



# Annual Report

Crop year 2019/2020

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# Introduction

This is now the tenth year that we have published our Annual Report – this time for Crop Year 2019/2020. The contents outline the performance of all our operations in terms of governance and in economic and financial, social and environmental terms for the period April 1, 2019 to March 31, 2020. | 102-50 |

This report has been prepared in accordance with the GRI Standards: Core option and International Integrated Reporting Council (IIRC) assumptions. The contents have been selected on the basis of the views of our stakeholders, compiled in a Materiality Matrix, which includes the issues of greatest impact and influence for Atvos, the three most important being the level of indebtedness; ethical, honest and transparent conduct; and productivity and technology in the fields and in the factory. | 102-46 | 102-54 |



[More information in About the report.](#)

The report also meets our commitment to Communication on Progress (CoP), since our adoption, in 2016, of the ten principles of the United Nations Global Compact and the 2030 Agenda for Sustainable Development Goals (SDGs).

On the next pages, you will learn about our management achievements in crop year 2019/2020 and the challenges and opportunities facing us in the short, medium and long term. We hope you enjoy reading this Report!



## Queries and comments

Comments, queries and suggestions about the content of this report can be emailed to [comunicacao@atvos.com](mailto:comunicacao@atvos.com). | 102-53 |



# Message from the leadership

| 102-14 |



## Resilience, discipline and engagement are attitudes that marked the 2019/2020 crop for Atvos.

We confirmed our capacity for operational efficiency and counted on the full commitment of our employees and partners to successfully overcome a period marked by our judicial reorganization and the COVID-19 pandemic in the last month of the cycle.

Within the operational scope, **we recorded 26.9 million tons of sugarcane crushing**, maintaining the level of activities of the previous crop. We continued with our sustainable growth strategy through the application of best agricultural techniques and the strategic expansion of our agricultural partners' shares, to contribute to deleveraging Atvos and meeting our production capacity in the sector. In the period, R\$702 million were allocated to our Stronger Partners program, which comprised 47 suppliers

in charge of delivering 9.1 million tons of sugarcane, representing a **15% growth** against the previous cycle. Regarding land partners, we contributed R\$513 million in the period.

We have also searched for technologies that optimize field processes and may potentially reduce cost in the long term, such as the Cube Project, which is focused on operational productivity gain by optimizing logistics related to sugarcane harvesting and transportation. With R\$12.8 million invested in its stages, the pilot project has already provided a 20% gain in production hours and will result in savings of R\$34.3 million per crop year.

As a result of such initiatives and the maturity of processes and investments made in the past years, we made further advances in sugar yield. In 2019/2020, we set a record



**Juliana Baiardi**  
Atvos CEO

performance in total recoverable sugar (TRS) of 133.6 kg/hectare, representing a 2% increase against the past cycle.

**Our net revenue totaled R\$4.5 billion, up from R\$4.3 billion in the previous crop.** Adjusted EBITDA, excluding the fair value of biological assets, totaled R\$1.5 billion and

gross income totaled R\$246 million against R\$177 million in the previous crop.



In 2019/2020, we confirmed our capacity for operational efficiency and continued with our sustainable growth strategy and operation towards a low carbon economy

The period was also marked by advances in our operation towards a low carbon economy and energy efficiency, which are aspects inherent to the development of our business. Our eight units were accredited to meet the National Policy on Biofuels, the *RenovaBio*, intended to expand the production and use of biofuels in the country's energy matrix. With an average energy efficiency score of 60 gCO<sub>2</sub>/MJ, **we have the potential to issue over 2 million decarbonization credits (CBIOS) per crop** and are ready for advances in the program in the coming years.

Given the nature of our business, we have a high potential to generate positive impacts. Our products and activities helped prevent the emission of 5.6 million tons of carbon dioxide. Our plants operate under the circular economy model, using byproducts and inputs for products. As a result, we cogenerated 2.8 thousand gigawatts-hour of renewable electricity.

These results would not have been possible if it were not for the dedication and focus of our 10,038 employees. And it was precisely as a result of the recognition of our teams that we featured among the best companies in people management by *Valor Carreiras* 2019 award. We also strengthened our commitment to gender equality across our staff by joining the United Nations Women's Empowerment Principles (WEPs).

In this regard, we initiated an internal diagnosis intended to prepare an Individual Development Plan (PDI) for women in our operations and qualified women in the communities where we operate through our private social investment program, or *Energia Social* (Social Energy). **Since its inception, the program has already benefitted more than 156 thousand persons in the areas neighboring our units, with investments in the amount of R\$25.8 million and implementation of 81 projects.**

We should also mention the coronavirus pandemic and the variations in the price of oil, the long-term impacts of which in Brazil and in the world are still immeasurable. In the face of this critical situation, we spared no efforts to guarantee the health and safety of our employees, as well as supporting our neighboring communities in such a difficult moment.

**Renewing tomorrow is our reason to exist** and in this scenario, we opened a new cycle, marked by clear objectives. Our Business Model is based on operational efficiency from the field to the industry, on our teams' engagement in our purpose, and on our ability to operate in a low carbon economy and meet the current and future demands of our stakeholders and of society.

# COVID-19

The 2019/2020 crop year ended in the middle of the global pandemic caused by the novel coronavirus (COVID-19), and as this Report goes to press, we still cannot foresee the extent of its impact on Brazil. Our decisions can only be guided by our commitment to the health, safety and integrity of members, shareholders, suppliers and the communities where we operate.

In March 2020 we set up an Internal Multidisciplinary Committee, consisting of leaders and members from various areas (People, Health, Communication, IT, Supplies and Operations). The committee announces the necessary health and safety measures and monitors their implementation, as

well as systematically analyzing changes in the situation and adjusting our strategy accordingly. We are following the recommendations of the World Health Organization (WHO) and the Ministry of Health, as well as the COVID-19 prevention protocol issued by the Sugarcane Industry Union (UNICA), for keeping facilities sanitized. We forward all the guidance on safety, prevention and hygiene daily on all the Atvos communication channels, such as WhatsApp, notice boards, intranet and emails.

We outline below the key initiatives undertaken at the end of the 2019/2020 crop which are still in force:



**Work model:** all staff from the São Paulo and Campinas offices and the administrative areas at the hubs are now working from home. Some operational staff in the risk group (those older than 60, pregnant women and people suffering from chronic illnesses) have been put on leave, and those whose jobs cannot be done remotely are on paid leave. Other members who have to continue work in the units have been divided into shifts to reduce numbers in the facilities and on transport. We have also distributed face masks and boosted the campaign for flu vaccination, which has now been completed for 78% of our staff.



**Safety in transport:** we are sanitizing the buses thoroughly after each trip, and windows are kept open and seats marked to ensure minimum distancing and not more than 50% occupancy. We give the drivers a protective kit (face masks and gloves) and provide 70% alcohol-based hand sanitizer containers at the entrance of the buses for washing hands. We also take people's temperature when they get on the bus and at all the plant gates – this applies to members, service providers and others.



**Protection:** we provide hand sanitizers in every section of the plant and at the rest areas in the fields. We provide face masks for all operational staff when they are at work. All machines and vehicles have a cleaning kit, and gatekeepers and security staff are also provided with face masks and gloves.



## Map of 70% alcohol donation



**Preventing crowds:** trips, events, training courses, recruitment and selection interviews and outside meetings have been canceled. To isolate operators at the plant we have reconfigured the area and installed partitions. The functioning of the canteen has been adjusted to avoid crowds, with people eating in shifts and a reorganization of the layout (ventilation and more distance between tables). The entire area is sanitized between shifts.



**Production of 70% alcohol:** we mobilized different areas of Atvos in record time, in addition to our operations, to produce 70% alcohol in our units – a new product which is used to prevent infection with COVID-19.



**Donation:** since the start of the pandemic, we have donated 160,000 liters of 70% alcohol and hydrous ethanol produced in our agroindustrial units, valued at R\$181,000, to more than 30 municipalities in six states, where more than three million people live.







**Atvos**





## About the company

Founded more than ten years ago, Atvos Agroindustrial RJ operates in Brazil's sugar-energy sector, producing ethanol and VHP (Very High Polarization) sugar and generating renewable electricity from biomass, to help renew the Brazilian energy matrix and reduce its carbon footprint.

| 102-1 | 102-2 | 102-5 | 102-6 |

We grow sugarcane in an area of 498,000 hectares and we transform it into products that generate sustainable energy in eight\* industrial units, divided between five production hubs in four Brazilian states – Goiás, Mato Grosso, Mato Grosso do Sul

\* Alcídia unit not operacional.

and São Paulo. We have offices in the cities of São Paulo and Campinas.

| 102-3 | 102-4 |

At the end of the 2019/2020 crop year we had a team of 10,038 members and net revenues of R\$4.5 billion.

| 102-7 | 102-8 |

5.6 million  
tCO<sub>2</sub> avoided  
through the  
use of our  
products

Our operations have the capacity to crush 37 million tons of sugarcane, sufficient to produce 3 billion liters of ethanol and 700,000 tons of sugar, as well as co-generating 3,100 GWh of electricity per crop



# Map of operations

## and highlights of the 2019/2020 crop

| 102-3 | 102-4 | 102-7 |

**26.9 million**  
tons of sugarcane crushed

**2.14 billion**  
liters of ethanol produced

**2,800**  
GWh of electricity co-generated

**235,000**  
tons of VHP sugar

**498,000**  
hectares cultivated

**9.1 million**  
tons of sugarcane delivered by 47 suppliers

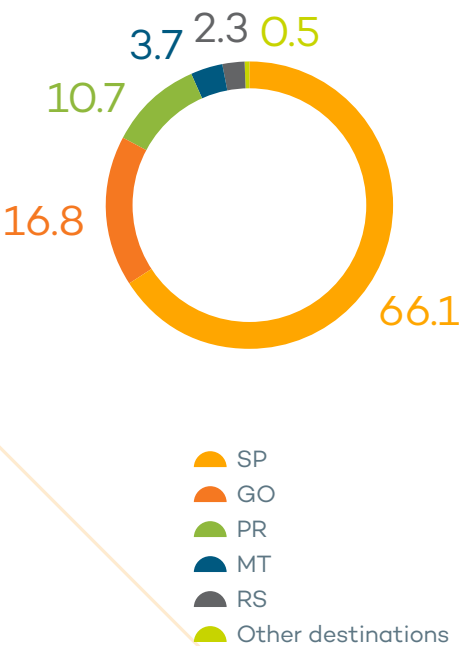




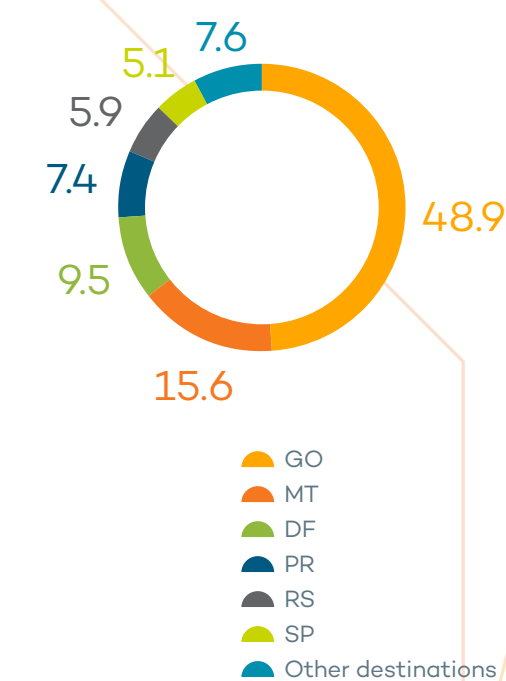
Markets where we operate | 102-2 | 102-6 |

We sell ethanol in the domestic market and our main customers are the fuel distributors operating in Brazil. Hydrous ethanol goes to fuel dealers and anhydrous ethanol is used to mix with gasoline to improve fuel performance. We also serve individual customers and distributors that use the product for other purposes, such as to make biopolymers.

Distribution of volume of hydrous ethanol (in sales – %)

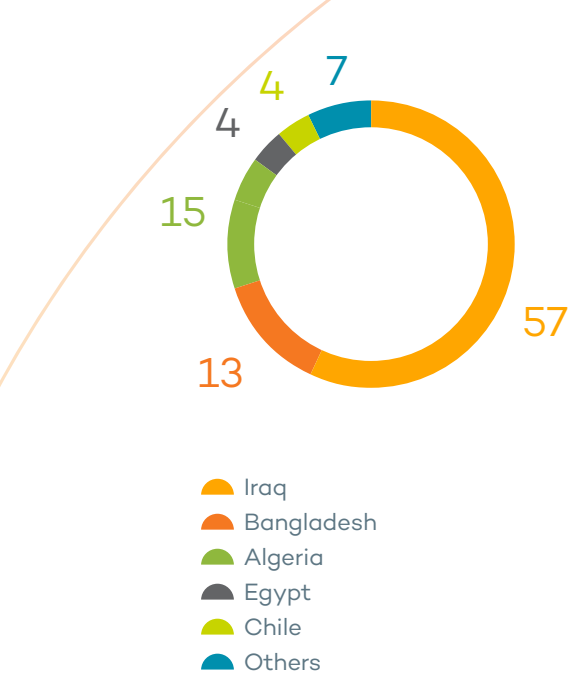


Distribution of volume of anhydrous ethanol (in sales – %)




VHP sugar goes to the international market, for the refineries that process the product in their own units. The electricity generated from sugarcane biomass is partly used to power our own industrial units, and the rest is transferred out to the National Interconnected System (SIN). This volume fulfills agreements signed in both the Regulated Market (ACR) and the Free Market (ACL).

Destinations of exports of VHP sugar (in volume shipped – %)



## Our purpose | 102-16 | 102-40 | 102-42 |

Our purpose, created last crop year, reflects our objectives, actions, challenges and opportunities. Below we explain our relationships and value generation with our stakeholders.

 More information on the engagement of our main stakeholders can be found in About the report.

### Belief

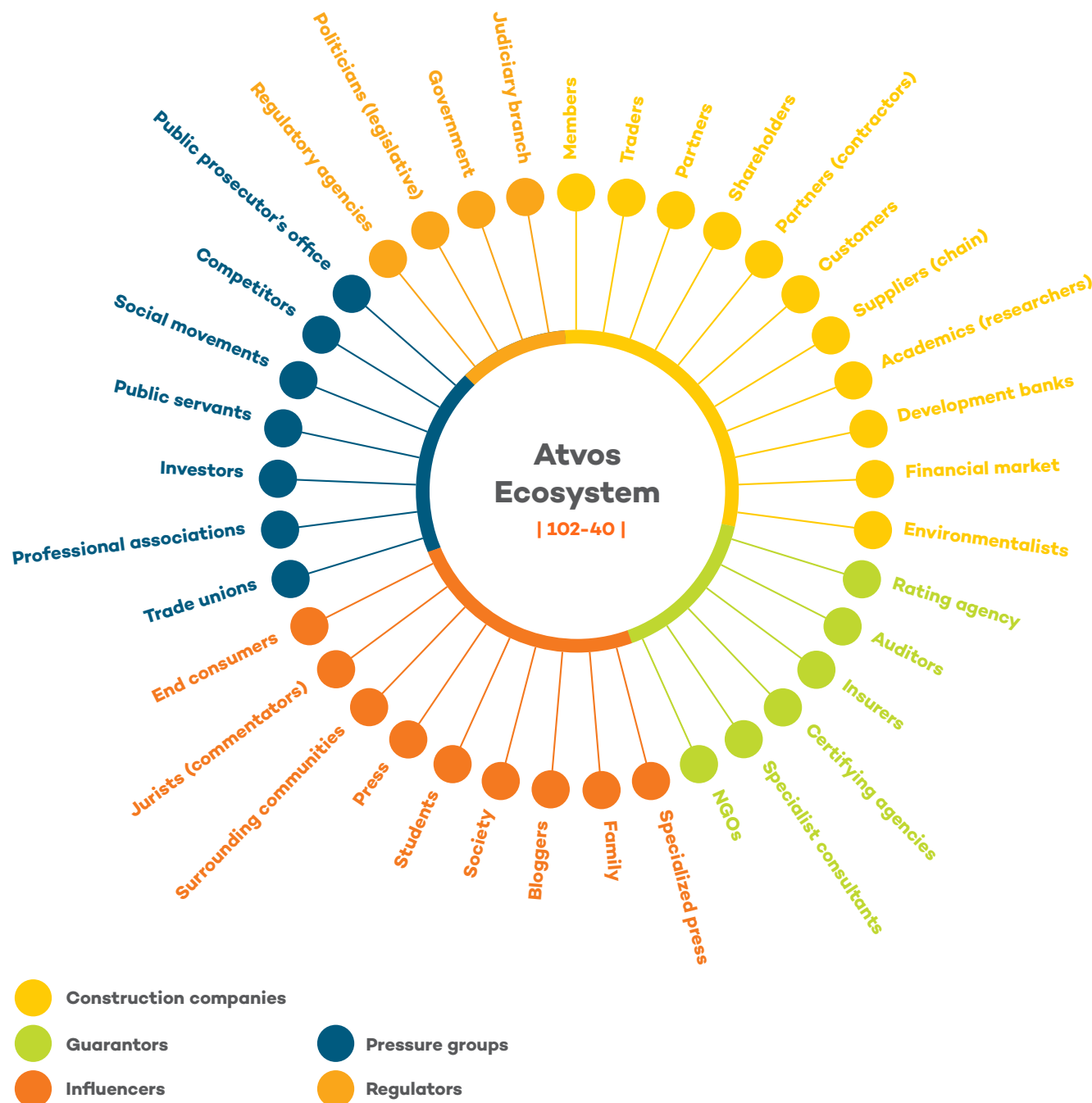
Clean energy is an essential element for mankind to continue to progress.

### Purpose

To seek creative and profitable solutions in the production of clean energy that is sustainable for the planet.

### Principles

- Ethics and integrity: do the right thing, transparently and honestly.
- Appreciate and develop people.
- Sustainable operations in partnership with suppliers, customers and members.
- Commitment to productivity and results for shareholders and society.
- Serve customers with innovation and responsibility.





# Our contribution to sustainable development

| 102-12 | 102-13 |

At Atvos, our actions are based on concepts aligned with global demands for sustainable development. Our Sustainability Policy links our challenges and strategies with market trends and good corporate practices. We work objectively to align our actions with the profile of the Atvos ecosystem and we apply these undertakings in our operations and in our relationships with stakeholders.

