

# SUSTAINABILITY REPORT 2012/2013



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*By incorporating a sustainability management model, rather than creating high performance results, our goal is to create and deliver value to our stakeholders, and to ensure the evolution and continuity of Cosan's business model.*

**Marcos Marinho Lutz**  
Chief Executive Officer, Cosan S.A.

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# Message from the CEO

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## Continuous Progress

At the close of this reporting cycle, we have delivered an even more resilient company to our stakeholders. We achieved this through various initiatives, which boosted our growth, while maintaining our operating strategy focused on the infrastructure and energy sectors. In keeping with this focus, we entered the natural gas sector through the acquisition of a 60.1% state in Comgas, Brazil's largest distributor of piped natural gas, while we divested Cosan Alimentos.

With Rumo, we have embarked nearly 50% of all sugar exported through the Port of Santos, in the state of São Paulo (SP). At Cosan Lubrificantes e Especialidades (Cosan LE), we continued to internationalize the business, acquiring British Comma Oil & Chemicals. We have also started

the distribution in Brazil of group III basestocks through a partnership with Korean S-Oil. Radar reached land portfolio valued at more than R\$3.2 billion in March 2013.

Comgás saw net revenue up 29.2% in the first quarter of calendar year 2013 when compared with the same period in 2012. The company focused its investments on expanding its distribution network to increase penetration in underserved regions. Raízen's revenue growth, in turn, was driven by higher sugar, bioelectricity and fuel sales.

All these initiatives have influenced our financial performance. Our net revenue for the 2013 fiscal year, which ran from April of 2012 to March of 2013, was R\$30 billion, up 28.3% over the previous year. At the same time adjusted earnings before interest, tax and amortization



(Adjusted EBITDA) was up 48%, to R\$3.1 billion, and net income was up 51.2%, to R\$638.2 million.

Addressing sustainability, in 2012 we have developed a model that aims to create and deliver value to our stakeholders, ensuring the continuity of Cosan's business and culture. This strategy included a materiality assessment process to identify the most relevant topics for each of our businesses. These mapped topics are now fully aligned to Cosan's decisions.

Looking to the future, we are optimistic, despite Brazil's expectations of modest economic growth. The Brazilian government has adopted measures to kick-start the infrastructure sector and these will directly impact our Rumo business. At the same time, rising property values nationwide will bolster Radar's prospects.

Cosan Lubrificantes, Comgás and Raízen's volume growth strategies and efficiency gains also point towards attractive prospects to the Company.

With this Sustainability Report, we seek to portray Cosan as it is today, as well as the steps taken to improve our governance structure, our risk management process, our relationship with people and our interaction with the government and society.

**Marcos Marinho Lutz**

Chief Executive Officer, Cosan S.A.

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# Evolve with Focus







Cosan's **strategy** is based on making acquisitions and forming partnerships. Cosan exercises **versatility** in operating in strategic sectors that are the focus of Brazil's **development agenda**.

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**R\$30  
billion**

net revenue in the 2012/2013 period, an increase of 28.3% over the previous year.

Cosan seeks to grow through its diversification, by integrating different businesses and developing these businesses with solidity and efficiency. Cosan's synergetic strategic positioning is aligned with Brazil's development agenda. We have focused on sectors that are fundamental to the consolidation of the Brazilian economy: one of the leading economies in the world.

The Company's versatility in entering new markets has meant that it is today moving towards being a major player in Brazil's infrastructure and energy sectors. This versatility is also evident in Cosan's positioning in segments like logistics, agricultural land management, base stocks, fuel and natural gas distribution, production and distribution of lubricants and specialties, energy cogeneration and sugar and ethanol production.

Cosan's skill in establishing partnerships and making acquisitions has been evident in its financial performance for the 2013 fiscal year (which ran from April 1st, 2012 to March 31st, 2013). With its acquisition of 60.1% of Comgás and the sale of Cosan Alimentos (owner of the União brand) to Camil, the Company earned net revenue of R\$30 billion in FY13, up 28.3% on the 2011/12 cycle (FY12).

