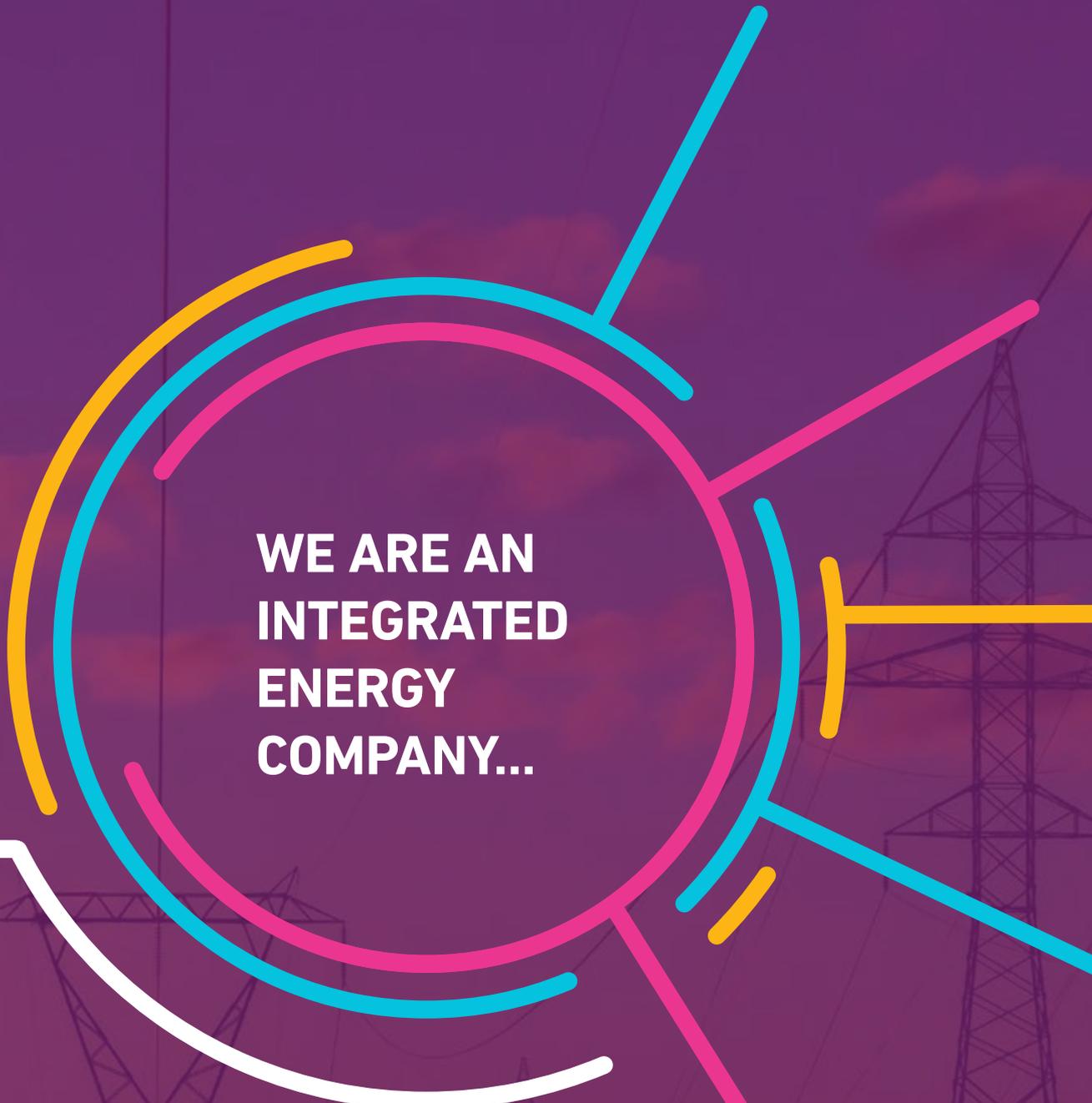


**2018 | 2019**  
ANNUAL REPORT



**WE ARE AN  
INTEGRATED  
ENERGY  
COMPANY...**

**raízen**

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## ABOUT THIS REPORT

For the eighth consecutive year, we reaffirm our commitment to transparency by disclosing the results—operational, social and environmental and financial - recorded during the crop year. [IGRI 102-52](#)

In line with the previous edition, published in June 2018, this document was prepared in accordance with the GRI Standards: Core Option. The content refers to our operations in Brazil<sup>1</sup> between April 1, 2018 and March 31, 2019. [IGRI 102-45, 102-50, 102-51, 102-52, 102-54](#)

In order to ensure the accuracy of the information, this material was evaluated by the Executive Board and assured by KPMG Auditores Independentes. [IGRI 102-56](#)

For questions or suggestions, write to [fale@raizen.com](mailto:fale@raizen.com) or, if you prefer, call 0800 728 1616. [IGRI 102-53](#)

Your contact is important to improve our communication!

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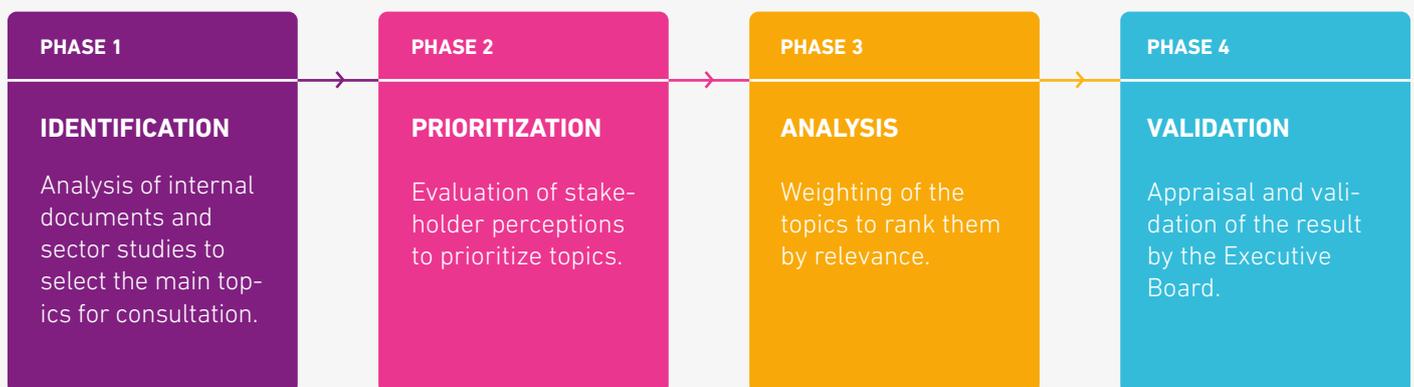
*1 Raízen Energia S.A., Raízen Combustíveis S.A. and all wholly-owned and controlled subsidiaries. Due to its short time in operation, the Global Reporting Initiative (GRI) indicators do not yet include the assets acquired from Shell in Argentina or the operations announced during the crop year, but only the economic performance indicators. [IGRI 102-45](#)*

## MATERIAL TOPICS

[IGRI 102-43, 102-44, 102-46, 102-47, 103-1](#)

The topics contained in this report were identified in the previous crop year during a broad consultation process involving more than 300 stakeholders, among suppliers, customers, specialists and employees, including our Senior Management).

### CONSULTATION PROCESS



As a result, seven relevant topics were highlighted in our Materiality Matrix, in addition to two (“People Management” and “Social and Environmental Aspects and Impacts”), which were later included as strategic for the business.

**MATERIALITY MATRIX**

Relevant topic**  GRI 102-47	Justification  GRI 103-1	Associated aspects (GRI)	(GRI) Indicators reported	Associated Sustainable Development Goals (SDG)	Impact boundaries*  GRI 103-1
Relationship with suppliers, business partners, and clients	We identified client concerns associated with this topic and recognized our potential to share technology and best practices with business partners	Procurement practices; Supplier environmental assessment; Supplier social assessment; Freedom of association and collective bargaining; Child labor; and Forced and/ or compulsory labor	GRI 204-1, 308-1, 308-2, 407-1, 408-2, 409-1, 414-1, 414-2	Gender equality (SDG 5); Decent work and economic growth (SDG 8); Industry, innovation and infrastructure (SDG 9); Responsible consumption and production (SDG 12); Peace, justice and strong institutions (SDG 16).	Planting and growing sugarcane; industrial processes; and distribution and marketing of fuels (B2B, Shell Aviation and Stations). We have in place <a href="#">relationship programs with these audiences</a> manage this topic.
Innovation	We believe that stimulating innovation is what may differentiate us in the industry, and allow us to discover ways to mitigate risks and boost efficiency.	None.	There are no related GRI indicators.	Zero hunger and sustainable agriculture (SDG 2); Affordable and clean energy (SDG 7); Decent work and economic growth (SDG 8); Industry, innovation and infrastructure (SDG 9).	Planting and growing sugarcane; industrial processes; and distribution and marketing of fuels (B2B, Shell Aviation and Stations). We have in place the <a href="#">Pulse and develop several projects</a> to advance technologies to drive the industry.
Workplace safety	Health and safety impacts on employees and third parties are some of the main criteria observed by clients. Dealers praise our practices. This topic also covers the entire value chain.	Occupational health and safety.	GRI 403-1, 403-2, 403-4	Good health and well-being (SDG 3); Decent work and economic growth (SDG 8).	Planting, growing, and transporting sugarcane; industrial processes; and distribution and marketing of fuels (B2B, Shell Aviation and Stations).. In all stages of the industrial and distribution processes, there are risks to the health and safety of workers (company or contractors). Such risks are identified and monitored <a href="#">for adoption of appropriate control measures</a> .
Renewable energy and energy efficiency	Global demand for renewable energy has increased. This topic was often mentioned by experts, leadership, and employees.	Energy; Emissions.	GRI 302-1, 302-2, 302-3, 305-1, 305-2, 305-3, 305-4	Good health and well-being (SDG 3); Affordable and clean energy (SDG 7); Responsible consumption and production (SDG 12); Climate Action (SDG 13).	Impact limited to industrial processes and fuel distribution. <a href="#">At each crop we improve the circular economy model</a> - not only in order to promote the efficiency of our operations, but to stimulate the transformation of the global energy matrix, with an increase in the share of renewable energies.

Relevant topic** [GRI 102-47]	Justification [GRI 103-1]	Associated aspects (GRI)	(GRI) Indicators reported	Associated Sustainable Development Goals (SDG)	Impact boundaries* [GRI 103-1]
Ethics and integrity	A topic often mentioned by leaders, suppliers, and employees.	Anti-corruption; Anti-competitive behavior; Environmental compliance; and Social and economic compliance.	GRI 205-1, 205-2, 205-3, 206-1, 307-1, 419-1	Peace, justice, and strong institutions (SDG 16).	Planting, growing, and transporting sugarcane; industrial processes; and distribution and marketing of fuels (B2B, Shell Aviation and Stations) At all links in our chain, <a href="#">we share ethical principles</a> with our partners and employees, as well as market peers, with a view to socially responsible practices and fair competition in the sectors in which we operate.
Sustainability in the strategy	Often indicated by leadership.	There are no related GRI aspects.	There are no related GRI indicators.	Responsible consumption and production (SDG 12).	Planting, growing, and transporting sugarcane; industrial processes; distributing and marketing fuels (B2B, Shell Aviation and Stations); consumers. At all stages of the industrial and distribution processes, <a href="#">sustainability is a key element in our strategy</a> in the pursuit of operational efficiency and enhancement of our portfolio.
Economic Performance	Most mentioned by leadership and employees. It covers our competitive advantages and our ability to generate return for shareholders without compromising business continuity.	Economic performance.	GRI 201-1, 201-2	Decent work and economic growth (SDG 8).	Planting and growing sugarcane; industrial processes; and distribution and marketing of fuels (B2B, Shell Aviation and Stations). We are the business group that most drives the economy in Brazil <sup>1</sup> , with nearly 29,000 employees, as well as sugarcane producers, suppliers, carriers and dealers. With this responsibility, <a href="#">we have in place processes for identification and management of risks</a> , in addition to <a href="#">robust governance structure</a> , whereby our business objectives are clearly established and communicated.

<sup>1</sup> According to ranking Empresas Mais, created by newspaper O Estado de S. Paulo.

Relevant topic** [GRI 102-47]	Justification [GRI 103-1]	Associated aspects (GRI)	(GRI) Indicators reported	Associated Sustainable Development Goals (SDG)	Impact boundaries* [GRI 103-1]
People management	More relevant to employees and among those most mentioned by clients.	Employment; Training and Education; Diversity and equal opportunity; Non-discrimination.	GRI 401-1, 401-3, 404-1, 404-3, 405-1, 406-1	Quality education (SDG 4); Gender equality (SDG 5); Decent work and economic growth (SDG 8); Reduced inequalities (SDG 10).	Planting, growing, and transporting sugarcane; industrial processes; and distribution and marketing of fuels (B2B, Shell Aviation and Stations). In all of our activities, we have approximately 29,000 employees, <a href="#">of whom we take steps to promote a safe, ethical, inclusive work environment that is conducive to personal and professional development.</a>
Social and environmental aspects	Includes aspects related to the impact of our activities, although not all of them were prioritized by the stakeholders consulted.	Market presence; Indirect economic impacts; Water; Biodiversity; Effluents and waste; Rights of indigenous communities; Local communities.	GRI 202-1, 203-1, 303-1, 304-1, 304-2, 306-3, 411-1, 413-1, 413-2	No poverty (SDG 1); Zero hunger and sustainable agriculture (SDG 2); Good health and well-being (SDG 3); Gender equality (SDG 5); Clean water and sanitation (SDG 6); Decent work and economic growth (SDG 8); Reduced inequalities (SDG 10); Sustainable cities and communities (SDG 11); Responsible consumption and production (SDG 12); Life below water (SDG 14); Life on land (SDG 15); Peace, justice and strong institutions (SDG 16).	Planting, growing, and transporting sugarcane; industrial processes; and distribution and marketing of fuels (B2B, Shell Aviation and Stations). The sugarcane chain is labor-intensive. Therefore, we have in place a series of measures to avoid the establishment of contracts with companies that employ people in conditions of slave or bonded labor; involved in acts of corruption; with non-compliance with environmental legislation; among other social and environmental impacts. Suppliers are evaluated periodically to ensure proper business relationship, in line with our principles.

\* There are no specific limitations regarding the boundaries of the topics.

\*\* We only monitor the compilation of concerns and demands raised, not controlling their exact source.

## MESSAGE FROM THE PRESIDENT

|GRI 102-14|

The 2018/2019 crop year was undoubtedly one of the most challenging in our history. This is due to the political and economic outlook, marked by the slow recovery of the economy amidst the natural uncertainty of an electoral process, among other factors, felt not only by us, but by the sectors in which we operate.

In our fuel distribution businesses, the greatest impacts were caused by the truck drivers' strike and the high volatility of international prices. To minimize these impacts, we highlight our efforts to optimize the procurement and marketing strategy and to prioritize the sustainable relationship with our partner dealers.

In the ethanol, sugar and bioenergy production business, we also faced an adverse scenario: we are experiencing climate adversities in this harvest. It rained at the "wrong time"—we had severe drought in the first four months of the harvest, which impacted our productivity, and a period of heavy rains, above the historical average in recent months, which caused industrial shutdowns and delayed the end of the harvest.

But the quest for excellence in everything we do reinforced the resilience of our business model even in this outlook, and we continue to deliver consistent results. Total ethanol sales offset declines in sugar and gasoline sales. In the consolidated results, our adjusted EBITDA totaled BRL 6,112.6 million and net income was BRL 2,235 million.

Our growth platform is based on internal experience in logistics, brand management and value adding, regional and international trading, efficiency and productivity, and in the relationship with our customers and partners. We look forward to competitively addressing global trends such as the growing demand for clean energy, the advancement in the digital revolution, new habits connected consumer, hybrid and electric car technology, and the prospect of distributed power generation.

Basically, we are investing resources to support our leadership in fuel distribution, as a private player, and in the production of sugar, ethanol and bioenergy, to extend our leading role in the transition to an energy source with lower carbon footprint, advancing on fronts such as second-generation ethanol, the use of biomass in production and trading of energy and diversification of energy sources.

We will therefore seek maximum efficiency in the agricultural and industrial areas of our 26 ethanol, sugar and bioenergy production facilities, with state-of-the-art technology from planting to harvesting and crushing sugarcane. And with the support of the dealer network, we will invest more and more in digital transformation in the fuel market, in which we will completely change the fueling experience, reshaping the experience of the Shell Select stores and offering Shell Box as an alternative that goes beyond a simple payment App, creating a relationship ecosystem with our customers.

With these purposes, despite the volatile scenario of the fiscal year, we remained focused on obtaining good results, reflecting the strength and integration of a team that works to deliver today, with an eye on the future and on our long-term strategies.

Last year, we set the cornerstone of the biogas plant at the Bonfim Unit, in Guariba (SP). With operations expected to begin in the middle of the

2020/2021 crop year, it will be possible to increase the unit's power generation by up to 40%. Also in line with our commitment to collaborating for a low-carbon economy, we plan to initiate, in May 2019, in Piracicaba (SP), the operation of a pilot solar power plant directly connected to the distribution grid. The idea for the coming years is to grow in the Distributed Generation (DG) market, while diversifying our operations with renewable sources.

As an integrated energy company, we also announced, in the crop year, a joint venture with WX Energy to trade this resource in the free market, which increases our portfolio in the electricity segment.

We keep our eyes on the future, but we do not lose sight of the current demands to drive our growth today. As one of Brazil's leading fuel distributors, we have identified a business opportunity in Argentina, where we acquired Shell's assets. Considering this operation alone, we projected, as previously disclosed, to achieve EBITDA in excess of USD 200 million in 2019/2020.

The new operations in Brazil and abroad did not divert our focus on what is already our area of expertise. We have maintained our leadership in global exports of sugar, of which we are the world's largest producer. Also in 2018/2019, we worked on the construction of six sugar warehouses, which, compared with the previous year, increased by 40% our storage capacity for trading in the off season, especially in times of lower supply and better prices.

During another crop year, we did not fail to share the message that life is what matters. We remain focused on the goal of Zero Accidents, and there is no doubt that the new Raízen University, restructured in 2018/2019, will increase safety and add even more strength to this endeavor.

We also demonstrated the conduction of the business in an integral and socially responsible manner. In 2018/2019, we obtained the Bonsucro certification for the Rafard and Barra Units—the latter became the largest production unit in the world, by volume, to obtain the seal, indicating compliance with best practices related to sustainability in the sugar and ethanol sector. We are now responsible for the largest certified area on the planet, which includes 21 plants.

We expect to see better results in the coming harvest, even in a more competitive scenario, given the higher sugar production in Asian countries, mainly India, and the international newcomers in the fuel distribution market in Brazil. In this scenario, we want to compete with ethics and social responsibility, reinforcing the purpose of making a difference in the lives of people who trail this path with us.

Enjoy your reading!

**Luis Henrique Guimarães**  
**President**

# WE ARE AN INTEGRATED ENERGY COMPANY...

A photograph of a large, purple sign for Raízen. The sign is tilted and features the company name 'raízen' in white, lowercase letters. Below the name, it says 'Terminal de Rondonópolis' in a smaller font.

Terminal de  
Rondonópolis

## IN THIS CHAPTER

- 09 WHO WE ARE
- 11 SUSTAINABLE STRATEGY
- 14 RISK MANAGEMENT
- 16 GOVERNANCE STRUCTURE

## WHO WE ARE

[IGRI 102-2, 102-6](#)

We are Raízen, the group that most influenced Brazil<sup>1</sup> and one of the most active in the country's economy<sup>2</sup>. We are committed to offering energy in different forms, today and tomorrow. [IGRI 102-1](#)

We integrate all stages of the sugarcane production chain—for the production of sugar, ethanol and bioenergy—mobilizing people and boosting business.

To move society every day, we also distribute and market fuels to companies from various sectors of the economy and, through the license of the Shell brand, we support a network of service stations and fuel bases at airports throughout Brazil. Our operations also include Shell Select Convenience Stores, which enhance consumer experience at service stations.

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<sup>1</sup> According to Exame magazine's special edition Melhores e Maiores (Best and Largest) 2018, which ranked companies by net sales, earnings and number of employees.

<sup>2</sup> According to ranking Empresas Mais, created by newspaper O Estado de S. Paulo.

**Our distribution and marketing activities have service stations, terminals and bases at airports throughout Brazil.** We also have units producing sugar, ethanol and bioenergy in the states of São Paulo, Goiás and Mato Grosso. [IGRI 102-4](#)

Attentive to energy transition, in 2018/2019 we advanced in the construction of our first solar power plant and officially started the construction of our biogas plant, which uses industrial waste to generate electricity. These new assets reflect our inquisitive view, with which we invest in research and technology to develop energy alternatives and renewable matrices, important for the future<sup>3</sup>.

Thinking about the energy that drives society today, we also moved beyond Brazil's borders to acquire Shell's assets in Argentina, adding to our structure a network with 665 service stations, as well as fuel terminals, industrial plants and a refinery (see [here](#))<sup>4</sup>. [IGRI 102-4, 102-10, 103-2](#)

We grow strong because we encourage the best in each of our 29,000 employees and value productive relationships with our partners (sugarcane producers, suppliers, carriers and dealers). [IGRI 102-7](#)

> For more information, visit our new website: [raizen.com.br](http://raizen.com.br).

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<sup>3</sup> According to ranking *Empresas Mais*, created by newspaper *O Estado de S. Paulo*.

<sup>4</sup> Operations not yet included in the indicators of the Global Reporting Initiative (GRI), due to the short time in operation.

# SUSTAINABLE STRATEGY

[GRI 102-10, 102-11, 103-2, 103-3]

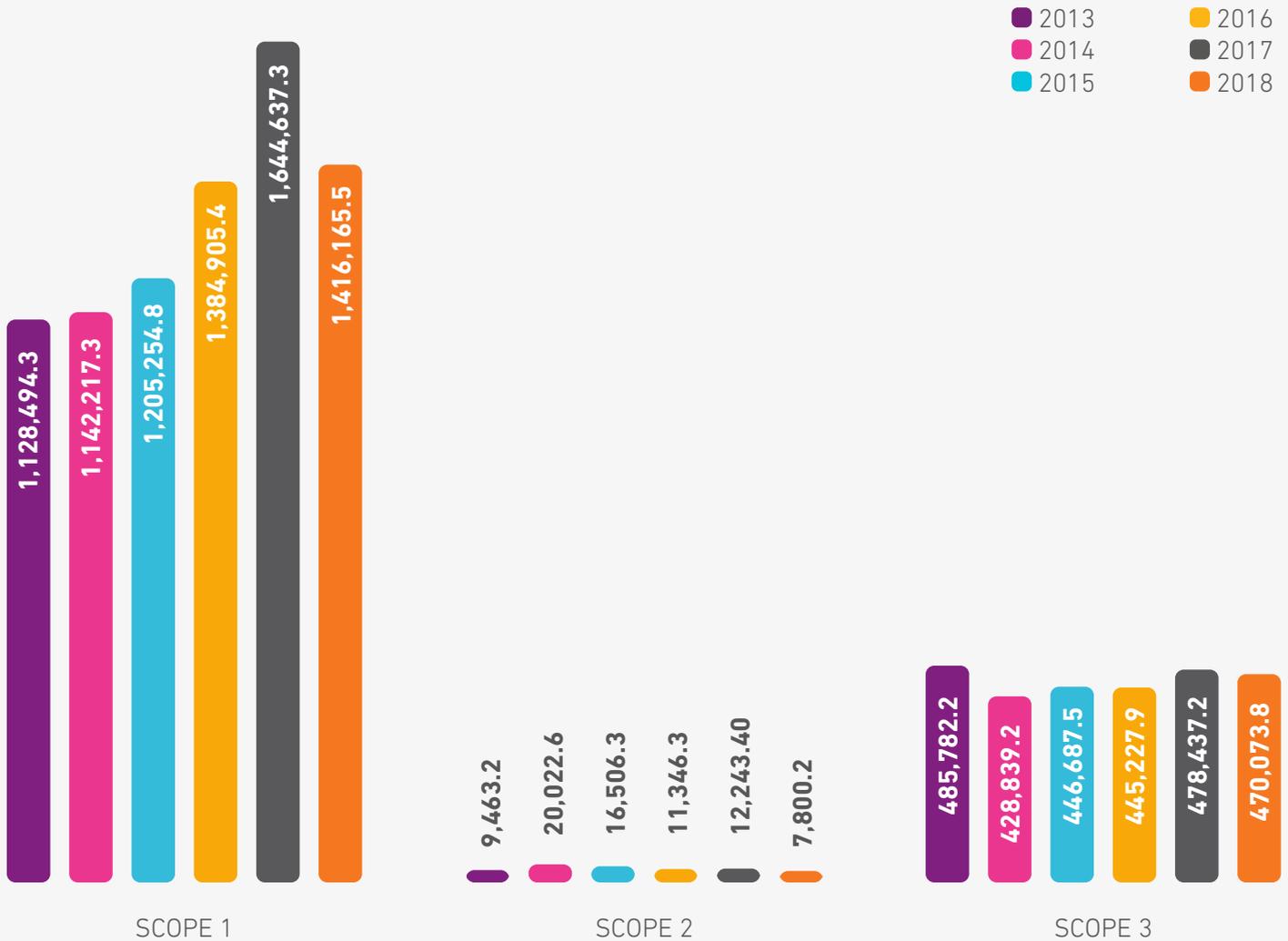
**Our strategy considers the need for a low-carbon economy,** which encourages us to expand the portfolio, offering creative solutions to customers and partners and generating the energy of the future.

According to data from the United Nations, a 45% reduction in global emissions of greenhouse gases (GHG) will be needed by 2030. This is an even bolder goal compared to the 20% proposed in 2015, when the Paris Agreement was signed. This challenge encourages companies worldwide not only to invest in the efficiency of their processes but also to redesign business models to be structured around low-carbon.

This scenario highlights the importance of sustainability as an element of our strategy. Rather than reducing the volume of waste generated by our processes, at each crop year we have advanced our circular economy model. One such example is the reuse of vinasse, a byproduct of the ethanol production. Rich in nutrients for the soil, it replaces a part of the synthetic fertilizers applied in our cultivated areas, which represent a significant portion of the emissions from our operations.

Since the beginning of our activities, we have quantified GHG emissions based on the guidelines of The Greenhouse Gas Protocol and its national version, the [Brazilian GHG Protocol](#). The results are audited externally and published annually on the platform of the Brazilian program to provide transparency and improvement in management.

**GHG EMISSIONS BY SCOPE IN tCO<sub>2</sub>eq<sup>1</sup>** | GRI 305-1, 305-2, 305-3|



Scope 1: Direct emissions from the activities under our control.

Scope 2: Indirect emissions from the electricity purchased from the grid.

Scope 3: Other indirect emissions, mainly from the supply chain.

<sup>1</sup> Given the short time in operation, the emissions inventory does not yet include operations in Argentina nor those announced during the crop year.

We see innovation as a sustainability partner in our strategy. An example is second-generation ethanol (E2G), produced since 2014/2015 from sugarcane bagasse fibers, a byproduct of sugar and ethanol production, in a process that allows for an increase of up to 50% in our production using the same cultivated area. The evolution in global energy demand and in agricultural practices ensures ethanol its rightful place in the agenda of the future, especially considering the technological advances in the use of this biofuel. According to data from the International Energy Agency (IEA), on average, conventional sugarcane ethanol can reduce GHG emissions by 89% compared to gasoline.

