



Annual Sustainability Report

Harvest

2019/2020





INDEX

03

Introduction

05

Message from the President

07

Sustainability Matrix

10

Our new brand

11

A valuable business

2019/2020 highlights

Ethanol and bioenergy

Animal nutrition

Value generation

26

People and culture

Our culture

High performance

36

Ethics within and outside

Governance structure

Relationship with suppliers

47

Innovation and technology

Biomass development

Corn research

Innovation in logistics

55

Care for people and environment

Actions against Covid-19

Environmental management

61

Attachments to the Report

Supplement to GRI disclosure items

GRI content summary

Assurance report

INTRODUCTION

Our company, FS – “Fueling Sustainability”, started its activities in 2017 aiming to break with the past in the ethanol, bioenergy and animal nutrition segments. We are the first company in the country to produce biofuel, electric power, and high value-added products exclusively from corn. We apply state-of-the-art technology to further incorporate innovation and sustainability across the value chain in the West Central region of Brazil.

For the second consecutive year, we have published our Annual Sustainability Report for the

purpose of informing all interested parties about the success we have achieved with our innovative business model, which is aimed at our economic, social, and environmental impact. Our responsible way of operating makes our presence felt from our relationships with corn and biomass suppliers to our customers in the ethanol and animal nutrition industries.

Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments





Introduction

Message

Sustainability
Matrix

Our new
brand

A valuable
business

People and
culture

Ethics

Innovation and
technology

People and
environment

Attachments

In compliance with objectives introduced in the past publication, our Report – from this edition and on – will be in accordance with the Global Reporting Initiative (GRI) Standards, the Essential option. The voluntary conformity to the renowned international directives for communicating our management practices assures transparency, balance and openness to dialogue with stakeholders and reliability of provided information. Data in connection with the GRI's disclosure items have been confirmed and approved by a third-party, according to the declaration submitted on page 71.

The construction of our Sustainability Matrix is inserted in this report to adhere to the GRI guidelines. The process of listening to, and engaging with, the company's external and internal stakeholders was the basis for the scope and limits for the preparation of the content that is described on page 8.

At the end of the 2019/2020 crop year, the period encompassed by this Report, Brazil was significantly impacted by the COVID-19 pandemic, which triggered material changes in all sectors. Our company took all required measures to protect our associates' health and cooperated with governments and local communities during the pandemic. Therefore, our decision was to include the initiatives we undertook to address the crisis in this document.

Send comments and opinions on
this publication to the email
comunicacao@fsbioenergia.com.br.



MESSAGE FROM THE PRESIDENT

In 2017, we started a completely innovative business model focused on bioenergy and animal nutrition in the state of Mato Grosso. In this short and intense period, we have witnessed great achievements. In less than three years, we have built two facilities (Lucas do Rio Verde and Sorriso) with investments of R\$ 2.7 billion, we quintupled our production capacity from the initial 230 million liters of anhydrous ethanol per year to the current 1.12 billion liters per year, doubled the number of employees, improved our governance, accessed new markets and have proven the feasibility of producing ethanol and animal nutrition products 100% from corn in the West Central region of Brazil.

Our facility in Lucas do Rio Verde ranked first in the nation for ethanol production in the 2019/2020 harvest year with a total of 520 million liters produced.

We started our Sorriso facility this year and are continuing construction to increase the capacity to 850 million liters, which will be completed in March 2021. The Sorriso plant will place FS among the largest ethanol producers in the country.

Along the way, we have grown with consistency and safety in our plant operations, improved all our operational indices and, most importantly, kept our reported accident rate at very low levels, among the best in the world.

Several factors have helped us reach this stage. Our continuous search for innovation and belief in sustainable, renewable fuels drives our organization. Climate change, triggered by the concentration of greenhouse gases in the atmosphere, represents a risk

to future generations. We believe that low-carbon ethanol can be a catalyst for transformation, and it is becoming increasingly required to reduce the use of fossil fuels around the world.

Our ability to work in partnership with agribusinesses and rural producers is another reason for our growth. Our corn origination process, anchored by our social and environmental policy, responsibly adds value and offers differentiated options to producers that ultimately helps grow Brazilian agriculture.

Our certification in the RenovaBio program, where we achieved the best carbon intensity score for anhydrous ethanol, demonstrates the successful relationship we have established with Mato Grosso farmers and drives us forward. The commitment to sustainability is also evidenced in raising funds by means of green securities, such as the Agribusiness/Real Estate Receivables Certificates (CRA/CRI) we issued in 2020, which comply with Green Bond Principles, and the latter is the first transaction in the Brazilian capital market linked to sustainability goals.

We have achieved the best carbon intensity score in the Renovabio program for anhydrous ethanol

Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments

Encouraged by our shareholders' vision, our company puts sustainability into practice everyday and has made a commitment to the preservation of the environment.

We have boosted biomass production to provide the energy required to power our plants while protecting natural resources and biodiversity. Throughout our production activities, we are constantly striving for continuous improvement and apply best practices to ensure complete compliance with environmental laws.

The benefits and advantages of our business, from an environmental point-of-view, are embodied in our products. We have improved logistical routes to expand ethanol supply in the North, Northeast, and South-Central regions, by using more efficient modals, such as railroads, pipelines, and waterways. We fully utilize corn to make additional products such as Dried Distillers Grains with Solubles (DDGSs) for animal nutrition that enable productivity gains and cost reductions for poultry, hog, and cattle feed for hundreds of customers in Mato Grosso and Brazil.

The people who make up FS are a differentiator that helps enable our growth. Our team of employees establishes the values that uphold our corporate culture that combines with a common passion for everything we do. Our culture transitioned in 2019 to a new brand – even more vibrant and in tune with our aim to do good for society and the environment.

Care for the health and safety of our associates and their families is our priority. While we continue to work to deliver essential products to society, we have strengthened our safety procedures and protocols in light of the COVID-19 pandemic that has impacted the entire world. We have adopted preventive measures, and, in addition, we have worked side-by-side with the communities where we operate to help prevent the disease with donations of equipment and alcohol

for sanitation use that was made in our facilities.

The size of the economic impact caused by the pandemic is still uncertain and it is difficult to know the long-term implications. With high productivity, strategic geographic location and state-of-the art technology, our company has shown the competitiveness and resilience needed to carry through moments of turbulence and uncertainty.

The world, which was already in transformation, will demand even more innovation and adaptability from companies after going through one of the biggest crises in history. As we grow a clean and sustainable energy supply, we are driven by the energy that promotes the common good.

Rafael Abud
President of FS



Introduction

Message

Sustainability
Matrix

Our new
brand

A valuable
business

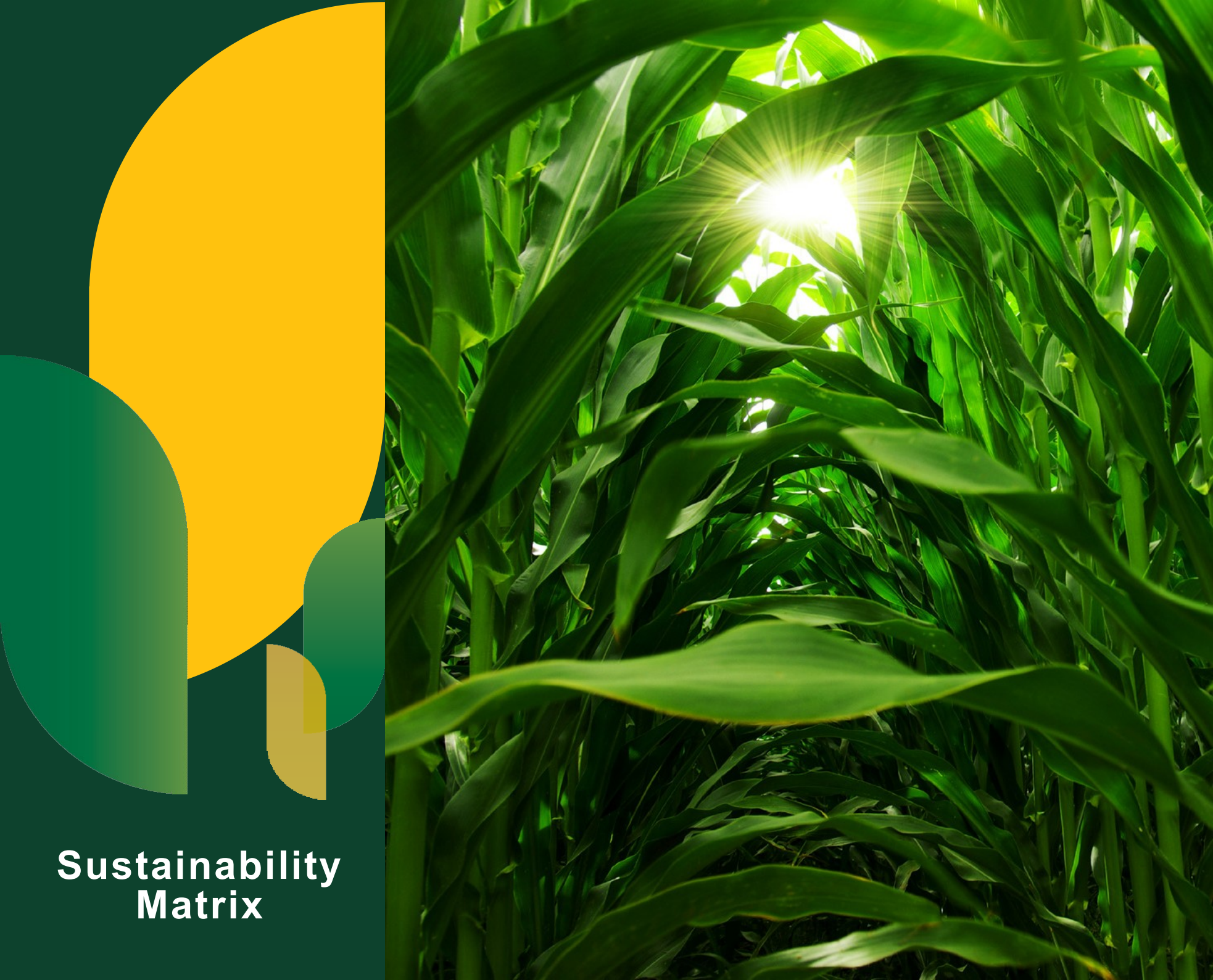
People and
culture

Ethics

Innovation and
technology

People and
environment

Attachments



**Sustainability
Matrix**



Introduction

Message

Sustainability
Matrix

Our new
brand

A valuable
business

People and
culture

Ethics

Innovation and
technology

People and
environment

Attachments

SUSTAINABILITY MATRIX

The Sustainability Matrix is a tool developed with the objective of enhancing the quality of information disclosed to interested parties by means of the Annual Sustainability Report. In line with the GRI's principles for establishing the content, the process enabled the identification of the key themes for this publication.

Within these themes, we have provided the required information for stakeholders to make decisions and assured transparency in describing the impacts and the value created by our business model from an economic, social, and environmental perspective. Therefore, we have identified **eight important themes** to outline the information provided and to prioritize management indices for the Report. To make the communication more effective, the themes have been organized into **five pillars**: a valuable business; people and culture; ethics within and outside; innovation and technology; and care for people and environment.

The work to build and align the Sustainability Matrix was carried out over eight months, starting in July 2019. The process involved research and interviews to identify macro trends in the context of corporate sustainability, consulting internal and external stakeholders, and balancing themes with business strategies and sector benchmarking.

One of the main steps was the mapping and prioritization of the company's stakeholders and the engagement of these individuals and groups by means of live interviews and workshops as well as conferences held on digital platforms. This involved more than 50 people – including employees, corn and biomass suppliers, customers, regulatory entities and financial institutions – which contributed to a better understanding of relevant information for FS Bioenergia's corporate responsibility.

The methodology used for the construction of the Sustainability Matrix and the identified themes were reviewed and validated by the company's directors at the final stages of the work. The final stage included contributions from company leadership to align the business strategy with the multilateral initiatives for sustainable development – especially the Sustainable Development Objectives (SDO).



Care for people and environment

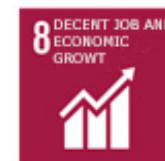
Safety for all in our facilities is a priority and is also one of FS Bioenergia's values. The theme ranges from associates' and third-parties' working conditions to the safety of visitors, customers, and employees of suppliers who come to our facilities, in addition to the managing the integrity of our equipment and facilities.

Within the same pillar, the environmental impacts resulting from our operations are duly managed in accordance with all applicable legal requirements and clearly communicated to stakeholders. Especially for customers, suppliers, and financial institutions, the issue is connected to environmental compliance and reputation, and financial risks related to incidents or events that have many indirect consequences.

Material issues

- Safety of people and operations
- Environmental management

Related ODS



In 2020, after three years of growth and learning, we launched our new brand. FS still is a young company in the biofuels and animal nutrition sector. However, our ambition to become an agent of transformation to promote sustainability across the world only accelerates our drive.

We are driven by the energy that promotes the common good.



**Our new
brand**

Here, we believe we can.

Big dreams move our initiatives with ethics and pioneering, illuminating what we say and do.

Our energy transforms agribusiness and has enabled a new, efficient, and safe means to fuel a real sustainable world.

We rely on the passion of competent people who are proud to be part of this challenge.

We want to break into new frontiers and make real what one day seemed impossible.

This is FS's way of Making Things Happen.

