

SUSTAINABILITY REPORT 2019

rumo 





Message from Management

GRI 102-14

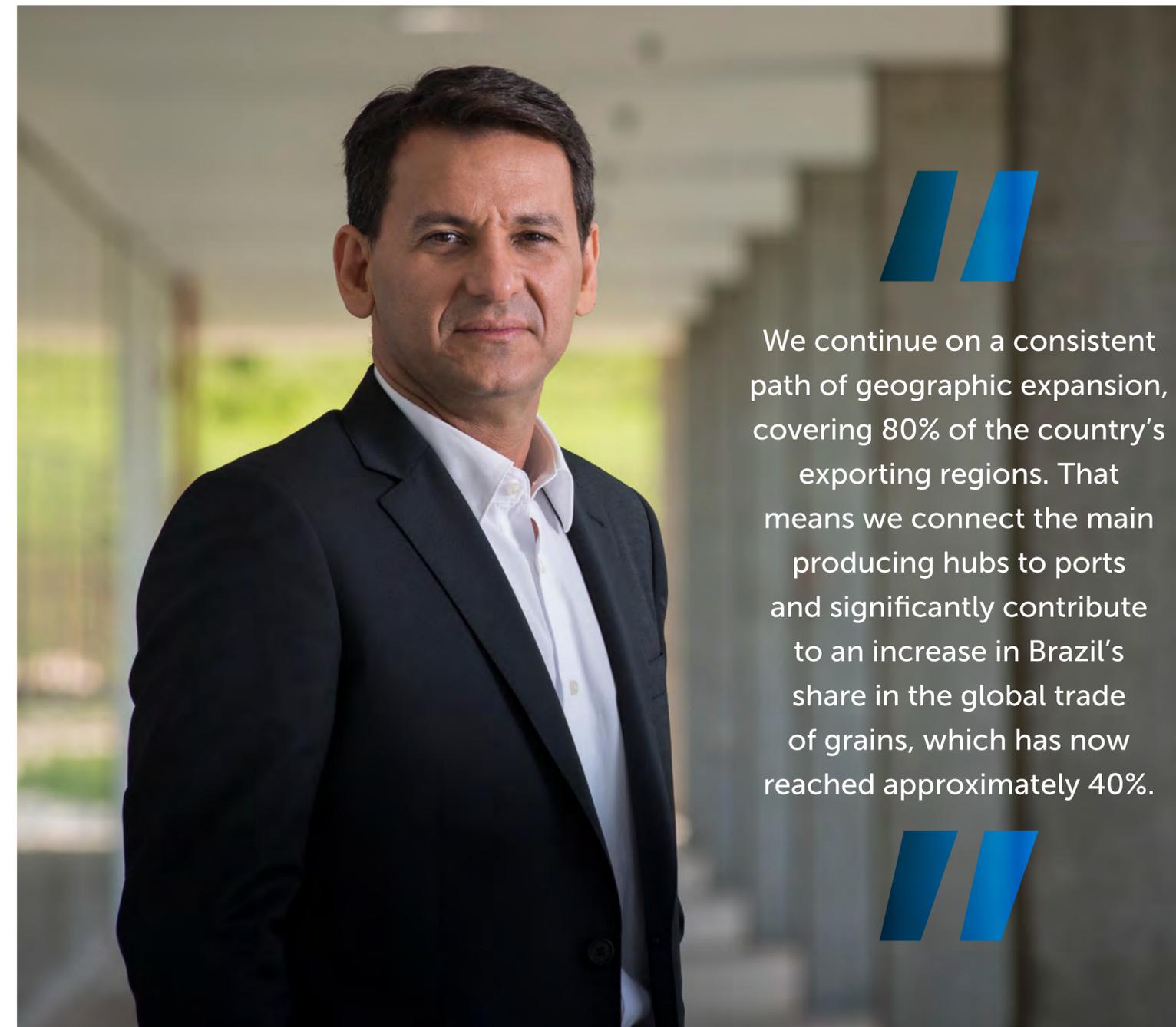
Rumo's purpose is to reshape Brazilian logistics. When I look at 2019, I see we are doing well on this long and promising journey. We continue on a consistent path of geographic expansion, covering 80% of the country's exporting regions, which means that we connect the main producing hubs to ports and significantly contribute to the increase in Brazil's share of the global trade of grains, which has now reached approximately 40%. We also continue to improve our operations with a strong focus on safety, on the environment, and on our people, our core values of our company. This pace allows us to keep delivering consistent results, with the purpose of increasing the presence of railway transportation in Brazil's transportation matrix, with excellence and focus on not only exports, but also on the development of less industrialized regions. Many opportunities lie ahead.

In 2019, our team once again showed its resilience and competency to operate in a challenging and highly volatile environment. We continue to make investments as planned, having expanded our transportation capacity and increased our market share in Brazilian exports and the domestic market, while

also improving efficiency and reducing costs. The result was a strong growth of 10% in Adjusted EBITDA compared to the previous year, with cash generation of R\$688 million and strong net income of R\$907 million, three times the amount recorded in 2018. Another important highlight is the fact that 25% of all Brazil's exported grains are shipped by Rumo.

Our success is the result of the work of a talented and tireless team. In our mission to protect our team, we provide training and focus on their professional development. Regarding safety, which is a fundamental value for Rumo, today we are one market benchmark, having reached a level that places us among the world's top railways. As such, we publicly undertake the goal to keep average Lost Time Injury Frequency at 0.15 between 2020 and 2025.

We will be the protagonists of technological transformation in our industry, using artificial intelligence to improve safety and operating efficiency, increase capacity, and reduce costs. We also provide tools to help our employees communicate and become more productive. Fantastic examples today include the fact that we are Latin America's largest semiautomatic



We continue on a consistent path of geographic expansion, covering 80% of the country's exporting regions. That means we connect the main producing hubs to ports and significantly contribute to an increase in Brazil's share in the global trade of grains, which has now reached approximately 40%.



With sustainability as part of our agenda, we made significant progress in important issues that helped pave the way towards efficient and reliable logistics. It is our obligation to lead this process, which is why we began 2020 with a commitment to reduce specific greenhouse gas emissions from locomotives by 15%, until 2025.



train operator, with 156 locomotives that consume 10% less diesel fuel than non-automated trains. By the end of 2020, all locomotives will be equipped with this technology. We have communication partnerships in place with Globalsat and Embratel, with additional solutions that will expedite the transmission speed of orders from the Center of Operational Control (COC) to the employee in the locomotive. We also have the Chave na Mão [“Key at Hand”] app for driver calls and shifts, increasing productivity by 15% by suggesting the most capable worker for each route.

With regards to our expansion plan, I believe it is important to mention some major achievements: we won the North-South Railway auction, expanding our operation to the states of Goiás, Tocantins and Minas Gerais; we signed an operating agreement with Ferroeste, which will allow us to ship agricultural produce from the state of Paraná; we started operations with double-stack railcars, increasing container capacity in each locomotive by 45%; and we made significant progress in the process of early renewal of the Paulista Network concession,

concluded in 2020, what represents a milestone for the country and the industry.

For increasingly transparent communication, aligned with Cosan group, we listened to our main stakeholders and turned their feedbacks about this publication into opportunities to better develop it. The main novelty this year is the disclosure of nine commitments to sustainable development, in line with the 17 Sustainable Development Goals (SDG) of the United Nations (UN), including three long-term goals related to emissions, safety, and employee satisfaction.

With sustainability as part of our agenda, we made significant progress in important issues that helped pave the way towards efficient and reliable logistics. It is our obligation to lead this process, which is why we began 2020 with a commitment to reduce specific greenhouse gas emissions from locomotives by 15% until 2025. We are also the first company in the industry to issue green notes in Latin America: we issued notes in the amount of US\$500 million, maturing in 2028, to finance new investments in Green

Projects to bring even more efficiency and to expand Brazil’s railway network.

I am certain that we are writing our story as one of Brazil’s major logistics companies, guided by the principles of efficiency, cost optimization, optimal service quality and concern for the environment and society. We bring job opportunities and social initiatives to local communities and hope to work even closer to them. We also want to be a place where people feel happy to work and find opportunities to develop and grow. We provide an inclusive environment that promotes teamwork to achieve greater results, which we did during the Covid-19 pandemic, quickly taking safety measures for our employees to continue to work.

We are resilient, and our focus is to keep the country in motion even during challenging times, because we believe in our people, in our industry, and above all, we believe in Brazil.

Beto Abreu
Rumo’s CEO



About this Report

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HIGHLIGHTS OF THE YEAR

MATERIALITY



In keeping with our principles of transparency and accountability, we are disclosing this Sustainability Report to employees, clients, investors and other stakeholders for the fourth consecutive year.

GRI 102-40 | 102-52

This document presents to all stakeholders the achievements and challenges we faced in 2019. As in the last three years, this report was prepared “in accordance” with the Global Reporting Initiative (GRI) Standards, under the Core option.

GRI 102-50 | 102-52 | 102-54

In contrast to the report published in September 2019, we have now subdivided the topics related to our relationship with communities and governments and added the topics of Modern Slavery, Human and Labor Rights, Environmental Protection, and Green Infrastructure Investment based on the analysis of financial market indices and executive-level approval. We also included the subsidiary Rumo Malha Central S.A. in the document’s scope. GRI 102-48 | 102-49 | 102-51



COMMITTED TO SUSTAINABILITY

This document also reveals our contributions to Brazil’s economic, social and environmental growth, as we strive to be leaders in our industry’s sustainable development.

Taking another step forward in accountability, for the first time ever we are disclosing our nine commitments to sustainable development, which are correlated to the United Nations (UN) Sustainable Development Goals (SDG). Our commitments are aligned with our Values, always contributing to the development of a more ethical and equitable society, which is reflected in our goals.



Please submit any questions or comments about this document to our Investor Relations team at ir@rumolog.com 102-53



OUR NINE COMMITMENTS TO SUSTAINABLE DEVELOPMENT

COMMITMENTS

1

Protecting the safety of teams, processes, and operations, which is reflected in our *LTIF* rate, which is expected to reach an average of 0.15 by 2025.

2

Promoting and encouraging energy efficiency as well as preparing and updating our inventories on GHG emissions.

3

Promoting gender diversity in selection processes and the succession map as well as continuously developing our people. In this regard, we commit to increasing our employee satisfaction level from 78%, in 2019, to 82%, in 2025.

4

Spreading ethical values to all members of the team.

5

Seeking funding methods linked to sustainability criteria (Green/Social/Transition/ESG-related).

6

Contributing to Brazil's sustainable development, starting with the locations surrounding our operations.

7

Promoting transparency with regards to business management and aligned with environmental, social, and governance criteria.

8

Participating in forums and voluntary initiatives on sustainability and innovation to discuss, influence, and learn, always pursuing global best practices.

9

Reducing by 15% the emissions by revenue ton per kilometer (RTK) by 2025.

CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT GOALS (SDG)





POSITIONING ON COVID-19

In light of the unprecedented spread of COVID-19, the World Health Organization (WHO) declared it a pandemic on March 11, 2020. Emphasizing our commitment to the country's development and public health and safety, we have adopted measures to prevent contagion and promoted actions to help public agencies restore Brazil's socioeconomic wellbeing.

We requested that the health departments in the municipalities of our concession areas provide a list of what they deemed essential to fight the pandemic. We subsequently arranged for the purchase of materials cited as high priorities by some local governments, such as equipment for Intensive Care Units (ICU) and emergency rooms; others demanded towels, blankets, sheets, cleaning products, and/or food.

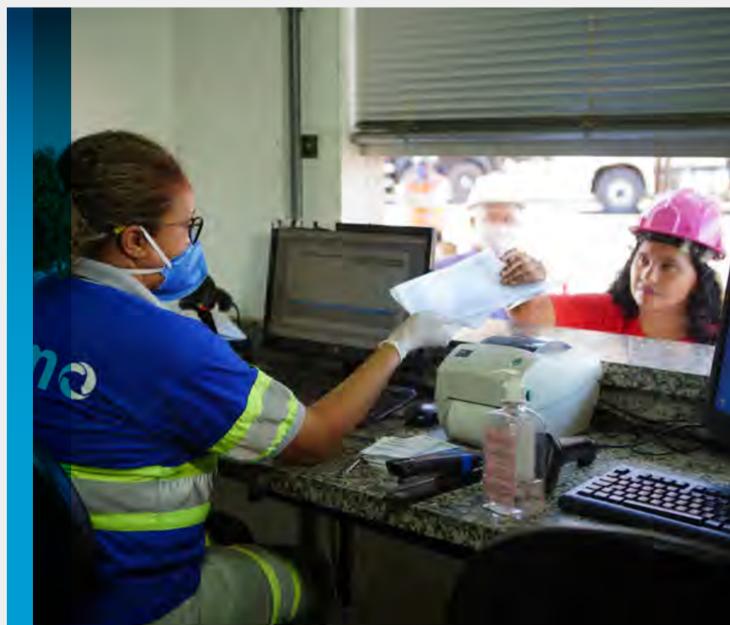
Together with our controlling shareholder Cosan, we became pioneers in taking the public commitment not to lay off employees at this moment. We implemented a home office regime for employees in administrative departments and adjusted our facilities and processes to guarantee the physical and psychological health of personnel who need to be in the field. Furthermore, all employees in the risk group for COVID-19¹ were instructed to adopt specific isolation, care, and monitoring measures.



Together with Cosan, we became pioneers in taking the public commitment not to lay off our employees.

¹ Individuals over 60 and with chronic illnesses (diabetes, hypertension, and others).





We adjusted facilities and processes to guarantee the physical and mental health of professionals who need to work in the field.

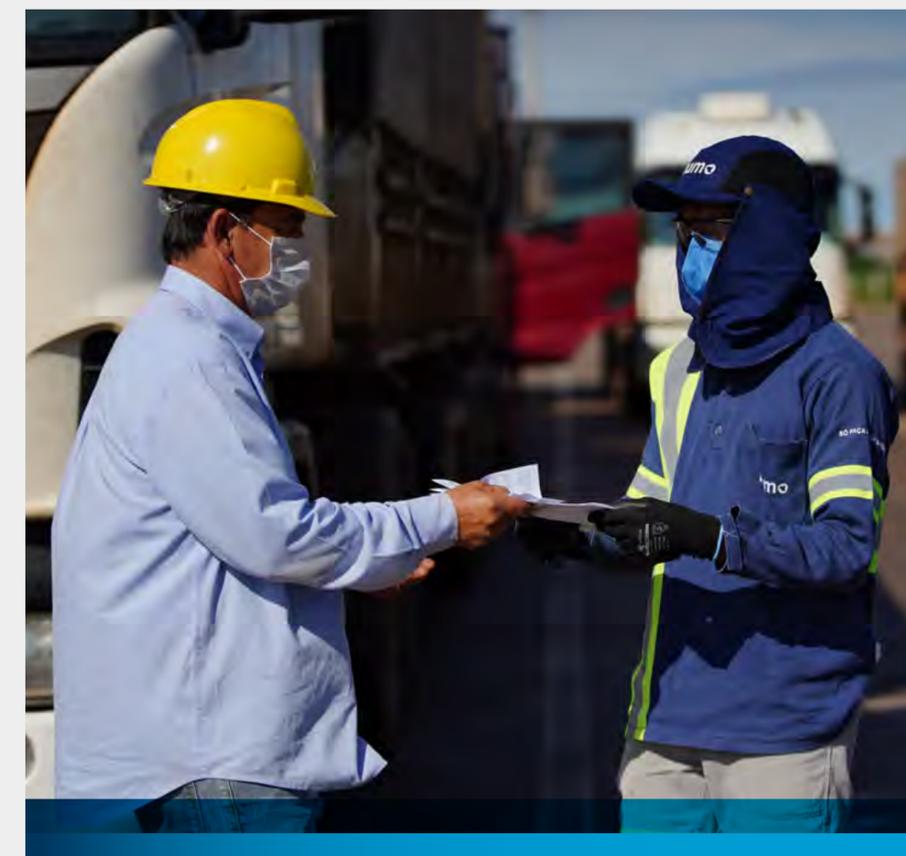
At the Center for Operational Control (COC), which operates 24/7, a special plan to resume activities and use equipment was put into place: corporate phones, once used by multiple employees across multiple work shifts, were removed; information sharing between shifts is now transmitted via video or virtual file to avoid personal contact; and common areas were modified to enable workers to maintain a safe distance from one another.

At our main transshipment terminal in Rondonópolis (State of Mato Grosso), a special service facility was assembled to serve truck drivers on a 24/7 basis. Nurse technicians perform a temperature screening of truck drivers at Rondopátio's access point and provide them with masks and medical instructions. A special unloading queue was also created, where permanence is limited to the minimum required for emergencies.

At the other four terminals operating in the Port of Santos, we check the temperature of all employees at the start of their shifts. We also improved the procedure for cleaning equipment used in the operation (radios, mobiles, clipboards, desks), and mobile work units. Like in Rondonópolis, truck drivers undergo a screening process and receive special care if necessary.

We are also regularly testing our employees and anyone involved in our operations, making it easier to track and reduce contagion levels.

We remain confident that we will overcome this new challenge while guaranteeing the quality and safety of the services provided. We thank our employees and partners who help keep Brazil in motion.



HIGHLIGHTS OF THE YEAR

Innovation

Higher use of **artificial intelligence** to optimize operations.



Semi-automatic trains: **trip optimizer™ system** for greater **energy efficiency**.

Economic and financial information

Net income of R\$907 million², more than three times the amount recorded last year.

Issuance of the **first green bonds** in the history of cargo railways in **Latin America.³**



EBITDA of R\$3,857 million, up **10.1%** from 2018.²

Cash generation before new loans and amortization stood at **R\$688 million²**

Operational

Concession agreement signed for **30 years** for the **North-South Railway** (Central Network).



Transportation of **60.1 billion** RTK, an increase of **6.6%** from 2018.



Approval of the early renewal of the Paulista Network Concession.⁴

Decrease of 5.5% in fuel consumption compared to 2018.



Rumo's success featured in the 2020 Harvard Business School Publishing: **"Rumo: Infrastructure for a Healthier Economy."⁵**

Socio-environmental

Partnership with the Ministry of Infrastructure to **develop an environmental performance indicator** for the national railway industry.

Strong **social responsibility plan** Covid-19 related.



26% reduction in specific emissions since 2015.



Reshaping of the People Department to **People&Culture@** to promote **diversity** and engagement.



Long-term commitments undertaken, all correlated to the United Nations (UN) Sustainable Development Goals (SDG).

² Excluding the Central Network.

³ Green certification process started in August 2019 with Sustainalytics and Climate Bond Initiative (CBI). Issuance in July 2020.

⁴ Signed on May 27, 2020.

⁵ Published in 2020, after a visit from the Harvard team to the Company's facilities and successive meetings with senior management in 2019. Available at the [link](#).

MATERIALITY

GRI 102-21 | 102-42 | 102-43 | 102-44 | 102-47

The content of this publication was based on the Materiality Matrix, which was revised in 2018 using surveys with our main stakeholders and senior leadership. We present the correlation between our materiality matrix and the 17 United Nations (UN) Sustainable Development Goals (SDG).

In 2019, we correlated the requirements of major market indexes* to the material topics presented in our last report and submitted our communications for approval by financial market entities, which pointed out opportunities to improve our approach to social, environmental, and governance elements. The recommendations have been incorporated into this publication. GRI 102-46

The topics added to this document were deemed relevant by these assessments, and our internal strategic departments have been encouraged to submit feedback on the last report, resulting in consolidated accounts that guided the interviews conducted to determine the topics covered in this issue.

* Such as B3's Corporate Sustainability Index (ISE) and the Dow Jones Sustainability Index (DJSI).

GRI 103-1

	MATERIAL TOPIC	APPROACH	REASON FOR THE TOPIC'S MATERIALITY IN THE BUSINESS	STAKEHOLDERS	SDG**
GOVERNANCE	Anticorruption practices	We are constantly reviewing our procedures, controls, and risk criteria to make sure they are compliant with regulations, best practices, and the law.	Financial risk; Reputational risk	Employees, Clients, Suppliers, Investors	
	Transparency	Our governance model is driven by transparency, focusing on a growth path combined with creating sustainable value.	Operational risk	Employees, Clients, Suppliers, Investors, Government	
	Code of ethics and conduct	Doing what is right, in the right way, is a key tool for protecting Rumo's integrity and sustainability.	Operational risk; Reputational risk; Financial risk	Employees, Clients, Suppliers, Investors, Government	
CORPORATE CULTURE	Modern slavery	We manage all partner information to ensure their compliance with the Ministry of Labor's regulations when providing services. We also prioritize safe actions and behavior among employees.	Operational risk; Reputational risk	Employees, Suppliers	
	Human and labor rights	Our partners are all approved based on their alignment with industry standards and compliance with the law for environmental and labor issues, such as prohibiting child labor and forced or compulsory labor. Current service providers are audited for the working conditions offered to rail workers.	Operational risk; Reputational risk	Employees, Suppliers, Government	
	People&Culture	Human capital is our most important asset, which is why we value the contribution of each employee and encourage their ongoing development.	Operational risk	Employees, Investors	
CLIENT	Client relationships	We are constantly working to provide the best service to all our clients, especially the Sales and Post-Sale departments.	Reputational risk; Financial risk	Clients, Suppliers, Investors	
ENVIRONMENTAL ISSUES	Environmental protection	Our environmental management system operates in accordance with the law and guides us in adopting the best practices to mitigate the impacts of our activities and to contribute to preserving the natural resources and biomes that integrate our regions of operation.	Environmental risk; Operational risk; Reputational risk	Employees, Clients, Suppliers, Investors	
	Fuel management (fuel consumption may impact the volume of GHG emissions)	We are aware of our role in reducing greenhouse gas emissions (GHG). As such, we have been developing projects and solutions that bring more efficiency to operations and contribute to the achievement of goals established in COP21.	Operational risk; Financial risk	Clients, Suppliers, Investors	

** Correlation to the Sustainable Development Goals (SDG)



	MATERIAL TOPIC	APPROACH	REASON FOR THE TOPIC'S MATERIALITY IN THE BUSINESS	STAKEHOLDERS	SDG*
ENVIRONMENTAL ISSUES	Waste	Our goal is to further reduce the impact of our operations by reducing waste generation and working on correct waste disposal methods.	Operational risk; Reputational risk	Communities, Clients, Suppliers, Government	
	Investment in green infrastructure	We invest in modernization and innovation, seeking greater efficiency and mitigation of environmental impacts.	Operational risk Reputational risk Financial risk	Clients, Suppliers, Investors, Government	
COMMUNITIES	Engagement with communities	We understand that operations can only be sustainable if they also impart value to society, so we stay in constant dialogue with the communities in our areas of operation.	Operational risk; Reputational risk	Employees, Communities, Government	
	Impact on communities	We pursue a long-term management model in our decisions, creating value for local development.	Operational risk	Clients, Suppliers, Government, Communities	
GOVERNMENT	Violation of legal requirements associated with the activities	We manage all risks inherent to the Company's activities by mapping out and identifying opportunities for improvement and using protection instruments.	Operational risk; Reputational risk; Financial risk	Clients, Suppliers, Investors, Government, Communities	
	Engagement with the government	We understand that operations can only be sustainable if they also impart value to society, so we stay in constant dialogue with government agencies.	Operational risk; Reputational risk	Employees, Communities, Government	
OCCUPATIONAL HEALTH AND SAFETY	Accident prevention	We are constantly developing initiatives to promote greater railway safety.	Operational risk; Reputational risk	Employees, Investors	
	Employee health and safety	We believe safety is a fundamental value, and it is the main driver of our operations.	Financial risk; Operational risk	Employees, Clients, Suppliers, Investors	
	Health and safety near ports and terminals	We strengthen our management system day after day, always seeking to connect our leaders with the realities of human behavior.	Operational risk; Reputational risk; Financial risk	Employees, Clients, Suppliers, Investors, Communities	
THIRD-PARTY MANAGEMENT	Third-party working conditions	Taking care of people is among our core priorities.	Operational risk; Reputational risk; Financial risk	Employees, Suppliers, Investors, Government	
	Relationship with third-party workers	Respect for human rights, dignity, and equality are vital in our work.	Operational risk; Reputational risk; Financial risk	Employees, Suppliers, Investors, Government	

* Correlation to the Sustainable Development Goals (SDG)