We continue to diversify our portfolio, aiming to become an integrated energy company, boost our competitive advantage and offer solutions to all our customers. In 2018/2019, we entered into a joint venture with energy trader WX Energy, and, with this, we started to position our company in the

**USD**  
**900 million**  
 invested in the acquisition of  
 Shell's assets in Argentina.

free market as well. In addition, we are working on an innovative project to convert, on a commercial scale, vinasse and filter cake into biogas. Another important step is the beginning of our operation, starting next harvest, in the Distributed Generation (DG) market, through our first solar power plant, ready to market energy in the regions of Piracicaba (SP) and Campinas (SP).

Our actions strengthen our look to the future. According to the Energy Research Company (EPE - Empresa de Pesquisa Energética), the trend is for non-conventional renewable sources—such as biomass, solar and wind—to significantly increase their share in the national electricity matrix.

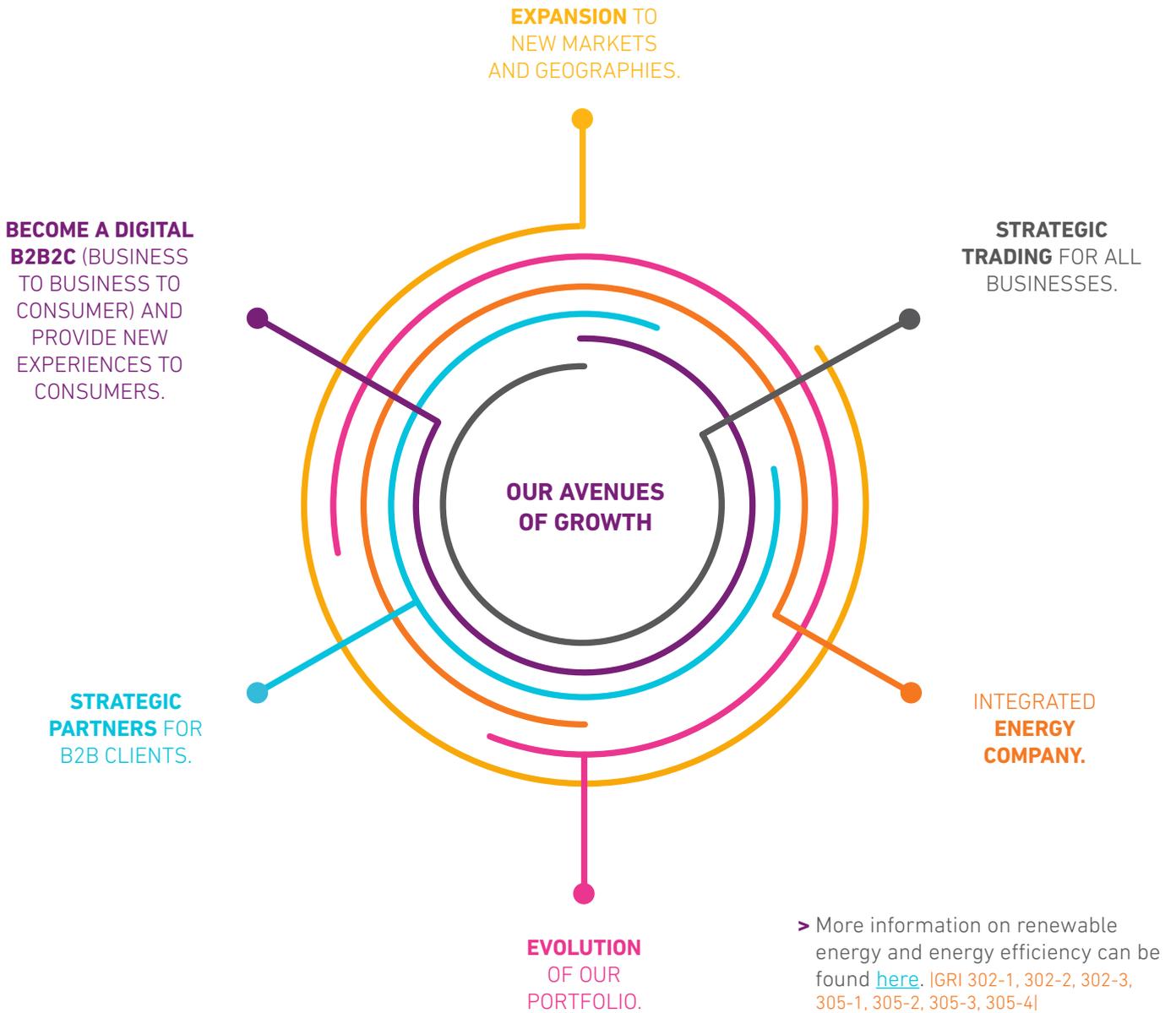
Even with an eye on the future, we see the importance of positioning ourselves today, attentive to current demands. We identified a business opportunity with a model similar to our Brazilian fuel distribution operations—with expected synergies of USD 50 million, resulting from the use of our administrative structure, in addition to a horizon to expand the convenience and trading businesses. Therefore, we completed the acquisition of Shell's assets in Argentina. With the transaction, which involved more than USD 900 million, we started operating a refinery, a lubricant plant, three land terminals, two airport fuel terminals and a Liquefied Petroleum Gas (LPG) plant, and incorporated a network of 665 service stations licensed under the Shell brand. To consolidate this operation, we considered a long-term outlook in a structured market, the quality of the assets, the local team's knowledge of the market, and brand strength in the country. Currently, the operation accounts for 18% of Argentina's refining capacity and holds a 21% market share (average monthly sales per station of 420 m<sup>3</sup>), and, considering premium fuels, the average share is 36%.

**Investing in Argentina shows that, although we always look to the future, we are also attentive to the current demands of society.**

**170,000 m<sup>3</sup>**  
 is the initial storage capacity of the ports acquired in the crop year.

In line with our strategy to expand to new markets and aiming to increase the efficiency in the logistics in fuel distribution in Brazil, at the end of the 2018/2019 crop year, three consortiums we form with other companies were awarded, via an auction conducted by National Waterway Transport Agency (ANTAQ - Agência Nacional de Transportes Aquaviários), three lots of the Port of Cabedelo (PB), one of the Port of Vitória (ES) and another from the Port of Miramar (PA). Together, the areas have initial storage capacity greater than 170,000 m<sup>3</sup> of fuel. We are committed, according to the bidding documents, to the development of the infrastructure that will contribute to the efficiency in the logistics to distribute this product in the country.

The steps we took in 2018/2019 follow the direction of our avenues of growth. We are attentive to leverage market opportunities and guarantee the best solutions, capable of winning the loyalty of clients and partners, generating high returns to shareholders and spur, among our employees, the pride in being a part of our team.



## RISK MANAGEMENT

[GRI 102-11, 103-2, 103-3]

Despite being young, with only eight years of activity, we have inherited from our shareholders—Royal Dutch Shell and Cosan—experience in identifying and monitoring risk factors. Our methodology is a reflection of best practices undertaken and improved over decades in both companies.

We rely on a control team, whose task is to challenge the other areas to understand the risks and opportunities inherent to each business and the context in which they are inserted. Thus, professionals from all teams can identify internal or external factors that can impact the results and the reach of the goals set out in our strategic planning.

Subsequently, the risks identified by area are prioritized—between the axes “impact intensity” and “likelihood of occurrence”—in nine quadrants of a matrix, revised annually and aligned to our five-year business plan. In 2018, the matrix was composed of 18 factors, two of which considered critical. Based on this definition, action plans and continuous or eventual controls are developed, and resources are allocated to address risks.

The assessment of likelihood is based on the risk category:

**Regulatory and legal risks** | Related to non-compliance and legal and regulatory requirements, which may result in negative exposure of our brand.

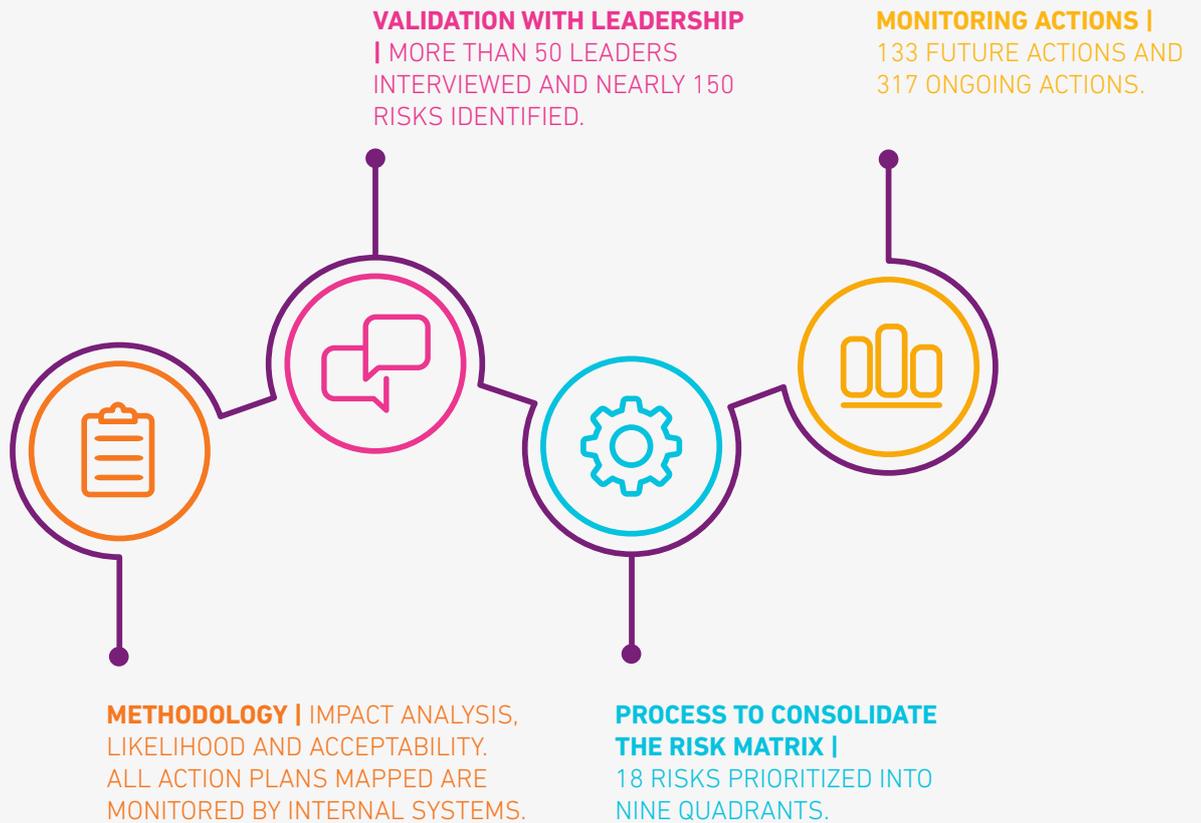
**HSE Risks** | Related to Health, Safety and Environment aspects (e.g. workplace accidents or with serious environmental impacts).

**Strategic Risks** | Associated with strategic decisions, such as expansions and investments, among others.

**Operational Risks** | Concerning efficiency and productivity of operations.

**Financial Risks** | Related to financial impacts (e.g. exposure to foreign exchange).

**REGULAR REVIEW PROCESS OF THE RISK MATRIX**



In addition, in order to avoid the risk of operation shutdowns in cases of contingencies, we have developed a Continuity Plan for Critical Business Processes—revised annually by managers to identify critical processes to consider. For each risk factor, scenarios and work plans are prepared, simulated periodically with results reported to Senior Management.

# GOVERNANCE STRUCTURE

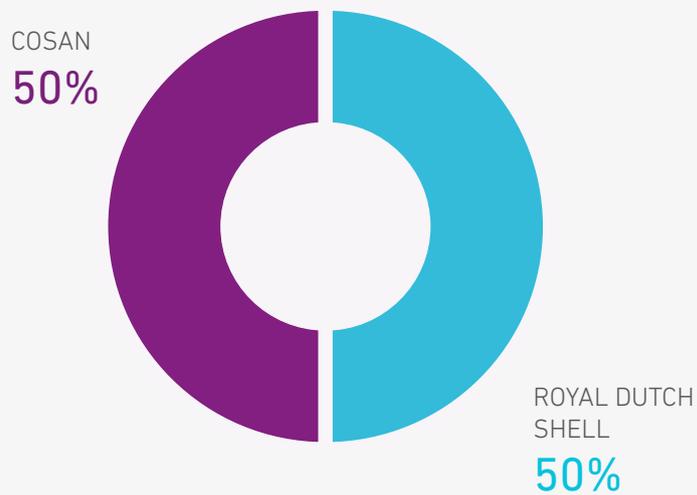
[GRI 102-18, 103-2, 103-3]

We have in place a robust corporate governance structure, whereby business objectives are clearly established and approved and properly communicated.

## SHAREHOLDERS

- Royal Dutch Shell and Cosan define the business strategy, decide on the allocation of net income and distribution of dividends and elect the members of the Board of Directors, among other responsibilities under the Brazilian Corporation Law and by our Bylaws.

## SHAREHOLDING STRUCTURE [GRI 102-5]



## BOARD OF DIRECTORS

- It is composed of six members, with three representatives from each of the shareholders.
- Three-year terms, re-election allowed.
- Proposes to shareholders the overall strategy and strategic priorities; approves significant investments; elects and removes members of the Executive Board, among other duties described in our Reference Form.

## ADVISORY COMMITTEES

The Board of Directors is supported by four committees:

- Finance Committee;
- Audit Committee;
- Remuneration Committee; and
- Corporate Social Responsibility Committee.

### **EXECUTIVE BOARD**

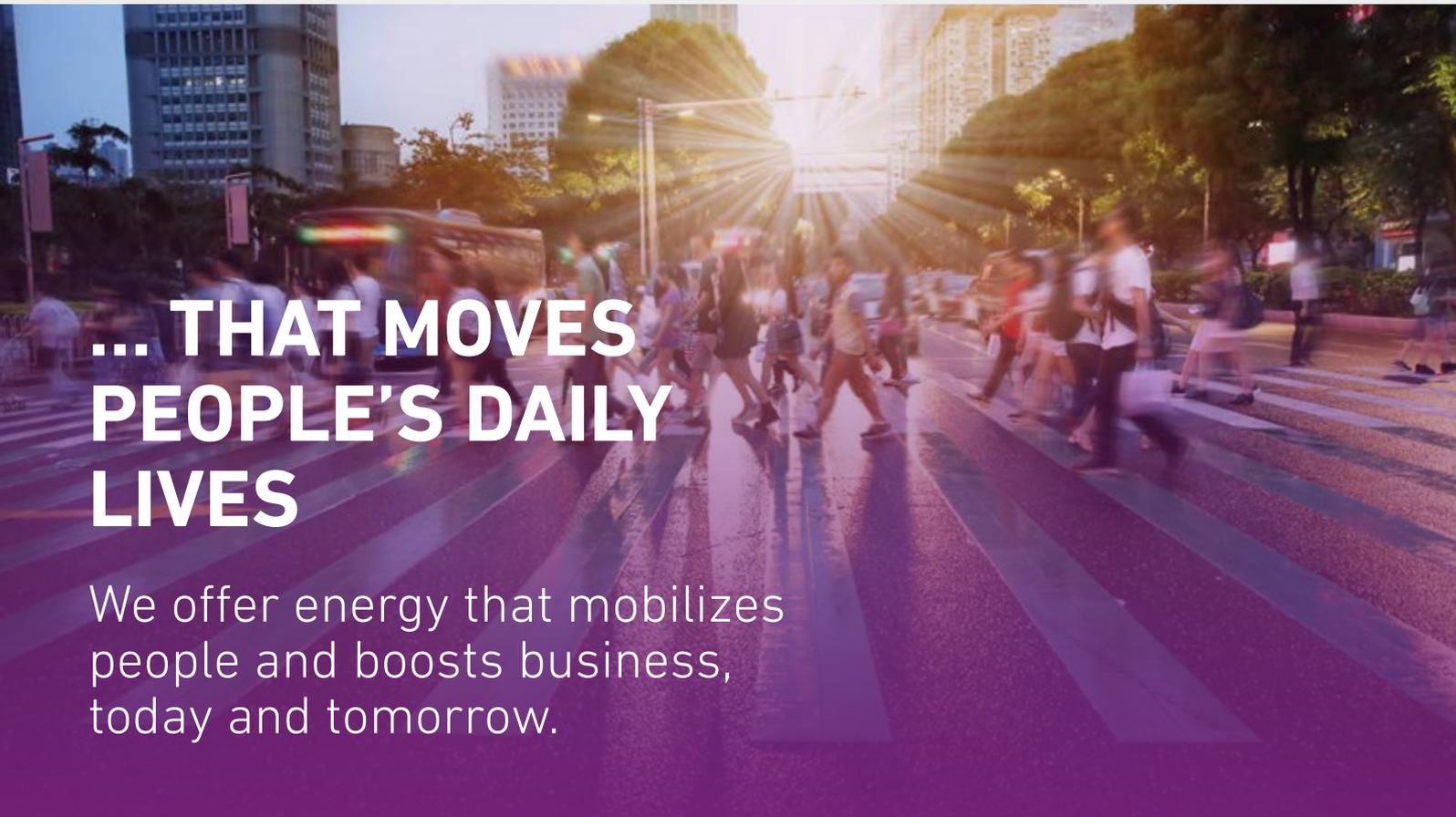
- Composed of at least four (one Chief Executive Officer, one Operations Director, one Finance Director, and one Executive Director) and a maximum of eight members.
- Three-year terms, with the exception of the Chief Executive Officer, who has a two-year term, with re-election possible in all cases.
- Responsible for management of the business and implementation of policies and guidelines established by higher levels.

### **EXECUTIVE COMMITTEES**

Encourage the involvement of employees, from different areas and hierarchical levels (including Senior Management), in the discussion of topics relevant to improvement of corporate practices and organizational climate. The executive committees are:

- Ethics Committee;
- Compliance Committee;
- Diversity Committee;
- Health, Safety and Environment Committee;
- Market Risks Committee; and
- Investment Committee.

> More information about the Board of Directors and the Executive Board can be found at [ri.raizen.com.br](https://ri.raizen.com.br).



# ... THAT MOVES PEOPLE'S DAILY LIVES

We offer energy that mobilizes people and boosts business, today and tomorrow.

## IN THIS CHAPTER

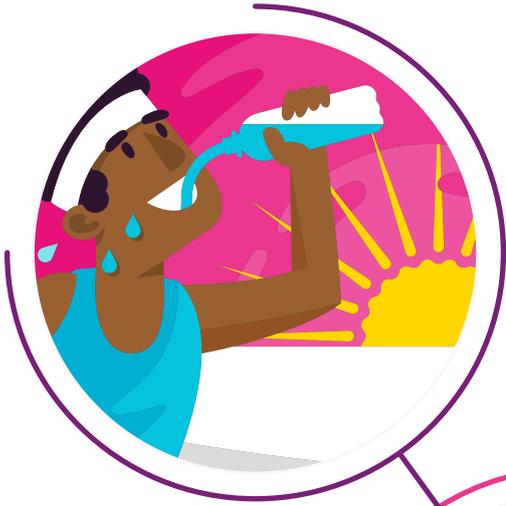
18 OUR BUSINESS  
25 RESPONSIBLE OPERATION

## OUR BUSINESS

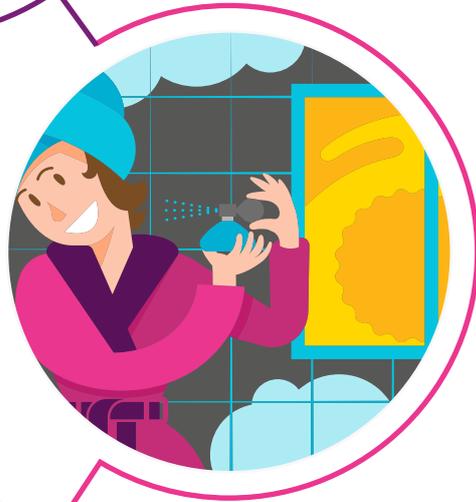
[GRI 102-6, 102-7, 102-10, 103-2, 103-3]

**From the sweetened breakfast to happy hour at the end of the day, the energy of our work can be found in the daily life of Brazilians.**

This is because we market products through industries from a wide variety of sectors in the economy: food, beverages, cosmetics, plastics, pharmaceuticals, chemicals, among others.



**We also manufacture different types of ethanol for various industrial segments**, such as those used in the production of biodegradable plastics.



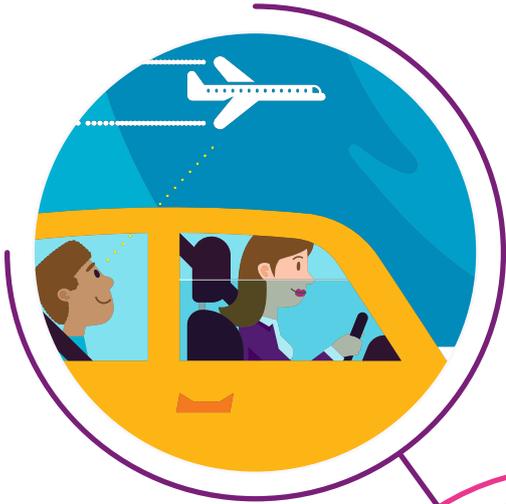
**Neutral hydrous ethanol, for example**, is very versatile and can be found in the formulas of beverages, cosmetics and pharmaceuticals.



**We produce various types of sugars**, such as sucrose and inverted sugar syrup, which are mainly sold to companies in the food industry.



**With the power of the Shell brand**, we market fuels through a network of more than 7,000 service stations.



It's the same energy that powers **business and commercial aircraft** from North to South...



During a fuelling stop, customers also have the **differentiated experience of Shell Select**, our brand for convenience stores. To have a coffee or schedule a meeting, the space becomes a point of support for best services.



From **sugarcane biomass**, we produce electric power, which is sold to partners and distributors.



This is the energy of our **team that innovates and makes a difference**, moving society in so many ways.

We integrate all stages of the sugarcane production chain. From this raw material, we produce and market a variety of sugars for use in the various segments of the food and pharmaceutical industries, among others. Today, we are one of the largest sugar producers in the world, and the leading exporter of this commodity in the international market.

## HIGHLIGHTS

**860,000**

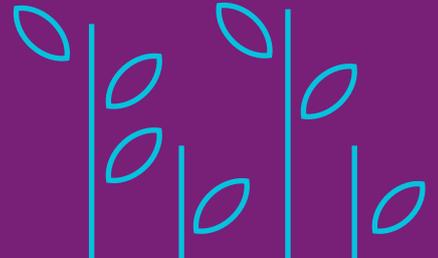
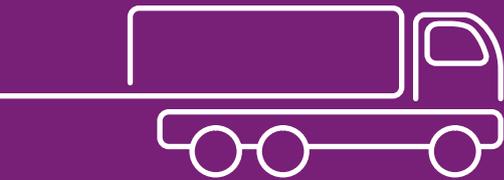
hectares of cultivated area

**4.2 million**

tons of sugar produced in 2018/2019

**2.3 million**

tons exported in the period



In 2018, we concentrated efforts on building six sugar warehouses. The investment, of approximately BRL 170 million, increased our storage capacity by 40% compared with the previous year. Located in the State of São Paulo, the new buildings, together, have the capacity to store up to 585,000 tons. The units of Ipaussu, Bonfim and Costa Pinto started operating in the 2018/2019 harvest, according to plan.

## NEW SUGAR WAREHOUSES - STORAGE CAPACITY



**COSTA PINTO UNIT**, in Piracicaba: 110,000 tons

**IPAUSSU UNIT**, in Ipaussu: 125,000 tons

**BONFIM UNIT**, in Guariba: 110,000 tons

**GASA UNIT** in Andradina: 80,000 tons

**SANTA CÂNDIDA UNIT** in Bocaina: 80,000 tons

**BARRA UNIT**, in Barra Bonita: 80,000 tons

From the same sugarcane, we also obtain different types of ethanol. Hydrous ethanol fuel for motor vehicles. Hydrous ethanol, for domestic use and production of ether, is produced in different standards to meet national requirements and for exports. Neutral hydrous ethanol is marketed to produce beverages, cosmetics and pharmaceuticals, while fuel and industrial anhydrous ethanol is intended, respectively, for use as an additive in the mixture with gasoline and in the formulas for cleaning products, paints and varnishes.

In the crop year, we made the first shipment of fractionate ethanol (sold in of 250-liter drums) from the integrated E2G plant at the Costa Pinto Unit, in Piracicaba (SP). Through sales in drums, we will now cater to customers who have restricted storage space, such as cosmetics factories. It is, therefore, the pioneering use of E2G for industrial purposes.

## HIGHLIGHTS

**26**

sugar, ethanol and bioenergy production units

Installed capacity to crush approximately

**73 million**

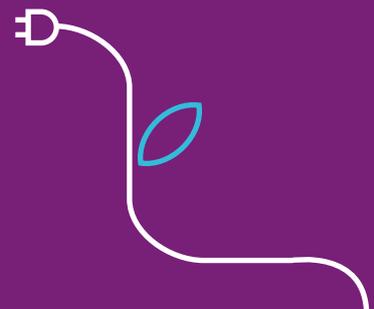
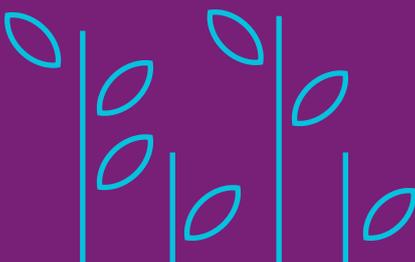
tons of sugarcane per year

**2.5 billion**

liters of ethanol and

**16.5 million**

liters of E2G produced in the crop year



Also in terms of sugarcane, we excel in the production of electric energy from sugarcane bagasse originating from crushing, which supplies the energy demand of our industrial operations, with the surplus being sold.

Attentive to the energy transition, we also started the construction, [on a commercial scale, of a plant to convert vinasse and filter cake into biogas](#) to generate electricity at the Bonfim Unit in Guariba (SP); and we studied [other forms to generate clean energy from a non-biomass source, such as solar, with which we will enter the Distributed Generation \(DG\) market as of the next harvest](#), through which we will enter the Distributed Generation (DG) market as of the next crop year.

**We are an increasingly integrated energy company. We formed a joint venture with WX Energy.** Thus, in addition to generating bioenergy, we started to operate directly in trading of energy in the free market.

**16.7 TWh**  
traded in 2018/2019

On roads and streets, our fuel powers cars, buses and trucks; in the field, tractors and agricultural machinery; and in the skies, executive and commercial planes. It's the distinctive quality of the Shell brand fueling the mobility of cargo and people every day around the world!

We are one of the main fuel distributors in Brazil, a position conquered and maintained thanks to the work of more than 4,000 drivers from service providers who cover more than 230 million kilometers per year, equivalent to 500,000 trips from Rio de Janeiro to São Paulo.

## HIGHLIGHTS

More than  
**7,000**  
service stations  
under the Shell brand

**66**  
fuel bases for  
commercial and  
executive aircraft

**65**  
fuel delivery  
terminals

Structure to  
distribute over  
**25 billion**  
liters of fuel per year





Nearly  
**1,000**  
 Shell Select  
 convenience stores

We have in place different procedures to guarantee the excellence of this work and to avoid contamination of the product in the various operations (receiving, storage and shipping)—all in line with the Fuel Quality Monitoring Program (PMQC - *Programa de Monitoramento da Qualidade dos Combustíveis*) established by the ANP in 1998 and with which we recorded 98.2% compliance in the last measurement.

This achievement reflects the best practices adopted, especially in the scope of the project called *100% Qualidade* (100% Quality), which aims to reinforce the guidelines of the Raízen Quality Policy. The initiative includes, among other actions, Quality Day, in which we open our terminals to customers, partners and authorities to show our quality standards, raising awareness among those involved of the importance of delivering the best product.