5

A valuable
business



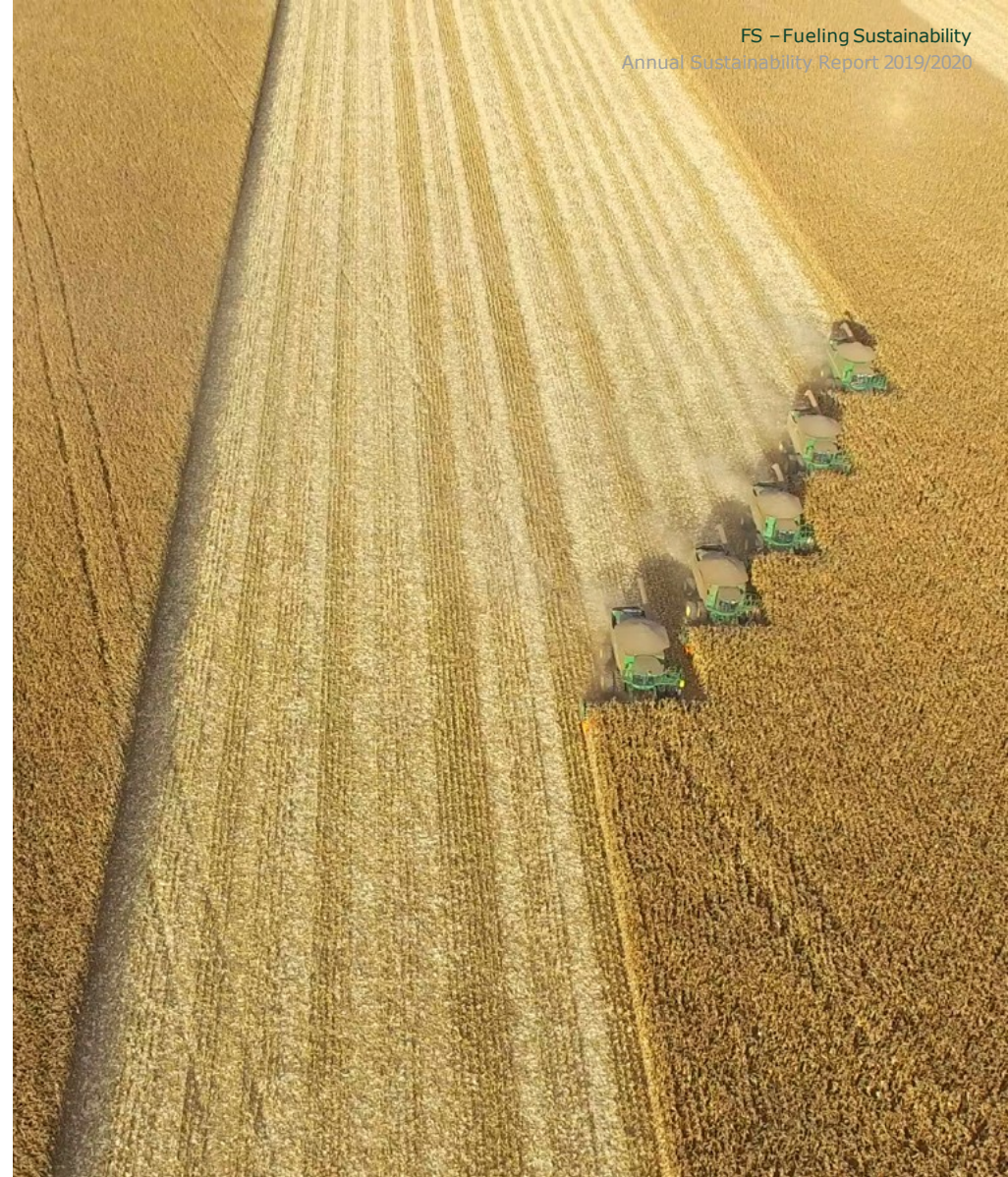
A VALUABLE BUSINESS

Our two ethanol plants operating in the state of Mato Grosso, and four additional facilities in the design stage, add value to agribusiness and provide economic, social, and environmental benefits in Brazil's new agricultural frontier. We are the first company in the country that produces ethanol 100% from corn, which adds value to the locally produced grain and expands the presence of the biofuel in the Brazilian energy matrix lowering greenhouse gas emissions.

For the 2019/2020 harvest, our Lucas do Rio Verde facility was the largest producer of ethanol in the country by volume, according to the novaCana portal based on data provided by the Oil, Natural Gas, and Biofuels National Agency (ANP).

We use state-of-the art technology in our plants which enables the production of animal nutrition ingredients, known as Distillers' Dried Grains (DDG). In addition, we produce oil from corn, which can be used for animal nutrition, biodiesel, special oils, soaps, paints and resins.

Utilizing biomass, we generate steam and electricity from a renewable source for our own consumption and export the surplus to the Interconnected National System (SIN) that transmits our electricity throughout the country.



We make ethanol and high value-added products for animal nutrition with state-of-the art technology in West-Central Brazil.

Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments

OUR FACILITIES



**These facilities have already received their respective environmental permits*



Office

Annual production capacity:

1.12 billion
liters of
ethanol

70 MW
of electric
power

940 thousand
metric tons of
DDGs

32 thousand
metric tons of
corn oil

Our first plant, located in the city of Lucas do Rio Verde, started operations in 2017 and doubled its production capacity in 2019. In February 2020, after only one year of construction, our second plant located in the municipality of Sorriso started operations. These investments allowed us to reach an annual production capacity of 1.12 billion liters of ethanol.

Introduction

Message

Sustainability
Matrix

Our new
brand

A valuable
business

People and
culture

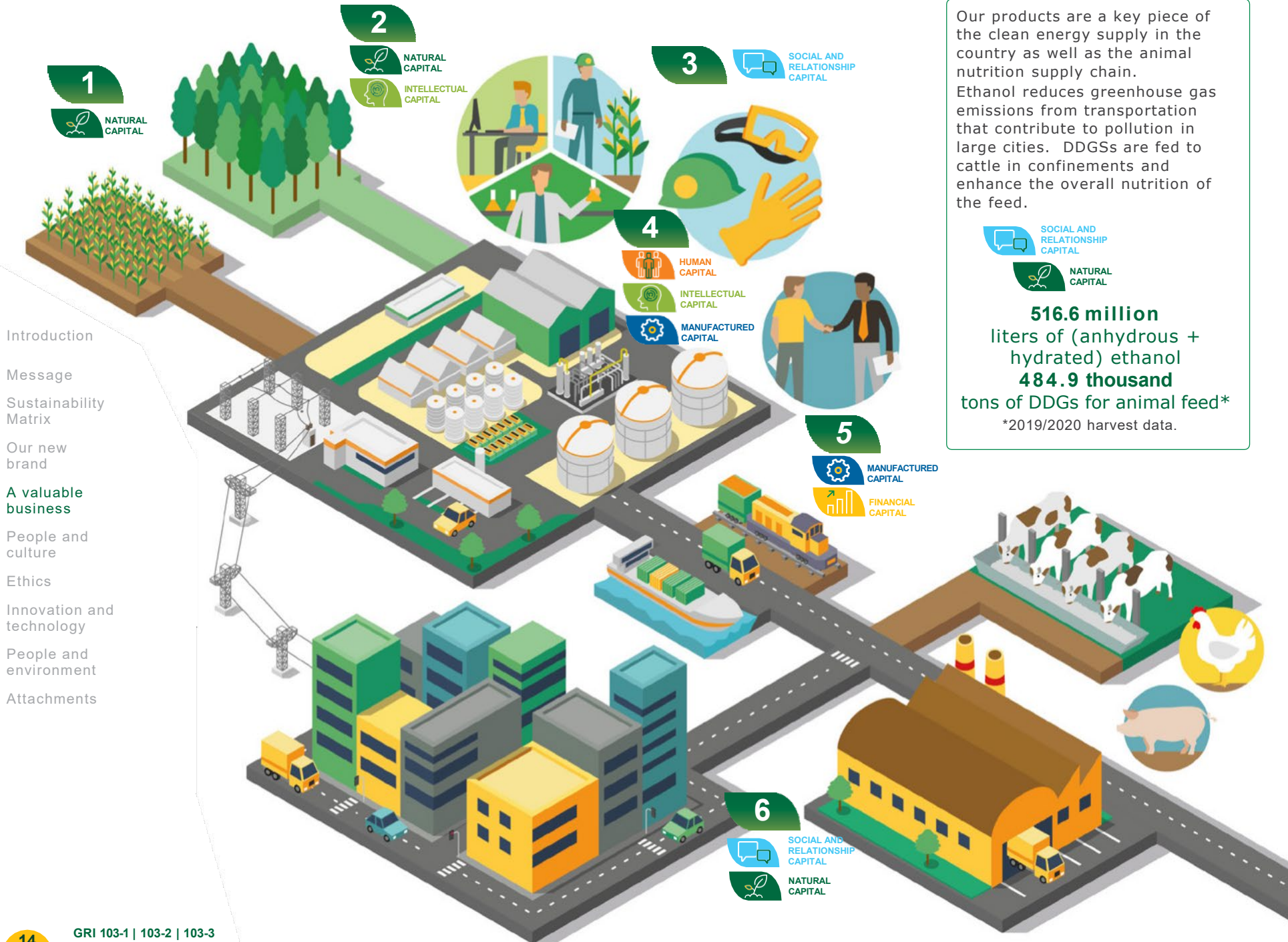
Ethics

Innovation and
technology

People and
environment

Attachments

Our business model



2019/2020 Highlights

Continued operation enabled the following results in 2019/2020:

processing of **1.3 Million tons** of corn

Production of
516.6 million
liters of (anhydrous +
hydrated) ethanol

469.8 thousand
tons of DDGs for animal
feed

15.1 thousand
metric tons of corn oil

162.1 thousand MWh
of electric power from
biomass co-generation

One of the main competitive advantages of our production model is the ability to operate uninterrupted throughout the entire crop year, even after the end of second-crop corn harvest. Storing grain in our own warehouses, leased facilities and on the farms of local producers ensures the supply corn for our operations, interrupted only for ten days a year to perform preventative maintenance and inspections.

Introduction

Message

Sustainability
Matrix

Our new
brand

A valuable
business

People and
culture

Ethics

Innovation and
technology

People and
environment

Attachments



Introduction

Message

Sustainability
Matrix

Our new
brand

A valuable
business

People and
culture

Ethics

Innovation and
technology

People and
environment

Attachments

Ethanol and bioenergy

Climate change, triggered by increased concentration of greenhouse gases in the atmosphere, has become one of the greatest risk factors for global society. Since the Paris Agreement, executed in 2015, the largest economies in the world – Brazil among them – have set goals to reduce the emission of greenhouse gases and reduce the use of fossil fuels for power generation, transportation and industrial use. The competitiveness of biofuels, such as ethanol, is an important lever to meet these commitments.

Widely distributed in Brazil, where the majority of vehicles are flex fuel, ethanol provides significant environmental gains relative to gasoline use. Burning biofuel in engines discharges less carbon when compared with fossil fuel emissions. In addition, the production cycle as a whole – in which CO₂ is absorbed in grain production – may further lower reductions by 70%, according to conservative reviews published in a study by the Brazilian Company of Agricultural and Cattle Raising Research (Embrapa, *initials in Portuguese*).

Advantages of the Brazilian corn ethanol

The 100% corn ethanol produced in Brazil has environmental advantages over the production process in the United States and sugarcane ethanol produced in Brazil. A scientific article by Brazilian and U.S. researchers, published in *Nature Sustainability*, a science magazine, concluded that the tropicalization of this technology benefits society as a whole and that corn ethanol is one of the greenest fuels in the world. In one of the approaches in the study, the carbon footprint of biofuel is close to zero. That article was the result of the study “Social, Economic and Environmental Review of Maize Ethanol Production in the Brazilian West Central Area,” which was commissioned by FS to Agroícone, an advisory services company.

Unlike the United States, the Mato Grosso climate enables a crop of corn and a crop of soybeans to be produced on the same acre each year. This increases agricultural productivity and avoids the need for clearing additional land. The second-crop corn (or the so-called ‘small crop’ corn [*safrinha* corn]) is the feedstock we use in our facilities, which enhances the value of the State of Mato Grosso’s increasing agricultural production. The success of the double cropping system has spurred investments in research that will enable further growth.

An additional advantage of the Brazilian corn ethanol the utilization of eucalyptus biomass to power the plant. In the U.S., plants are powered by natural gas, a fossil fuel that increases CO₂ emissions.

In one of the approaches in the study published in *Nature Sustainability* magazine, the carbon intensity of our ethanol is

4.5 gCO₂e/MJ

Source: “Social and environmental and soil use by second-crop maize in Brazil” *Nature Sustainability* magazine, published on January 13, 2020.

Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments

- Introduction
- Message
- Sustainability Matrix
- Our new brand
- A valuable business
- People and culture
- Ethics
- Innovation and technology
- People and environment
- Attachments

From an environmental perspective, corn ethanol also outranks biofuel produced from sugarcane – a process that has been used in Brazil since the 1970s. Operated by biomass, just like the facilities that produce sugar and ethanol, our plants can run during the entire crop year with the same productivity and efficiency. This is enabled by the storage capacity of our own grain silos and third-party facilities. Sugarcane mills can only operate about eight months of the year, according to the Sugar-Cane Industry Union (UNICA), while sugarcane fields are being harvested.

Our process does not release waste and dangerous effluents into the environment. While starch is used in ethanol production, other components (such as proteins and fibers) are transformed into nutrient rich products for animal feed. Last year, we began assessing the feasibility of carbon capture and storage (CCS). Some companies have already implemented this type of system abroad and achieved reduction in carbon intensity of 32gCO₂e/MJ. With this project, FS would be able to be able to produce a carbon negative gallon of ethanol. This would mean that the life cycle of our products would be even more impactful in the fight against climate change by sequestering greenhouse gases from the atmosphere.

Sugarcane ethanol, on the other hand, produces vinasse, a substance that requires special handling and has regulations for agricultural use, according to the Brazilian environmental laws. In our production process, there is no significant generation of wastes and effluents.