Brazil in Motion

3

ABOUT US

OUR VALUES

BUSINESS UNITS

OUR SUBSIDIARIES

WHERE WE ARE

ACKNOWLEDGMENT

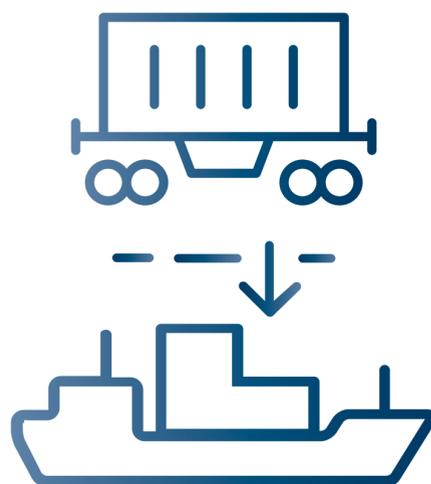
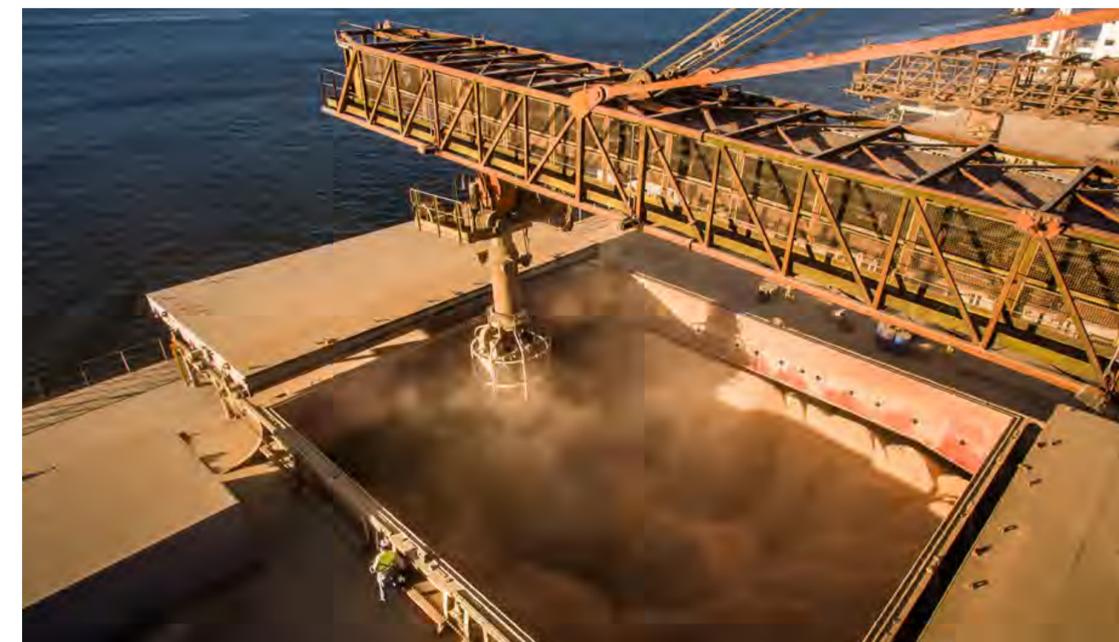


ABOUT US

We are Rumo S.A., a publicly-held Brazilian company listed in the Novo Mercado segment of B3, putting Brazil in motion from North to South by operating services in logistics railway transport, port loading, and product storage. Our operation is essential to the country's development, connecting it from North to South by taking important inputs from producing regions in the Brazilian countryside to the foreign market, as well as bringing industrialized products to underdeveloped regions. The operation covers the states of Mato Grosso, Mato Grosso do Sul, Goiás, Tocantins, Minas Gerais, São Paulo, Paraná, Santa Catarina, and Rio Grande do Sul. As Brazil's largest logistics operator with an independent railway base, we serve the three main export routes for agricultural commodities, covering cities that comprise

approximately 80% of the national Gross Domestic Product (GDP).
GRI 102-1 | 102-2 | 102-4 | 102-5

We own a robust structure that includes a railway network of approximately 14,000 kilometers, 1,200 locomotives, 28,000 railcars managed among five concessions, and 12 transshipment terminals managed directly or through partnerships. We have a storage capacity of approximately 900,000 tons and logistics compounds, the most important of which is located in Rondonópolis (MT) and supports a monthly loading capacity of over 1 million tons. We have two port terminals in Santos (State of São Paulo) as well as a share of four other compounds, three in Santos (State of São Paulo) and one in the Paranaguá port (State of Paraná).



As the largest independent railway logistics operator in Brazil, we connect the country from North to South, through our nearly 14,000 km of railway, connecting major producing regions to the country's main ports.

The quality of our asset base combined with the company's ethical code and dedication to our more than 8,500 employees allows us to provide logistics services to clients in various industries, especially agricultural commodities. In 2019, we transported 49.3 billion tons of agricultural commodities (grains) per revenue ton kilometers (RTK), accounting for 82% of our total operations volume. This performance played a key role in enabling us to triple our net income in the same comparison, which ended the year at R\$907 million, excluding the effect of the sub-concession agreement for the Central Network signed on July 31, 2019. As a result, net income stood at R\$786 million, 188% higher than in 2018.
GRI 102-7

OUR VALUES 102-16

Agility and discipline



Agility in making decisions, promoting safety, diligence, and compliance with the Company's processes and rules.

Innovation and inclusion



Encouraging new ideas and the tireless pursuit of creative solutions that focus on teamwork and valuing the diversity of our people and their experiences.

Achievement and excellence



Consistently overcoming challenges and seeking to improve performance daily while following ethical and sustainable values.

Personal development



Providing our people with training and education; focusing on developing each team member's skills and talents to help them reach their full potential. **GRI 103-1: Management Approach – Training and Education**

Integrity and ethics



Ensuring there is integrity in all our conduct and that corporate processes comply with the law, contractual rules, and corporate practices; rejecting fraudulent practices, corruption, and illegal conduct.

Diversity



Honoring and incorporating all forms of diversity—whether cultural, physical, ideological, racial, religious—or relating to sexual orientation, economic class, gender, or academic background.

Respect



Respecting individuality, dignity, privacy, human rights, and personal freedom so that our work environment is free of discrimination, prejudice, violence, mobbing, and sexual harassment.

Health and safety



Performing activities in compliance with labor and workplace safety laws; prioritizing health and safety to guarantee a healthy and inspiring workplace for all.

Sustainability



Embracing socio-environmental responsibility by protecting natural resources, taking action to perpetuate the business, and creating value for the community.



BUSINESS UNITS

GRI 102-6 | 102-7

North Operation

- Comprises the North Network and Paulista Network railway concessions as well as the transshipment terminals located in the states of São Paulo and Mato Grosso, and a loading terminal in Santos (state of São Paulo) with two mooring berths.
- Transports agricultural commodities, fertilizers, and industrial products.

South Operation

- Comprises the railway activities of the West and South networks as well as the transshipment terminals of Paraná.
- Transports agricultural commodities, fertilizers, and industrial products.

Central Operation

- Comprises the Central Network and connects the country from Southeast to North.
- Will transport cargo from agricultural production in the states of Goiás, Tocantins, and East of Mato Grosso as well as general and industrial cargo in containers.

Container Operation

- Through Brado, serves export and import operations and the domestic market.
- Transports agricultural and industrial products.





OUR SUBSIDIARIES

RUMO MALHA NORTE

Maintains a concession agreement with the Federal Government until 2079, providing for the construction, operation, conservation, and exploration of the **735 km railway** between Aparecida do Taboado (MS) and Rondonópolis (MT).

RUMO MALHA PAULISTA

Holds exclusive rights until 2058 to operate and explore 2,039 kilometers connecting agricultural and mineral production regions in the Mid-West and industrial and agricultural hubs in São Paulo to national and international consumer hubs. It has interconnection points with the ports of Santos, Pederneiras, and Panorama (all in the State of São Paulo), and the railways MRS Logística S.A., Ferrovia Centro-Atlântica S.A., Rumo Malha Sul, Rumo Malha Oeste, and Rumo Malha Norte.

RUMO MALHA SUL

Operates and explores with exclusive rights until 2027 (renewable for another 30 years) **7,208 kilometers of railway** network in the South Region, connecting to three of the main local ports: Paranaguá (State of Paraná), São Francisco do Sul (State of Santa Catarina), and Rio Grande (State of Rio Grande do Sul).

RUMO MALHA CENTRAL

Railway network with **1,537 kilometers** located between Porto Nacional (State of Tocantins) and Estrela D'Oeste (State of São Paulo). The sub-concession agreement was signed in July 2019 and is valid through 2049.

RUMO MALHA OESTE

Holds exclusive rights to operate and explore until 2026 (renewable for another 30 years) **1,951 kilometers of railway** and is connected to waterway terminals in Porto Esperança and Ladário in the State of Mato Grosso do Sul, the network operated by Rumo Malha Paulista in Bauru (State of São Paulo), and the Bolivian network Ferrovia Oriental in Corumbá (State of Mato Grosso do Sul).

BRADO LOGÍSTICA S.A.

Dedicated to the exploration of intermodal logistics operations for containers, especially railway transportation, storage, and terminal activities.



WHERE WE ARE

NORTH NETWORK

- Extension of **735 km**
- Concession term: 2079
- In 2019, its tracks transported **64% % of total** transported volume.

WEST NETWORK

- Extension of **1,951 Km**
- Concession term: 2026
- In 2019, it originated 1% of total transported volume.

SOUTH NETWORK

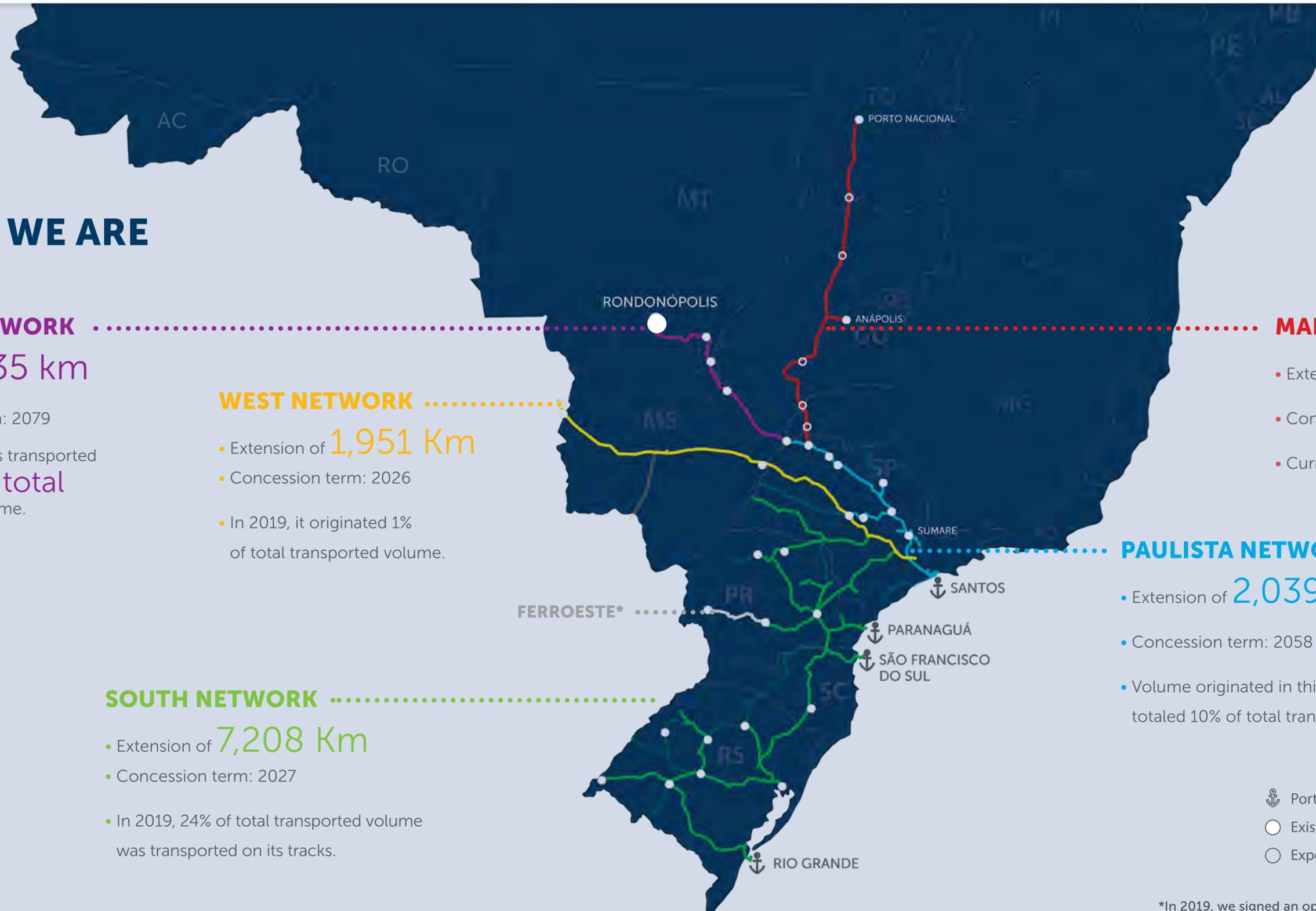
- Extension of **7,208 Km**
- Concession term: 2027
- In 2019, 24% of total transported volume was transported on its tracks.

MALHA CENTRAL

- Extension of **1,537 Km**
- Concession term: 2049
- Currently pre-operational.

PAULISTA NETWORK

- Extension of **2,039 Km**
- Concession term: 2058
- Volume originated in this network in 2019 totaled 10% of total transported volume.

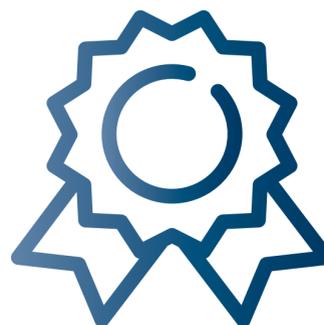


Port	South Network	Paulista Network
Existing terminals	Central Network	North Network
Expected terminals	West Network	Ferroeste (COE)

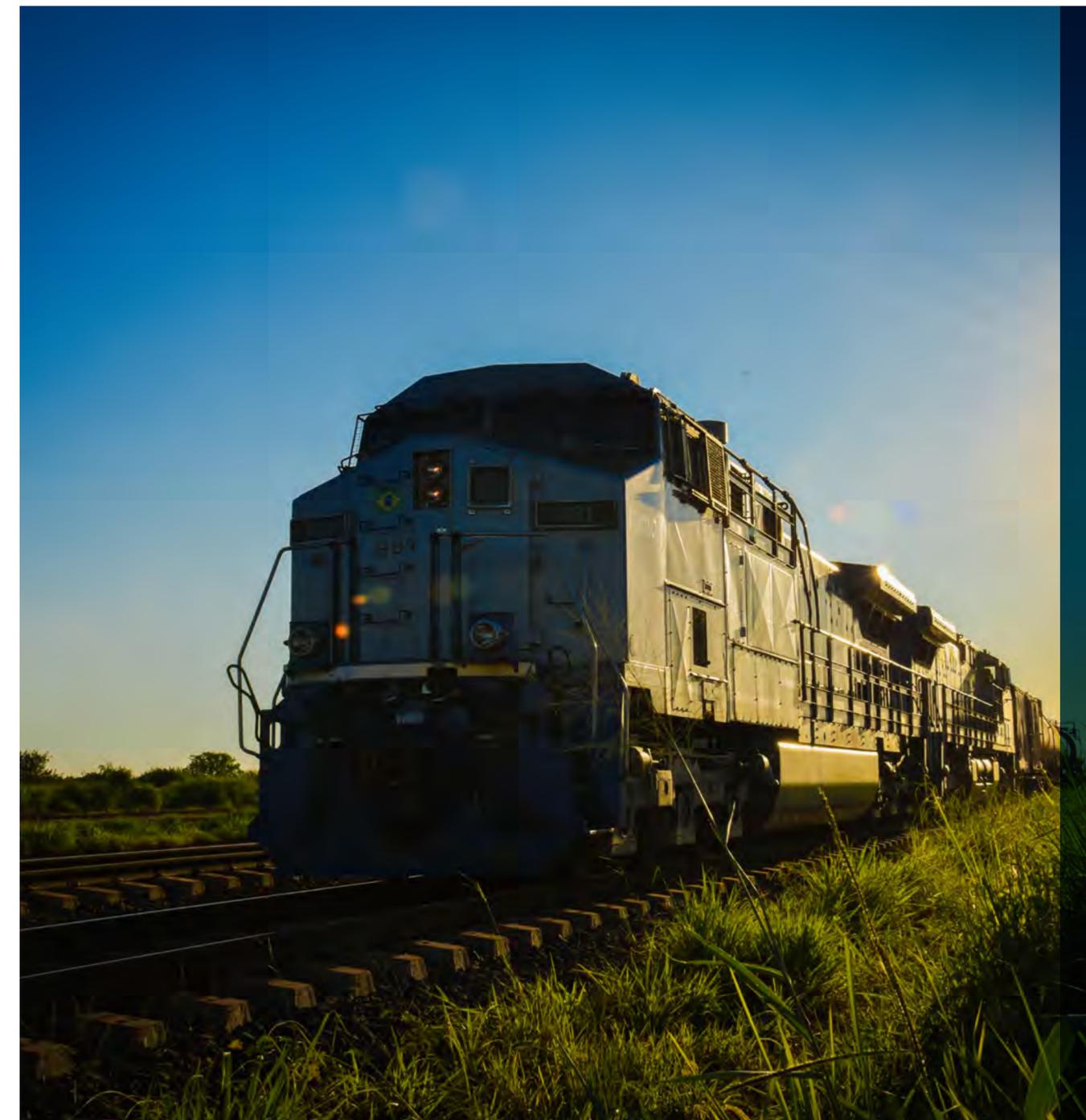
*In 2019, we signed an operating agreement with the Government of Paraná to operate volume on Ferroeste, allowing for higher shipment volume of the state's agricultural production.

ACKNOWLEDGMENT

- 1st place in the Transportation and Logistics category of the *Empresas Mais* award (newspaper *O Estado de S. Paulo*).
- 1st place in Corporate Governance - *IstoÉ Dinheiro*.
- Best company with actions and projects focusing on social responsibility - (1st place in Social Responsibility for the 3rd consecutive time) - *IstoÉ Dinheiro*.
- 2nd place in the ranking of Top Transportation Companies by *Exame* magazine's *Maiores e Melhores* ("Best and Biggest") publication.
- *Clima Paraná* label, Gold category, granted by the state's government to companies that disclose a certified inventory of GHG emissions.
- Pioneering, Innovation, and Development Award (PID) 2019 in the Highlight and Development category by the Commercial and Industrial Association of Araraquara (Acia).
- 4th place in the top 100 companies in Paraná ranking.
- Julio Fontana Neto, Chairman of the Operational Committee and member of the Board of Directors, was elected best infrastructure executive in Brazil by the newspaper *O Valor*.
- 10th place in the top 500 ranking in the South
- Community Garden *Canteiros da Cidadania Folha do Pantanal* (Iguaçu), winner of the 2019 Good Practices contest in the Environment category by the Municipal Institute of Public Administration (Imap).
- Agro Friend Institution, a title granted by the Senar (National Rural Learning Service) of Paraná.



**Rumo's success featured
in the 2020 Harvard
Business School
Publishing: "Rumo:
Infrastructure for a
Healthier Economy."**





Strategy and Management

4

INVESTMENT PLAN

INNOVATION

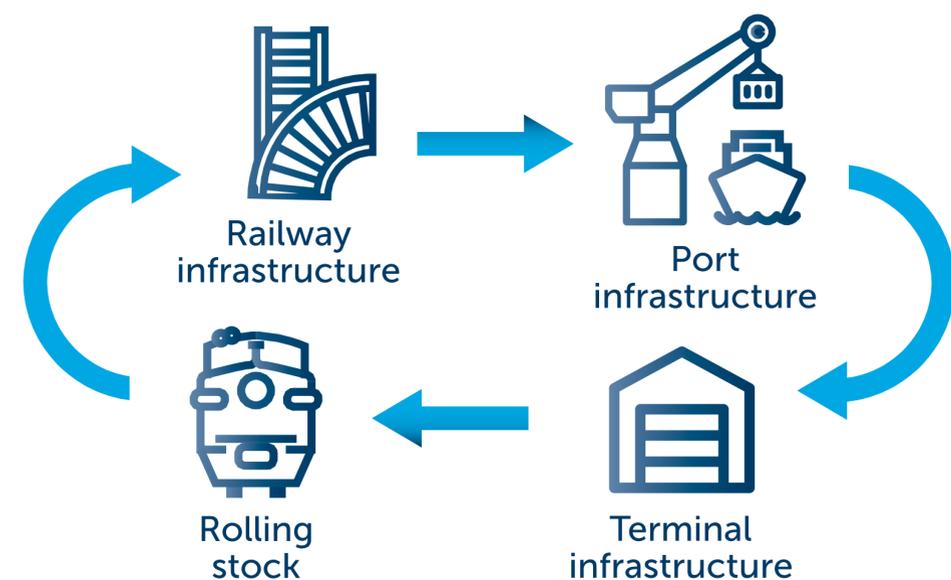
SUSTAINABILITY STRATEGY

INVESTMENT PLAN

As the company that puts Brazil in motion, we are driven to continually pursue capacity expansion and improve railway transportation infrastructure throughout Brazil. As a result, we invested R\$2 billion in projects and assets that create significant return, guaranteeing the expansion and continuity of our operations.

These investments include the expansion of our Rondonópolis terminal, renovating tracks, replacing rails and ties, improving

INVESTMENT FLOW



The challenge is to prepare the system to operate during both loading and unloading, in a coordinated and increasingly efficient manner.

infrastructure, and expanding yards for the 120-railcar train, a model that replaces the conventional 80-railcar train, providing greater capacity and significantly reducing fuel consumption and, consequently, greenhouse gas emissions.

We aim to expand the system's capacity by constructing crossing yards and using more resistant material in the railway. We also seek to protect the railway from external interference by building walls and overpasses as well as sealing railroad domain.

It is also important that ports are equipped to receive the higher transported volume, so as not to limit the amount of cargo to be transported on the railway. Therefore, we have been working to improve efficiency and capacity at the ports by building access lines to the terminals and providing more machines to expedite internal handling.

With the increase in cargo transportation on the railway, we must also prepare the system for more efficient loading and unloading



operations. Thus, we are renovating terminals to ensure they are equipped to receive a greater inflow of trucks and that they have the capacity to unload, store, and transport a greater number of products from the warehouses to the railcars.

Furthermore, in order to guarantee this capacity, we need to ensure the acquisition and maintenance of efficient railcars and locomotives to put trains in operation.

Integrated Management System

The Integrated Management System (IMS) used in our terminals in Santos and Itirapina (both in the state of São Paulo) marks our pursuit for sustainable development by guiding actions related to Quality, Health, Workplace Safety, and the Environment with the following goals:

- Preventing accidents and occupational diseases;
- Growing with profitability;
- Protecting the environment and its ecosystem, preventing and controlling pollution, prioritizing the management of product spillage and issue of particles;
- Satisfying our clients;
- Complying with the applicable law and other requirements agreed upon with clients and stakeholders;
- Adopting food practices for animal consumption products;
- Developing people and promoting their evolution and value within the company;
- Continuously improving the performance and efficiency of the Integrated Management System.