The customer experience when stopping to fuel is enhanced with the Shell Select convenience store brand. Since the previous crop year, [we have been developing a new store layout](#). To have a coffee or to schedule a meeting, the space has become a point of support for the best service to consumers who seek convenience and diversified services. By the end of 2018/2019, nearly 148 stores had already adhered to the new model, whose sales increased by approximately 20%.

**In addition to providing greater comfort and convenience to consumers,** the new layout of the convenience stores under the Shell Select brand expands the offer of products and services from our partner dealers.

In 2018/2019,  
 we achieved

**98.2%**

compliance with ANP's  
 Fuel Quality Monitoring  
 Program (PMQC).

We also extended the boundaries of our operations with the [acquisition of Shell's assets in Argentina](#). With the exception of the refinery integrated to the business, a characteristic common to the operations of all Argentine distributors, the structure is similar to our Brazilian fuel distribution operations. This is an opportunity to seek logistics, marketing and financial synergies to create value.

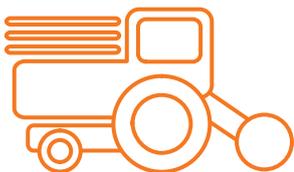
## RESPONSIBLE OPERATION

[GRI 103-2, 103-3]

**Ensuring traceability of the entire chain is part of our strategy.** From the field to the customer, we establish ethical and responsible partnerships that allow us to closely monitor the proper performance of our operations.

We continually drive environmental, social and economic criteria in our operations. To this end, we maintain our production units in compliance with the most rigorous international standards of sustainability, such as Bonsucro, in addition to two plants in compliance with the International Sustainability and Carbon Certification (ISCC). In 2018/2019, we obtained the Bonsucro seal for the Rafard and Barra units—the latter became the largest unit in the world to comply with this standard. We thus have the largest scope of certified area on the planet, with 21 plants. For a complete list of certifications of our operations, [click here](#).

It is part of a responsible operation to efficiently use natural resources in our operations. Through the ReduSa program, for example, the reduction of water withdrawal from external sources and the engagement of all production units have been fundamental to achieving positive results. The initiative was recognized during Bonsucro Global Week 2019, an annual event that aims to share sustainable practices in the sugarcane industry in the world. Lower water abstraction, for example, generates benefits for the society in the vicinity of the facilities and reinforces our strategy towards a circular economy, with high resilience to external factors, such as possible scenarios of water shortage.



Nearly

**98%**

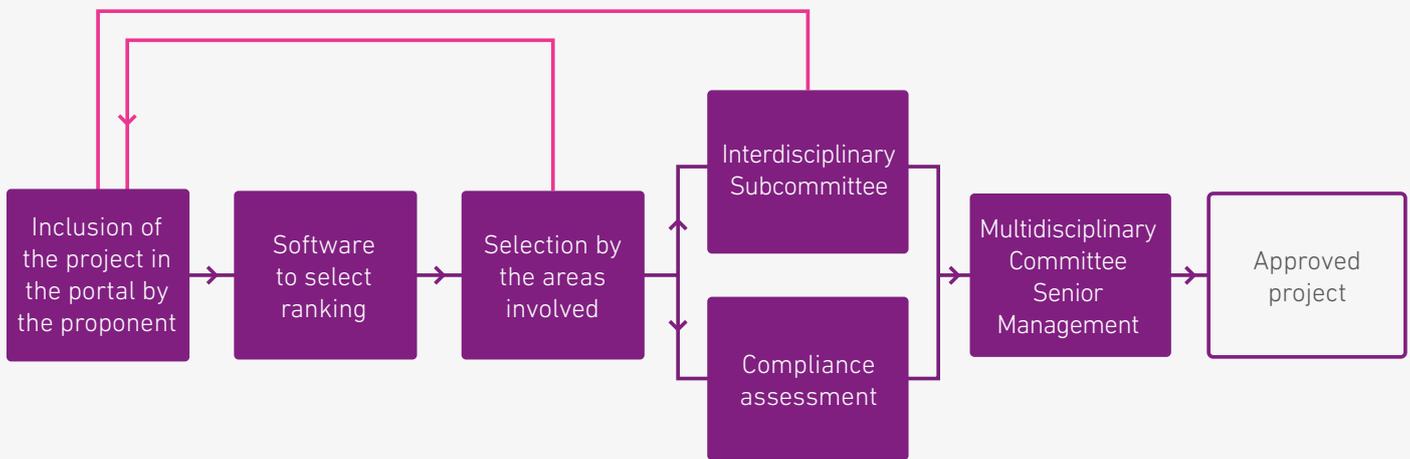
of our harvest is mechanized.

Responsible use of the land is another of our concerns with the environment. Through satellite imagery, we monitor the regions where we cultivate sugarcane, in order to preserve the surrounding biodiversity, ensuring that native vegetation has not been converted. In addition, with the sugarcane plantation seen from above, it is possible to better plan sowing, anticipate failures and guarantee the quality of the harvest. Close to 98% of the harvest is mechanized, with the remaining 2% referring to manual harvesting on land where the use of machinery is impracticable.

Our energy also flows through the communities surrounding our operations, generating opportunities that transform the lives of children, youth, adults and the elderly. We have as principle to make good use of the funds

of incentive laws, allocating these resources to projects that generate social transformation and bring value to surrounding communities. Given the complexity and variety of projects submitted, we have developed a robust internal governance, with software for the evaluation and prioritization of projects, as well as multidisciplinary committees for analysis, selection and approval of initiatives aligned with our values.

Suggested project adjustment to comply with company strategy



Transforming knowledge into professional qualification, one of the fronts of socially responsible operation, is to qualify surrounding communities for the job market and identify talents for our team. In 2018/2019, a total of 18 courses were provided and 290 people were trained in 11 locations. The news was the professional Tractor Operator training course for women, held in Igarapu do Tietê (SP). The unprecedented course was attended by 14 students interested in learning specific techniques to operate the equipment.

By encouraging young people in social vulnerability to discover themselves professionally and trail their own paths, the Raízen Foundation reformulated its teaching model. In its centers in Piracicaba, Dois Córregos, Igarapu do Tietê, Ipaussu and Valparaíso, in the State of São Paulo, and Jataí, in Goiás, close to 800 adolescents aged 14 to 16 were selected for an 18-month program and 540 hours of training, which takes place before or after school hours.

Over the next crop year, they will go through three modules that address self-knowledge, empowerment, full communication, and civic responsibilities. At the end of this period, they will have built an individual development plan, will be followed up for the next five years, and will be able to share their experiences as mentors of the young people who will enter at each new cycle.

As a complement, the cultural activities supported are also part of our community relations front. By joining culture and education, we invested in the project called *Histórias que Ganham o Mundo* (Stories that Gain the World), through which we trained teachers and multipliers and promoted a contest that selected the best comics produced by students aged 8 to 12. The productions were published in the book “*Histórias que Ganham o Mundo*”, distributed for free to the participating Boards of Education. The initiative directly benefited more than 16,000 people and was carried out in the following cities in the State of São Paulo: Barra Bonita, Barueri, Maracáí, Paraguaçu Paulista, Tarumã, Ribeirão Preto and São José dos Campos.

> More information on social and environmental aspects can be found [here](#).  
 [GRI 202-1, 203-1, 303-1, 304-1, 304-2, 306-3, 411-1, 413-1, 413-2]



# ...THAT INNOVATES AND LOOKS TO THE FUTURE

[GRI 103-2, 103-3]

## IN THIS CHAPTER

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We know that the next ten years will be extremely different from the previous ten. The growing demand for clean energy, the acceleration of the digital revolution, the new habits of connected consumers, the technology of electric and hybrid cars, and the outlook of distributed power generation are the megatrends we follow in order to always be ahead!

We integrate startups, establish partnerships, and prepare our team for the future, aiming to follow and lead the continuous developments in the agribusiness and fuel sectors.

As a result of our efforts, in October 2018 we ranked among the ten most innovative companies in Brazil, according to Forbes magazine. The publication highlighted the performance of Pulse and the diversification of our business, especially the cornerstone of the biogas plant located in Guariba (SP).

## PULSE

We celebrated Pulse's first anniversary, an important factor in our innovation structure, which has enabled the renovation of ideas and practices that enrich Brazilian agribusiness and other fronts, such as logistics, industry and retail. It is a space where executives of the sector, representatives of big companies and opinion formers can meet and network. In one year of operation, we have already contributed directly with the development of 23 startups, of which 15 already have pilot projects being tested in our operations and five have entered into agreements with us.

In partnership with Vivo, Ericsson and EsalqTec, we selected, in the crop year, six startups to participate in Agro IoT Lab, a program to develop apps for the fields with a focus on the Internet of Things (IoT). Under the initiative, Vivo will take its 4G mobile network to the fields; Ericsson will provide business support through software platforms for IoT; EsalqTec will assist in the academic facilitation of technologies. And we will provide the environment, expertise and agricultural infrastructure.

The startups selected will have access to the shared space at Pulse, as well as to mentoring, workshops, networking and training applied to agribusiness, in addition to the opportunity to participate in Wayra's ecosystem, Vivo's open innovation hub.

### STARTUPS PARTICIPATING IN AGRO IOT LAB



**Ativa** | IoT and Machine-to-Machine (M2M) solutions for telemetry and remote management.

**Seive** | Self-propelled fire protection.

**IoTag** | Cloud telemetry system, which controls a data mining device embedded in agricultural machinery.

**Trace Pack** | IoT solutions for agribusiness with complete inventory management and greater logistics security and efficiency to clients.

**Agriconnected** | Real time management and monitoring of agricultural machinery through artificial intelligence and devices installed in the machines.

**@Tech** | Intelligent solutions that help assertive decision making for agriculture.

The crop year at Pulse was marked by several events, such as the Raízen Hackaton, in which young people were selected to solve actual problems of the markets where we operate; and the Tech Kids Workshop, held in partnership with Happy Code, a technology school for children. The initiative had the participation of 50 children and young people, from 6 to 16 years, among children of employees and from Piracicaba (SP). Everyone had a morning full of activities, with workshops to develop apps and 2D games.

> For more information, visit the Pulse website: [www.pulsehub.com.br](http://www.pulsehub.com.br).

## BIOGAS [GRI 102-10]

Making the most of the byproducts of our production process is a key strategy for gains in efficiency and productivity. This is what we do, for example, with the organic matter of the filter cake and vinasse, which are converted into biogas and, later, into electric energy. This energy generated through biogas can be produced all year round, which provides energy stability for users.

In August 2018, we inaugurated, in partnership with Geo Energética and Sebigás, the cornerstone of the biogas plant, in the Bonfim Unit, in Guariba (SP).

The operations, scheduled to start at the end of 2020, will increase the unit's electricity generation by up to 40%. The target is, within three years, to reach the capacity of 21 MW.

## ALAVANCAR PROJECT

We improved the way our industrial units prepare during the off season, when we are not crushing sugarcane. Under the *Alavancar* Project, 19 work packages were implemented to cover all critical stages, aimed at guaranteeing a safer start to the harvest, without premature failure and with greater stability of the operations.

### MAIN RESULTS OF THE ALAVANCAR PROJECT

**10.3%**  
reduction in premature failure

**2.4%**  
increase in uptime in the first 30 days of the harvest

## SOLAR [GRI 102-10]

In 2018/2019, we made progress in the construction of our first solar power plant, with 1.3 MWp capacity directly connected to the distribution grid in the Piracicaba region (SP). The plant marks our entry into the Distributed Generation (DG) market, looking to offer clean energy to all customers in all levels of consumption.

DG consists of the installation of power generation systems in the premises of consumers or directly connected to the distribution grid. In line with the need to diversify the energy matrix, technological advancement and the search to mitigate environmental impacts, this market has been established in the world as one of the most efficient alternatives to supply the increased consumption of electricity.

## PENTÁGONO 2.0

We increasingly innovate in our work fronts towards greater productivity and efficiency in all areas. In this sense, since 2015, we have been conducting the *Pentágono* initiative, seeking to standardize monitoring and scheduling of agricultural operations, 24 hours a day, through the Agroindustrial Integration Center (CIA - *Central de Integração Agroindustrial*); in addition to monitoring the critical parameters of the industrial process through *Pentágono Industrial*.

In 2018/2019, we expanded the scope of the initiative: in addition to the stages of planting, cutting, loading and transporting sugarcane, we began to include it in soil preparation and automotive maintenance. We also started a pilot project for activities related to vinasse, focused on environmental conservation, and, in order to cope with the growth of our energy cogeneration potential, we started to monitor biomass transportation. In addition to gains in efficiency and productivity, the controls seek to ensure reliability of information—since they accurately record the actual conditions in the field and industry.

## PROJECT ONE

In order to increase productivity and safety of our 35 partner carriers and reduce logistics costs, we have been developing Project ONE since July 2017, which consists of managing, in real time, the entire route of the fleet of tanker trucks via a monitoring center. We also gained efficiency through better planning of stocks and sizing of the fleet.

After pilot projects in Ourinhos (SP) and Londrina (PR), we extended the project to all our 68 bases throughout Brazil. In total, more than 3,300 trucks are tracked—an entire fleet, safe and smart!



### PILLARS OF PROJECT ONE

**Logistics Efficiency Cell (CEL) |**

Allows for planning routes and evaluating the operational design adopted.

**Monitoring |**

Performed in real time to immediately correct any problems and provide CEL with information for statistical studies.

**Technology |**

We invest in software development that integrates every stage, from planning the route to the stop at the end point by monitoring drivers' driving patterns, including sudden braking and speed in rainy weather, in order to ensure safety of the operation.

## CSFÁCIL

We launched the app called *CSfácil*, which aims to mitigate queues of trucks<sup>1</sup> in fuel loading and allocation at the terminals. The tool was developed based on a survey that found that 70% of the demands of these drivers were related to fuel allocation or changes in transportation. That's because, before *CSfácil*, drivers would load according to the sequence in which the orders were entered into a system and, when drivers needed to change the transport, they would contact our call center—a process that could take about 30 minutes.

With the app, drivers started to check the load to be transported and to allocate the fuel before reaching the terminal. At the beginning of 2018/2019, we had already recorded a 47% reduction in the number of calls to our plant compared with the previous year.

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<sup>1</sup> Free on board (FOB)

## MAIN FEATURES OF CSFÁCIL



**Driver Chat:** Our center is available 24 hours a day to answer real-time questions.

**Documentation:** Driver can check in advance the necessary documentation to enter the terminal.

**Notifications:** The app issues alerts, such as terminal hours, that were previously sent only to the dealer and often did not reach the driver.

## PROJECT BERLIM

The waiting time of sugarcane suppliers in the production units will also be reduced, as of the 2019/2020 crop year, after the implementation of Project *Berlim*. The initiative integrates procedures related to own and third-party sugarcane, in order to unify management under the same operating indicators, reducing the average waiting time in the external yard, increasing productivity in the industry and ensuring the convenience and satisfaction of partners.

The technology consists of an automated chat (chatbot) feature in the app called Telegram, whereby drivers will check-in upon entering the perimeter of the external yard and which will organize the call for unloading—automatically. The development of the resource promoted a true cultural transformation in the team, which became available in multidisciplinary teams (squads) operating in an agile model.

In addition to communication with suppliers becoming even more agile, generating a competitive advantage in attracting partners, gains include efficiency in the operation, since the linearity in receiving sugarcane at the unit avoids changes in rotation of the crusher.

**The projects undertaken in the 2018/2019 crop year signal a true cultural transformation in our team,** which now works in an even more integrated, agile, efficient and safe manner.

## LABORATORY OF THE FUTURE

Analysis of own and third-party sugarcane samples will be enhanced, at the beginning of the 2019/2020 crop year, with the new laboratory of the Paraiso Production Unit, in Brotas (SP). It is a pilot project of the Laboratory of the Future, in which the processes will be 100% automated. The technology, disruptive in the sugar-energy sector, aims to ensure, to us and our partners, the profitability of the raw material.

In addition, with less human interference, we will be able to guarantee greater productivity. This is because, supported by artificial intelligence resources, innovation reduces the time for analysis by about 92.5%, from 40 to only three minutes.

In the near future, the project will enable suppliers to access an online platform with information on results to assist them in decision making in the field—it is our energy in favor of more efficient win-win partnerships.

## REVENDA 360°

In 2019/2020, we intend to launch *Revenda 360°*, the new digital platform of our Commercial Front. Innovation is part of our journey to digitize the sales force and our relationship with our dealers, a reflection of the maturity of the Network Planning Department, which, in the last two years, has conducted a broad diagnosis in order to put us at the forefront of market trends, which requires better understanding about what is going on in other industries and that can be applied to our business relationships.

With *Revenda 360°*, the team will have easy access to information from the dealer network and, with this, will direct their focus to the most important activities, considering the priorities of each service station. The tool also offers greater agility throughout our planning process that supports our growth and expansion of the Shell Network.

## PROJECT ÁGUIA

In July 2018, we completed the implementation of the Project Águia in the cutting, loading and transporting areas of the production units. The initiative focuses on the proper registration of routines and expected results, seeking to increase the efficiency of our operations.

With this solution, operations managers now rely on a complete mapping of the activities in the field to better monitor the teams. In addition, all procedures have been documented to increase internal controls and disseminate best practices in the operation.

In addition, an app has been developed to enable these managers to record field activities using smartphones—which was previously done manually. The technology strengthens the intelligence of the Agricultural area, as it allows for a systemic view of all the operational fronts. It is also an efficient tool to communicate with employees who work remotely, away from offices and laptops.

**Encouraging an inquisitive view by employees** involves recognizing the ideas that stand out and help us achieve increasingly consistent results.

## INOVAR 2.0

At the end of the previous harvest, we had announced the winners of *Inovar 2.0*, a recognition program for employees who presented ideas that helped increase efficiency, reduce costs, or improve customer relations. A total of 314 ideas were registered and ten teams were shortlisted.

In November 2018, members of the winning team traveled to Lisbon, Portugal, where they participated in the Web Summit, one of the largest technology conferences in the world. The event was attended by more than 1,800 startups, more than 1,200 speakers and an audience of more than 70,000.



# ... THAT DOES NOT RELINQUISH ITS PRINCIPLES AND VALUES

## IN THIS CHAPTER

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38 SAFETY

41 SUSTAINABILITY IN RELATIONSHIPS

**Ethics, safety and sustainability are the pillars that guide us to act now, with an eye on the future.** Our principles guide the way we do business, relate to different stakeholders and create value for society.

## ETHICS

[GRI 102-12, 102-16, 103-2, 103-3]

**We understand that our responsibility goes beyond compliance with legislation, with ethics as the starting point for all our business activities and a non-negotiable value in all decision-making.**

According to a 2017 study by the Getulio Vargas Foundation (FGV), nearly BRL 4.8 billion in sales taxes (ICMS)<sup>1</sup> alone are evaded annually in Brazil by companies in the fuel sector, which, for the most part, do not have assets to honor the debts accrued over long periods.

This behavior is deleterious to market and, especially, society. In this context, each crop year we stress the importance of ethics in conducting business, of transparency in our relationships, and of fair competition in the markets where we operate.

The principles guiding this form of doing business are communicated through the Code of Conduct, which establishes rules to achieve, with an honorable reputation, the business objectives, in addition to the Anti-Corruption Guide and the Policy to Combat Bribery and Corruption, whose goal is to ensure transparency in commercial relations and with public agents.

The internal documents related to this topic are available for consultation by all employees on our intranet. The content of these materials is also reinforced through periodic training, both for new employees and for updating the information for professionals who have been part of our team for some time.

In 2018/2019, we launched new versions of the Competition Compliance and Anti-Corruption Training, mandatory for all staff, provided in classroom or distance modules (webinar) for external employees, in addition to an online module for the others.

In addition, we are signatories to the Business Pact for Integrity and Against Corruption of the Ethos Institute; we have established partnerships with trade associations for fair competition; and endorse—through the Sugarcane Industry Union (UNICA - União da Indústria de Cana-de-Açúcar)—the *Movimento Combustível Legal* (Legal Fuel Movement), an initiative created in 2016 by Plural, which aims to promote intense discussion with society and public authorities about illegal activities that permeate the fuel industry.

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<sup>1</sup> ICMS - Imposto sobre Circulação de Mercadorias e Serviços (Tax on the Circulation of Goods and Services)

In 2018, this movement reinforced—through various news reports, interviews and videos, in various digital channels—the position of combating irregular trade, addressing issues such as tax evasion, tax delinquency and fraud on volume and quality at the pumps at the service station—actions that directly harm consumers and the market. To learn more about the program, [click here](#).

We also support initiatives aimed at disseminating best practices in areas surrounding our operations and with our partners. An example is the adherence to the Program called *Na Mão Certa*, by signing the Business Pact Against the Sexual Exploitation of Children and Adolescents on Brazilian Highways. In 2018, we were recognized by Childhood Brasil, the entity that leads the initiative, because of our support to the program.

## **The 26% increase in the number of registrations, compared with the previous harvest, shows the public's trust in our Ethics Channel.**

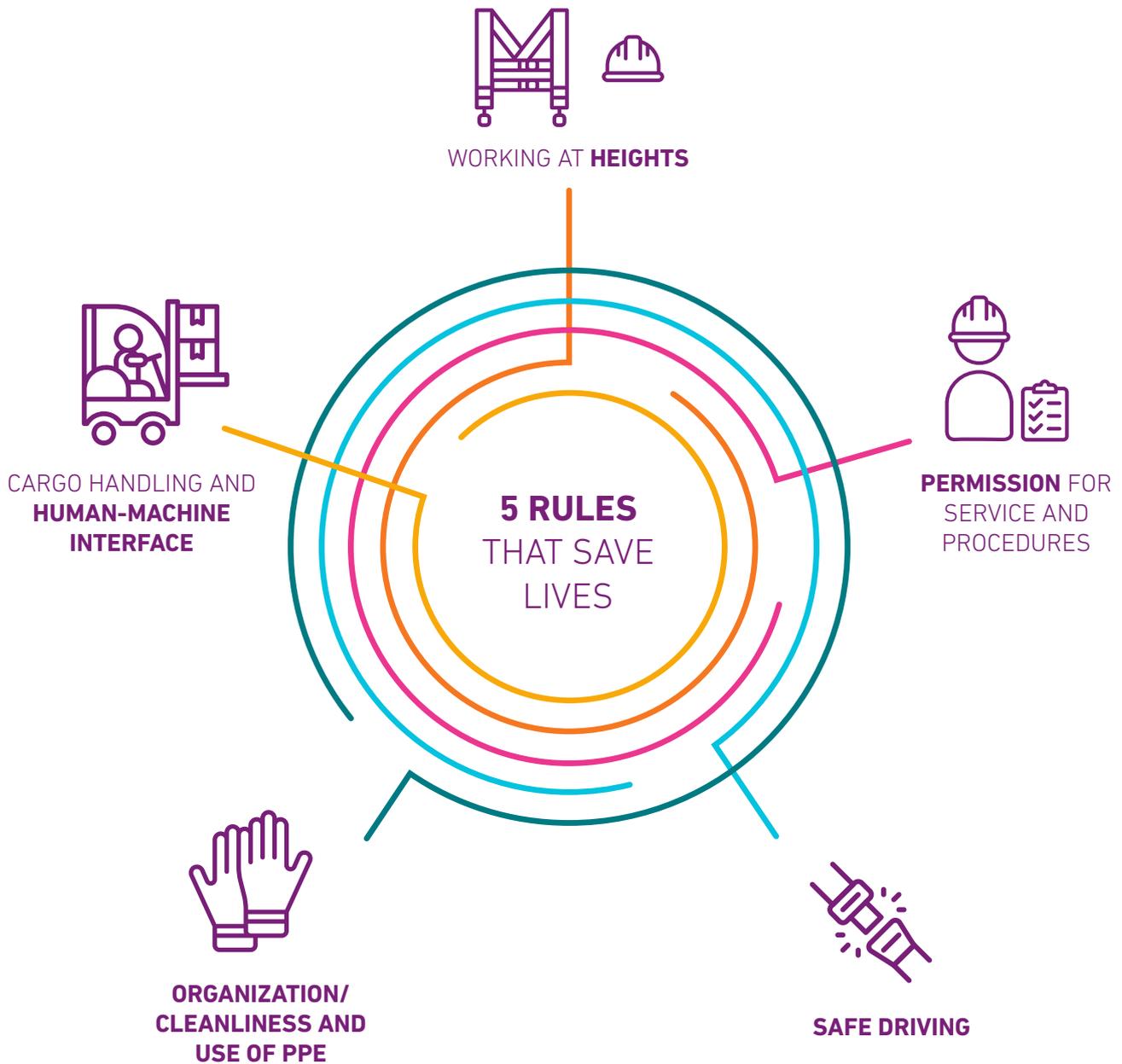
As a consolidated practice, we receive, through our Ethics Channel (by toll-free number 0800-772-4936 or email [canaldeetica@raizen.com](mailto:canaldeetica@raizen.com)), claims referring to violation of the Code of Conduct. The contacts are registered by an independent company, ensuring anonymity of the whistleblower. In 2018/2019, the communication of the channel was reinforced among employees through internal campaigns. Thus, the tool was also designated for reporting claims referring to prejudice and discrimination of any kind. This channel has been redesigned, which has made the interface more practical and intuitive. As a result, there was a 26% increase in the number of records compared with the previous crop year (555 contacts in total), of which 292 generated disciplinary measures or improvement in controls, 153 of which proved to be founded. Escalations included enforcement of disciplinary measures, such as warnings, suspensions, and even terminations.

Our upstanding way of acting includes maintaining a transparent, objective and timely communication with investors. We voluntarily adhered to the Sarbanes-Oxley Act, which requires the adoption of mechanisms for easily verifiable financial reporting and traceable source data. In addition, our financial statements are audited externally and follow international accounting standards. In October, as a result of this work, we were awarded the Transparency Trophy, granted by the National Association of Finance, Administration and Accounting Executives (ANEFAC - Associação Nacional dos Executivos de Finanças, Administração e Contabilidade), together with the Institute of Accounting, Actuarial and Financial Research (FIPECAFI - Fundação Instituto de Pesquisas Contábeis, Atuariais e Financeiras) and Serasa Experian. The award attests to the quality of the financial statements we disclose to the market.

> More information on ethics and integrity in our operations can be found [here](#). [IGRI 205-1, 205-2, 205-3, 206-1, 307-1, 419-1](#)



We also continued to communicate the [Five Rules that Save Lives](#) in our 26 production units, to raise employee awareness about behaviors in five key groups. By following these rules, approximately 70% of the most frequent accidents could be avoided in operations.



Likewise, we reinforced the Five Safe Driving Habits, specifically dedicated to professionals who drive cars in our fleet or transport fuels, a flammable product.



## FIVE SAFE DRIVING HABITS

- Keep a safe distance between your vehicle and the one in front so there is always time for reaction.
- Use compatible speed to allow control of the vehicle in different conditions.
- Always wear your seat belt.
- Keep your phone off while driving.
- Do not drive under fatigue.

## 5 years

without lost-time accidents in the operations at our distribution terminals.

In addition to increasing risk perception and improving processes in fuel distribution operations, the program called *Dono da Área* (Owner of the Area) trained 52 supervisors on safety management and dissemination of best practices. The idea is to turn supervisors into agents of change in the areas in which they work, an example to inspire people, solve problems and provide innovations. Those with outstanding performance were recognized and awarded by Senior Management.

Another outstanding initiative was the Fire Brigade Challenge, held to promote the integration of 63 emergency response teams at our terminals and bases at airports. In total, 227 professionals simulated fuel tank loading and unloading operations on an operational platform, with emergencies involving product spillage, fire and rescue of victim.