ADVANTAGES OF THE BRAZILIAN CORN ETHANOL



Corn ethanol

Sugar-cane ethanol

• Brazil •
Mato Grosso

• USA •

• Brazil •



Uses second-crop corn (following the soybean crop) and does not compete for land

The country only produces one crop a year, and corn competes with other crops for land, principally soybeans

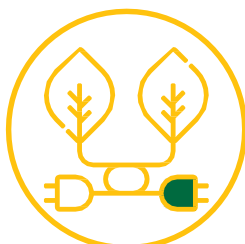
Sugarcane is produced in Brazil as a single crop, with no possibility of rotation



The crop rotation system (corn, soybean, cotton, etc.) increases biologic fixation of nitrogen which reduces the need for fertilizer

Extensive use of fertilizer increases CO₂ emissions

Uses irrigation to fertilize sugarcane, application of vinasse (a process byproduct) that has the potential to contaminate soil and rivers



Use of biomass (Eucalyptus chips) as source of energy for the ethanol process

Use of fossil fuel (natural gas) as source of energy for the ethanol process

Use of biomass (sugarcane bagasse) as source of energy for the production process

Introduction

Message

Sustainability
Matrix

Our new brand

A valuable
business

People and
culture

Ethics

Innovation and
technology

People and
environment

Attachments

RenovaBio

In order to expand the use of biofuels and to meet the goals of the Paris Agreement, Brazil established the Biofuels National Policy – RenovaBio*. The policy has established national goals for CO₂ emission reductions in the fuel mix and will enable the growth of ethanol production.

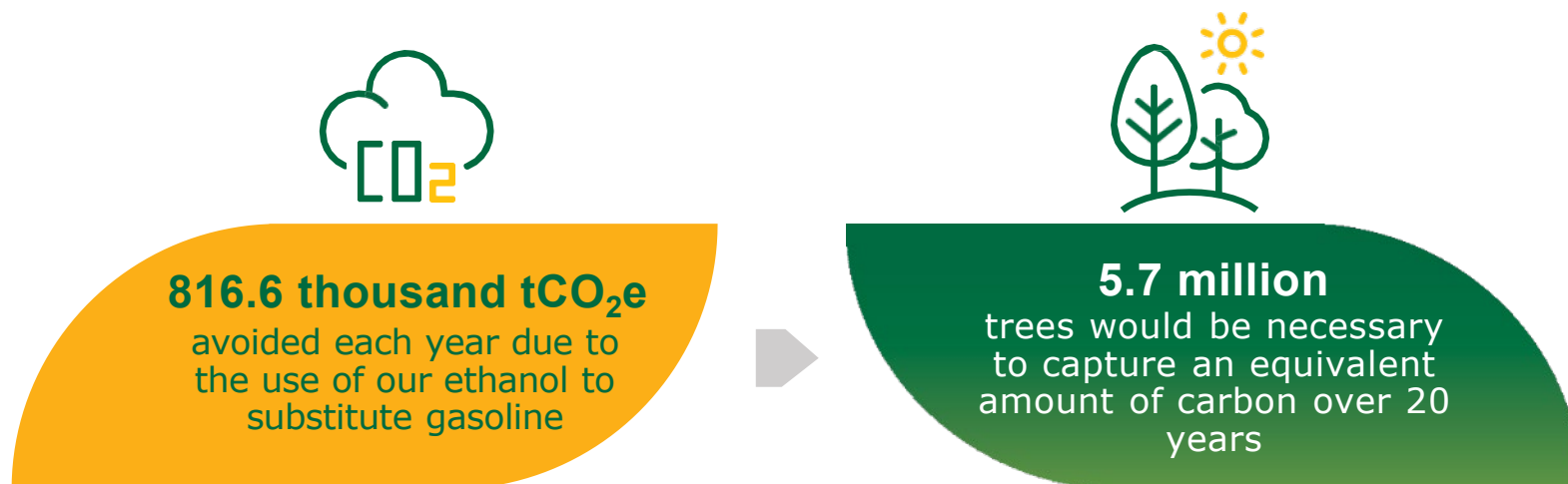
In March 2020, after an eight-month effort, FS was duly certified to join RenovaBio [the Brazilian Government National Policy on Biofuels] and issued decarbonization credits, known as CBIOS. We received the best Environmental-Energy Efficiency Rating (NEEA, initials in Portuguese) for anhydrous ethanol and the second-best for hydrous ethanol.

We are also the sole certified producer of corn ethanol that utilizes primary data, our data includes tracking agricultural emissions from our grain suppliers. Our corn origination team

Utilizes a qualitative approach to gather data from farmers to trace grain, which improves the transparency and efficiency of our supply chain. Eleven (11) producers from our supply chain were involved this year, which accounted for of 12.5% of our corn volume. Our goal for the 2020/2021 harvest is to expand that percentage and certify producers for the Sorriso facility.

Upon certification, the CBIOS we issue may be registered and traded by authorized financial institutions. Purchasers of these securities include fuel distribution companies, that will have annual emission reduction targets in accordance with their share in the fossil fuel market

**RenovaBio* - [initials in Portuguese] – Law no. 13.576/2014). As regulated by the Petroleum, Natural Gas, and Biofuels National Agency - ANP, [initials in Portuguese].*



Energy efficiency

Biomass boilers provide steam and energy to our plants, an innovative approach in corn ethanol production – in the United States, plants are powered by natural gas (a fossil fuel). Our process enables the generation of electric power from a renewable source for our own consumption and the excess is exported to the National Interconnected System (SIN) where it is then transmitted across Brazil for consumption.

In the 2019/2020 crop year, our power production totaled 162.1 thousand MWh, a 62% increase year over year. Of that total, approximately 29% was exported to the SIN via agreements with electric companies.

FS is developing new biomass sources (such as cottonseed and bamboo that can be utilized in our boilers). The new feedstocks have increased our efficiency and reduced our carbon footprint.

Learn more on page 51.

Introduction

Message

Sustainability
Matrix

Our new brand

A valuable
business

People and
culture

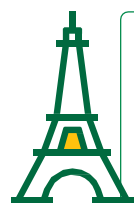
Ethics

Innovation and
technology

People and
environment

Attachments

How RenovaBio works



Upon ratifying the Paris Agreement (2015), Brazil took steps to reduce the greenhouse gas emissions by 37% below the 2005 levels by

- Increasing bioenergy's share in the energy matrix to 18%
- Reaching 45% of renewable energies that make up the energy matrix
- Reforesting 12 million hectares of forests

Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments



The Brazilian government approves the Biofuel National Policy – RenovaBio (Law no. 13.576/2017)



Definition of national goals to reduce emissions for the fuel matrix from 2019 to 2029 (CNPE Resolution no. 5 – June 24th, 2019)



Calculation tool to define the quantity of CBIOs
1CBIO = 1tCO₂e offset



ANP divides national goals into individual goals for fuel distributors, according the companies' shares in the fossil fuel market. (ANP Resolution no. 791/2019)



FS certified in 2020 to issue CBIOs. Traceability of corn suppliers to establish the Environmental-Energetic Efficiency Grade (NEEA, initials in Portuguese) with primary data (actual data)



CBIOs Trade in the Stock Exchange

Ethanol marketing

Fuel Distributors



Other purchasers



Other purchasers



End consumer



Animal nutrition

At FS, corn is fully utilized and generates other valuable products for agribusinesses. Our production technology separates the grain during the dry milling stage and produces three types of DDGs that are rich in protein, fibers, and other essential nutrients for cattle, hogs, poultry, and fish.

The Dried Distillers Grains – DDGs – replace soybean meal with a more economical ration for cattlemen and livestock producers.

The DDGs are also enable more efficient confinement production of livestock.

Our animal nutrition products provide nutrients and energy to cattle, which will allow cattle to be raised with less pasture.

In the 2019/2020 crop year, we strengthened our animal nutrition segment and expanded our customer base to 263 producers. Improved logistics in our animal nutrition segment helped enable the growth of our customer base. One additional step in the 2019/2020 crop year was starting to review the social and environmental impact of our customers using similar criteria that is used for our corn and biomass suppliers (see page 43 for further information).

- Introduction
- Message
- Sustainability Matrix
- Our new brand
- A valuable business
- People and culture
- Ethics
- Innovation and technology
- People and environment
- Attachments



3 types of DDGSs



FS Gold
High protein ingredient

FS Essential
High energy ingredient

FS Wet
Balanced ingredient and highly palatable

Corn oil



FS Vital
Source of energy with high digestibility

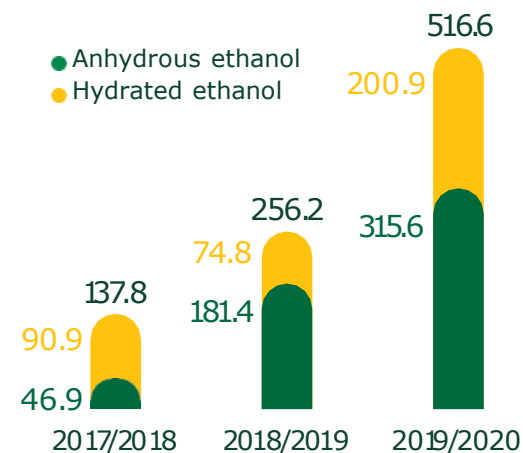
Value addition

In 2019, Brazil consumed a record amount of ethanol, 32.8 billion liters. Biofuel produced from corn has already reached about 4.5% of the market with a yearly production around 1.5 billion liters, according to the National Supply Company (*Companhia Nacional de Abastecimento – Conab*).

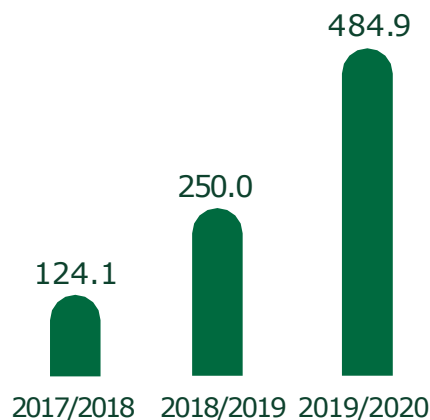
Larger ethanol production and consumption created a favorable marketing environment for our products in 2019/2020. The start of the second phase of the Lucas do Rio Verde plant, and efficiency gains, propelled FS's success in 2019/2020. Biofuel sales were up 102% in year over year, followed by an 94% increase in DDGs sales and 27% increase in electricity exports. This led to R\$ 1.2 billion in total revenue to FS representing a 118% increase year over year.



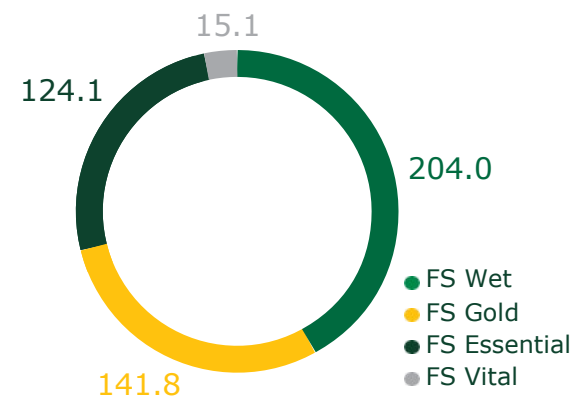
Sold ethanol per type (thousand m3)



DDGs sold (in thousand metric tons)



DDGs sold in 2019/2020 per type (thousand metric tons)



In the first quarter of 2020, two events led to a drastic change in the Brazilian ethanol market. The COVID-19 pandemic required the adoption of harsh social distancing measures to avoid spreading the infection, which had a reduced fuel demand in Brazil.

In addition, the international benchmark for oil prices fell due to the conflict between Saudi Arabia and Russia, which continued to produce oil at high rates creating excess supply. Under these conditions, the gasoline price dropped and created competition for biofuels on the Brazilian market.

Before those events, ethanol production and consumption were expected to reach record highs. The implementation of RenovaBio and continued strong economy, would have helped the country to reach 35.6 billion liters of ethanol produced – almost 1.7 billion liters made from corn.



In the first quarter of 2020, the COVID-19 pandemic and the global surplus of oil negatively impacted the Brazilian ethanol market

Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments

People
and
culture



PEOPLE AND CULTURE

Our company's growth and cementing of our values have resulted from the dedication of our team that keeps growing each year to innovate and create opportunities for Brazilian agribusinesses. The number of employees at FS doubled in the 2019/2020 year due to the startup of the Sorriso facility.

Last year, with more than 500 directly employed professionals, we carried out our first internal Engagement Poll. The initiative was principally focused on understanding the goals, wants, and views of people that make up our team. In addition, it measured our engagement index with a result of 86%. According to the advisory services company that conducted the poll, our results ranks FS Bioenergia among the top 1% of companies in the world compared to a total of more than 30 million polled in more than 70 countries.

Introduction

Message

Sustainability Matrix

Our new
brand

A valuable
business

People and
culture

Ethics

Innovation and
technology

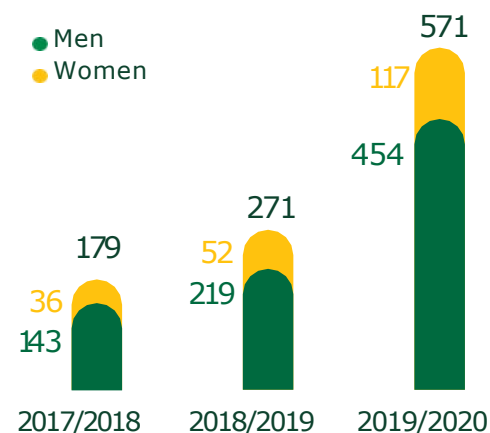
People and
environment

Attachments

The survey was one of the sources we used to identify the Purpose, the Vision, the Mission and the Values that comprise our **Corporate Culture**. In addition to the Engagement Poll, we held offsite business meetings with officers and managers where we discussed the company's challenges and strategic goals.

The guidelines of our Corporate Culture, constructed in a participative and collaborative way, were disclosed to employees at the end of the last crop-year. In 2020, we will continue to regularly communicate with our team and assess progress, including conducting a new Engagement Poll.

Our company staff*



*100% of associates are subject to a collective-bargaining agreement.