Our Business Model is correlated with important issues for Atvos, from the perspective of internal and external stakeholders who are aligned with the Global Compact SDGs. Managing under this model is supported by a quarterly report on strategic sustainability indicators which is monitored by our leaders

 [More information in About the report.](#)



## SDGs and targets

- 5.5, 5.b and 5.c
- 8.4, 8.5, 8.6, 8.7 and 8.8
- 13.2, 13.3 and 13.b
- 7.2 and 7.3
- 9.1 and 9.4
- 16.5, 16.6 and 16.7

## Participation in external initiatives | 102-12 | 102-13 |

We participate voluntarily in corporate and multi-stakeholder initiatives which reinforce our stance in favor of sustainable development. In this context, we have set up some forums and movements for a direct, active contribution to discussions, group mobilizations and important events. Highlights of the 2019/2020 crop year include:

### **Brazilian Global Compact Network:**

we have increased our engagement in the initiative and we are the only company in the sugar-energy sector to be a member of the Food and Agriculture Working Group (GTAA) which has a collaborative agenda favoring sustainable agricultural production, such as the Agro Dialogue platform.

**Getúlio Vargas Foundation (FGV):** as a member of the Corporate Initiatives of the Sustainability Study Centre of Getúlio Vargas Foundation (FGVCes), we took part in the 2019 cycle of challenges and were one of the companies selected for a publication related to Private Social Investment.

 [More information on the FGVCes website.](#)

**Ethos Institute:** since 2017 we have been an associate of the Ethos Institute and we monitor the most important issues, as well as making use of the exchange of experiences to inspire our priority initiatives each year. This year we also used the Ethos Guide for the Promotion of Gender Equality to supplement and support our action plan for the matter.

**Acordo SP:** in November 2019, Atvos joined *Acordo SP*, an initiative of the São Paulo State Environmental Company (CETESB) to bring together companies committed to adopt strategies to face the challenges of climate change. Through the Conquista do Pontal unit (UCP), we have undertaken to monitor and reduce greenhouse gas emissions.

As one of a group of 19 companies in the sugar-energy sector, in October 2019 we joined WEPs, a front of UN Women. This is part of our internal plan to make progress in promoting gender equality in the sector, which today has only 10% of women on its staff.

 [See Private Social Investment.](#)



**Women  
Empowerment  
Principles (WEPs)**







## Governance structure

| 102-10 | 102-18 | 102-22 | 102-23 | 102-24 |

Our Board of Directors was temporarily dissolved in the 2019/2020 crop year. The judicial reorganization plan approved by the creditors Atvos, which is still awaiting court approval, provides for our management to be restructured as follows:

- Board of Directors to be set up with five members, two of them nominated by the shareholders and three independents..
- Chair of the Board to be elected by the directors.
- Mandatory instatement of the following advisory committees to the Board:

### **Agriculture Committee:**

responsible for oversight of the Investment Plan and the Agricultural Development Plan..

### **Finance, Investment and Audit**

**Committee:** to help the Board assess financial risks of operations contracted or proposed and engage and supervise the work of external auditors.

### **Compliance Committee:**

to support a constant commitment to ethical, honest and transparent conduct aligned with the best global practices and with laws, standards and regulations.

### **People and Organization Committee:**

responsible for monitoring the training of leaders and successors, compensation parameters and sustainability issues.

Agricultural and Financial Inspectors will also have to be employed and maintained until the judicial reorganization is over, to monitor and oversee operating and financial indicators. The Inspectors will also have to monitor compliance with the reorganization plan.

# Compliance and risk management

| 102-16 | 102-17 |

Ethics, integrity and transparency are fundamental assumptions for tomorrow's renewal and to create long-term value for our stakeholders. This manner of conducting our business, in line with our values, has always been a part of the strategic decisions of our leaders and the basis for relations with shareholders, governments, customers, suppliers and the communities in the places where we operate.

We are guided by the principles of our corporate culture and the Policy for Compliance with Ethical, Honest and Transparent Conduct. To support our management, we have a Risks and Compliance area and a Compliance System consisting of a set of measures and guidelines related to ethics and the prevention of improper conduct. In the 2019/2020 crop year risk management at Atvos was restructured.

 [More information in Risk management.](#)

## Progress in the 2019/2020 crop year

During the year we focused on assessing business risks, using a consolidated Corporate Risk Matrix, on training our members and on internal audit processes, so as to reinforce our guidelines and disseminate a culture of ethical behavior.

 [More information in Risk management.](#)

We gave a series of lectures on conflicts of interest, moral and sexual harassment, methods for investigating reports and anticorruption. The format, content and language of the lectures was adjusted for each group.

The lecture on "combating moral and sexual harassment", for example, was approached in a dramatic way, with a question and answer session, multiple-choice exercises and support from the audience. The participation of professional actors to stage real situations caught people's attention and helped to get the message across. The performance was staged in every hub and every office. We also trained people in the hubs about investigating reports of harassment and posted interactive videos online.

Compliance training in 2019/2020 was provided for 5,173 members. The topics were defined according to each group's level of exposure to the issue. A further 4,129 members were trained on nine topics through Daily Compliance Dialogues, as part of the Daily Security Dialogue (DDS), for the operating areas.

We should mention that in this crop year there were no confirmed cases of corruption at Atvos and all the staff from Property Security and other areas received compliance training. For 2020/2021 we plan to start work on constructing a matrix for corruption and other compliance-related topics.

| 205-1 | 205-3 | 410-1 |

 [More information in Risk management.](#)

During the crop year we completed a consolidated Corporate Risk Matrix and focused on staff training and audit processes



The **Você Decide** (“You Decide”) communication campaign, on anticorruption matters and incentives for honest, ethical conduct, encourages members to own their decisions and commit to combating corruption, internal fraud, moral and sexual harassment, abuse of power and conflicts of interest. Launched in 2019/2020, it is available on interactive videos for all members.

In Anticorruption Week the schedule includes training and an awareness course for members on doing the right thing even if no one is watching. Unmanned ice cream carts were stationed on the facilities for members to help themselves and pay a suggested price. In fact, the voluntary payment received was higher than that suggested.

## Highlights of training and communication



| 103-2 and 103-3: Anticorruption | 205-1 | 205-2 | 205-3 |

A highlight in auditing was the completion of 17 automatic tests to supplement the conventional internal audit plan, to speed up procedures, and the matter was included as a metric for variable compensation of executives. The implementation of audit recommendations (internal and external), and the completion of all compliance training, were also considered for variable management compensation.

### Changes in standards and controls

In 2019/2020, we started revising policies and guidelines for the next crop, to simplify content and reinforce controls and transparency in relations with third parties and public agents, as well as establishing independence and quality in investigating reports received on the whistleblowers' channel (“Ethics Line”).

For this, we introduced a more objective Compliance System Policy and a new Code of Conduct. We also started revising the Guidelines for Relations with Public Agents, jointly with the Institutional Relations area, to enhance anticorruption controls and transparency in dealings.

## Variable management compensation also started to take into account audit recommendations and compliance training

Additionally, we arranged for an independent firm to undertake a full audit of processes and procedures in the Risks and Compliance area. The result will serve to help amend current regulations and controls and to introduce other initiatives to reinforce ethical behavior in the company even more.



## Ethics Line | 102-17 |

We recognize the receipt and handling of reports as an opportunity for improvement, because they serve as the basis for enhancing both our processes and the conduct of members. Accordingly, as part of our Compliance System, we have made the Ethics Line available. It functions full time and enables whistleblowers to report behavior that violates our commitment to ethics, integrity and transparency.

We have guidelines for managing the whistleblowers' channel, covering



There is an independent audit of the Ethics Line and a protocol for investigating reports

aspects of governance, confidentiality and independence of the investigation team, and procedures to ensure the correct application of technique, method and quality. In addition, in the 2019/2020 crop year, an independent firm audited all the regulations and processes involved in managing the Ethics Line and the protocol for investigating reports.

Communications between whistleblowers and the Ethics Line are managed by an outside firm to ensure that the reports and information supplied are kept confidential.

In 2019/2020, we received 409 reports on the Ethics Line, 56 less than in 2018/2019. Ninety-seven of them were upheld (148 the previous year) and the appropriate measures were taken – from verbal warnings to dismissal or termination of contract.

## Risk management | 102-11 | 102-15 |

The 2019/2020 crop year was marked by a focus on integrated risk management, attributed to the Compliance area which changed its name to the Risks and Compliance Office. During the year we revised the Atvos Corporate Risks Matrix in order to widen the scope of risk mapping and reassess the probabilities and impacts of previously identified risks, as well as creating a sound basis for risk-based management.

Using the COSO II method for Enterprise Risk Management (ERM), we created a comprehensive plan for revising the methods of mapping, measurement and validation. We held 15 immersion workshops for focal groups from every area of Atvos, to identify the risks to which the company is exposed and which can affect the development and long-term future of our business.

 [See details on the next page.](#)

Subsequently, with the risks identified, classified in qualitative terms and forwarded to the people defined as owners, we arranged for risk specialists to make a quantitative assessment in four impact vectors: finance, people, environment and image. With the inputs supplied by the specialists, we used an impact simulation software to identify the most likely scenarios for each risk. The final stage consisted of validation by the business Leader.

As a corollary to this mapping, we started to create action plans to deal with risks, selecting one of four possibilities: reduce, share, avoid or retain. As from the 2020/2021 crop year all risks will be handled by a Risk Management SAP. In addition, there will be a cyclical yearly repeat analysis of likelihood and impact of every risk.



# Enterprise Risk Matrix

## Criticality of 31 macro-risks

Identification of macro-risks and distribution according to criticality

**4** Critical

**10** High

**8** Moderate

**4** Low

**5** Not qualifiable in financial terms



## Exposure

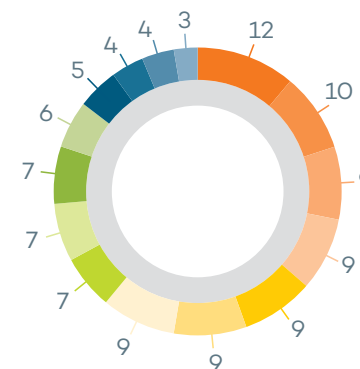


**38%\*** of the exposure consists of granular risks external to the company

\* Financial value.

## Focal groups

Participation of leaders from all areas of the company in constructing the Risk Matrix



- Finance
- Agriculture
- Commercial
- Compliance
- CSC
- Industry
- P&O
- Legal
- Operations
- Procurement
- SSMA and Quality
- Logistics
- Engineering
- Performance management
- Management of Performance Indicators

## Attendance

**15**  
immersion  
workshops

**111**  
invited

**87**  
attendees



## Key risks identified in 2019/2020

As a result of the review, 31 macro-risks were identified, which can be broken down into 107 risks, of which the most important are:

- **Macroeconomic/political changes:** market changes such as the oil price, US dollar, VHP sugar price etc., which have a direct or indirect impact on the sales and revenue planning curve for Atvos. Current policy is also taken into account, such as tax barriers to the import of ethanol from corn.
- **Climate risk:** impact of drought and frost on leased areas or the properties of sugarcane suppliers, and consequently on the crop result.
- **Diseases and pests in the fields:** new diseases and pests that can attack our own or third-party plantations, affecting yields.

For the 2020/2021 crop, as well as executing action plans and the maturity of the integrated risk management, we shall have a specific plan to comply with the General Data Protection Act, which we have been planning throughout the 2019/2020 year.

In addition to risks, our plan involves mapping opportunities for our business. Here we identified as a strategic opportunity during the year the certification of all our units by RenovaBio. The process ranged from preparation for audits to designing internal procedures for issuing Decarbonization Credits (CBIO). More details of our strategy in Vision of the future.



## Climate action

Opportunities | 102-15 |







# Strategy

## Macroeconomic and industry scenario

The highlight of the 2019/2020 crop year was the somewhat modest economic growth recorded in 2019. Gross Domestic Product (GDP) ended 2019 with growth of 1.1%. According to the Brazilian Census Bureau (IBGE), agriculture and livestock, which has a 5% weighting in the GDP calculation, advanced by 1.3%, while industry recorded a mere 0.5% in the period.

The Broad National Consumer Price Index (IPCA) for the year was 4.31%, slightly above the inflation target set by the Central Bank of Brazil (Central Bank), of 4.25%, but within the tolerance interval of 2.75% and 5.75%. With inflation under control, the basic interest rate of the Brazilian economy fell from 6.5% in April 2019, to 3.75% at the end of the 2019/2020 crop year, helping the industry to manage its financial expenses, as well as the impacts of the company's debt.

### Industry scenario

On the international oil scenario, 2019 saw the possibility of a global economic recession in the wake of the trade war between the United States and China. Concerns about the effect of this conflict on the demand for oil forced the prices of Brent up to the US\$50–70/barrel bracket between May and December, further bolstered by the production quota agreement of the Organization of the Petroleum Exporting Countries (OPEC+) and sanctions by the United States against the economies of Iran and Venezuela.

At the end of the 2019/2020 crop year and the beginning of 2020/2021, the industry was affected by the COVID-19 pandemic and oil price dispute between Saudi Arabia and Russia. These factors reduced the demand for ethanol and gasoline by 30% and affected the prices of Brent crude, which fell to US\$22.74/barrel at the end of March 2020, the lowest price level in almost 20 years. Brent ended the crop year at an average price of US\$61.00/barrel, 13.7% below the average recorded during the previous cycle.

In the case of the automotive industry, the Brazilian market for light vehicles grew by 3.6% in the 2019/2020 crop year, according to the National Association of Automotive Vehicle Manufacturers (Anfavea). Of the registrations in question, 87% were for flex fuel and 2.7% for gasoline-powered vehicles, a total of 89.7% Otto cycle fleet (light vehicles that run on gasoline and/or ethanol). The crop year saw fuel consumption reach the equivalent of 53.6 billion liters of gasoline, up by 3.3% over the previous crop year, which had been adversely affected by the truck drivers' strike.

Higher gasoline prices at the refineries in the period – and their transfer to the pumps – led to new records in production and sales of hydrous ethanol. During the year, there was an increase of 9.6% in the volume of imported ethanol, reaching 1.6 million m<sup>3</sup> of which 88.8% originated in the USA.



High gasoline prices at the refineries led to a record volumes of hydrous ethanol production and sales in the period



Sugarcane crushing in the mid-southern region amounted to 590.4 million tons, up by 3.0% over the 573.1 million tons recorded during the previous crop year. Total recoverable sugar content (ATR) was 130.6 kg/ton of sugarcane, the highest level since 2010/2011, which was fundamental for achieving the record volume of ethanol offered.

According to the Sugarcane Industry Union (UNICA), the offer of biofuel in 2019/2020 crop year was 33.26 billion liters – 9.95 liters of anhydrous and 23.3 liters of hydrous ethanol – up by 7.5% over the 30.9 billion liters in 2018/2019. In the face of low sugar prices, 65.7% of the cane processed was channeled to ethanol. In addition, sales of hydrous ethanol stood at

23.02 billion liters, an increase of 7.08% over the previous cycle, while sales of anhydrous ethanol grew by 7.24%. The ESALQ average was R\$1,831/m<sup>3</sup>, 23% higher than the average for 2018/2019, the highlight being the strong appreciation in the offseason.

The global sugar scenario showed a surplus of 2.5 million tons, adding more sugar to the market and raising the inventory/demand ratio, which resulted in a lower average monthly price in September, of cUS\$11.16/lb. The end of the 2019/2020 crop year

saw prices in New York fall, with a monthly average in March of cUS\$11.55/lb, reflecting the onset of the coronavirus pandemic crisis.

As regards the energy market, Brazil's hydrological situation in 2019/2020 was insufficient to reverse the average of the previous six years, with reservoirs approximately 35% full. Notwithstanding the energy surplus, the hydrological situation triggered high volatility, maintaining energy prices at higher levels similar to previous years, with an average Difference Settlement Price (PLD) of R\$204/MWh. For the next crop year, with the prospect of economic growth on the wane, the tendency is for lower prices than those recorded in recent years.

It is worth pointing out that energy production from sugarcane biomass rose by 4% in 2019 when compared with the previous year. In the period, 22,407 GWh generated from bagasse and straw were produced and offered to the distribution network, capable of supplying around 12 million homes for a year. This total contributed to avoiding 7.6 million tons of carbon dioxide in 2019.



## Regulatory scenario

The 2019/2020 crop year was decisive for the National Policy on Biofuels (RenovaBio) which aims to foster expansion of the production and use of biofuels in the domestic energy matrix. The program came on stream in 2020 following the beginning of the processes involving guarantees, registration, bookkeeping and sale of Decarbonization Credits (CBIO) on B3 S.A. – Brasil, Bolsa, Balcão (B3).

 [More information in Vision of the future.](#)

Another material regulatory aspect was the publication of Resolution 777 of April 5, 2019 regulating foreign trade in biofuels, oil and their byproducts, while also governing requests for imports and exports [\(more here\)](#).

Resolution No. 805, dated December 20, 2019, sets the parameters for the investigative and trial phases of punitive administrative proceedings within the scope of the National Oil, Natural Gas and Biofuel Agency – ANP [\(more here\)](#).

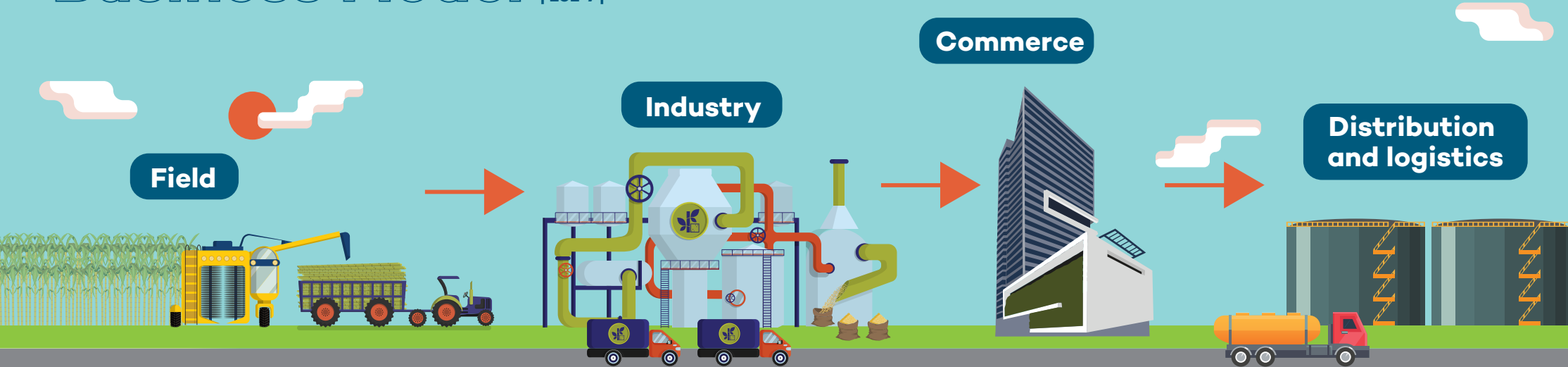
Also in the period, supplementary bill of law (PLP) No. 8/20 was instituted, bringing forward to 2021 the rights of consumers to avail of credits on State VAT (ICMS) tax arising from operations involving goods intended for the company's use or consumption, electricity and communication services. The proposal amends the Kandir Law that provided for taxpayer rights to the credit to begin only in 2033.