Please refer to the [Health and Safety](#) topic and the [Environment](#) chapter for our initiatives and their results

INNOVATION

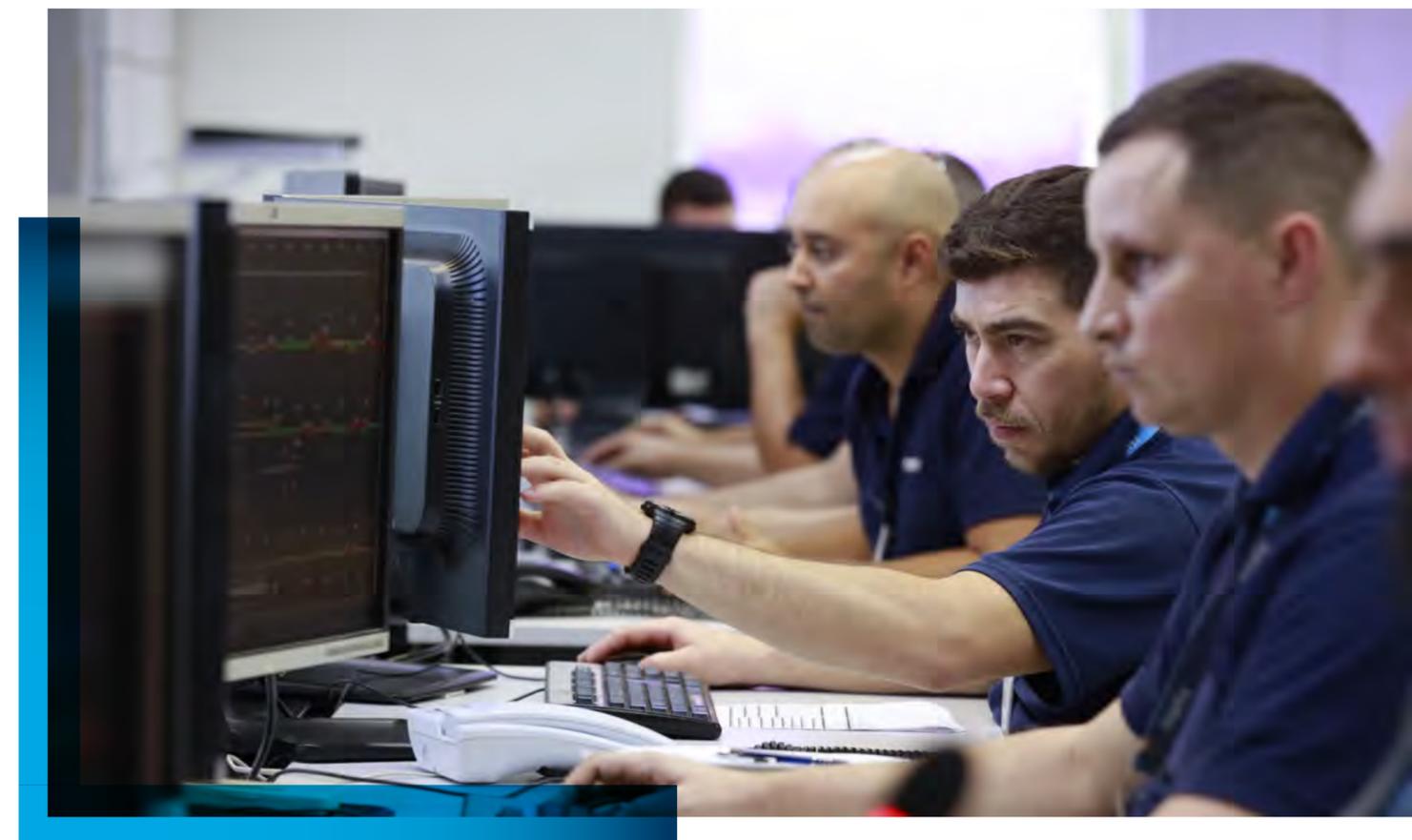
We want to drive the technological transformation of our industry by developing processes focused on safety, on higher operating efficiency, on increased capacity, and on cost reduction that also ensure better results and profitability. For this reason, in 2019, we invested R\$329 million in a series of initiatives.

Artificial Intelligence

One of the highlights was the development of two **Instrumented Railcars** (IR) currently operating in the North and South networks that attach to the trains to measure the isometry of the tracks. They allow us to check if the rails have the correct distance and inclination, pointing out faults to be corrected. Another initiative this year was the development and adoption of the **broken rail detector**: it uses ultrasound technology to identify micro-cracks on the tracks to help prevent more severe issues.

In the period, we also consolidated **algorithms to determine driver shifts**, which increased productivity by 15% by suggesting the most capable professional for each route.

Drivers receive calls on the **Chave na Mão** app, which makes communication easier and allows for integrated management of the time clock under the business rules, reducing transfer time. The app also reports collision events between animals and vehicles, improving the



wildlife monitoring process and allowing greater accuracy of records, subsidies for data analysis, and data to determine the best mitigating measures. At the end of 2019, 100% of drivers used the app and clocked in on it, regardless of their location. Overtime control is precise and the calls are sent automatically in 95% of the operations—and the remaining 5% is not due to lack of cell phone coverage.

Using Artificial Intelligence, we consolidated algorithms to determine driver shifts, increasing productivity by suggesting the most capable professional for each route.



Each employee will receive a mobile device with the app installed and configured with the information. Through Chave na Mão, they receive warnings and communications and have integrated access to the POC. The platform enables video uploads and can even refer users to specific training videos or research. Serving as a channel for both communication and access to important information, such as payslips, vacation requests, support, and driver's license points, this tool helps us foster a close relationship with our drivers.

In 2019, we also developed an algorithm that examines comprehensive historical maintenance information for railcars, locomotives, and tracks, as well as train information such as length, weight, and railcar type. The algorithm monitors the probability of an accident and issues a warning. In December, we created a Minimum Viable Product (MVP) that analyzes trains in a specific region, and the results provide an overview of more than 40% of the historical cases. In 2020, the solution will be expanded to other regions where we operate.

This year we also installed a second train simulator to increase energy efficiency and safety in railway operations, as well as constantly improve our train models.



Communication

We have partnerships in place with Globalsat and Embratel, with additional solutions that will expedite the transmission speed of orders from the Center of Operational Control (COC) to the driver. Transmission time, which can vary from five to 25 minutes, will drop to three seconds on average. With these technologies, we aim to explore aspects such as the number and location of accidents and identification of stops to call for help. Rollout will start in 2020 throughout the North Operation in AC44 locomotives.

Semi-automatic trains

As the largest operator of semi-automatic trains in Latin America, we have had significant gains in fuel economy. The system secures smooth transport, prevents overtaking at certain speeds, and provides other safety controls, allowing trains to travel with at least 10% less diesel compared to non-automatic, with a 3% decrease in transit time (the time it takes to load, go from point A to point B, and unload). In 2019, 156 locomotives on the railway were semi-automatic trip optimizers, and by the end of 2020, all of them will have this technology.



3%
decrease in transit time

10%
decrease in diesel consumption



Internet of Things (IoT)

We began to adopt a mechanism for railcars that issues traffic jam warnings. Already highly accurate and free of cost, the solution might be further improved in 2020 to enable railcars to measure track conditions through a sensor.

Internal culture

All of these innovations are in alignment with the values of our corporate culture. **The Acelera program**, for instance, allows employees to submit their ideas for improving processes, increasing productivity, and reducing costs. In 2019, six initiatives were selected and used to address the issues at hand.

External initiatives

In the first half of 2019, we celebrated our first year with Spark CWB District, a hub we lead in partnership with the Barigui Financial Conglomerate and Bosch. Through this initiative, we focus on our relationship with the innovation ecosystem and startup project incentives, applied research institutes, universities, and other institutions. Through this work, we promoted two proofs of concept this period, with startups 4vants, Senscar, and Qexpert, on aero inspection of tracks and railroad domain and sensors monitoring driver behavior to ensure safety.

The railway and the logistics industry as a whole has faced many challenges related to safety and efficiency. But with challenges come opportunities. As such, we participated in the largest industry event, Startup Weekend in Ponta Grossa (State of Paraná). Held in over 100 countries, this event encourages the creation of a business model, programming, design, and market approval, gathering entrepreneurs and future talents interested in developing innovative businesses.

We were part of a project in partnership with the Massachusetts Institute of Technology (MIT) to build an optimization algorithm for train formation during loading and unloading at the terminals. The innovation is being tested and should be rolled out in 2020.

Through our Research, Development, and Innovation (RD&I) department we entered into various partnerships this year, one with the Industry Federation of the State of São Paulo (Fiesp) and the Senai Innovation Institute of Maringá (State of Paraná) to research materials that have greater durability and weight tolerance in order to increase efficiency. Also in partnership with the National Industrial Learning Service (Senai), we carried out a workshop with representatives and experts to outline an overview of the railway until 2040. The event will subsidize the development of a roadmap of the industry's challenges and opportunities.



NEXT CHALLENGES

Over the next two years we plan to invest in three areas: application of **artificial intelligence** in the processes of circulation and yards; adoption of IoT to reduce the number and impact of accidents; and implementation of a process to adjust train speed to commercial demand—which means, for example, avoiding parking to wait for cargo, which slows trains -, reducing fuel consumption and accidents.

In line with these guidelines, we launched **Fuse**, a call notice for **innovative solutions in railway safety**, our core value. To learn more about the project, visit the website projctofuse.com.

In 2020, we also expect to accelerate the process of resolving relevant problems in our business areas through our relationships in the innovative ecosystem, whether through DistritoSpark CWB, other innovation hubs, or internal initiatives.

Another important aspect of our business plan is to take a more client-centric approach, implementing railway solutions that benefit our clients' businesses. In 2019, we became the benchmark for some clients in discussing technologies to increase safety and productivity at terminals.

SUSTAINABILITY STRATEGY

The three pillars of our sustainability strategy are (i) partnering with Brazil's agribusiness and global supply, (ii) transitioning to a low-carbon economy, and (iii) developing the local economy. These sustainable goals align closely with the quest to expand the country's railway transportation capacity. We plan to create a stable, predictable, and reliable logistics solution to ship grain production from the Mid-West and Mid-North regions, in line with the world's demographic growth and its consequent need of food production.



Our operation connects the producing region to commodity export locations shipping to other regions of the world. Railway expansion also **reduces the circulation of hundreds of trucks on the roads, thereby reducing carbon emissions and the number of accidents, improving traffic in cities, and increasing the safety of inhabitants.** It also produces an energy efficiency gain in locomotives and contributes to the development of agribusiness, which is primarily linked to efficient logistics solutions, playing a key role in the decision and possibility to increase domestic production.

On our sustainability-gear path to railway expansion, we prioritize inclusion and diversity, adopting eco-efficient technology, and seeking close relationships with our local communities. Another initiative is the **conscientious use of our assets and reuse of materials in our operations,** such as tracks and ties, extending their lifespan as much as possible while observing our safety standards. In terms of the **circular economy,** we are more and more engaged in managing and controlling our numbers, always improving our transparency level. An example of that is the 83% level of recycling of all waste generated, including the reuse of ties as rural fences, re-refining of used oil, and recycling of tracks and other metals.

We also promote sustainable practices within the company. Our **Strategic and Sustainability Committee monitors and**

To improve our communication and transparency with stakeholders, in 2020 we established long-term goals, including for specific emissions, safety, and employee satisfaction.

applies policies, strategies, actions, and projects related to the sustainable development of our business. Members meet every quarter with our CEO to align strategic projects to our sustainability goals and propose improvements, as was the case in 2019, when we proposed **long-term goals** to reduce emissions and increase employee satisfaction. GRI 102-20

Another achievement in 2019 was that the methodology we developed to collect environmental data highlighted in the chapter *Licenciamento ambiental – Sistema de coleta, monitoramento e análise de dados ambientais aplicados à ferrovia* ("Environmental Licensing – System for Collecting, Monitoring, and Analyzing Environmental Data Applied to the Railway") of the online book entitled *A aplicação do conhecimento científico nas engenharias* ("Application of Scientific Knowledge in Engineering"), published by Atena.



[Learn more in the Environment section](#)



Corporate Governance

5

BEST PRACTICES

INVESTOR RELATIONS

GOVERNANCE STRUCTURE

RISK MANAGEMENT

BEST PRACTICES

In the management of our business, we apply the best corporate governance practices, uphold the highest moral and ethical standards, and remain in strict compliance with the law. In 2010, we joined the Novo Mercado segment of B3, Brazil's Stock Exchange, which requires the highest level of corporate governance, attesting to our voluntary commitment to taking additional measures to those required by the law and the Securities and Exchange Commission of Brazil (CVM). We carry out all of our activities in strict compliance with the Brazilian law and regulatory standards. [GRI 103-1 | 103-2 | 103-3 – Socioeconomic Compliance](#)

We also maintain a robust structure related to ethics, transparency, and compliance, including tools such as the Code of Conduct, the Ethics Channel, the Anticorruption Program, the Antitrust Policy, the Related Parties, and Conflicts of Interest Policy, besides other policies guiding the conduct of our business. We also rely on internal and external audits that report to a Statutory Audit Committee and the Internal Controls and Legal Compliance departments, which, among other projects, worked in 2019 on adjusting the processes and procedures to ensure they comply with the General Data Protection Law (LGPD). Leaders met with an expert in the subject to understand our risks and responsibilities of companies regarding the core aspects to support decision-making processes.

Our **Code of Conduct** outlines the standards of behavior we expect from all employees and third parties (clients, business partners, intermediaries, proxies, sub-contractors, and goods and services suppliers). The code covers 11 topics, including conflicts of interest, our relationship with the government, and the protection of confidential data and information. Our Related Parties and Conflicts of Interest policies and our Code of Conduct are available on our [website](#) for public access. [GRI 102-16 | 102-25 | 103-1 | 103-2 | 103-3 – Transparency](#)

The material is managed by the Legal Compliance and Internal Controls departments, subject to sequenced approval by the Corporate Compliance Committee, the Statutory Audit Committee and the Board of Directors. The content was updated and the topic of training was added in 2019, applied to 100% of our professionals, who are encouraged to use the Ethics Channel if they become aware or suspicious of any inappropriate conduct.

The tool, managed by an independent company, guarantees the denunciator's anonymity and the confidentiality of reports and can be accessed at canaldeetica.com.br/cosan/ or by telephone at 0800-725-0039. The channel's manager is responsible for classifying and forwarding reports to the appropriate parties. [GRI 102-17](#)



Our Code of Conduct supports our activities and is based on three pillars: our people, our corporate ethics, and our strong commitment to society.



All documents on ethics, transparency and compliance are regularly updated and disseminated through training. In 2019, for instance, we updated our Code of Conduct and our Related Parties and Conflicts of Interest Policy. We also created and updated internal rules on topics such as Environmental Policy, Anticorruption, Antitrust, Policy for Relationship with Public Agencies, Policy for Giving or Receiving Promotional Gifts, Presents

and Amenities, Policy for Alcohol and Drug Use. Anticorruption is jointly managed by the Legal Compliance and Internal Controls departments, which report to the CFO, the Audit Committee and the Board of Directors. [GRI 103-1 | 103-2 | 103-3 – Anticorruption](#)

This structure is complemented by the Audit Committee, with independent members who meet every

three months to evaluate, review, and strengthen internal measures related to the topic, aiming to guarantee the best management practices.

We are committed to diversity and strive to provide our governance bodies with greater independence so we may fully benefit from the diverse range of our directors' and executives' experience. In 2019, we planned and carried out actions to encourage diversity on all internal levels and created the People&Cultur@ department. [GRI 103-1 | 103-2 | 103-3 – Diversity and Equal Opportunity](#)

We also signed the *Programa na Mão Certa* pact to join in the fight against sexual exploitation of children and teenagers on Brazilian highways. [GRI 102-12 | GRI 103-1 | 103-2 | 103-3 – Public Policy](#)

INVESTOR RELATIONS

Our highly trained Investor Relations (IR) department ensures we maintain transparency in our relationships by providing clear and reliable information to the market.

On our IR website (<http://ri.rumolog.com/>), our main communication channel with the financial market, stakeholders can find institutional presentations, analyst coverage, notices and material facts, quarterly and annual earnings reports, and access services such as the calendar of events, the download center, and the Talk to IR channel.

We also promote an annual meeting with investors and analysts, quarterly earnings conference calls available in two languages, national and international roadshows and one-on-one meetings, and we attend events and meetings with major financial institutions to connect with investors.



0800-725-0039

canaldeetica.com.br/cosan/

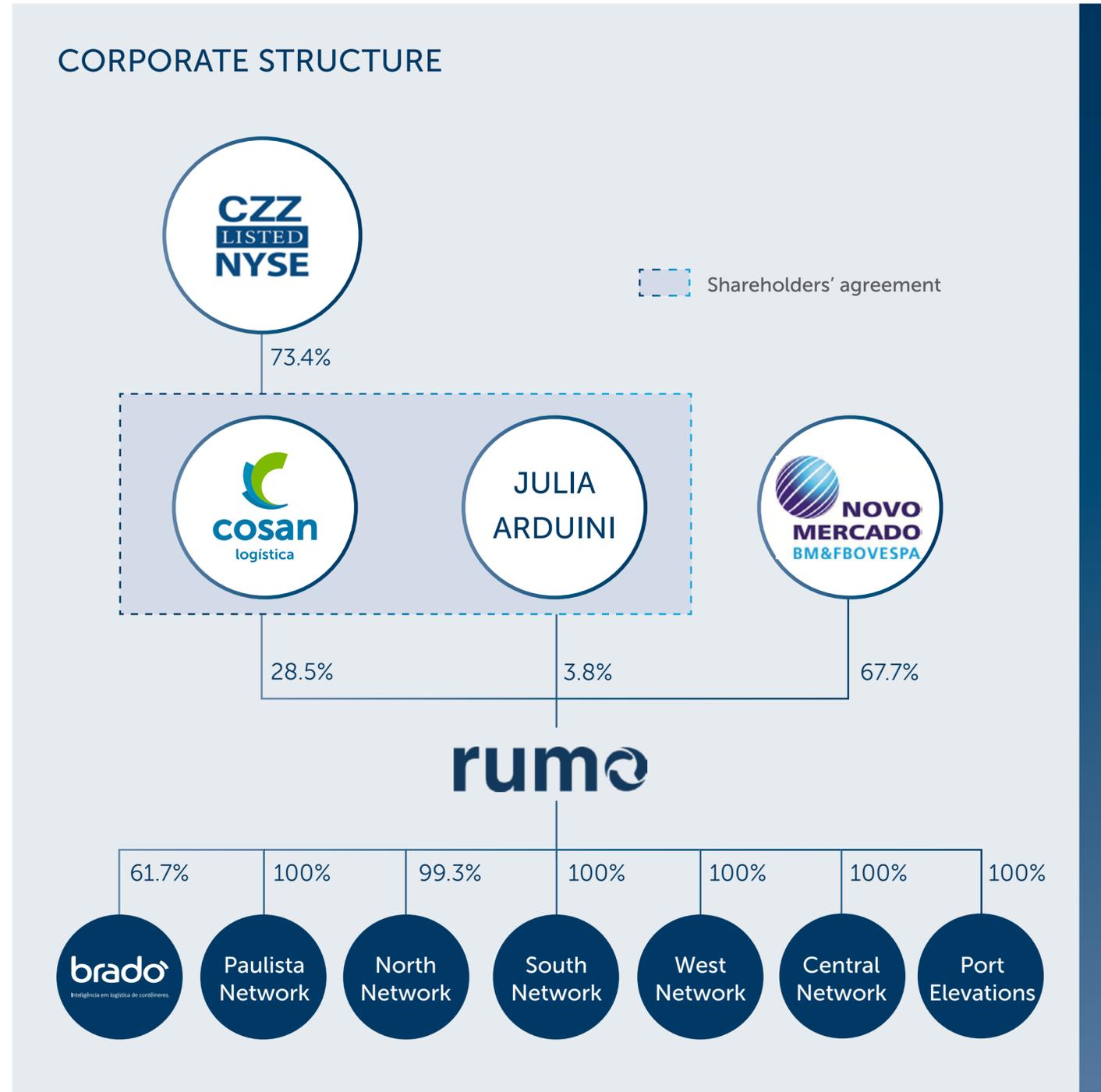
GOVERNANCE STRUCTURE GRI 102-18

Our governance is structured under three main bodies: the Board of Directors, the Board of Executive Officers, and a Fiscal Council that oversees them. We also have six advisory committees to the Board of Directors that support the business in accordance with best practices.

Members of the Board of Directors, 20% of whom are independent, are appointed at the Shareholders' Meeting. Members of the advisory committees are elected by the Board of Directors, and members of the Statutory Audit Committee are chosen in accordance with the criteria of independence and technical knowledge in corporate accounting, internal controls, finance, and auditing; members of the Operating Committee are elected among members of the Board of Directors, the Board of Executive Officers, and other operating departments; and members of other committees are chosen among members of the Board of Directors. GRI 102-24

Our governance structure comprises the Board of Directors, the Board of Executive Officers and the Board of Auditors, as well as six Advisory Committees to the Board of Directors, all supporting the business with practical improvements.

Economic, environmental, and social topics must be approved as determined in our Corporate Bylaws, with the respective governance act. They are examined and approved by either the Board of Directors or the Board of Executive Officers, depending on the subject matter. The Board of Executive Officers includes the VP of Finance and Investor Relations, responsible for all financial matters, and the VP of Human Resources, responsible for sustainability practices. Both report directly to the CEO and the Board of Directors. GRI 102-19 | 102-20



Board of Directors

- Includes 11 to 17 sitting members, 20% of whom are independent. Independent members of the Board of Directors are not direct or indirect controlling shareholders of the Company; are not spouses, partners, or direct or extended relatives, of the first or second degree, of the controlling shareholder or any manager of the Company or other shareholders; have not been employed or served as officers of the Company or its controlling shareholders or subsidiaries, affiliated companies, or joint ventures in the last three years. Voting rights of these directors are not linked to any shareholder agreement that includes matters related to the Company.
- Two-year tenure; reelection allowed.
- Maintains internal regulations.
- Attributions: Decides on general policies and guidelines, evaluates plans and projects proposed by the Board of Executive Officers, and measures the results achieved. The body is also responsible for evaluating and approving the Code of Conduct. Furthermore, the Board of Directors reviews and approves internal policies for compliance with governance rules and economic, environmental, and social guidelines. 102-26
- At the end of 2019, the Board consisted of 12 members who were elected on April 24. All members possess high-level technical skills, comprehensive knowledge of our market, and unique skills to promote diversity of ideas and viewpoints. GRI 102-22 | 102-23



Click on the names to learn more about their qualifications.

BOARD	FIELD OF KNOWLEDGE									
	Finance, controls, and risk management	People	Sustainability	Legal/Regulatory	Economics, policy, and regulation	Fuel	Gas/Energy	Logistics	Renewable	Agricultural
Rubens Ometto Silveira Mello	✓	✓	✓	✓	✓	✓			✓	✓
Marcos Marinho Lutz		✓	✓	✓	✓	✓	✓	✓	✓	✓
Marcelo de Souza Scarcela Portela				✓	✓					✓
Marcelo Eduardo Martins	✓	✓		✓	✓					✓
Burkhard Otto Cordes	✓	✓	✓	✓	✓					✓
Julio Fontana Neto				✓		✓		✓		✓
Riccardo Arduini								✓		
Sameh Fahmy* – Independente	✓							✓		
Abel Gregorei Halpern – Independente	✓		✓					✓		✓
Mailson Ferreira da Nobrega – Independente	✓				✓					
Marcos Sawaya Jank – Independente	✓	✓	✓		✓	✓			✓	✓
Giancarlo Arduini (suplente de Riccardo Arduini)								✓		

*Left the Board on March 31, 2020.