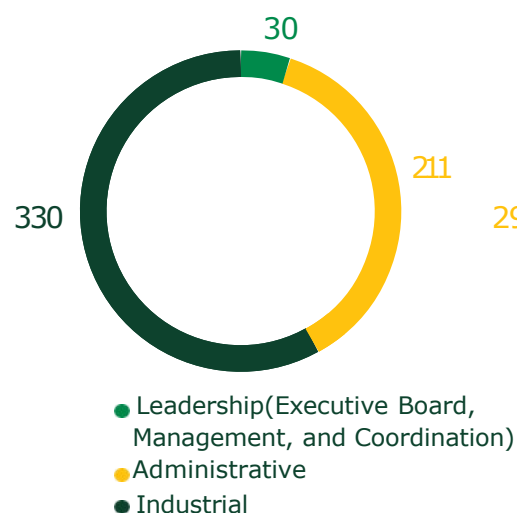
Annual turnover

18.04%
worker
turnover

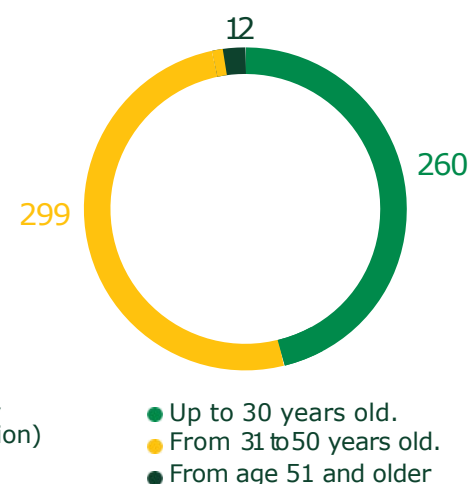
344
new employees
hired

21%
internal turnover
to new positions

Associates per functional level



Associates per age range



Our culture

- Introduction
- Message
- Sustainability Matrix
- Our new brand
- A valuable business
- People and culture
- Ethics
- Innovation and technology
- People and environment
- Attachments

Purpose

Fueling
Sustainability
Energy that
promotes the
common good

Mission

To supply sustainable
energy with excellency,
expanding to reach
different markets, and to
be the best option for our
business partners

Vision

To be the largest and
most sustainable
ethanol producer in
the world

Values

Doing the right thing
at all times
Competent and
engaged people
Moved by challenges
Excellence in
performance

High performance

Our team members are enterprising, innovative professionals driven by the challenge to change Brazilian agribusiness by producing 100% corn ethanol, bioenergy and animal nutrition products. The nonstop search for efficiency and higher productivity are characteristics of the people that form the FS Bioenergia team.

The deployment of our Corporate Culture at the end of the 2019/2020 crop year emphasized the development of different projects and action plans in all areas.

One initiative is the **People's Cycle [Ciclo de Gente]**, a process we have structured to assess employee performance, define and align individual goals and establish development programs for the next year.

100%
of employees
engaged in the
Ciclo de Gente



Introduction

Message

Sustainability Matrix

Our new
brand

A valuable
business

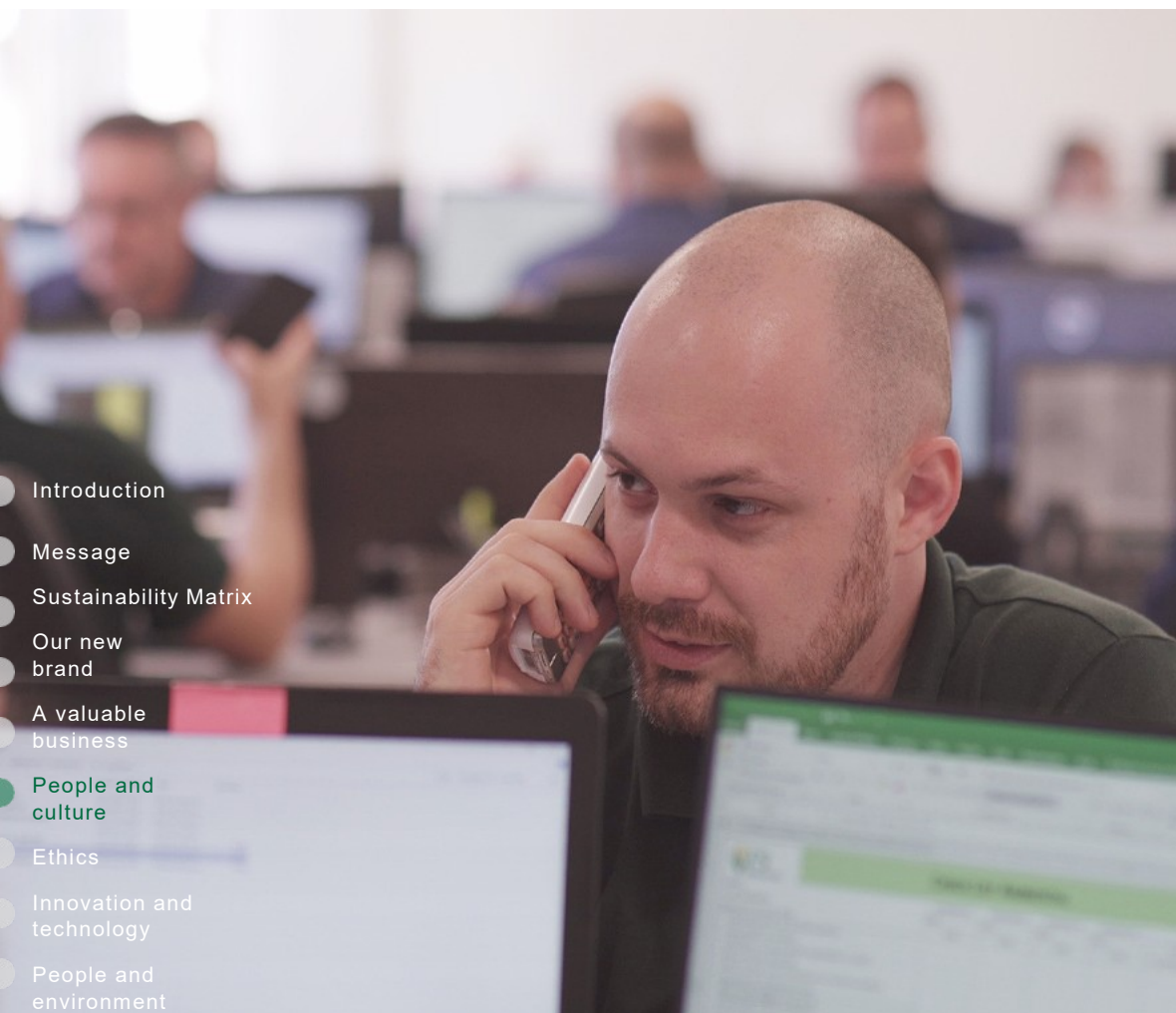
People and
culture

Ethics

Innovation and
technology

People and
environment

Attachments



Since April 2020, the *Ciclo de Gente* has been conducted based on the Values and Behaviors of our Corporate Culture. The process involved 100% of employees, with different structures based on functional levels and duties of each associate, to review performance during the 2019/2020 crop year. The methodology included self-evaluations, peer reviews, both by associates and managers, as well as setting up consensus committees to gauge the individual feedback between team leaders and members.

The results help identify eligible professionals for educational programs (a driving force for technical and behavioral development) and map talents for leadership retention and succession plans. Other than these aspects, *Ciclo de Gente* is going to advance our corporate capacity for developing leaders – from the president’s office to operational supervisors. The increased assessment and development of our people is a strategic move to enable continuous growth of the company and empowerment of the team.

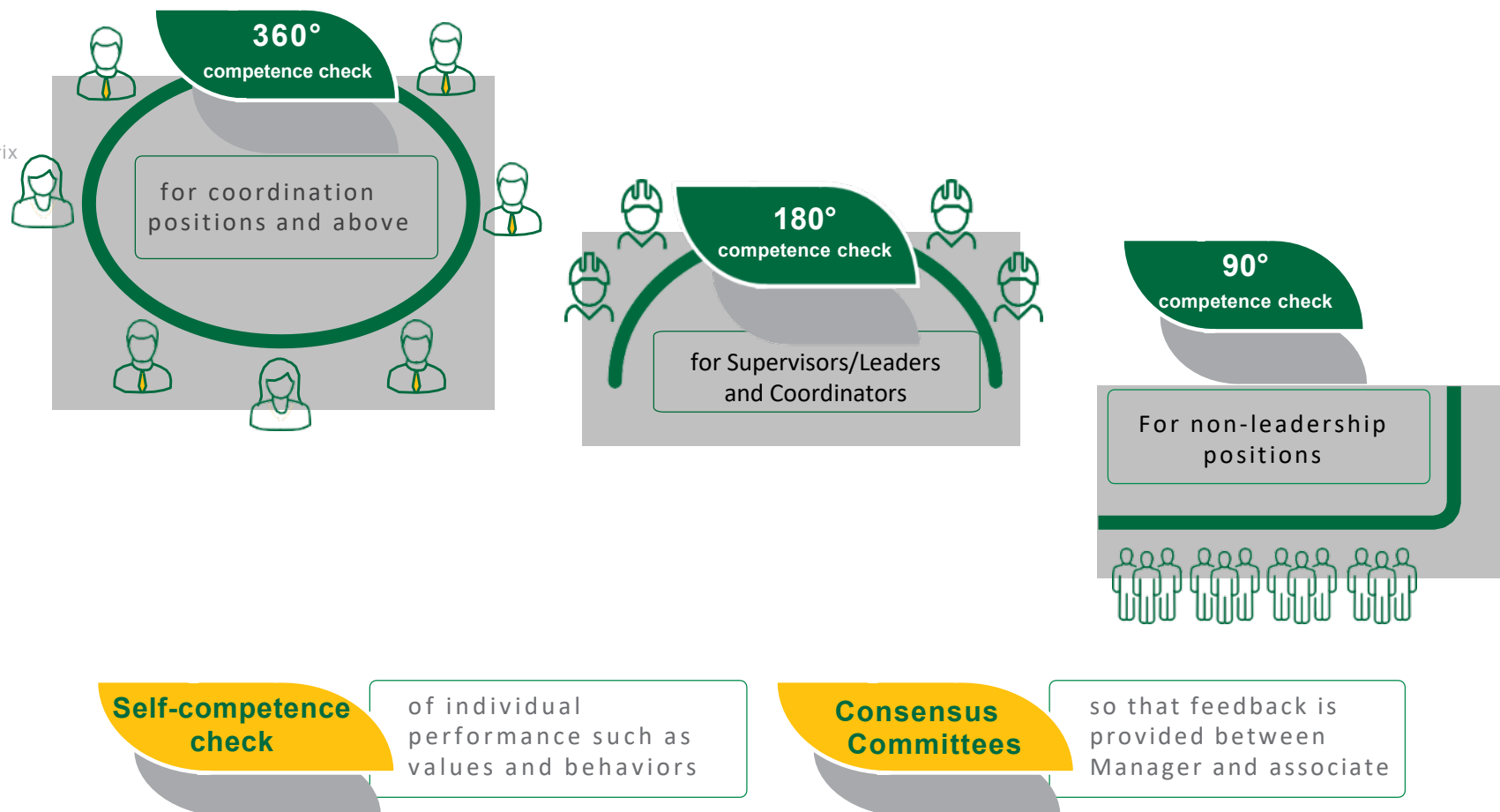


The results from the *Ciclo de Gente* guide qualification and succession plans, which will enable business growth and strengthen our teams

With this in mind, we have already started to structure and develop management trainings that enhance our leaderships' communication skills and engage teams. An initial step to increase communication *Bom Dia* FS [Good Morning FS], a meeting held on a quarterly basis for the purpose of communicating the company's

strategic information and results, establishing priorities for the next quarter and honors the associates that performed well during the period. We also set up *Fubá com Suco* [Corn Flour and Juice], a meeting that aims stimulate conversations between employees in different areas of the business.

Our People's Cycle [Ciclo de Gente]



Training

Leader School is a program set up in 2019 to advance skills and promote the development of our company's managers. About 40 leaders were engaged in the project's initial stage, whose aim is to disseminate the Values of our Corporate Culture and develop their skills to manage teams.

In addition to this initiative, we have also promoted FS Week, where associates took part in speeches and activities that addressed the company's internal policies and management routines. The focus of the initiative was to inform employees of the procedures we have established for efficiency and high productivity in our operations.

Both assessment initiatives, jointly with integration trainings and 5S system (a methodology for continuous improvement), summed up to 4.8 thousand hours of training last year, with an average of 5.66 hours per employee.

AVERAGE TRAINING HOURS PER ASSOCIATE IN THE 2019/2020 CROP

	2019/ 2020
Per gender	
Men	5.65
Women	5.73
Per function Level	
Executive Board	6.95
Management	11.04
Coordination	6.67
Administrative	5.49
Industrial	5.01
General	5.66



Introduction

Message

Sustainability Matrix

Our new
brand

A valuable
business

People and
culture

Ethics

Innovation and
technology

People and
environment

Attachments

Benefits

Our benefits program is a distinguishing feature in attracting new employees. Aided by new digital tools to select personnel by qualifications, we aim at continuously strengthening our team of associates. Our Attraction and Selection Policy sets forth the actions to expand the representation of women among our employees, such as the mandatory rule of having at least one woman as a final candidate for each leadership position and the encouragement of that same practice in other hiring procedures.

Our salary policy establishes monthly compensation above the Brazilian minimum wage for the lowest functional level for new employees. For the 2019/2020 crop, the lowest wage was 34% higher than the Brazilian minimum wage. In addition, we have a profit-sharing program (PLR) that includes company goals and individual goals. A portion of the goals include the Social and Environmental Review Policy for corn and biomass suppliers and the DDGSs customers, which affect profit sharing for all employees.

We support employee growth and continuous learning by offering educational assistance, a benefit that pays 50% of the cost of undergraduate, MBA and graduate coursework and language classes. In the past year, 143 associates took advantage of the benefit, which amounted to investments of R\$ 232 thousand.

143
employees
benefited
from the
education
assistance
program

Introduction

Message

Sustainability Message

Our new
brand

A valuable
business

People and
culture

Ethics

Innovation and
technology

People and
environment

Attachments

New employees from other states can count on a special pay to move to the State of Mato Grosso. Once they settle in the region, we offer the company's exclusive transportation system that drives them to and from the facilities.