For 2020, the National Council for Tax Policy (Confaz) agreed to extend ICMS Tax Arrangement No. 100/1997 until December 31, 2020. The measure provides for tax exemption on internal transactions and reduces State VAT tax levied on interstate sales of agriculture and livestock inputs.





# Business Model | 102-7 |



## Natural capital

**207,000** hectares of preserved areas\*

**5.6 million** tCO<sub>2</sub> avoided

**97%** of waste co-processed, sold, reused or recycled

**17,169 thousand** m<sup>3</sup> of recirculated water

\* Owned, land partners and sugarcane suppliers.



## Human capital

**10,038** employees (2019/2020)

**4,822** contractors

**307,000** man-hours of safety training

**5,173 thousand** employees trained in compliance



## Financial capital

**R\$4.5 billion** in net revenues

**R\$933 million** invested\*

**R\$1,034 million** in operating cash

\* Includes expenditures with crop treatments of the ratoon cane.



## Social and relationship capital

**Social Energy** (accrued up to the 2019/2020 crop year):

- **81** projects
- **156,000** people benefited
- **R\$25.8 million** invested

**Strongest Partners:**

**R\$702 million** employed

**47** partners

**9.1 million** tons of sugarcane delivered

**R\$513.5 million** in expenditures with land partners

## Operating performance

**68,000** new hectares planted during the harvest

**26.9 million** tons of sugarcane crushed

A record **133.6** kg/hectare of average ATR

Harvesting **100%** mechanized

Capacity: **10,842 MW** of installed capacity

**37 million** tons of sugarcane

**700,000** tons of VHP sugar

**3 billion** liters of ethanol

**3,100** GWh of electricity

# Vision of the future

## Judicial reorganization plan

At the beginning of the 2019/2020 crop year we filed for judicial reorganization with the courts of the state of São Paulo for the purpose of financially restructuring the company to maintain our operations and protect our suppliers and partners. And primarily to strengthen our commitment to more than ten thousand employees and their families, as well as the communities in which we operate.

In the 2020/2021 crop year we moved ahead with the approval process for the reorganization plan which will strengthen the company's capital structure and allow resumption of investments for the sustainability of the business.





## RenovaBio | 102-15 |

Our Business Model is based on the low-carbon economy. By producing ethanol from sugarcane and clean and renewable electricity from biomass, which enables the reduction of greenhouse gas emissions (GHG), we see Law No. 13,576/2017 as one of the key opportunities for the years ahead regarding RenovaBio.

Since 2012 we have taken a series of initiatives ranging from the Public Register of Emissions under the Brazilian GHG Protocol Program (silver level), to the creation of the RenovaCalc manual for calculating our Environmental Energy Efficiency Scores and training for our employees. The 2019/2020 crop year was decisive for guaranteeing the accreditation of all the operating units at RenovaBio. This achievement has required the mobilization and integration of the administrative and operational areas of Atvos. During the offseason, an internal flow was created for the CBIO operations, from the generation of pre-CBIOs, through to booking.

With an average energy efficiency score of 60 gCO<sub>2</sub>/MJ, almost all the sugarcane produced was audited and, as a result, we have the potential to issue over 2 million CBIOs in the 2020/2021 crop year. Bearing in mind the Energy Efficiency Scores (NEEA) and the eligibility of all units, we are authorized to issue an average of one CBIO for every 787 liters of ethanol produced. Atvos is likely to become the main issuer of CBIOs on the domestic market. | 102-7 |

So, we are ready to contribute to RenovaBio and we have already generated pre-CBIOs referring to sales of ethanol produced by the units at Conquista do Pontal (SP), Eldorado (MS), Santa Luzia (MS) and Rio Claro (GO). Looking ahead, we believe in the success of the program, which is at the forefront of pricing carbon, representing effective action in the fight against global warming. It will drive an energy matrix for cleaner transportation and, consequently, improve the quality of the air in Brazilian cities and the life of society.

The initiative aims to foster the expansion of biofuel production and use in the domestic energy matrix while helping Brazil to meet its commitments under the Paris Agreement. Based on the national emission reduction targets, individual targets have been defined for fuel distributors who will have to acquire CBIOs issued by biofuel producers.

In the case of clean fuel producers, like Atvos, they can sell CBIOs based on voluntary certification of their production and validation by the ANP.

To do so, they will have to inform the quantity of CO<sub>2</sub> emitted by their entire production process, from preparation of the soil, to the planting of sugarcane, to the GHG emissions of the fleet used in the chain. Producers receive an energy efficiency score that determines how many liters of fuel are needed to avoid emitting a ton of CO<sub>2</sub> into the atmosphere. This figure is equivalent to a CBIO.



## How does RenovaBio work?



# Certification for RenovaBio

## Atvos in RenovaBio

### Key market player

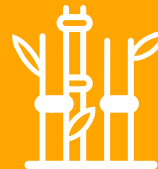
- Monitoring of regulatory aspects
- Forecast of revenues and results
- Hiring of an inspection company
- Leadership engagement and training
- Training for the teams at the hubs
- Area eligibility studies
- On-site visits
- ANP certification
  - Sending of documentation
  - Clarifications
  - Public consultation
- Creation of the RenovaCalc manual
- Setting up the Carbon Intensity (CI) reduction targets
- Access as a primary issuer to the CBIO – Serpro platform
- Issuance of pre-CBIOs



Certification of all units



Potential for issuing 2 million CBIOs in the 2020/2021 crop year



Eligibility of 98% (sugarcane plantation area considered for certification)



Average energy efficiency score of 60 gCO<sub>2</sub>/MJ



A decarbonization credit for every 787 liters of ethanol produced



### Ambiental

- Reduction in emissions and improvement in the quality of the air
- More biofuels in Brazil's energy matrix



### Social

- More quality of life
- Job creation (expansion of the biofuels sector)
- Incentives for technological innovation



### Economic

- Increase in energy security
- Predictability of investments in expanding the biofuels sector



**Business  
performance**




## Productivity in the fields

Guaranteeing productivity in the fields is a key driver for the performance of our business. That is why we are pursuing our constant and sustainable growth strategy by applying the best farming techniques, in addition to the vigorous participation of our partners in order to guarantee the volume and quality of the sugarcane.

In the 2019/2020 crop year, we further expanded the Sugarcane Suppliers Program in line with our strategy for optimizing our resources and maximizing the use of industrial assets. During the period, we had 47 suppliers who delivered 9.1 million tons of sugarcane, representing growth of 15% in comparison with 8.6 million tons delivered during the 2018/2019 crop year. | 102-10 |

To do so, R\$702 million were spent on sugarcane suppliers, an increase of 24% over the previous period, while R\$513.5 million were channeled to land partners. So, we ended the 2019/2020 crop year with 498,000 hectares cultivated, of which 68,000 were planted during the period, both on our areas and those of our partners. | 102-9 |

 [More information in Suppliers.](#)

Furthermore, during the crop year we also sought out technologies that optimize processes in the field and which have the potential for long-term cost reductions, such as the Cubo Project initially implemented in the Mato Grosso do Sul Hub in 2019/2020, with the prospect of expansion to others in 2020/2021.

**9.1**  
million tons  
of sugarcane  
from suppliers

**498,000**  
hectares  
cultivated



# Cubo Project

## What is it?

The *Cubo* Project aims for operational productivity gains by optimizing logistics in the sugarcane harvesting and transportation process. This is happening thanks to remote and centralized monitoring and control of the logistics cycle, 24/7, in a control tower.

Technology is making it possible to increase the productivity of the equipment – harvesters, tractors and trucks – by optimizing downtime in the harvesting and transportation process, which enables idle equipment to be withdrawn while reducing the per-ton cost of transported sugarcane.

## How does it work?

Monitoring by a control tower makes it possible to ascertain the deployment time of the equipment, the logistics cycle and all movements of the harvesters and, if necessary, correct routes via radio communication with the operator within the established limits. When the project was on the drawing board, a diagnosis was undertaken of the hours lost, thereafter making the proper adjustments to the operation for greater productivity in terms of agricultural performance.



## Improvements with the project

- Integrated management
- Standardized processes
- Better agriculture x industry integration
- Complete overview of the logistics cycle
- Automated truck scheduling
- Strategic, tactical and operational alignment
- Strategic decision making
- More productive equipment
- Cost reduction
- Reduction of greenhouse gas emissions (GHG)



## Results expected

- **R\$12.4 million** invested in stages
- Reduction of **29 harvesters**, equivalent to expenditures of **R\$19.3 million**
- Reduction of **58 transshipment tractors**, an impact of **R\$15.1 million** less expenditure
- **20% gain** in production hours since the project began



## Total Savings

- R\$34.3 million in savings
- R\$1.84/ton of sugarcane harvested
- Investment payback period of 0.6 year



It is worth pointing out that in recent years we have invested heavily in agronomic planning in the pursuit of a robust and feasible plan that respects the agronomic characteristics of each region. For each unit, we evaluate the risks and the ideal window for planting and harvesting the sugarcane. We have also used resources in the handling of chemical growth regulators, as well as in management and operational discipline.

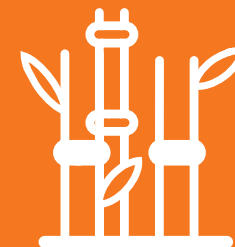
Within this context, monitoring the development of the crop takes place using unmanned aerial vehicles (UAVs) that afford a better understanding of the vegetation and soil conditions, monitoring the development of seedlings and

failures in planting and harvesting, identifying the presence of weeds and monitoring abnormal climate events, among others.

In addition, we are pursuing our quality-focused initiatives such as the *Cana + Forte* (Stronger Sugarcane) program designed for professionals working in the fields, with guidelines that must be followed in farming operations, and the Productivity and Quality Program (PQP) that factors in variables that include fuel consumption and stamping which affect productivity in the fields. It is also worth emphasizing that our harvesting operations are 100% mechanized, as is 96% of planting.

The initiatives undertaken in 2019/2020 and the coming to maturity of the processes and investments carried out in recent years have enabled us to advance in a crescent related to the sugar yields. During the period, we achieved a record total recoverable sugar performance (average ATR) of 133.6 kg/ hectare, representing an increase of 0.7% over the previous cycle, and we registered an average tonnage of sugarcane per hectare (TCH) of 65.9.

**Record  
sugar yield**





## Environmental management

Given the nature of our business, with the production of bioenergy and biofuels, we are aware of our potential for generating a positive impact because our activities and products contribute to the reduction of CO<sub>2</sub> in the atmosphere. Furthermore, our mills operate in the circular economy model by taking advantage of subproducts as inputs for production.

Besides, we mitigate possible adverse impacts through monitoring and initiatives spanning from cultivation to industry. Check out below our initiatives and how we manage environmental aspects.

### Responsibility during cultivation

**| 103-2 and 103-3: Effluents and waste |**  
**103-2 and 103-3: Environmental compliance |**

To ensure strong and productive sugarcane plantations, the responsibility for the crops begins by choosing the areas, respecting the legal limits established in Brazil's Forestry Code, preparing the soil by enrichening it and by preserving and restoring native vegetation whenever necessary.

Regarding fertilizers and inputs, we reuse subproducts generated in the production process in our farming activities- vinasse, wastewater, filter cake and ashes from biomass boilers – to contribute to eliminating waste disposal and reduce the costs of treating the soil.

To ensure that we comply with all legal requisites, we have a Vinasse Application Plan that includes respect for the environmental legislation of each state where we are present, in addition to requisites for operational planning.

In addition, we monitor possible vinasse leakages per ton of crushed cane to improve operational performance and reduce environmental vulnerability. Notwithstanding the greater number of leakages in relation to the previous crop year, the volume in 2019/2020, of 1,098 m<sup>3</sup>, was less than the 2,007 m<sup>3</sup> recorded in 2018/2019.

**| 304-2 | 306-3 | 307-1 |**

 See full information about environmental compliance and incidents in the GRI Appendix.

### Fire prevention

**| 103-2 and 103-3: Biodiversity |**

To mitigate the occurrence of fires and preserve areas of natural vegetation and fauna, our harvesting is 100% mechanized, and we do not engage in the habit of controlled fires for cutting sugarcane.

We work to guidelines and protocols for the safety of our operations using the *Atitude* System, which includes the farm fire Critical Activities Requisites (RAC) for preventing and fighting them.


 Find out more about the *Atitude* System in Members.

We train operators and firefighters who provide support in possible incidents, while all our units have fire teams and a fire truck on each harvesting front.

In the 2019/2020 crop year, we registered 23 fires that originated internally.







We continually monitor the conservation units and water sources at our plants


## Preserving biodiversity

| 103-2 and 103-3: Biodiversity | 304-1 |  
| 304-2 | 304-3 |

Bearing in mind the rural property areas in the Atvos Rural Environmental Register (CAR), land partners and sugarcane suppliers, we have a total of 207,414 hectares including areas of permanent preservation (APP) and Legal Reserves, as well as 15,848.7 thousand hectares of areas mapped out as protected or restored to create ecological corridors for dealing with animal species.

As the sugarcane plantation expansion areas are converted to grazing or farmland beforehand, there are no impacts that could alter the biodiversity existing in the region. Nevertheless, we continually assess the preservation areas and water resources at our plants through constant monitoring, in addition to awareness campaigns among our employees and the local communities about taking care of species to avoid roadkill and illegal hunting, and to conserve the biodiversity.

We also analyze the water quality in the areas directly influenced by the plants, as well as surveys of fauna, flora and other factors. Other initiatives involve a Vehicle Safety program to mitigate the risks of roadkill by limiting the speed of the machines, geo-referencing and incident monitoring.

 [More information can be found in the GRI Appendix.](#)

## Use of materials

| 103-2 and 103-3: Materials | 301-1 |

The key materials used in our operations, both in the fields and in the industry, are sugarcane, agricultural and industrial inputs and fuel.

In 2019/2020, a total of 27,841,298 tons of materials were used, of which 27,358 were from renewable sources. The total volume represents a slight reduction of 1.3% in relation to the amount consumed in 2018/2019, which was 27,233,191 tons. | 301-1 |

 [See the full table, broken down by type of material, in the GRI Appendix](#)



## Energy consumption

| 103-2 and 103-3: Energy | 302-1 |

Our operations are supplied internally through the production of our own electricity at our industrial units using biomass (sugarcane bagasse), a clean and renewable source.

During the crop year, we generated a total of 66,183,125 GJ from burning bagasse, corresponding to an energy matrix 97% of renewable sources. Total energy consumption in the period was 61,380,106 GJ, a reduction of 3.7% over the previous cycle. | 302-1 |

 Check out the full data in the GRI Appendix.


## Water catchment and consumption

| 103-2 and 103-3: Water | 303-1 | 303-3 |

Water is our main resource by quantity used to produce ethanol and electricity. As per environmental legislation, we draw water from rivers and underground wells, and we invest in recirculation systems to take advantage of it in our production process.

In the 2019/2020 crop year we drew a total volume of 34,387 thousand m<sup>3</sup> of water, down by 8.6% over the previous cycle, resulting from the stoppage of a turbo-generator at the Eldorado unit, which had been out of commission during the crop year since May. This resulted in lower consumption of water for the turbine's condenser system and, consequently, required lower water catchment.

All effluent generated at our plants is reused in our production process, as residual water is mixed with stillage for use in fertilized irrigation of the sugarcane plantations. In this respect, it is worth pointing out the higher volume of recirculated water during the period, of 17,169 thousand m<sup>3</sup>, accounting for 50% of total water catchment in the period and an increase of 4 p.p. over the previous crop year.

 See the full data on water consumption and reuse in the GRI Appendix.





## Waste management

| 103-2 and 103-3: Effluents and waste | 306-2 |

We are constantly striving to reduce the amount of waste we generate. **This crop year, the quantity we channeled to landfills was zero.** Total waste during the period was 4,855 tons, a reduction of 16.7% over the previous period. More than 98% of waste generated was co-processed, sold, reused or recycled. Revenue generated was R\$1,605,465, for total expenditure of R\$1,111,889, representing a 144% conversion to revenue.

 Full data can be found in the GRI Appendix.

In addition to awareness actions at the plants, other measures include cleaning and reusing oil drums; washing and separation of the contaminated parts of hydraulic oil hoses; we have also replaced rags with reusable towels at the internal workshop for contaminated waste.

## Management of emissions

| 103-2 and 103-3: Emissions | 305-1 | 305-2 | 305-3 | 305-4 | 305-5 |


Managing carbon and energy efficiency indicators are part of our planning, enabling us to actively contribute to the National Policy on Biofuels (RenovaBio). Through our business model we capture CO<sub>2</sub> from the atmosphere by changing the use of soil, thereby contributing to

reducing greenhouse gas emissions (GHG), and we avoid emissions by substituting fuels with ethanol.

In 2019, we emitted a total of 672,000 tCO<sub>2</sub>e, equivalent to 33 kg if CO<sub>2</sub>e per ton of crushed sugarcane, lower than the intensity of the emissions recorded during the previous crop year, of 36.4 kg tCO<sub>2</sub>e/tc. In addition, during the period we avoided issuing 5.6 million tCO<sub>2</sub>e by using ethanol produced and electricity exported. Indirect emissions from electrical energy consumption totaled 2.16 thousand tCO<sub>2</sub>e, against 1.69 thousand tCO<sub>2</sub>e in the previous period from energy consumption in the offseason period in the months between December and March 2019.

| 305-4 | 305-5 |

The indicators are monitored using the emissions inventory under the Brazilian GHG Protocol Program applied to data for the fiscal year, and another methodology developed by the State University of Campinas (Unicamp) specifically for the sugar-ethanol sector whose information is ascertained on a crop year basis.