As a result, in 2018/2019 we completed a five-year accident-free period in the operations at fuel distribution terminals—a historic mark we achieved thanks to the team's joint efforts. However, in the production units, unfortunately the lost-time injury frequency (LTIF/TF) was 0.12 and we recorded one fatality, which shows that attention to this topic must be constant. These numbers were reported to team leaders within 24 hours and all occurrences were or are being investigated. Lessons learned are shared to avoid recurrence. Board members and Directors devote attention to this topic, monitoring indicators and attending regular meetings of the Social Responsibility Committee. We continue, all together, in our tireless quest for Zero Accidents. [IGRI 403-2](#)

> More information on occupational health and safety can be found [here](#). [IGRI 403-1, 403-2, 403-4](#)

## SUSTAINABILITY IN RELATIONSHIPS

[GRI 103-2, 103-3]

**We listen and share among ourselves, our clients and partners** to grow and reach the best solutions.

Ensuring the sustainability of our operations involves inspiring best practices at all stages of the production chain and ensuring customer satisfaction. To this end, since the beginning of our activities, we have established partnerships and developed relationship and recognition actions that aim to ensure the excellence of everything we prioritize in our strategy.

### **GROW TOGETHER WITH OUR PARTNERS** [GRI 102-9, 103-2, 103-3]

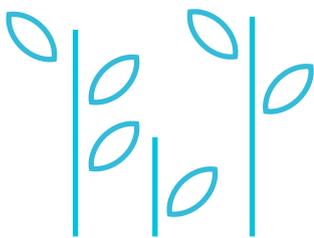
#### **Sugarcane Producers**

[The ELO and Cultivar](#) programs form a valuable platform for the nearly 2,000 suppliers of sugarcane, accounting for more than half of our crushing volume. The purpose of the initiatives is to promote sustainability among producers through products and services that help them to efficiently use resources and to adopt best agricultural, environmental and social practices.

In order to better assess the evolution of our suppliers, we established, in the last crop year, the ELO indicators. The work—which was supported by partner NGOs (Imaflora and Solidaridad) and by professors of the Center for Advanced Studies in Applied Economics (CEPEA - Centro de Estudos Avançados em Economia Aplicada), of the Luiz de Queiroz School of Agriculture, University of São Paulo (USP)—marks a new phase of the program, which is now also intended to cover suppliers of our suppliers. Among the results, it was noted that of the 99.5% of the sugarcane volume in the program, 28% showed an evolution between 2017/2018 and 2018/2019. This rate reflects the efforts of 299 suppliers to adopt best social and environmental practices.

Another highlight of the ELO program during the crop year was the approximately 25 lectures conducted by our legal professionals in associations of sugarcane producers, aiming to provide guidance on the labor legislation in the fields and encourage the adoption of best practices. To reinforce the message, we produced primers made available to participants and to associations.

The *Cultivar* program was consolidated, for another crop year, as an important platform for creating value for producers, especially in a period with lower margins in the sector. In this sense, the program focused on supporting sugarcane producers in increasing productivity, reducing costs and generating cash by disseminating new techniques in agricultural management and offering differentiated commercial terms in the purchase



**99.5%**

of the volume of sugarcane acquired from third parties is included in the ELO.

of inputs and financing with more attractive interest rates, promoting the sustainable growth of the production chain.

Looking to strengthen our relationship with this audience, we annually promote the *Cultivar* event, in which we recognize best practices, stimulate business and generate knowledge. In May 2018, the fifth edition was entitled "*Cultivando Raízes para o Futuro*" ("Cultivating Roots for the Future") and was marked by the Innovation Arena, with a presentation about Pulse and supported startups; and the Business Arena, with a panel that dealt with the economy and political scenario, and how this affects business. On the occasion, 30 suppliers of the program who stood out for the best results in the previous crop year were also awarded. The winners received a trip to London, England.

The relationship with producers was also highlighted in the 2018 edition of *Guia Exame de Sustentabilidade*, a leading publication on the subject at national corporate level. We also won the MasterCana Centro Sul 2018 award, which, for 30 years, has recognized the merit of professionals and companies that work for the sustainable development of the sugar and ethanol industry.

#### **Sugarcane transporters**

Persisting in the quest for operational excellence in sugarcane transport, we have in place a program called *Transmov*, which, every two months, recognizes carriers for best performance based on criteria such as safety, management and operational efficiency. The trophy is itinerant, passing on from carrier to carrier, according the closing of the evaluations at each period.

Individual recognition of sugarcane drivers is promoted by the program called *Conduzir*, through which vehicles are monitored 24 hours a day by a telemetry control center, which collects information such as speed on the road, clutch actuation time, sudden braking and acceleration, engine temperature and RPM, among others. Thus, this audience receives a score based on their safe driving profile, with monthly incentives and at the end of each harvest.

#### **Fuel distribution**

For the fifth consecutive year, in 2018 we were chosen Brazil's Best Fuel Distributor during the 33<sup>rd</sup> National Convention of Transporters, Dealers and Retailers (TRR - Convenção Nacional Transportador-Revendedor-Retalhista), including Best Dealer in Brazil in Operations. This criterion took into account loading time, cleanliness and organization of the terminal and occupational safety.

Supporting this audience includes remote monitoring via a telemetry system. As of 2018/2019, all tanker trucks in our fleet are equipped with four cameras in order to ensure compliance with safe driving procedures and to clarify cases of theft and accidents. Also installed were a voice alert routing system, which works via GPS and tablets, to transmit to the driver warning messages about speed, critical points, roundabouts, schools, etc.

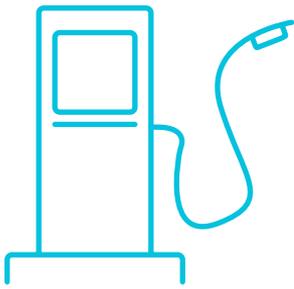
We continue to promote the Truck Rodeo annually, an event in which 50 drivers who met health and safety requirements for 12 months compete in precision maneuvering tests.



In 2018, we were chosen the Best Fuel Distributor in Brazil.

**350,000**

members of the *Clube Irmão Caminhoneiro*.



**3,691**

dealers have participated in the *Oferta Integrada*.

The relationship with this audience is endorsed by the program called *Clube Irmão Caminhoneiro Shell*, which completed three decades in 2018. To celebrate, we launched the cultural contest named *30 Anos de Estrada ao seu Lado* (30 Years on the Road Next to You), which invited truckers to share their stories with the Shell brand. In the crop year, the program earned us yet another reason to celebrate: it was awarded by the Licensee Mission Hero Awards, which recognizes the initiatives of Shell-licensed markets in line with the global mission of improving people's journeys. Our work was recognized by the Facebook strategy, focused on the leading role of truck drivers, added to the excellent results we had in the first year of the page on this social network. At the end of 2018, the *Clube Irmão Caminhoneiro Shell* had more than 350,000 members, who enjoy exclusive benefits and information relevant to the activities.

#### **Dealers**

We seek to offer a differentiated value proposition to fuel retailers, who have several benefits included in the Integrated Offer program. This initiative provides to this audience all our experience in marketing planning and promotional actions. Even though membership is optional, we already have 3,691 participants—81% of the service stations eligible for the program.

To provide attractiveness to the service stations of our partners, we also offer the Shell Select as a brand for their convenience stores. In the previous crop year, we developed a new layout for the stores, with the most advanced technology available on the market. The purpose of the franchise was to develop a model focused on increasing profitability through simplified operation, lower operating costs and a more intuitive in-store consumer experience. There are several innovations, such as new layout, more modern visual communication, modular furniture and optimization of equipment. In addition, we expanded the product mix and introduced a new food service offering, with freshly-prepared snacks and products such as pizzas, cakes, sweets and natural juices without added sugars and preservatives.

With new product options and personalized service, franchises of the store chain have at their disposal the Shell Select Shopping Portal, which allows them to centralize orders, schedules and amounts in a single place. In addition, we are implementing a fleet of delivery trucks exclusively dedicated to the Shell Select network, with GPS monitoring in real time.

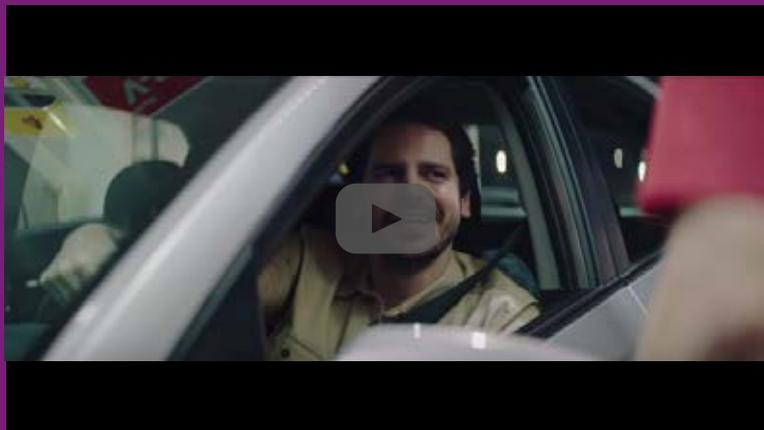
Other benefits include training for service station professionals, meetings to clarify doubts and recognition initiatives, such as the annual event of the program *O CARA (THE GUY)*, which, in 2018/2019, promoted several engagement actions, the Shell V-Power challenge, a circuit that simulated the benefits of the product: cleaning, protection, performance and yield. The event also featured the presentation of world champion soccer coach Carlos Alberto Parreira, from whom the participants received the Golden Ball trophy.

Also looking to recognize our dealers, we celebrated, in London, the *Você Conquista*, an event that annually recognizes partners who stand out in the Shell dealer network. The 2018 edition highlighted the contribution of this audience to the consolidation of our main indicators, focused on the sale of Shell V-Power, opening of service stations, contract renewals, expansion of the Shell Select network of stores and, mainly, customer service.

> More information on purchasing and relationship practices with suppliers and business partners can be found [here](#). IGRI 102-9, 204-1, 308-1, 308-2, 407-1, 408-1, 409-1, 414-1, 414-2]

### SUPPORTING CUSTOMER JOURNEY

[Humanologia](#) – a Shell brand concept, through which we value human relationships in business and prioritize people—was strengthened in 2018/2019. This concept guided the new Shell V-Power campaign, which highlighted the advantages of frequently using this fuel in vehicles. The communication was based on research that showed that there are still many questions about the use of premium fuels—a significant portion of consumers, who, although admiring and recognizing the product, use it only occasionally.



Shell Box, after going through the biggest change since its launch, has become even more practical and intuitive, including a payment functionality directly through the app. The launch of the new interface was accompanied by the Pay and Earn promotion, whereby consumers, when paying the bill using Shell Box, earn points to be exchanged for miles and discounts on fuel.

In August, we also introduced novelties in the loyalty program called *Valoriza* with B2B and retail customers, which accumulate points [based on established criteria](#). Now, participants can redeem benefits from companies such as Smiles, Dell, Getnet, Alliance-Mercedez and IdealWork.

In aviation, we strengthened our relationship with pilots and aircraft mechanics through the Shell Aeroclass loyalty program, conducted in partnership with Netpoints. There are more than 30,000 prize options that can be exchanged for points accumulated. Through the app, it is possible to schedule fueling, know which airports rely on Shell Aviation fuels and consult weather information to guide flight planning. To learn more, [click here](#).

Given all these efforts, our work was one of the highlights of the 16<sup>th</sup> edition of the Companies that Most Respect Consumers Award, granted annually after a study conducted by Consumidor Moderno magazine. The goal is to identify the companies that most respect consumers based on the actual customer experience. We won first place in the category Fuel Stations.

# ... THAT RELIES ON A TEAM THAT MAKES THE DIFFERENCE

[GRI 103-2, 103-3]

## IN THIS CHAPTER

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 47 DIVERSITY

48 TRAINING AND DEVELOPMENT  
 49 RECOGNITION AND ENGAGEMENT  
 50 VOLUNTEERING



More than  
**29,000**  
 employees in Brazil.

The secret of our energy lies with each of our 29,000 employees. We want to attract and retain in our team people who are committed to ethics and teamwork. For this audience, we develop programs, campaigns and actions to achieve business objectives and professional development. In April 2019, we were listed for another year among the 25 companies where Brazilians dream of working and building a career, according to LinkedIn Top Companies 2019. We ranked seventh in the overall ranking and are, being the only company in the energy industry included in this list. This recognition reflects our initiatives towards attraction, training, safety and attainment of business objectives. [GRI 102-7]

> More information about our team can be found [here](#). [GRI 102-8, 401-1, 401-3, 404-1, 404-3, 405-1, 406-1]

## OUR RAIZ (ROOT)

[GRI 102-16]

Focus on the development of our people, applied and shared attitudes and best practices that meet short- and long-term deadlines are our fuel to sustain growth. Our way of being and doing translates into four behaviors:

# R

We perform now, looking to the future

We go beyond short-term goals, **thinking ahead**. Our work is carried out with excellence, ethics, and safety, taking care of the business as a whole and the future of society.

# A

Optimizing the best in each of us

**Every point of view counts. By developing and acknowledging** our people, **we strengthen a diverse, integrated team** that realizes goals and **makes a difference**.

# I

Observing and questioning, always

We can **see possibilities inside and outside our business** and **turn challenges** into **real opportunities**.

# Z

We cultivate productive relationships

**We listen and share among ourselves, our clients**, and partners to reach the best solutions, **creating value along the way**.

## ATTRACTION

We launched the new Talent Attraction Platform. With a dynamic and intuitive interface, the tool facilitates our talent recruitment processes. For leaders, technology makes the selection process even more transparent; for the attraction and selection team, the improvements streamlined the stages; and for applicants, it strengthens our image as an employer while narrowing the relationship with feedback on progress of processed—on a dashboard tailored to the user profile.

The Trainee program called + *De Olho no Futuro* (+ Eye on the Future), started in January 2018, is one of the ways to join our team. The purpose of the initiative is to streamline the development of participants. In addition to the Trainee Program, we have the Internal Talent Development Program. We currently have 41 talents who, by July 2019, will undergo online and classroom training as well as mentoring with our leaders. The classroom modules total to 152 hours of training and qualification, addressing topics such as intelligence and collaborative work, innovation culture and digiti-

zation, empowerment at work and design thinking tools. In the crop year alone, 15% of participants advanced to strategic positions.

Another gateway is the Internship Program, whose purpose is to offer a unique learning experience in our various areas and locations. The trail of development is supported by four pillars: behaviors of Our Raiz (Roots), tools and methodologies, knowledge of the business and experience in the area of operation. In this way, it is possible to contribute to training participants, preparing them for the future. The online modules address topics related to culture and job skills. On the other hand, classroom training, which started in October 2018, totals more than 400 participations and 18 training hours.

In December 2018, a total of 220 trainees from all over the country joined Raízen Creathon, a marathon of projects held in Piracicaba (SP). The focus of the event was to offer a conceptual and practical contribution of project creation and problem solving tools, addressing innovation and prototypes of ideas connected to megatrends, such as the need for clean energy and the digital revolution. Twenty ideas were presented to leaders, three of which stood out and were awarded.

More than

**400**

participations in face-to-face actions to engage trainees.

## DIVERSITY

Throughout the 2018/2019 crop year, we focused on promoting greater gender equality in our team. To this end, we rely on the guidelines from the Diversity Committee, which brings together executives and employees from different areas and hierarchical levels. In this sense, discussions were conducted in order to understand how to attract women and, thus, balance the workforce.

As examples of practices adopted, we implemented the guideline to involve, in the final stages of hiring a new employee, the same ratio between candidates of both genders. We also launched the 180-day maternity leave as an improvement of the benefit provided by law.

Doing today with an eye on tomorrow, we also held the Career Week, an action geared toward female university students, during which we presented our strategic planning, our business fronts and, especially, the Talent Program, aiming to attract women to our team of trainees. In 2018/2019, we received 11 young women at our facilities.

We also conducted initiatives to include People with Disabilities (PWD), which consisted in forming a database of resumes so that this audience can be called on by the Human Resources Department when job openings become available.

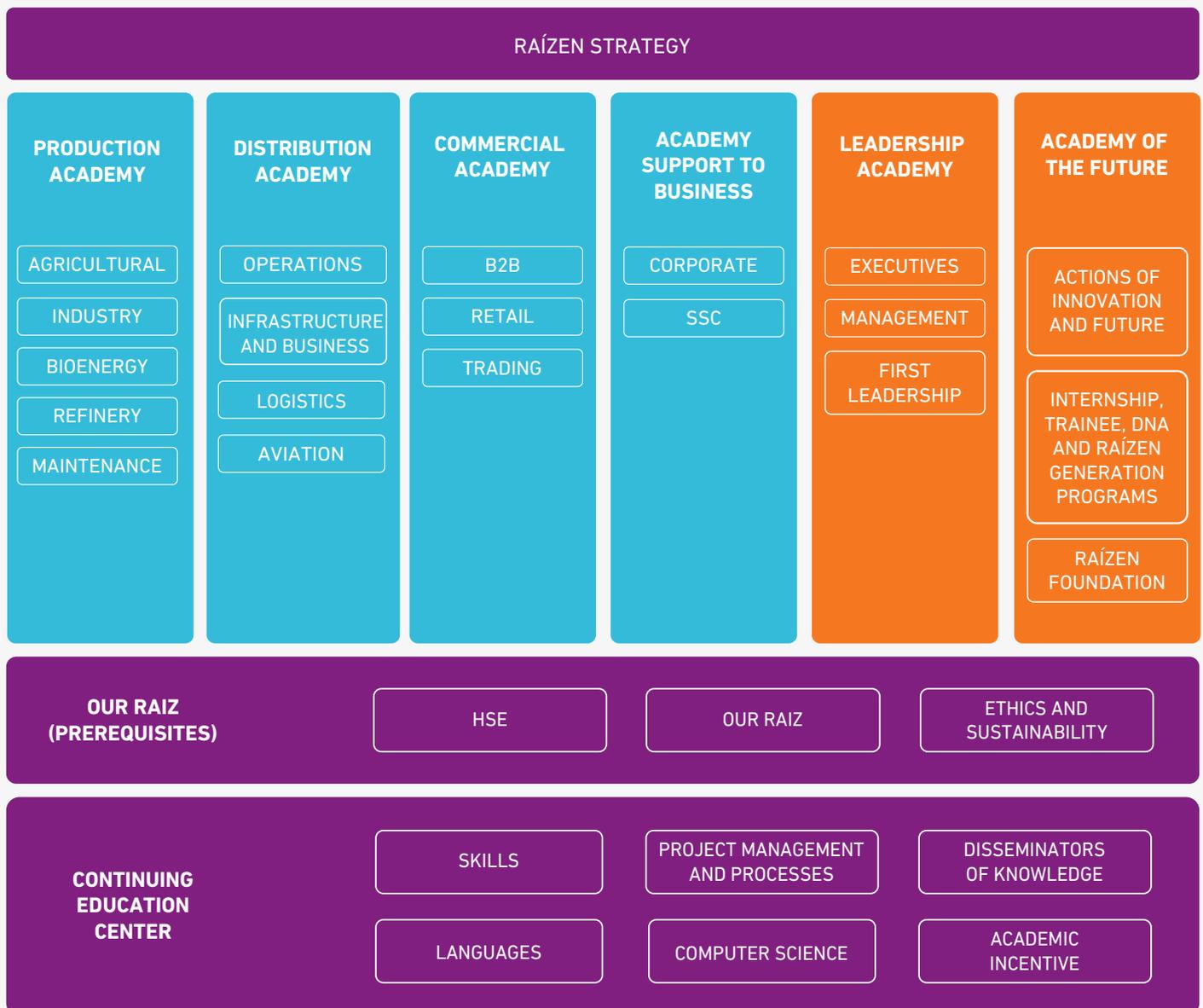
> More information on diversity of staff can be found [here](#). IGR1 405-11

# TRAINING AND DEVELOPMENT

During the crop year, we created Raízen University, an initiative that will integrate the learning and development actions of all areas. Thus, the structure now has six academies, strategically connected to the challenges of the markets in which we operate.

At each academy, there are schools that delve into topics according to the individual development trail. However, some of these topics are prerequisites for everyone: Health, Safety and Environment (HSE); Our Raiz; and Ethics and Sustainability. There is also the Continuing Education Center, which encourages the continuous self-development of our team. Through training and experience, we will promote exchange and integration between different areas of knowledge.

## RAÍZEN UNIVERSITY



## In addition to technical training, Raízen University works to disseminate principles related to our culture: ethics, safety and sustainability.

One of the highlights in the crop year was the launch of the program called *Ampliando Nossa Liderança* (Expanding Our Leadership), whose objective is to continue building our leadership with an initiative based on the elements of Our Raiz. There were three modules, which relied on the engagement of the Senior Management and of managers, coordinators and supervisors of all areas. Among the issues addressed, the following stand out: Integrated view of organizations; Diagnosis and Action Plans; and Phases of Life and Leadership. In addition, a round of talk shows was held with some of the leaders in order to exchange experiences and make the meeting even more interactive.

We also celebrated the closing of the third edition of Raízen Generation, our career acceleration program. Over the course of 18 months, participants had the opportunity to develop a systemic view of production processes, as well as topics related to people management, costs and investments, and behavioral modules, among others. At the end of the period, technical projects applicable to the business were presented, focusing on efficiency, safety, process improvement and cost reduction.

In order to invest in the future of senior employees, we also launched the pilot program called + *Energia Para o Futuro* (+ Energy for the Future). The initiative had the participation of 20 employees over the age of 50, who received advice on how to build career and life plans. The first phase consisted of workshops and dynamics to stimulate self-knowledge and reflection on choices and decision-making, and the second phase consisted of online workshops on financial planning, health and career alternatives.

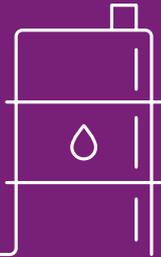
> More information on professional training can be found [here](#). IGRI 205-2, 404-1, 404-3|

## RECOGNITION AND ENGAGEMENT

In August 2018, through initiatives such as the *Brasileirão* and the Agricultural Business Journey, we took to Germany the 17 best-performing managers and supervisors in the previous crop year. For 2018/2019, the competition received a new name and format - EAB Cup - and, for the first time, gathered the areas of Safety, Agricultural Businesses, Agriculture and Industry. Each team competed against each other and, on a monthly basis, the best were recognized. In the end, outstanding employees had the opportunity to watch the Champions League finals.

In order to integrate the internal audience and the network of partner service stations, we hosted two editions of the Shell V-Power Day, which led employees to experience a different day at a Shell station. The action was carried out in 147 service stations of 96 cities all over Brazil.

## HIGHLIGHTS RESULTS SHELL V-POWER DAY\*



Evolution from  
39.4% to

**46.4%**

in Shell V-Power  
sales.

Increase from  
413 to

**532**

in the number  
of Shell Box  
transactions.

*\* Results compared to the day before the action, held on 8/24/2018.*

## VOLUNTEERING

We encourage our team to give their best to the communities around our operations, through several annual campaigns:

**Loyal Friend** | Encourages employees to contribute to social projects registered with the Fund for Children and Adolescents (FIA) through Income Tax resources. In 2018, we broke the record in the number of collections, with more than BRL 140,000. Since 2012, our team has donated more than BRL 600,000.

**Winter Clothing Drive** | We collected more than 31,000 pieces of clothing, shoes, coats and blankets to warm the winter of people served by partner institutions. Since 2011, when we started the campaign, more than 200,000 pieces have been donated.

**Be Santa for Someone** | With the participation of employees from 24 units, 19 terminals, three offices and three airports, more than 6,000 children were benefited in 49 cities, totaling more than 30,000 Christmas letters since 2011.

**Children's hygiene** | Collection of more than 3,200 children's hygiene products for foster homes in nine locations where we operate.

**Used toys** | Collection of approximately 1,000 toys to form playrooms at institutions in six cities where we operate.

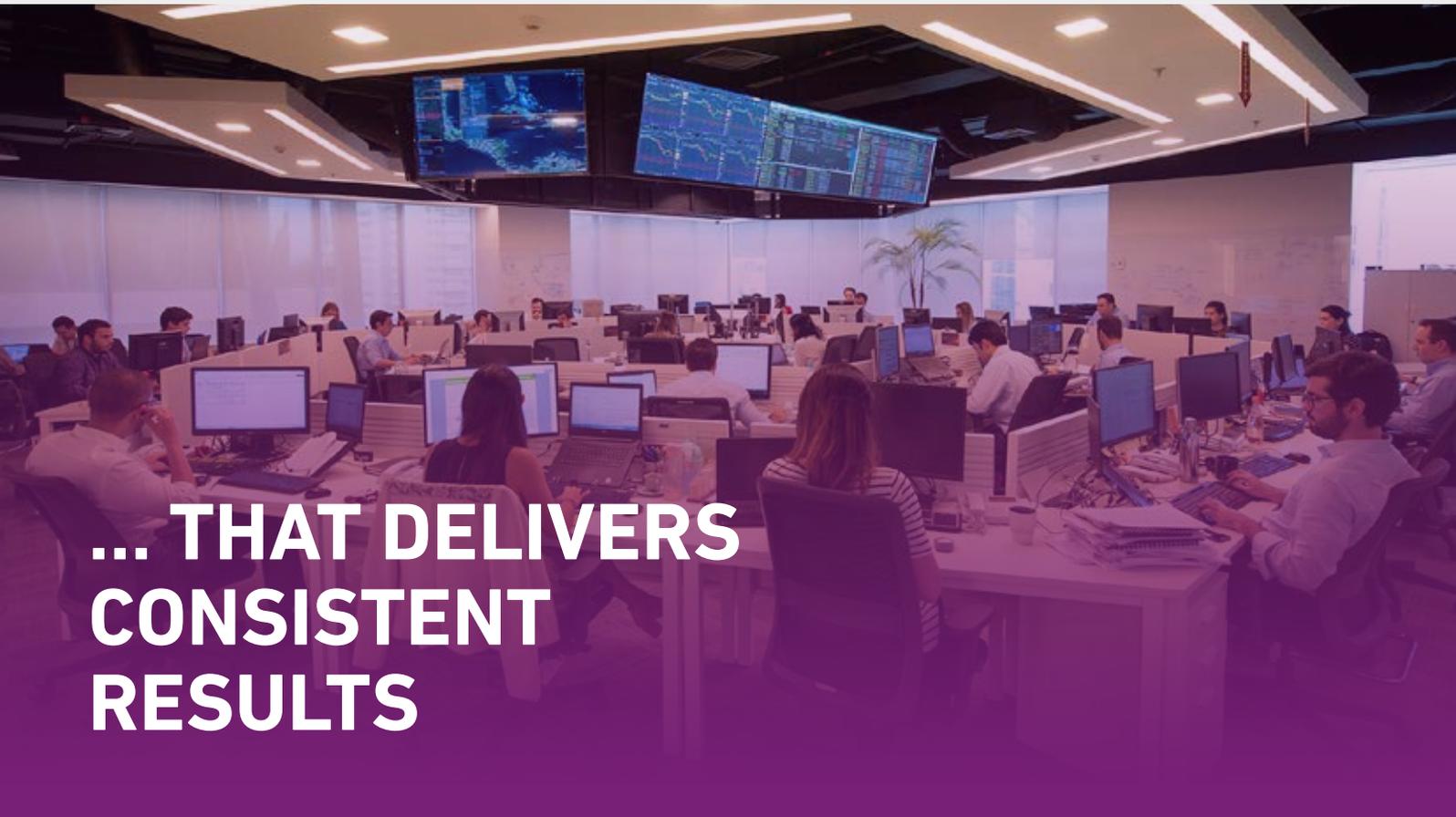
In addition to the campaigns, in the 2018/2019 crop year, we had over 400 employees who directly engaged in 26 volunteer actions in partner institutions, benefiting nearly 15,000 people.



Nearly

**15,000**

people benefited.



# ... THAT DELIVERS CONSISTENT RESULTS

## NESTE CAPÍTULO

- 51 CONTEXT
- 52 FINANCIAL RESULTS

## CONTEXT

According to a survey by the Sugarcane Industry Union (UNICA), the Central-South region of Brazil ended the last crushing period of the 2018/2019 crop year with a total of 562 million tons of processed sugarcane and 78 million tons of sugar equivalent produced. The long drought in the middle of the year and the high temperatures reduced the agricultural yield of sugarcane, affecting the availability of the product.