Fiscal Council

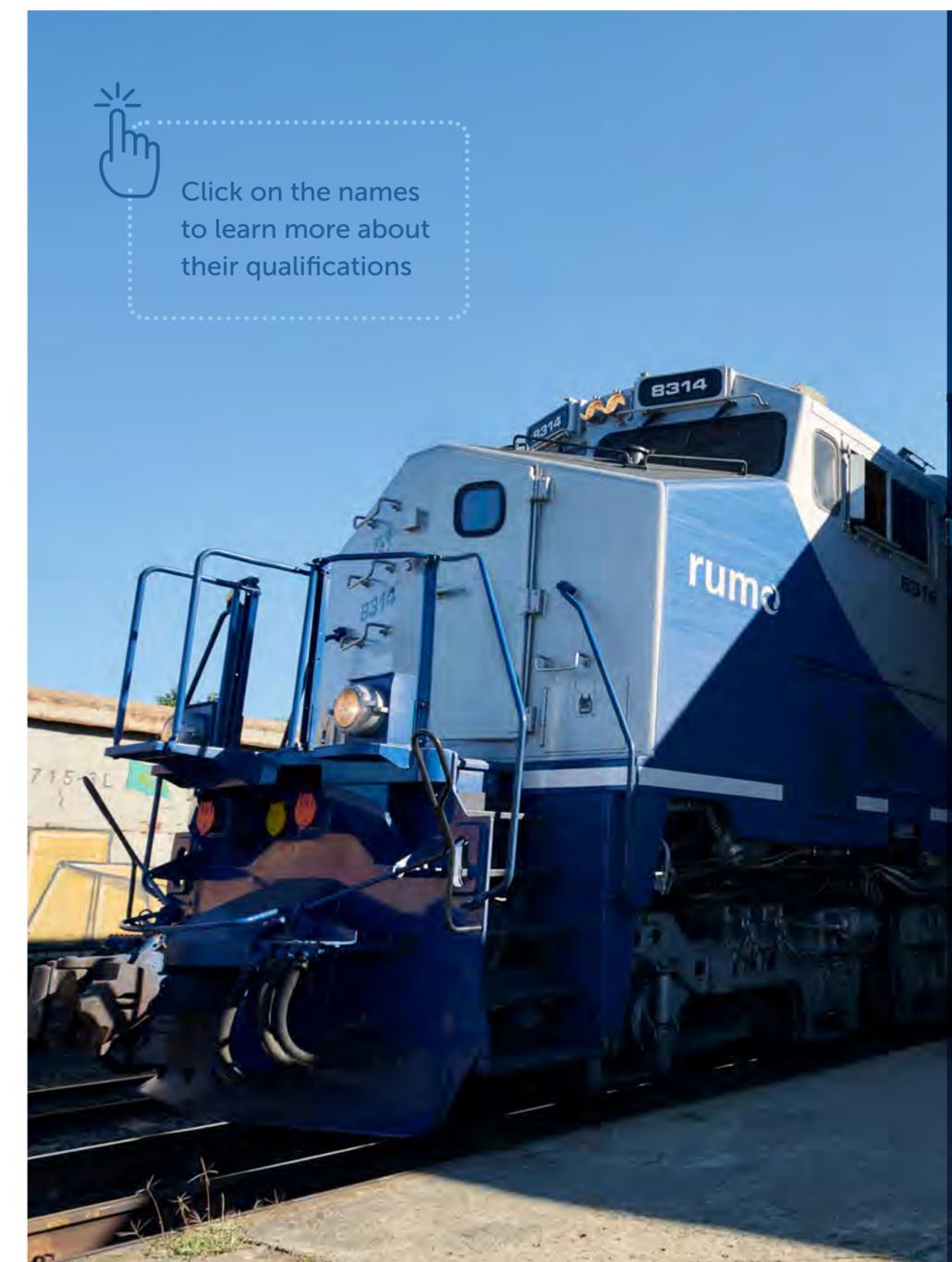
- Comprising three to five sitting members and the same number of alternate members.
- One-year tenure.
- Maintains internal regulations.
- Attribution: overseeing financial statements and management activities.
- The Fiscal Council reports directly to shareholders; in 2019, a member appointed by minority shareholders joined the council.

COMPOSITION	CARGO
Marcelo Curti	Chairman
Francisco Silvério Morales Céspedes	Sitting member
Cristina Anne Betts	Sitting member
Reginaldo Ferreira Alexandre	Sitting member
Hélio Ribeiro Duarte	Alternate member
Guido Barbosa de Oliveira	Alternate member
João Marcelo Peixoto Torres	Alternate member
Walter Luis Bernardes Albertoni	Alternate member

Board of Executive Officers

- Must comprise no less than three and no more than nine executives.
- Two-year tenure; reelection allowed.
- Maintains internal regulations.
- Attributions: responsible for the ordinary management of our operations and for implementing the policies and targets established by the Board of Directors.
- At the end of the year, it consisted of five officers elected in April 2018—except for the chairman, who took office in April 2019.

COMPOSITION	CARGO
João Alberto Fernandez de Abreu	CEO
Ricardo Lewin	VP of Finance and Investor Relations
Daniel Rockenbach	VP of Operations for the South and West Networks
Darlan Fábio De David	VP of Operations for the North and Paulista Networks
Eduardo Pellegrina Filho	VP of Human Resources



Committees

The governance structure is supported by the operation of the following committees, two of which - Audit and Related Parties - were created by the Corporate Bylaws and the others by the Board of Directors, all advising the latter in making decisions on economic, environmental, and social topics.

AUDIT COMMITTEE

Comprising three independent members with experience in compliance, each of whom has a one-year tenure. This committee reports directly to the Board of Directors on matters such as monitoring the quality and integrity of internal information and controls, evaluating and monitoring risk exposures, and other attributions.



The composition of governance bodies and the bios of all members are available in the Corporate Governance section of the website

PEOPLE

Comprising four members, two of whom are independent. Each member has a 2-year tenure. This committee reports to the Board of Directors to offer subsidies in making strategic decisions in Human Resources, including issues related to the fixed and variable compensation of members of Management, members of the Fiscal Council, and other employees as well as determining and controlling targets and issues related to diversity, development, succession, and leadership.

OPERATIONAL

Comprising eight members, each with a two-year tenure. Advises the Board of Directors to establish and control internal operational indicators.

RELATED PARTIES

Comprising three to five members, each with a two-year tenure; currently made up of four members, three of whom are independent. This committee works to secure equitable and non-discriminatory treatment of competitors with regard to contracting, setting prices, and providing services as well as guaranteeing high-quality railway transportation, transshipment, storage, and port loading services.

STRATEGIC AND SUSTAINABILITY

Comprising four members, each with a 2-year tenure and one of whom is independent. This committee advises the Board of Directors on issues related to strategies in mergers and acquisitions (M&A), investment allocation, associations and strategic partnerships, and in complying with legal duties related to sustainability, including the publication of indices to mitigate the effects of Greenhouse Gas (GHG) emissions by monitoring and implementing policies, strategies, actions, and projects.

FINANCIAL

Comprising three members, each with a two-year tenure and one of whom is independent. This committee is responsible for advising the Board of Directors on cash flow, investments, available funds, opportunities to raise funds, and those made available by capital markets.

RISK MANAGEMENT

GRI 102-11 | 102-15

We have maintained a Risk Management Procedure since 2008 as well as an Integrity/Compliance Program, Audit Committee, and Risk Management department—all supported by the Board of Directors and the Board of Executive Officers, which also perform related roles.

These tools comprise our robust risk-management system, which is organized into the following categories:

STRATEGIC

Deals with senior decision making, which may lead to substantial economic value losses.

OPERATING

Related to the possibility of suffering losses (in production, assets, clients, revenue) due to failure, fault, or unfitness of internal processes, people, and systems, as well as external events such as natural disasters, fraud, strikes, and terrorist acts. Operating risks usually lead to a decrease, deterioration, or full and partial shutdown of activities, with a negative impact on the company’s reputation, potentially creating contractual, regulatory, and environmental liabilities.

FINANCIAL

Connected to the exposure of our financial operations, classified by:

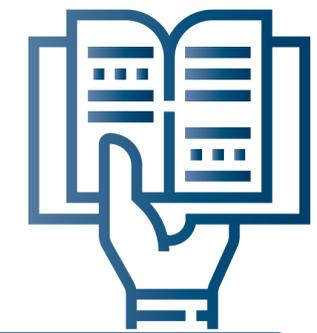
- ✓ **Foreign exchange:** associated with BRL volatility compared to foreign currencies, which may have an impact if assets or liabilities are exposed to foreign currency fluctuation.
- ✓ **Interest:** also associated with financial market volatility. We may occasionally contract debt and derivatives indexed to fixed or fluctuating interest rates, but changes in the risk perception of market agents may lead to volatility in interest curves and, therefore, impact interest expenses.
- ✓ **Liquidity:** a situation in which we may find it difficult to settle liabilities previously undertaken.

- ✓ **Credit:** associated with our counterparts, which may eventually fail to make payments and comply with their obligations.

COMPLIANCE

Associated with exposure to non-compliance with laws and regulations issued by central and local governments, regulatory entities, or even internal regulations. Associated with money laundering prevention, integrity, and related issues. As such, all 349,000 payment transactions carried out internally in 2019 have been submitted for risk assessments during the usual approval process, and no relevant residual risk was identified. GRI 205-1

We have combined hedge instruments in place for the management of strategic risks, which provide us with an integrated view of risks and controls and facilitates the assessment of treatment actions.



Our tools for managing strategic and operating risks include Internal Control, Health, Environment and Safety (HES), Crisis Management, and Risk Management. These departments are strategically integrated and also provide specific safety resources. The integrated functionality of these departments provides us with a more comprehensive, accurate view of risks and controls, enabling us to determine and execute the best risk-management actions.

With regard to financial risks, we have specific protection instruments for each of them under the scope of the Financial Risk Management Policy, which has been in force since 2016. It requires that all operations be contracted to protect against asset and liability exposures, and never with the purpose of speculation. Therefore, it requires adherence tests, liquidity contingency plans, and investment liquidity prioritization, among other tools.

The Board of Directors establishes limits of exposure and coverage indices periodically to optimize operational and financial controls. The application, monitoring, and oversight of the Financial Risk Management Policy are the responsibility of the VP of Finance and the Financial Management Committee.

Climate change

Climate change can affect our business by 1) impacting transported volume of agricultural production and its crops, since excessive or insufficient rainfall can affect the timing of planting and harvesting; and 2) complications caused by extreme climate phenomena, such as landslides near hills that may cover part of the tracks, shutting down operations.

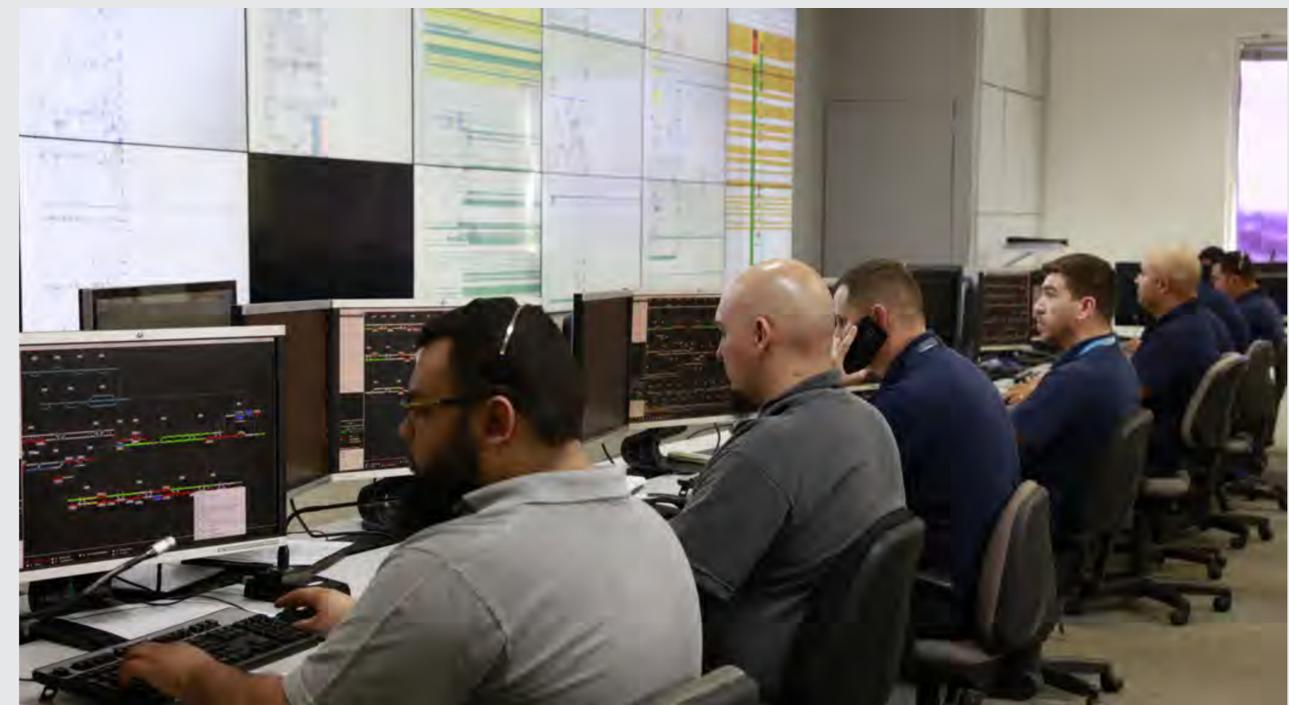
As such, we are tirelessly working to improve operating efficiency by investing in lower diesel consumption, which reduces costs and Greenhouse Gas (GHG) emissions. **Better operating efficiency also increases transportation capacity, bringing gains to the railway grid when compared to other transportation modes, which have worse environmental and emission indicators.**

Climate change can also affect the way we run our business, as the majority of our operations is based on grain transportation and, therefore, good crop conditions in Brazil.

Even though we are unable to control climate change, our entire team works to improve our environmental, social and economic indicators.

We invest in **predictive technology** to mitigate these risks, such as the installation of **meteorological monitoring stations**, including hills areas, allowing us to take preventive

action against climate change events. We also work actively in hillside regions to install landslide detectors that connect to our Center for Operational Control (COC), which enables us to take swift preventive action, such as shutting down to avoid accidents, while maintenance teams fix the structures and mitigate any additional risk. **GRI 201-2**





Operating Performance

GRI 102-6

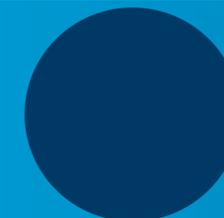
6

NORTH OPERATION

SOUTH OPERATION

CENTRAL OPERATION

CONTAINER OPERATION



We are constantly working to achieve higher levels of operating efficiency in order to maximize value creation for all our stakeholders. We consistently disclose the evolution of financial, environmental, and social indicators. Capital discipline is a strong internal value, which we promote among employees through a culture of resource optimization. We establish goals for every aspect of the business, and these goals are strictly monitored to guarantee that managers and employees are engaged in delivering results. For budgeting, we use the Zero-based Methodology, which aims to include in the budget only what is essential for the business. GRI 103-1 | 103-2 | 103-3 – Economic Performance

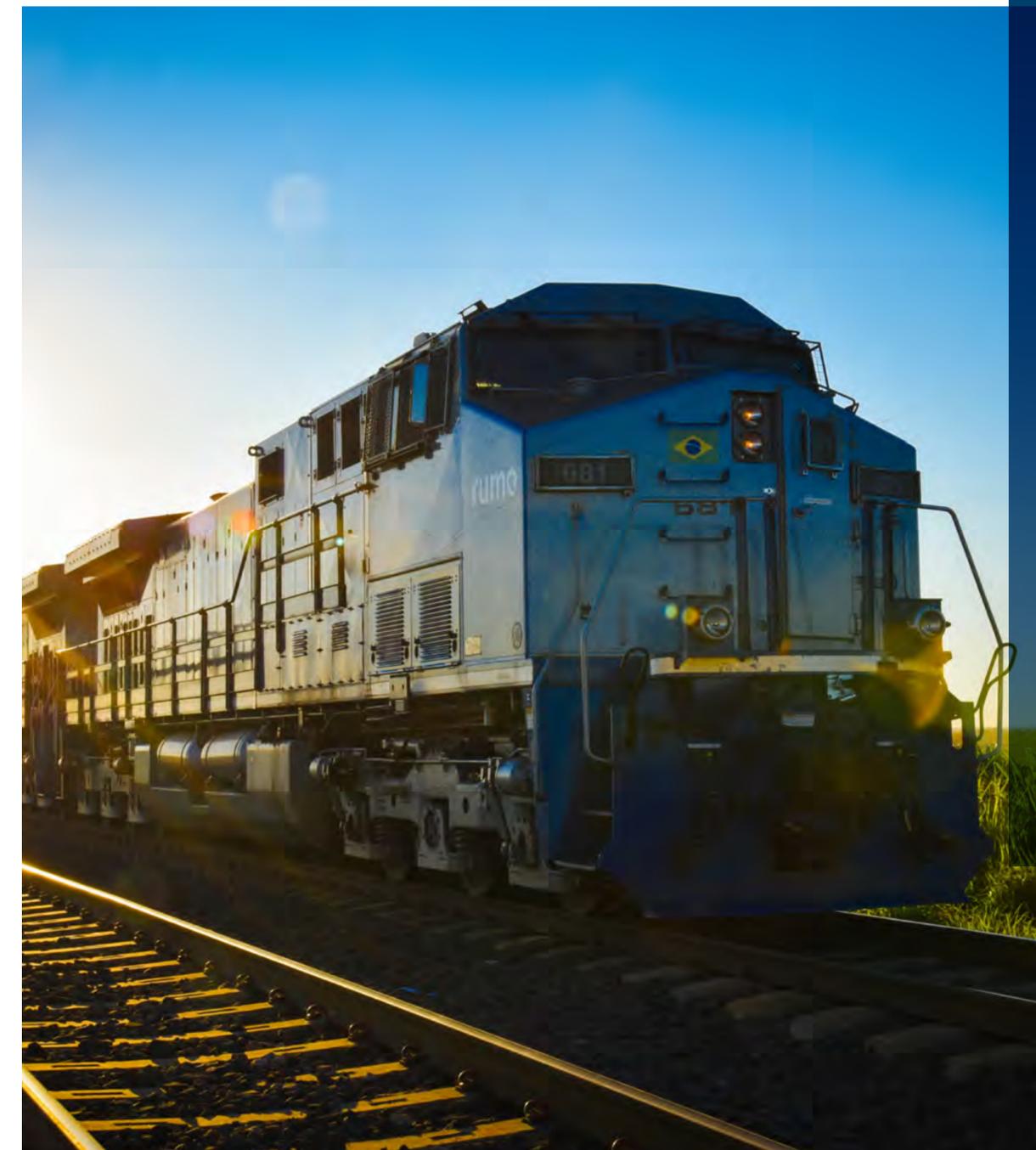
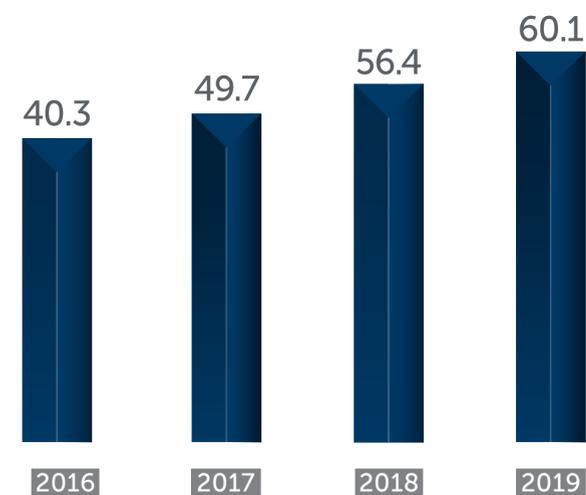


Capital discipline is a strong internal value, which we promote among employees through a culture of resource optimization.

Since 2016, we have been increasing our transported volume at a Compound Annual Growth Rate (CAGR) of 10.5%. We continued to grow in 2019, posting a 7% volume increase when compared to 2018. In the year, **we transported 60.1 billion revenue ton kilometers (RTK)**, as a result of a strong operating performance, but impacted by unfavorable soybean trading conditions in the second quarter due to lower demand from China, which was offset by a record-breaking early corn crop that brought volume to the market in June, allowing for a strong increase in exports during the second half of the year.

TRANSPORTED VOLUMES (IN RTK BILLION)

10.5% CAGR



NORTH OPERATION

In 2019, total volume transported in the North Operation was 9.0% higher than in 2018, reaching 42.8 billion RTK. Soybean transportation grew only 2.2% in the year due to operating restrictions in the first quarter resulting from strong rainfall in the State of São Paulo and an unfavorable export market in the second quarter. Corn transportation increased by 8.7% due to a strong performance from July to November, since low availability in December led to reduced exports.

The significant amount of fertilizers also contributed to the 9.4% growth in agricultural volumes transported this year. The number of industrial products increased by 5.5%, primarily due to pulp transportation. Port loading activities decreased due to an unfavorable sugar export scenario.

Comprises the railway concessions North Network and Paulista Network, as well as the transshipment terminals located in the states of São Paulo and Mato Grosso and the loading terminal in Santos (SP), with two mooring berths. Transports agricultural commodities, fertilizers, and industrial products.

Expansion of the Rondonópolis Terminal

Concluded in July 2020, the expansion was planned to make operations in the state of Mato Grosso even more competitive, **increasing current capacity by approximately 50%**. We invested roughly R\$230 million, reaching **stationary capacity** gains of 112,500 tons - an increase of **2.5 times**. We built three new warehouses with capacity of 37,500 tons each, four road hoppers with four new bascule lifts, increasing efficiency for truck drivers (totaling 15 road hoppers). We also built a third railway granary that can load three trains simultaneously.



- Port
- Existing terminals
- North Network
- Paulista Network

TRANSPORTED
VOLUME OF
42.8 billion
RTK IN 2019

SOUTH OPERATION

Because we have been focusing on our strategic relationship with clients by expanding capacity to meet domestic demand, the South Network stood out for transporting 184,424 m³ of B100 biodiesel this year, an increase of 15% when compared to 2018. Fuel, which is used by the country's largest distributors, is loaded onto our railcars at the terminals located in the cities of Passo Fundo, Ijuí, and Canoas. The cargo is shipped to Araucária (State of Paraná), where it is unloaded and transported by truck to the markets of Paraná and São Paulo.

Despite this increase, the South Operation saw a contraction of 1.8% in transported volume in 2019, reaching 14.5 billion RTK. This result reflects the 4.2% decrease in the volume of agricultural products, mainly soybean and sugar, due to the unfavorable commodity export scenario, although partially offset by corn volume. Industrial products grew 4.7%, mainly due to the 11.7% expansion in transported fuel.



TRANSPORTED VOLUME OF 14,5 billion RTK

Comprises the railway activities of the West and South networks as well as the transshipment terminals of Paraná state. Transports agricultural commodities, fertilizers, and industrial products.

CENTRAL OPERATION

On July 31, 2019, we signed the subconcession agreement for the Central Network (North-South Railway), securing the right to explore, for the next 30 years, a stretch of more than 1.500 kilometers of the North-South Railway between Estrela D'Oeste (State of São Paulo) and Porto Nacional (State of Tocantins), enabling the company to access the states of Goiás and Tocantins, which are important producing hubs for agricultural commodities.

Works at the Central Network continues, aiming to accommodate volumes from the states of Goiás and Tocantins, which are currently served by less efficient transport modes.



Rio Grande bridge, on the border of the states of Minas Gerais (Iturama) and São Paulo (Ouroeste).

The new operation, with proposed commercial value in the auction of R\$2.7 billion, provides for the installation of our terminals in the cities of São Simão and Uruaçu, in the State of Goiás, and a large complex of terminals in the southeast portion of that state, adding to the Dry Port in the Mid-west already operating in Anápolis. In Tocantins, the operations in Porto Nacional will become part of the route.

Railway infrastructure work will also be carried out between Ouro Verde de Goiás (State of Goiás) and Estrela D'Oeste, where the Central Network connects to the Paulista Network. Also under our concession, the railway gives access to Brazil's most important port, the Port of Santos (State of São Paulo).

The connection between the two networks should be concluded by mid-2021, when two relevant flows will become viable:

- ✔ Transportation of general and industrialized cargo from Sumaré Terminal (State of São Paulo), through which industrial production is shipped from the Greater São Paulo area, the Metropolitan Region of Campinas, São José dos Campos, and other industrial hubs in the state to large consumer hubs, such as Goiânia (State of Goiás), Brasília (in the Federal District), Palmas (State of Tocantins), and Imperatriz (State of Maranhão);
- ✔ And shipment of a significant volume of grains from Tocantins, Goiás, and Eastern-Mato Grosso to be exported through Santos.



Rio Mateira bridge (Paranaiguara, state of Goiás).