 Information about RenovaBio can be found in Vision of the Future. To check the full tables of emission indicators, see the GRI Appendix.





## Performance in the sector

In the 2019/2020 crop year, we maintained our levels of operational excellence of the order of 86.8% of the overall efficiency within the sector, the result of having surmounted obstacles through effective maintenance planning and technical qualification of the teams at our industrial complex.

With a higher volume of sugarcane, and due to operational discipline, we ended the 2019/2020 crop year with a total of 26.9 million tons of crushed sugarcane, growth of 1% in comparison with the 2018/2019 cycle. We produced 2.14 billion liters of (hydrous and anhydrous) ethanol, in addition to 235,000 tons of VHP (Very High Polarization) sugar and we co-generated 2.8 thousand GWh of electricity from biomass.

The Total Corrected Yield (RTC), an indicator used in the sugar-ethanol sector to evaluate the efficiency level of industrial operations was 93.8% in the period, a performance 0.1% lower than the previous crop year.

We recorded 86.8% of the overall efficiency of the sector and we crushed 26.9 million tons of sugarcane







### Guidance on the product mix

In 2019/2020, given the increase of 13% in the ethanol prices and robust demand, the biofuel has shown itself to be more profitable than sugar throughout the entire crop year. Thus, we have directed our product mix to the production of ethanol, which has rendered the business more profitable.

For crop year 2020/2021, with the decline in ethanol prices in the wake of the dispute over oil prices, plus the appreciation of the currency rate, sugar is now providing higher compensation and tends to be the focus of production.

It is worth mentioning our ongoing monitoring of scenarios and prices of products.

We have a market intelligence area whose responsibility is to project the price curves for ethanol, sugar and electricity. To that end, there is a monthly analysis of the international scenario, oil and gasoline prices and exchange rate variances, among other factors affecting the price curves for ethanol and sugar. As a result, we are striving to ensure better accuracy in determining the products strategy for the crop year.



## Innovation and efficiency in the sector

In the 2019/2020 crop year we pushed ahead with our master plan for digital industry involving the implementation of 4.0 technologies for higher productivity. We have expanded advanced control to the extraction and crushing sectors by consolidating real-time simulation phases.

The *Fermentação + Viva* Program for employee awareness and engagement in adopting good practices for high-performance fermentation was broken down into details of eight fronts with opportunities for improvement.

We developed a personalized fermented sugarcane juice for Atvos, enabling us to guarantee the multiplication of the vertical and greater operational continuity of the process. Besides efficiency gains, there was a reduction in the downtime of the crushing process.

Another highlight was the evolution in extraction, particularly at the mills. Since 2014, in the sugarcane juice extraction process we have used high drainage sleeve technology on the mill rollers, which has afforded us consolidated efficiency gains

in extracting the juice, reducing the humidity of the bagasse and, consequently, the export of electricity.

## Logistics

At Atvos, the ethanol and sugar produced in our agroindustrial units are transported in safe manner. This is made possible by using a multimodal operating strategy (road, rail and pipelines), and we are striving to optimize quality in delivery to clients.

In the 2019/2020 crop year, facing cash generation challenges, we increased our sales volume by concentrating on a given period, supported by our logistics process, especially through the strong relationships we have built up with our partners in recent years.

## Certifications

Our products are certified to the most important standards of the sugar-ethanol sector, such as the International Renewable Energy Certificates, which qualifies us to issue and sell I-RECs to the market. Each I-REC is equivalent to 1 MWh of electricity produced from renewable sources. We have the capacity to sell, every crop year, 360,000 I-RECs through our Conquista do Pontal Unit (UCP).

Our other units display the seal of provably clean and renewable energy, *Energia Verde* (Green Energy) awarded by the Sugarcane Industry Union (UNICA). In addition, the UCP at the Polo São Paulo Hub is certified by Bonsucro™, the international standard based on social and environmental criteria for the production of sugarcane, as well as the International Sustainability and Carbon Certification (ISCC), a global initiative for supply chain sustainability.

We also comply with the requirements of the US Environmental Protection Agency (EPA) for ethanol production, which grants certification within the Renewable Fuel Standard (RFS2) Program in which we have five units<sup>1</sup>; and the Low Carbon Fuel Standard (LCFS) program run by the California Air Resources Board (CARB)<sup>2</sup>, which fosters actions for controlling atmospheric pollution and fighting climate change, for which two of our units have qualified.

1. Conquista do Pontal, Santa Luzia, Alto Taquari, Rio Claro and Morro Vermelho Units.

2. Conquista do Pontal and Alto Taquari Units.



# Economic and financial performance

## | 103-2 and 103-3: Economic performance |

During the 2019/2020 crop year we maintained our focus on the company's financial restructuring by deleveraging and adapting our capital structure to the reality of the sector. Maintaining operational discipline in the field and industry is fundamental to facilitating understandings with creditors, displaying credibility and surmounting each phase of the process.

We ended the period with net debt of R\$11,761 billion, and our cash generation from operations stood at around R\$1,034 million, which represents growth of 47% over the previous crop year. During the cycle, we attained a total net income of R\$4.5 billion, exceeding the R\$4.3 billion of the previous crop year, and an Adjusted EBITDA of R\$1.5 billion.

## ECONOMIC AND EQUITY INDICATORS (R\$ MM)

| Key indicators             | 2019/2020 | 2018/2019 | 2017/2018 |
|----------------------------|-----------|-----------|-----------|
| Net revenues               | 4,549     | 4,281     | 4,243     |
| Corporate Ebitda           | 1,893     | 1,497     | 1,585     |
| Adjusted corporate Ebitda* | 1,524     | 1,497     | 1,576     |
| Total assets               | 16,690    | 15,144    | 15,810    |
| Shareholders' equity       | 1,065     | 3,167     | 4,823     |
| Net debt                   | (11,761)  | (10,359)  | (9,325)   |
| Net debt/Ebitda            | 7.7x      | 6.9x      | 5.9x      |
| Net debt/Equity            | 92% / 8%  | 77% / 23% | 66% / 34% |

\* EBITDA without fair value of our biological assets, AVM of inventories and CPC 06 (IFRS 16) on farming partnerships.

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

| Direct economic value generated                        | 2019/2020        | 2018/2019        | 2017/2018        |
|--|------------------|------------------|------------------|
| Sales of goods, products and services                  | 5,028,105        | 4,751,862        | 4,737,135        |
| Inputs acquired from third parties                     | (1,825,015)      | (1,987,944)      | (1,821,096)      |
| <b>Gross value added</b>                               | <b>3,203,090</b> | <b>2,763,918</b> | <b>2,916,039</b> |
| Depreciation, amortization and depletion               | (1,862,591)      | (1,546,767)      | (1,416,442)      |
| <b>Net value added</b>                                 | <b>1,340,499</b> | <b>1,217,151</b> | <b>1,499,597</b> |
| Value added received in transfers                      | 160,390          | 147,734          | 100,374          |
| <b>Total value added to be distributed</b>             | <b>1,500,889</b> | <b>1,364,885</b> | <b>1,599,971</b> |
| <b>Economic value distributed</b>                      | <b>1,500,889</b> | <b>1,364,885</b> | <b>1,599,971</b> |
| Personnel and charges                                  | 752,224          | 770,376          | 792,861          |
| Government and society (taxes, fees and contributions) | 690,864          | 597,984          | 510,762          |
| Assignment of tax losses (federal taxes)               | (75,166)         | 9,857            | (1,430,874)      |
| Creditors (interest and leases)                        | 1,572,014        | 1,453,757        | 1,233,518        |
| Income (loss) for the year                             | (1,493,047)      | (1,467,089)      | 479,393          |
| Minority interests                                     | -                | -                | 14,311           |



## Investments

Total investments during the crop year were R\$933 million, including expenditure with crop treatments of the ratoon cane, a reduction of 11% over the previous crop year. The resources were especially designated for sugarcane planting, which contributed to boosting the capacity of the industry and the company's deleveraging.

Looking ahead to the next crop years, having approved the judicial reorganization plan, our objective is to achieve maximum crushing capacity at all our agroindustrial units by investing in renewing and expanding the plantations and in technologies that optimize our operations.

 [More information in Productivity in the fields.](#)

| Investments (R\$ millions)         | 2019/2020 | 2018/2019 | 2017/2018 | (%) Variance<br>2019/2020 x<br>2018/2019 |
|------------------------------------|-----------|-----------|-----------|--|
| Crop formation                     | 346       | 435       | 449       | -20%                                     |
| Farming                            | 65        | 95        | 61        | -32%                                     |
| Industrial                         | 80        | 74        | 48        | 8%                                       |
| Administrative                     | 1         | 7         | 8         | 0%                                       |
| Divestments                        | (0)       | (1)       | (2)       | -88%                                     |
| <b>Net investments</b>             | 492       | 610       | 566       | -19%                                     |
| Crop Handling (TC)*                | 442       | 435       | 427       | 1%                                       |
| <b>Net investments<br/>with TC</b> | 933       | 1,045     | 993       | -11%                                     |

\* Cash overview.

 [Check out our full Financial Statements.](#)





**Value  
relationships**



# Employees

| 103-2 and 103-3: Employment | 401 |

We ended the crop year 2019/2020 with 10,038 employees, of whom 8,576 are men and 1,462 women, the same gender percentages as the previous year. Our turnover rates also remained stable in comparison with the latest cycles. When added to our 4,822 contractors, our workforce stands at 14,860 people.

| 102-8 |

 See all figures in the GRI Appendices.

Our human capital was especially challenged in 2019/2020 with the commencement of the judicial reorganization process. But with the support of leaders engaged in conveying our values, and proactive in the development and recognition of the team, all our agroindustrial units maintained sound results, exceeding expectations and those of the previous crop year.

We put a lot of hard work into overcoming the difficulties in hiring and prioritizing local labor: we have attracted people who identify with our business and we have strengthened our corporate culture among all employees, creating a workforce that has a sense of belonging to the company. During the period, our employees were fully engaged in adopting the COVID-19 Contingency and Prevention Plan, as well as all the measures we had adopted at the onset of the pandemic.

 More information in COVID-19.

These and other successful results in the Atvos Personnel and Organization area reflect our People Policy, as well four other guidelines – Compensation; People Management; People Identification and Movement; and People Development – and seven procedures with guidance on how our employees and managers should behave.

## Communication

In the case of the relationship with our stakeholders and all groups mapped out in our ecosystem, we have an extensive communication program for managing our image and reputation based on transparency and ethics. We provide our employees with digital (WhatsApp, intranet, website, social networks and corporate TV) and non-digital (notice boards, leaflets and publications) communication channels updated with the appropriate language and content for each platform and audience.

In addition, in partnership with nine local radio stations we air a daily Minuto Atvos program with public utility information and the potential to reach four million people in the cities where we operate. Atvos was mentioned by the press in 3,991 articles, of which 13% were the results of positive disclosures about our operations.

In the crop year, we were acknowledged as the fourth best company for People Management at the *Valor Carreiras* 2019 Supplement awards in the “7,001 to 17,000 employees” category. In the overall ranking, we were among the best 35 companies in Brazil. The joint survey undertaken by the *Valor Econômico* newspaper and human resources consulting company Mercer acknowledges companies with efficient people management practices. Our ranking was the result of a survey carried out among 960 of our employees covering the following aspects: culture of integrity, organizational agility, responsible leadership, attractive careers and prosperous individuals.



**Valor  
Carreiras Award**



In the case of diversity and inclusion – values that are important to Atvos – we continue to face the challenges existing within the sugar-ethanol sector, especially where gender issues are concerned. So, we have proceeded with our Gender Equality Promotion Plan, which made progress amid discussions during the crop year and which, in October 2019, saw us embrace the commitment to the Women Empowerment Principles (WEPs) conceived by UN Women and the Global Compact. | 102-12 |

Moreover, we carried out a new diagnosis based on the indicators and mapped actions to be undertaken in the 2020/2021 cycle, which include training for women in the local community and a cross-section in the Individual Development Plan to monitor the career of women in our operations.



## Commitment to gender equality



### Human rights and gender equality | 103-2 and 103-3: Safety policies | 103-2 and 103-3: Evaluation of human rights | 410-1 | 412-1 |

Grounded in a humanist philosophy, the pillars of our People Policy are: ethical, honest and transparent behavior; health and safety within and outside the company; diversity; career; succession; and the future. All actions are supported by our conviction towards valuing human beings, a key pillar of our business culture.

Although our Diversity Policy is under development, in relation to human rights 100% of our operations are submitted to impact analyses or

assessments involving human rights based on our Code of Conduct, which also applied to all the operations of our sugarcane suppliers as per our Stronger Partners Program.

Last year, we dedicated 4,400 man-hours to training on human rights-related policies and aspects. Issues covered included fighting drugs and the sexual abuse of children, about which annual training is given at the production units in Mato Grosso do Sul in accordance with state legislation.

#### EMPLOYEES TRAINING IN POLICIES AND PROCEDURES INVOLVING GENDER-RELATED HUMAN RIGHTS | 412-2 |

|  | 2019/2020 | 2018/2019 |
|--|-----------|-----------|
| Total number of hours allocated to training in human rights policies or procedures regarding aspects of human rights that are relevant to our operations | 4,400     | 4,646     |
| Percentage of employees trained in human rights policies or procedures regarding aspects of human rights that are relevant to our operations             | 3.12%*    | 5.11%     |

\* Part of the training sessions have specific content, and annual recycling is not required, thus the reduction in man-hours over the previous crop year, reflecting the maturity of the system.



A photograph of a worker in a blue uniform and safety glasses operating a vehicle, likely a harrow or similar agricultural machinery. The worker is seen from the side, focused on the controls. A rearview camera is mounted on the vehicle, showing a live feed of the worker's face. The background is a field of dry grass under a bright sky.

We have initiated a succession program designed to prepare leaders for our operations, and we have systematized the technical qualification for those operations

### Development and careers | 103-2 and 103-3: Training and education |

At Atvos, every professional has an opportunity to pursue their own development, combining the strategic objectives of the business with their personal objectives and those for their career. Our employees are guided by values and beliefs expressed in our Business Culture whose base rests on an enterprising spirit and the ability to positively influence the actions for planned delegation.

To do so, our Action Program (PA) channels team development through five phases: planning, pact, monitoring, assessment and judgment. With the objectives and targets that each employee has to attain, the PA is drawn up with the support of the leader, through open and transparent dialog, in addition to monitoring of strategic indicators.

During the cycle 1,311 employees were transferred to new positions, whether promotions or opportunities in other areas.

In 2019/2020, we initiated a succession program designed to prepare leaders for our operations. We have also systematized the technical qualifications for the operations. Using technology for training purposes, we are striving to obtain volume in courses and absorption of content, as well as capillarity, where training takes place at the point of operation. Digital content will be included in the 2020/2021 cycle.

Also on the operations side, we have continued internal training sessions in partnerships with specific suppliers of equipment for the activities of the sugar-ethanol industry. The highlight of these partnerships is the one with the institutions of the “S” System (The National Industrial Apprenticeship Service – Senai, the Social Service for Industry – Sesi and the National Rural Apprenticeship Service – Senar).

## Young people in the spotlight

Besides investing in training for operations employees, we have also continued with programs designed for young people. The *Atvos Programa Jovem* (Youth Program) designed to accelerate the maturity of young leaders, with a one-year duration, took on 14 participants. Through the *Acreditar Júnior* (Believing in Young People) program, we are training and developing young apprentices aged between 17 and 22, providing them with professional training in partnership with Senai/Senar during cycles of up to one and

a half year, during which these young people learn the theory and practice of new professions. In all, there are 262 young people participating in our apprentice, internship, trainee and young leaders programs.

Under the Believing in Diversity Program we are working on inclusion and equality, training women and persons with disabilities to expand their opportunities for entering the labor market. The training programs come under the aegis of the Social Energy program.

 [More information in Communities.](#)

### AVERAGE HOURS OF TRAINING PER EMPLOYEE, GENDER AND FUNCTIONAL CATEGORY\* | 404-1 |


|                           | 2019/2020   |             | 2018/2019   |             | 2017/2018   |             |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                           | Men         | Women       | Men         | Women       | Men         | Women       |
| Officers                  | 6.7         | 4.0         | 6.4         | 12.8        | 6.1         | 11.0        |
| Managers and Coordinators | 20.1        | 12.5        | 31.8        | 19.3        | 32.1        | 33.0        |
| Technical Personnel       | 49.0        | 35.3        | 36.9        | 83.0        | 51.0        | 33.4        |
| Administrative            | 14.9        | 10.6        | 28.4        | 19.9        | 23.9        | 21.3        |
| Heads of operations       | 70.7        | 49.1        | 79.5        | 52.5        | 75.1        | 77.2        |
| Operations/Production     | 66.8        | 67.9        | 68.9        | 61.4        | 64.5        | 58.7        |
| Maintenance               | 30.5        | 41.1        | 38.5        | 33.3        | 43.4        | 38.2        |
| Others                    | 54.6        | 61.2        | 76.3        | 22.2        | 137.8       | 150.3       |
| <b>TOTAL</b>              | <b>55.4</b> | <b>43.8</b> | <b>60.2</b> | <b>43.9</b> | <b>59.2</b> | <b>51.2</b> |

\* Includes employees, apprentices and Young Partners.

## Suppliers | 102-9 |

Our sugarcane supply chain consists of agricultural partners comprising our Stronger Partners Program, one of the key initiatives for ensuring our productivity in the field and meeting the capacity of our industrial units.

This link also consists of suppliers of materials and services like inputs, agricultural operations services, repair materials, logistics services and facilities. In 2019/2020, we had 2,266 registered suppliers with invoicing of around R\$2 billion.

 Check out the table of suppliers, by state, in the GRI Appendix.

Also, almost 100% of our area designated for planting is leased, which generates significant revenue for the local economies.



## Health and safety

| 103-2 and 103-3: Occupational health and safety | 403-1 | 103-2 and 103-3: Safety practices |

Notwithstanding the favorable benchmark, safety is a permanent objective at Atvos. The performance indicators referring to Health, Safety and the Environment (HSE) are monitored by our senior management in order to maintain an updated action plan, with constant improvements being undertaken.