The lower percentage of sugarcane for the production of—as well as the decline in prices of this input—results from an increase in international stocks given the record production in Asian countries. On the other hand, there was an increase in the percentage of sugarcane geared to the production of ethanol, a movement stimulated by the appreciation of the US dollar and the rise in oil prices, coupled with Petrobras's price readjustment policy.

Sales of fuels in the Brazilian market—according to the National Agency of Petroleum, Natural Gas and Biofuels (ANP - Agência Nacional do Petróleo, Gás Natural e Biocombustíveis)—totaled 136 billion liters in 2018, the baseline year for data consolidation. The highlight is the 42.1% increase in sales of hydrous ethanol, which was 13.642 billion liters in 2017 and increased to 19.385 billion liters in 2018. Gasoline, in turn, had a reduction in volume sold, down 13.1% over 2017, going from 44.150 billion liters to 38.352 billion liters. Anhydrous ethanol (mixed with gasoline) had a similar drop.

There was also a 7.6% increase in sales of aviation kerosene (QAV)—from 6.637 billion liters in 2017 to 7.144 billion liters in 2018—due to the recovery of the aviation sector; and a 1.4% increase in sales of diesel oil B over the same period, a result of the economic recovery, with the main indications being the increased sales of new vehicles (buses and trucks) and the sale of agricultural machinery.

## FINANCIAL RESULTS

IGRI 102-7, 103-2, 103-3

In 2018/2019, we recorded 59.7 million tons of crushed sugarcane, down 2% compared with the previous crop year (61.2 million tons). Drier weather impacted productivity, measured by the combination of TRS (Total Recoverable Sugar—per ton of crushed sugarcane in kilograms) and TSH (Tons of Sugarcane harvested per Hectare), which was 9.1 tons of TRS/hectare, down 7% compared with the previous crop year. Even so, the production of sugar equivalent was 1% higher than that obtained in 2017/2018, reflecting higher industrial efficiency.

In fuels, the crop year was also challenging, especially as a result of the truck drivers' strike and the high volatility of international prices. Further efforts were required to optimize the supply and marketing strategy, focusing on the sustainable relationship with the dealer network.

### RAÍZEN ENERGIA

Adjusted net income reached BRL 22.4 billion, up 45% over the previous crop year due to the consolidation of the results of the energy trader WX, as of August 2018, and of the trading operations of byproducts.

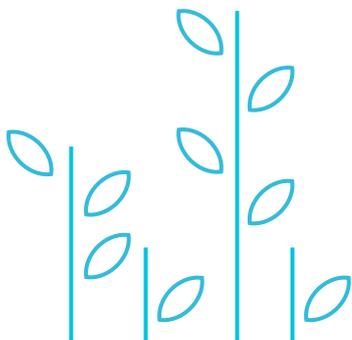
Sugar sales totaled BRL 3,865.7 million, down 37.3% compared with 2017/2018. Total ethanol sales in the same ratio increased by 22.2%, totaling BRL 9,096.3 million. Sales of cogenerated energy, in turn, amounted to BRL 3,463.5 million (up 263.7%).

Adjusted EBITDA was BRL 2.9 billion, down 29.4% over 2017/2018, reflecting the lower realized sugar prices and the decrease in volume sold of this commodity—in line with our production and trading strategy for the harvest.

Cost of goods sold was BRL 20.7 billion, up 66% mainly due to the higher volume of trading of electricity and other products. Unit cost of own products sold<sup>1</sup> was BRL 678/ton, impacted by the higher diesel cost, lower sugarcane productivity and inflation on costs.

Sales, general and administrative expenses totaled BRL 1.5 billion in 2018/2017, up 1% over the previous crop year due to the higher sales volume of sugar in the fourth quarter.

Investments totaled BRL 2.6 billion in the crop year, up 11%, due to higher expenditures for planting and crop handling.



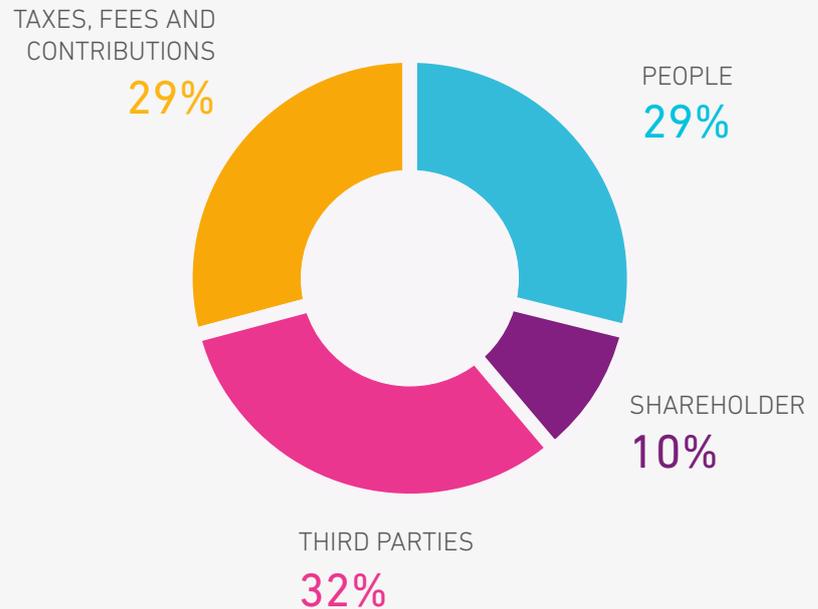
# 59.7 million

tons of sugarcane crushed in 2018/2019.

<sup>1</sup> Does not include depreciation and amortization of planting, crop handling, agricultural, industrial and maintenance in the off-season.

**RAÍZEN ENERGIA - VALUE ADDED DISTRIBUTION IN THE CROP YEAR**

[GRI 201-1]



> [Click here](#) to view the full Value Added Statement for Raízen Energia.

**RAÍZEN COMBUSTÍVEIS**

In October 2018, Raízen Combustíveis started operations in Argentina. Although the Global Reporting Initiative (GRI) has not yet been considered, due to the short time in operation, the financial result of these assets has been in line with the financial statements.

**Raízen Combustíveis Brazil**

The total volume sold<sup>2</sup> in the crop year was 1.5% higher than in 2017/2018. Ethanol sales grew 37.8%, followed by jet fuel (9.2%) and diesel (3.7%)—which offset the reduction in sales of gasoline (-14.9%).

Net operating revenue reached BRL 20 billion in the year, a 3% increase due to higher sales volume and higher average price of products—affected by international fuel prices and foreign exchange rate.

Adjusted EBITDA was BRL 2.8 billion, down 8% over the previous crop year, impacted mainly by rising fuel prices in the international market and by the truck drivers' strike—in the first half of the crop year.

<sup>2</sup> Does not include sales to other distributors according to Plural methodology.

**Raízen Combustíveis Argentina**

The economic instability, marked by the depreciation of the Argentine peso against the US dollar and by the high interest rates, directly affected demand for fuel, which ended the year with a 2% reduction in gasoline volumes. In this context—considering the period between October 2018 and March 2019 alone— Raízen Argentina recorded the following results:

Total volume processed was 88,000 barrels/day, with an 81% refinery utilization factor. The operation was affected by a scheduled shutdown at one of the refining plants.

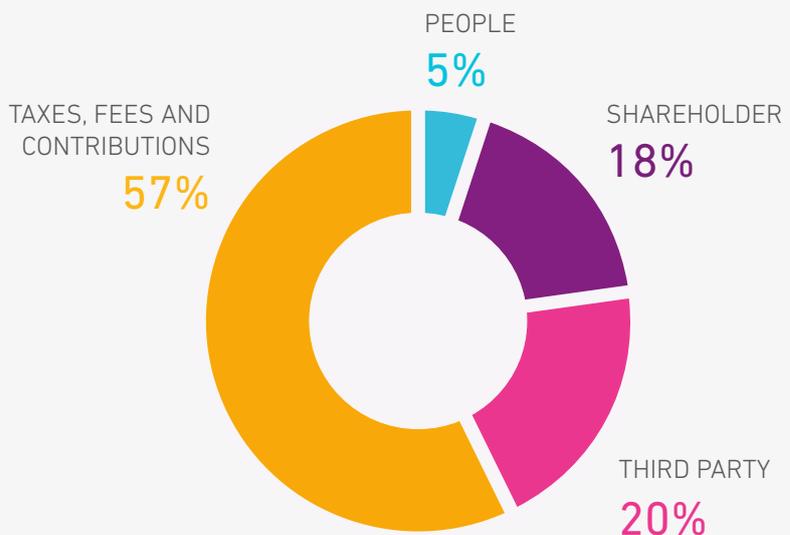
Net revenue was USD 830 million, negatively impacted by the lower volume and average sales prices of the main products, partially offset by higher volume in the aviation segment.

EBITDA for the operations of refining and distribution of fuels and other byproducts was USD 83.5 million.

**Raízen Combustíveis Total**

Raízen Combustíveis’s operations in Brazil and Argentina recorded a consolidated net income of BRL 1,708 million. Efforts to capture mapped synergies between the operations in both countries are underway, with an expected gain of approximately USD 50 million.

**RAÍZEN COMBUSTÍVEIS - ADDED VALUE DISTRIBUTION IN THE CROP YEAR |GRI 201-1|**



> [Click here](#) to view the full Value Added Statement for Raízen Combustíveis.



# GRI CONTENT

# PROFILE OF THE ORGANIZATION

## 102-7 | SCALE OF THE ORGANIZATION

Number of distribution terminals	65
Number of fuel bases at airports	66
Production Units	26
Service Stations	Approximately 6,473
Shell Select Convenience Stores	Approximately 1,000
% Shareholder's interest	Grupo Shell (50%) and Cosan (50%)
Net sales	BRL 97,200,979,000.00
Shareholders' equity	BRL 11,392,004,000
Gross Debt	BRL 18,006,700,000

## 102-8 | INFORMATION ON EMPLOYEES AND OTHER WORKERS

At the end of 2018/2019, our team totaled 29,119 employees, 86% men and 14% women, the majority (93%) concentrated in the Southeast.<sup>1</sup>

Total number of employees by gender*					
	2014/2015 Harvest	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Men	33,377	29,847	25,547	25,349	24,955
Women	5,195	4,540	4,010	4,165	4,164
<b>TOTAL</b>	<b>38,572</b>	<b>34,387</b>	<b>29,557</b>	<b>29,514</b>	<b>29,119</b>

\* Does not include interns.

<sup>1</sup> Gender-related data are compiled by the HR area, which uses data taken from SAP as a basis.

**Total number of employees by type of employment and employment contract**

Type of employment / employment contract	2014/2015 Harvest		2015/2016 Harvest		2016/2017 Harvest		2017/2018 Harvest		2018/2019 Harvest	
	Full-time <sup>1</sup>	Part time								
Men - open-ended contract	31,013	32	26,367	34	23,684	31	24,321	31	23,522	16
Women - open-ended contract	4,854	15	4,131	18	3,927	20	4,059	29	3,841	16
Men - fixed-term contract <sup>2</sup>	2,332	0	3,446	0	1,832	0	894	103	1,294	0
Women - fixed-term contract <sup>2</sup>	326	0	391	0	63	0	57	20	293	1

1. Full time considers over 150 work hours/month.

2. All employees with fixed-term contracts work full time.

**Total number of employees by gender and region**

	2014/2015 Harvest		2015/2016 Harvest		2016/2017 Harvest		2017/2018 Harvest		2018/2019 Harvest	
	Men	Women								
South	248	25	216	20	225	22	227	25	230	22
Southeast	31,110	4,930	28,009	4,296	23,761	3,781	23,534	3,932	23,185	3,918
Midwest	1,743	219	1,318	197	1,233	178	1,249	175	1,213	178
Northeast	187	16	202	19	204	18	209	23	210	28
North	89	5	102	8	124	11	130	10	117	18

## 102-9 | SUPPLY CHAIN

### > Supply chain

Our supply chain is composed of companies responsible for supplying equipment and materials, in addition to providing services, referring to all our processes—production and non-production. The relationship with this audience is mediated by the Procurement Department, and the main communication tool is our [Supplier Portal](#).

In 2018/2019, more than BRL 3 billion was spent on suppliers of supplies, most of which is related to the purchase of materials. Most of this audience is located in São Paulo, but we have also established contracts with suppliers in Rio de Janeiro, Paraná and Minas Gerais, among other states.

### > Sugarcane suppliers

Our Agricultural Business team is responsible for contracts with sugarcane suppliers, and the Sustainable Development team is responsible for managing initiatives such as the [ELO Program](#).

In 2018/2019, BRL 5.5 million were spent on this audience, located in São Paulo, Goiás, Minas Gerais, Mato Grosso do Sul and Paraná.

### > Carriers

The category refers to those responsible for collection and transfer (C&T) and fuel delivery operations. The public circulates in all regions of Brazil, with the largest concentration in the Southeastern and Southern regions.

We have a team focused on the relationship with carriers, which monitors, based on specific indicators, the performance of each contractor in relation to the goals established and the principles that we share.

More information about the supply chain can be found [here](#).

## 102-11 | PRECAUTIONARY PRINCIPLE OR APPROACH

Through a structured sustainability governance process, the precautionary principle integrates [strategic planning](#) and [risk management](#) of our activities. Care for employees, with policies and tools to promote health, safety, and quality of life are among the aspects observed. We also have in place programs to ensure professional training and recognition of our team's performance. Promoting sustainability in our value chain includes actions with suppliers in order to stimulate the development of increasingly innovative products and solutions.

## 102-13 | MEMBERSHIP OF ASSOCIATIONS

We participate in the following organizations: União da Indústria de Cana-de-Açúcar (UNICA); Associação Brasileira de Biotecnologia Industrial (ABBI); Associação da Indústria de Cogeração de Energia (COGEN); Fundação Getúlio Vargas (FGV) – Business initiatives; Plural, former Sindicato Nacional das Empresas Distribuidoras de Combustíveis (SINDICOM); Associação Brasileira dos Terminais Portuários (ABTP); Bonsucro – organization responsible for the certification of sustainability aspects in the production of sugarcane; and Associação Brasileira do Agronegócio (ABAG).

## STAKEHOLDER ENGAGEMENT

### 102-40 | LIST OF STAKEHOLDER GROUPS

Press, fuel dealers, investors and investment analysts, employees, customers, business partners, communities, universities, public authorities, and trade associations.

### 102-41 | COLLECTIVE BARGAINING AGREEMENTS

All our employees are covered by collective bargaining agreements.

### 102-42 | THE BASIS FOR IDENTIFYING AND SELECTING STAKEHOLDERS WITH WHOM TO ENGAGE

Through our Annual Report, Ombudsman's Office, Digital Social Networks and Customer Service (SAC), we map out stakeholders and their issues of concern.

## MANAGEMENT APPROACH

## MATERIAL TOPIC: SOCIAL AND ENVIRONMENTAL ASPECTS AND IMPACTS

### 103-1 | EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

[See materiality matrix.](#)

### 103-2 | MANAGEMENT APPROACH AND ITS COMPONENTS

### 103-3 | EVALUATION OF THE MANAGEMENT APPROACH

We have in place a series of institutionalized policies and procedures aimed at guaranteeing human rights throughout the production chain and in the vicinity of our operations:

- Code of Conduct
- Policy on Dialogue with the Public Administration
- Alcohol and Drug Policy
- Anti-Corruption Policy
- Social Performance Policy
- Sustainability Policy
- Institutional Relations Policy
- Ethics Channel, for reports of violations of the Code of Conduct. Learn more [here](#).
- Legal and reputational analysis of the counterparty by the Trading area.
- Procedures for selecting, training and retraining suppliers of equipment, materials and services
- Adherence to the Federal Government's Young Apprentice Program for the insertion of young people in the labor market (initiative supported by the Learning Act – 10.097/2000)
- [Programs ELO and Cultivar](#), which are important value platforms for sugarcane suppliers, with actions to provide adequate processes related to workers, storage and disposal of chemicals and packaging, handling of agrochemicals, among other procedures and in line with best practices.
- Certifications such as [Bonsucro and International Sustainability and Carbon Certification \(ISCC\)](#).

- [Capitório Tool](#) and the Customer Service Department (SAC), in order to offer support to the External Relations area through information for a more efficient interaction with communities, public authorities and others strategic stakeholders. In 2018, a total of 310 grievances and complaints were recorded, 154 of which related to social topics and 156 relating to environmental aspects - all of them processed and resolved. The most recurrent complaints are: circulation of trucks; emissions and noise of the industrial park; and conditions of the lounge for drivers of finished products.

In addition, for the relationship with specific groups in communities, we have in place initiatives for education, professional qualification, culture, health, civism and sports. In addition, we support communities at critical moments, such as during the truck drivers' strike, when we supported hospitals in the regions where we operate through donation of fuel, ensuring access to health for the population.

Our objectives in the relationship with this audience include: to provide care to children, adolescents, youth and adults through the development of projects; to promote dialogue with communities; to generate jobs, income and professional qualification in the vicinity of our facilities; among others.

In 2018/2019, some of the procedures in our Operations Management System (SIGO - *Sistema de Gestão da Operações*) were updated in order to better analyze the impacts of our operations and the effectiveness of the initiatives undertaken.

Specifically in relation to water and effluent management, our abstraction is in line with legislation, and we have in place initiatives to reduce consumption and disposal in the production units - such as the ReduSa program, under which targets are established annually to encourage teams to make rational use of water resources, regularly rewarding those employees who stand out. In addition to recording the volumes of water abstracted, effluents and various water flows in the energy cycle, we keep strict quality control at all stages of the industrial process, including effluent treatment - there are more than 3,000 analytical results daily in all units, accessed by company Leaders for follow-up. We also have water management panels that share the good results and indicate opportunities for improvement, promoting a healthy competition among all.

This topic is managed by several areas in a multidisciplinary way, with emphasis on Sustainability, Social Responsibility and HSE.

Read more in [Sustainable strategy](#), [Responsible operation](#) and [Sustainability in relationships](#).

## MATERIAL TOPIC: ECONOMIC PERFORMANCE

### 103-1 | EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

[See materiality matrix.](#)

### 103-2 | MANAGEMENT APPROACH AND ITS COMPONENTS

### 103-3 | EVALUATION OF THE MANAGEMENT APPROACH

We strive to ensure that our business growth is conducted in an ethical and sustainable manner. In this sense, quantitative and qualitative goals are defined in order to guide our economic performance. We also have different instances for monitoring and evaluating results, among which are: Risk Committee, with weekly meetings to analyze the behavior of the commodities markets and foreign exchange and to decide on hedging positions and the pricing strategy of exports or imports of products; Ethanol and Byproducts Committee, with monthly meetings to analyze the risks related to trading of ethanol and byproducts and evaluation of the adequacy to the limits defined in the risk policies; and the Compliance group, formed by executives responsible for preparing a compliance plan - with fronts to be implemented and monitored.

Our financial results are timely disclosed to investors in line with best practices in the financial market, and our guidelines regarding economic and market aspects are documented in the Information Security Policy, Disclosure Policy, Competitive Compliance Policy, Anti-Corruption Policy, and Sustainability Policy, and are disseminated through regular training.

It is a cross-cutting theme that is managed by several areas.

Read more in [Sustainable strategy](#), [Risk management](#), [Governance structure](#), [Ethics](#) and [Financial results](#).

## MATERIAL TOPIC: RENEWABLE ENERGY AND ENERGY EFFICIENCY

### 103-1 | EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

[See materiality Matrix.](#)

### 103-2 | MANAGEMENT APPROACH AND ITS COMPONENTS

### 103-3 | EVALUATION OF THE MANAGEMENT APPROACH

One of the guidelines of our Sustainability Policy is the regular monitoring of our GHG emissions - automatically quantified through systems, in order to avoid the handling of information and mitigate calculation errors. In addition, we voluntarily submit our emissions inventory to independent audits, which results in an analytical report on each of our emission sources. The goal is to ensure the energy efficiency of our processes, as well as to map risks and opportunities arising from climate change and that could impact our operations.

In addition, we operate in accordance with national energy policies, defined by relevant government agencies such as the Ministry of Mines and Energy (MME), the National Energy Policy Council (CNPE), the National Petroleum, Natural Gas and Biofuels Agency (ANP) the National Electric Energy Agency (ANEEL).

This topic is managed by several areas in a multidisciplinary way, with emphasis on the Energy Department.

More information is provided in sections [Sustainable Strategy](#), [Our Business](#) and [THAT INNOVATES AND LOOKS TO THE FUTURE](#).

## MATERIAL TOPIC: ETHICS AND INTEGRITY

### 103-1 | EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

[See materiality Matrix.](#)

### 103-2 | MANAGEMENT APPROACH AND ITS COMPONENTS

### 103-3 | EVALUATION OF THE MANAGEMENT APPROACH

Our compliance policies and procedures cover the following topics: Anti-corruption, Competitive Practices, Dialogue with the Public Administration, Social Performance (donations, sponsorship, social investments), Relationship with Associations and Trade Unions and Intellectual Property, among others. The main dissemination tools are described [here](#).

This topic is managed by our Compliance team. We also have the Internal Controls area and audits (internal and external), which assess the adherence of policies and procedures to business risks. Among other responsibilities, these departments are responsible for managing conflicts of interest, which are reported through internal tools and analyzed individually.

Regarding training, [Raízen University](#) was redesigned in 2018/2019, with schools that develop skills according to the development trail for each employee, with Ethics being one of the prerequisites for all. Training related to the topic is provided in three formats: classroom, online without interaction, and online with interaction {webinars}. Members of the governing bodies receive specific training (*Directors and Officers*). Business partners are informed about our compliance guidelines through contractual terms, depending on the operation in which they are involved.

Public commitments reinforce our position. We are signatories to the Business Pact for Integrity and Against Corruption of the Ethos Institute; and we support - through the Sugarcane Industry Union (UNICA), of which we are members - the program called *Movimento Combustível Legal* (Legal Fuel Movement), which aims to reinforce the importance of an ethical and fair environment in which all those involved pay their taxes correctly and thus stimulate fair competition.

Regarding donations and sponsorships, transparency is guaranteed by a specific policy on the subject and a flow of approvals - with purviews established in accordance with our Authorities Guide, with a double level of approval, in addition to the Compliance area.

Read more [here](#).

## MATERIAL TOPIC: PEOPLE MANAGEMENT

### 103-1 | EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

[See materiality Matrix.](#)

### 103-2 | MANAGEMENT APPROACH AND ITS COMPONENTS

### 103-3 | EVALUATION OF THE MANAGEMENT APPROACH

Our main commitments are linked to [Our RAIZ](#), a culture that is born from the inside and is revealed in our daily actions. Around it, we seek to engage a multiple team, committed to ethics, work safety, and our business goals.

In 2018/2019, we focused on promoting more gender equality. Among the advances, we highlight the implementation of a maternity leave for 180 days, as an improvement of the benefit provided by law; and rooms where women returning from leave collect and store milk with even more convenience, further encouraging breastfeeding.

In our pay, benefits and training practices, there is no difference regarding gender. Consequently, women are present at all hierarchical levels, and we are making a conscious effort to further increase this participation. In this sense, two years ago, the [Diversity and Inclusion Committee](#) was created, which seeks to address actions, policies and procedures that increase diversity in our staff.

We also hold attraction events focused on women; we promote discussion groups on respect in order to identify possible barriers that could be impacting women's careers; we offer vocational courses for surrounding communities with the participation of half the female audience; and we seek gender balance in programs such as Apprentice, Internship, Summer Internship, and Trainee; among other initiatives.

Publicly, we also joined the Women's Movement 360, a group with more than 50 large companies committed to diversity and the expansion of women's participation in the corporate environment.

This topic is managed by the Vice Presidency of Human and Organizational Development, which has eight departments and the Human Resources Department, and is guided by the Code of Conduct and by specific procedures, such as the Ethics Channel, for complaints.

Read more [here](#).

## **MATERIAL TOPIC: RELATIONSHIP WITH SUPPLIERS, BUSINESS PARTNERS, AND CLIENTS**

### 103-1 | EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

[See materiality Matrix.](#)

### 103-2 | MANAGEMENT APPROACH AND ITS COMPONENTS

### 103-3 | EVALUATION OF THE MANAGEMENT APPROACH

Relationship with suppliers, business partners and customers is guided by our Code of Conduct. We also have in place open dialogue channels (SAC and Ombudsman's Office) and targeted communication tools ([Dealer Portal](#), [Suppliers Portal](#) and [Agricultural Portal](#)).

Regarding the supply chain, we have in place the Procurement Policy, which sets out the guidelines for the procurement process - which holds ISO 9001 (Quality Management) and FSSC 22000 (Food Safety Management) certifi-

cations. All eligible suppliers follow our terms and conditions and undergo evaluation during the registration phase. Furthermore, we perform monthly verification of the documents from contractors: Certificates of Good Standing (CNDs - *Certidões Negativas de Débitos*) of suppliers who represent high risk to our production process, National Register of Punished Companies (CNEP - *Cadastro Nacional de Empresas Punidas*) and National Register of Disreputable and Suspended Companies (CEIS - *Cadastro Nacional de Empresas Inidôneas e Suspensas*). In the case of irregularity, new contracts are blocked until the issue is cleared. Recidivism can lead to cancellation of contracts. Teams at the production units and terminals are trained to report cases of noncompliance, facilitating the development of action plans for both parties. In 2018/2019, we also initiated a pilot project to monitor compliance of critical service providers with labor obligations based on the verification of collections of social security charges (INSS) and employees severance fund (FGTS), and their adequacy to occupational safety practices. With this control, it will be possible to develop actions to mitigate risks related to the supply chain.

We also have in place specific practices for the establishment of contracts with other supply categories. Through a strict approval process of carriers, for example, we check items related to legal, environmental, safety, human and labor rights, as well as annual audits and informal inspections, in order to guarantee compliance of these partners with our criteria. The relationship with sugarcane suppliers is led by the Agricultural Business area, and all contracts must comply with our clauses and legal requirements. Producers are regularly evaluated under the [ELO Program](#).

In relation to business partners, the process of assigning our brand to a service station is preceded by a series of studies, both in terms of commercial feasibility and of compliance with environmental aspects. Approved dealers receive an operations manual for service stations that contains procedures and recommendations. They also gain access to consulting services and training courses in order to obtain financial benefits, marketing initiatives, employer safety and environmental responsibility.

The evolution of the management approach of this topic is monitored based on the performance of our operations, determined by the respective indicators (GRI 204-1, 308-1, 308-2, 407-1, 408-2, 409-1, 414-1, 414-2).

Management of this topic permeates several areas in a multidisciplinary way, with emphasis on Procurement, Agricultural Business and Sustainability.

Read more in [Safety](#) and [Sustainability in relationships](#).

## MATERIAL TOPIC: WORKPLACE SAFETY

### 103-1 | EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

[See materiality Matrix.](#)

### 103-2 | MANAGEMENT APPROACH AND ITS COMPONENTS

### 103-3 | EVALUATION OF THE MANAGEMENT APPROACH

This topic is managed by several areas in a multidisciplinary way, following the guidelines set out by the HSE and Occupational Health areas. Management of this topic is also guided by the HSE Policy and the [Health, Safety and Environment Committee](#).

Health and safety indicators follow the standards set out by NBR 14.280 and OSHA 3.245 09R, as well as internal procedures: Element 7 of the Operations Management System (SIGO) and PMR Specification Shell. To record exposure and accidents, we have in place external systems (Work Accident Communication - CAT, NEXO System) and internal systems (Sustainability Indicators System - SIS, Emergency Response Center - CAE, and *AlertaWeb*).