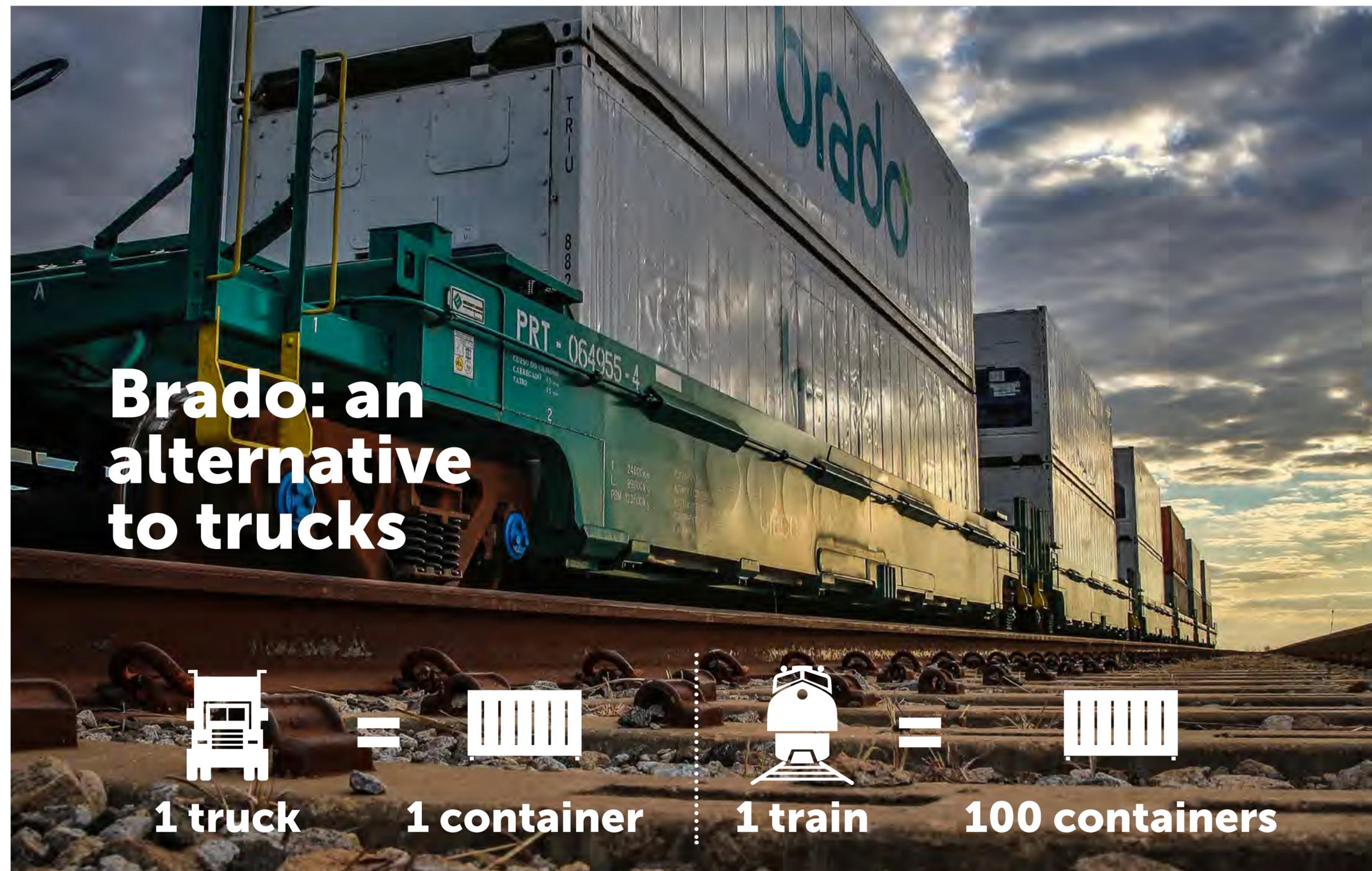
CONTAINER OPERATION

In 2019, Brado focused on introducing clients to the growing trend of railway transportation as an alternative that can provide businesses with quality service, competitive pricing, and an environmental advantage.

Brado's main differential is that it studies the needs of clients in order to offer tailored and standard solutions based on their business segments. Competitiveness is a result of strict cost control.

TRANSPORTED VOLUME OF **2,8 billion** RTK

Serves export and import operations as well as the domestic market. Transports agricultural and industrial products.





The strategy was crucial for the achievement of positive results in 2019. In this regard, a significant contribution came from beginning to circulate 74 double-stack railcars, which can carry up to three containers (one 40-foot container and two 20-foot containers) stacked on two levels. The verticalization technology imported from the United States allowed for an increase of 44% in cargo without the need to expand train length and a reduction in costs due to the higher shipped volume in the same number of railcars. As a result, the company was able to set lower fees than the market average, which increased its volume share.

Another highlight of 2019 was the extension and segmentation of the Company's operations. It used to focus on exports, but **now it operates equally in imports and the domestic market,**

Serving more than 175 clients with a portfolio of more than 100 products, Brado continues to diversify its operation with the strategy of being recognized as an efficient logistics manager.

diversifying the businesses and markets served. This strategy was studied and gradually implemented starting in 2017.

We also launched a system that can immediately locate shipped cargo through a mobile phone. This important function helps the company manage its 175 clients and the 100 types of products we work with. It also increases diversification while pulverizing risks. Furthermore, a tool created to calculate greenhouse gas

emissions can quantify route emissions between Brado's terminals, also showing the emissions avoided by choosing multimodal transportation.

This new approach to business management has been well received by clients, who have been reducing their logistics cells and outsourcing a portion of their operations. In addition, after the disruption caused by the truck drivers' strike in 2018, many companies began to look at Brado as a reliable alternative for shipping their products, turning it into a logistics manager, which is in line with the intended diversification.

This activity is supported by Brado's capacity to carry out complex operations. For example, a turned-off refrigerated container is loaded with fertilizers in Russia. It arrives at the Port of Santos and is transported to the Rondonópolis unit where it is unloaded and washed. It is then transported to an animal protein plant and turned on, then loaded and sent back to Russia. Currently, 10% to 15% of the volume transported by the company follows this model, which involves the importer and the exporter as well as the ship-owner, reducing costs for all parties since the containers do not travel with idle capacity. It is because of this connection that Brado can define its operation as the best distance between production and consumption.

As a result of these measures, the volume of our Container Operations grew by 20% from 2018.

FINANCIAL RESULTS

Our EBITDA stood at R\$3,829 million in the year. Excluding the Central Network to guarantee comparability to previous results, the amount was R\$3,857 million, an increase of 10% from the previous year. This result reflects the increase in transported volume and higher efficiency in fixed costs. EBITDA margin excluding the Central Network reached 54.2%, 1.1 percentage points higher year-on-year.

Net income amounted to R\$786 million; excluding the Central Network, it totaled R\$907 million, more than three times higher than in 2018. Cash generation before new loans and amortization reached R\$688 million, reflecting the EBITDA increase and the improved financial result. We ended 2019 with leverage of 1.8 times comprehensive net debt/EBITDA.



We are the first cargo railway in Latin America to issue green bonds.



On June 30, 2020, we issued debt bonds in the total amount of R\$500 million, with 5.25% yield per year and maturing in 2028.

Proceeds from the issue of green bonds will fund new investments in eligible* Green Projects, such as the replacement and acquisition of more modern rolling stock, railway expansion, and tracks modernization. These investments will allow us to **keep delivering higher efficiency** and constantly **reduce greenhouse gas emissions**, contributing to our transition into a **low-carbon economy****.

* According to the Green Bond Framework issued with Second Party Opinion by Sustainalytics and Climate Bond Initiative (CBI) Certification.

** The use of proceeds and the respective results will be reported annually in a specific report.



In 2019, once again we delivered strong growth, with net income of R\$907 million - three times higher than in 2018 - and cash generation of R\$688 million.*

* Excluding the Central Network, for comparison purposes.



For more details on our operating and financial performance, please refer to the Results Center section of our Investor Relations website



Relationship Management

7

ENGAGEMENT WITH STAKEHOLDERS

INFORMATION ON EMPLOYEES AND OTHER WORKERS

SUPPLIERS

CLIENTS

COMMUNITIES

ENGAGEMENT WITH STAKEHOLDERS GRI 102-40

CHANNELS	EMPLOYEES	CLIENTS	INVESTORS	SUPPLIERS	GOVERNMENT	COMMUNITIES
Corporate website	X	X	X	X	X	X
Sustainability Report	X	X	X	X	X	X
IR Website			X		X	
Ethics Channel	X	X	X	X		X
Roadshows and meetings			X			
Supplier's Portal				X		



For more details, click on the Channels

INFORMATION ON EMPLOYEES AND OTHER WORKERS GRI 102-8 | 405-1

We ended 2019 with 8,597 professionals on our team, 7,860 men and 737 women,—all of whom are committed to supplying Brazil and putting the country in motion from North to South. We also count on 5,609 outsourced workers as of the end of 2019.

Because we understand that diversity of any nature adds value to our operation, we are now focusing on this issue. In 2020, we created a **Diversity Committee** as well as a board dedicated to the same issue. Our recruitment processes encourage the hiring of women and, in 2018, we implemented the **Women Can Work in Railways Too** program. Through this program, we encourage our women employees, both in leadership and operational positions, to share their daily experiences with us, which has contributed to a gradual increase in the number of women applying for job openings. GRI 103-1 | 103-2 | 103-3 – Employment



COMMITMENT to
diversity



In 2019, we started Local Conductor School, a training program through which we partnered with the National Industrial Learning Service (Senai) in the cities of Curitiba, Araucária, and Araraquara. The initiative was reviewed to increase the participation of women in training and, consequently, the opportunity for participants in the program to join our team. There were seven local women conductors in training this year.

Various awareness initiatives related to the access and training of persons with disabilities (PwD) were carried out in Rondonópolis and Curitiba, where we have an apprenticeship class for people with disabilities. We had a total of 165 workers with disabilities at the end of 2019.

Our inclusion efforts also increased our number of women employees by 8%. We also promoted four managers to executive managers, totaling six women in this position, and in early 2019 we had our first woman officer. In 2020, we already have two women in officer positions. [GRI 103-1 | 103-2 | 103-3 – Labor Relations](#)



See the GRI Appendix for information on our employee profiles



Attracting and retaining talent

We have many doors open for young talent to join our team. One of them is the **Internship Program** we have now run for 5 years. In 2019, we had 38 positions for students of Business Administration, Accounting Sciences, Law, Economics, Information Management, Statistics, Engineering, and related areas. The purpose of the initiative, 90% of which is conducted online, is to introduce the railway as an environment in which to build careers: 42% of the last 200 new interns were promoted.

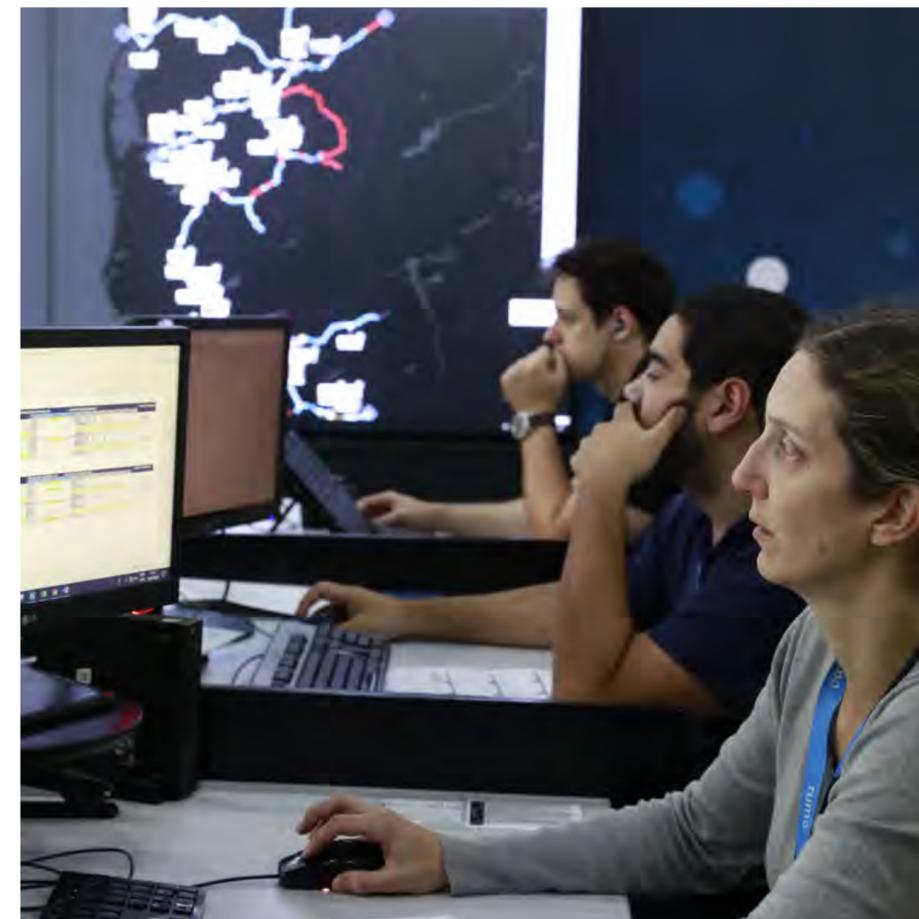
Another opportunity offered this year was the **2020 Young Engineers Program**, which is exclusively for engineers who graduated between December 2017 and December 2019. The selection process involves five stages, including online logic and English tests, a video challenge, a virtual interview, a one-on-one evaluation of competencies, and a final panel with the managers. As a result of our efforts to promote diversity, 47% of the new hires are women.

We also have the **Young Professionals** program, which identifies newly-hired employees with the potential to grow internally and encourages them through guided actions. After three years of support, the conversion rate of these youths is 80%.

Resources to retain talents include valuing the efforts of these professionals and offering benefits, such as life insurance to employees, apprentices, and interns; health insurance; disability benefits for children of employees with special needs, regardless of age; 120-day maternity leave and five-day paternity leave; private pension plans; and long-term incentives for high-performing employees who play key roles in helping the company meet strategic goals. GRI 401-2

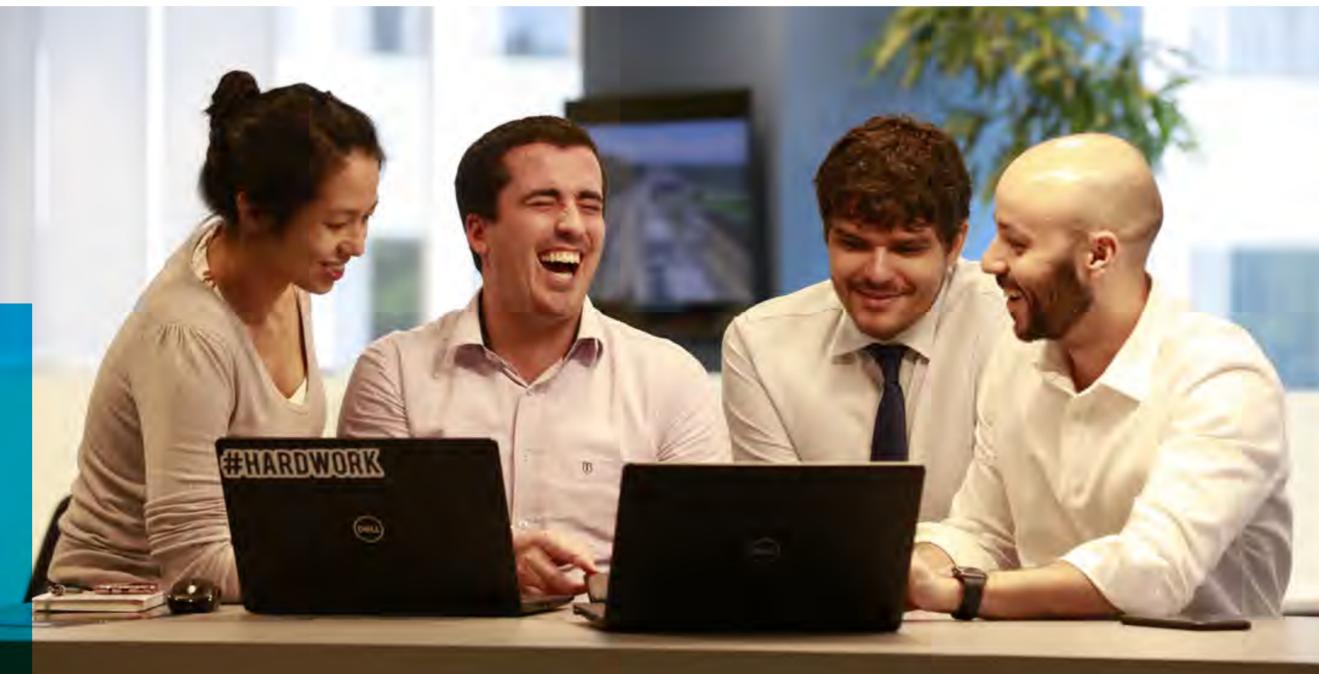
In addition, throughout the year, we give out maternity kits to all employees with newborns up to four months old. At the end of each year, we give employees, apprentices, and interns Christmas baskets and frozen goods kits as well as toys for children up to 12 years old. At the beginning of each year, we also give out school kits to children of employees up to 14 years old.

We chose not to participate in any public ranking that measures employee satisfaction, but conducted an internal biannual survey through the independent consulting firm Willis Towers Watson, which revealed a satisfaction level of 78% in 2019, with results above the market average in the Welfare, Career & Development, Clarity & Guidance, Operating Efficiency, and Change Management criteria.



As a result of the Young Engineers Program, 47% of new hires were women, reflecting our incentives to diversity.





In 2020, we established the goal of reaching **82% satisfaction by 2025**. For that, in addition to everything we improved and implemented since 2016, such as higher investments in extending overall benefits, in 2020 we expanded our People department to **People&Culture@**, shifting our focus to strengthening our brand, both internally and externally, through the **Employing Brand** project. The purpose is to attract and retain talents and, most of all, improve the level of diversity, since we understand it is crucial to bring people from different cultures, ethnicity and genders together, adding value that only such a combination can provide. Results have been exceeding the market average through surveys on the Glassdoor platform (former Love Mondays), with highlights including career opportunities, compensation and benefits, and culture and values.

Development and qualification

In line with HR 2020, in 2019, we implemented a digital people management platform through which employees can become the protagonists of their own careers by establishing targets and development plans for themselves as well as sharing information with colleagues.

The system has approximately **6,000 online training** programs. Some are mandatory, such as portions of the safety modules and the Code of Conduct chosen by managers for their teams based on the needs of each role. They also receive subsidies to support the development of their teams and provide feedback. A total of 390,263 hours of training were provided through the platform, reaching 100% of the headcount. [GRI 103-2 | 103-3 – Training and Education | 404-1](#)



In the year we provided **390,000 hours of training** for all employees.

One of the modules about the amendments to the **Code of Conduct**, which now covers diversity issues, included a video overview of the main changes and a test with ten questions. After answering a minimum number of answers correctly, employees can sign the document, thereby committing to behaving in accordance with its guidelines. All employees chose to do so. Specific training programs were also offered for leaders.

Furthermore, all employees and outsourced workers undergo **Health and Safety Onboarding** training and **Operational Regulation** training (operation rules). For roles involving more responsibilities, there are specific training programs with different hours (class foremen, local conductors, road conductors, road-rail vehicle conductors, yellow line operators) as well as training in the Regulatory Standards applicable to each position. Health “raids” promote lectures and discussions with employees on the topic. [GRI 403-5](#)



See GRI Appendix for training hours per worker

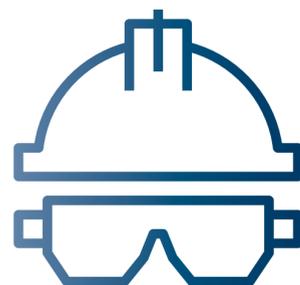
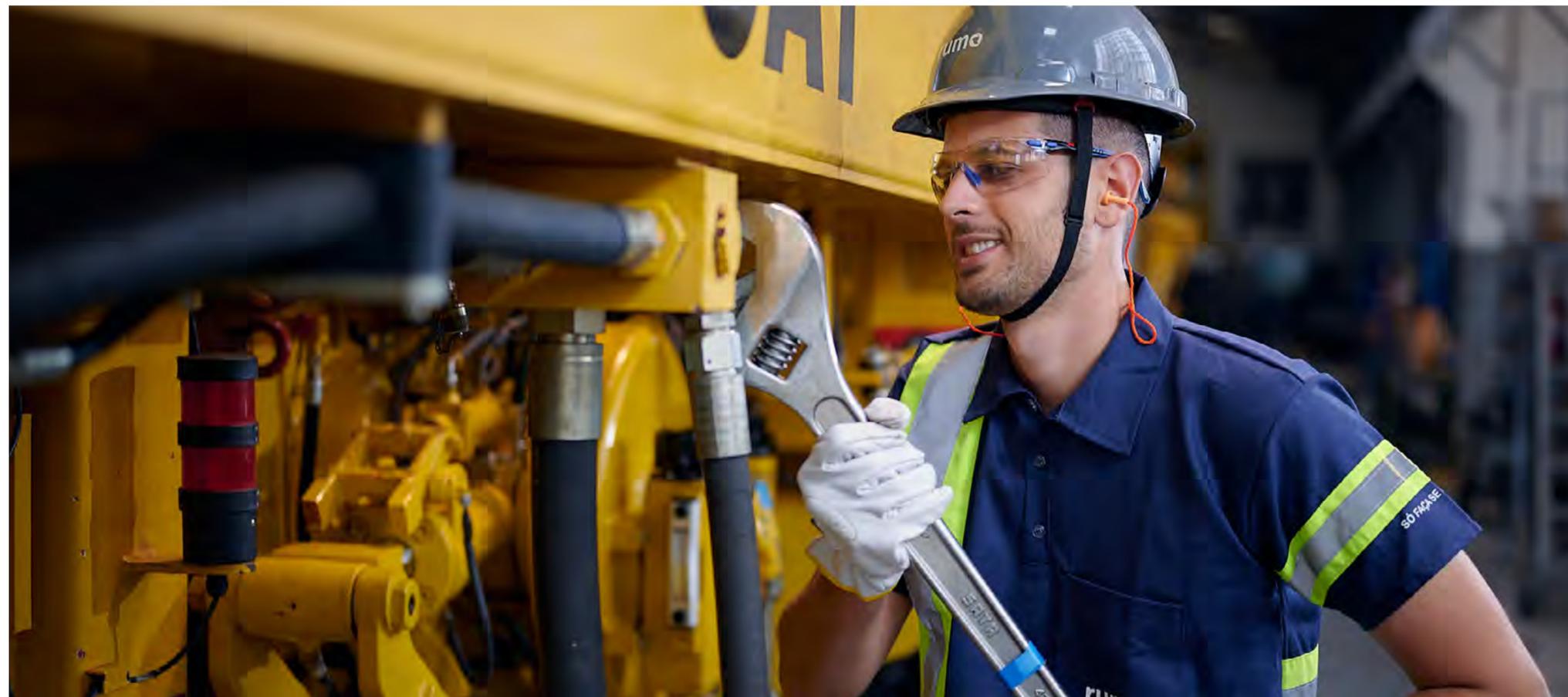
Health and safety

GRI 103-1 | 103-2 | 103-3 – Health and Safety of Employees and Areas Surrounding Ports and Terminals

In 2019, we set a new health and safety record: not only did we not record any deaths, but the number and severity of injuries decreased to a level that rivals the health and safety records of benchmark companies in the railway and other industries. Because **we prioritize safety above all else**, our **Lost Time Injury Frequency Rate (LTIF) is included in the composition of variable compensation for all our employees** through the safety bonus, which is reflected in the variable compensation of the Board of Executive Officers.

Our good performance in the period reflects our investments in safety education and promoting safety in our corporate culture as well as in our processes—such as the digital document base that records all events and the respective standard procedures to repair them and prevent recurrence.

In 2019, we also created a **Safety Committee**, which reports directly to our CEO and addresses safety on the operational and strategic levels, including significant progress in railway safety. In this regard, we invested in improving processes and expanding training to employees and implementing our **Pointing and Calling** procedure, based on a Japanese technique for occupational health and safety, which involves pointing and calling out procedures to reduce errors. GRI 102-20



The LTIF safety indicator is included in the variable compensation for all our employees through the safety bonus, reflected in the variable compensation of the Board of Executive Officers.

Another initiative is the **Railway Safety Project**, which involves training, collecting information, reporting, and offering technical recommendations. Under the scope of the initiative, 161 hours of training were provided in 2019 for 480 employees, on issues such as accident prevention and improving the safety of railway operations.

Another initiative in force is the **Rumo Zero Accident (RZA)** program, which offers a set of management tools in Workplace Health and Safety (WHS), including: GRI 403-2



Safety is an intrinsic value for us, disseminated among all levels of the organization, essential for the viability of our business. It is reflected in our motto: "Only do it, if it is safe!"