In operation since 2013, our robust HSE management system, *Atitude*, instructs all employees and contractors to act in a structured and standardized manner to properly identify and manage risks in the search for zero losses, whether involving personnel, the environment or material.

Each year, the units undergo an internal audit headed up by the corporate HSE team with the participation of employees from all areas in an across-the-board approach. These assessments verify adherence to corporate standards while monitoring the evolution of the processes at each unit, in addition to fostering the exchange of good practices. Their results, as well as the attainment of targets and the evolution of the management system, the healthcare programs and the requisites for critical activities have a direct impact on the variable compensation plans of the leadership.

The *Atitude* System garners documents organized on four levels:

### Atitude System | 403-1 |



**Level 1 – Manual:** introduces the structure of the management system, the company and its key normative benchmarks.



**Level 2 – Dynamic Organization (OD) work procedures and instructions:** define the procedures and how to apply them in the production process of each agroindustrial unit.



**Level 3 – Local work instructions** developed for each agroindustrial unit, they provide details on how to operationalize corporate procedures to comply with the company's macro guideline.



**Level 4 – Records:** document with records of the objective evidence of management system implementation.

## Identification, investigation and prevention of process risks | 403-2 | 403-7 |

Risks are identified using the Activities Risk Analysis Prevention Tool crafted by a multidisciplinary team consisting of at least one trained representative of the HSE and a member of the area familiar with the activity to be undertaken.

The industrial process risk studies are reviewed at least every five years by a team led by a properly qualified process engineer. In case of changes in the process or incidents, this period may be brought forward. The HSE results undergo a critical analysis every six months, with the participation of senior management who, thereafter, redefine structuring actions for results to evolve and to enhance internal processes.

We also have the Golden Rules that emphasize the minimum essential procedures and conduct for preventing accidents. They ensure that employees and contractors can refuse to undertake any activity for which they have not been trained

or about which they feel insecure. They also emphasize the prohibition on any kind of improvisation when using tools or personal protective equipment (PPE), which makes it mandatory to notify management about any risk condition.

Where our commercial operations are involved, the greatest risk lies in the possibility of accidents involving end-product logistics, precisely ethanol. As a preventative measure we only work with companies that are qualified and certified to transport hazardous products. We have an agreement with a company specialized in emergency response, 24 hours a day, and we have developed an Emergency Response Plan consisting of prevention, operational management and emergency management initiatives.

The logistics operations providers and their teams (transport and off-site storage) are trained, monitored and periodically evaluated as per the HSE requisites of each activity.

All HSE incidents must be immediately reported to the heads of all units. This measure is enshrined in the corporate procedures determining that alerts be issued and disclosed in the HSE Daily Dialogs to all employees, not to mention the monthly HSE meetings of the areas. Incidents are also monitored and discussed on the agenda maintained in different committees:

- **Senior Management HSE Committees:** consisting of Superintendents, Officers and the President; they meet every six months..
- **Unit/Hub HSE Committee:** consisting of area managers; it meets at least once every two months.

## Communication

| 403-4 |





## Occupational health

| 103-2 and 103-3: Occupational health and safety | 403-3 | 403-6 | 403-8 |

The Occupational Health Medical Control Program (PCMSO) exists at all our units and partner companies to protect the lives of our employees. All hubs have a specialized occupational healthcare service with teams consisting of an occupational physician, an occupational nurse, a nursing technician and ambulance drivers.

The PCMSO covers 100% of our employees and 2,400 partners, as well as the 500 or so input and end-product drivers. Audited on an annual basis by an occupational physician, the program is monitored using tools and targets for each initiative to avoid all and any type of loss.

### IMPLEMENTATION PERCENTAGE OF THE PCMSO PROGRAMS | 403-3 |

| Structuring programs | 2019/2020 | 2018/2019 | 2017/2018 |
|----------------------|-----------|-----------|-----------|
| Atvos Results        | 90%       | 86%       | 86%       |
| Atvos Targets        | 93%       | 90%       | 85%       |

We also have an Economic Program and a Sleep Program designed for employees that drive company vehicles at night.

Created during the 2018/2019 crop year to evaluate those employees susceptible to fatigue and drowsiness at work, the Sleep Program was extended during the 2019/2020 cycle to include employees who are not drivers but use the vehicles to get around their work positions at night. More than 2,000 employees underwent the evaluation, 17 of whom showed a predisposition to drowsiness. They were all transferred to the day shift to ensure their safety. The program also involves dietary guidance and education for employees with high BMI.

## Sleep Program

| 403-2 |



Besides the specialized medical service at all units, with a qualified team and private medical plan for employees and their family members, several units have implemented the *Sempre Ativos* (Always Active) program for employees and the community. The initiatives include talks about healthy eating, bioimpedance exams, guidance from dietitians, quick massage and sports.



### Qualified and aware | 403-5 |

The *Attitude* System includes employee training on issues involving occupational health and safety. To that end, managers and the HSE area are continually working together to identify those activities that require specific skills and training, such as forklift operators or electricians. The same requisites apply to our partners, who are authorized to work on the company's premises only after having completed all mandatory training. All visitors receive explanations about the precautions they have to take during their visit to avoid harming people, the facilities or the environment.

The HSE training and qualification process underwent a general revision to adapt workloads, frequencies and the target audience of each training, maintaining only the group strictly necessary.

Within this new scope, we have computed around 334,000 man-hours of safety training and over 220,500 man-hours of training intended for each function (in work instructions and operating procedures for the areas).

It is worth pointing out that where training in Critical Activities Requisites do not meet the legal requisites such as training in Work Permits, work in close proximity to power lines, energy blockage and vehicle safety, we also trained our partners, thereby increasing by 25% the training man-hour indicators.

### WORKER TRAINING IN OCCUPATIONAL HEALTH AND SAFETY | 403-5 |

| Man-hours worked/trained                                   | 2019/2020 | 2018/2019 |
|--|-----------|-----------|
| Fires – brigade – escape routes                            | 60,281    | 53,173    |
| Dangerous power blockage                                   | 22,397    | 31,166    |
| Operations close to power lines                            | 9,392     | 12,923    |
| Protection and operation of agricultural equipment – NR 12 | 5,762     | 6,520     |
| Vehicle safety and the Sleep Program                       | 16,375    | 15,690    |



## Analysis tool

Our indicators are rigorously ascertained as they are an important tool for analysis and for the company to take decisions. During the latest crop year, we noticed an increase in the number of incidents involving partners, with two fatal accidents during transportation of sugarcane. Such a fact, unprecedented in the company's history, exposed the need to strengthen both the Sleep Program and the management of the Vehicle Safety Program regarding deviations from speed limits.

We have undertaken an extensive action with all our transport partners to eliminate the vulnerabilities detected. Regarding fatalities, we monitor the investigations of the contractors by also involving a third-party impartial expert to discover the causes and craft an action plan. In both situations, we verified the support that the contractors provided to the drivers' families, arranging insurance and other necessary support.

## WORK-RELATED INJURIES | 403-9 |

| All workers   | 2019/2020                     |      | 2018/2019   |      |
|---|-------------------------------|------|---|------|
|   | Number                        | Rate | Number  | Rate |
| Deaths arising from work-related injuries   | 0                             | 0    | 0   | 0    |
| Serious work-related injuries (excluding deaths)  | 2                             | 0.09 | 3   | 0.13 |
| Registered work-related injuries  | 23                            | 1.07 | 45  | 2.2  |
| Type of work-related injuries   | Fractures, crushing and burns |      | Fall from a different level, burns and crushing   |      |
| Number of hours worked  | 21.387.283                    |      | 22.275.987,42                                     |      |
| Workers who are not employees, but whose work and/or workplace is controlled by the company | Number                        | Rate | Number  | Rate |
| Deaths arising from work-related injuries   | 2                             | 0.19 | 0   | 0    |
| Serious work-related injuries (excluding deaths)  | 0                             | 0    | 0   | 0    |
| Registered work-related injuries <sup>1 and 2</sup>   | 11                            | 1.03 | 6   | 0,51 |
| Type of work-related injuries   | Fractures and strains         |      | Vehicle accidents and fall from a different level |      |
| Number of hours worked  | 10,649,874                    |      | 11,659,617.38                                     |      |

1. The severity rate, as well as the accident rate consists of a calculation base that takes into account the man-hours worked; nevertheless, in this indicator the numerator used is the sum of the days lost/recovery plus the days debited as per NBR 14280 in the case of incapacitating injuries.

2. Absenteeism: Atvos monitors the number of days lost through medical certificates of less than 15 days' medical leave for every thousand employees. In the crop year 2019/2020, the number of days lost fell from 164 to 154.

| 403-3 |



## Stronger Partners

Figures for 2019/2020:

**9.1**

million tons of  
sugarcane delivered  
by partners

An increase of

**15%**

over the  
previous cycle

**1,354**

contracts with  
land partners

**47**

sugarcane  
suppliers

**R\$513.5**

million allocated to  
1,121 land partners

**R\$702**

million allocated to  
sugarcane suppliers

**24%**

over the  
previous crop

### Benefits of the program

High production capacity that  
contributes to topping up the  
capacity of the mills

Supplier selection based on robust diligence  
processes that take into account social and  
environmental aspects, productivity and the  
supplier's track record

Deleveraging of the company  
and optimization of resources

Mitigation of financial  
risks and price volatility  
with outsourcing

Mitigation of exposure to  
climate risk since we  
manage smaller areas



## Responsibility in the supply chain

**| 103-2 and 103-3: Supplier environmental assessment | 103-2 and 103-3: Social evaluation of suppliers | 308-1 | 308-2 | 408-1 | 409-1 | 414-1 | 414-2 |**

When managing our suppliers, we are very diligent in identifying, hiring and maintaining our relationship with partners based on technical, professionals and social and environmental criteria.

Through the Stronger Partners Program, besides monitoring productivity and fulfilment of the contracts we have a Commitment to Sustainability in the Sugarcane Chain drawn up based on the ten principles

of the Global Compact. The guiding light in our relationship with those suppliers, the commitment strengthens the producers' involvement on issues regarding human rights, combating child labor and degrading conditions, preserving natural areas, anti-corruption and compliance with the law. **| 103-2 and 103-3: Child labor | 103-2 and 103-3: Forced labor or labor analogous to slavery |**

## Supplier selection and monitoring

**| 103-2 and 103-3: Supplier environmental assessment | 103-2 and 103-3: Social evaluation of suppliers | 102-43 | 308-1 | 308-2 | 407-1 | 408-1 | 409-1 | 411-1 | 412-1 | 414-1 | 414-2 |**

In line with our commitment to sustainable development in all links of our value chain, our suppliers are subjected to selection processes that include social and environmental criteria and monitoring throughout the entire period of the agreement.

As part of the Stronger Partners Program, 100% of our sugarcane suppliers undergo a due diligence process carried out by the Compliance Area. Thereafter,

visits are made by an Atvos multidisciplinary team consisting of employees from the People and Organization, Legal, Healthcare, Safety and the Environment areas, led by the managers of the Partnerships & Alliances areas. On these occasions, a checklist is used that includes social and environmental issues covering issues like community areas, storage of agricultural chemicals, among others.

After they are hired, every six months we undertake a Round of Agriculture Partner Sustainability Verification during which we assess the adherence of their activities to the Sugarcane Supply Chain Sustainability Procedure, an internal document that provides guidance on requisites related to good practices. The partnerships teams at each hub also make follow-up visits during the crop season.

**Round of  
Agriculture Partner  
Sustainability  
Verification | 102-43 |**



Our suppliers are also submitted to a certification process involving due diligence acceptance of our Code of Supplier's Ethical Conduct. They respond to a questionnaire about environmental, social, labor and compliance criteria. The process is applied to the entire supplier base and is valid for 12 months. They are also periodically assessed, and the information is checked annually.

After suppliers sign the agreement, we have an agenda of annual visits to monitor them. During the effectiveness of the agreement, if any irregularity or failure to abide by the good practices we have established is detected, the partner/supplier will be notified and will suffer the sanctions provided for in the contract which include, as a last resort, termination.

Our due diligence process focuses on issues involving reputation, assessed from negative media reports or other public sources, and the following items are considered: involvement in crimes such as corruption, money laundering, criminal organizations, human rights violations; and whether the supplier is or has been indicated/imposed by a government official, politically exposed person or close relative.

The sources researched include blacklists (identifying convictions involving human rights) and labor courts where we have access to important lawsuits of this nature where the supplier appears as defendant.

When certifying outsourced partners, the Supplies area also requires presentation of a Labor Law Debt Clearance Certificate (CNDT) and a Certificate of Good Standing with Contributions to the Unemployment Compensation (FGTS) in cases where outsourced employees are in the service of Atvos.

In addition, before suppliers are contracted they must declare that they do not use child labor and/or labor analogous to slavery, and they commit to adopting best labor practices.

It should be pointed out that during the period no social and environmental risks were identified at our partners. Nor were there any cases of violation of the right to freedom of association and collective bargaining; violation of workers' rights and those of the indigenous peoples, or incidents of child labor or labor analogous to slavery.

**| 103-2 and 103-3: Freedom of association and collective bargaining |  
103-2 and 103-3: Child labor | 103-2 and 103-3: Forced labor or labor  
analogous to slavery | 103-2 and 103-3: Rights of indigenous and  
traditional people | 103-2 and 103-3: Assessment of human rights |**



## Due diligence process

| 308-1 | 308-2 | 407-1 | 408-1 | 409-1 | 411-1 | 412-1 | 414-1 | 414-2 |



## Improvements to the Supplies area | 102-10 |

Besides the SAP integrated management system, in the crop year 2019/2020 we introduced the Electronic Market (ME) Suppliers Relationship portal to ensure greater transparency when contracting. Suppliers can use the tool to view requests for quotations, to answer and check purchase orders. The platform is more interactive and intuitive and can be accessed from anywhere via the internet.

During the period we completed the implementation and stabilization of the SAP ERP (Enterprise Management System), which migrated to a groundbreaking technology platform in the industry, SAP 4Hana, by integrating specialist systems covering the Commercial, Logistics, Industrial, Agricultural, Administrative, Financial and People areas.

During the crop year 2019/2020 we inaugurated the Electronic Market, a suppliers' relationship portal



A man wearing a blue long-sleeved shirt, a blue cap, and safety glasses is working in a sugarcane field. He is crouching down, touching the sugarcane stalks. The field is filled with tall, green sugarcane plants. In the background, there are some buildings and a clear sky.

We concluded the regulation process of RenovaBio, whose aim is to expand production and use of biofuels in the national energy matrix

## Institutional and governmental relations

| 102-12 | 102-13 | 102-43 |

In the crop year 2019/2020, we continued to engage with key business and sector entities at the federal and state levels, as shown below:

- We integrated the work of the deliberative councils and governance of the Ethanol Manufacturing Industry Union of the state of Goiás (SIFAEG), the Sugar and Ethanol Industries Union of the state of Mato Grosso (Sindalcool-MT), UNICA and the chairmanship of the board of the Bioenergy Producers' Association of Mato Grosso do Sul (Biosul).
- We are represented at the office of the president of the National Bioenergy Union (UDOP); in the composition of the Sugar and Alcohol Production Chain Sector Chamber of the Ministry of Agriculture, Livestock and Supply (Mapa); on the Ethanol Supply Monitoring Commission (CMAE) of the Ministry of Mines and Energy (MME); and on the executive board of the National Sugar and Energy Forum (FNS).

- We are accompanying the discussions within the remit of the National Confederation of Industry (CNI), the Brazilian Confederation of Agriculture and Livestock (CNA), the Brazilian Agribusiness Association (ABAG), the Parliamentary Fronts for Agriculture and the Appreciation of the Sugar and Energy Industry within the National Congress, the Pensar Agro Institute (IPA), the Industrial Development Studies Institute (IEDI) and the Ethanol Supply Monitoring Committee (CMAE).

The highlights of the crop year include the conclusion of the regulation process of RenovaBio, whose aim is to expand production and use of biofuels in the national energy matrix. Under the Paris Accord we are committed to contributing to the reduction in GHG where the target for participant countries is to achieve a 37% reduction by 2025 in relation to 2005 levels.

 [More information in Vision of the future.](#)





## Communities

| 103-2 and 103-3: Indirect economic impacts | 103-2 and 103-3: Local communities | 103-2 and 103-3: Social and economic compliance | 203-1 | 203-2 | 413-1 | 419-1 |

### Local development

| 102-43 | 203-1 | 203-2 | 413-1 |

In the four states where we are present, we operate to collaborate in creating a positive impact on the municipalities and communities through employment opportunities, economic development and social change. Our priority is to hire employees locally and, in the crop year 2019/2020, we employed 10,038 people who contribute to renewing tomorrow through clean renewable energy.



**Direct  
jobs  
generated**

**1,034**  
Mato Grosso

**2,890**  
Goiás

**3,874**  
Mato Grosso  
do Sul

**2,240**  
São Paulo

Besides direct employment, we stimulate the local agriculture-based economies by developing local suppliers and service providers, as well as generating revenue for landowners through lease. These operations generate substantial employment and revenue, which benefits the inclusion of sugarcane as an important regional crop.

In the crop year 2019/2020, revenue generated through agricultural partnerships amounted to R\$1,215 million, of which R\$513 million from agricultural partnerships and R\$702 million from supply of sugarcane. This affected 1,121 agricultural partners and 52 sugarcane suppliers.