A publicly held company, Cosan S.A. Indústria e Comércio (CSAN3) is listed on the BM&FBovespa's Novo Mercado. Its parent company, Cosan Limited (CZZ), is listed on the New York Stock Exchange (NYSE).



## Cosan's business drivers

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Seven drivers sum up Cosan's way of doing business and guide the decisions that the Company makes. These drivers are:

- Ensure speed but maintain discipline
  - Create opportunities
  - Develop human potential
  - Engage clients
  - Always do more and do better
  - Ensure safety in all operations
  - Add value through teamwork
- 



## Cosan's businesses







## Rumo

with an integrated logistics platform that covers multimodal transportation, warehousing and port lifting, Rumo is the world's largest sugar export operator. Through its six terminals, Rumo transports sugar and other bulk goods produced in South-Central Brazil to the Port of Santos and ships more than 18 million tonnes of cargo per year. **Units:** São Paulo (SP), Santos (SP), Sumaré (SP), Jaú (SP), Itirapina (SP), Fernandópolis (SP), Pradópolis (SP) and Barretos (SP).



## Cosan LE

Cosan LE produces and distributes a broad portfolio of Mobil lubricants and lubricant specialties in Brazil, Bolivia, Paraguay and Uruguay, in addition to importing and producing ExxonMobil base stocks. In 2012, Cosan LE acquired Comma Oil & Chemicals, a British company which produces lubricants and other complementary products for Europe and Asia, in addition to producing Mobil products in the United Kingdom. In the same year, Cosan LE began distributing Ultra-S base stocks in Brazil, as a result of a partnership with South Korea's S-Oil. Cosan LE has also established Novvi, a joint venture with Amyris, to develop and research synthetic, renewable basic oils from sugarcane. **Units:** Rio de Janeiro, in Brazil, and Kent, in England.



## Cosan's businesses

### Radar

Cosan created Radar in 2008, having identified a growing need for food and biofuels. A pioneer in land management in Brazil, Radar maintains a geomonitoring system via satellite to identify opportunities and manage its 174 thousand hectares which are spread over 444 properties in São Paulo, Goiás, Mato Grosso, Mato Grosso do Sul, Maranhão, Bahia and Piauí states. Radar seeks to acquire properties with significant potential for appreciation and lease them to rural operators who grow sugarcane, soya, corn and cotton.

Unit: São Paulo (SP)







## Comgás

with a network of nine-thousand kilometers, Comgás distributes natural gas to 71 cities including the São Paulo, Campinas and Santos metropolitan areas and the Paraíba Valley. Its concession area includes 177 cities in São Paulo State. Comgás' current customer base is composed of 1.2 million consumers.

**Units:** São Paulo (SP), Campinas (SP), Santo André (SP), Santos (SP) and São José dos Campos (SP).



## Raízen

a joint venture between Cosan and Shell, Raízen produces and sells sugar, ethanol and electricity on the Brazilian and international markets. With 24 production units, Raízen carries out fuel distribution via 60 terminals nationwide and distributes fuel to factories and transportation companies across a network of approximately 4,700 service stations and 54 airports. Raízen also operates 800 convenience stores.

**Units:** São Paulo (SP) and countries outside Brazil, including Switzerland, Singapore, England and the United States.

## Key events in 2012/2013

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Established more than 70 years ago as a producer of sugar cane, Cosan's growth trajectory has seen it expand its activities, with ethanol production and operations in the Brazilian infrastructure and energy sectors added in recent years. In the 2013 fiscal year, several strategic moves were made by Cosan:

- Allocation of resources and investments to purchase 60.1% stake in Comgás;
  - Sale of Cosan Alimentos (owner of the União brand) to Camil;
  - Opening of the first stage of the intermodal terminal in the city of Itirapina, in the countryside of São Paulo;
  - Acquisition of Comma Oil & Chemicals;
  - Partnership with S-Oil, a South Korean company, to commercialize the basic oils brand Ultra-S in Brazil.
- 





Cosan's Key Indicators	FY12*	FY13
Net revenue	R\$23 billion	R\$30 billion
Net profit	R\$2,605.8 million	R\$638.2 million
Operating income	R\$4.1 billion	R\$1.5 billion
Operating margin	10.7%	11.1%
EBITDA	R\$5.3 billion	R\$3.1 billion
Adjusted EBITDA	R\$2.1 billion	R\$3.1 billion
Earnings per share (continued operations)	R\$6.272	R\$1.23
Earnings per share (discontinued operations)	R\$0.159	R\$0.343
Number of shares	407,214,353	407,214,353

\* FY: fiscal year. Regarding Cosan, it covers the period from April 1, 2012 to March 31, 2013.





