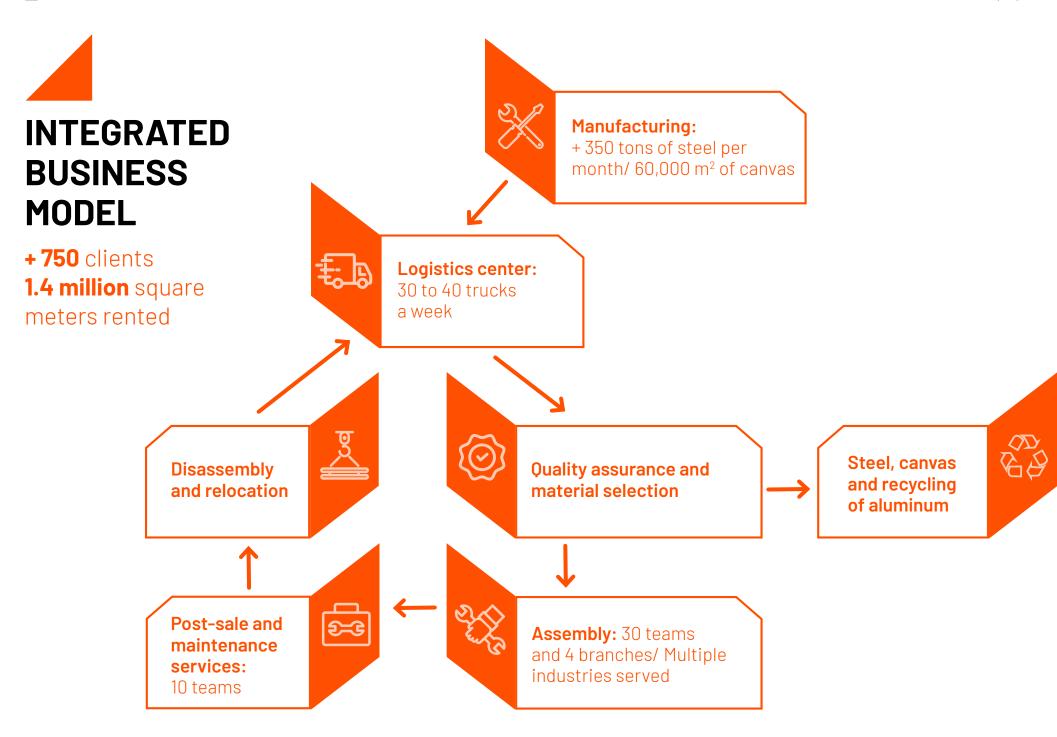




(SCG) acquires control

of Tópico.









### Number 1



### 40 years

in the canvas and zinc



employees



### more than **1111** 2.5 million

m<sup>2</sup> installed



## more than 1 million



**between 20,000** and 40,000

capacity per month



## more than 750



### 44 months

contracts



### 4 models

or sheet metal covering (Gama, Beta, Zeta and Delta)



### 4 branches

North, Northeast and



### more than 2,500

hours of training



The targets we set for the company, either in the economic area, or related to sustainability, products or people are inspired by our values, the Code of Conduct and the pursuit of enhanced corporate governance.

Since the private equity fund Southern Cross Group (SCG) assumed control of Tópico, we have had a formal Board of Directors, a fundamental step towards the implantation of best governance practices based on the principles of transparency, equality, accountability and corporate responsibility, ensuring the company's activities are developed in a much more sustainable manner. The board includes members from SCG, the founding group, and an independent member.

Company actions and decisions are supported by the following committees:

- People: which aligns strategies, programs and processes with the company's mission, vision and values;
- HR: part of the HR team for overseeing current and future projects inspired by best market practices;

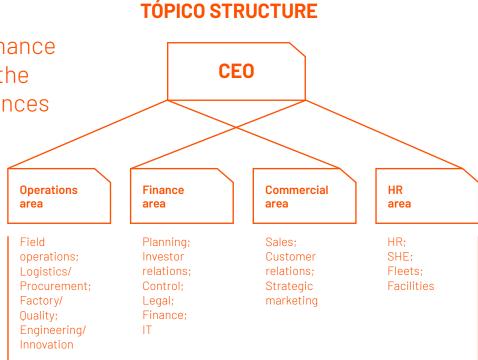
We led the formation of a group within the industry association Abimaq to enhance communication between the sector and different audiences

• Safety: this assesses the company's safety indicators and identifies any necessary improvements;

WELCOME

 Ethics: this committee analyzes any issues related to the code of conduct in a serious, impartial manner, seeking solutions for any problems that arise

Indeed, this question merited even closer attention in 2019. We reformulated our Code of Ethics and implanted the Ethics Channel. Designed to drive integrity and compliance, this instrument is managed independently by a third-party and is available for employees 24 hours a day, seven days a week.