Revenue generated from agricultural partnerships amounted to R\$1,215 million during the year, impacting 1,173 partners

#### PRODUCERS AFFECTED – AGRICULTURAL PARTNERSHIPS 2019

| Hub                | Unit | Leases (millions) | Supply of sugarcane (millions) | Total (millions) |
|--------------------|------|-------------------|--------------------------------|------------------|
| Goiás              | URC  | 61.5              | 101.3                          | 162.9            |
| Araguaia           | UMV  | 46.1              | 71.7                           | 117.9            |
|                    | UAE  | 27.8              | 89.2                           | 117.0            |
| São Paulo          | UAL  | 20.4              | -                              | 20.4             |
|                    | UCP  | 71.1              | 80.6                           | 151.7            |
| Mato Grosso do Sul | UEL  | 69.9              | 103.6                          | 173.4            |
|                    | USL  | 101.5             | 97.3                           | 198.8            |
| Taquari            | UAT  | 53.4              | 85.6                           | 139.0            |
|                    | UCR  | 61.7              | 72.4                           | 134.2            |
| <b>TOTAL</b>       |      | <b>513.5</b>      | <b>701.7</b>                   | <b>1,215.2</b>   |

#### PRODUCERS AFFECTED – AGRICULTURAL PARTNERSHIPS 2019

| Hub          | Unit | Lease/Land partnership (no. of contracts) | Lease/ Land partnership (Individual Tax ID) | Supply of sugarcane | Total        |
|--------------|------|---|---|---------------------|--------------|
| Goiás        | URC  | 161                                       | 142   | 5                   | 147          |
| Araguaia     | UAE  | 133                                       | 116   | 6                   | 122          |
|              | UMV  | 139                                       | 112   | 5                   | 117          |
| São Paulo    | UCP  | 277                                       | 271   | 6                   | 277          |
|              | UAL  | 46  | 42  | 0                   | 42           |
| Eldorado     | UEL  | 111                                       | 54  | 7                   | 61           |
| Santa Luzia  | USL  | 215                                       | 162   | 5                   | 167          |
| Taquari      | UAT  | 83  | 77  | 7                   | 84           |
|              | UCR  | 189                                       | 145   | 11                  | 156          |
| <b>TOTAL</b> |      | <b>1,354</b>                              | <b>1,121</b>                                | <b>52</b>           | <b>1,173</b> |



## Municipal Development Index (IDM)

We monitor the development of the municipalities where we are located using the FIRJAN Municipal Development Index (IFDM), a study by the FIRJAN System that monitors on an annual basis the social and economic development of all of

the five thousand plus Brazilian municipalities in three study areas: employment and income; education; and health. Created in 2008, it is based solely on official public statistics provided by the Ministries of Labor, Education and Health.


### IDM OF THE MUNICIPALITIES WHERE ATVOS OPERATES

| Hub         | Municipality            | Growth in the last ten years (%) | IFDM (base: 2016) |
|-------------|-------------------------|----------------------------------|-------------------|
| Araguaia    | Mineiros                | 18.5%                            | 0.77              |
|             | Perolândia              | 9%                               | 0.70              |
| Taquari     | Costa Rica              | 15%                              | 0.79              |
|             | Alto Taquari            | 9%                               | 0.70              |
| São Paulo   | Teodoro Sampaio         | 14%                              | 0.71              |
|             | Mirante do Paranapanema | 20%                              | 0.71              |
| Goiás       | Caçu                    | 6%                               | 0.70              |
|             | Cachoeira Alta          | 31%                              | 0.75              |
| Santa Luzia | Nova Alvorada do Sul    | 7%                               | 0.73              |
| Eldorado    | Deodópolis              | 23%                              | 0.70              |
|             | Glória de Dourados      | 19%                              | 0.67              |

All municipalities bordering our operations exhibit an IFMD considered as moderate development. Among them, worthy of note is Costa Rica, with 0.01 p.p., which classifies it as high development.

The potential risks in the local communities are included in our consolidated Corporate Risks Matrix. We continually monitor and mitigate these aspects to contribute both to the company's good relationship with local populations, and its institutional reputation.

 [See information in Risk Management.](#)

Among the steps taken, worthy of note is the Social Energy program presented below, which prioritizes our social investments in the municipalities in a participative and inclusive manner.  [See information about social and economic compliance in the GRI Appendix.](#)

**| 413-2 | 419-1 |**





## Private Social Investment

| 102-43 | 203-1 | 413-1 |

To contribute to social development and transformation, our operations within the communities embrace a participative management model involving Atvos, and the local communities and governments in defining and addressing the key demands of the municipalities as they strive for local development. The issues attracting most attention are education (basic, vocational and environmental), development of production activities, culture, health, safety and environmental preservation.

In this respect, since 2009 we have run the Social Energy initiative, and a Private Social Investment program that defines the guidelines for using financial resources intended for donations and support for social and environmental projects. Since it was created, the program has directly benefited over 156,000 people in the regions around our units, with investment of R\$25.8 million and implementation of 81 projects. Over 1,580 community mobilization events were also held.

The program is included in our Private Social Investment Guideline, which describes the entire process for crafting the process, approval by the thematic commission and the community council, as well as implementation and monitoring.

The second method of investment comprising the directive is called Community Support, for transparent, low-cost, low-complexity, one-off and immediate support initiatives

In case of any request for community support, we have an on-line tool available on our website ([www.atvos.com/sustentabilidade/apoio-comunitario](http://www.atvos.com/sustentabilidade/apoio-comunitario)). Besides the requests, their approvals also take place via the tool, thereby guaranteeing traceability, history and transparency of all requests. The model is based on our Private Social Investment Guideline and is analyzed by the Compliance and Sustainability areas before management approval.

Support  
tool





## Social highlights of the crop year 2019/2020

In the crop year 2019/2020 we invested R\$153,000 in social initiatives and community mobilizations, of which R\$131,000 were channeled to new social energy projects. The projects supported during the period include the *Acreditar na Diversidade* (Believing in Diversity), program

that aims to develop the skills of persons with disabilities (PwD) for future opportunities at Atvos and companies in the region, while also helping them with financial planning for their families and enabling their inclusion in the job market. In the crop year 2019/2020, we celebrated the graduation of 18 PwDs.

The *Elo com Elas* (the Link with Them), the highlight of the year, is a project for providing women with professional qualifications. The initiative reflects our commitment to WEPs to expand the opportunities for women in the communities where we operate to enter the job market. It was undertaken in the municipality of Nova Alvorada do Sul (MS) and involved training a group of 25 women who concluded the agricultural machinery operator course to work in mechanized harvesting and planting. The project was also approved by the community councils of Teodoro Sampaio (SP) and Glória de Dourados (MS) and should continue during the next crop year, leading to the graduation of another 40 women.



**Qualifications for women in operating agricultural machinery** | 203-2 |



## PROJECTS SUPPORTED DURING CROP YEAR 2019/2020

| Action   | Unit  | Investment (R\$) |
|--|-------|------------------|
| The <i>Acreditar na Diversidade</i> (Believing in Diversity) Project | URC   | 10,568           |
| <i>Casa AMAS</i> Project phase II                                    | UCP   | 18,800           |
| Community Support  | Todas | 21,979           |
| Community Mobilization   | Todas | 16,358           |
| The <i>Estação do Saber</i> (Knowledge Station) Project              | USL   | 45,000           |
| The <i>Elo com Elas</i> (Link with Them) Project                     | USL   | 25,000           |
| The <i>Elo com Elas</i> (Link with Them) Project                     | UCP   | 25,000           |
| <b>GRAND TOTAL</b>   |       | <b>152,705</b>   |



We are supporting the *Estação do Saber* (Knowledge Station) project, created to encourage 1<sup>st</sup> to 9<sup>th</sup>-grade students at public schools in Nova Alvorada do Sul (MS) to read and write. To do this, we converted a “scrap bus” into a play space

equipped with media and pedagogical resources for the students. During the period, the Marching Band was inaugurated consisting of children and adolescents. The ceremony attracted around 200 people in the municipality of Gloria de Dourados.

Through Community Support, all our units undertook actions representing an investment of R\$22,000 in the municipalities where we are present. We would also like to emphasize the initiatives involving the novel coronavirus pandemic, which have exceeded R\$181,000 in donations of 70% alcohol.

See more information in COVID-19.



**Additional  
information**



## About the report

Our Annual Report – Crop year 2019/2020 presents our performance in the governance, economic and financial, social and environmental dimensions in the period between April 1, 2019 and March 31, 2020, as well as our future prospects, and encompasses all our operations.

**| 102-50 |**

In line with the rules of the Global Reporting Initiative (GRI), Standards option: Essential, and with the premises of the International Integrated Reporting Council (IIRC), the content was drawn up based on our materiality matrix, revised during the previous crop year, and which reflects our impacts, risks and opportunities.

The materiality review process involved the phases presented below, during which we consulted 91 employees and 64 external stakeholders – agricultural partners, suppliers, the financial market, customers, civil society, the press, development banks, trade associations and government representatives – in addition to interviewing six financial market executives. The review resulted in 11 issues considered by Atvos to be material, three of which are priorities and eight very important. **| 102-40 |**

**102-42 | 102-43 |**



## MATERIAL THEMES AND LIMITS | 102-44 | 102-46 | 102-47 | 103-1 |

| Types of Capital                  | Order of importance | Material theme  | GRI topic   | GRI Standards   | Impact within Atvos | Impact outside Atvos   |
|-----------------------------------|---------------------|---|---|---|---------------------|--|
| Intellectual/<br>Financial        | 1 <sup>st</sup>     | Productivity and technology in the field and in the factory |   |   | Yes                 | Suppliers and agricultural partners                                  |
|                                   | 3 <sup>rd</sup>     | Level of debt   |   |   | Yes                 | Investors, creditors, suppliers, agricultural partners and customers |
| Social and relationship/<br>Human | 2 <sup>nd</sup>     | Ethical, honest and transparent conduct                     | Ethics and integrity/Anti-corruption  | 102-16, 102-17, 205-1, 205-2 and 205-3  | Yes                 | Suppliers and agricultural partners                                  |
|                                   | 4 <sup>th</sup>     | Guarantee of human rights and labor rights                  | Freedom of association and collective bargaining/Child labor/Forced labor or labor analogous to slavery/Rights of indigenous and traditional peoples/Assessment of human rights | 407-1, 408-1, 409-1, 410-1, 411-1, 412-1 and 412-2  | Yes                 | Communities  |
|                                   | 5 <sup>th</sup>     | Health and safety   | Occupational health and safety/Safety practices   | 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10 and 410-1   | Yes                 |  |
|                                   | 6 <sup>th</sup>     | Training and appreciating people                            | Employment/Training and education/Non-discrimination/Freedom of association and collective bargaining   | 401-1, 404-1, 406-1 and 407-1   | Yes                 |  |
|                                   | 7 <sup>th</sup>     | Risk relationship and management in the supply chain        | Environmental assessment of suppliers/Social assessment of suppliers  | 308-1, 308-2, 414-1 and 414-2   | Yes                 | Suppliers and agricultural partners                                  |
| Natural                           | 8 <sup>th</sup>     | Clean electricity and energy efficiency                     | Energy  | 302-1   | Yes                 | Customers and society  |
|                                   | 9 <sup>th</sup>     | Controls and prevention of environmental risks              | Materials/Energy/Water/Biodiversity/Emissions/Effluents and waste/Environmental compliance/Environmental assessment of suppliers  | 301-1, 302-1, 303-1, 303-3, 304-1, 304-2, 304-3, 305-1, 305-2, 305-3, 305-4, 305-5, 306-2, 306-3, 306-5, 307-1, 308-1 and 308-2 | Yes                 | Society, customers, suppliers and agricultural partners              |
|                                   | 10 <sup>th</sup>    | Responsible land use  | Effluents and waste   | 306-2, 306-3 and 306-5  | Yes                 | Community and society  |
|                                   | 11 <sup>th</sup>    | Water management  | Water   | 303-1 and 303-3   | Yes                 | Community and society  |



# GRI appendix

## NUMBER OF EMPLOYEES BY GENDER, WORK CONTRACT AND REGION<sup>1 and 2</sup> | 102-8 |

|              | 2019/2020         |                 | 2018/2019         |                 | 2017/2018         |                 |
|--------------|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|
|              | Indefinite period | Definite period | Indefinite period | Definite period | Indefinite period | Definite period |
| By gender    |                   |                 |                   |                 |                   |                 |
| Male         | 8,424             | 152             | 8,746             | 204             | 9,222             | 121             |
| Female       | 1,320             | 142             | 1,402             | 174             | 1,548             | 114             |
| <b>TOTAL</b> | <b>9,744</b>      | <b>294</b>      | <b>10,148</b>     | <b>378</b>      | <b>10,770</b>     | <b>235</b>      |
| By gender    |                   |                 |                   |                 |                   |                 |
| Southeast    | 2,144             | 96              | 2,223             | 76              | 2,371             | 75              |
| Midwest      | 7,600             | 198             | 7,925             | 302             | 8,399             | 160             |
| <b>TOTAL</b> | <b>9,744</b>      | <b>294</b>      | <b>10,148</b>     | <b>378</b>      | <b>10,770</b>     | <b>235</b>      |

1. An employee is anyone in an active employment relationship with Atvos (this rules out board members, trainees, people on unpaid leave and outsourced staff).

2. The headcount of 10,038 is for the final month of the crop year (March 2020).

## LOCATION OF SUPPLIERS OF INPUTS AND SERVICES | 102-9 |

| State               | Number of suppliers |
|---------------------|---------------------|
| Alagoas             | 2                   |
| Bahia               | 11                  |
| Ceará               | 1                   |
| Distrito Federal    | 22                  |
| Espírito Santo      | 4                   |
| Goiás               | 337                 |
| Maranhão            | 1                   |
| Minas Gerais        | 67                  |
| Mato Grosso do Sul  | 338                 |
| Mato Grosso         | 72                  |
| Pará                | 1                   |
| Pernambuco          | 6                   |
| Paraná              | 102                 |
| Rio de Janeiro      | 37                  |
| Rio Grande do Norte | 2                   |
| Roraima             | 1                   |
| Rio Grande do Sul   | 12                  |
| Santa Catarina      | 22                  |
| São Paulo           | 1,222               |
| International       | 6                   |

## MATERIALS CONSUMED (TONS) | 301-1 |

| Materials                                 | 2019/2020         | 2018/2019         | 2017/2018         |
|---|-------------------|-------------------|-------------------|
| <b>Sugarcane</b>                          |                   |                   |                   |
| Own cane processed                        | 16,477,727        | 18,074,216        | 19,053,194        |
| Cane from agricultural partners processed | 10,392,110        | 8,592,981         | 6,776,624         |
| <b>Subtotal</b>                           | <b>26,869,837</b> | <b>26,667,197</b> | <b>25,829,818</b> |
| <b>Agricultural inputs</b>                |                   |                   |                   |
| Correctives                               | 324,858           | 384,952           | 491,763           |
| Insecticides                              | 201               | 322               | 486               |
| Fungicides                                | 15                | 15                | 36                |
| Herbicides                                | 3,757             | 3,819             | 4,763             |
| Fertilizers                               | 96,209            | 103,435           | 155,863           |
| Other organic fertilizers                 | 1,141             | 1,305             | 1,910             |
| <b>Subtotal</b>                           | <b>426,181</b>    | <b>493,848</b>    | <b>654,821</b>    |
| <b>Industrial inputs</b>                  |                   |                   |                   |
| Lime                                      | 8,361             | 8,843             | 9,342             |
| Sulfuric acid                             | 9,817             | 11,152            | 11,782            |
| Hydrochloric acid                         | 252               | 125               | 133               |
| Soda                                      | 779               | 1,079             | 1,140             |
| Antibiotics                               | 15                | 21                | 22                |
| Inorganic chemicals                       | 648               | 876               | 925               |
| Organic chemicals                         | 574               | 488               | 516               |
| <b>Subtotal</b>                           | <b>20,447</b>     | <b>22,584</b>     | <b>23,860</b>     |
| <b>Fuel</b>                               |                   |                   |                   |
| Diesel                                    | 40,257            | 42,608            | 48,791            |
| Ethanol                                   | 2,109             | 2,070             | 2,070             |
| <b>Subtotal</b>                           | <b>42,366</b>     | <b>44,678</b>     | <b>50,862</b>     |
| Materials from renewable sources          | 27,358,831        | 26,674,151        | 25,835,943        |
| Materials from non-renewable sources      | 482,467           | 559,040           | 723,417           |
| <b>TOTAL</b>                              | <b>27,841,298</b> | <b>27,228,307</b> | <b>26,559,361</b> |

## GENERATION AND CONSUMPTION OF ENERGY (GJ) | 302-1 |

| Energy generated by burning fuel                                 | 2019/2020         | 2018/2019         | 2017/2018         |
|--|-------------------|-------------------|-------------------|
| Sugarcane bagasse  | 66,183,125        | 68,138,748        | 65,286,406        |
| Diesel   | 1,720,778         | 2,045,804         | 2,147,976         |
| Biodiesel  | 187,119           | 206,854           | 171,751           |
| Ethanol  | 57,041            | 55,996            | 55,996            |
| Total energy generated by burning fuel                           | 68,224,583        | 70,597,489        | 67,662,130        |
| Percentage of energy generated from fuels from renewable sources | 97%               | 97%               | 97%               |
| <b>Electricity purchased</b>                                     | <b>2019/2020</b>  | <b>2018/2019</b>  | <b>2017/2018</b>  |
| Electricity  | 76,519            | 77,550            | 54,993            |
| <b>Electricity sold</b>  | <b>2019/2020</b>  | <b>2018/2019</b>  | <b>2017/2018</b>  |
| Electricity exported   | 6,844,476         | 6,847,539         | 6,658,950         |
| <b>TOTAL ENERGY CONSUMPTION</b>                                  | <b>61,380,106</b> | <b>63,749,949</b> | <b>61,058,173</b> |



## TOTAL WATER OFFTAKE BY SOURCE | 303-1 |

| Water offtake (thousands of m³) | 2019/2020     | 2018/2019     | 2017/2018     |
|---------------------------------|---------------|---------------|---------------|
| Surface water                   | 34,117        | 36,875*       | 32,852        |
| Underground water               | 270           | 481           | 568           |
| <b>TOTAL WATER OFFTAKE</b>      | <b>34,387</b> | <b>37,357</b> | <b>33,420</b> |

\* The 2018/2019 amount has been revised.

## WATER RECYCLED AND REUSED | 303-3 |

| Recirculation of water          | 2019/2020 | 2018/2019 | 2017/2018 |
|---------------------------------|-----------|-----------|-----------|
| Volume reused (thousands of m³) | 17,169    | 13,970    | 18,091    |
| Percentage of total offtake     | 50%       | 46%       | 54%       |

## Operating sites in or adjacent to areas of preservation or of great value to biodiversity | 304-1 |

In four agroindustrial hubs, our own areas border on other conservation units:

- São Paulo hub:** 2,138 hectares adjacent to the Morro do Diabo State Park (PEMD) and the Mico-Leão-Preto Ecological Station (ESEC MLP), both important for the preservation of the Atlantic Forest..
- Araguaia hub:** 7,397 hectares in the buffer zone of the Emas National Park, which contributes to the preservation of the Cerrado and the protection of the water recharge areas of the Guarani aquifer.
- Mato Grosso do Sul hub:** 392 hectares in the Environmental Preservation Area (APA) in the floodplains of the Ivinhema River, in the municipality of Deodápolis (MS), which is part of the catchment area of the Paraná River.
- Taquari hub:** 84,865 hectares near the APA and the Emas National Park, important for the protection of springs in the region and for the conservation of the Cerrado biome.