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# Always in motion

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Cosan's business operations seek to achieve the following six targets: **growth, efficiency, the overcoming of geographical boundaries, innovation, sustainability** and a strong **corporate reputation**. These targets are a key part of the Company's strategy.

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As a market protagonist, Cosan prioritizes its options, always taking into consideration the likelihood that projects will become valuable in the future. For this reason, the Company has expanded its operations into key strategic sectors. These sectors have been chosen because they are part of Brazil's development agenda which aims to consolidate the world-leading position of the country's economy. Thus, the Company has moved into the infrastructure and energy sectors, showing an ability to transform its activities and demonstrating genuine entrepreneurship.

The 2013 fiscal year (which ran from April 1st, 2012 to March 31st, 2013) was marked by Cosan taking fast, efficient decisions. The diversification of operations in the period focused on businesses that are synergetic and complemen-

tary, contributing to the growth of both Cosan and the value of its operations. A key decision was the November 2012 acquisition of a 60.1% stake in Comgás, Brazil's largest natural gas distributor (*read more below*).

Pursuing growth, the Company finalized the sale of its retail sugar business, Cosan Alimentos (under the União brand) to Camil, a leader in Latin American retail sales of foodstuffs. Cosan also increased investments in Rumo, a decision that was in line with the Company's strategy of consolidating its operations in the Brazilian infrastructure sector. The infrastructure sector will be the focus of special attention by both the government and private industry in upcoming years.

### **Reinforced operational versatility**

The acquisition of Comgás for R\$3.4 billion complements Cosan's portfolio and is one of the Company's strategic operations designed to bolster its position as an infrastructure and energy conglomerate operating across various industries. Comgás' operations, together with the sale of Cosan Alimentos, drove the Company's results in the third quarter of the 2012/2013 crop year. During this period, Cosan's adjusted net profit increased by 264.9% compared to the same period in the previous fiscal year.

### **Macroeconomic scenario**

In growth that was in line with the international picture, the Brazilian economy grew by only 0.9% in 2012. In 2011 the increase was 2.7%. The gross domestic product (GDP) data released by the Brazilian





Institute of Geography and Statistics (IBGE), also showed a decline of 0.8% in the industrial segment and 2.3% in the agribusiness segment in 2012.

Throughout 2012, the Brazilian government indicated that infrastructure was the main bottleneck restricting growth in the country and thus was the area which would receive new heavy investments. This directly influenced Cosan's business. Last August, the first initiative to revive the economy was the launch of an investment plan aimed at revitalization of roads and construction of railroads. The investment plan calls for a total of R\$133 billion investment over the next 30 years. R\$91 billion of this would be for railroads.

The investment plan prioritizes public-private partnerships with a goal of transfer responsibility for

construction, maintenance and operation of Brazil's railroads to the private sector through concessions obtained after bidding processes. The plan also establishes a model that involves multiple agencies sharing the various operations associated with running the rail network. The right of passage of trains would be guaranteed for all interested companies, and fees would be payable for this right. There would also be the creation of a nationwide railroad logistics operator.

In respect of Brazil's port sector, which suffers from various problems including infrastructure obsolescence related to road access and lack of operating capacity, Provisional Measure 595 (known as the Ports PM) was announced by the Brazilian President, in June 2013, to increase competitiveness in the sector.

The Ports PM seeks to speed up port operations by reducing the average time of loading and unloading, reduce freight costs, increase investments and modernize private terminals. The Measure refers to the removal of regulatory barriers that have previously inhibited private investments and explains new rules for port concessions in public and private areas, as well as new procedures for hiring workers. The Measure forecasts that investment in road and waterway access to public ports will be about R\$54.2 billion from the private sector and R\$6.4 billion from the public sector up to 2017. One of the critical points of the PM is the introduction of bidding for 159 marine terminals, to promote an intensive restructuring of leases on public ports, to improve capacity and performance of cargo handling.