#### **Board of Directors**

Chairman - Diego Stark

Members - Gustavo Santos, Sebastian Villa, Raul Sotomayor, Ricardo Vantini,

Francisco Mesquita

Independent member - Sebastião Furquim

WELCOME



### **TRANSPARENCY**



- We believe that truth is always the best way, which is why we act with transparency, ensuring coherence between our discourse and actions. And we expect this to be reciprocated in our relationships;
- We value clear communication, ensuring that everyone understands the message, in pursuit of alignment between the expectations of our investors, clients, suppliers, managers and teams, achieving the best possible understanding between the parties;
- We take decisions prioritizing the common good (for the company, partners, society), which enables long-term relationships based on commitment and complicity.

#### RECOGNITION



- We pursue self-knowledge with determination, promoting learning and continuous improvement and recognizing high performance. Feedback is used to promote development and career paths;
- We believe that the best results are achieved based on each employee's commitment to their work and their ongoing growth, which is why we stimulate development and offer equality of opportunity;
- We establish clear, achievable and measurable targets together with our employees, ensuring alignment of expectations and adherence to our strategies and future vision;
- We tirelessly pursue superior results and greater value, committed to building the future of the company.

### **ETHICS**



- We choose to be honest, honorable and dignified in everything we do, even if this means sacrificing short-term gains;
- We assume responsibility for our actions before our teams, superiors and partners, acting ethically in accordance with policies, standards and procedures;
- We respect and value social, religious, racial and gender differences in our relationships;
- Recognition and feedback are provided clearly and transparently, directly to the persons involved;
- For us, ethics is a fundamental principle that permeates all our individual and joint actions.

WELCOME

### **SAFETY**



- In our processes, products and services we always protect the health and the physical integrity of people and preserve the environment. We treat safety as a factor of success for the present and the future of our organization and of society;
- We honor our corporate responsibilities and work transparently in compliance with governmental safety, health and environmental standards and regulations, encouraging our customers and suppliers to do the same;
- Safe behavior is a non-negotiable value. No work is so urgent or important that it cannot be planned and executed in safety;
- We provide our employees with adequate conditions in the work place, through training, daily dialogues, tools and equipment, controlling the risks inherent to our activities and striving for zero accidents.

### **RESPECT**



- Diversity and team work are fundamental for our development, because we believe that the sum of our competencies makes us stronger. Working together is better;
- We engage to get the best from each person, driving the prosperity of the business, honoring and perpetuating the company's history and evolving to meet new expectations;
- We do what we believe in and seek to influence and engage people in challenges that may be achieved and commemorated;
- We are authentic and integral. We maintain the commitments we assume, defending what we believe in and acting in accordance with our discourse; we walk the talk;
- We seek to establish a favorable organizational climate because we believe that people are our greatest value;
- We create an environment based on trust and quality relationships. We recognize differences, listen without judging, respect opinions and accept divergences in pursuit of the best result for everyone.