## HABITATS PROTECTED OR RESTORED | 304-3 |

| Unit                         | Areas of habitat protected or restored (hectares) | Locations  | Measures taken  |
|------------------------------|---|--|---|
| Mato Grosso do Sul hub (UEL) | 72.0  | Fazenda Santa Tereza do Jaborandi, in the municipality of Nova Alvorada do Sul. Regn. No. 5193, Book 2-Q, page 264 | Final report of the PRADE (Project for Remediation of Degraded Areas) submitted on May 19, 2017. Still awaiting approval from the environmental authority.  |
| Mato Grosso do Sul hub (USL) | 54.1  | Fazenda Dallari I, Fazenda Simental, Fazenda União, Fazenda Michelli and Fazenda Boa Esperança                     | Report sent to environmental authority for closing in October 2019.   |
| Araguaia hub (UAE)           | 20.0  | Legal reserve  | Report submitted to the environmental authority and the Public Prosecutors Office.  |
| Taquari hub                  | 210.9   | Fazenda HGW and Fazenda Granada, in the municipality of Costa Rica (MS)  | Project for Remediation of Degraded and Altered Areas affected by agricultural fires and monitored by external consultants. Request to file the proceedings submitted with a technical report confirming remediation (natural regrowth) of the impacted area. In the process of remediation.            |
| São Paulo hub (UCP)          | 15,392.0  | Conquista do Pontal unit   | Additional 196 hectares planted in 2019/2020 crop.  |
| Goiás hub                    | 687.3   | Rio Claro Unit – Municipalities of Caçu, Cachoeira Alta, Paranaiguara and Itarumã                                  | Remediation of degraded areas (agricultural use) as a mitigation measure for exploitation of forest for conversion of areas to mechanized sugarcane planting. Activity in progress (natural regrowth + planting of native seedlings – 1104 ha). Assessment and monitoring of areas undertaken in-house. |





## GREENHOUSE GAS (GHG) EMISSIONS | 305-1 | 305-2 | 305-3 |

| GHG emissions (thousands of tCO <sub>2</sub> e)       | 2019      | 2018     | 2017     |
|---|-----------|----------|----------|
| <b>Direct emissions – Scope 1</b>                     |           |          |          |
| Direct emissions – gross                              | 577.866   | 641.372  | 692.63   |
| Biogenic emissions                                    | 5,582.896 | 5,614.79 | 5,484.47 |
| Biogenic removal (land use change)                    | 1,482.4   | 1,440.0  | 1,433.16 |
| <b>Indirect emissions – Scope 2</b>                   |           |          |          |
| Indirect emissions (consumption of electrical energy) | 2.16      | 1.69     | 2.24     |
| <b>Other indirect emissions – Scope 3</b>             |           |          |          |
| Indirect emissions (others)                           | 92.57     | 121.26   | 109.00   |
| Biogenic emissions                                    | 10.97     | 9.87     | 8.89     |

## REDUCTION OF GREENHOUSE GAS (GHG) EMISSIONS | 305-5 |

| Inventory of GHG emissions (millions of tCO <sub>2</sub> e) <sup>1</sup>        | 2019/2020   | 2018/2019   | 2017/2018   |
|---|-------------|-------------|-------------|
| Emission as a ratio of production, processing, transport and inputs             | 0.87        | 0.97        | 0.99        |
| Emissions avoided with the use of ethanol as fuel and surplus electrical energy | 5.56        | 5.47        | 4.95        |
| Stock of carbon from Land Use Change (LUC) <sup>2</sup>                         | 1.48        | 1.49        | 1.43        |
| <b>NET EFFECT OF MITIGATION (A-B-C)</b>   | <b>6.17</b> | <b>5.99</b> | <b>5.39</b> |

1. Takes into account the three main greenhouse gases (CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O) which are used as typical factors for conversion into tCO<sub>2</sub> and are potential sources of global warming over a 100-year horizon (AGWP100) defined by the Inter-governmental Panel on Climate Change – IPCC (2013). The methodology was proposed by the researchers Isaias C. Macedo, Joaquim E. A. Seabra and João E. A. R. Silva.

2. Estimates for LUC are somewhat uncertain due to lack of data on stocks of carbon in equilibrium in the soil. The calculation method used took default Tier 1 factors from the IPCC, plus the most recent regional data from the Harmonized World Soil Database (HWSD).

**TOTAL WEIGHT OF WASTE, SEPARATED INTO TYPE AND METHOD OF DISPOSAL | 306-2 |**

| Waste disposed of (t) | 2019/2020    | 2018/2019    | 2017/2018    |
|-----------------------|--------------|--------------|--------------|
| <b>Hazardous</b>      |              |              |              |
| Recycling             | 116          | 214          | 61           |
| Recovery              | 193          | 254          | 376          |
| Incineration          | 0.1          | 35           | 14           |
| Coprocessing          | 189          | 212          | 227          |
| Reuse                 | 114          | 15           | 13           |
| Others                | 104          | 57           | 140          |
| <b>Subtotal</b>       | <b>716</b>   | <b>787</b>   | <b>831</b>   |
| <b>Non-hazardous</b>  |              |              |              |
| Recycling             | 3,482        | 4,140        | 4,760        |
| Recovery              | 20           | 0            | 0            |
| Incineration          | 4            | 53           | 33           |
| Coprocessing          | 534          | 465          | 603          |
| Landfill              | 0            | 17           | 41           |
| Composting            | 62           | 123          | 145          |
| Others                | 37           | 83           | 60           |
| <b>Subtotal</b>       | <b>4,139</b> | <b>4881</b>  | <b>5,642</b> |
| <b>Totals</b>         |              |              |              |
| Hazardous             | 717          | 787          | 831          |
| Non-hazardous         | 4,139        | 4,881        | 5,642        |
| <b>TOTAL</b>          | <b>4,855</b> | <b>5,667</b> | <b>6,473</b> |

**SIGNIFICANT SPILLAGES | 306-3 |**

| Spillages – vinasse | 2019/2020       | 2018/2019                 |
|---------------------|-----------------|---------------------------|
| Total number        | 44 spills       | 21 spills                 |
| Total volume        | 1,098 (m³)      | 2,007 (m³)                |
| Location            | Sugarcane field | Sugarcane field – terrace |
| Material spilt      | Vinasse         | Vinasse                   |

| Spillages – sulfuric acid | 2019/2020 | 2018/2019      |
|---------------------------|-----------|----------------|
| Total number              | 0         | 3 spills       |
| Total volume              | 0         | 38.1 (m³)      |
| Location                  | 0         | Chemical plant |
| Material spilt            | 0         | Sulfuric acid  |

| Spillages – hydrochloric acid | 2019/2020         | 2018/2019         |
|-------------------------------|-------------------|-------------------|
| Total number                  | 1 spill           | 1 spill           |
| Total volume                  | 0.08 (m³)         | 1.5 (m³)          |
| Location                      | Chemical plant    | Chemical plant    |
| Material spilt                | Hydrochloric acid | Hydrochloric acid |



## Violations of environmental laws and regulations | 307-1 |

In the 2019/2020 crop year, Atvos received eight assessments for alleged environmental violations. Most of the fines were for the alleged submission of reports and material in forms other than required by the various state environmental bodies. At the Alcídia unit, we were defendants in a Public Civil Action to restore areas affected by fires at the Alegria and Água Branca farms, which we challenged.

At the Conquista do Pontal unit, we signed an Agreement for Conversion of Fine imposed for losses caused by fire and alleged damage to vegetation at Bloco América and Fazenda Cachoeira. We are complying with the conditions of the agreement. We were also served process for an alleged failure to comply with an Environmental Remediation Commitment, which we defended, since the planting has been completed.

## Violation of laws and regulations in economic and social areas | 419-1 |

To promote the principles of cooperation, economy and efficiency, Atvos has signed two agreements with the Labor Public Prosecutors Office. The terms of payment of one of them depends on approval of the judicial reorganization plan, and the second was discharged in January 2020, since the trigger for the credit occurred after the filing for judicial reorganization.

- **First case:** agreement signed by the Conquista do Pontal plant (UCP) in a Public Civil Action aimed at

outsourcing activities. The parties agreed to an indemnity payment for collective moral damages of R\$170,000, with reciprocal discharge, releasing UCP from any non-monetary sanction.

- **Second case:** agreement signed by the Eldorado plant (UEL) in a Public Civil Action relating to working day issues. Under the agreement, UEL agreed to pay an indemnity of R\$100,000 and undertook to “grant a weekly rest of 24 (twenty-four) consecutive hours, as provided for in article 67 et seq. of the Consolidated Labor Laws (CLT), or face a fine of R\$750.00 per employee affected”. We are complying with the agreement.

## New hires of employees and turnover | 401-1 |

### NUMBER OF EMPLOYEES HIRED AND TERMINATED\*

|                        | 2019/2020    |              | 2018/2019    |              | 2017/2018    |              |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                        | Hired        | Terminated   | Hired        | Terminated   | Hired        | Terminated   |
| <b>By gender</b>       |              |              |              |              |              |              |
| Male                   | 1,375        | 1,250        | 1,607        | 1,223        | 1,619        | 1,605        |
| Female                 | 200          | 195          | 222          | 195          | 293          | 304          |
| <b>TOTAL</b>           | <b>1,575</b> | <b>1,445</b> | <b>1,829</b> | <b>1,418</b> | <b>1,912</b> | <b>1,909</b> |
| <b>By age bracket</b>  |              |              |              |              |              |              |
| Up to 30               | 686          | 479          | 798          | 462          | 897          | 600          |
| From 30 to 50          | 816          | 840          | 947          | 836          | 928          | 1,141        |
| More than 50 years old | 73           | 126          | 84           | 120          | 87           | 168          |
| <b>TOTAL</b>           | <b>1,575</b> | <b>1,445</b> | <b>1,829</b> | <b>1,418</b> | <b>1,912</b> | <b>1,909</b> |
| <b>By region</b>       |              |              |              |              |              |              |
| Southeast              | 155          | 177          | 204          | 207          | 285          | 300          |
| Midwest                | 1,420        | 12,668       | 1,625        | 1,211        | 1,627        | 1,609        |
| <b>TOTAL</b>           | <b>1,575</b> | <b>1,445</b> | <b>1,829</b> | <b>1,418</b> | <b>1,912</b> | <b>1,909</b> |

\* Includes only employees with an indefinite employment term (employees and Young Partners) and ignores employees laid off to reduce numbers.



## RATES OF HIRING AND TURNOVER (%)

|                        | 2019/2020          |                         | 2018/2019          |                         | 2017/2018          |                         |
|------------------------|--------------------|-------------------------|--------------------|-------------------------|--------------------|-------------------------|
|                        | Hired <sup>1</sup> | Terminated <sup>2</sup> | Hired <sup>1</sup> | Terminated <sup>2</sup> | Hired <sup>1</sup> | Terminated <sup>2</sup> |
| <b>By gender</b>       |                    |                         |                    |                         |                    |                         |
| Male                   | 87.30%             | 12.26%                  | 87.86%             | 10.97%                  | 85%                | 11.57%                  |
| Female                 | 12.70%             | 1.90%                   | 12.14%             | 1.75%                   | 15%                | 2.19%                   |
| <b>TOTAL</b>           | <b>100%</b>        | <b>14.16%</b>           | <b>100%</b>        | <b>12.72%</b>           | <b>100%</b>        | <b>13.76%</b>           |
| <b>By age bracket</b>  |                    |                         |                    |                         |                    |                         |
| Up to 30               | 43.56%             | 4.69%                   | 43.63%             | 4.14%                   | 47%                | 4.33%                   |
| From 30 to 50          | 51.81%             | 8.23%                   | 51.78%             | 7.51%                   | 49%                | 8.23%                   |
| More than 50 years old | 4.63%              | 1.23%                   | 4.59%              | 1.07%                   | 5%                 | 1.21%                   |
| <b>TOTAL</b>           | <b>100%</b>        | <b>14.16%</b>           | <b>100%</b>        | <b>12.72%</b>           | <b>100%</b>        | <b>13.76%</b>           |
| <b>By region</b>       |                    |                         |                    |                         |                    |                         |
| Southeast              | 9.48%              | 1.73%                   | 11.15%             | 1.86%                   | 15%                | 2.16%                   |
| Midwest                | 90.16%             | 12.42%                  | 88.85%             | 10.86%                  | 85%                | 11.60%                  |
| <b>TOTAL</b>           | <b>100%</b>        | <b>14.16%</b>           | <b>100%</b>        | <b>12.72%</b>           | <b>100%</b>        | <b>13.76%</b>           |

1. Number of hires in the category/total hires in the year. Includes only employees with an indefinite employment term (employees and Young Partners) and ignores employees laid off to reduce numbers.

2. Number of employees terminated/average headcount. Includes only employees with an indefinite employment term (employees and Young Partners) and ignores employees laid off to reduce numbers.



A photograph of two workers, a woman on the left and a man on the right, standing in front of an industrial facility. They are both wearing blue long-sleeved shirts with the 'atvos' logo on the chest, blue hard hats with the 'atvos' logo, and large white earplugs. The woman is also wearing safety glasses. They are both smiling and looking towards the right. The background shows a complex industrial structure with multiple levels, pipes, and stairs, set against a clear sky. The image has a warm, orange-toned overlay on the left side.

# GRI content index

| 102-55 |

**GRI 101: FUNDAMENTALS 2016**

| <b>GRI 102: GENERAL DISCLOSURE 2016</b> | <b>STANDARD</b>   | <b>PAGE</b>   | <b>OMISSION</b> | <b>GLOBAL COMPACT</b> | <b>SDG</b> |
|---|---|---|-----------------|-----------------------|------------|
| <b>ORGANIZATIONAL PROFILE</b>           |   |   |                 |                       |            |
|   | 102-1: Name of the organization                                       | 9   |                 |                       |            |
|   | 102-2: Activities, brands, products and services                      | 9; 12   |                 |                       |            |
|   | 102-3: Location of the organization HQ                                | Atvos has its head office in the city of São Paulo (SP). The office is at Rua Lemos Monteiro 120, 13 <sup>th</sup> floor. |                 |                       |            |
|   | 102-4: Location of operations   | 9; 10   |                 |                       |            |
|   | 102-5: Ownership and legal form of the organization                   | Atvos is a privately-held joint stock company and a member of the Odebrecht Group.  |                 |                       |            |
|   | 102-6: Markets served   | 9; 11   |                 |                       |            |
|   | 102-7: Scale of the organization                                      | 9; 10; 25; 27   |                 |                       |            |
|   | 102-8: Information on employees and other workers                     | 9; 43; 65   |                 | 6                     | 8          |
|   | 102-9: Supply chain   | 30; 46; 65  |                 |                       |            |
|   | 102-10: Significant changes to the organization and its supply chain  | 15; 30; 55  |                 |                       |            |
|   | 102-11: Precautionary approach or principle                           | 18  |                 |                       |            |
|   | 102-12: External initiatives  | 13; 14; 44; 56  |                 |                       |            |
|   | 102-13: Membership of associations                                    | 13; 14; 56  |                 |                       |            |
| <b>STRATEGY</b>                         |   |   |                 |                       |            |
|   | 102-14: Statement from the senior decision-maker                      | 4   |                 |                       |            |
|   | 102-15: Key impacts, risks and opportunities                          | 18; 20; 27  |                 |                       |            |
| <b>ETHICS AND INTEGRITY</b>             |   |   |                 |                       |            |
|   | 102-16: Values, principles, standards and rules of behavior           | 12; 16  |                 | 10                    | 16         |
|   | 102-17: Mechanisms for advice and concerns about ethics               | 16; 18  |                 | 10                    | 16         |
| <b>GOVERNANCE</b>                       |   |   |                 |                       |            |
|   | 102-18: Governance structure  | 15  |                 |                       |            |
|   | 102-22: Composition of the highest governance body and its committees | 15  |                 |                       | 5, 16      |
|   | 102-23: Chair of the highest governance body                          | 15  |                 |                       | 16         |
|   | 102-24: Nomination and selection of the highest governance body       | 15  |                 |                       | 5, 16      |



| GRI 102: GENERAL DISCLOSURE 2016 | STANDARD   | PAGE  | OMISSION | GLOBAL COMPACT | SDG |
|----------------------------------|--|---|----------|----------------|-----|
| STAKEHOLDER ENGAGEMENT           |  |   |          |                |     |
|                                  | 102-40: List of stakeholder groups                                 | 12; 63  |          |                |     |
|                                  | 102-41: Collective bargaining agreements                           | At the end of the 2019/2020 crop year, all the 10,038 employees were covered by collective bargaining agreements, and 4,822 outsourced staff with leaders dedicated to transmitting our values and to developing and recognizing our human capital.   |          | 3              | 8   |
|                                  | 102-42: Identification and selection of stakeholders               | 12; 63  |          |                |     |
|                                  | 102-43: Approach to stakeholder engagement                         | 53; 56; 57; 60; 63  |          |                |     |
|                                  | 102-44: Key topics and concerns raised                             | 64  |          |                |     |
| REPORTING PRACTICE               |  |   |          |                |     |
|                                  | 102-45: Entities included in the consolidated financial statements | The Atvos Annual Report covers the following companies: Atvos Agroindustrial S.A.; Atvos Agroindustrial Participações S.A.; Agro Energia Santa Luzia S.A.; Brenco Companhia Brasileira de Energia Renovável S.A.; Destilaria Alcídia S.A.; Pontal Agropecuária S.A.; Rio Claro Agroindustrial S.A.; Usina Eldorado S.A.; Usina Conquista do Pontal S.A.; Odebrecht Agroindustrial International Corp. |          |                |     |
|                                  | 102-46: Definition of report content and material theme boundaries | 3; 64   |          |                |     |
|                                  | 102-47: List of material themes                                    | 64  |          |                |     |
|                                  | 102-48: Restatements of information                                | There were no restatements during the year.   |          |                |     |
|                                  | 102-49: Changes in the report                                      | There were no significant changes from periods covered by previous reports.   |          |                |     |
|                                  | 102-50: Reporting period   | 3; 63   |          |                |     |
|                                  | 102-51: Date of most recent report                                 | The latest report was published in 2019, relating to the 2018/2019 crop.  |          |                |     |
|                                  | 102-52: Reporting cycle  | Atvos publishes the report annually.  |          |                |     |
|                                  | 102-53: Contact point for questions regarding the report           | 3   |          |                |     |
|                                  | 102-54: Reporting approach in accordance with the GRI standards    | 3   |          |                |     |
|                                  | 102-55: GRI content index  | 73  |          |                |     |
|                                  | 102-56: External assurance   | Only the economic and financial data were checked by an independent external auditor. The information for priority GRI indicators was produced by our technical and administrative areas.   |          |                |     |