In the 2019/2020 crop year, our company joined the Citizen Company Program [*Programa Empresa Cidadã*], instituted by Law no. 11.770/2008. This initiative extends maternity leave and paternity leave for longer terms than those set forth in labor laws, and the full wage continues to be paid during the whole leave period. Our female employees are the main beneficiaries of that program, and they are allowed to stay at home for up to six months to be with their kids full-time after giving birth.

We also provide our associates and their dependents a free-of-charge health plan with nationwide coverage. Last year, 1,436 people benefitted from the health plan offered by FS and 1,261 people benefited by the company's dental plan. In addition, we established the Employee Support Program, OPTUM, where associates and family members may see a specialist and get psychological assistance to treat crises involving anxiety, alcohol dependency, unlawful drugs use, work conflicts or financial troubles free of charge.

Our facilities have dining halls that are ready to serve breakfast, lunch, afternoon snacks, and dinner, at no additional charge. In addition, our employees are entitled to a food voucher that can be used in grocery stores or for meals at restaurants.

In order to promote health and well-being, we have established agreements with fitness clubs where we operate. Associates may use the facilities in addition to expense reimbursement for 50% of the amount paid to practice any kind of physical activity



Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments



**Ethics within and
outside**



ETHICS WITHIN AND OUTSIDE

Our commitment to ethics, integrity, and transparency in our relationships with everyone is unconditional and guides our way of doing business across the production chain. Our corporate governance structure, internal control measures, and communication channels with stakeholders assures values are adhered to in interactions with associates, suppliers, customers, government representatives and all the other business stakeholders.

The principles and guidelines that lead our ethical operation have been formalized in two essential documents by company management: the **Code of Ethics**, meant for associates, and **Suppliers' and Partners' Code of Conduct**. Through these publications, we have expressed our compliance with human rights, the repudiation of corruption, the value of diversity, the commitment to sustainable development and environment protection, among other initiatives aligned with the Values & Behaviors of our Corporate Culture.

Our associates are given the Code of Conduct upon being hired and the expected behaviors and attitudes are continuously strengthened by means of training and assessment. Likewise, when suppliers and partners are brought on, they agree to comply with those ethical guidelines within the limits of operation in accordance with the laws and best practices.

In addition, our governance also follows the guidelines of our **Anti-Corruption Policy**. Internal rules have been established by taking into account the provisions of the Brazilian Anti-Corruption Law (Law no. 12.846/13) and the Foreign Corrupt Practices Act (FCPA), a 1977 U.S. Federal Law.



Codes of conduct for employees and partners and the Anti-Corruption Policy promote ethics and integrity in all transactions

Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments

The risk assessment for corruption is carried out in an integrated way with other risks via an in-house audit and assessment of internal controls. The review follows a previously prepared schedule in order to capture all risks that the company is subject to face in a three-year cycle.

The aspect that demands the greatest attention in the fight against corruption is the relationship with government agents, especially when middlemen are involved. In order to ensure the best practices and full integrity in these interactions, we train 100% of associates by means of six-month qualification programs, we review suppliers in a compliance-specific platform and fully disclose the Ethics Code and Code of Conduct to Suppliers and Partners, as well as investigate any accusations received by the Confidential Channel in a timely manner. We have never had a case of corruption in the company or any court actions in connection with the issue involving FS or any of our associates.

Confidential Channel

The Confidential Channel is a communication channel we make available to interested parties to receive reports, documents and accusations of attitudes and behaviors that may be in conflict with laws, our policies, or the values in the Code of Ethics. The platform is managed by a specialized external company, which ensures the independence and reasonable handling of all interactions.

Information received through the Confidential Channel is monitored by the Internal Audit area. The admissibility of the reports and the way the cases are dealt with by the areas of the company are acted on so that people may get a quick and transparent answer. The Ethics Committee, whose members are associates from different areas, reports directly to the CEO. The committee reviews the accusations received by the Channel and establishes the appropriate steps to be taken.

The Confidential Channel is available on the web, by phone or email. Secrecy is warranted and informers may give reports on an anonymous basis if they wish. Our in-house policies guarantee there will be no retaliation against informers.

Access to the Confidential Channel

☎ 0800 792 1013 (24 hours, every day)

🌐 <https://canalconfidencial.com.br/fsbioenergia/>

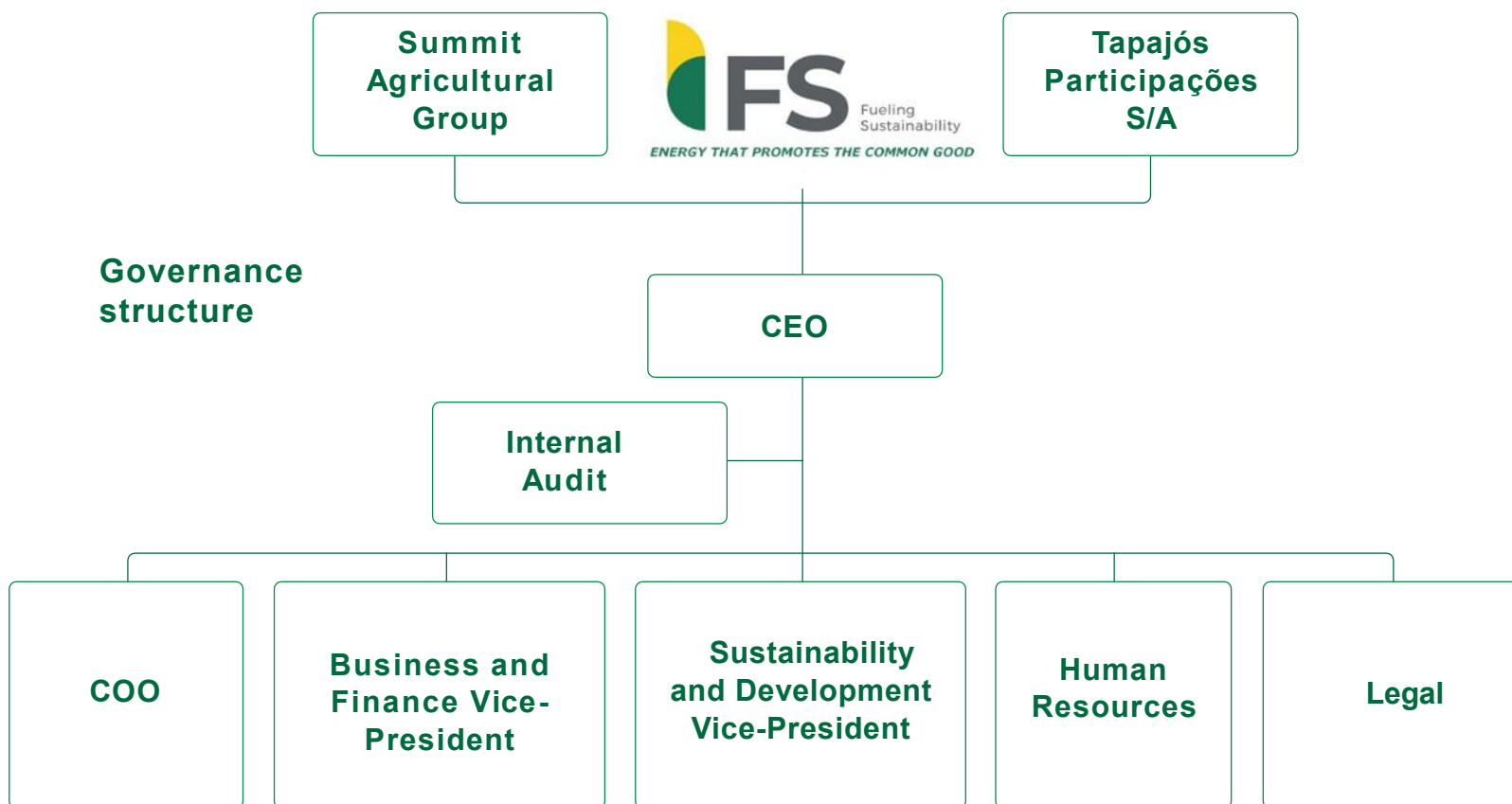
✉ fsbioenergia@canalconfidencial.com.br



Governance structure

Our company is a Brazilian limited liability company organized as an operating company originating from the long-term vision of the shareholders to change agribusiness in Brazil. Summit Agricultural Corp, a U.S. fund with background in the corn ethanol sector, and Tapajós Participações S/A, a specialist in Brazil's agricultural area, joined together to set up an innovative business in the state of Mato Grosso.

The members have followed the development of business and investments through a governance structure aligned with the best market practices. Our company has an Advisory Board with eight members who do not perform executive functions. The members meet monthly, along with officers and shareholders, to review strategy, performance and action plans.





- Introduction
- Message
- Sustainability Matrix
- Our new brand
- A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments

Relationship with suppliers

Our ability to create sustainable value and transform Brazilian agribusiness is based on structuring ethical, transparent, and long-term partnerships with suppliers. Corn origination and the acquisition of biomass from producers located close to the production facilities are essential features for ethanol production, animal nutrition, and bioenergy. In the past year, partnered with 427 corn suppliers and 30 biomass suppliers, resulting in a total expenditure of about R\$ 619 million.

The purpose of the relationships that we have established with those partners is to guarantee a responsible and innovative supply chain. In addition to confirming and requiring compliance with the applicable laws in the sector, we work side-by-side so that agricultural producers can incorporate the best environmental practices and reach the highest efficiency and productivity levels with economic, social, and environmental gains for everyone involved.

One of the main innovations we implemented in the 2019/2020 crop-year was the barter option for corn origination. Bartering is often used by grain trading companies but is almost non-existent in direct relations with processors. Bartering is a financial transaction where producers acquire crop inputs in exchange for future grain to be delivered.

This new business practice is an example of the win-win vision that we have adopted – it improves the suppliers' cost management and, at the same time, it broadens our capacity for corn origination.



Different models of corn origination contribute to the establishment of win-win relations with our partners

Purchases are also made through bilateral agreements with different options for grain delivery, storage and pick-up. Our goal is always to provide the most advantageous conditions to add value to both the company and the several kinds of suppliers: farmers, brokers, and trading companies.

Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments



Materials and services

The largest expenditure incurred in the 2019/2020 crop-year were the hiring of services and purchase of materials for the Sorriso ethanol plant and improvements at the Lucas do Rio Verde plant. The total amount to compensate the 385 companies involved in those activities totaled R\$ 1,6 billion.

In addition, R\$ 191 million was paid to 689 suppliers for operational and administrative activities. This category includes outsourced warehouses to receive and stock grain to be utilized throughout the crop year. This resulted in an increased selection of producers and created additional efficiencies in the logistics process.

Introduction

Message

Sustainability Matrix

Our new
brand

A valuable
business

People and
culture

Ethics

Innovation and
technology

People and
environment

Attachment

Social and environmental review

In the 2019/2020 harvest year, we set up internal protocols and systems to enhance the efficiency of the process used to our grain and biomass suppliers. We hired Agrotools, a digital platform that specializes in social and environmental reviews by means of satellite images and checking the available public databases. We established more specific criteria to monitor each type of supplier, according to the input, planted area, biome, etc.

One of our chief measures was the adoption of the Soy Moratorium, an environmental covenant that prohibits the purchase of grains planted in recently deforested Amazon areas. The adherence to that initiative makes sense for our business model, as the corn we use is from the second crop grown by Mato Grosso farmers following soybeans. We have gone beyond this commitment by specifically mapping our value chain for social, environmental, legal and reputational risks, the result of which contributed to the definition of the criteria to be evaluated.



Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments



We have internal protocols and systems to assess our corn and biomass suppliers

We further review whether suppliers are included in the Employers' Register – the Federal Government "Black List", that publishes actual cases of slave-like work conditions. The same procedure is applied for the resale and trading of corn and biomass. Our supply agreements specifically prohibit degrading work practices, and the Code of Conduct for Suppliers and Partners stresses our repulsion to those type of work conditions.

In the event of restrictions in the social and environmental information registration, we conduct an individual diagnosis with the supplier to devise action plans and enhancements that allow it to supply in compliance with policies and procedures we have established. That action is performed jointly by the origination team and sustainability management team.

We require 100% of our suppliers to submit their Rural Environmental Information Registration (CAR) and file it within our database for review. This documentation allows us to review, before executing an agreement, whether these areas are included in lists or regions where cultivation is hindered by environmental agencies (IBAMA, SEMA, and ICMBio). Satellite images help to spot irregular deforestation and possible overlapping crops with indigenous land, quilombola land or preservation land.

Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments

Social and environmental assessments are carried out for every new supplier. Every day our technical team analyzes the assessments that were filed on the previous day. The documents are filed in the company's internal systems and are valid for 30 days. After the initial period, all supply agreements still in progress are evaluated again.

In the 2019/2020 crop year, we evaluated a total of 578 new corn and biomass agreements – the same supplier may have more than one agreement. We identified potential social and environmental impacts in approximately 16% of them, which were then further examined to evaluate compliance with laws and in-house policies. After a detailed review by the origination, sustainability and legal teams, we formalized action plans jointly with suppliers for four agreements. During the period, agreements with two suppliers were terminated because they had not achieved the required performance goals. Those two farmers represented 0.15% of the originated volume since the start of social and environmental assessments in December 2019.

In addition to reviews executed for supply contracts, we also assess the entire supply base each month, irrespective current contracts. This preventive analysis has helped avoid purchases from non-conforming suppliers making our team more agile.

Another action we have adopted is multiple evaluations throughout the term of the contract. For example, when we execute a supply agreement for delivery in the future, suppliers are evaluated at the time of executing the agreement and when delivering the inputs.

The supply assessment model has been formalized in a company policy, which will be implemented in 2020.