### **FAMILY**



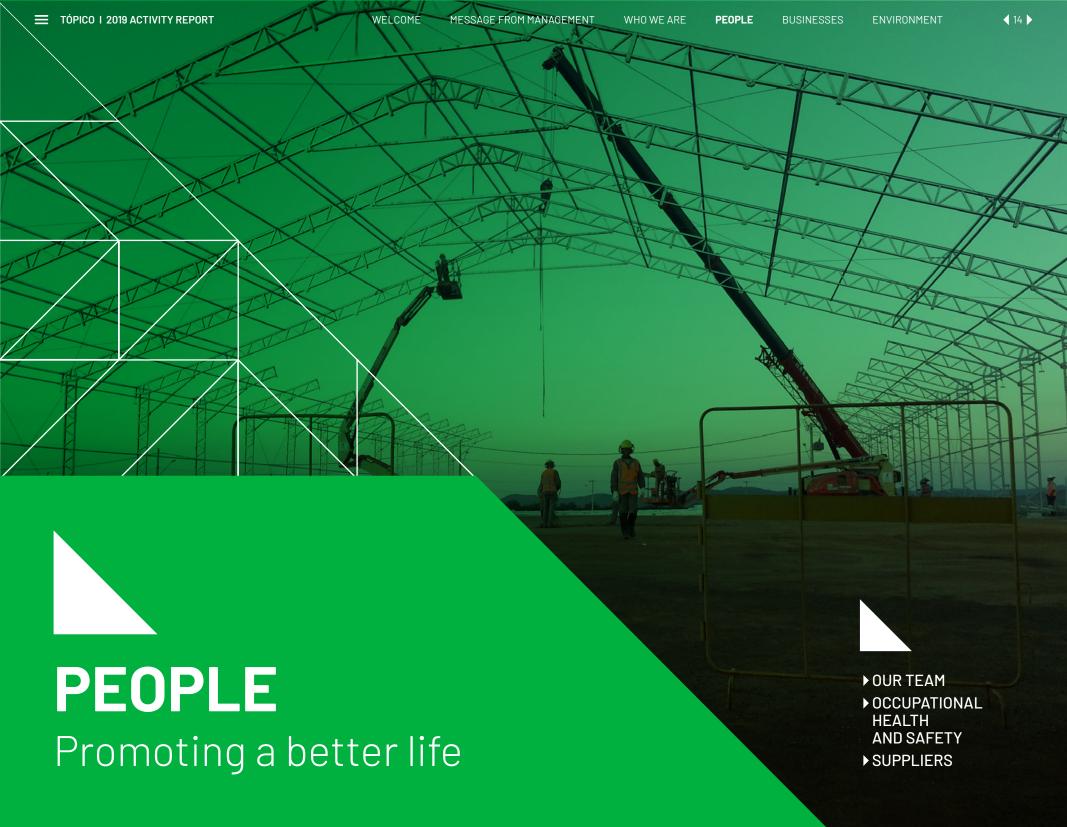
- We contribute to the well-being of our employees and their families. We are attentive to their needs, caring for their physical integrity and pursuing actions that promote collaboration, integration and health;
- We celebrate achievements, fueled by the enthusiasm and energy that encourages us to evolve and to continue doing more and doing our best, for us, for our families and for everyone who is important in our lives;
- We find fulfillment in what we do. We exercise our purpose in life and attribute meaning to everything we build, we act and we are recognized fully;
- Every day we focus on ensuring that each person feels respected, recognized and valued, so that everyone is proud to belong to this team and wants to help achieve the best possible result.

### INNOVATION



- Innovation means knowing that to put our ideas into practice, frequently we have to make more than one attempt and with each new attempt we learn new things. Making mistakes is part of the game, but our business is getting things right;
- Being open to the rupture of pre-established standards and paradigms. Learning, unlearning and relearning are part of our culture, and we should always encourage our people to put this into practice;
- It is important to know that incremental gains are just as important as major leaps in our daily routines. The sum of simple ideas can transform our business in the long term;
- See what the others do not see! Identify latent opportunities to be exploited and spark transformational behavior in everyone with whom we relate. And have the courage to do what others do not do;
- To be proactive and understand that everyone is an agent of change in the organization.





# OUR TEAM

We pursue the development of our team by valuing diversity and encouraging internal talent

During 2019, we intensified work on strengthening the company culture through our mission, vision and values, implanted the previous year. The objective is to reinforce these three key elements so that the company can execute its strategies and achieve its goals, showing how we intend to be recognized by the market and by society.

In parallel, we initiated a number of programs, such as "Be a Leader", which focuses on the role of leadership as an agent of transformation and inspiration for our team.

We also extended the competency assessment process to all the 352 employees as a means of identifying professional development opportunities. Prior to this, assessment was reserved for managers. The objective

is to recognize employees with the potential to fulfill company needs, valuing diversity and prioritizing internal talent for the formation of high performance teams. To do this, we have not adopted a career path model, because we believe it is important for each employee to establish their own course. We do, however, prioritize transparent and objective communication to drive team development in line with company objectives.