Read more in [Safety](#).

## MATERIAL TOPIC: INNOVATION

### 103-1 | EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

[See materiality Matrix.](#)

### 103-2 | MANAGEMENT APPROACH AND ITS COMPONENTS

### 103-3 | EVALUATION OF THE MANAGEMENT APPROACH

To manage this topic, we have in place the Intellectual Property Policy.

Innovation is one of the pillars of our strategy, and not a responsibility of any specific area.

Further details are provided in the sections [Sustainable Strategy](#) and [THAT INNOVATES AND LOOKS TO THE FUTURE](#).

## MATERIAL TOPIC: SUSTAINABILITY IN THE STRATEGY

### 103-1 | EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY

[See materiality matrix.](#)

### 103-2 | MANAGEMENT APPROACH AND ITS COMPONENTS

### 103-3 | EVALUATION OF THE MANAGEMENT APPROACH

We rely on the Sustainability Department, which is responsible for integrating environmental and social aspects into our strategy and to the management of our business, contributing to growth, competitiveness and business continuity. To manage this topic, we also have in place a Sustainability Policy, which encompasses our commitments and guidelines.

More information can be found [here](#).

## ECONOMICS

### 201-1 | DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

#### RAÍZEN ENERGIA<sup>1</sup>

Value-Added Statement, in BRL thousand	2015/2016	2016/2017	2017/2018	2018/2019
Revenues - Gross sales of products and services	12,557,268	12,900,645	15,844,028	23,960,173
Revenues - Returns of sales, discounts and abatements	-10,198	-11,257	-31,266	-44,050
Revenues - Constitution of estimated loss for doubtful accounts, net	-5,025	-1,811	-182	-3,856
Revenues - Other operating revenue (expenses)	49,885	25,989	114,241	407,789
<b>Revenues - Total</b>	<b>12,591,930</b>	<b>12,913,566</b>	<b>15,926,821</b>	<b>24,320,056</b>
Inputs acquired from third parties - Cost of products sold and services provided	-5,981,389	-6,124,579	-8,521,465	-16,741,661
Inputs acquired from third parties - Materials, energy, services provided by third parties, and others	-769,049	-809,235	-973,690	-953,640
Inputs acquired from third parties - Gain arising from changes in fair value and realization of gains or losses on biological assets	637,937	304,621	-367,432	-261,158
Inputs acquired from third parties - Constitution (reversal) of estimated losses on investments, fixed and intangible assets, net	0	-156,200	14,263	136,692
Inputs acquired from third parties - Reversal (constitution) of estimated losses on inventory obsolescence	-377	-72,383	54,277	1,163
<b>Inputs acquired from third parties - Total</b>	<b>-6,112,878</b>	<b>-6,857,776</b>	<b>-9,794,047</b>	<b>-17,818,604</b>
Gross value added	6,479,052	6,055,790	6,132,774	6,501,452
Depreciation and amortization	-1,876,896	-1,818,791	-2,136,639	-2,108,939
Net value added produced	4,602,156	4,236,999	3,996,135	4,392,513
Value added received in transfers - Results of equity accounting	-73,260	-69,635	-21,423	30,985
Value added received in transfers - Financial revenues	664,798	665,347	646,169	570,141
Gain on exchange rate variations	195,862	2,706	29,585	115,778
Gains in operations with derivatives	668,922	736,068	148,816	195,495
<b>Value added received in transfers - Total</b>	<b>1,456,322</b>	<b>1,334,486</b>	<b>803,147</b>	<b>912,399</b>
<b>Value added for distribution</b>	<b>6,058,478</b>	<b>5,571,485</b>	<b>4,799,282</b>	<b>5,304,912</b>

<sup>1</sup> The amounts reported are in BRL 1,000, according to Financial Statements disclosed to the market and filed with the Brazilian Securities and Exchange Commission (CVM).

Value added distribution, in BRL thousand	2015/2016	2016/2017	2017/2018	2018/2019
Value added distribution Personnel - Direct remuneration	1,273,054	1,234,931	1,102,838	1,075,138
Value added distribution Personnel - Benefits	236,691	276,800	288,020	325,691
Value added distribution Personnel - FGTS (government severance fund)	117,679	117,464	118,351	120,969
<b>Value added distribution Personnel - Total</b>	<b>1,627,424</b>	<b>1,629,195</b>	<b>1,509,209</b>	<b>1,521,798</b>
Taxes, fees and contributions - Federal	374,844	576,159	773,247	1,024,186
Deferred federal taxes	387,202	121,858	-109,607	-140,987
Taxes, fees and contributions - State	460,644	463,286	551,613	655,597
Taxes, fees and contributions - Municipal	2,572	8,158	7,928	10,846
<b>Taxes, fees and contributions - Total</b>	<b>1,225,262</b>	<b>1,169,461</b>	<b>1,223,181</b>	<b>1,549,642</b>
Remuneration of third-party capital - Financial Expenses	969,697	868,270	875,762	996,675
Remuneration of third-party capital - Loss on exchange variation	637,387	70,870	52,721	186,413
Remuneration of third-party capital - Loss on derivative transactions	91,562	0	59,228	46,604
Remuneration of third-party capital - Rentals and leases	321,502	429,110	436,387	491,345
<b>Remuneration of third-party capital - Total</b>	<b>2,020,148</b>	<b>1,368,250</b>	<b>1,424,098</b>	<b>1,721,037</b>
Remuneration of own capital - Dividends and interest on own capital	9,865	211,636	0	44,334
Remuneration of own capital - Retained earnings	1,175,779	1,193,031	642,807	473,022
Remuneration of own capital - Share of non-controlling shareholders in retained earnings	0	-88	-13	-4,921
<b>Remuneration of own capital - Total</b>	<b>1,185,644</b>	<b>1,404,579</b>	<b>642,794</b>	<b>512,435</b>
<b>Value added distributed</b>	<b>6,058,478</b>	<b>5,571,485</b>	<b>4,799,282</b>	<b>5,304,912</b>

## RAÍZEN COMBUSTÍVEIS<sup>2</sup>

Value-Added Statement, in BRL thousand	2017/2018	2018/2019
Revenues		
Sales of goods and services	76,907,237	93,970,810
Gross revenue	77,739,353	95,388,153
Returns	-439,725	- 517,091
Other deductions	-392,391	- 900,252
Other operating revenue	219,864	272,949
Revenue associated with the construction of own assets	0	0
PDD - Reversal / (constitution)	-26,426	- 6,953
<b>Revenues</b>	<b>77,100,675</b>	<b>94,236,806</b>
<b>Inputs acquired from third parties</b>		
Cost of goods sold	-70,543,533	- 84,602,920
Materials, energy, third-party services, and other	-1,112,048	- 1,437,187
Loss / recovery of assets	0	20,937
Other	16,827	0
<b>Inputs acquired from third parties</b>	<b>-71,638,754</b>	<b>- 86,019,170</b>
<b>Gross value added</b>	<b>5,461,921</b>	<b>8,217,636</b>
Depreciation, amortization, and depletion	-603,853	- 343,777
Depreciation and amortization	-206,898	- 343,777
Amortization of exclusive supply rights	-396,955	0
<b>Net value added produced by the entity</b>	<b>4,858,068</b>	<b>7,873,859</b>
Value received in transfer	687,942	1,641,562
Financial income	139,098	230,577
Fair value of financial instruments	40,026	0
Active exchange rate variation	98,999	279,263
Gain on derivatives	253,554	952,509
Equity accounting income	0	0
Other values received in transfer	156,265	179,213
<b>Total value added for distribution</b>	<b>5,546,010</b>	<b>9,515,421</b>

2. Since there was a change in the way the information was reported in the 2017/2018 harvest, we did not include data referring to previous harvests. To consult these data, visit: <https://www.raizen.com.br/relatorioanual/pt/indicadores-da-gri.html>

Value added distribution, in BRL thousand	2015/2016	2016/2017	2017/2018	2018/2019
<b>People</b>				
Direct remuneration	272,222	272,357	301,200	374,641
Benefits	47,822	56,143	58,889	67,190
FGTS (Workers' Severance indemnity Fund)	15,518	15,973	16,808	18,035
<b>Value added distribution Personnel - Total</b>	<b>335,562</b>	<b>344,473</b>	<b>376,897</b>	<b>459,866</b>
<b>Taxes, fees and contributions</b>				
Federal	550,350	723,661	1,138,670	3,403,160
State	1,390,859	1,342,207	1,504,122	2,015,799
Municipal	10,346	12,886	11,651	12,532
Other taxes and fees	0	9,215	2,508	7,289
<b>Taxes, fees and contributions - Total</b>	<b>1,951,555</b>	<b>2,087,969</b>	<b>2,656,951</b>	<b>5,438,780</b>
<b>Remuneration of third-party capital</b>				
Financial expenses	120,047	180,277	222,014	488,832
Passive exchange rate variation	404,416	45,351	400,811	989,934
Losses in operations with financial instruments	564,227	1,022,426	171,263	209,094
Leases	55,063	54,260	49,854	65,398
Change in the fair value of financial instruments - Expenses	0	90,150	0	155,496
<b>Remuneration of third-party capital - Total</b>	<b>1,143,753</b>	<b>1,392,464</b>	<b>843,942</b>	<b>1,908,754</b>
<b>Remuneration of own capital</b>				
Dividends and interest on capital	953,164	1,431,000	1,453,986	1,330,498
Retained earnings	62,812	167,815	153,099	323,768
Share of non-controlling shareholders in retained earnings	184,500	59,758	61,135	53,755
<b>Remuneration of own capital - Total</b>	<b>1,200,476</b>	<b>1,658,573</b>	<b>1,668,220</b>	<b>1,708,021</b>
<b>Value added distributed</b>	<b>4,631,346</b>	<b>5,483,479</b>	<b>5,546,010</b>	<b>9,515,421</b>

## 201-2 | FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE

In 2017/2018, we completed a study that mapped the main risks and opportunities arising from climate change in each business and in the long-term (up to 2040). The results were added to our [risk management process](#) and to [strategic planning](#).

Regarding the risks, we recorded those referring to changes in water dynamics (increase of drought periods and consequent competition for a scarcer resource) and the higher incidence of extreme weather events. On the other hand, in the field of opportunities, there is space for differentiated public policies and lines of credit - with increasing incentives for production

and marketing of low-carbon energy solutions such as biofuels and electricity from alternative sources, products that are part of our portfolio. In addition, sugarcane is a crop that potentially benefits from the increase in average temperatures.

The risks and opportunities mapped out are of either a physical, regulatory, reputational or market nature. The impacts associated with these risks would mainly result in reduced productivity or damage to our physical structures, while the opportunities would result in greater market share, easier access to low-cost credit and larger areas for sugarcane cultivation.

The potential financial implications were not quantified on a consolidated basis, but they would certainly be substantial. We do not monitor expenditures to manage such risks and opportunities, even though we understand that they occur constantly whenever we invest in the efficient use of agro-industrial resources as we reduce our carbon intensity.

**202-1 | RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE**

We work to maintain attractive salary ranges compared to other companies in the market. In 2018/2019, the lowest salary paid to men and women was equivalent to 114% of the national minimum wage (BRL 998.00) and 102% of the minimum wage in the State of São Paulo (BRL 1,108.38). The State of São Paulo was considered, given its relevant location, where 24 of our 26 production units are located.

**RATIO BETWEEN THE LOWEST WAGE PAID BY RAÍZEN COMPARED TO NATIONAL MINIMUM WAGE, IN %**



We do not manage third-party remuneration; however, internal conferences are held to ensure that the amount paid is equal to or greater than the floor for the category in the region.

### 203-1 | INFRASTRUCTURE INVESTMENTS AND SERVICES SUPPORTED

We consider community engagement programs, as well as education, civism, culture, sports, and industry projects carried out in the vicinity of our facilities (four offices, 26 production units, 68 terminals and 15 airport bases) that contribute to social transformation.

In 2018/2019, more than 1 million people benefited, directly and indirectly, through our educational, social and professional inclusion, cultural and sports projects, as well as initiatives undertaken by the Raízen Foundation and other industry and volunteering actions. The investment was over BRL 14 million. With these projects, we seek to promote social transformation and security and better quality of life in the surrounding communities.

The number of people benefited is measured in order to verify the effectiveness of the projects, conducted based on assessments of the community needs in certain locations where Raízen Foundation has centers.

Number of people benefiting from Raízen's social projects*	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Educational projects	337,000	225,000	53,000	65,000
Social inclusion projects	615,000	274,000	800,000	410,000
Raízen Foundation projects	333,000	309,000	193,000	26,000
Cultural projects	-	-	-	165,000
Sector projects	-	-	-	191,000
Sports projects	-	-	-	2,500
Training and professional inclusion	21,000	5,000	4,000	2,200
Volunteerism and internal campaigns	171,000	196,000	201,000	318,000
<b>TOTAL</b>	<b>1,477,000</b>	<b>1,009,000</b>	<b>1,251,000</b>	<b>1,179,700</b>

\*We considered the number of direct and indirect beneficiaries; the number of indirect beneficiaries was estimated.

Raízen's social investments, in BRL thousands	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Incentivized Projects <sup>1</sup>	7,584	7,003	6,157	7,339
Raízen Foundation <sup>2</sup>	4,848	5,098	5,604	5,815
Sponsorships <sup>3</sup>	-	-	-	1,070
<b>TOTAL</b>	<b>16,830</b>	<b>14,093</b>	<b>11,761</b>	<b>14,263</b>

1. Social projects fostered through FUMCAD, PRONON, PRONAS, FMI, ROUANET, and PROAC.

2. Operation under the following pillars: professionalizing, social-educational, and education and citizenship projects in the community (at no cost).

3. Sponsorships focusing on culture, sports and industry events. Reporting of this information only started in 2018/2019.

#### 204-1 | PROPORTION OF SPENDING ON LOCAL SUPPLIERS

In 2018/2019, approximately BRL 3.8 billion was spent on suppliers, of which 9% refers to contracts with local suppliers, that is, from the same state where of our operations.

This indicator takes into account the ethanol, sugar and bioenergy production units given their size and relevance to our business.

Percentage of spending on local suppliers. by regional complex*	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Araçatuba Complex	22.9	21	19.9	17.3
Araraquara Complex	9.9	8.2	9	7.7
Assis Complex	6.9	7.5	5.8	1.8
Caarapó Complex	2.9	4.5	4.8	3.6
Jataí Complex	6.9	9.3	11.9	9.1
Jaú Complex	7.1	7.5	6.3	7.2
Piracicaba Complex	12	9.1	10.8	9.6

\* Indices refer to SAP ECC (mills). As of 2017/2018, all purchases by the Procurement area are considered.

Percentage of Procurement spend on local suppliers, by State	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest*
Amazônia (AM)	-	20.9	18.5
Ceará (CE)	35.9	14	27.4
Espírito Santo (ES)	48.4	22.6	25.2
Goiás (GO)	22.1	20.3	23.5
Minas Gerais (MG)	26.5	23.8	30.2
Paraná (PR)	62.8	41.7	52.6
Paraíba (PB)	20.5	15.2	-
Rio de Janeiro (RJ)	26.8	14.2	16.5
Rio Grande do Sul (RS)	34.2	26.2	31.4
Rondônia (RO)	-	-	17.6
Santa Catarina (SC)	-	-	26.2
São Paulo (SP)	90.7	87.3	85.3
<b>GRAND TOTAL</b>	<b>78.4</b>	<b>75.6</b>	<b>68.9</b>

\* Totals for the states of Rondônia and Santa Catarina in previous years are unavailable because they were reported under the "other states" category, with a percentage lower than 15%.

**205-1 | OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION**

In 2018/2019, we submitted 100% of our operations to risk assessments related to corruption, with 114 undergoing reputational reviews for the Trading area.

The risks refer to negotiation with counterparts under administrative or judicial investigation, in Brazil or abroad; trade negotiations with PEPs (Politically Exposed People); and exposure of employees who interact with public agencies and autonomous public agencies, and quasi-public companies.

**205-2 | COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES**

In 2018/2019, all members of Senior Management, in addition to 2,560 employees, were informed about anti-corruption policies and received training on this topic.

Training is provided whenever an employee joins our team and is refreshed every two years, except for employees with exposure to risks, who have a different frequency - possibly annual - and may require training from the Compliance area at any time about general topics or specific subjects.

More information can be found [here](#) and [here](#).

**205-3 | CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN**

A total of 27 cases of corruption were confirmed, which were closed in the crop year. As a result of the investigations, 21 employees were dismissed and four contracts with commercial partners were terminated in the period. The increase in the number of reports reflects, in part, the restructuring of the Ethics Channel, which left the interface more practical and intuitive. Learn more [here](#).

Confirmed cases of corruption and actions taken	2017/2018 Harvest	2018/2019 Harvest
Total number of corruption reports	35	52
Total number of confirmed cases of corruption	9	27
Total number of confirmed cases in which employees were dismissed or punished for corruption	4	21
Total number of confirmed cases in which contracts with business partners were terminated or not renewed due to corruption-related violations	1	4
Percentage of operations in which there were reports of corruption	15%	9%

**206-1 | LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOR, ANTI-TRUST, AND MONOPOLY PRACTICES**

There were no pending legal actions for anti-competitive behavior, anti-trust, and monopoly practices. There was, however, a new investigation concerning the operation called *Margem Controlada* (Controlled Margin) which is still under investigation and for which there was no indictment or accusation.

# ENVIRONMENTAL

## 302-1 | ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Our energy consumption was greater than 155 million GJ, of which 8,939,632.50 GJ were sold through government or spot market auctions.

Total energy consumption by type of fuel, in GJ*	2014	2015	2016	2017	2018
Sugarcane bagasse	144,211,506.60	144,833,877.38	163,835,647.00	164,382,412.58	151,209,315.64
Hydrous ethanol	151,540.72	139,286.22	139,279.21	146,560.21	142,089.28
Anhydrous ethanol	-	-	217.02	220.47	211.87
Biodiesel	-	-	247,206.31	274,314.97	343,144.35
Total energy consumption - renewable sources	144,363,047.32	144,973,163.60	164,222,349.54	164,803,508.23	151,694,761.15
Diesel	3,427,117.04	3,186,108.33	3,536,226.24	3,456,991.37	3,306,285.23
Gasoline C	2,271.15	2,062.30	863.89	859.47	825.96
LPG	123,942.26	158,770.71	6,453,510.99	17,066.33	15,586.74
Heavy fuel oil	19,763.81	16,326.96	14,967.35	15,046.28	14,986.18
Total energy consumption - non-renewable sources	3,573,094.26	3,363,268.30	10,005,568.47	3,489,963.46	3,337,684.11
Electricity purchased from utility companies	531,965.60	477,676.80	499,945.00	517,312.55	415,636.38
<b>TOTAL ENERGY CONSUMPTION</b>	<b>148,468,107.18</b>	<b>148,814,108.70</b>	<b>174,727,863.01</b>	<b>168,810,784.25</b>	<b>155,448,081.63</b>

\* The conversion factors available in the National Energy Balance were used. The information is collected for calculating emissions using the methodology of the GHG Protocol and has been taken from the Report on Greenhouse Gas Emissions (GHG).

## 302-2 | ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION

We map the energy consumed in transportation of our products. In 2018/2019, contracted carriers consumed 6,595,951.02 GJ in fuels.<sup>1</sup>

## 302-3 | ENERGY INTENSITY

In the 2017/2018 crop year, our energy intensity was 2.75 GJ consumed per ton of sugarcane crushed from scopes 1 and 2 sources. The energy used to calculate this indicator included the energy consumed internally and the energy sold (from the burning of sugarcane bagasse).

<sup>1</sup> The conversion factor available in the 2017 Global Energy Balance was used for the calculation. The information is collected for calculating emissions using the methodology of the GHG Protocol and has been taken from the Report on Greenhouse Gas Emissions (GHG).

### ENERGY INTENSITY RATE, IN GJ/TON OF SUGARCANE CRUSHED



\*In the 2017/2018 harvest, only scope 1 sources were considered. For the other years, scopes 1 and 2 sources were considered.

### 303-1 | WATER WITHDRAWAL BY SOURCE

In the 2018/2019 harvest, we withdrew 61,122,970 m<sup>3</sup> of surface waters and groundwater to be used in industrial and irrigation processes, among others. This is our most significant consumption. Thus, other activities were not considered in the calculation of this indicator.

Total volume of water withdrawn, in m <sup>3</sup>				
Type of use	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Industrial Use (harvest) <sup>1,2</sup>	55,950,114	47,729,478	48,750,108	49,671,935
Use in Irrigation	6,519,367	5,530,768	5,199,711	6,443,113
Other uses <sup>3,4</sup>	13,271,159	2,954,984	2,853,191	5,007,923
<b>TOTAL</b>	<b>75,740,640</b>	<b>56,215,230</b>	<b>58,023,538</b>	<b>61,122,970</b>
Surface waters	63,445,313	39,077,636	53,255,049	56,491,864
Groundwater	12,295,327	17,137,593	4,768,489	4,631,106.27

1. Total withdrawn by December 31.  
 2. Industrial use (off season) will no longer be reported since it represents a low amount. The amount is being reported together with Industrial Use (harvest).  
 3. Total withdrawn from January 31 to March 31 of this year.  
 4. Withdrawal from surface and groundwater sources for other uses: human consumption, administrative area, automotive workshop, lodging, farms, fueling stations, off-season, fire system, etc.

### 304-1 | OPERATIONAL UNITS OWNED, LEASED, MANAGED IN, OR ADJACENT TO, PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

We have and operate industrial units, in addition to sugarcane cultivated areas leased from third parties in the States of São Paulo, Mato Grosso do Sul, Goiás and Paraná - totaling more than 800,000 hectares. One of the ways to ensure preservation of biodiversity is through the Bonsucro certification, which reached 21 units by the end of 2018/2019 crop year. This is because, among the criteria used for certification, is that there cannot be sugarcane cultivation in protected areas or in areas of high conservation value.

Biodiversity is one of the topics addressed in the Environmental Management Plan of the units certified by Bonsucro. The document points out local initiatives in the industrial and agricultural areas for the preservation and promotion of wildlife and flora, including: daily campaigns and dialogues aimed at raising employee awareness, commissioning of wildlife studies to identify and propose preservation measures, implementation of road signage to reduce road kills in areas of intense flow, training of staff to capture and release animals, and study of the regeneration stage of Permanent Preservation Areas (PPAs).

However, we do not have in place a methodology to estimate the value of biodiversity in the places where we operate.

### 304-2 | SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS, AND SERVICES ON BIODIVERSITY

Some impacts on biodiversity arising from our operations involve:

- The flow of trucks around production units and emissions of pollutants due to industrial activities can interfere with the dynamics of the region's wildlife, which we understand are the greatest potential impact of our activities on biodiversity.
- The use of substances to control pests and insects can have adverse impacts if not well managed. We therefore seek to use biological pest control and optimize the application of fertilizers and pesticides - we use only authorized products for sugarcane cultivation, and we control the dosage of the products and have in place the best technologies to ensure compliance with the required standards.
- Loss of riparian forest, minimized by mapping existing preservation areas on the properties under our management.
- Road kills, which is mitigated by initiatives such as training of employees and proper signage.

### 305-1 | DIRECT (SCOPE 1) GHG EMISSIONS<sup>1</sup>

### 305-2 | INDIRECT (SCOPE 2) GHG EMISSIONS

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<sup>1</sup> The main sources of emissions in this scope are agricultural activities (use of field machinery, agricultural and industrial inputs) and biomass boilers that generate energy by burning sugarcane bagasse for the production of sugar and ethanol. Emissions from consumption of biomass are segmented between biogenic and non-biogenic. Biogenic emissions are considered neutral and accounted for separately, given the CO<sub>2</sub> absorbed from the atmosphere in the photosynthesis process.

### 305-3 | OTHER INDIRECT (SCOPE 3) GHG EMISSIONS<sup>2</sup>

Information provided [here](#). We include, in our inventory of emissions, 100% of the Brazilian operations over which we have control or influence, even when control is shared. Total biogenic emissions are calculated separately from gross direct emissions of Greenhouse Gases. In 2018, total biogenic emissions were 17,100,144.48 tCO<sub>2</sub>eq in Scope 1 and 276,431.22 tCO<sub>2</sub>eq in Scope 3. Gases considered in the calculation were: CO<sub>2</sub>, Methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), sulfur hexafluoride (SF<sub>6</sub>), nitrogen trifluoride (NF<sub>3</sub>) and the families of hydrofluorocarbon (HFC) and perfluorocarbons (PFC) gases. Emissions from NF<sub>3</sub> and PFC gases are not applicable to our activities.

We consider 2013 as the base year, since it better represents the scope of our activities. In that year, we incorporated into our inventory the emissions from vinasse and filter cake, which accounted for 14% and 18%, respectively, of total emissions from fertilizers. In 2017, emissions showed a significant increase in relation to historical emissions because of the inclusion of emissions from straw decomposition.

Calculation was done according to the specifications of the Brazilian GHG Protocol Program - developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) -, managed in Brazil by the Center for Sustainability Studies (GVces) of the Business Administration School of the Getulio Vargas Foundation; and standards NBR ABNT ISO 14.064-1 – guidance to quantify and report emissions and removal of Greenhouse Gases. Where applicable, the methodology also followed the determinations for calculations set out in the 2006 IPCC Guidelines for National GHG Inventories of the United Nations and in the reference report of the Second National Inventory. The main sources of the emission factors used were:

- IPCC, 2006;
- Ministry of Science and Technology (MCT);
- US EPA Solid Waste Management and Greenhouse Gases, 2006;
- 2017 Guidelines to Defra/DECC's GHG Conversion Factors for Company Reporting;
- Australian National Greenhouse Accounts NGA Factors;
- Greenhouse gas emissions in the production and use of ethanol from sugarcane in Brazil: The 2005/2006 average and a forecast for 2020;
- Calculation tool of the GHG Protocol Agriculture Guidance;
- Third Inventory of Brazilian Anthropogenic Emissions of Greenhouse Gases: Reference Reports of Nitrous Oxide Emissions from Agricultural Soils;
- Internal studies.

The global warming potential rates adopted as reference used the PAGs presented by the IPCC Fourth Assessment Report: Climate Change – Errata (2007) for a time span of 100 years.

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*2. Emissions relating to purchased goods and services, business travel, transportation and distribution, and transportation of employees were considered.*

**305-4 | GHG EMISSIONS INTENSITY**

In 2018, the overall intensity index of our GHG emissions was 0.024 tCO<sub>2</sub>eq per ton of sugarcane crushed. This total was determined by adding scopes 1 and 2 emissions, divided by the total volume of sugarcane crushed.

The GHGs included in the emission calculations are those controlled by the Kyoto Protocol: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>, NF<sub>3</sub> and the families of HFC and PFC gases. Emissions from NF<sub>3</sub>, NF<sub>6</sub> and PFCs are not applicable to our activities.

**INTENSITY OF GREENHOUSE GAS EMISSIONS IN tCO<sub>2</sub>eq/TON OF SUGARCANE CRUSHED**



**306-3 | SIGNIFICANT SPILLS**

There were no significant spills for the purpose of our financial statements (over BRL 1 million). Nevertheless, we monitor all spills, in both contained and uncontained areas, regardless of whether or not they are significant. All events are recorded, their causes are investigated and actions are planned to mitigate impacts and prevent recurrences. Thus, in 2018/2019, four controllable leaks were recorded, three in contained areas and one in uncontained area.

**307-1 | NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS**

In 2018/2019, we received 17 non-monetary sanctions - most of them related to contaminated areas, industrial effluents and fire-related incidents in sugarcane fields - that are being addressed at administrative and/or judicial levels. BRL 2.6 million in fines was also paid.