578
assessments submitted
for social and
environmental review

Introduction

Message

Sustainability Matrix

Our new
brand

A valuable
business

People and
culture

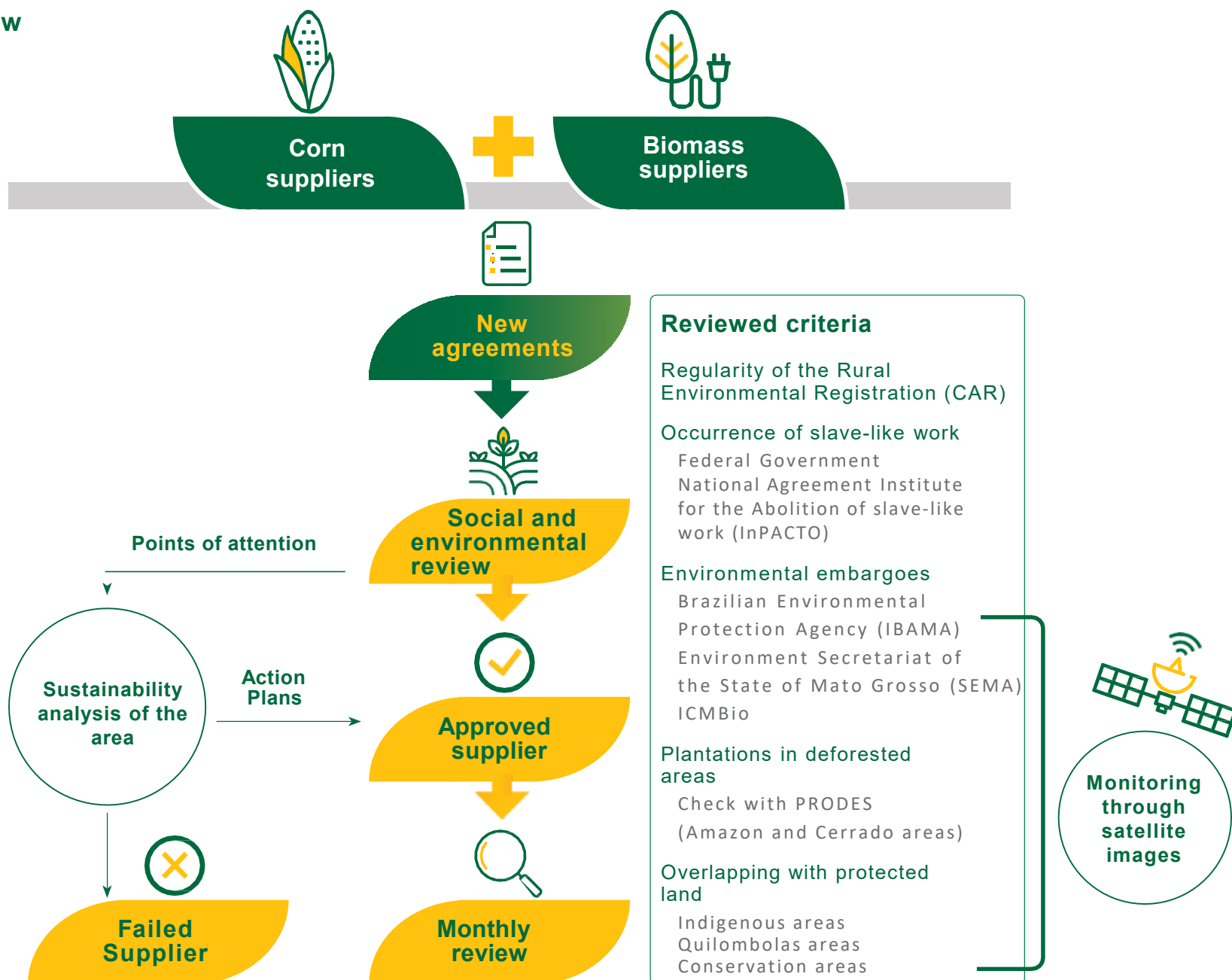
Ethics

Innovation and
technology

People and
environment

Attachments

Supplier review





**Innovation
and
technology**



INNOVATION AND TECHNOLOGY

From feedstock to ethanol and animal nutrition products distribution, our business model is disruptive and enables the transformation of the agribusiness and biofuel sectors in Brazil. Our associates, qualified and dynamic, are constantly striving for innovation seeking ways to sustainably add value.

Our ethanol and animal nutrition production facilities have established a new business model in Mato Grosso, with

economic gains to the agribusiness value chain and other related sectors. A recent study published in *Nature Sustainability*, a scientific magazine, assesses the socio-environmental impacts of ethanol produced from double-cropped corn in Brazil. The study quantified the amount of created jobs and added value to the State and the country's economy (further information on page 17).



Introduction

Message

Sustainability Matrix

Our new
brand

A valuable
business

People and
culture

Ethics

**Innovation and
technology**

People and
environment

Attachments



Introduction
Message
Sustainability Matrix
Our new brand
A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments

During the construction period (two years), a plant like Lucas do Rio Verde generates about 8.5 thousand direct and indirect jobs. Approximately 19% of these new jobs are in Mato Grosso and the rest are in other regions in Brazil in the equipment and input supply chains. When operational, the plant creates and maintains 4.5 thousand direct and indirect jobs each year.

As results of the investments, researchers have estimated an injection of approximately R\$ 1.5 billion in the economy, while also contributing R\$ 660 million annually to the Brazilian gross domestic product (GDP). Almost 14% of that GDP growth is attributable to the State of Mato Grosso.

R\$ 2.7 billion
invested in Lucas
do Rio Verde and
Sorriso plants

The total investment in the Lucas do Rio Verde and Sorriso facilities is approximately R\$ 2.7 billion - made by U.S. investors. Debt repayment will start in 2021 when the two plants are fully operational.

- Introduction
- Message
- Sustainability Matrix
- Our new brand
- A valuable business
- People and culture
- Ethics
- Innovation and technology**
- People and environment
- Attachments

Green bonds

In the last year, we completed an analysis of the adherence of our investment plans to the criteria for the issuance of green bonds. With the support of a specialized advisory company, we have identified opportunities to raise funds that value the environmental benefits of our business model. There may also be options to finance the construction of new facilities under design and the expansion of planted eucalyptus forests for biomass.

From the resulting framework, we could classify the issue of Certificate Agribusiness Receivables Certificates (CRA) made in February 2020 as a green bond. The R\$ 210 million obtained by the CRA, due in 2023, was added to R\$ 590 million that we had access to in order to finance transactions and pay grain suppliers. At the end of the 2019/2020 crop year, our net debt totaled R\$ 2.6 billion.

In June 2020 we issued a Real Estate Receivable Certificate (CRI) also classified as a green bond, for the amount of R\$ 138.5 million.


The CRI meets the guidelines and sets goals in accordance with the principles for raising funds in sustainability (ESG linked loan). The agreed upon goals are: submitting this Annual Sustainability Report to the Materiality Disclosures Service (see more on page 66); acquiring the Climate Bonds Initiative (CBI) certification by December 2020 for at least one bond issuance; and keeping the company ranked among the ten lowest carbon producers in the RenovaBio ranking until December 2020.

Biomass development

Our production plants utilize renewable energy to power the process. The ethanol and animal nutrition production process is supported by steam generation and electric energy cogeneration from biomass – eucalyptus chips and other renewable sources.

In order to guarantee the required supply of biomass for plant operations, we have established partnerships with local producers to encourage the plantation of eucalyptus forests and, in addition, we continue to search for new feasible options for biomass. In the 2019/2020 crop year we established 3 thousand hectares of bamboo, a species that has a shorter growth cycle than eucalyptus and also delivers a high yield.

Seeking alternative sources of biomass, 3 thousand hectares of bamboo was planted in the past harvest year



Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments

Another innovation was the confirmation of the technical and economic feasibility for the use of alternative fuels, such as bamboo, rice husk and sugarcane bagasse in our high-pressure boiler. In 2020, tests will be conducted with cotton stalks in the high-pressure boiler and with cottonseed in the low-pressure boiler. With these technologies, our intention is to continue expanding the use of alternative materials to generate steam and energy.

Increasing eucalyptus forests in the State of Mato Grosso is also part of the sustainable development strategy in our production model. Setting up qualified partnerships with specialized investment funds is one of the ways we operate to ensure the energy supply and add value to the local production system.

An initial agreement for biomass enables the investment of approximately R\$ 100 million in the coming five years to plant 17 thousand hectares of eucalyptus. Our partner will be in charge of evaluating local suppliers and leasing the farm areas which will also increase income for local producers.

This strengthens our responsible purchasing practices, which include the funding for small properties and the acquisition of eucalyptus chips originated from areas already cultivated with proper planting techniques. The supplier assessment system makes monitoring these activities feasible and ensures sustainability in the acquisition of existing forests.



Corn research

At the Sorriso facility, we established a 20-hectare area available for the research and development of corn in Mato Grosso. At the location, hybrid seeds were planted with different populations and quantities of fertilizers. The purpose of the initiative is to support local farmers' search for maximum efficiency and productivity by identifying commercially viable techniques and technologies.

Introduction

Message

Sustainability Matrix

Our new
brand

A valuable
business

People and
culture

Ethics

Innovation and
technology

People and
environment

Attachments

Innovation in logistics

The marketing and distribution of products is one of the links in our chain where innovation often happens. The delivery of corn ethanol to different regions in Brazil, with the use of more efficient logistic modals, widens the availability of biofuel, creating options for consumers.

In the 2019/2020 crop year, we served customers from all regions in the country. We have delivered ethanol to states in Northern Brazil using barges for river and railroad transportation. We have also conducted logistics operations in Rio de Janeiro using Logum's ethanol pipeline system. These modals, besides meeting all our safety and quality requirements, are more efficient than the traditional distribution by trucks. In addition, we have optimized route planning: at all possible times, trucks delivering DDGSs haul biomass back when returning to the plant.

Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments



Transporting products by rail and water combined with logistics optimization helps reduce our carbon footprint



In order to reach the main consumer markets, such as the State of São Paulo, the road network is primarily used in our operations due to the country's current logistics network. Our priority is to efficiently serve customers and meet their deadlines. Therefore, logistical decisions take into account economic and environmental impacts.

9

Care for
people and the
environment



CARE FOR PEOPLE AND THE ENVIRONMENT

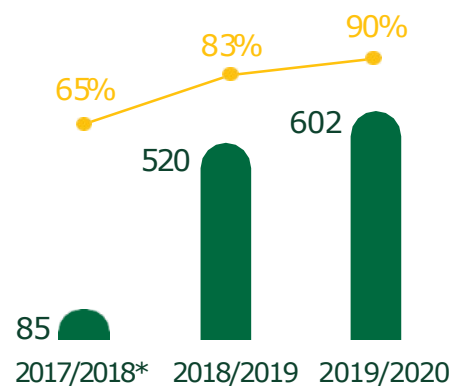
The growth of our company is supported by a management model that values and protects people and the environment. Our governance policies, management systems and internal controls prioritize our associates' safety and mitigate the risk of accidents.

From the start of operations, we have developed and applied management practices to Occupational Health and Safety that establish a safe and reasonable work environment. These practices have been applied to activities in the plants, offices and construction operations. They have been consolidated in a health and safety management system with implementation set for the last quarter of 2020.

One of the main practices builds on the Safety Practice Index (IPS, *initials in Portuguese*), which is measured based on the Behavioral Observations Program promoted by our leaders to strengthen safety culture. Everyday, operational leaders follow pre-established paths in our facilities to assess the teams' attitudes and behavior. They will identify chances to improve safety make the necessary corrections. Observations of unsafe practices guide the development of improved action plans.



Preventive Indexes



● Number of conducted behavioral observations
● Safe Practice Index

*Program started in November 2017.

Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments

In order to avoid unsafe behaviors, associates are trained before they start work. Based on the Preliminary Risk Assessment and Service Permit, teams review the work environment, identify potential factors risk factors and adapt the work environment with the required barriers and protections. In the event it is not possible to ensure safety, associates are told to not continue their activities until all required steps have been taken.

In addition, we carry out continuous training to inform employees and service providers on safety practices. In the 2019/2020 crop year, the training program for associates addressed issues such as working in high places, defensive driving, fire prevention and Emergency Brigade qualification, among other aspects. In addition, 450 third parties were trained in a mandatory safety course prior to starting operations, adding to 1,800 hours of training in the year.

Zero accidents
with leave in the year

Zero accidents
with third-parties in the year

55% reduction in
recordable accidents

In the 2019/2020 crop, we had only one accident, and it did not require granting leave to the two employees involved. There was a 55% reduction in the number of recordable accidents year over year. We had no serious occurrences among associates. As for third-parties, we did not record any incidents in last year.

OCCUPATIONAL ACCIDENT*

	2019/ 2020		2018/ 2019		2017/ 2018	
	Associates	Third-parties	Associates	Third-parties	Associates	Third-parties
Worked man-hours (in thousands)	855.7	360.0	577.6	1.040.0	495.2	2.220.0
Total number of accidents subject to mandatory reporting	2	0	3	3	3	0
Ratio of accidents subject to mandatory reporting**	2.34	0.00	5.19	2.88	6.06	0.00
Ratio of seriousness of accidents**	0.00	0.00	3.45	85.60	0.00	0.00

**In the last three years, no accidents were reported that required a leave longer than 15 days, or occurrences that resulted in death. Leave days, used to calculate the ratio of seriousness of accidents, are counted in calendar days. Accidents subject to being reported include all occurrences, including those that needed only first-aid.*

***Historical data submitted once again. In the previous year, the rates took into account the 200 thousand worked man-hours and, starting this year, they are reported with the factor of 1 million worked man-hours.*

Introduction

Message

Sustainability Matrix

Our new
brand

A valuable
business

People and
culture

Ethics

Innovation and
technology

People and
environment

Attachments

COVID-19 precautions

In line with our focus on safety, we have established an action plan to minimize the risk of infection by the coronavirus. We have followed the guidelines from the country's health authorities and the WHO's guidelines and adopted a series of preventive measures.

All associates in administrative and office functions started to work from home in March 2020 with equipment provided by FS Bioenergia. The systems were adapted to allow the safe remote access so that activities could be conducted on virtual platforms. Currently, only about 40% of our administrative team is working at the office.