# Recognition programs

We seek various ways of valuing our employees, one of which is recognition programs. In 2019, we implanted a version of this program for "Field operations" to recognize the best team based on the criteria of productivity and safety. A team from Pará won with a score of 9.1, receiving a cash prize.

To reinforce the importance of safety in our activities, we introduced an award for the best drivers of light and heavy vehicles, with the "Volante de ouro" (Golden steering wheel) award, recognized throughout the company.

The award for drivers applies a series of criteria such as not receiving fines and not exceeding 100 kph in heavy vehicles, even when the speed limit is higher. To do this, all company vehicles are monitored remotely via GPS.

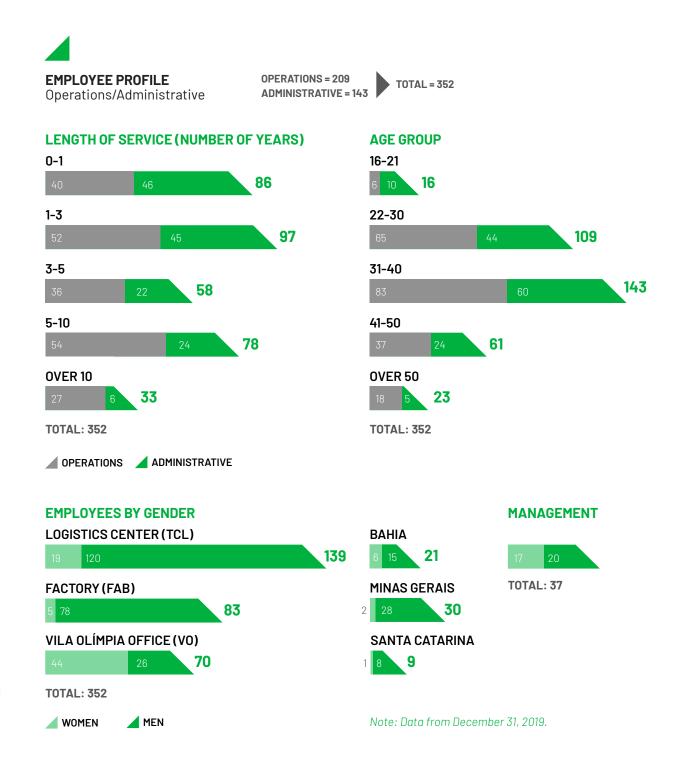
Furthermore, we have intensified the internal talent recognition program by opening the highest number of vacancies possible to our employees.

#### IMPROVEMENT IS THE WAY

Our employees undertake training programs – we offered more than 2,500 hours of training during 2019 – in accordance with technical needs and competencies, because our objective is to form high performance teams. Worthy of note are the team integration programs; safety, health and environment (SHE) training; welding (AWS); internal workplace accident and environment week (SIPATMA in the Portuguese acronym); and the introduction of the Be a Leader program.

#### **PERFORMANCE MANAGEMENT**

We adopt two types of appraisal to value or to re-orientate employees whose performance is below par: performance (targets for teams or individuals) and competency assessment (self-evaluation and evaluation by superior). All employees who have been on the job for at least six months are assessed annually and receive individual feedback, after analysis by the People Committee. This process results in the formulation of the Individual Development Plan for the employees, which takes into account the main points raised by the assessment program. The results of the assessment can lead to recognition, promotions, salary increases, among others. The remuneration and benefits policy is aligned with the market, and Tópico is fully compliant with labor legislation, and union agreements and conventions.



# We invest in training to form high performance teams

#### **BENEFITS**

All employees receive a benefits package comprising healthcare and dental plans; life insurance; transportation allowance; meal and food allowance; and profit share plan. In 2019, we adhered to the Brazilian federal government Empresa Cidadã program, which increases maternity leave to six months. The new born babies of all employees (mothers and fathers) receive a welcome kit from the company.

# We work with targets

Our Operational Plan is aimed at recognizing individual performance by means of annual quantitative and qualitative targets. The focus is on promoting team development. Accordingly, our directives are based on targets: individual for leaders and teams; these are measurable, scale-based, with scores (80%, 100% and 120%), and incorporate formal, periodic monitoring by managers with annual feedback.