# 18 million

tonnes of sugar and grains will be shipped by railroad by 2015.

In February 2013, the Brazilian government announced a new infrastructure investment program totaling US\$ 235 billion, which included investment in ports, airports, railroads and businesses related to the oil and gas and electricity sectors. However, infrastructure programs in Brazil have traditionally faced challenges related to lack of capital, ambiguous regulations and poor capital return rates. Therefore, measures to facilitate funding were announced by the Brazilian government, such as reducing the long-term interest rate (TJLP) used by the National Bank for Economic and Social Development (BNDES), from 6% to 5.5% per year. Also, infrastructure projects were incorporated into BNDES' Investment Support Program (PSI).

### Projections

Infrastructure investment packages which are expected to drive

the Brazilian economy in 2013 and as well as expectations of a record grain harvest -estimated at 180 million tonnes- suggest that Cosan's companies have solid prospects. According to government figures, GDP should grow 2.3% in 2013 and 2.6% in 2014. At the start of the year, the rise in Brazilian industrial production was considered an important indicator that the country would increase economic activity in the year.

Rumo is successfully implementing an investing plan considering annual transportation of more than 11 million tonnes of sugar and shipment of 18 million tonnes from the Port of Santos by 2015. More than 1.4 billion is being allocated to the project: R\$360 million for construction and expansion of up-state dry ports and terminals at the Port of Santos; R\$600 million for increasing the number of railroads



providing access to the Port of Santos; and R\$500 million towards the acquisition of 50 locomotives and 929 railcars.

In addition to expectations for resumed industry growth in 2013, consolidated expansion in the last year directly and positively impacted the performance of Cosan Lubrificantes e Especialidades. In the United Kingdom, agreements are expected to ensure the continuity of Comma's distribution of Mobil lubricants and the production and distribution to ExxonMobil affiliates of Comma-brand automotive products. Furthermore, permanent investments in structure will reinforce the operating facilities of the Cosan LE factory in Rio de Janeiro (RJ) and should result in better brand positioning in the Brazilian market. Currently Cosan LE has a 15% market share in Brazil.\*

In terms of land prospecting, Brazil is considered to one of the few countries in the world that has potential for growth in its arable land. Brazil has seen consistent appreciation of these assets over recent years due to world demand for food and biofuels.

Comgás' business also has positive growth prospects, considering the large supply of natural gas reserves in Brazil and the strategic location of the company's client base, which should continue to expand in the coming years.

## Sustainability drivers

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### Principles of sustainable operations

Principles that guide Cosan's decision-making processes and business conduct, reflecting the Company's corporate posture. They are: sustainable economic growth, risk management, relationships based on trust, and ethical management.

### Material topics

Topics related to the impacts of Cosan's businesses on society and the environment, defined using the materiality process and divided into corporate and specific business topics.

### Strategic objectives

Commitments related to the various material topics.

### Targets

Achievement of strategic objectives in a given period.

### Actions

Initiatives to reach established objectives and goals.

### Indicators

Show the progress of the actions, in relation to objectives and goals.

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## Gains produced by sustainability management

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In the first year of its development of a sustainable management model, Cosan has achieved significant results. Among the benefits obtained to date are the definition of strategic guidelines, the consolidation of materiality processes for each business and the establishment of targets linked to variable executive compensation.

In addition, the Company now has a clearer long-term vision, which has strengthened the decision-making process, allowed opportunities for improvement to be identified, minimized negative externalities and effectively promoted multidisciplinary projects among all key and operating areas.

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\* At the close of fiscal year 2013 according to the National Association of Distributors of Fuels and Lubricants (Sindicom).

Cosan sees effective **adherence to sustainable practices** as essential for business **continuity** and the creation of a positive business **legacy** among employees and other stakeholders, particularly when this adherence is coupled with Cosan's strategy of focused growth and increased added **value** in its operations.