Non-compliance with environmental laws and regulations	2017/2018 Harvest	2018/2019 Harvest
Total monetary value of significant fines* (BRL)	0.00	2,617,896.96
Total number of non-monetary sanctions	15	17

\* Total greater than BRL 500,000.

### 308-1 | NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA

100%.

### 308-2 | NEGATIVE SOCIAL IMPACTS IN THE SUPPLY CHAIN AND ACTIONS TAKEN

#### > Carriers

In 2018/2019, a total of 40 carriers were submitted to social and environmental impact assessments, one of which caused spillage in an uncontained area and five were involved in an accident with high controllable potential. We identified seven suppliers with potential impact, with whom improvements were agreed upon.

In the same period, an operational agreement was terminated (2.5% of the total) due to a performance level below required and potential for generating impacts. In addition, this supplier did not conform to the recommendations identified in inspections.

#### > Supply chain

We consider potential negative social and environmental impacts: having contracts with companies that employ people under slave or compulsory labor or that do not collect taxes of their employees in a timely fashion; negotiating with suppliers involved in acts of corruption, suppliers that are not in good standings regarding taxes.

A total of 1,578 possible suppliers were evaluated and registered during the crop year, 54% of which (847) were blocked for purchases because they represented potential negative social and environmental impacts. Since these suppliers, when identified, are blocked in the system, no improvement plan is established, and only commercial relationships are prevented.

In addition, in the monitoring of performance (Supplier Training Index - IQF)—of which 141 suppliers participated—18 companies were blocked because they did not meet our minimum requirements for term and quality, and 134, with low performance, participated in meetings to define action plans.

#### > Sugarcane suppliers

In 2018/2019, a total of 2,157 producers participated in the ELO Program, under which they were accompanied by a technical team and received action plans based on the evaluations to which they were submitted.

## SOCIAL

### 401-1 | NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

The highest turnover rates were recorded in the months of April 2018, with a large number of hires, and February 2019 (with a large number of terminations) - a result of the beginning and end of the harvest, respectively. May 2018 was the month with the largest number of employees (active and on leave)

In the comparison between 2018/2019 and previous harvests, there is a difference between the numbers due to the hiring of harvest workers in April 2019, which will be accounted for only in the next harvest.

Total number of employees hired, by gender										
Gender	2014/2015 Harvest		2015/2016 Harvest		2016/2017 Harvest		2017/2018 Harvest		2018/2019 Harvest	
	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers
Male	8,340	3,548	10,370	4,399	2,506	824	5,364	3,259	499	359
Female	1,222	704	1,188	627	106	65	856	750	83	78

Total number of employees hired, by age group										
Age group	2014/2015 Harvest		2015/2016 Harvest		2016/2017 Harvest		2017/2018 Harvest		2018/2019 Harvest	
	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers
Under 20	1,195	550	916	363	129	35	500	376	29	22
Between 21 and 30	3,905	1,861	4,287	1,928	861	290	2,322	1,581	209	172
Between 31 and 40	2,648	1,167	3,656	1,604	916	326	2,086	1,335	206	143
Between 41 and 50	1,330	522	1,981	848	536	182	1,015	552	102	77
Between 51 and 60	467	150	712	282	169	56	290	159	35	23
Over 60	17	2	6	1	1	0	7	6	1	0

Total number of employees hired, by region										
	2014/2015 Harvest		2015/2016 Harvest		2016/2017 Harvest		2017/2018 Harvest		2018/2019 Harvest	
Region	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers
South	38	38	36	36	3	3	36	36	2	2
Southeast	8,885	3,679	11,015	4,483	2,511	788	5,760	3,549	558	413
Midwest	565	461	454	454	91	91	378	378	16	16
Northeast	42	42	25	25	2	2	27	27	3	3
North	32	32	28	28	5	5	19	19	3	3

Rate of employees hired by gender										
	2014/2015 Harvest		2015/2016 Harvest		2016/2017 Harvest		2017/2018 Harvest		2018/2019 Harvest	
Gender	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers
Male	0.31	0.14	0.42	0.20	0.11	0.04	0.23	0.15	2.0	1.5
Female	0.30	0.19	0.33	0.19	0.03	0.02	0.24	0.22	2.0	1.9

Rate of hires (for 2017/2018 harvest) = number of hires/total number of active employees in the crop year.

Rate of employees hired, by age group										
	2014/2015 Harvest		2015/2016 Harvest		2016/2017 Harvest		2017/2018 Harvest		2018/2019 Harvest	
Age group	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers
Under 20	1.15	0.77	1.19	0.68	0.30	0.10	1.28	1.22	6.8	5.4
Between 21 and 30	0.41	0.23	0.51	0.27	0.11	0.04	0.33	0.24	3.0	2.5
Between 31 and 40	0.28	0.13	0.41	0.20	0.10	0.04	0.22	0.15	2.1	1.5
Between 41 and 50	0.19	0.08	0.32	0.15	0.09	0.03	0.17	0.10	1.6	1.2
Between 51 and 60	0.12	0.04	0.21	0.09	0.05	0.02	0.09	0.05	0.9	0.6
Over 60	0.03	0.00	0.01	0.00	0.00	0.00	0.01	0.01	0.1	0.00

Rate of employees hired, by region										
	2014/2015 Harvest		2015/2016 Harvest		2016/2017 Harvest		2017/2018 Harvest		2018/2019 Harvest	
Region	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers
South	0.15	0.15	0.15	0.15	0.01	0.01	0.14	0.14	0.8	0.8
Southeast	0.31	0.14	0.42	0.19	0.10	0.03	0.23	0.15	2.1	1.5
Midwest	0.32	0.29	0.33	0.35	0.07	0.07	0.28	0.28	1.2	1.2
Northeast	0.21	0.21	0.11	0.11	0.01	0.01	0.12	0.12	1.3	1.3
North	0.33	0.33	0.25	0.25	0.04	0.04	0.14	0.14	2.2	2.2

**Total number of employees hired who left the company, by gender**

Gender	2016/2017 Harvest		2017/2018 Harvest		2018/2019 Harvest	
	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers
Men	5	3	1,709	606	1	1
Women	0	0	150	103	2	2

**Total number of employees hired who left the company, by age group**

Age group	2016/2017 Harvest		2017/2018 Harvest		2018/2019 Harvest	
	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers
Under 20	0	0	116	54	0	0
Between 21 and 30	4	3	631	220	1	1
Between 31 and 40	0	0	643	267	1	1
Between 41 and 50	1	0	342	122	1	1
Between 51 and 60	0	0	125	45	0	0
Over 60	0	0	2	1	0	0

**Total number of employees hired who left the company, by region**

Region	2016/2017 Harvest		2017/2018 Harvest		2018/2019 Harvest	
	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers
South	0	0	0	0	0	0
Southeast	5	3	2	2	3	3
Midwest	0	0	1	1	0	0
Northeast	0	0	0	0	0	0
North	0	0	0	0	0	0

**Total number of employees terminated, by gender**

Gender	2014/2015 Harvest		2015/2016 Harvest		2016/2017 Harvest		2017/2018 Harvest		2018/2019 Harvest	
	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers
Male	12,754	8,017	10,053	6,142	289	287	7,174	4,559	291	288
Female	2,090	1,498	1,360	1,057	50	50	882	802	86	86

**Total number of employees terminated, by age group**

Age group	Safra 2014/2015		Safra 2015/2016		Safra 2016/2017		Safra 2017/2018		Safra 2018/2019	
	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers
Under 20	920	407	521	226	3	3	271	156	4	4
Between 21 and 30	5,296	3,163	3,691	2,138	124	124	2,413	1,512	109	107
Between 31 and 40	4,397	2,931	3,361	2,049	102	102	2,675	1,753	128	127
Between 41 and 50	2,598	1,758	2,256	1,505	44	44	1,658	1,105	67	67
Between 51 and 60	1,365	1,006	1,273	976	51	51	866	665	50	50
Over 60	268	250	311	305	15	15	173	170	19	19

**Total number of employees terminated, by region**

Region	2014/2015 Harvest		2015/2016 Harvest		2016/2017 Harvest		2017/2018 Harvest		2018/2019 Harvest	
	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers
South	97	97	35	35	3	3	35	35	3	3
Southeast	13,755	8,657	10,703	6,580	296	296	7,597	4,902	355	352
Midwest	948	717	635	544	33	33	389	389	15	15
Northeast	23	23	21	21	1	1	23	23	1	1
North	21	21	19	19	6	6	12	12	3	3

**Turnover rate, by gender**

Gender	2014/2015 Harvest		2015/2016 Harvest		2016/2017 Harvest		2017/2018 Harvest		2018/2019 Harvest	
	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers
Male	0.39	0.24	0.42	0.24	0.06	0.03	0.27	0.18	1.58	1.31
Female	0.40	0.29	0.35	0.25	0.02	0.02	0.25	0.22	2.03	1.97

Turnover = (number of hires + number of terminations)/2/number of active employees in March.

### Turnover rate, by age group

Age group	2014/2015 Harvest		2015/2016 Harvest		2016/2017 Harvest		2017/2018 Harvest		2018/2019 Harvest*	
	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers
Under 20	1.02	0.67	0.94	0.55	0.15	0.06	0.99	0.86	3.87	3.19
Between 21 and 30	0.49	0.30	0.48	0.28	0.06	0.03	0.33	0.24	2.25	2.01
Between 31 and 40	0.37	0.23	0.39	0.23	0.06	0.03	0.26	0.18	1.70	1.39
Between 41 and 50	0.29	0.18	0.35	0.21	0.05	0.02	0.22	0.15	1.29	1.11
Between 51 and 60	0.24	0.16	0.29	0.19	0.03	0.02	0.18	0.13	1.06	0.91
Over 60	0.23	0.21	0.32	0.31	0.02	0.02	0.18	0.18	0.81	0.77

\*Compared with the previous crop year, harvest workers were hired in March 2018. In 2019, the harvest workers were hired in April and, therefore, were not accounted for. Another reason for the discrepancy between one year and another was the anticipation of the 2018 harvest.

### Turnover rate, by region

Region	2014/2015 Harvest		2015/2016 Harvest		2016/2017 Harvest		2017/2018 Harvest		2018/2019 Harvest	
	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers	Including harvest workers	Not including harvest workers
South	0.27	0.27	0.15	0.15	0.01	0.01	0.14	0.14	0.99	0.99
Southeast	0.39	0.24	0.41	0.24	0.06	0.02	0.27	0.18	1.68	1.43
Midwest	0.42	0.37	0.40	0.38	0.05	0.05	0.29	0.29	1.11	1.11
Northeast	0.16	0.16	0.11	0.11	0.02	0.05	0.11	0.11	0.84	0.84
North	0.27	0.27	0.21	0.21	0.02	0.02	0.11	0.11	2.22	2.22

### 401-3 | PARENTAL LEAVE

Parental leave	2017/2018 Harvest		2018/2019 Harvest	
	Men	Women	Men	Women
Employees entitled to take the leave	782	218	708	222
Employees who took the leave	782	218	708	222
Returned to work at the end of the leave	781	162	705	171
Returned to work and remained employed after 12 months	538	115	655	139
Rate of return to work	87%	81%	89%	83%
Retention rate of employees who took leave	78%	65%	93%	81%

#### 403-1 | WORKERS REPRESENTATION IN FORMAL HEALTH AND SAFETY COMMITTEES

All our employees are represented in formal health and safety committees. Several employment levels are involved in each business unit, as described below:

##### > Ethanol, Sugar, and Bioenergy (EAB):

- Corporate HSE Committee: President, Vice Presidents, Directors, Managers and other representatives of HSE and of the operational areas;
- Production Meeting: Vice President of EAB, Chief Operating Officers, Corporate Officers, and Managers of complex<sup>1</sup>.
- Meeting about Total Quality Raízen (QTR - *Qualidade Total Raízen*): Unit Administrative Coordinator, Operational Managers, at least one member of the Specialized Service in Safety Engineering and Occupational Medicine (SESMT) and other representatives of the areas according to the agenda of the meeting; and
- Internal commissions - by unit: Unit Industrial Manager, representatives of the employees and representatives of the employer.

##### > Logistics, Distribution, and Trading (LD&T):

- Corporate HSE Committee: President, Vice Presidents, Directors, Managers and other representatives of HSE and of the operational areas;
- HSE Committee Operations: HSE Manager Operations, Operations Managers, HSE Advisors, Operations Director, Operations Support Group and other representatives - as needed;
- HSE Committee Transportation: Logistics Director, Transportation Manager, Transportation Advisors, HSE Transportation Coordinator and Advisors and other representatives - as needed; and
- Internal commissions - by terminal: Manager, superintendent, employees, and terminal contractors.

##### > Commercial:

- Corporate HSE Committee: President, Vice Presidents, Directors, Managers and other representatives of HSE and operational areas;
- Commercial HSE Committee (MTC): Commercial VP, HSE Directors, Sales, Retail, B2B, Engineering, Finance and Aviation;
- Operational Committee of Commercial HSE : HSE Directors, HR and other appointed directors, HSE Manager; and
- Light Fleet Committee: Representatives of administration (directors).

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<sup>1</sup> Responsible for taking the information to Unit managers and supervisors.

#### 403-2 | TYPES AND RATES OF INJURIES, OCCUPATIONAL ILLNESS, LOST DAYS, ABSENTEEISM AND NUMBER OF WORK-RELATED FATALITIES

Minor injuries (first aid) are not considered in the Lost Time Injury Frequency (LTIF) or Total Recordable Case Frequency (TRCF) indices, but are monitored and tracked. Harvest results are presented per business unit.

> Ethanol, Sugar, and Bioenergy (EAB):

In 2018/2019, there was a reorganization of the Ethanol, Sugar and Bioenergy (EAB) regions, in a way that the Midwest region is no longer reported, and the Brotas, Jataí and Junqueira regions were included. |GRI 102-48|

Main results for occupational health and safety for EAB:	2014/2015 Harvest	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Lost time injury frequency for company employees and contractors - LTIF/TF	0.40	0.28	0.18	0.14	0.12
Total Recordable Case Frequency (with and without lost time, except first aid) for company employees and contractors - TRCF/TAR	2.55	1.73	1.34	0.98	1.07

Lost time injury frequency for company employees and contractors*, by region** (LTIF/TF)	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Female	-	-	-	0.00
Male	-	-	-	0.12

\* To calculate the rates the total number of hours was considered, without segregation by gender.

\*\*The information started to be reported by gender in 2018/2019 and, as such, it is not available for previous years.

Lost time injury frequency for company employees and contractors, by region (LTIF/TF)	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Araçatuba	0.18	0.05	0.00	0.00
Araraquara	0.28	0.50	0.45	0.08
Assis	0.83	0.09	0.00	0.20
Brotas*	-	-	-	0.14
Jataí*	-	-	-	0.27
Jaú	0.21	0.25	0.19	0.22
Junqueira*	-	-	-	0.00
Piracicaba	0.13	0.00	0.00	0.11
Corporate	0.00	0.00	0.00	0.00

\* For these regions, the information started to be reported in 2018/2019 and, as such, it is not available for previous years.

Total Recordable Case Frequency for company employees and contractors*, by gender** (TRCF/TAR)	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Female	-	-	-	0.02
Male	-	-	-	1.02

\* To calculate the rates the total number of hours was considered, without segregation by gender.

\*\*The information started to be reported by gender in 2018/2019 and, as such, it is not available for previous years.

Total Recordable Case Frequency for company employees and contractors, by region (TRCF/TAR)	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Araçatuba	1.57	1.43	1.07	0.75
Araraquara	1.99	1.66	1.58	1.10
Assis	2.50	0.98	1.02	1.84
Brotas*	-	-	-	0.42
Jataí*	-	-	-	0.81
Jaú	1.83	1.71	0.63	0.88
Junqueira*	-	-	-	1.47
Piracicaba	1.22	1.04	0.80	1.26
Corporate	0.29	0.25	0.00	0.00

\* For these regions, the information started to be reported in 2018/2019 and, as such, it is not available for previous years.

Number of fatalities of company employees and contractors*, by gender**	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Female	-	-	-	0
Male	-	-	-	1

\* To calculate the rates the total number of hours was considered, without segregation by gender.

\*\*The information started to be reported by gender in 2018/2019 and, as such, it is not available for previous years.

Number of fatalities of company employees and contractors, by region	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Araçatuba	0	0	0	0
Araraquara	1	0	0	0
Assis	0	0	0	0
Brotas*	-	-	-	0
Jataí*	-	-	-	0
Jaú	1	1	0	0
Junqueira*	-	-	-	0
Piracicaba	0	0	0	1
Corporate	0	0	0	0

\* For these regions, the information started to be reported in 2018/2019 and, as such, it is not available for previous years.

#### > Logistics, Distribution, and Trading (LD&T):

In 2018/2019, lost time injury frequency (LTIF/TF) and Total Recordable Case Frequency for LD&T were reported by gender and business.

<b>Main results for occupational health and safety for LD&amp;T:</b>	<b>2015/2016 Harvest</b>	<b>2016/2017 Harvest</b>	<b>2017/2018 Harvest</b>	<b>2018/2019 Harvest</b>
Lost time injury frequency for company employees and contractors - LTIF/TF	0.06	0.06	0.00	0.05
Total Recordable Case Frequency (with and without lost time, except first aid) for company employees and contractors - TRCF/TAR	0.13	0.33	0.05	0.10

<b>Lost time injury frequency for company employees and contractors, by region (LTIF/TF)*</b>	<b>2018/2019 Harvest</b>
Female	0.00
Male	0.05

\* To calculate the rates the total number of hours was considered, without segregation by gender.

<b>Lost time injury frequency for company employees and contractors, by business (LTIF/TF)*</b>	<b>2018/2019 Harvest</b>
Distribution/Operations	0.00
Engineering	0.00
Offices	0.00
Logistics	0.10

<b>Total Recordable Case Frequency (with and without lost time, except first aid) for company employees and contractors, by gender (TRCF/TAR)*</b>	<b>2018/2019 Harvest</b>
Female	0.00
Male	0.10

\* To calculate the rates the total number of hours was considered, without segregation by gender.

<b>Total Recordable Case Frequency (with and without lost time, except first aid) for company employees and contractors, by business (TRCF/TAR)</b>	<b>2018/2019 Harvest</b>
Distribution/Operations	0.00
Engineering	0.46
Offices	0.00
Logistics	0.10

There were no fatalities in the period.

> Commercial:

Main results for occupational health and safety for the Commercial area:	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Lost time injury frequency for company employees and contractors - LTIF/TF	0.00	0.00	0.00	0.00
Total Recordable Case Frequency (with and without lost time, except first aid) for company employees and contractors - TRCF/TAR	1.09	0.00	0.38	0.00

There were no fatalities in the period.

> Health management

Calculation of the rate of occupational diseases took into account company employees in EAB, LD&T and offices. For calculation of the other indicators, only employees in EAB and offices were considered. We do not monitor health management indicators in third-party providers.

Health management indicators	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest <sup>1</sup>		2018/2019 Harvest	
			Men	Women	Men	Women
Rate of occupational diseases for company employees <sup>2</sup>	6.46	6.62	0.04	0.13	0.67	0.00
Total number of lost days for company employees <sup>3</sup>	2,125	2,442	2,360	158	1,241	150
Absenteeism rate for company employees <sup>4</sup>	0.96	0.83	0.78	1.70	0.71	1.45

1. The calculation methodology was modified in 2017/2018.

2. Calculation method: (number of lost days) / (MHW) \*1,000,000

3. Considering lost days due to work-related accidents.

4. Calculation method (where MHA is the number of man-hours absent on medical leave - typical and commuting accidents and diseases less days on leave paid for by social security - INSS): (MHA) / (MHA + MHW) \*100

Rate of occupational diseases for company employees, by gender*	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Female	0.00	0.00	16.12	0.00
Male	6.62	7.51	1.11	0.67

\*Calculation method: (number of lost days) / (MHW) \*1,000,000

Rate of occupational diseases for company employees, by region*	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
South	0.00	0.00	0.00	72.89
Southeast	6.62	6.97	3.09	0.00
Midwest	0.00	0.00	0.00	0.00
Northeast	0.00	0.00	0.00	0.00
North	0.00	0.00	0.00	0.00

\*Calculation method: (number of lost days) / (MHW) \*1,000,000

Total number of lost days for company employees, by gender*	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Female	214	89	158	150
Male	1,713	2,353	2,360	1,241

\*Considering lost days due to work-related accidents.

Total number of lost days for company employees, by region*	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
South	0	0	0	0
Southeast	1,796	2,426	2,518	1,390
Midwest	131	16	0	1
Northeast	0	0	0	0
North	0	0	0	0

\*Considering lost days due to work-related accidents.

Absenteeism rate for company employees, by gender*	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Female	0.21	1.62	1.70	1.45
Male	0.69	0.73	0.78	0.71

\*Calculation method (where MHA is the number of man-hours absent on medical leave - typical and commuting accidents and diseases less days on leave paid for by social security - INSS): (MHA) / (MHA + MHW) \*100.

Absenteeism rate for company employees, by region*	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
South	0.00	0.00	0.00	0.00
Southeast	0.81	0.80	0.86	0.78
Midwest	0.08	1.37	1.44	1.33
Northeast	0.00	0.00	0.00	0.00
North	0.00	0.00	0.00	0.00

\*Calculation method (where MHA is the number of man-hours absent on medical leave - typical and commuting accidents and diseases less days on leave paid for by social security - INSS):  $(MHA) / (MHA + MHW) * 100$ .

#### 403-4 | HEALTH AND SAFETY TOPICS COVERED IN FORMAL AGREEMENTS WITH TRADE UNIONS

All agreements or collective bargaining agreements contain clauses referring to health and safety, reinforcing what is already provided for in labor laws.

#### 404-1 | AVERAGE NUMBER OF TRAINING HOURS PER YEAR BY EMPLOYEE

In the 2018/2019 harvest, over 720 training hours were provided to 12,265 groups in 14,236 classroom and online training, totaling an average of 26.4 hours for men and 12.9 hours for women. Also, more than BRL 520,000 were invested in scholarships and courses for the professional development of employees.

Average number of training hours, by gender	2014/2015 Harvest	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Men	23.3	28.8	26.7	29.1	26.38
Women	12.4	13.1	12.0	14.1	12.94

Average number of training hours, by employment category	2014/2015 Harvest	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Apprentice	0.8	0.0	0.7	1.9	0.0
Operation	7.0	2.6	4.2	4.3	5.3
Production	23.7	29.6	27.9	30.8	28.0
Administration	9.7	9.8	8.5	11.4	10.6
Coordination/Supervision	10.3	19.2	11.1	13.2	14.3
Management	7.7	14.4	8.6	7.3	16.3
Directors	2.3	0.8	4.1	2.3	37.9
Vice Presidency	0.5	0.0	0.0	0.3	2.4
Presidency	0.0	0.0	0.0	0.0	0.0

In addition, employees working in logistics and distribution operations received specific training, with a further 29,552 classroom hours and 6,339 hours online - the unit does not monitor training for third parties. In the Commercial unit, there were 4,872 classroom hours and 1,118 hours online, totaling 5,990 hours of specific training for these employees. For third parties in this area<sup>1</sup>, there were 25,304 classroom hours and 74,961 hours online.

*1 Most of these participants are fuel station dealers, convenience store franchisees and their teams.*

Other results of Raízen's learning programs	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest*
Number of professionals served by the Leadership Academy	179	381	-	155
Number of training courses taught through the Skills Cycle	23	15	26	0
Number of employees served by scholarships and courses for professional development	153	1.007	101	82
Total number of classroom training hours offered to all employees	964,624	808,683	849,806	727,739

\* Due to a restructuring in the Programs, the Skill Cycle was not held in 2018/2019.

#### 404-3 | PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

In 2018/2019, 17% of the male employees and 33% of the female employees received performance and career development reviews.

Percentage of employees receiving performance review, by gender	2014/2015 Harvest	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Men	8	9	10	15	17
Women	16	22	27	46	33

Percentage of employees receiving performance review, by employment category	2014/2015 Harvest	2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Apprentice	0	0	0	0	0
Operation	96	88	89	89	88
Production	0	0	0	0	7
Administration	53	62	61	59	61
Coordination/Supervision	100	100	99	100	100
Management	100	100	100	100	100
Directors	100	100	100	100	100
Vice Presidency	9	100	100	100	100
Presidency	100	100	100	100	100

405-1 | DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

Percentage of employees by employment category, age group and gender, in the 2018/2019 harvest		Under 20	Between 21 and 30	Between 31 and 40	Between 41 and 50	Between 51 and 60	Over 60	Total
Administration	Men	0.03	3.20	3.05	0.87	0.49	0.14	7.77
	Women	0.07	2.85	2.25	0.48	0.11	0.02	5.79
Apprentice	Men	0.41	0.02	0.00	0.00	0.00	0.00	0.42
	Women	0.05	0.00	0.00	0.00	0.00	0.00	0.05
Coordination/Supervision	Men	0.00	0.42	1.24	0.52	0.18	0.02	2.38
	Women	0.00	0.10	0.46	0.11	0.01	0.01	0.68
Directors	Men	0.00	0.00	0.02	0.07	0.02	0.00	0.11
	Women	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Management	Men	0.00	0.01	0.34	0.30	0.13	0.01	0.79
	Women	0.00	0.00	0.09	0.05	0.00	0.00	0.14
Operation	Men	0.01	0.49	1.00	0.61	0.21	0.02	2.35
	Women	0.00	0.00	0.00	0.01	0.00	0.00	0.01
Presidency	Men	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Women	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Production	Men	0.74	15.08	22.93	17.65	11.64	3.64	71.69
	Women	0.11	1.92	2.39	1.85	1.09	0.42	7.79
Vice Presidency	Men	0.00	0.00	0.00	0.01	0.01	0.00	0.03
	Women	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>Men</b>	<b>1.19</b>	<b>19.21</b>	<b>28.58</b>	<b>20.04</b>	<b>12.68</b>	<b>3.84</b>	<b>85.54</b>
	<b>Women</b>	<b>0.23</b>	<b>4.87</b>	<b>5.20</b>	<b>2.50</b>	<b>1.22</b>	<b>0.45</b>	<b>14.46</b>
	<b>Total</b>	<b>1.42</b>	<b>24.08</b>	<b>33.78</b>	<b>22.54</b>	<b>13.90</b>	<b>4.28</b>	<b>100.00</b>

Percentage of employees by employment category, gender and ethnicity, in the 2018/2019 harvest		Asian	White	Indigenous	Black	Pardos	Total
Administration	Men	0.04	6.33	0.01	0.22	1.18	7.77
	Women	0.02	4.89	0.00	0.13	0.75	5.79
Apprentice	Men	0.00	0.21	0.00	0.04	0.17	0.42
	Women	0.00	0.02	0.00	0.01	0.01	0.05
Coordination/Supervision	Men	0.02	2.03	0.00	0.03	0.29	2.38
	Women	0.01	0.60	0.00	0.01	0.06	0.68
Directors	Men	0.00	0.11	0.00	0.00	0.00	0.11
	Women	0.00	0.00	0.00	0.00	0.00	0.00
Management	Men	0.01	0.75	0.00	0.00	0.03	0.80
	Women	0.00	0.13	0.00	0.00	0.01	0.14
Operation	Men	0.01	1.28	0.00	0.24	0.82	2.35
	Women	0.00	0.01	0.00	0.00	0.01	0.01
Presidency	Men	0.00	0.00	0.00	0.00	0.00	0.00
	Women	0.00	0.00	0.00	0.00	0.00	0.00
Production	Men	0.06	41.27	0.01	5.15	25.19	71.68
	Women	0.00	4.48	0.00	0.55	2.75	7.78
Vice Presidency	Men	0.00	0.03	0.00	0.00	0.00	0.03
	Women	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>MEN</b>	<b>0.14</b>	<b>52.01</b>	<b>0.03</b>	<b>5.67</b>	<b>27.68</b>	<b>85.54</b>
	<b>WOMEN</b>	<b>0.03</b>	<b>10.14</b>	<b>0.00</b>	<b>0.70</b>	<b>3.58</b>	<b>14.46</b>
	<b>TOTAL</b>	<b>0.18</b>	<b>62.15</b>	<b>0.03</b>	<b>6.38</b>	<b>31.27</b>	<b>37.64</b>

Percentage of People with Disabilities (PwD) by employment category and gender		2015/2016 Harvest	2016/2017 Harvest	2017/2018 Harvest	2018/2019 Harvest
Administration	Men	1.60	2.80	4.40	3.58
	Women	1.40	2.20	1.40	3.18
Coordination/Supervision	Men	0.20	0.20	0.50	0.58
	Women	0.80	0.60	0.60	0.51
Directors	Men	0.00	0.00	0.00	0.00
	Women	0.00	0.00	0.00	0.00
Management	Men	0.40	0.40	0.40	0.87
	Women	0.00	0.00	0.00	0.00
Operation	Men	0.00	0.40	2.00	0.44
	Women	0.20	0.00	3.20	0.00
Presidency	Men	0.00	0.00	0.00	0.00
	Women	0.00	0.00	0.00	0.00
Production	Men	1.10	1.50	0.00	2.07
	Women	2.00	2.60	0.00	2.94
Vice Presidency	Men	0.00	0.00	0.00	0.00
	Women	0.00	0.00	0.00	0.00
<b>GRAND TOTAL</b>		<b>2.00</b>	<b>1.70</b>	<b>2.10</b>	<b>2.22</b>

**406-1 | INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN**

In all, 27 reports of discrimination were received in 2018/2019 - four through the Ethics Channel and 23 through the Legal area. The reports were investigated by the relevant teams and, depending on the origin, administrative measures were taken, such as verbal and written warning or even termination of the employee.