# We value competencies

Focus on results: the individual demonstrates the capacity to manage targets and indicators, establishes priorities, takes decisions to achieve goals and results aligned with company requirements;

**Innovation:** the individual explores new ideas that leverage opportunities to diversify products and services that result in market differentials:

**Collaboration:** the individual integrates key people, generating knowledge and synergies between areas;

**Flexibility:** the individual adapts to changes and transformations with a differentiated approach to achieve results;

**Customer focus:** the individual meets customer needs in a sustainable manner and in accordance with company strategy;

**Leadership:** the employee identifies individual needs and talents, develops people and leads the group in the resolution of problems and achievement of results;

**Strategic capacity:** the individual expands vision beyond the company and business with an entrepreneurial mindset and focus on the long-term.





### **HEALTH AND SAFETY**

# The constant evaluation of indicators drives improvements in performance

Health and safety in the work place are decisive because they can reduce the risk of accidents, promote employee health and satisfaction and improve operational results. This set of factors impacts the company's image and creates growth opportunities. For us, the family (one of our values) is also impacted when we create programs and campaigns that will ensure health, safety and well-being for our employees.

Accordingly, one of the roles of the Safety Committee (which involves the participation of all the company's directors) is to evaluate the indicators and identify potential improvements. After all, we are a company that builds, transports and installs flexible storage facilities nationwide for the most

diverse business areas. Over the last three years, we have decreased the number of lost-time accidents (seven in 2019 and 2018, compared with 12 in 2017). A key tool here is the real time notification of accidents to all company units. This communication serves as an alert to ensure the same accident is not repeated.

The Internal Accident Prevention and Environment Week (SIPATMA in the Portuguese acronym) is one of our main instruments for communicating and reinforcing contents on occupational health and safety and the environment. Our internal newsletter, created in 2019, also provides information on this area, as well as other contents that are important for the company.

#### **MAIN CAMPAIGNS**

Yellow May: road safety/traffic accident prevention;

Yellow September: dedicated to preventing suicide;

Pink October: control of breast cancer:

**Blue November:** awareness campaign about diseases affecting men, particularly prostate cancer;

**Women's week:** talks on health and well-being and courses on International Women's Week:

Health and well-being: focused on anti-influenza vaccination;

**Winter campaign:** employee volunteer campaign to collect winter clothing for donation;

**World Environment Day:** measures to emphasize the importance of environmental preservation;

**Christmas campaign:** employee volunteer work in nurseries and institutions that prepare young people for the labor market.

## **SUPPLIERS**

We adopt five principles that apply to all the company's purchases:

- 1) Promote bidding processes that ensure equality and transparency for suppliers of goods and services;
- **2)** Develop new suppliers and partners to guarantee secure supplies and new supply options;
- **3)** To seek competitive advantages from suppliers based on objective, integral and formalized criteria;
- **4)** Ensure the separation of attributions and traceability in the diverse operational and decision making phases of the procurement process;
- **5)** Support and promote compliance with sustainable practices.

It is indispensable for our suppliers to be familiar with the company's values and to act in accordance with the principles of our Code of Conduct. The company will terminate relations with any partners in the event of violation of legal, tax, environmental and occupational health and safety requirements. Tópico will not tolerate the use of child or forced labor by suppliers.

We seek commercial partners aligned with our principles and values





# OUR SPECIALTIES

Over the course of 40 years, we have become the specialists in serving diverse segments with our flexible structures and larger scale projects, which are supported by the company's own engineering team. Our structures are present nationwide. We have more than

750 clients in the most varied sectors, including sugar and alcohol, construction and engineering, fertilizers, pulp and paper, agribusiness, transportation and logistics, manufacturing, vehicles and vehicle parts. We offer four types of solution:



### **GAMA STRUCTURE**

An option for companies that require a structure for long periods of time. With larger dimensions, the structure optimizes working space and is suitable for the different climates in the country.



### **BETA STRUCTURE**

Indicated for temporary coverage and storage needs, this option may be installed rapidly, providing excellent value for money.



### **ZETA TENT**

A lower investment option for rapid storage in areas with reduced space. Constructed in the shape of a pyramid, the tent is indicated for storing small quantities.



### **DELTA PROJECTS**

These may be customized in accordance with the business. Our engineering team designs the best coverage solution in accordance with the client's requirements.