The industrial facilities continued to operate to ensure the supply of essential products to other production chains, especially the fuel distribution and the agribusiness sectors. We have kept the least possible number of associates working in our facilities and adopted several safety protocols.

Employees were instructed on how to keep a safe distance away from others and avoid human contact. We increased the cleaning of work areas and transportation vehicles. We have also provided protection equipment, such as masks and gloves, distributed bottles of alcohol-based sanitizer and educated employees on good hygiene.

Medical teams have monitored associates to identify possible COVID-19 symptoms. At the facilities' entrance, professionals measure body temperature before associates start their activities, and any person with a fever and breathing discomfort was prevented from entering and advised to see a doctor.

We hired a specialized medical service to help provide guidelines to associates on prevention and treatment. In addition, we continued to follow the public protocols to ensure prompt and efficient communication with our professionals and suppliers.

Our company further took part in the collective effort to prevent the transmission of the disease in cities. We donated 150 thousand liters of ethanol for the production of sanitizer or to be used in cleaning hospitals, ambulances and other public health facilities. The donations benefited those living in Lucas do Rio Verde and Sorriso, in addition to other municipalities in the States of Mato Grosso, Pará and Santa Catarina.



Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments

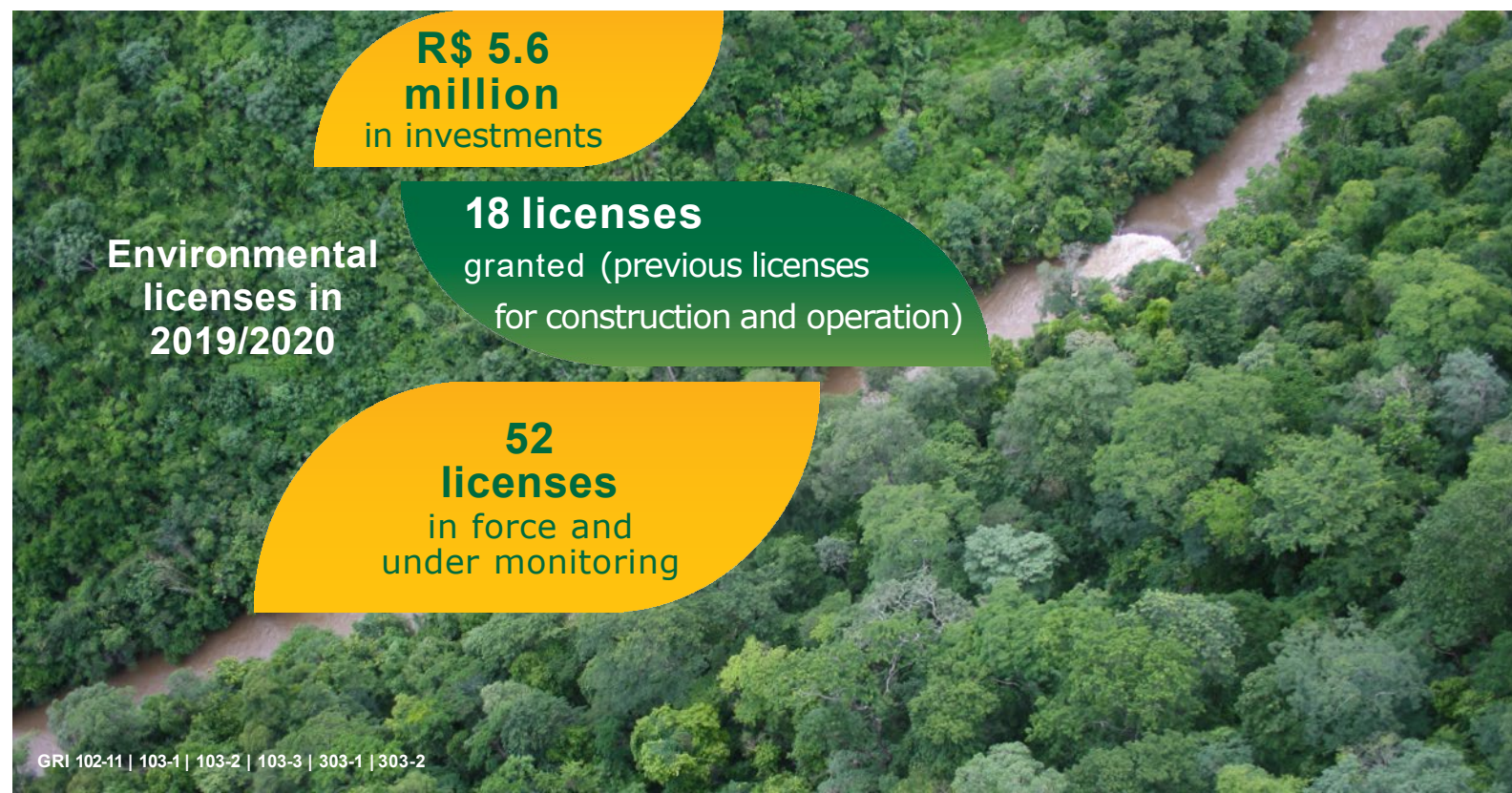
Environmental management

Our production process has a low environmental impact and complies with all guidelines issued by regulatory agencies. The facilities are located in industrial zones in the municipalities of Lucas do Rio Verde and Sorriso, far from preservation areas.

The technology we have used and adapted in Brazil requires low water consumption for ethanol, animal nutrition products and electric power generation. Water that is procured from wells granted by the Mato Grosso Environmental

Secretary is used in the cooling towers, boilers and offices. The closed recirculation systems significantly reduce wasted water and help our operation avoid adding to the water stress in the region.

The full utilization of corn for the manufacture of biofuels and animal nutrition products further has the advantage of being free of industrial effluents. Sugarcane ethanol has vinasse as a coproduct, a substance that may contaminate soil and rivers if it is incorrectly disposed of.





- Introduction
- Message
- Sustainability Matrix
- Our new brand
- A valuable business
- People and culture
- Ethics
- Innovation and technology
- People and environment
- Attachments

Effluents that result from the sanitary sewers in our facilities get proper biologic treatment before they are disposed of. The quality of water discharged is carefully monitored, and we observe the protocols set forth by law. In the 2019/2020 crop year, we processed 87,544 cubic meters of effluents at the Lucas do Rio Verde facility. The Sorriso facility did not produce any effluents.

The production of industrial wastes is one of the environmental impacts we monitor and encourage innovation to reduce the negative effects. Biomass ashes, originated from boilers, are currently donated to small agricultural produces. Recently, we have established a partnership that will forward the ashes for use in agricultural fertilizer production by a partner company.

DISCARDED WASTES BY DESTINATION METHOD IN THE 2019/2020 CROP (METRIC TONS)

Non-dangerous	
Compost	24,739.31
Reuse	11.11
Recycling	106.91
Sanitary landfill	940.24
Total	25,797.57
Dangerous*	
Co-processing	60.29
Re-refining	11.56
Total	71.84

**Other than the shown volumes, 414 light bulbs were used for decontamination, whose conversion to a weight measurement is not possible.*

The material will undergo a composting process jointly with other components supplied by food industries from the same region. In order to carry out the project, FS will invest about R\$ 4 million as a way to leverage and strengthen the supplier. Note that we will keep donating ashes to family producers that will continue to use the fertilizer on their farms.

All wastes are forwarded to specialized companies and controlled by means of destination certificates or recycling. In the 2019/2020 crop year, biomass ashes represented 96% of the total non-dangerous discarded wastes.



Attachments to the Report



Supplement to the GRI items to be made public

102-8 | Information on employees and other workers

Our staff more than doubled year over year, primarily due to the hiring of employees for the new Sorriso production facility. In addition to our own employees, we count on third-parties for construction, security, cleaning and entrance control activities and hire other specialized tasks as needed.

102-1 | Name of organization

FS Agrisolutions Indústria de Biocombustíveis.

ASSOCIATES PER GENDER*

	2019/ 2020			2018/ 2019			2017/ 2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
According to employment agreement									
Indefinite term	448	114	562	215	50	265	143	34	177
Definite term	6	3	9	4	2	6	0	2	2
By daily working hours									
4 hours	6	3	9	4	2	6	0	2	2
8 hours	248	94	342	125	41	166	55	27	82
12 hours	200	20	220	90	9	99	88	7	95
Total	454	117	571	219	52	271	143	36	179

*Information gathered from the payroll on the date March 31st, of each crop year, without taking trainees into account. All associates operate in Mato Grosso (West Central region), except for seven men and two women that work in the São Paulo office, all of them with employment agreements for an indefinite term and 8 daily working hours. The São Paulo team used to be made up of four people (three men and one woman) at the end of the 2018/2019 crop and one associate at the end of the 2017/2018 crop.

Introduction

Message

Sustainability Matrix

Our new
brand

A valuable
business

People and
culture

Ethics

Innovation and
technology

People and
environment

Attachments



102-12 | External initiatives

Our practices are aligned with the PCI Strategy – Producing, Preserving, and Including, a state program launched in the Climate Convention (COP 21) held in Paris in December 2015, for the purpose of raising funds for the State of Mato Grosso to expand and increase the efficiency of crop, cattle and forestry producers, conserve the remaining native vegetation, and evaluate other social and economic factors, which will reduce emissions and enable the sequestration of up to 6 million tCO₂e, by reducing deforestation and helping develop a low-carbon economy. In 2020, we became members of the Sorriso PCI program committee, an initiative aiming to implement the PCI strategy in the Sorriso region.

102-13 | Memberships

We are members of the Maize Ethanol National Union (UNEM, initials in Portuguese) and the State of Mato Grosso Sugar and Alcohol Industries Union (Sindalcool-MT), where we have participated in working groups and advisory councils to highlight relevant issues in the sector. Through the Sindalcool-MT, we also attend the meetings of the Federation of the State of Mato Grosso Industries (FIEMT). In addition, we are partners of the Mato Grosso Reforestation Companies Association (Arefloresta), which promotes sustainable management of the state's natural resources.

102-45 | Entities included in the consolidated financial statements

The Annual Sustainability Report encompasses the same information utilized in FS Bioenergia's Financial Statements. All of the company's operating facilities are in the FS Agrisolutions Indústria de Biocombustíveis Ltda.

102-54 | Statement of report in conformity with GRI Standards

This Report was prepared in accordance with GRI Standards: Essential option.

202-1 | Proportion between the entry points wage in relation to the local minimum wage per gender

The salary of each position is established with basis on market research, and there is no difference between men's and women's wages. In the 2019/2020 crop, the lowest wage paid by FS was 144% higher for men and 134% higher for women than the national minimum wage. This difference is due to different positions held by the represented employees.

305-1, 305-2 e 305-3 | Direct emissions (scope 1) of greenhouse effect gases, indirect emissions (scope 2) of greenhouse effect gases, and other indirect emissions (scope 3) of greenhouse gases.

We have been evaluating the possibility of preparing annual estimates of greenhouse gas emissions, given FS Bioenergia's focus on a low-carbon footprint. Information to meet those GRI items will be submitted in future reports.

Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments



305-7 | NOx, SOs, and other significant atmospheric emissions

OTHER ATMOSPHERIC EMISSIONS (METRIC TONS)*

	2019/ 2020	2018/ 2019	2017/ 2018
Particulate matter	45.0	87.3	97.9
CO	112.7	44.1	1,016.2
NOx	45.0	35.4	64.6
SO ₂	0.2	11.3	0.2

**Estimated volumes from yearly measurement carried out as part of environmental license conditions of the Lucas do Rio Verde and Sorriso mills. It takes into account the actual days the mill was in operation at each period (250 days in the 2017/2018 crop and 353 days in the 2018/2019 and 2019/2020 crops).*

307-1 and 419-1 | Non-conformity with laws and regulations in the social and economic areas and non-conformity with environmental laws and regulations

In December 2019, we were notified of an environmental violation with a fine of R\$ 783.607,42 for improper emission. The violation was attributable to a supplier related to equipment transportation. We withheld the supplier's share, as set forth in the agreement, and started the appropriate legal procedures with the supplier as there were mistakes with the violation documents. The administrative proceeding was still pending at the end of the harvest year. Significant violations of environmental, labor, tax, input and product transportation regulations mean those with fines higher than R\$ 50 thousand.

306-3 | Significant leaks

We have not had significant leaks in our facilities in the 2019/2020 harvest year. Significant leaks mean any occurrences that reach the external area or those having a volume higher than 100 liters and direct contact water bodies. We have specific procedures to enact in case of leaks, which includes containment with absorbing material and an ensuing proper disposal.

401-1 | Hiring and dismissing employees

HIRED EMPLOYEES AND STAFF TURNOVER IN THE 2019/2020 CROP

	Number of executed employment contracts	Number of dismissals	Hiring rate*	Worker turnover rate**
Per gender				
Women	77	22	17.42%	4.98%
Men	267	59	60.41%	13.35%
Age Range				
Up to 30 years old	165	37	37.33%	8.37%
From 31 to 50 years old	173	42	39.14%	9.50%
51 and older	6	2	1.36%	0.45%
Total	344	81	77.83%	18.33%

*Hiring rate = number of employment agreements divided by the average headcount in the year.

**Worker turnover rate = number of dismissals divided by the average headcount in the year.

Introduction

Message

Sustainability Matrix

Our new
brand

A valuable
business

People and
culture

Ethics

Innovation and
technology

People and
environment

Attachments



403-3 | Occupational health services

All associates receive an occupational health exam once a year.

403-7 | Prevention and mitigation of impacts on occupational health and safety directly linked to commercial relations

Third-parties are the sole commercial partners exposed to health and safety risks, which are mitigated by the practices adopted by the company (more information on page 56).