**407-1 | OPERATIONS AND SUPPLIERS WHERE THE RIGHT TO FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING MAY BE AT RISK**

None. Our managers are made aware of the role of Labor Unions, the dynamics of collective bargaining, and the labor legislation in effect. Furthermore, we train all managers and operation leaders in all business units.

**408-1 | OPERATIONS AND SUPPLIERS WITH SIGNIFICANT RISK OF INCIDENTS OF CHILD LABOR**

There is no significant risk of child labor occurring in the supply chain. This topic is managed under the [ELO Program](#), which includes technical follow-up, document verification, visits to suppliers and definitions of improvement plans, among other actions.

In the supply chain, compliance checks are conducted on hired of firms, as described [here](#).

**409-1 | OPERATIONS AND SUPPLIERS AT SIGNIFICANT RISK OF INCIDENTS OF FORCED OR COMPULSORY LABOR**

There is no significant risk of forced or compulsory labor occurring in the supply chain. This topic is managed under the [ELO Program](#), which includes technical follow-up, document verification, visits to suppliers and definitions of improvement plans, among other actions.

In the supply chain, compliance checks are conducted on hired of firms, as described [here](#).

**411-1 | CASES OF VIOLATIONS INVOLVING RIGHTS OF INDIGENOUS PEOPLES**

None.

**413-1 | OPERATIONS THAT HAVE BEEN SUBJECT TO HUMAN RIGHTS REVIEWS OR IMPACT ASSESSMENTS**

During the harvest, we implemented stakeholder engagement programs in 69% of our operations, as well as impact assessments and local development programs<sup>1</sup>, respectively, in 65% and 44% of the locations.

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<sup>1</sup> These programs mobilize financial resources and contribute to increasing employability in the vicinity of our facilities.

Percentage of operations with programs in the communities	2017/2018 Harvest	2018/2019 Harvest
Community engagement programs	37	69
Impact assessment programs	37	65
Local development programs	21	44

Scope of programs developed, in percentage, by type of operation and program	Offices	Production units	Distribution terminals	Airports
Projects originating from incentives acts	75	62	25	27
Professional training courses	0	27	0	0
Projects carried out with BNDES investments	0	0	1	0
Stories that Gain the World	0	54	7	0
Winter Clothes Drive	100	96	22	40
Christmas Campaign	100	100	28	20
Amigo Leal (Loyal Friend)	100	25	6	0
Volunteering	75	17	1	0
Child Hygiene	50	29	3	0
Second-hand Toys	75	8	4	0

**413-21 OPERATIONS WITH SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE IMPACTS ON LOCAL COMMUNITIES**

Potential or actual negative impacts on communities surrounding the agricultural and industrial operations of our production units include:

- Dust, trepidation and noise generated by vehicles.
- Emissions and noise from the industrial park.

Shutting down of a production unit in municipalities with small population, since the units are labor-intensive and layoffs can negatively impact the local economy.

**414-1 | NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL CRITERIA**

100%.

**414-2 | NEGATIVE SOCIAL IMPACTS IN THE SUPPLY CHAIN AND ACTIONS TAKEN**

[See GRI 308-2.](#)

**419-1 | NON-COMPLIANCE WITH LAWS AND REGULATIONS IN THE SOCIAL AND ECONOMIC AREA**

In 2018/2019, we recorded only a notice of infraction, in the amount of BRL 1,000,000.00, for non-submission of the list of assets related to the port facility of the Port of São Luís - ruling is still pending. There were no non-monetary sanctions or proceedings brought by arbitration mechanism in the period. However, we are waiting for ANP's investigation of the official notifications received in previous years regarding marketing of ethanol not in compliance with specifications and for which our negotiations were addressed.

The legal areas of our business units evaluate nonconformities and fines received in order to identify causes and address the problems. The contingency related to significant fines, notices of infractions or sanctions drawn up by public agencies, object of administrative or legal proceedings, for alleged non-compliance with tax laws and regulations in the period, is duly reported in the Financial Statements of Raízen Energia S.A. and Raízen Combustíveis S.A., available on the [Investor Relations website](#).

<b>Non-compliance with social and economic laws and regulations*</b>	<b>2016/2017 Harvest</b>	<b>2017/2018<sup>1</sup> Harvest</b>	<b>2018/2019 Harvest</b>
Total number of nonconformities	5	3	0
Total value of nonconformities (in BRL)	BRL 404,000.00	BRL 380,100.00	BRL 1,000,000.00

\* Considers, as significant, fines greater than BRL 500,000.00 or occurrences that represented relevant and non-standard official notifications received.

# GRI CONTENT

GRI STANDARD	Disclosure	Page, link or direct disclosure	Omission	SDG
<b>GRI 101: Foundation 2016</b>				
<b>General Disclosures</b>				
	<b>102-1</b>	Name of the organization	<a href="#">Who we are</a>	
	<b>102-2</b>	Activities, brands, products and services	<a href="#">Who we are</a>	
	<b>102-3</b>	Location of headquarters	Avenida Faria Lima, 4.100 - 11o andar, Itaim Bibi, São Paulo - SP	
	<b>102-4</b>	Location of operations	<a href="#">Who we are</a>	
	<b>102-5</b>	Nature of ownership and legal form	<a href="#">Governance structure</a> We are a joint venture whose control is equally shared between Royal Dutch Shell and Cosan. Our operations comprise Raízen Energia S.A., a joint-stock company that issues debentures registered with the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários - CVM), category B; and Raízen Combustíveis S.A., a privately held company.	
GRI 102: General Disclosures 2016	<b>102-6</b>	Markets served	<a href="#">Who we are</a> and <a href="#">Our business</a>	
	<b>102-7</b>	Scale of the organization	<a href="#">Who we are</a> , <a href="#">Our business</a> , <a href="#">THAT RELIES ON A TEAM THAT MAKES THE DIFFERENCE</a> , <a href="#">Financial results</a> and <a href="#">GRI Content</a> .	
	<b>102-8</b>	Information on employees and other workers	<a href="#">GRI Content</a>	8
	<b>102-9</b>	Supplier chain	<a href="#">GRI Content</a>	
	<b>102-10</b>	Significant changes to the organization and its supply chain	<a href="#">Who we are</a> , <a href="#">Sustainable strategy</a> , <a href="#">Our business</a> , <a href="#">Biogas</a> and <a href="#">Solar</a>	
	<b>102-11</b>	Precautionary principle or approach	<a href="#">GRI Content</a>	
	<b>102-12</b>	External initiatives	<a href="#">Ethics</a>	
	<b>102-13</b>	Interest in associations	<a href="#">GRI Content</a>	
	<b>102-14</b>	Statement from senior decision-maker	<a href="#">MESSAGE FROM THE PRESIDENT</a>	

GRI STANDARD	Disclosure	Page, link or direct disclosure	Omission	SDG
	102-16	Values, principles, standards, and norms of behavior <a href="#">Ethics</a> and <a href="#">Our RAIZ (ROOT)</a>		16
	102-18	Governance structure <a href="#">Governance structure</a>		
	102-40	List of stakeholder groups <a href="#">GRI Content</a>		
	102-41	Percentage of employees covered by collective bargaining agreements <a href="#">GRI Content</a>		8
	102-42	Identification and selection of stakeholders <a href="#">GRI Content</a>		
	102-43	Approach to stakeholder engagement <a href="#">Consultation process</a>		
	102-44	Key topics and concerns raised <a href="#">Material topics</a>		
	102-45	Entities included in the organization's consolidated financial statements or equivalent documents <a href="#">ABOUT THIS REPORT</a>		
GRI 102: Divulgações Gerais 2016	102-46	Defining report content and topic Boundaries <a href="#">Material topics</a>		
	102-47	List of material topics <a href="#">Material topics</a>		
	102-48	Restatements of information	Restatements are indicated throughout this report by means of accompanying notes.	
	102-49	Changes in reporting	None.	
	102-50	Reporting period <a href="#">ABOUT THIS REPORT</a>		
	102-51	Date of most recent report <a href="#">ABOUT THIS REPORT</a>		
	102-52	Frequency of the reporting cycles <a href="#">ABOUT THIS REPORT</a>		
	102-53	Contact point for questions regarding the report <a href="#">ABOUT THIS REPORT</a>		
	102-54	Report of the "in accordance" option chosen by the organization <a href="#">ABOUT THIS REPORT</a>		
	102-55	GRI Content <a href="#">GRI Content Index</a>		
	102-56	External Assurance <a href="#">ABOUT THIS REPORT</a> and <a href="#">LETTER OF ASSURANCE</a>		

GRI STANDARD	Disclosure	Page, link or direct disclosure	Omission	SDG
<b>Material topics</b>				
<b>Social and environmental aspects and impacts</b>				
GRI 103: Management Approach 2016	<b>103-1</b>	Explanation of the material topic and its Boundary <a href="#">Material topics</a>		
	<b>103-2</b>	The management approach and its components <a href="#">GRI Content</a>		
	<b>103-3</b>	Evaluation of the management approach The evaluation of the management approach regarding this topic is performed based on the performance of our operations, determined by internal monitoring systems, measured from previously established goals and periodically disclosed through reports audited internally and assured by an independent company.		
GRI 202: Market Presence 2016	<b>202-1</b>	Ratio between standard entry level wage of the organization and minimum local wage by gender <a href="#">GRI Content</a>		1, 5, 8, 10
GRI 203: Indirect Economic Impacts 2016	<b>203-1</b>	Infrastructure investments and services supported <a href="#">GRI Content</a>		2, 7, 8, 9, 11
GRI 303: Water 2016	<b>303-1</b>	Total water withdrawal by source <a href="#">GRI Content</a>		3, 6, 8, 12
GRI 304: Biodiversity 2016	<b>304-1</b>	Operational units owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas <a href="#">GRI Content</a>	We did not disclose part of the information requested because data is not available.	6, 15
	<b>304-2</b>	Significant impacts of activities, products, and services on biodiversity <a href="#">GRI Content</a>		6, 15
GRI 306: Effluents and Waste 2016	<b>306-3</b>	Significant spills <a href="#">GRI Content</a>		3, 6, 8, 11, 12, 14, 15
GRI 411: Rights of Indigenous and Traditional Peoples	<b>411-1</b>	Cases of violations involving rights of indigenous peoples <a href="#">GRI Content</a>		10, 11
GRI 413: Local Communities 2016	<b>413-1</b>	Operations with local community engagement, impact assessments, and development programs <a href="#">GRI Content</a>		2, 11

GRI STANDARD	Disclosure	Page, link or direct disclosure	Omission	SDG
GRI 413: Local Communities 2016	<b>413-2</b> Operations with significant actual and potential negative impacts on local communities	<a href="#">GRI Content</a>		2, 11
<b>Economic Performance</b>				
	<b>103-1</b> Explanation of the material topic and its Boundary	<a href="#">Material topics</a>		
	<b>103-2</b> The management approach and its components	<a href="#">Sustainable strategy</a> , <a href="#">Risk management</a> , <a href="#">Governance structure</a> and <a href="#">Financial results</a>		
GRI 103: Management Approach 2016	<b>103-3</b> Evaluation of the management approach	The Administration believes that EBITDA provides a useful measure of performance, widely used by investors and analysts. Therefore, we use EBITDA as a measure of performance for purposes of management and comparison with similar companies. However, this may differ from the definition used by other companies and should not be used as a substitute for the information provided in the audited Financial Statements. In order to ensure the efficiency of internal controls for disclosing financial information, the Administration conducted an evaluation, including control tests, using criteria from the Internal Control Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). On March 31, 2018, the Administration concluded that we had adequate internal controls over financial reporting based on COSO criteria.		
	<b>201-1</b> Direct economic value generated and distributed	<a href="#">Financial results</a> and <a href="#">GRI Content</a>		2, 5, 7, 8, 9
GRI 201: Economic Performance 2016	<b>201-2</b> Financial implications and other risks and opportunities due to climate change	<a href="#">GRI Content</a>		13
<b>Renewable energy and energy efficiency</b>				
	<b>103-1</b> Explanation of the material topic and its Boundary	<a href="#">Material topics</a>		
GRI 103: Management Approach 2016	<b>103-2</b> The management approach and its components	<a href="#">Sustainable strategy</a> , <a href="#">Our business, THAT INNOVATES AND LOOKS TO THE FUTURE</a> and <a href="#">GRI Content</a>		

GRI STANDARD	Disclosure	Page, link or direct disclosure	Omission	SDG
GRI 103: Management Approach 2016	<b>103-3</b> Evaluation of the management approach	The evaluation of the management approach regarding this topic is performed based on the performance of our operations, determined by internal monitoring systems, measured from previously established goals and periodically disclosed through reports audited internally and assured by an independent company. The objectives related to this topic are expressed among our avenues of growth, presented in <a href="#">Sustainable Strategy</a> .		
GRI 302: Energy 2016	<b>302-1</b> Energy consumption within the organization	<a href="#">GRI Content</a>		7, 8, 12, 13
	<b>302-2</b> Energy consumption outside the organization	<a href="#">GRI Content</a>		7, 8, 12, 13
	<b>302-3</b> Energy intensity	<a href="#">GRI Content</a>		7, 8, 12, 13
GRI 302: Emissions 2016	<b>305-1</b> Direct (Scope 1) GHG emissions	<a href="#">Sustainable strategy</a> and <a href="#">GRI Content</a>		3, 8, 12, 13
	<b>305-2</b> Indirect (Scope 2) GHG emissions	<a href="#">Sustainable strategy</a> and <a href="#">GRI Content</a>		3, 8, 12, 13
	<b>305-3</b> Other indirect (Scope 3) GHG emissions	<a href="#">Sustainable strategy</a> and <a href="#">GRI Content</a>		3, 8, 12, 13
	<b>305-4</b> Intensity of greenhouse gas (GHG) emissions	<a href="#">GRI Content</a>		3, 8, 12, 13
<b>Ethics and integrity</b>				
GRI 103: Management Approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary	<a href="#">Material topics</a>		
	<b>103-2</b> The management approach and its components	<a href="#">Ethics</a> and <a href="#">GRI Content</a>	We did not publicly disclose our goals and objectives, since we have not yet defined them or consider them as strategic confidentiality.	

GRI STANDARD	Disclosure	Page, link or direct disclosure	Omission	SDG
GRI 103: Management Approach 2016	<b>103-3</b> Evaluation of the management approach	The evaluation of the management approach regarding this topic is performed based on the performance of our operations, determined by internal monitoring systems, measured from previously established goals and periodically disclosed through reports audited internally and assured by an independent company. The performance of each employee is measured, within the scope of Raízen University, on the basis of individual development paths, defined in accordance with the role and position to be held, and the topic "Ethics" is one of the prerequisites for all.		
	<b>205-1</b> Operations assessed for risks related to corruption	<a href="#">GRI Content</a>		4, 16
GRI 205: Anti-corruption 2016	<b>205-2</b> Communication and training on anti-corruption policies and procedures	<a href="#">GRI Content</a>	We did not disclose the number of people who received the communications and did not break down the information by region because data is not available.	4, 16
	<b>205-3</b> Confirmed incidents of corruption and actions taken	<a href="#">GRI Content</a>		4, 16
GRI 206: Anti-competitive Behavior 2016	<b>206-1</b> Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<a href="#">GRI Content</a>		16
GRI 307: Environmental Compliance 2016	<b>307-1</b> Non-compliance with environmental laws and regulations	<a href="#">GRI Content</a>		16
GRI 419: Socioeconomic Compliance 2016	<b>419-1</b> Non-compliance with laws and regulations in the social and economic area	<a href="#">GRI Content</a>		16

GRI STANDARD	Disclosure	Page, link or direct disclosure	Omission	SDG
<b>People management</b>				
GRI 103: Management Approach 2016	<b>103-1</b>	Explanation of the material topic and its Boundary <a href="#">Material topics</a>		
	<b>103-2</b>	The management approach and its components <a href="#">THAT RELIES ON A TEAM THAT MAKES THE DIFFERENCE</a> and <a href="#">GRI Content</a>	We did not publicly disclose our goals and objectives, since we have not yet defined them or consider them as strategic confidentiality.	
	<b>103-3</b>	Evaluation of the management approach The evaluation of the management approach regarding this topic is performed based on the performance of our operations, determined by internal monitoring systems, measured from previously established goals and periodically disclosed through reports audited internally and assured by an independent company. The performance of each employee is measured, within the scope of Raízen University, on the basis of individual development paths, defined in accordance with the role and position to be held.		
GRI 401: Employment 2016	<b>401-1</b>	New employee hires and employee turnover <a href="#">GRI Content</a>		5, 8, 10
	<b>401-3</b>	Parental leave <a href="#">GRI Content</a>		5, 8, 10
GRI 404: Training and Education 2016	<b>404-1</b>	Average number of training hours per year by employee <a href="#">GRI Content</a>		4, 5, 8, 10
	<b>404-3</b>	Percentage of employees receiving regular performance and career development reviews <a href="#">GRI Content</a>		4, 5, 8, 10
GRI 405: Diversity and Equal Opportunity 2016	<b>405-1</b>	Diversity of governance bodies and employees <a href="#">GRI Content</a>	We did not disclose information on diversity in governance bodies because data is not available.	5, 8, 10
GRI 406: Non-discrimination 2016	<b>406-1</b>	Incidents of discrimination and corrective actions taken <a href="#">GRI Content</a>		5, 8, 10

GRI STANDARD	Disclosure	Page, link or direct disclosure	Omission	SDG
<b>Innovation</b>				
GRI 103: Management Approach 2016	<b>103-1</b>	Explanation of the material topic and its Boundary <a href="#">Material topics</a>		
	<b>103-2</b>	The management approach and its components <a href="#">THAT INNOVATES AND LOOKS TO THE FUTURE</a> and <a href="#">GRI Content</a>		
	<b>103-3</b>	Evaluation of the management approach The evaluation of the management approach regarding this topic is performed based on the performance of our operations, determined by internal monitoring systems, measured from previously established goals and periodically disclosed through reports audited internally and assured by an independent company. The objectives related to this topic are expressed among our avenues of growth, presented in <a href="#">Sustainable Strategy</a> .		
<b>Relationship with suppliers, business partners, and clients</b>				
GRI 103: Management Approach 2016	<b>103-1</b>	Explanation of the material topic and its Boundary <a href="#">Material topics</a>		
	<b>103-2</b>	The management approach and its components <a href="#">Grow together with our partners</a> and <a href="#">GRI Content</a>	We did not publicly disclose our goals and objectives, since we have not yet defined them or consider them as strategic confidentiality.	
	<b>103-3</b>	Evaluation of the management approach The evaluation of the management approach regarding this topic is performed based on the performance of our operations, determined by internal monitoring systems, measured from previously established goals and periodically disclosed through reports audited internally and assured by an independent company. The objectives related to this topic are expressed among our avenues of growth, presented in <a href="#">Sustainable Strategy</a> .		
GRI 204: Procurement Practices 2016	<b>204-1</b>	Proportion of spending on local suppliers <a href="#">GRI Content</a>		12
GRI 308: Supplier Environmental Assessment 2016	<b>308-1</b>	New suppliers that were screened using environmental criteria <a href="#">GRI Content</a>		8, 11, 15
	<b>308-2</b>	Negative environmental impacts in the supply chain and actions taken <a href="#">GRI Content</a>		8, 11, 15

GRI STANDARD	Disclosure	Page, link or direct disclosure	Omission	SDG
GRI 408: Child Labor 2016	<b>408-1</b> Operations and suppliers with significant risk of incidents of child labor	<a href="#">GRI Content</a>		8, 16
GRI 409: Forced or Compulsory Labor 2016	<b>409-1</b> Operations and suppliers at significant risk of incidents of forced or compulsory labor	<a href="#">GRI Content</a>		8
GRI 414: Supplier Social Assessment 2016	<b>414-1</b> New suppliers that were screened using social criteria	<a href="#">GRI Content</a>		
	<b>414-2</b> Negative social impacts in the supply chain and actions taken	<a href="#">GRI Content</a>		
<b>Workplace Safety</b>				
GRI 103: Management Approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary	<a href="#">Material topics</a>		
	<b>103-2</b> The management approach and its components	<a href="#">Safety</a> and <a href="#">GRI Content</a>		
	<b>103-3</b> Evaluation of the management approach	The evaluation of the management approach regarding this topic is performed based on the performance of our operations, determined by internal monitoring systems, measured from previously established goals and periodically disclosed through reports audited internally and assured by an independent company. The occurrences related to this topic are reported within 24 hours to the leaders of the work teams for further investigation. These records are monitored by Board Members and Directors in meetings of the Social Responsibility Committee. The performance of each employee is also measured, within the scope of Raízen University, on the basis of individual development paths, defined in accordance with the role and position to be held, and the topic "Health, Safety and Environment (HSE)" is one of the prerequisites for all.		

GRI STANDARD	Disclosure	Page, link or direct disclosure	Omission	SDG
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal health and safety committees <a href="#">GRI Content</a>		8, 16
	403-2	Types and rates of injuries, occupational illness, lost days, absenteeism and number of work-related fatalities <a href="#">GRI Content</a>	The fatality recorded in the year by the Ethanol, Sugar and Bioenergy (EAB) business unit is being investigated, but kept confidential.	8, 16
	403-4	Health and safety topics covered in formal agreements with trade unions <a href="#">GRI Content</a>		8, 16

**Sustainability in the strategy**

GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary <a href="#">Material topics</a>		
	103-2	The management approach and its components <a href="#">Sustainable strategy</a> , <a href="#">Sustainability in relationships</a> and <a href="#">GRI Content</a>		
	103-3	Evaluation of the management approach	The evaluation of the management approach regarding this topic is performed based on the performance of our operations, determined by internal monitoring systems, measured from previously established goals and periodically disclosed through reports audited internally and assured by an independent company. The objectives related to this topic are expressed among our avenues of growth, presented in <a href="#">Sustainable Strategy</a> . The performance of each employee is also measured, within the scope of Raízen University, on the basis of individual development paths, defined in accordance with the role and position to be held, and the topic "Sustainability" is one of the prerequisites for all.	

# LETTER OF ASSURANCE

KPMG Financial Risk & Actuarial Services Ltda.  
 Rua Arquiteto Olavo Redig de Campos, 105, 6º andar - Torre A  
 04711-904 - São Paulo/SP - Brasil  
 Caixa Postal 79518 - CEP 04707-970 - São Paulo/SP - Brasil  
 Telefone +55 (11) 3940-1500  
 kpmg.com.br

## Limited assurance report issued by independent auditors

To the Board of Directors, Shareholders and Stakeholders  
**Raízen Energia S.A**  
 São Paulo - SP

### Introduction

We have been engaged by Raízen Energia S.A ("Raízen" or "Company") to apply limited assurance procedures on the sustainability information disclosed in Raízen's 2018/2019 Annual Report, which comprise the period from April 1st, 2018 to March 31st, 2019.

### Responsibilities of Raízen's Management

The Management of Raízen is responsible for adequately preparing and presenting the sustainability information in the 2018/2019 Annual Report in accordance with the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI-Standards), as well as the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

### Independent auditors' responsibility

Our responsibility is to express a conclusion about the information in the 2018/2019 Annual Report based on a limited assurance engagement conducted in accordance with the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI-Standards) and the methodology developed globally by KPMG for assurance of social and environmental information disclosed in sustainability reports denominated KPMG Sustainability Assurance Manual - KSAM, applicable to historical non-financial information.

These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the Raízen's 2018/2019 Annual Report, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI-Standards) and the KPMG Sustainability Assurance Manual - KSAM consists mainly of questions and interviews with the Management of Raízen and other professionals of the Company involved in the preparation of the information disclosed in the 2018/2019 Annual Report and use of analytical procedures to obtain evidence that enables us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the 2018/2019 Annual Report taken as a whole could present material misstatement.

The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the 2018/2019 Annual Report, on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

- (a) engagement planning: considering the material aspects for Raízen's activities, the relevance of the information disclosed, the amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the Raízen's 2018/2019 Annual Report. This analysis defined the indicators to be checked in details;
- (b) understanding and analysis of disclosed information related to material aspects management;
- (c) analysis of preparation processes of the 2018/2019 Annual Report and its structure and content, based on the Principles of Content and Quality of the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI-Standards);
- (d) evaluation of non financial indicators selected:

- understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for data preparation;
  - application of analytical procedures regarding data and interviews for qualitative information and their correlation with indicators disclosed in the 2018/2019 Annual Report;
  - analysis of evidence supporting the disclosed information;
  - visits to Raízen's operations and to the corporate office for application of these procedures, and items (b) and (c);
- (e) analysis of whether the performance indicators omission and justification are reasonable to be accepted associated to aspects and topics defined as material in the materiality analysis of the Company;
- (f) comparison of financial indicators with the financial statements and/or accounting records.

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

**Scope and limitations**

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide reasonable assurance that we are aware of all the issues that would have been identified in a reasonable assurance engagement, which aims to issue an opinion. If we had conducted a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the 2018/2019 Annual Report.

Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to prior periods, to evaluate the adequacy of policies, practices and sustainability performance, nor future projections.

**Conclusion**

Based on the procedures carried out, described earlier in this report, we have not identified any relevant information that leads us to believe that the information in the 2018/2019 Annual Report of Raízen is not fairly stated in all material aspects in accordance with the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI-Standards), as well as its source records and files.

São Paulo, June 24th, 2019

KPMG Financial Risk & Actuarial Services Ltda.

Ricardo Algis Zibas  
Principal

## CREDITS

### **General Coordination**

Marina Stefani Carlini  
André Werneck Valente  
Adriana Pinto Ortolani  
Juliana Carvalho De Podestá  
Camila Gontijo de Abreu Lopes

### **Copy, editing and proofreading**

KMZ Content

### **Consulting on indicators and materiality (GRI)**

Avesso Sustentabilidade

### **Art Direction and Web Development**

Report Sustentabilidade

### **Translation**

Gotchal Idiomas

### **Assurance**

KPMG Auditores Independentes

### **Photos**

Raízen (Image bank)