Raízen is investing in efficiency gains to increase the viability of second-generation ethanol, thus increasing productivity and profitability. In distribution, the company's strategy focuses on the expansion of the service station network, together with re-branding, growth of convenience stores and expansion of existing locations. It should be noted that, in March 2012, the Brazilian government announced the return to the requirement that all gasoline contain a minimum of 25% anhydrous ethanol. This provided a boost to the sugar-energy sector's plans to improve production and sale of both types of ethanol – anhydrous and hydrated – throughout FY 2013/14.

#### **Sustainability Strategy**

Cosan has made sustainability one of its strategic drivers, demonstrating the Company's commitment to social and environmental responsibility, transparency and corporate governance and risk management best practices. For this reason, in 2012 Cosan began developing and consolidating its sustainability management model. The development of the model involved four stages: diagnosis and evaluation, guidelines and strategies, imple-

mentation and monitoring, and verification and reporting. The first step was to engage all leaders of Cosan companies.

The sustainability management model involved the creation of a sustainability governance structure, composed of working groups (WGs). The WGs were broken down into nuclei for each business (Rumo, Radar, Cosan Lubrificantes e Especialidades and Comgás) and corporate. Representatives of the finance, human resources, quality, health, safety and environment (QSSMA) divisions and other key areas of each company participate in the respective company working groups. The corporate working group is composed of professionals from the corporate areas and representatives of each business.

#### **Materiality process**

In the diagnosis and evaluation phase of the development of its sustainability management model, Cosan carried out a comprehensive materiality process to identify the most relevant topics for the Company and each of its businesses. In addition to the discussion within WGs, the process involved internal document analysis, industry

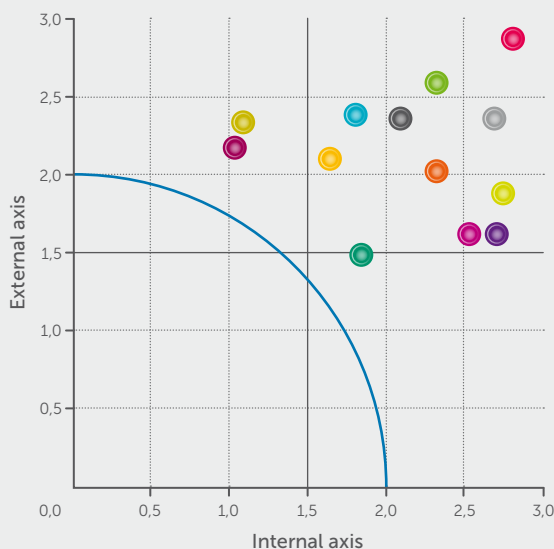
## **14 topics**

were identified as relevant to Cosan's business.

## **18 people**

were interviewed as part of Cosan and its companies' materiality processes.

## Cosan's Materiality Matrix\*



and media studies, and interviews with 18 professionals at Cosan and group companies and with five specialists in sectors in which the Company operates.

For the first time, the most meaningful topics have been included in the decision-making and the Company's strategy during 2012/2013, and have been used to support the structuring of specific sustainability guidelines and subsequent action plans. The topics listed as most relevant should also drive the indicator monitoring and integrated reporting processes, in addition to being used to improve relations with key stakeholders.

For Cosan, 14 material topics were identified. These were used to develop sustainability guidelines and prioritize the Company's focus in 2013 and 2014. The Company established strategic objectives, goals, actions and pertinent indicators (see below) in a project led by the WGs and validated by Cosan's Board of Executive Officers. The most significant topics for the respective businesses were also mapped and are presented below in the discussion of the sustainability strategies of each company.

- High business standards
- Employee appreciation
- Interaction with government and society
- Value chain management
- Job and income generation
- Social impact evaluation
- High ethical standards
- Health and safety
- Compliance
- Human rights issues in investments and assets acquisitions
- Biodiversity
- Investment and development of new technologies
- Emissions and mitigation of impact on climate

\* Comgás began the materiality process later, so it is not covered in the Cosan's materiality matrix. The idea is to incorporate the company in the next cycle (2013/2014).