Our safety management method involves including leaders in our awareness campaigns for conductors and yard operators, our videos and other digital content. Other initiatives include our Internal Workplace Accident Prevention Week (IWAPW) and the Educational Raid, in which our employees approach drivers and pedestrians at crossings to raise awareness about the importance of safe behavior to prevent accidents. These resources are complemented by the following tools: Individual Risk Analysis (IRA), Pointing and Calling, Job Safety Analysis (JSA), Job Safety Checklist (JSC) and See, Stop, Act (SSA).

✓ JOB SAFETY ANALYSIS (JSA)

Each step of a task is examined and recorded to identify risks and determine the best actions to prevent risks from turning into accidents.

✓ JOB SAFETY CHECKLIST (JSC)

One employee performs the "checker" role, and another occupies the "checked" role to help determine whether a given task is being carried out in accordance with the established standards.

✓ INDIVIDUAL RISK ANALYSIS

Workers stop to fully focus on assessing what could go wrong to reduce the incidence of accidents.

✓ POINTING AND CALLING

This Japanese technique was adopted in 2019 to improve processes and to verify job safety.

✓ SEE, STOP, ACT (SSA)

With this tool, one employee checks another for unsafe behaviors.

✓ DETERMINATION OF CAUSES AND ACTIONS (DCA)

DCA identifies the causes of an accident, incident, or deviation identified in the Job Safety Checklist.



Also, in an attempt to increase the safety of our operations, we invested R\$800 million in equipment over the course of 2019, including acquisition, replacement, and maintenance.

Health initiatives include having Health and Safety teams in our main locations and subjecting all employees to frequent workplace health tests based on age and role. In addition to mandatory tests, we carry out the Hearing Conservation Program (HCP) to prevent the onset or evolution of occupational hearing loss. Health “raids” are carried out periodically and include checking blood pressure and blood sugar as well as providing appointments with speech therapists. Workplace Health promotes an anti-flu vaccination campaign every year. We also have an expert-run physical therapy program. GRI 403-3 | 403-6



In 2019, we conducted a **Health and Safety culture diagnostic**, and results show that our management system is evolving. It is classified as “Advanced calculative” under the Hearts and Minds (H&M) methodology, meaning that it is well implemented and leaders are in frequent contact with professionals about the importance of safety. GRI 403-4

In the year, we also started implementing the exoskeleton of core operating activities with high ergonomic risks. No activity is carried out without proper knowledge and specific training, if necessary. We also use E-A-Rfit, a device that evaluates the anatomical characteristics of each employee’s auditory tube to identify the best hearing protection method for that individual. We also have a portable laboratory called Hilab, where employees can receive tests such as the lipid profile, hemoglobin A1C, and ten others parameters. GRI 403-7

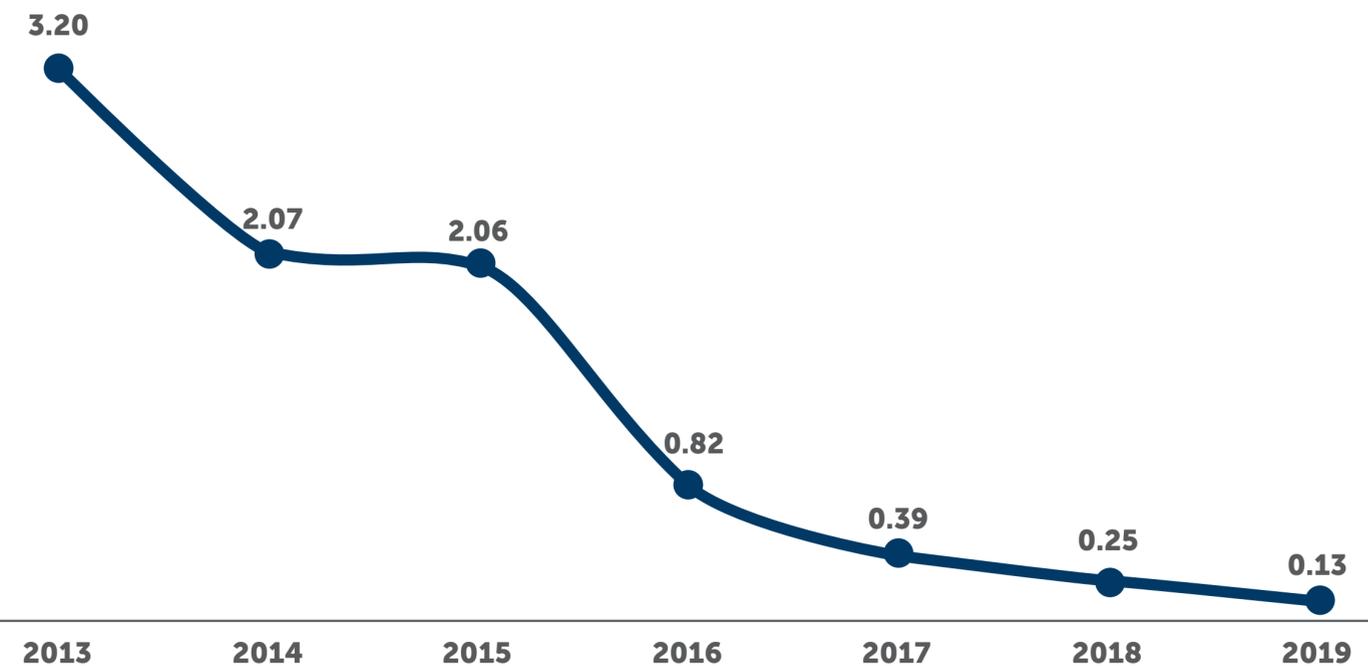


With a safety level that turned us into a reference in the railway industry and other domestic sectors, places us among the best U.S. Class 1 railways, and we publicly committed to the goal of keeping our Lost Time Injury Frequency (LTIF) at an average of 0.15 from 2020 to 2025.

As a result of these measures, we ended 2019 with an Injury Frequency Rate of 0.13 and a Severity Rate of 16, and no casualties. Among outsourced workers, the rates were 0.52 and 7, respectively. We had seven cases of work-related health issues, mainly caused by osteomuscular diseases. GRI 403-9 | 403-10 | GRI 103-3 – Health and Safety of Employees and in Port and Terminal Areas



SAFETY - LTIF - LOST TIME INJURY FREQUENCY*



* Lost-time injury frequency rate, measured by the number of lost-time injuries divided by hours worked with exposure to risk (in millions of hours).

CLARIFICATION

LAWSUIT - MINISTRY OF ECONOMY (DEPARTMENT OF LABOR)

In April 2018, we were wrongly added to the so-called “blacklist of slave labor” by the Ministry of Labor (now called the Department of Labor of the Ministry of Economy) due to an event in 2010 involving ALL of Malha Paulista, which we acquired in 2014. The event took place at a legally contracted construction site by the former ALL, under the responsibility of Prumo Engenharia. Also, in 2018, we obtained an injunction from the 83rd Labor Court of São Paulo to remove our name from the list of the Ministry of Economy’s Department of Labor. The injunction was maintained by the Regional Labor Court (TRT) and the Superior Labor Court (TST). By court order, this is a closed proceeding.

Due to the same event, the Labor Prosecution Office filed a Public Civil Action against ALL Malha Paulista, in which the company was convicted of various obligations and deemed responsible for payment of collective damages. This Public Civil Action is still pending a TST decision on an appeal. The action filed by the Labor Prosecution Office cannot include us in the current “blacklist of slave labor.”

We reject any practice contrary to workers’ rights and emphasize our commitment to strict internal policies that guarantee compliance with the applicable laws.

SUPPLIERS

GRI 103-1 | 103-2 | 103-3 – Forced or compulsory labor |
GRI 103-1 | 103-2 | 103-3 Relationship with outsourced workers |
Supplier social assessment | Supplier environmental assessment

Our supply chain comprises approximately 3,000 companies approved to provide services (railcar and locomotive maintenance, equipment rental and maintenance, security, facilities, construction, engineering, and technology) and material (rolling stock, such as railcars and locomotives, and other materials for railway maintenance, cargo terminal operations, and railway signage). Although the services and materials we need are many, we always choose local suppliers when possible to contribute to the development of the regions where our units are located. GRI 102-9



Some changes made in the year resulted in improvements in our operations, such as the implementation of in-company stores by the maintenance input supplier, allowing for an inventory reduction and expediting internal client service; and development of five new players for the North Network expansion project. GRI 102-10

In 2019, in the process of approving all of our suppliers (which we have done since 2015), we considered not only their compliance with industry standards and compliance with the law but also in terms of environmental and labor issues, such as prohibiting child labor and forced or compulsory labor. Approved service providers are audited for the work conditions

A detailed approval process allows us to verify suppliers as able to provide services, with strict control of their compliance with the law and human rights.

offered to their workers who work on our tracks every day. We assess their compliance with a number of safety standards, proper work conditions, and other aspects; instances of non-compliance result in warnings, sanctions, contract suspension, and even supplier blocking. GRI 308-2 | 409-1 | 414-2 | GRI 103-2 | 103-3 Human Rights Assessment



This approval process, which is established in our Procurement Policy and coordinated by the Procurement Department, includes the Supplier Portal, through which interested parties must submit a series of required documents based on their size classification and meet the requirements specifically established for their category. Using this information, we assess their fitness and their technical and financial capacities. Once approved, the supplier is allowed to take part in the request for proposal.

We also have a monthly indicator of supplier compliance, including labor obligations, which must be 95% or higher. Otherwise, the supplier must undergo an action plan.

In addition to direct contact, we also send e-mails to suppliers replicating all notices sent to our employees, including more comprehensive content than those related to the operations. They also have access to our Ethics Channel, through which they may submit complaints that are then forwarded to the Procurement Department, which determines appropriate actions.

In 2019, as a means to support all of these procedures, we consolidated the Service Non-Compliance Requirement (RNC) tool, which may be activated by any worker, especially safety employees and contract managers, in the event of any issue with outsourced workers. The form

points out aspects for which we have zero tolerance, such as modern slavery. Other non-compliance events are remedied with action plans.

Another achievement in the year was establishing our multidisciplinary Third Party Management Committee, which works to identify the main challenges faced by each operation and deliberates on the replacement or recovery of the supplier in question. Meetings are held on a monthly basis and result in measures to guarantee the health of our partners.

We created the Third-party Management Committee, which holds monthly meetings with multidisciplinary teams to identify the main obstacles and deliberate on actions to be taken.



CLIENTS

GRI 103-1 | 103-2 | 103-3 – Client privacy | 418-1

Our differential is to always seek tailored solutions that can add value to our clients. We can offer a complete logistics operation (management and execution) as well as only parts of it (railway and port). This flexibility is due to the experience and comprehensive knowledge of the teams regarding the businesses and markets where we operate. Workers are encouraged to identify the best solutions for each demand, and their performance and results are linked to variable compensation.

We have a confidentiality clause in all of our contracts to guarantee the safety of client information, to whom we send weekly and daily reports. We also validate the agreed-upon volumes and promote monthly contract monitoring.

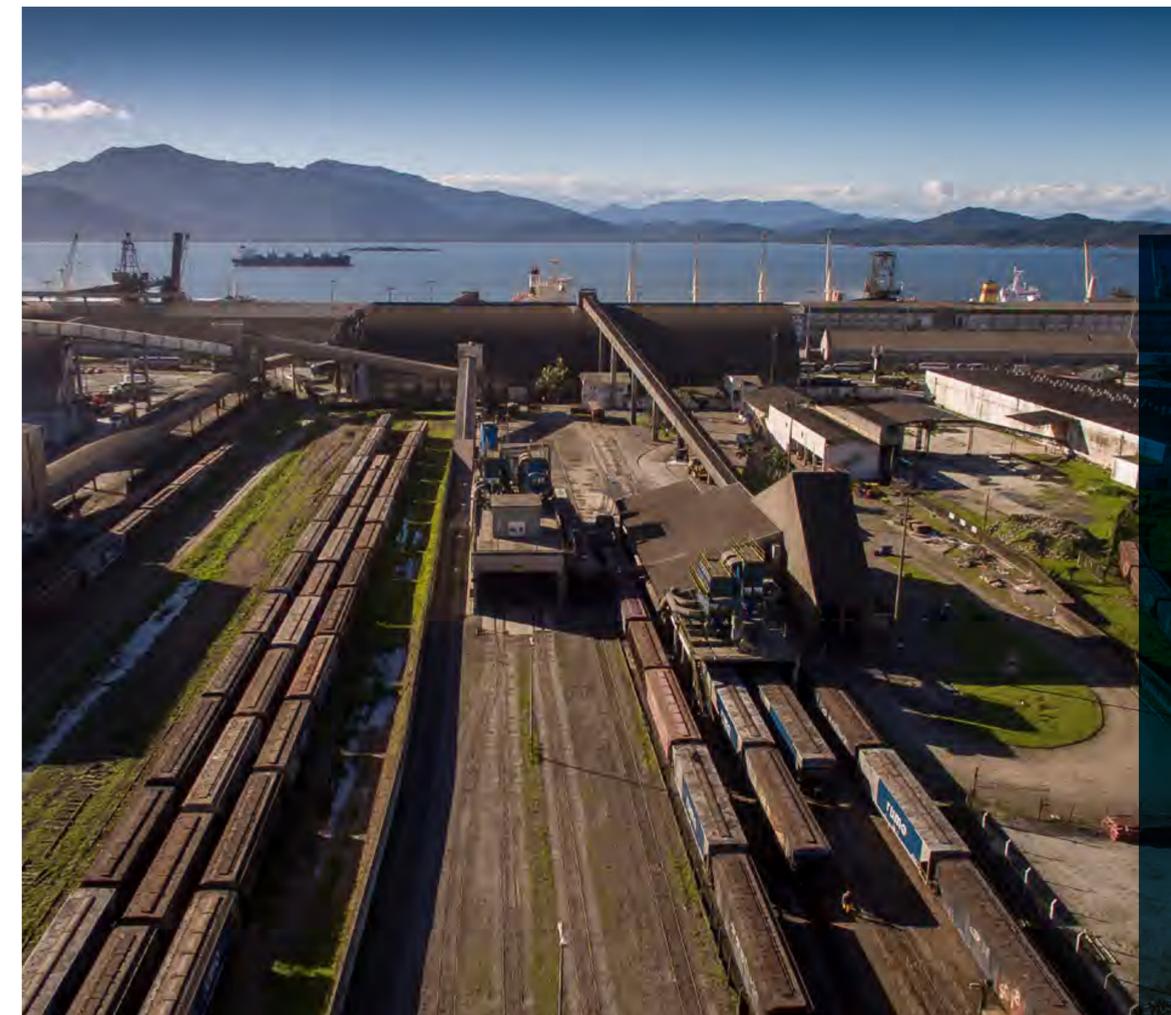
Two teams are involved in managing our client relationships: the sales team, responsible for studying the market to identify opportunities and negotiating contracts; and the post-sales team, which executes contracts, checks if products are being delivered, and identifies any faults—ours or the client's—to repair them. In our day-to-day management, the post-sales team is in frequent contact with the client's field workers. This prevents the occurrence of

misunderstandings that might harm our client relationships. The post-sales team also monitors service levels, addressing problems quickly and definitively.

For even greater transparency, accuracy, and fast exchange of information, we also adopted a series of technology tools, like the **Commercial Program 4.0**, which aims to develop systems that can improve the client experience in all stages, from negotiation to signing to execution monitoring. The program started in 2019, when it already had partial deliveries. It will continue in 2020 and should be included in all modules by 2022. Furthermore, Commercial 4.0 will significantly contribute to internal knowledge management, as it focuses on processes instead of people, promoting systematic risk mitigation.

Another initiative planned for the year and currently in the testing phase is the Tracking Program, which will allow clients to remotely follow the entire route of their cargo in real-time, from loading to arrival, starting in the first half of 2020.

To quantify client satisfaction with our services, in 2019, we started to make a series of visits to companies that adopt the Net Promoter Score (NPS) methodology to measure how they deal with



clients and other stakeholders. Based on the results of this initiative, we developed our own indicator to support our first work environment survey, which will be conducted by the end of 2020. In the period of this Report, we have not received any client complaints.

COMMUNITIES

Our relationship with the local communities of our operations and society in general has many facets, including employability. We partner with universities to announce job openings and attract talent through presentations made by our executives. We invite students and young members of these communities to our school-train at the Curitiba unit.

We also pursue a close relationship with surrounding communities to explain the dynamics and impacts of our operations as well as the initiatives through which we expand railway safety. This dialogue has generated additional benefits, such as the community garden we started in Curitiba that is currently maintained by the community.

In expansion projects as well as construction in the Central Network railway, diagnostics are now identifying the needs of local communities. At the Central Network, we identified the hiring of the local workforce and the impact on public agencies, such as health units and schools, with the implementation of construction sites. In the Paulista Network duplication work, we found that a Basic Service Plan is required to mitigate impacts on traditional peoples (indigenous communities). In 2019, we addressed two aspects



We hope to build an increasingly closer relationship with the communities of the nearly 500 cities where we operate. Dialogue and social initiatives have been growing year after year.

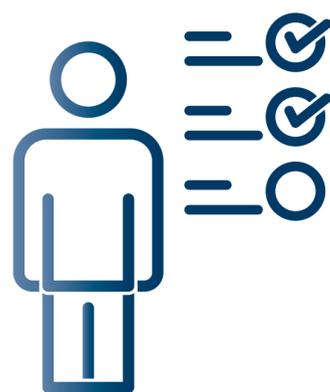
in particular that are negatively impacting local communities, especially in the Paulista and South Networks: urban mobility and train horns. To guide our diagnostic work, we established an e-mail address and hotline to receive community requests during working hours. In 2020, we will also install a committee to assess all requests from critical municipalities.

Impact assessment programs are carried out across the railway network. Due to the interface with approximately 500 cities, the actions taken are based on the reality of the impacted community. An example of that is the initiative dedicated to **truck drivers in the North Network**, which disseminates knowledge on health, environment and safety, as well as actions regarding the impact of horns in local communities, especially the South and Paulista networks. To carry out these actions, the cities are classified as critical in accordance with some operating, regulatory, environmental, legal and safety criteria, considering: accidents involving people; cities with a history of complaints regarding the railway; cities that took legal action; cities with railways that take up a significant part of the territory, etc. Actions are prioritized based on these needs.

Environmental impact assessment programs are carried out across the network, in compliance with the applicable law and conditions for the operating license. Due to factors such as the railway's territorial size and the fact that it covers various Brazilian biomes and many urban hubs, environmental impacts may be diverse and our operation seeks to mitigate such impacts. An example of that is the implementation of gutters in Rio Grande do Sul for turtles to cross the railway without getting stuck between the tracks; mitigation studies to prevent the fauna from being hit by trains in the North Network, due to the inherent wildlife; and the work with

communities living near railway revamping and expansion works, impacted by the handling of machinery, noise, higher waste generation, etc. GRI 413-1 | 413-2 | GRI 103-1 | 103-2 | 103-3 – Impact on local communities | Engagement with local communities

In Rondonópolis, where our operational area is distant from urban areas, we have been working to **identify local needs**, including those related to professional training, since the unit's expansion will lead to an increase in the number of employees from 200 to 850. As such, we established a partnership with Senai to train members of the local community to join our team. We have also contacted transportation companies that will provide chartered vehicles for these workers' commute.



We work to identify local needs, including professional training, which is the case at the Rondonópolis Terminal (state of Mato Grosso).



We also provide **training modules at our facilities**, promoting inclusion and integration with the communities to retain as many workers from Rondonópolis and neighboring cities as possible.

Another reflection of our social commitment is the **Environmental Education Program** for children in public schools. Our employees also interact with the communities in tents we set up to raise awareness about safe behavior to be adopted near the railways. We also adopted the *Na Mão Certa* (On the Right Track) program, an initiative by Childhood Brazil to promote comprehensive joint efforts to end the sexual exploitation of children and teenagers on Brazilian highways.

We also map out critical municipalities to determine the number and types of accidents involving the railway, the most frequent complaints from local communities (noise, horn, etc.), and other aspects related to our interference. This practice allows us to identify the most urgent issues to be addressed both with local government agencies and directly with the local communities.



We promote environmental education programs at schools located in critical cities, to teach children how to adopt safe behavior near railways and care for the environment.



An example of our commitment to actions that mitigate and offset the impact of railway operations is the methodology used internally to comply with the Indigenous Component - Basic Environmental Plan (IC-BEP), under which the Intervillage Committee, Funai, Ibama, the Federal Prosecution Office and us signed a Term of Commitment that prioritizes, for the first time ever in Brazil, the protagonism and participation of indigenous communities in the activities described in the aforementioned IC-BEP. In accordance with this commitment, we will provide resources to indigenous communities over the course of four years, so that they can manage the activities provided for in the IC-BEP.

Health is also a focal point of community initiatives. In 2019, for the fourth consecutive year, we joined *Na Rumo não vai dar Zika* (Rumo won't catch Zika), a collective effort to fight the Zika virus in 26 cities throughout the nine states where we operate. The movement involved approximately 500 people, with each city receiving a dump truck to collect trash and materials that could serve as breeding sites for the *Aedes aegypti* mosquito. Employees and members of the community went to nearby locations looking for tires, tiles, aluminum cans, and plastic bottles. We participated in another collective effort during World Environment Day in June. In addition to identifying transmission sites, the effort involved planting tree seedlings near the railways.



Learn more about the Environmental Education Program in the Environment section



Cultural initiatives included the **Natal nos Trilhos** (Christmas on Tracks) project, which involved repurposing old, renovated locomotives to light up railways in five Brazilian states during November and December. In Rio Grande do Sul and Santa Catarina, the train traveled across 30 municipalities. It participated, alongside Santa Claus, in 25 parades near the urban centers of Curitiba and eight other cities in Paraná. During the stay of the lit-up locomotive, we also held theater performances of *Rumo Ao Natal* (The Path to Christmas) - an original, free, and exclusive production for the project, attracting, on average, 5,000 people per day. Under this initiative, we established a partnership with the Brazilian Association of Railway Preservation (ABPF), among the trade associations to which we also donate parts and equipment for recovery. [GRI 102-13](#)

We also formed the **Rumo Choir** in 2019, with the participation of employees and members of the community. The group holds weekly rehearsals and held three performances in December, opening for the Christmas performances at Vila Oficinas, the district where our headquarters is located.

Under **Conectados** [Connected], we sponsor the robotics team of the Durival de Brito Municipal School by donating uniforms for participation in championships. In 2019, the Conectados team ranked 3rd in an international championship held in Libya. Through a partnership with Influx we also offer English lessons for students, as speaking English is key for them to be able to participate in international competitions.

To strengthen our relationship with the family members of our employees, we have a program called **Família na Empresa** (Family at the Company), which, in 2019, included 16 meetings during which visitors toured the Company. Another program in force is the Visitation Program, which held 20 events in 2019 with the participation of members of engineering universities and institutions, including two visits from teams from the University of Paraguay to the Curitiba headquarters.



Our employees also contribute to socio-environmental advances through *Trem do Bem* (The Good Train), a volunteer work program involving 26 teams across the states of São Paulo, Paraná, Santa Catarina, Rio Grande do Sul, and Mato Grosso. The groups promote actions to benefit the elderly, children, animals, and institutions that aid underprivileged people. In partnership with the *Associação das Acácias Emiliano Pernetá*, the company is a member of the *Tampinha Solidária* (Solidarity Cap) program, which acquires adult diapers for nursing homes in need. The groups also collect metallic seals to donate to institutions that exchange them for wheelchairs. Other collections are held in corporate campaigns for Children’s Day, Christmas, and the Winter Clothing Drive.