### Why we are different

All our projects are accompanied by technical responsibility notifications (ART-CREA) and are certified by the Brazilian technical standards association ABNT. The foundations are simplified, eliminating construction costs and ensuring rapid and easy assembly and installation. Due to their modular construction, the structures may be easily and rapidly enlarged or reduced.

To do this, we have an engineering area that develops special projects in accordance with each customer's needs, offering secure structures scaled in accordance with market requirements and compliant with technical standards. The projects are elaborated using specialized software to guarantee the rigor and accuracy of structural calculations in accordance with the dimensions of the structure.

To facilitate daily routines and speed up customer service, the company has an area dedicated to facilitating construction works. This area ensures the prior preparation of all the necessary documentation and the preparation of the teams responsible for executing the work.

Our flexible structures permit the expansion or reduction of areas in accordance with the customer's needs, offering major advantages in comparison with masonry structures

#### PRODUCT DIVERSITY

The company's solutions are constructed using different materials, such as:

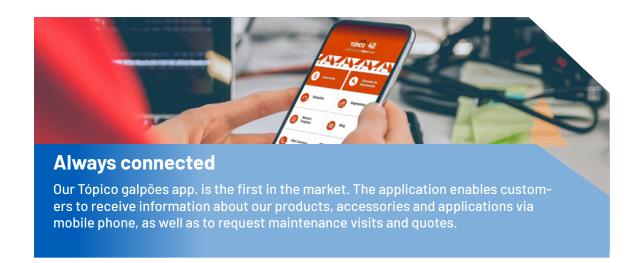
Canvas Shed: hot dip galvanized metal structure with aluminum profile finish with a working life of up to 40 years. Impermeable vinyl canvas cover with anti-mildew and anti-UV treatment or zinc sheeting in the Plus line. A series of accessories is available, such as wind-powered ventilators, extra doors and lighting.

#### Other optional items and accessories:

translucent roofing to facilitate lighting and reduce electricity costs; rainwater harvesting system enabling reuse of water; electrical discharge protection; canvas divisions to optimize space; window and door options; thermal insulation to reduce temperature naturally.

### **Customized** service

The customer experience guides all our decision making. This is why our commercial team is organized by geographical region and business segment, enabling it to address the specificities of different businesses. The Relationship area, which works in partnership with the commercial team, is responsible for centralizing all client requests and for coordinating the execution of the most diverse projects in conjunction with the operational areas.



# **OUR CLIENTS**

Our portfolio comprises more than 750



# FIELD OPERATIONS

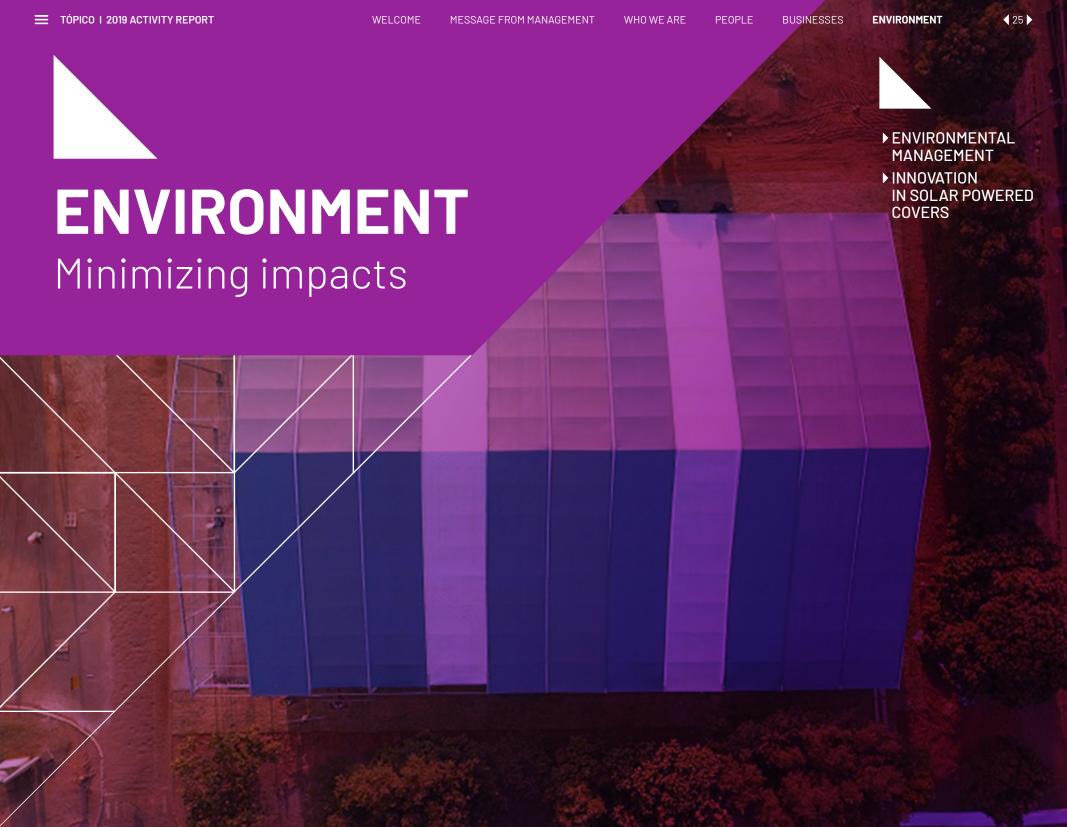
For many years, agribusiness has been one of the most important sectors in the country. In 2019, the agribusiness Gross Domestic Product (GDP) grew by 3.81%, significantly outperforming the average for the Brazilian economy, according to the sector association CNA (Confederação da Agricultura e Pecuária do Brasil). Brazilian agribusiness is an important exporter of grains (soy and corn), meats, sugar, and other commodities.