Once the top material topics were established, Cosan selected one as the priority issue for 2013, and an additional three which will be addressed throughout 2014. Strategic objectives, goals, actions and indicators were defined for the priority issue for 2013.

Raízen does not participate in Cosan's materiality process as it has its own sustainability management model which is in accordance with Global Reporting Initiative (GRI) guidelines. Raízen will produce its first sustainability report in 2013.

Prioritization	
Topic	Priority
High business standards	2013
Interaction with government and society	2014
Health and safety	2014
Value chain management	2014

# 63%

Cosan's appreciation on the capital market.

# R\$638.2 millions

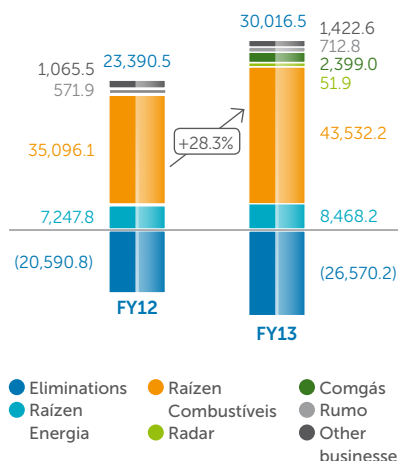
Cosan's net income in FY13.

## Operating and Financial Performance

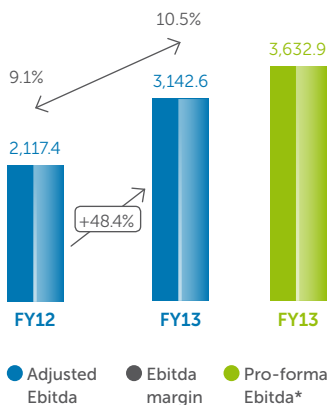
The results for fiscal year 2013 (April 1, 2012 to March 31, 2013) show that Cosan's recent strategic moves in the energy and infrastructure sectors have been very successful. Starting in 2014, the Company will adopt the calendar year (January 1 to December 31) as the reporting period, for disclosure of its results. To do so, the Company will have to account for a nine-month fiscal year, from April to December 2013.

Net revenue totaled R\$30 billion in 2012/2013, an increase of 28.3% compared to fiscal year 2012. Adjusted EBITDA was R\$3.1 billion, up 48%. The EBITDA margin also increased, from 9.1% in fiscal year 2012 to 10.5% in 2013. Net income, which includes the operating results of all Cosan businesses, increased 51.2%, from R\$421.9 million to R\$638.2 million. Investments in the acquisition of capital goods for future benefit, or capital expenditure (Capex), amounted to R\$2.2 billion. Finally, in the capital market, Cosan's shares were up by 63% in FY 2013.

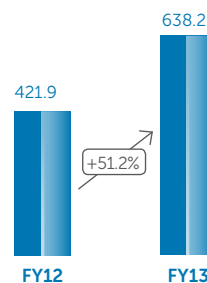
### Net revenue\* R\$ MM



### EBITDA and EBITDA margin R\$ MM



### Adjusted Net Income R\$ MM



\*Considers 50% of the results of Raízen Combustíveis and Raízen Energia, and 100% of the results of Rumo, Radar, Comgás and of Other Businesses, which includes Cosan Lubrificantes e Especialidades. For Comgás, only five months were considered.