| MATERIAL TOPIC                          | STANDARD  | PAGE   | OMISSION | GLOBAL COMPACT | SDG                |
|---|---|--|----------|----------------|--------------------|
| GRI 201: ECONOMIC PERFORMANCE 2016      |   |  |          |                |                    |
| GRI 103<br>MANAGEMENT APPROACH 2016     | 103-1: Explanation of the material theme and its boundary                       | 64   |          |                |                    |
|   | 103-2: The management approach and its components                               | 40   |          | 1, 8           | 1, 5, 8, 16        |
|   | 103-3: Evaluation of the management approach                                    | 40   |          |                |                    |
|   | 201-1: Direct economic value generated and distributed                          | 40   |          |                | 2, 5, 7, 8,        |
|   | 201-4: Financial assistance received from government                            | We received a total of R\$410,810.61 in tax benefits during the year.            |          |                |                    |
| GRI 203: INDIRECT ECONOMIC IMPACTS 2016 |   |  |          |                |                    |
| GRI 103<br>MANAGEMENT APPROACH 2016     | 103-1: Explanation of the material theme and its boundary                       | 64   |          |                |                    |
|   | 103-2: The management approach and its components                               | 57   |          | 1, 8           | 1, 5, 8, 16        |
|   | 103-3: Evaluation of the management approach                                    | 57   |          |                |                    |
|   | 203-1: Infrastructure investments and services supported                        | 57; 60   |          |                | 2, 5, 7, 9, 11     |
|   | 203-2: Significant indirect economic impacts                                    | 57; 61   |          |                | 1, 2, 3, 8, 10, 17 |
| GRI 205: ANTI-CORRUPTION 2016           |   |  |          |                |                    |
| GRI 103<br>MANAGEMENT APPROACH 2016     | 103-1: Explanation of the material theme and its boundary                       | 64   |          |                |                    |
|   | 103-2: The management approach and its components                               | 17   |          | 1, 8           | 1, 5, 8, 16        |
|   | 103-3: Evaluation of the management approach                                    | 17   |          |                |                    |
|   | 205-1: Operations assessed for risks related to corruption                      | 16; 17   |          | 10             | 16                 |
|   | 205-2: Communication and training about anti-corruption policies and procedures | 17   |          | 10             | 16                 |
|   | 205-3: Confirmed incidents of corruption and actions taken                      | In the 2019/2020 crop year there were no confirmed cases of corruption at Atvos. |          | 10             | 16                 |
| GRI 301: MATERIALS 2016                 |   |  |          |                |                    |
| GRI 103<br>MANAGEMENT APPROACH 2016     | 103-1: Explanation of the material theme and its boundary                       | 64   |          |                |                    |
|   | 103-2: The management approach and its components                               | 34   |          | 1, 8           | 1, 5, 8, 16        |
|   | 103-3: Evaluation of the management approach                                    | 34   |          |                |                    |
|   | 301-1: Materials used by weight or volume                                       | 34; 66   |          | 7, 8           | 8, 12              |
| GRI 302: ENERGY 2016                    |   |  |          |                |                    |
| GRI 103<br>MANAGEMENT APPROACH 2016     | 103-1: Explanation of the material theme and its boundary                       | 64   |          |                |                    |
|   | 103-2: The management approach and its components                               | 35   |          | 1, 8           | 1, 5, 8, 16        |
|   | 103-3: Evaluation of the management approach                                    | 35   |          |                |                    |
|   | 302-1: Energy consumption within the organization                               | 35; 66   |          | 7, 8           | 7, 8, 12, 13       |



| MATERIAL TOPIC                              | STANDARD   | PAGE   | OMISSION | GLOBAL COMPACT | SDG               |
|---|--|--------|----------|----------------|-------------------|
| <b>GRI 303: WATER 2016</b>                  |  |        |          |                |                   |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b> | 103-1: Explanation of the material theme and its boundary  | 64     |          |                |                   |
|   | 103-2: The management approach and its components  | 35     |          | 1, 8           | 1, 5, 8, 16       |
|   | 103-3: Evaluation of the management approach   | 35     |          |                |                   |
|   | 303-1: Water offtake by source   | 35; 67 |          | 7, 8           | 6                 |
|   | 303-3: Water recycled and reused   | 35; 67 |          | 8              | 6, 8, 12          |
| <b>GRI 304: BIODIVERSITY 2016</b>           |  |        |          |                |                   |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b> | 103-1: Explanation of the material theme and its boundary  | 64     |          |                |                   |
|   | 103-2: The management approach and its components  | 33; 34 |          | 1, 8           | 1, 5, 8, 16       |
|   | 103-3: Evaluation of the management approach   | 33; 34 |          |                |                   |
|   | 304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 34; 67 |          | 8              | 6, 14, 15         |
|   | 304-2: Significant impacts of activities, products and services on biodiversity  | 33; 34 |          | 8              | 6, 14, 15         |
|   | 304-3: Habitats protected or restored  | 34; 68 |          | 8              | 6, 14, 15         |
| <b>GRI 305: EMISSIONS 2016</b>              |  |        |          |                |                   |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b> | 103-1: Explanation of the material theme and its boundary  | 64     |          |                |                   |
|   | 103-2: The management approach and its components  | 36     |          | 1, 8           | 1, 5, 8, 16       |
|   | 103-3: Evaluation of the management approach   | 36     |          |                |                   |
|   | 305-1: Direct GHG emissions – Scope 1  | 36; 69 |          | 7, 8           | 3, 12, 13, 14, 15 |
|   | 305-2: Energy indirect GHG emissions – Scope 2   | 36; 69 |          | 7, 8           | 3, 12, 13, 14, 15 |
|   | 305-3: Other indirect GHG emissions – Scope 3  | 36; 69 |          | 7, 8           | 3, 12, 13, 14, 15 |
|   | 305-4: Intensity of GHG emissions  | 36     |          | 8              | 13, 14, 15        |
|   | 305-5: Reduction of GHG emissions  | 36; 69 |          | 8, 9           | 13, 14, 15        |
| <b>GRI 306: EFFLUENTS AND WASTE 2016</b>    |  |        |          |                |                   |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b> | 103-1: Explanation of the material theme and its boundary  | 64     |          |                |                   |
|   | 103-2: The management approach and its components  | 33; 36 |          | 1, 8           | 1, 5, 8, 16       |
|   | 103-3: Evaluation of the management approach   | 33; 36 |          |                |                   |
|   | 306-2: Total waste weight by type and disposal method  | 33; 70 |          | 8              | 3, 6, 12          |

| MATERIAL TOPIC   | STANDARD  | PAGE  | OMISSION | GLOBAL COMPACT | SDG          |
|--|---|---|----------|----------------|--------------|
| <b>GRI 306: EFFLUENTS AND WASTE 2016</b>               |   |   |          |                |              |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b>            | 306-3: Vazamentos significativos  | 33; 70  |          | 8              | 3, 6, 12, 15 |
|  | 306-5: Corpos de água significativamente afetados pelo descarte e/ou escoamento de água | We do not dispose of or discharge effluents directly into bodies of water. There are thus no surface or underground runoffs anywhere in the area of Direct or Indirect Influence (ID or II) of the units. |          | 8              | 6, 15        |
| <b>GRI 307: ENVIRONMENTAL COMPLIANCE 2016</b>          |   |   |          |                |              |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b>            | 103-1: Explanation of the material theme and its boundary                               | 64  |          |                |              |
|  | 103-2: The management approach and its components                                       | 33  |          | 1, 8           | 1, 5, 8, 16  |
|  | 103-3: Evaluation of the management approach  | 33  |          |                |              |
|  | 307-1: Non-compliance with environmental laws and regulations                           | 33; 71  |          | 8              | 16           |
| <b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016</b> |   |   |          |                |              |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b>            | 103-1: Explanation of the material theme and its boundary                               | 64  |          |                |              |
|  | 103-2: The management approach and its components                                       | 53  |          | 1, 8           | 1, 5, 8, 16  |
|  | 103-3: Evaluation of the management approach  | 53  |          |                |              |
|  | 308-1: New suppliers that were screened using environmental criteria                    | 53; 54  |          | 8              |              |
|  | 308-2: Negative environmental impacts in the supply chain and actions taken             | 53; 54  |          | 8              |              |
| <b>GRI 401: EMPLOYMENT 2016</b>                        |   |   |          |                |              |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b>            | 103-1: Explanation of the material theme and its boundary                               | 64  |          |                |              |
|  | 103-2: The management approach and its components                                       | 43  |          | 1, 8           | 1, 5, 8, 16  |
|  | 103-3: Evaluation of the management approach  | 43  |          |                |              |
|  | 401-1: New employee hires and employee turnover   | 71  |          | 6              | 5, 8         |
| <b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>    |   |   |          |                |              |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b>            | 103-1: Explanation of the material theme and its boundary                               | 64  |          |                |              |
|  | 103-2: The management approach and its components                                       | 47; 49  |          | 1, 8           | 1, 5, 8, 16  |
|  | 103-3: Evaluation of the management approach  | 47; 49  |          |                |              |
|  | 403-1: Occupational health and safety management system                                 | 47  |          |                | 8            |
|  | 403-2: Hazard identification, risk assessment and incident investigation                | 48; 49  |          |                | 3, 8         |
|  | 403-3: Occupational health services   | 49; 51  |          |                | 3, 8         |



| MATERIAL TOPIC                               | STANDARD   | PAGE   | OMISSION | GLOBAL COMPACT | SDG         |
|--|--|--|----------|----------------|-------------|
| GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018 |  |  |          |                |             |
| GRI 103<br>MANAGEMENT APPROACH 2016          | 403-4: Worker participation, consultation and communication on occupational health and safety                        | 48   |          |                | 8           |
|  | 403-5: Worker training on occupational health and safety   | 50   |          |                |             |
|  | 403-6: Promotion of worker health  | 49   |          |                |             |
|  | 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 48   |          |                |             |
|  | 403-8: Workers covered by an occupational health and safety management system  | 49   |          |                |             |
|  | 403-9: Work-related injuries   | 51   |          |                |             |
|  | 403-10: Work-related health problems   | The main types of work-related health problems at Atvos are ergonomic. We have also identified risks relating to noise.<br>To eliminate these dangers and minimize the risks, we have carried out ergonomic studies and analyses of the activities and introduced a Hearing Control Program (PCA), to provide guidance and to supply personal protective equipment (PPE) and ensure it is properly used. |          |                |             |
| GRI 404: TRAINING AND EDUCATION 2016         |  |  |          |                |             |
| GRI 103<br>MANAGEMENT APPROACH 2016          | 103-1: Explanation of the material theme and its boundary  | 64   |          |                |             |
|  | 103-2: The management approach and its components  | 45   |          | 1, 8           | 1, 5, 8, 16 |
|  | 103-3: Evaluation of the management approach   | 45   |          |                |             |
|  | 404-1: Average hours of training per year per employee   | 46   |          | 6              | 4, 5, 8     |
| GRI 406: NON-DISCRIMINATION 2016             |  |  |          |                |             |
| GRI 103<br>MANAGEMENT APPROACH 2016          | 103-1: Explanation of the material theme and its boundary  | 64   |          |                |             |
|  | 103-2: The management approach and its components  | No cases of discrimination were recorded in 2019/2020.   |          | 1, 8           | 1, 5, 8, 16 |
|  | 103-3: Evaluation of the management approach   | No cases of discrimination were recorded in 2019/2020.   |          |                |             |
|  | 406-1: Incidents of discrimination and corrective actions taken  | No cases of discrimination were recorded in 2019/2020.   |          | 6              | 5, 8, 16    |

| MATERIAL TOPIC  | STANDARD  | PAGE  | OMISSION | GLOBAL COMPACT | SDG         |
|---|---|---|----------|----------------|-------------|
| <b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016</b> |   |   |          |                |             |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b>                           | 103-1: Explanation of the material theme and its boundary   | 64  |          |                |             |
|   | 103-2: Abordagem de gestão e seus componentes   | 54  |          | 1, 8           | 1, 5, 8, 16 |
|   | 103-3: Avaliação da abordagem de gestão   | 54  |          |                |             |
|   | 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 53; 54  |          | 3              | 8           |
| <b>GRI 408: CHILD LABOR 2016</b>                                      |   |   |          |                |             |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b>                           | 103-1: Explanation of the material theme and its boundary   | 64  |          |                |             |
|   | 103-2: The management approach and its components   | 53; 54  |          | 1, 8           | 1, 5, 8, 16 |
|   | 103-3: Evaluation of the management approach  | 53; 54  |          |                |             |
|   | 408-1: Operations and suppliers at significant risk for incidents of child labor                                      | 53; 54  |          | 5              | 8, 16       |
| <b>GRI 409: FORCED LABOR OR LABOR ANALOGOUS TO SLAVERY 2016</b>       |   |   |          |                |             |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b>                           | 103-1: Explanation of the material theme and its boundary   | 64  |          |                |             |
|   | 103-2: The management approach and its components   | 53; 54  |          | 1, 8           | 1, 5, 8, 16 |
|   | 103-3: Evaluation of the management approach  | 53; 54  |          |                |             |
|   | 409-1: Operations and suppliers at significant risk for incidents of forced labor or labor analogous to slavery       | 53; 54  |          | 4              | 8           |
| <b>GRI 410: SECURITY PRACTICES 2016</b>                               |   |   |          |                |             |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b>                           | 103-1: Explanation of the material theme and its boundary   | 64  |          |                |             |
|   | 103-2: The management approach and its components   | 47  |          | 1, 8           | 1, 5, 8, 16 |
|   | 103-3: Evaluation of the management approach  | 47  |          |                |             |
|   | 410-1: Security personnel trained in human rights policies or procedures  | 16; 44  |          | 1              | 16          |
| <b>GRI 411: RIGHTS OF INDIGENOUS AND TRADITIONAL PEOPLES 2016</b>     |   |   |          |                |             |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b>                           | 103-1: Explanation of the material theme and its boundary   | 64  |          |                |             |
|   | 103-2: The management approach and its components   | 54  |          | 1, 8           | 1, 5, 8, 16 |
|   | 103-3: Evaluation of the management approach  | 54  |          |                |             |
|   | 411-1: Incidents of violations involving rights of indigenous and traditional peoples                                 | There have been no incidents identified involving the rights of indigenous peoples during the period of the report. |          | 1              | 2           |



| MATERIAL TOPIC                                  | STANDARD   | PAGE       | OMISSION | GLOBAL COMPACT | SDG         |
|---|--|------------|----------|----------------|-------------|
| <b>GRI 412: HUMAN RIGHTS ASSESSMENT 2016</b>    |  |            |          |                |             |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b>     | 103-1: Explanation of the material theme and its boundary                                      | 64         |          |                |             |
|   | 103-2: The management approach and its components  | 44; 54     |          | 1, 8           | 1, 5, 8, 16 |
|   | 103-3: Evaluation of the management approach   | 44; 54     |          |                |             |
|   | 412-1: Operations that have been subject to human rights reviews or impact assessments         | 44; 53; 54 |          | 1              |             |
|   | 412-2: Employee training on human rights policies or procedures                                | 44         |          | 1              |             |
| <b>GRI 413: LOCAL COMMUNITIES 2016</b>          |  |            |          |                |             |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b>     | 103-1: Explanation of the material theme and its boundary                                      | 64         |          |                |             |
|   | 103-2: The management approach and its components  | 57         |          | 1, 8           | 1, 5, 8, 16 |
|   | 103-3: Evaluation of the management approach   | 57         |          |                |             |
|   | 413-1: Operations with local community engagement, impact assessments and development programs | 57; 60     |          | 1              |             |
|   | 413-2: Operations with significant actual and potential negative impacts on local communities  | 59         |          | 1              | 1, 2        |
| <b>GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016</b> |  |            |          |                |             |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b>     | 103-1: Explanation of the material theme and its boundary                                      | 64         |          |                |             |
|   | 103-2: The management approach and its components  | 53         |          | 1, 8           | 1, 5, 8, 16 |
|   | 103-3: Evaluation of the management approach   | 53         |          |                |             |
|   | 414-1: New suppliers that were screened using social criteria                                  | 53; 54     |          | 2              | 6, 8, 16    |
|   | 414-2: Negative social impacts in the supply chain and actions taken                           | 53; 54     |          | 2              | 6, 8, 16    |

| MATERIAL TOPIC                                | STANDARD  | PAGE  | OMISSION | GLOBAL COMPACT | SDG         |
|---|---|---|----------|----------------|-------------|
| <b>GRI 415: PUBLIC POLICIES 2016</b>          |   |   |          |                |             |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b>   | 103-1: Explanation of the material theme and its boundary                           | 64  |          |                |             |
|   | 103-2: The management approach and its components                                   | Under Electoral Law, Atvos may not finance political campaigns, and so we have made no political financial contributions. |          | 1, 8           | 1, 5, 8, 16 |
|   | 103-3: Evaluation of the management approach  | Under Electoral Law, Atvos may not finance political campaigns, and so we have made no political financial contributions. |          |                |             |
|   | 415-1: Political contributions  | Under Electoral Law, Atvos may not finance political campaigns, and so we have made no political financial contributions. |          | 10             | 16          |
| <b>GRI 419: SOCIOECONOMIC COMPLIANCE 2016</b> |   |   |          |                |             |
| <b>GRI 103<br/>MANAGEMENT APPROACH 2016</b>   | 103-1: Explanation of the material theme and its boundary                           | 64  |          |                |             |
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**WE SUPPORT**



Since 2016, Atvos has been committed to the UN Global Compact and its principles in the areas of Human Rights, Labor, the Environment and Anti-corruption.