This is the reason Tópico has the target of boosting its share in this field. We already have a significant presence in the fertilizer and sugar segments. Our installations rented to agribusiness increased by 38% in 2019, and there is an opportunity to further boost this growth due to an estimated storage shortage for 84 million tons of grain in the country.

Flexible structures can be highly useful in agriculture, particularly for storing grain and cotton, as well as machinery and other types of equipment.



We want to expand our share in agribusiness, a sector in constant growth in the country



# ENVIRONMENTAL MANAGEMENT

Our target is to adapt our strategies to the Sustainable processes, collecting this material and ensuring it is disposed of adequately by a partner certified by the São Paulo en-

The nature of our business, the manufacture and rental of flexible storage structures, facilitates sustainable performance in production. Our main raw materials are steel and canvas, which are both reusable. We install the structures on our customers' premises in accordance with the proposed plan, with no excess material or waste when the installation is complete. These qualities give flexible storage structures an important competitive edge compared with their masonry counterparts in terms of flexibility, cost, installation time and environmental aspects.

Our factory has a waste management program that permits the measurement of the quantity of products used (steel, iron and canvas) and their value when recycled. We capture the soot particles suspended in the air during welding processes, collecting this material and ensuring it is disposed of adequately by a partner certified by the São Paulo environmental authority Cetesb (Companhia Ambiental do Estado de São Paulo). We wash the canvas used in production with harvested rainwater and neutral detergents that do not harm the environment.

We do, however, understand that there is still much to be done, such as the evaluation of our suppliers' industrial processes, the offsetting of our  $\mathrm{CO}_2$  emissions – given that we travel nationwide to assemble our structures – and the adaptation of our strategies to the Sustainable Development Goals (SDGs).

#### **MATERIALS RECYCLED**

In kilograms per year





15,510 kg







32,200 kg







17,990 kg

# INNOVATION IN COVERINGS THAT GENERATE SOLAR ENERGY

Panels capture solar rays and transform them into electrical current, generating clean energy and boosting savings

> During 2019, we engaged intensely in the Tópico Solar project, a solution capable of reducing energy consumption in storage sheds by up to 100%, depending on the size of the system.

> Panels capture solar rays and transform them into electrical current, which is controlled and transferred to a specially designed battery system. The batteries are connected to a power supply distribution system with protection. The system integrating the panels with the structure and the cable conduit system are patented by Tópico. The estimated working life of the batteries is between five and ten years and the solar panels can function for up to 20 years.

The major advantage is autonomy, since the system can provide power for warehouses and sheds not connected to the grid. The system design enables the batteries to supply energy to power a structure's lighting, access control, alarms and surveillance cameras for 24 hours.

We believe this solar coverage can be highly beneficial for agribusiness because during planting and harvesting, major agribusiness players need to increase their storage capacity, frequently in locations with no access to electricity.







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#### **Photos**

Tópico Archive Unplash (page 22)