405-1 | Diversity in the governance department and employees

STRUCTURE OF FUNCTIONAL LEVELS IN THE 2019/2020 HARVEST PER GENDER

	Men	Women
Executive Board	100.0%	0.0%
Management	92.9%	7.1%
Coordination	70.0%	30.0%
Administrative	61.6%	38.4%
Industrial	90.3%	9.7%
Consolidated	79.5%	20.5%

STRUCTURE OF FUNCTIONAL LEVELS IN THE 2019/2020 HARVEST PER AGE*

	Up to 30 years old	From 31 to 50 years old	51 and older
Executive Board	0.0%	100.0%	0.0%
Management	14.3%	78.6%	7.1%
Coordination	10.0%	90.0%	0.0%
Administrative	61.1%	38.4%	0.5%
Industrial	38.8%	58.2%	3.0%
Consolidated	45.5%	52.4%	2.1%

**In the governance scope, our Advisory Board is made up of men only. Among its members, one is from 31 to 50 years old and the remaining seven members are older than 50.*

408-1 e 409-1 | Transactions and suppliers with significant risk of child labor cases and transactions and suppliers with significant risk of forced labor cases similar to slave labor

We have not found any risk of occurrence of child labor, either forced or similar to slave labor in our operations, or in our supply chain.

Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments



Summary of the GRI content



Standard GRI	Disclosure item	Page	Omissions	Global Pact
GRI 101 Reasons 2016				
General content				
Introduction Message Sustainability Matrix Our new brand A valuable business People and culture Ethics Innovation and technology People and environment Attachments	Organizational profile			
	102-1 Name of organization	62	-	-
	102-2 Activities, brands, products and services	10, 12, 16, 17, 18, 19, 21, 23 and 24	-	-
	102-3 Head office location	13	-	-
	102-4 Location of operations	13	-	-
	102-5 Property and legal form	3 and 39	-	-
	102-6 Supplied markets	12, 16, 21, 23 and 24	-	-
	102-7 Organization size	15, 24 and 50	-	-
	102-8 Information on employees and other workers	28 and 62	-	6
	102-9 Suppliers' chain	40, 41 and 42	-	-
	102-10 Significant changes in the organization and its suppliers' chain	13 and 43	-	-
	102-11 Precaution approach	59	-	-
	102-12 External initiatives	20 and 63	-	-
	102-13 Participation in associations	63	-	-
	Strategy			
	102-14 Statement of the most graduated decision-maker of the organization	5 and 6	-	-
	102-15 Main impacts, risks and opportunities	16, 17, 18, 19, 20, 21, 22, 24, 25, 48, 49, 50, 51, 52 and 53	-	-
	Ethics and integrity			
	102-16 Values, Principles, standards, and behavior rules	29 and 37	-	10
	102-17 Advisory mechanisms and ethical concerns	38	-	10
	Governance			
	102-18 Governance structure	39	-	-

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content summary has been submitted in a clear way and that references to 102-40 to 102-49 disclosure items are aligned with the respective sections along the Report. The service was carried out in the Portuguese version of the Report.

Standard GRI	Disclosure item	Page	Omissions	Global Pact
GRI 102 General content 2016	Stakeholder engagement			
	102-40 List of stakeholder groups	8	-	-
	102-41 Collective bargaining agreements	28	-	3
	102-42 Identification and selection of stakeholders	8	-	-
	102-43 Approach for the engagement of stakeholders	8	-	-
	102-44 Main topics and concerns	9	-	-
	Reporting practices			
	102-45 Entities included in the consolidated financial statements	63		
	102-46 Definition of the report content and limit of topics	8 and 9	-	-
	102-47 List of material topics	8 and 9	-	-
	102-48 Reformulation of information	57	-	-
	102-49 Changes to the report	4	-	-
	102-50 Period covered by the report	4	-	-
	102-51 Date of last report	3	-	-
	102-52 Reports issuance cycle	3	-	-
	102-53 Point of contact for questions regarding the report	4	-	-
Material issue A valuable business	102-54 Declaration of report in compliance with GRI Standards	63	-	-
	102-55 GRI content summary	66, 67, 68, 69 and 70	-	-
	102-56 External check	4, 71 and 72	-	
	103-1 Explanation of the material topic and its limit	9, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24 and 25	-	-
	103-2 Management approach and its components	12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24 and 25	-	-
	103-3 Review of the management procedure	12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24 and 25	-	-
	GRI 201 Economic performance 2016	201-2 Financial implications and other risks and opportunities in connection with climate changes	16, 17, 18, 19, 20, 21 and 22	- 7
	GRI 305 Emissions 2016	305-1 Direct emissions (scope 1) of greenhouse effect gases (GEG)	63	- 7 and 8
		305-2 Indirect emissions (scope 2) of greenhouse effect gases (GEG)	63	- 7 and 8
		305-3 Other indirect emissions (scope 3) of greenhouse effect gases (GEG)	63	- 7 and 8

Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments



Standard GRI	Disclosure item	Page	Omissions Global Pact	
Material issue People and culture				
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its limit	9, 27, 28, 29, 30, 31, 32, 33, 34 and 35	-	-
	103-2 Management approach and its components	27, 28, 29, 30, 31, 32, 33, 34 and 35	-	-
	103-3 Review of the management method	27, 28, 29, 30, 31, 32, 33, 34 and 35	-	-
GRI 202 Market presence 2016	202-1 Proportion of the salary upon the execution of the employment agreement in relation to the minimum wage per gender	34 and 63	-	6
GRI 401 Employment 2016	401-1 Execution of employment agreements and employees' turnover	64	-	6
	401-2 Full time employee benefits that are not provided to temporary or part-time employees	34 and 35	-	-
GRI 404 Training and Education 2016	404-1 Yearly average training hours per employee	33	-	6
	404-2 Competence development programs for employees and assistance on career transition	34	-	-
	404-3 Percentage of employees that regularly undergo competence check and career development reviews	31	-	6
GRI 405 Diversity and equal opportunities 2016	405-1 Diversity in the governance department and employees	28 and 65	-	6
Material issue Innovation and technology				
GRI 103 Management approach 2016	103-1 Explanation on the material topic and its limit	9, 48, 49, 50, 51, 52, 53 and 54	-	-
	103-2 Management approach and its components	48, 49, 50, 51, 52, 53 and 54	-	-
	103-3 Management method review	48, 49, 50, 51, 52, 53 and 54	-	-
GRI 203 Indirect economic impacts 2016	203-2 Significant indirect economic impacts	35, 48 and 49	-	-

Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments



Standard GRI	Disclosure item	Page	Omissions	Global Pact
Material issue Ethics within and outside				
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its limit	9, 37, 38, 39, 40, 41, 42, 43, 44, 45 and 46	-	-
	103-2 Management approach and its components	37, 38, 39, 40, 41, 42, 43, 44, 45 and 46	-	-
	103-3 Review of the management method	37, 38, 39, 40, 41, 42, 43, 44, 45 and 46	-	-
GRI 205 Fight against corruption 2016	205-1 Reviewed transactions in connection with corruption-related risks	38	-	10
	205-2 Communication and training on anticorruption policies and procedures	37 and 38	-	10
	205-3 Confirmed cases of corruption and steps taken	38	-	10
GRI 307 Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	64	-	8
GRI 308 Environmental review of suppliers 2016	308-1 New suppliers whose selection process took into account environmental criteria	43, 44, 45 and 46	-	8
	308-2 Negative environmental impacts on the suppliers' chain and steps taken	43, 44, 45 and 46	-	8
GRI 408 Child labor 2016	408-1 Transactions and suppliers with significant risk of child labor cases	44 and 65	-	5
GRI 409 Forced labor or similar to slave labor 2016	409-1 Transactions and suppliers with significant risk of forced labor or similar to forced labor cases.	44 and 65	-	4
GRI 414 Social review of suppliers 2016	414-1 New suppliers whose selection process took social criteria into account	43, 44, 45 and 46	-	2
	414-2 Social negative impacts on the suppliers' chain and steps taken	43, 44, 45 and 46	-	2
GRI 419 Social and Economic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic areas	64	-	-

Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments



Standard GRI	Disclosure Item	Page	Omissions	Global Pact
Material issue Care for people and environment				
GRI 103 Management approach 2016	103-1 Explanation on the material topic and its limit	9, 56, 57, 58, 59 and 60	-	-
	103-2 Management approach and its components	56, 57, 58, 59 and 60	-	-
	103-3 Review of the management method	56, 57, 58, 59 and 60	-	-
GRI 303 Water and effluents 2018	303-1 Interactions with water as a shared resource	59	-	8
	303-2 Management of impacts in connection with effluent discharges	59 and 60	-	8
	303-4 Effluent discharge	60	-	7 and 8
GRI 305 Emissions 2016	305-7 NOx, SOx emissions and other significant atmospheric emissions	64	-	7 and 8
GRI 306 Effluents and wastes 2016	306-2 Wastes per type and method of disposal	60	-	8
	306-3 Significant leaks	64	-	8
GRI 403 Health and safety at work 2018	403-1 Occupational health and safety management system	56	-	-
	403-2 Identification of dangers, risk assessments and investigation of incidents	56 and 57	-	-
	403-3 Occupational health services	65	-	-
	403-4 Worker participation, advisory service, and communication on occupational health and safety	57	-	-
	403-5 Workers' training in occupational health and safety	57	-	-
	403-6 Promotion of worker's health	35	-	-
	403-7 Prevention and mitigation of impacts on occupational health and safety directly in connection with business relationships	65	-	-
	403-8 Workers covered by an occupational management and safety system	56	-	-
	403-9 Occupational accidents	57	-	-

Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments



Assurance report



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Restricted assurance report from the independent auditors

To the Board of Directors, Shareholders, and other Interested Parties
FS Agrisolutions Indústria de Biocombustíveis Ltda.
São Paulo - State of São Paulo

Introduction

We were hired by FS Agrisolutions Indústria de Biocombustíveis Ltda., (FS Bioenergia or 'Company') for the purpose of applying restricted assurance procedures on the sustainability information disclosed in the 2019/2020 Annual Sustainability Report, which encompasses the period from April 1st, 2019 through March 31st, 2020.

FS Bioenergia management responsibilities

FS Bioenergia's management is in charge of preparing and submitting, in a proper form, the sustainability information disclosed in the 2019/2020 Annual Sustainability Report in accordance with the Global Reporting Initiative's (GRI) Sustainability Report Standards and with the internal controls it established, as required to allow the preparation of information free of relevant distortions, irrespective if caused by fraud or mistake.

Task of the independent auditors

Our responsibility is to draw a conclusion from information disclosed in the 2019/2020 Annual Sustainability Report, based on the limited assurance tasks carried out in accordance with the Global Reporting Initiative's (GRI) Sustainability Report Standards – and the methodology globally developed by KPMG for the assurance of social and environmental information disclosed in sustainability reports, the so-called KPMG Sustainability Assurance Manual – KSAM, applicable to non-financial historical information.

These standards require auditors to comply with ethical demands, including independence requirements and that the audit be conducted for the purpose of achieving a reasonable assurance that information disclosed in the 2019/2020 Annual Sustainability Report, taken together, is free of relevant distortion.

The limited assurance tasks carried out in accordance with the Global Reporting Initiative's (GRI) Sustainability Report Standards and KPMG Sustainability Assurance Manual – KSAM methodology are chiefly made up of inquiries to FS Bioenergia management and other employees who are engaged in the preparation of information included in the 2019/2020 Annual Sustainability Report. The limited assurance tasks further require the performance of additional procedures when the independent auditor becomes aware of matters that make them believe that information disclosed in the 2019/2020 Annual Report may have relevant distortions.

The selected procedures were based on our understanding of the compilation, materiality, and submission of information included in the 2019/2020 Sustainability Annual Report and other circumstances, considerations and procedures in connection with material sustainability information disclosed in the 2019/2020 Annual Sustainability Report, in which relevant distortions could exist. The procedures comprised:

work planning: consideration of the materiality for FS Bioenergia's activities, the relevance of disclosed information, volume of quantitative and qualitative information in operating systems and internal controls were the basis for the preparation of the 2019/2020 Annual Sustainability Report. This review defined the indices to be tested in detail;

understanding and reviewing information disclosed in connection with the management view of material aspects;

review of the procedures used to prepare the 2019/2020 Annual Sustainability Report and its structure and content, based on the Principles of Content and Quality of the Standards for the Report of Sustainability of the Global Reporting Initiative – GRI Standards

review of sampled non-financial indexes:

understanding the calculation methodology and procedures for the compilation of indices by means of interviews with managers in charge of preparing information;

application of analytic procedures on quantitative information and questions on qualitative information in connection with the indices disclosed by FS Bioenergia in the 2019/2020 Annual Sustainability Report;

review of evidence that supports disclosed information;

reviewed the reasonability of justifications, omissions and performance indices in connection with material topics;

Introduction

Message

Sustainability Matrix

Our new brand

A valuable business

People and culture

Ethics

Innovation and technology

People and environment

Attachments





comparison of financial-related indices with financial statements and/or accounting records.

We believe that information, evidence and the results we reviewed are sufficient and reasonable to form our conclusion based on the scope of the review.

Reach and limitations

The procedures applied the assurance tasks are substantially less extensive than those applied to a full assurance review. Accordingly, the scope does not allow us to be sure that we became aware of all matters that would be identified in a full assurance review, whose goal is to express an opinion. If we had carried out a full assurance review, we could have identified other matters and possible distortions that may exist in information included in FS Bioenergia 2019/2020 Annual Sustainability Report.

The non-financial data are subject to more inherent limitations than financial data, considering the nature and diversity of methods in use to establish, calculate, or estimate those metrics. Qualitative interpretations of data materiality, relevance, and accuracy are subject to individual presumptions and trials. In addition, we have not reviewed information for previous periods, reviewed the reasonableness of policies, practices and performance in sustainability, or in connection with future projections.

Conclusion

Based on the conducted procedures described in this report, we have not become aware of anything that makes us believe that information included in FS Bioenergia's 2019/2020 Annual Sustainability Report, has not been compiled, in all material aspects, in accordance with the Sustainability Report of the Global Reporting Initiative – (GRI Standards) and with the records and files that were the basis for its creation.

São Paulo, August 4th, 2020

KPMG Assessores Ltda.

[signature]
Ricardo Agis Zíbas
Officer-Member

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KPMG Assessores Ltda., a Brazilian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



Credits

General coordination
FS Strategic Development Area

Content, consulting, and design
usina82

Images
FS image bank and Shutterstock