In 2019, we also sponsored employees in sports practices, individually or in teams, providing financial support for applications, trips, and uniforms for the following sports: soccer, basketball, volleyball, futsal, jiu-jitsu, and running. Through incentive laws, we have contributed to various initiatives benefiting children, teenagers, and the elderly, in addition to sports and culture. They include:

LAW	ENTITY / INITIATIVE
	<i>Programa Nacional de Apoio à Atenção da Saúde da Pessoa com Deficiência</i> (Pronas) [National Program to Support the Health Care of Persons with Disabilities]. <i>Caminhando e Brincando</i> [Walking and Playing] program.
	<i>Fundo Especial para a Infância e Adolescência</i> (FIA) [Special Fund for Children and Adolescents]. <i>Dedica</i> [Dedication] program.
Income Tax	<i>Fundo Especial para a Infância e Adolescência</i> (FIA) [Special Fund for Children and Adolescents]. iCities Kids Curitiba Program.
	<i>Programa Nacional de Apoio à Atenção Oncológica</i> (Pronon) [National Program to Support Oncological Care]. Monoclonal cell line generation producing anti-PD1 antibody, biosimilar to nivolumab, and production of a research cell bank.
Sports	Sports Incentive Program - <i>Vôlei em Rede</i> [Network volleyball].
Elderly	60+ The benchmark path in hospital treatment of the elderly
	Every place has a story to tell.
Rouanet	CirandaMundo Symphonic Orchestra



We also sponsor three soccer teams: *Ferroviária of Araraquara* (State of São Paulo); *União Esporte Clube of Rondonópolis* (State of Mato Grosso); and *São Domingos Futebol Clube* of São Domingos (State of Sergipe). In addition, in 2019, we allocated funds for the acquisition of musical instruments for the band *Conselheiro Mayrink* from Mairinque (State of São Paulo) and for the renovation of the Pequeno Príncipe Hospital Operating Room in Curitiba (State of Paraná).



Environment

8

BIODIVERSITY

EMISSIONS

WASTE

WATER AND EFFLUENTS

Guided by its environmental management system, we not only operate in accordance with environmental laws, but we seek to adopt best practices to minimize the impacts of its activities and to help conserve the natural resources and biomes throughout the regions in which it operates. Our guidelines also help us with environmental licenses issued by Brazil's environmental agency (Ibama) and other competent agencies, depending on the scope of the operation. [GRI 103-1](#) | [103-2](#) | [103-3](#) – [Environmental Compliance](#)

In a joint effort with other concessionaires and through Brazil's National Rail Transportation Agency (ANTF), we helped develop an environmental performance indicator for railways, which was adopted by the Ministry of Infrastructure as a tool to measure and improve environmental performance in the country's rail transportation industry.

Because we carry out internal activities with this purpose, our model is presented in a workshop attended by various entities who then replicate the initiative throughout the national territory. The idea is to classify the environmental conditions of each railway to guide improvement initiatives for the industry as a whole.

We also have an Environmental Education Program in place through which we train multiplier agents on good social practices and raise awareness among children on safe behaviors near the railway.

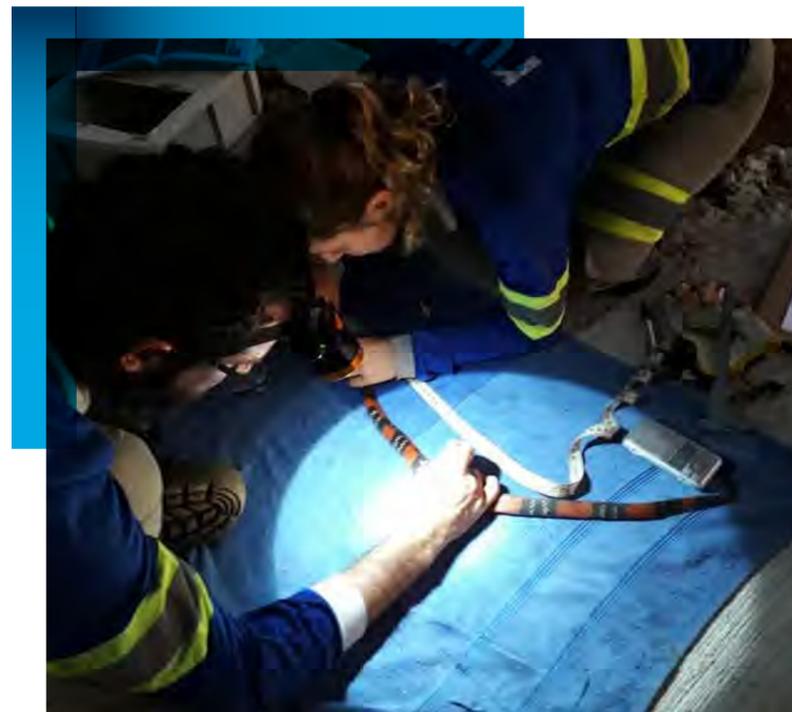
Under this initiative, which is supported by Municipal Education Departments, we teach environmental education workshops to 4th and 5th-grade students from nearby schools. In Rio Claro (State of São Paulo) during 2019, for instance, we ran a workshop in which we engaged students on topics such as preservation and railway safety using board games and quizzes. These workshops, attended by over 3,000 children, take place in dozens of cities in the states of Mato Grosso, Mato Grosso do Sul, São Paulo, and the country's southern region.

Many actions are still locally adopted near the railway. In 2019, for example, our focus was to mitigate vegetation suppression, which reduces our interference with the fauna.



We helped develop an environmental performance indicator for railways, which was adopted by the Ministry of Infrastructure as a tool to measure and improve environmental performance in the country's rail transportation industry.

At the operating complexes, our teams carry out annual audits and inspections to help identify opportunities for improvement in solid waste generation, air emissions, storage of hazardous products, and effluents. We also take measures in our railway network to protect the fauna and flora and monitor erosion processes. We also invested in the assessment of the environmental conditions of our units through monthly audits and adjusted our operations accordingly. These assessments engage leaders in discussing solutions to problems such as water and electricity consumption and waste management. By identifying improvement opportunities, we developed an indicator of environmental performance for each unit.



Aware of the need to make our operations more sustainable, to promote business perpetuity and reduce the impacts on our environment, and also concerned with all parties involved in the chain, we invested in revamping our assets with more modern and efficient locomotives. We also invested in technology and innovation to improve efficiency, reducing Greenhouse Gas emissions and increasing transportation capacity as a means to further expand the share of railway in the transportation grid, taking advantage of future opportunities. [GRI 103-2 | 103-3 – Investments in Green Infrastructure](#)

BIODIVERSITY

In our approach to biodiversity, we aim to mitigate and offset negative impacts on the fauna and flora while operating and expanding the railway. In line with the commitment we make in our Environmental Policy, our operations follow applicable environmental laws and good market practices.

We plan our expansion and construction work with the Environment team. After identifying the need to expand a yard, for example, the Fauna and Flora team is called to establish the activities related to vegetation suppression and protecting the local fauna. Before vegetation suppression, which is planned by a forest engineer and preceded by a forest inventory, the animals are taken to a safe location by an expert team of biologists and veterinarians. These procedures are all formalized in the Construction Management Manual. Other measures to protect the fauna and flora are adopted in the railway operation itself, with control measures approved by the competent environmental agencies. [GRI 103-1 | 103-2 | 103-3 – Biodiversity](#)

A dedicated team rescues and relocates the fauna in accordance with Ibama's instructions and requirements in the process for environmental licensing. This work takes place during vegetation suppression in railway expansion and improvement work. As such, to care for the rescued wildlife, the program counts on a team of biologists and veterinarians, a mobile care unit equipped with medication, and contention and transportation equipment for various species. At this base, rescued animals are clinically tested, photographed, and have their biometric data recorded. If healthy, they are released to a safe area that is similar to where they were captured; otherwise, they are sent to veterinary clinics for specific clinical or surgical treatment, where they remain under care until discharge. Since 2017, we have recorded 120 different species and rescued and displaced 559 animals. The most common species are reptiles (snakes and lizards) and amphibians (toads and frogs).

We also work to mitigate impacts on local fauna. In 2019, in Rio Grande do Sul, **we installed 205 wildlife corridors for turtles** (black-bellied sliders) in stretches with the highest concentration of this species. The corridors allow animals to cross from one side of the railway to another and also work as an escape route for animals passing over the tracks. In 2020, we plan to evaluate the effectiveness of these passages and map out points of installation for new corridors.

We also take measures to protect flora. Forest inventories, vegetation suppression mitigation, saving and rescuing of germplasm, relocation of epiphytes, and compensatory planting are some of the activities carried out by the flora team in conjunction with programs

monitored by Brazil's environmental agency (Ibama) under the scope of environmental licensing processes.

Our operating structure includes six active units located in the right-of-way in stretches that cross a number of areas with high biodiversity value called Conservation Units. The Conservation Units are divided into two groups: the Full Protection regime, which includes *Parque Estadual do Pico da Marumbi* [Pico da Marumbi State Park] (state of Paraná) - UA-Marumbi [Environmental Unit (EU) of Marumbi], and the Sustainable Use regime, such as *APA Municipal da Bacia do Rio Sucuriu* [Municipal Environmental Protection Area (EPA) of the Sucuriu River Basin] (State of Mato Grosso do Sul) - Chapadão do Sul Terminal, *APA do Rio Araguaia* [Environmental Protection Area (EPA) of the Araguaia River] (Alto Araguaia Terminal), *APA Itupararanga* [Environmental Protection Area (EPA) of Itupararanga] (UA-Canguera [Environmental Unit (EU) of Canguera]), and *APA Piracicaba Juqueri Mirim/APA Comumbataí Botucatu* [EPA Piracicaba Juqueri Mirim/



A dedicated team rescues and relocates the fauna in accordance with Ibama's instructions and requirements in the process for environmental licensing.

EPA Comumbataí Botucatu] – Corumbataí Perimeter (UA-Itirapina Terminal [Environmental Unit (EU) of Itirapina Terminal]). Our units are located within these Conservation Units, such as the Marumbi Station, the Chapadão do Sul Terminal, the Alto Araguaia Terminal, Canguera, and the Itirapina Terminal. They are all managed under environmental licenses in force and are in line with our Environmental Policy and the requirements of environmental agencies. GRI 304-1

In 2019, experts from environmental agencies approved the projects we proposed to restore the Conservation Units—namely, 20 hectares of the National Ipanama Forest (State of São Paulo), a transition area between the Atlantic Forest and the Cerrado region, and 45.5 hectares of the Private Natural Heritage Reserve (PNHR) Marechal Cândido Rondon (State of Mato Grosso do Sul) in the Pantanal Biome. GRI 304-3

EMISSIONS

Our Environment and Sustainability Department takes annual inventories to account for greenhouse gas (GHG) emissions, which are validated by an independent auditor. Almost all our emissions arise from burning diesel oil for the operation of locomotives, and emission intensity is calculated based on the year's production data compared to previous years. The indicator we use to measure efficiency is gCO₂ eq/RTK. GRI 103-1 | 103-2 | 103-3 – Emissions | GRI 305-4

Since 2015, we have **accumulated a 26% reduction in specific emissions**, which is equivalent to 750,000 tons of CO₂ avoided, considering the improved energy efficiency alone. Furthermore, the investments we make to increase capacity allow us to replace the volume transported by trucks by our

Our goal is to reduce specific emissions (gCO₂eq/RTK) by 15%, by 2025.

railways, qualifying the Brazilian transportation grid. As such, over the last four years we avoided the emission of 3.7 million tons of CO₂, reaching a total of approximately **4.5 million tons of CO₂ avoided since 2015**, considering our efficiency gains and the replacement of volumes transported by less efficient modes of transportation.

In 2019, our specific emissions dropped by 8%, avoiding 331,000 tons of CO₂ emissions in the year. We had additional RTK of 19.9 billion compared to 2016, therefore reducing the volume transported by the highway mode and avoiding emissions of 1.6 million tons of CO₂. This figure, combined with emissions avoided by the improved efficiency in 2019, removing a total of 2 million CO₂ from the air in the period. As such, even if we had not invested more in efficiency, and considering the constant volume, we would have continued to avoid the same 2 million tons of CO₂ per year in the next years.

But we continue to work on achieving significant efficiency gains in order to help the transition to a low-carbon economy, making railway transportation stand out as an option for cleaner logistics. By investing in additional capacity to increase railway volume, we mainly reduce the amount of cargo transported by trucks, which are responsible for at least five times more fuel consumption than railways.⁶



In 2019, with an 8% efficiency improvement and additional transported volume replacing road transportation, we avoided the emission of 2 million tons of CO₂, which is equivalent to compensatory planting of 9.5 million native trees from the Atlantic Forest.*

Emphasizing this commitment, our goal is to reduce specific emissions (gCO₂eq/RTK) by 15% before 2025, helping Brazil fulfill the commitment undertaken in the 21st Conference of Parties (COP21) to reduce GHG emissions by 37% until 2025, below 2005 levels. By achieving this goal, in 2025 we will start avoiding 226,000 tons of CO₂ per year, plus the additional volume we expect to realize in 2025 compared to 2019 by replacing the volume transported by less efficient modes, such as trucks, thus avoiding emissions of 3 million tons of CO₂, totaling 3.3 million tons of CO₂ avoided per year.

⁶ According to IPCC (2014) data, trucks account for emissions of 99.4 gCO₂eq/RTK.

* Source: [USP study](#) (Lacerda, J.S., et. al. *Estimativa da Biomassa e Carbono em Áreas Restauradas com plantio de Essências Nativas* [Biomass and Carbon Estimate in Recovered Areas with planting of Native Essences]).

EMISSIONS

FROM 2015 TO 2019



Specific emissions

-26%
= **750 thousand**
tons of CO₂ avoided



■ SPECIFIC EMISSIONS (gCO₂eq/RTK)

In 2019:

-8% vs. 2018 equivalent to:

+ **300 thousand** tons of CO₂ avoided

+ **1.6 mln tons** of CO₂ avoided by replacing trucks

= **2 mln tons** of CO₂ avoided in the year



EMISSIONS (gCO₂eq/RTK)



TRAIN
15,82g



TRUCKS
100g⁷

+50% = **3.7 million**

Volume 2016 to 2019

tons of CO₂ avoided in the period⁸

4.5 million

tons of CO₂ avoided in the period⁹

⁷ Source: Climate Change 2014: Mitigation of Climate Change (IPCC 2014)

⁸ If additional volume (20 bln RTK) transported by trucks.

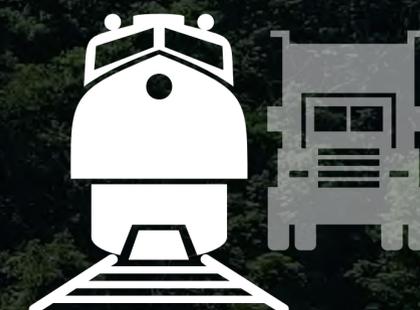
⁹ 750 thousand tons of CO₂ considering only the greater efficiency from Rumo + 3.7 mln tons by replacing trucks.



2025 TARGET

-15% = **13.42g**
on specific emissions
gCO₂eq/RTK

AVOIDED CO₂ EMISSIONS BY REPLACING LESS EFFICIENT MODE OF TRANSPORT



2 million CO₂ tons avoided in 2019

3.3 million CO₂ tons to be avoided until 2025



= **5.3 million** tons of CO₂ avoided per year from 2025 on.



The results achieved so far, as well as those to be achieved, are the result of significant investments in operating efficiency, which allow for lower fuel consumption through the renewal of our locomotive fleet, adoption of new technologies, like the trip optimizer and artificial intelligence, and behavioral factors encouraged by training.

In 2019, our GHG Inventory was subject to improvements, which included accounting for the use of air conditioning gas and changes in the use of soil as a result of vegetation suppression in routine maintenance activities, construction, and planting. In the year, we recorded 950,756 tons of CO₂e of gross direct emissions (Scope 1). 99.1% of total emissions arise from diesel consumption for the railway operation. Despite the 6.6% increase in transported volume compared to 2018, our absolute emissions dropped 1% in the period. [GRI 305-1](#) | [305-5](#)

Indirect GHG emissions (Scope 2), however, amounted to 2,418 tons of CO₂e, referring to energy consumption in our units. As for the control of Scope 3 emissions, in 2019 we started the process of assessing emissions across the production chain, to be disclosed next year. [GRI 305-1](#) | [305-2](#)

In 2019, we also achieved a **5.5% reduction in fuel consumption compared to the previous year**, a recurring figure in the last few years, as a result of our investments in improving energy efficiency of equipment and roads, increasing the efficiency of train routes, and avoiding stops, therefore equally contributing to a decrease in emissions.

WASTE

Our approach to waste management is to reduce waste generation. Through training and awareness campaigns run by Environment and Sustainability Management, which evaluates relevant environmental aspects and impacts of the operation and implements control measures, we pursue this goal. The activities are divided between the North Operation and South Operation, allowing for greater geographic proximity and specific knowledge. The operations are coordinated by a corporate department to standardize the procedures and establish guidelines and targets for the issues. To evaluate the efficiency of waste management, we regulate waste allocation in each unit every month. We look at the type and class of waste as well as the quantity and treatment technology. [GRI 103-1](#) | [103-2](#) | [103-3](#) – Effluents and Waste

The Environment and Sustainability Department focuses on reducing waste generation, creating strategies based on detailed monthly control of each unit.

TYPE	UNIT	2015	2016	2017	2018	2019
Scope 1	t CO ₂ eq./ year	957,675	817,749	923,581	957,487	950,756
Scope 2	t CO ₂ eq./ year	3,062	1,859	2,309	2,265	2,418

Another highlight in waste management is the application of **circular economy** concepts in the railway. An inherent characteristic of railways is the high consumption of materials like ties and tracks. We reuse these materials in order to expand their life cycle, creating environmental and financial benefits, or recycle them when operating conditions are not optimal for reuse.

Ties, for instance, are most commonly made of wood, with plans for sustainable management. When they need to be replaced, they are reused as stakes for fences in rural areas or as an input (biomass) for energy generation. Another important material for the railway is the track. Replaced tracks are sent to our Track Mills in the Ponta Grossa (state of Paraná) and Bauru (state of São Paulo) units, where they are recovered to be used in the railway on stretches with lower traffic. When recovery is not possible, however, the material is recycled, expanding the life cycle of metal and reducing consumption of natural resources.

The application of circular economy in our processes has been showing significant results: in 2019 we achieved a **recycling level of 83% of all waste generated**, and obtained revenue from selling these materials.

WATER AND EFFLUENTS

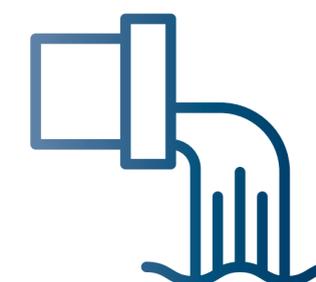
Similarly to other natural resources, water use is one of the most relevant topics of today, due to the possibility of water shortage. Especially today, the scenario requires attention because many cities in Brazil are facing long drought periods during the Coronavirus pandemic.

For our operations, too little or too much rain are very important factors, since most of the transported volume results from grain crops, which are strongly affected by these issues. Furthermore, excess rainfall may cause landslides, increasing the probability of railway accidents.

In addition to using water for human consumption, our units use water to wash locomotives, railcars and parts. Different types of water treatment are used at the sites where these materials are washed, depending on the effluents generated. Effluents resulting from activities in the operating areas are sent to treatment stations, where treatment is carried out by third-party workers before releasing the effluents in the water network, which follows the appropriate disposal standards. Some units adopt water reuse and water consumption practices, such as closed-circuit washing for railcars and reuse of rain water and air-conditioning condensed water by the cleaning staff.

When using water resources from utility companies, the bills are controlled by the Facilities department, which manages consumption. As for the use of ground water, the Environment department works to regularize collection sources by obtaining use grants from the competent authorities and installing flow measurement equipment to comply with the grants.

This process has made progress over the years with the strengthening of our employee awareness campaigns. We are also evaluating possible internal goals to reduce water consumption and effluents and increase reuse water utilization. All of these actions are based on Principle 3 of our environmental policy: Making sustainable use of natural resources. [GRI 103-1](#) | [103-2](#) | [103-2 – Water](#) | [GRI 303-1](#)



Rainwater reuse practices include washing closed-circuit railcars and usage by cleaning teams, practices have been further expanded in our operations.

ENERGY

This topic covers various inputs that are essential for railway operations. The highest consumption is diesel used by the locomotive fleet, comprising 88% fossil fuel and **12% biodiesel**, considered a **renewable energy source** from plants and animals. Electricity consumption in the nearly 300 units is also taken into account, as these units face the challenge of reducing the resource based on a global trend.

We are constantly studying the adoption of renewable sources of energy, even though the country has no infrastructure for cleaner energy in our areas of operation, so that in order to replace diesel with electricity we would have to use thermal power plants, which adopt non-renewable resources. While facing this challenge we continue to pursue maximum efficiency to keep delivering decreases in unit fuel consumption.

12% of the energy that powers our trains comes from renewable sources.



See the GRI Appendix for our environmental indicators

As an example of practices adopted to pursue alternative sources, **our Rondonópolis and Alto Araguaia terminals**, as well as the headquarters in Curitiba, **use electricity** from the free market, which adopts clean generation sources. In addition to this advantage, operating cost at these units is significantly reduced.

Information on diesel and lubricant consumption is controlled by the Operational Control department, divided by the North and South operations. Consumption data on LPG, a road fuel, is based on invoices. Electricity bills are controlled by the Facilities department. [GRI 103-1 | 103-2 | 103-3 – Energia](#)

In 2019, energy consumption within the organization was as follows: [GRI 302-1](#)

DIESEL OIL

398,356,802 liters, the total referring to the railway fleet, used in locomotives (396,772,623 liters), and the road fleet, used in own and rented vehicles through the fuel card (1,584,179 liters) for all grids. Diesel consumption within the organization decreased by 0.2%, despite the 8% increase in production during the period. [GRI 302-5](#)

AUTOMOTIVE GASOLINE

742,107 liters for the road fleet, used in own and rented vehicles through the fuel card.

LPG

3,050 Kg, which is equivalent to acquired LPG. The acquisition of gas at units with full-service cleaning companies is made directly by the third party.

LUBRICANTS

4,957,985 liters used in the locomotives.

ETHANOL

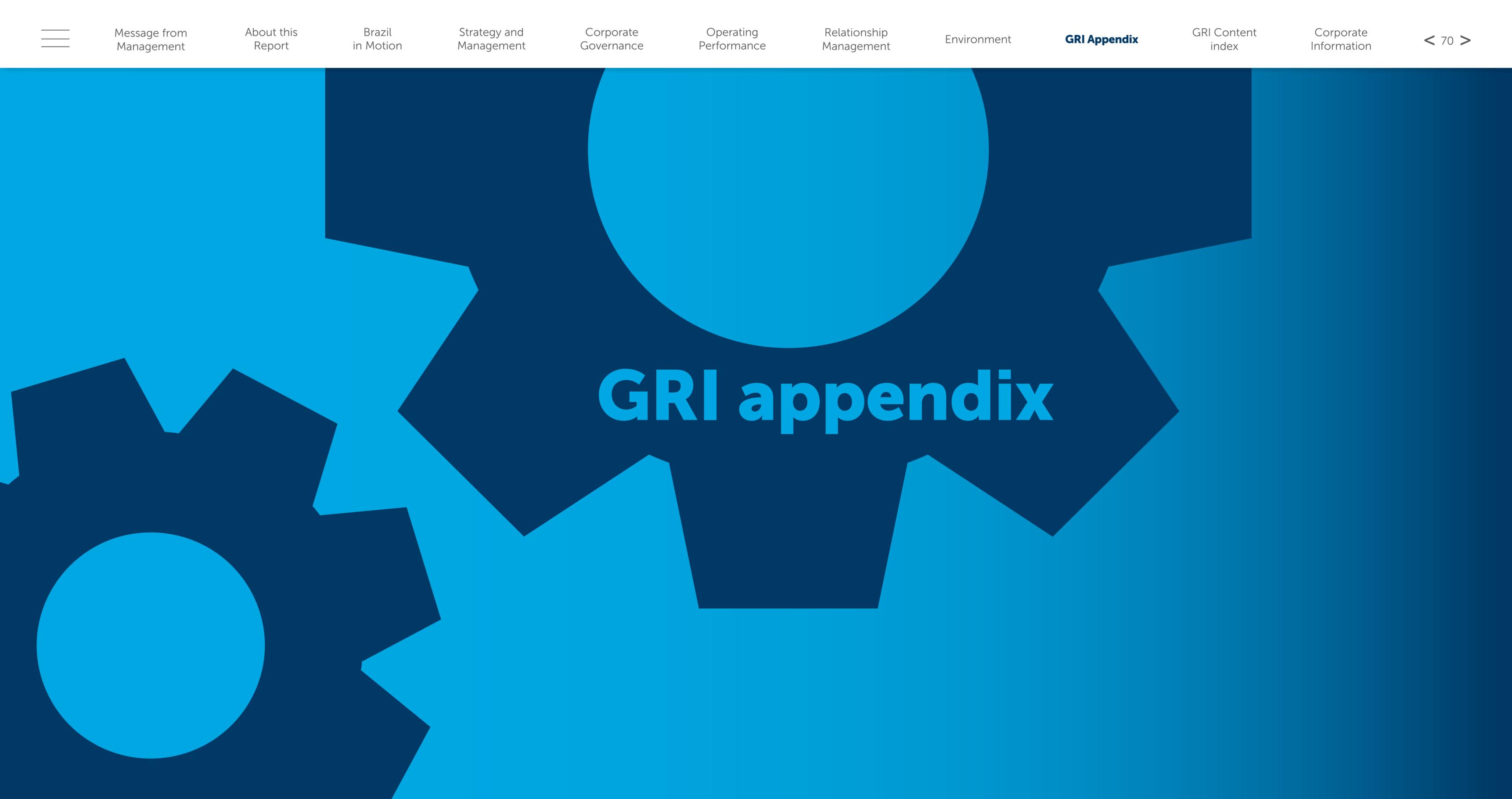
479,204 liters, which correspond to the road fleet, Rumo's private cars and rented cars fueled using the fuel card.

REFRIGERATION

316 kg referring to air conditioning gas (R-410 and R-422) by the full-service teams at the units. These amounts started being reported in the GHG Inventory.

ELECTRICITY

32,369,566.16 kWh, considering railways and terminals.



GRI appendix

INTERNAL STAKEHOLDERS

EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER GRI 102-8

EMPLOYMENT CONTRACT	MEN	WOMEN	M + W
Permanent	7,582	588	8,170
Temporary	278	149	427
Total	7,860	737	8,597

*Apprentices and interns are considered Temporary.

NEW EMPLOYEE HIRES BY REGION GRI 401-1

REGION	Nº. OF HIRES	RATIO OF HIRES
North	0	0.00%
South	527	6.13%
Northeast	0	0.00%
Midwest	286	3.33%
Southeast	444	5.16%

*Ratio considers the number of new employees divided by Company's total employees.

EMPLOYEES BY EMPLOYMENT TYPE AND GENDER GRI 102-8

EMPLOYMENT TYPE	MEN	WOMEN
Full-time	7,736	624
Part-time	124	113

*Apprentices and interns are considered Part-time

NEW EMPLOYEE HIRES BY AGE GROUP AND GENDER GRI 401-1

AGE GROUP	Nº. OF HIRES	RATIO OF HIRES
Below 30	733	8.53%
Between 30 and 50	507	5.90%
Over 50	17	0.20%
TOTAL	1,257	14.62%
Men	995	11.57%
Women	262	3.05%

*Ratio considers the number of new employees divided by Company's total employees.

EMPLOYEES BY EMPLOYMENT CONTRACT AND REGION GRI 102-8

REGION	PERMANENT	TEMPORARY*	P+T
Midwest	1,083	69	1,152
Southeast	3,358	175	3,533
South	3,729	183	3,912
Total	3,729	183	8,597

*Own employees

EMPLOYEE TURNOVER BY REGION GRI 401-1

REGION	TURNOVER RATE
North	0.00
South	6.99
Northeast	0.00
Midwest	5.16
Southeast	3.08

BASE SALARY AND COMPENSATION RATIO BETWEEN WOMEN AND MEN GRI 405-2

Position	SALARY		SALARY + VARIABLE COMPENSATION	
	Women	Men	Women	Men
Analysts and technicians	1.04	0.96	1.04	0.96
Coordinators/experts	0.90	1.11	0.9	1.11
Officer	0.99	1.01	0.99	1.01
Manager	0.82	1.22	0.8	1.25
Operator	1.06	0.94	1.06	0.94
Other	0.97	1.03	0.81	1.24
Chair and vice-chair	-	-	0	0
Directors and executive officers	-	-	0	0
Total	1.26	0.79	1.19	0.84

DIVERSITY OF GOVERNANCE BODIES* (%) GRI 405-1

AGE GROUP	MEN		WOMEN	
	Below 30	Between 30 and 50	+ 50 anos	
	0.00	0.21	0.05	
				0.23
				0.01

*Directors and above, ratio considers all Company's employees.

DIVERSITY BY EMPLOYEE CATEGORY AND AGE GROUP (%) GRI 405-1

POSITION	Below 30	Between 30 and 50	Over 50	RATIO
Chair and vice-chair	0.00	0.03	0.02	0.06%
Directors and executives	0.00	0.01	0.01	0.02%
Officers	0.00	0.16	0.00	0.16%
Managers	0.07	1.54	0.08	1.69%
Coordinators and Specialists	1.07	5.06	0.66	6.79%
Analysts and technicians	7.30	9.82	1.49	18.59%
Operators	14.31	44.00	5.78	64.09%
Other	4.65	3.56	0.38	8.60%
Total (%)	27.40	64.18	8.42	100.00%

DIVERSITY BY EMPLOYEE CATEGORY AND GENDER (%) GRI 405-1

POSITION	MEN	WOMEN
Chair and vice-chair	0.06	0.00
Directors and executive officers	0.02	0.00
Officers	0.15	0.01
Managers	1.44	0.24
Coordinators and Specialists	5.49	1.31
Analysts and technicians	14.24	4.35
Operators	63.60	0.50
Other	6.44	2.15
Total (%)	91.44	8.56

TRAINING HOURS AND PERCENTAGE OF EMPLOYEES RECEIVING TRAINING IN HUMAN RIGHTS GRI 412-2

OPERATION	TRAINING HOURS	EMPLOYEES RECEIVING TRAINING
North	2,035	94
South	1,934	86

AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE GRI 404-1

MONTH	HOURS/MONTH	HOURS/EMPLOYEE	HOURS IN THE MONTH	COMPLETED
Jan	1.50	1.87	15,866	15,866
Feb	4.50	4.45	21,607	37,473
Mar	8.50	8.21	32,103	69,576
Apr	12.50	11.40	26,719	96,295
May	16.10	15.23	32,766	129,061
Jun	19.30	18.52	28,226	157,287
Jul	23.50	20.72	19,969	177,256
Aug	27.20	29.09	50,068	249,502
Sep	33.80	33.29	37,799	287,301
Oct	41.80	38.35	44,652	331,953
Nov	45.83	42.48	37,842	369,795
Dec	50.00	45.40	20,468	390,263

Variable Compensation Program

COLLECTIVE INDICATORS FOR PROFIT SHARING PURPOSES

CORPORATE METRICS	WEIGHT (%)
Cash generation	40
ROIC	30
Volume (RTK)	30
Total	100

*Applicable for all employees, including Executive Officers.

SAFETY BONUS

TYPE	WEIGHT	METRIC
Railway Safety	50%	Injury Severity
	50%	Number of Injuries
Personal Safety	50%	Safety index (CAF+SAF)*
	50%	Severity

*CAF - injuries that caused leaves; SAF - injuries with no leaves.
Applicable for all employees, including Executive Officers.

SAFETY - Injuries

NUMBER AND RATIO OF WORK-RELATED INJURIES WITH MATERIAL IMPLICATIONS (EXCLUDING CASUALTIES)

	2019	2018	2017	2016
Employees				
Number of injuries	4	9	14	30
Rate	0.17	0.25	0.39	0.82
Third-party workers				
Number of injuries	1	3	2	6
Rate	0.07	NI	0.17	0.49

NI = Not informed

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED GRI 201-1

DESCRIPTION	VALUE DESCRIPTION (IN BRL MILLIONS)
Operating Costs	R\$ 2,292
Depreciation	R\$ 1,716
Personnel and charges	R\$ 807
Return on third-party capital	R\$ 1,519
Return on equity	R\$ 786
Taxes, fees and contributions	R\$ 608
Value added or received in transfer	R\$ 225
Direct economic value created (gross revenue)	R\$ 7,503

ENVIRONMENT

TOTAL ENERGY CONSUMPTION WITHIN THE ORGANIZATION GRI 302-1

ENERGY SOURCE	MEASUREMENT UNIT (GJ)
Diesel	14,141,666 GJ
Automotive gasoline	23,925 GJ
LPG	141GJ
Lubricants	180,619 GJ
Ethanol	10,231 GJ
Refrigeration consumption	0.012 GJ
Electricity consumption	116,530 GJ
Total	14,449,304 GJ

WATER CONSUMPTION GRI 303-5

WATER CONSUMPTION	MEASUREMENT UNIT (M ³)
Total	167,485 m ³

Note: considering water consumption for human supply and washing locomotives, railcars and parts, obtained from the utilities companies.

GROUNDWATER/SUPERFICIAL CONSUMPTION	UNIT	TOTAL
South Network	m ³	44,304
West Network	m ³	120
North Network	m ³	47,952
Paulista Network	m ³	165,298
Total		257,674

WATER DISCHARGE BY QUALITY AND DESTINATION (IN LITERS) GRI 306-1

PARAMETER	UNIT	TOTAL (L)	M ³
North Operation			
Araraquara	Treated volume	1,240,800.00	1,240.8
Paratinga	Treated volume	361,000.00	361
Rio Claro	Treated volume	159,000.00	159
Rondonópolis - Screening	Treated volume	8,462,400.00	8,462.4
Rondonópolis - TRO	Treated volume	4,623,600.00	8,623.6
Itirapina	Treated volume	123,500.00	123.5
OVERALL TOTAL	Treated volume	14,970,300.00	14,970.3
South Operation			
South Network	Treated volume	23,190,095.00	23,190,095

WASTE BY TYPE AND DISPOSAL METHOD IN 2018 GRI 306-2

RESÍDUOS	WASTE - SUPPORT UNITS	WASTE - RAILWAY	TOTAL (UNITS + RAILWAY)
Class I	2,770.2	1,374.1	4,144.2
Landfill	568.7		568.7
Co-processing	2,201.5		2,201.5
Recycling		1,374.1	1,374.1
Treatment			-
RSS Treatment	0.0		0.0
Class II-A	11,073.4	46,882.4	57,955.8
Landfill	801.8		801.8
Composting	223.6		223.6
Co-processing	1,762.8		1,762.8
Recycling	8,285.2	46,882.4	55,167.6
Reuse			-
Class II-B	-	21.3	21.3
Landfill			-
Co-processing			-
Recycling		21.3	21.3
Overall Total [t]	13,843.6	48,277.7	62,121.3

WASTE BY TYPE AND DISPOSAL METHOD IN 2019 GRI 306-2

RESÍDUOS	WASTE - SUPPORT UNITS	WASTE - RAILWAY	TOTAL (UNITS + RAILWAY)
Class I	2,949.9	1,381.3	4,331.1
Landfill	2,233.5		2,233.5
Co-processing	710.1		710.1
Recycling	4.2	1,381.3	1,385.5
Treatment	0.7		0.7
RSS Treatment	1.3		1.3
Class II-A	6,695.4	42,885.9	49,581.3
Landfill	3,584.3		3,584.3
Composting	155.6		155.6
Co-processing	2,313.3		2,313.3
Recycling	640.1	42,885.9	43,526.0
Reuse	2.1		2.1
Class II-B	487.1	94.9	582.0
Landfill	399.2		399.2
Co-processing	21.0		21.0
Recycling	66.9	94.9	161.8
Overall Total [t]	10,132.4	44,362.1	54,494.4

Note: Due to improvements in the solid waste management process, which now covers more units, 2018 information was revised and is slightly different from the previous publication.



Sumário de Conteúdo da GRI



GRI CONTENT INDEX GRI 102-55

STANDARD GRI	DISCLOSURE	COMMENT	PAGE
General Disclosures			
GRI 102: General Disclosures	102-1 - Name of the organization		14 and 92
	102-2 - Activities, brands, products, and services		14
	102-3 - Location of headquarters		92
	102-4 - Location of operations		14
	102-5 - Ownership and legal form		14
	102-6 - Markets served		16 and 36
	102-7 - Scale of the organization		14 and 16
	102-8 - Information on employees and other workers		45 and 71
	102-9 - Supply chain		53
	102-10 - Significant changes to the organization and its supply chain		53
	102-11 - Precautionary Principle or approach		34
	102-12 - External initiatives		29
	102-13 - Membership of Associations		59



STANDARD GRI	DISCLOSURE	COMMENT	PAGE
GRI 102: General Disclosures	102-14 - Statement from senior decision-maker		2
	102-15 - Key impacts, risks, and opportunities		34
	102-16 - Values, principles, standards, and norms of behavior		15 and 28
	102-17 - Mechanisms for advice and concerns about ethics		28
	102-18 - Governance structure		30
	102-19 - Delegating authority		30
	102-20 - Executive-level responsibility for economic, environmental, and social topics		26, 30 and 49
	102-21 - Consulting stakeholders on economic, environmental, and social topics		11
	102-22 - Composition of the highest governance body and its committees		31
	102-23 - Chair of the highest governance body		31
	102-24 - Nominating and selecting the highest governance body		30
	102-25 - Conflicts of interest		28
	102-26 - Role of highest governance body in setting purpose, values, and strategy		31
	102-40 - List of engagement		6 and 45



STANDARD GRI	DISCLOSURE	COMMENT	PAGE
	102-41 - Collective bargaining agreements	91.28%	
	102-42 - Identifying and selecting stakeholders		11
	102-43 - Approach to stakeholder engagement		11
	102-44 - Key topics and concerns raised		11
	102-45 - Entities included in the consolidated financial statements	Logispot Armazéns Gerais S.A., Elevações Portuárias S.A., Rumo Luxembourg Sarl, Rumo Intermodal S.A., Rumo Malha Oeste S.A., Rumo Malha Paulista S.A., Rumo Malha Sul S.A., Rumo Malha Norte S.A., Rumo Malha Central S.A., Boswells S.A., ALL Argentina S.A., Paranaguá S.A., ALL Armazéns Gerais Ltda., Portofer Ltda., Brado Logística e Participações S.A., Brado Logística S.A., ALL Mesopotâmica S.A., ALL Central S.A. and Servicios de Inversión Logística Integrales S.A.	
	102-46 - Defining report content and topic Boundaries		11
	102-47 - List of material topics		11
GRI 102: General Disclosures	102-48 - Restatements of information		6
	102-49 - Changes in reporting		6
	102-50 - Reporting period		6
	102-51 - Date of most recent report		6
	102-52 - Reporting cycle		6
	102-53 - Contact point for questions regarding the report		6
	102-54 - Claims of reporting in accordance with the GRI Standards		6
	102-55 - GRI content index		77
	102-56 - External assurance	None.	



STANDARD GRI	DISCLOSURE	COMMENT	PAGE
Material Topics			
Economic Performance			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		37
	103-2 - The management approach and its components		37
	103-3 - Evaluation of the management		37
GRI 201: Economic Performance	201-1 - Direct economic value created and distributed		43
	201-2 - Financial implications and other risks and opportunities related to climate change		35
Anti-Corruption			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		11 and 29
	103-2 - The management approach and its components		29
	103-3 - Evaluation of the management		29
GRI 205: Anti-corruption	205-1 - Operations assessed for risks related to corruption		34
	205-2 - Communication and training about anti-corruption policies and procedures	100% of Management and 96.99% of employees were informed of the anticorruption policies and procedures; and five members of governance bodies and 96.99% of the employees received anticorruption training. 100% of the agreements signed with partners include anticorruption clauses, which includes accepting the Code of Conduct.	
	205-3 - Confirmed incidents of corruption and actions taken	None.	



STANDARD GRI	DISCLOSURE	COMMENT	PAGE
Energy			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		69
	103-2 - The management approach and its components		69
	103-3 - Evaluation of the management		69
GRI 302: Energy	302-1 - Energy consumption within the organization		69 and 74
	302-4 - Reduction of energy consumption	No reduction in energy consumption.	
	302-5 - Reductions in energy requirements of products and services		69
Water			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		68
	103-2 - The management approach and its components		68
	103-3 - Evaluation of the management		68
GRI 303: Water	303-1 - Interactions with water as a shared resource		68
	303-5 - Water consumption		74



STANDARD GRI	DISCLOSURE	COMMENT	PAGE
Biodiversity			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		63
	103-2 - The management approach and its components		63
	103-3 - Evaluation of the management		63
GRI 304: Biodiversity	304-1 - Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		64
	304-2 - Significant impacts of activities, products, and services on biodiversity	The direct and indirect impacts of our operations on biodiversity are linked to new projects, terminals, railway support units (infra and superstructure), evaluated in diagnostics conducted and reported to the environmental agency responsible for granting the environmental license. Currently, all our operations hold environmental licenses from Ibama. With regard to the reversibility of these impacts, since they are superficial, all built areas (both terminals and railways) can be converted back to their original condition because there is no significant impact on the soil and water resources, only soil compaction and idle civil engineering materials. In addition, positive impacts are evaluated in the natural regeneration observed in railway areas after construction, for both vegetation and fauna, given their proximity to remaining forest fragments.	
	304-3 - Habitats protected or restored		64
	304-4 - IUCN Red List species and national conservation list species with habitats in areas affected by operations	No critically-endangered species were recorded. Two endangered species were identified by the IUCN (International Union for Conservation of Nature) and three by the MMA (Ministry of Environment). The IUCN also identified 15 near-endangered species and 281 least-concern species. The MMA found 44 least-concern species. For the Fauna Rescue and Displacement Program, the IUCN registered 79 least-concern species that were not found in the MMA list of endangered species.	
Emissions			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		65
	103-2 - The management approach and its components		65
	103-3 - Evaluation of the management		65



STANDARD GRI	DISCLOSURE	COMMENT	PAGE
GRI 305: Emissions	305-1 - Direct (Scope 1) GHG emissions		11 and 67
	305-2 - Energy indirect (Scope 2) GHG emissions		67
	305-3 - Other indirect (Scope 3) GHG emissions	Not applicable.	
	305-4 - GHG emissions intensity		65
	305-5 - Reduction of GHG emissions		67
	305-6 - Emissions of ozone-depleting substances (ODS)	Not applicable.	
	305-7 - Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	We do not take this measurement.	
Effluents and Waste			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		12 e 67
	103-2 - The management approach and its components		67
	103-3 - Evaluation of the management		67



STANDARD GRI	DISCLOSURE	COMMENT	PAGE
GRI 306: Effluents and Waste	306-1 - Water discharge by quality and destination		74
	306-2 - Waste by type and disposal method		75
	306-3 - Significant spills	Three oil leaks were recorded: one in the South Operation (88,000 liters) and two in the North Operation (7,500 liters). In the South Operation, there were also three accidents with 23,500 liters of fuel leaked.	
	306-4 - Transport of hazardous waste	Not applicable.	
Environmental Compliance			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		11 and 62
	103-2 - The management approach and its components		62
	103-3 - Evaluation of the management		62
GRI 307: Environmental compliance	307-1 - Non-compliance with environmental laws and regulations	The value of fines due to non-compliance with environmental laws and regulations in the year was R\$299,670,695.86, and monetary sanctions amounted to 154 warnings.	
Supplier Environmental Assessment			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		12 and 53
	103-2 - The management approach and its components		53
	103-3 - Evaluation of the management		53
308: Supplier Environmental Assessment	308-2 - Negative environmental impacts in the supply chain and actions taken		53



STANDARD GRI	DISCLOSURE	COMMENT	PAGE
Employment			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		12 and 45
	103-2 - The management approach and its components		45
	103-3 - Evaluation of the management		45
GRI 401: Employment	401-1 - New employee hires and employee turnover		71
	401-2 - Benefits provided to full-time employees that are not provided to temporary or part-time employees		47
	401-3 - Parental	In the year, 232 men and 29 women used the maternity/paternity leave benefit. All of the men and 20 of the women returned to work after the leave.	
Labor Relations			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		12 and 46
	103-2 - The management approach and its components		46
	103-3 - Evaluation of the management		46
GRI 402: Labor Relations	402-1 - Minimum notice periods regarding operational changes.	The deadline for announcing operational changes depends on their relevance. For example, the CEO change was announced six months in advance, but the acquisition of the North-South Railway was only announced after we received the operating license. Other changes, such as reporting changes from one department to another, are usually announced a month in advance or in the month when the change will take place.	



STANDARD GRI	DISCLOSURE	COMMENT	PAGE
Employee Health and Safety Nearby Ports and Terminals			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		12 and 49
	103-2 - The management approach and its components		49
	103-3 - Evaluation of the management		49 and 52
GRI 403: Occupational Health and Safety	403-1 - Workers representation in formal joint management–worker health and safety committees.	<i>Rumo Zero Acidente</i> is the Company’s internal management system to ensure the health and safety of employees. Its tools are implemented and used in all units and improvements are constantly encouraged. The program focuses on all people working in the operations.	
	403-2 - Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and the number of work-related fatalities		50
	403-3 - Workers with high incidence or high risk of diseases related to their occupation.		51
	403-4 - Health and safety topics covered in formal agreements with trade unions		51
	403-5 - Worker training on occupational health and safety		48
	403-6 - Promotion of worker health		51
	403-7 - Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		51
	403-8 - Workers covered by an occupational health and safety management system	100%	
	403-9 - Work-related injuries		52
	403-10 - Work-related ill health		52



STANDARD GRI	DISCLOSURE	COMMENT	PAGE
Training and Education			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		12
	103-2 - The management approach and its components		48
	103-3 - Evaluation of the management		48
GRI 404: Training and Education	404-1 - Average hours of training per year per employee		48 and 73
Diversity and Equal Opportunity			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		29
	103-2 - The management approach and its components		29
	103-3 - Evaluation of the management		29
GRI 405: Diversity and Equal Opportunity	405-1 - Diversity of governance bodies and employees		45 and 72
	405-2 - Ratio of basic salary and remuneration of women to men		72
Forced or Compulsory Labor			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		11 and 53
	103-2 - The management approach and its components		53
	103-3 - Evaluation of the management		53



STANDARD GRI	DISCLOSURE	COMMENT	PAGE
GRI 409: Forced or Compulsory Labor	409-1 - Operations and suppliers at significant risk for incidents of forced or compulsory labor		53
	Human Rights Assessment		
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		11
	103-2 - The management approach and its components		53
	103-3 - Evaluation of the management		53
GRI 412: Human Rights Assessment	412-1 - Operations that have been subject to human rights reviews or impact assessments	100%	
	412-2 - Employee training on human rights policies or procedures		73
	412-3 - Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Financial agreements include clauses on respect for human rights. The financial institutions themselves require the inclusion of such a clause, as demanded by their regulatory agency. Most of the agreements require compliance with socio-environmental laws and forbid forced and child labor, among others.	
Local Communities			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		12 and 57
	103-2 - The management approach and its components		57
	103-3 - Evaluation of the management		57



STANDARD GRI	DISCLOSURE	COMMENT	PAGE
GRI 413: Local Communities	413-1 - Operations with local community engagement, impact assessments, and development programs		57
Impact on Local Communities			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		12 and 57
	103-2 - The management approach and its components		57
	103-3 - Evaluation of the management		57
GRI 413: Local Communities	413-2 - Operations with significant actual and potential negative impacts on local communities		57
Supplier Social Assessment			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		12 and 53
	103-2 - The management approach and its components		53
	103-3 - Evaluation of the management		53
GRI 414: Supplier Social Assessment	414-2 - Negative social impacts in the supply chain and actions taken		53



STANDARD GRI	DISCLOSURE	COMMENT	PAGE
Public Policy			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		12 and 29
	103-2 - The management approach and its components		29
	103-3 - Evaluation of the management		29
GRI 415: Public Policy	415-1 - Political contributions	Not applicable.	
Information Security			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		11 and 55
	103-2 - The management approach and its components		55
	103-3 - Evaluation of the management		55
GRI 418: Information Security	418-1 - Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	No complaints were recorded.	55
Socioeconomic Compliance			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		28
	103-2 - The management approach and its components		28
	103-3 - Evaluation of the management		28



STANDARD GRI	DISCLOSURE	COMMENT	PAGE
GRI 419: Socioeconomic Compliance	419-1 - Non-compliance with laws and regulations in the social and economic area	No events of non-compliance with social and environmental laws and regulations have been recorded.	
	Transparency		
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		11 and 28
	103-2 - The management approach and its components		28
	103-3 - Evaluation of the management		28
Investment in Green Infrastructure			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		12
	103-2 - The management approach and its components		63
	103-3 - Evaluation of the management		63
Relationship with Third-party workers			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary		12 and 53
	103-2 - The management approach and its components		53
	103-3 - Evaluation of the management		53



CORPORATE INFORMATION

GRI 102-1 | 102-3

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