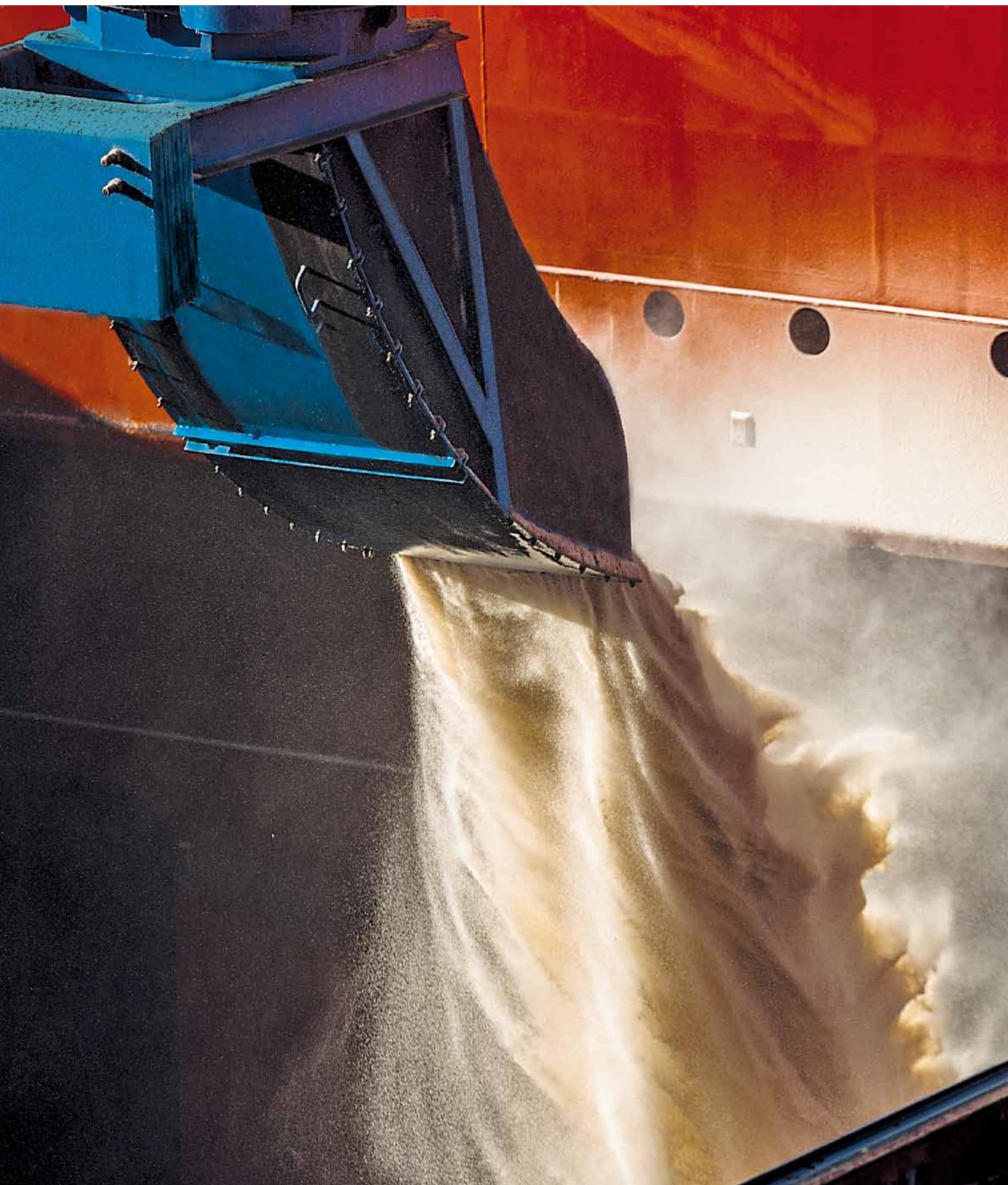
\*Proforma EBITDA considers Comgás' results over 12 months.





Value-Added Statement (in thousand of Reais)*	FY12	FY13
Shareholders (interest on equity)	0	401,578
Employees (salaries, benefits, and charges)	846,278	1,166,120
Government (taxes, fees, and contributions)	2,214,296	1,902,549
Retained earnings/Loss for the year	2,541,586	97,729
Interest and lease (interest on third-party capital)	1,676,161	1,761,504
Community investments	0	0
Value-Added Statement – Summarized (in thousand of Reais)*	FY12	FY13
1 – Revenues	28,124,317	32,451,348
2 – Inputs acquired from third parties	-20,748,251	-26,363,783
3 – Gross value added (1-2)	7,376,066	6,087,565
4 – Retention	-1,141,064	-1,544,087
5 – Net value added generated by the Company (3-4)	6,235,002	4,543,478
6 – Value added received in transfers	1,082,275	1,016,092
7 – Total value added to be distributed (5+6)	7,317,277	5,559,570

\* Considers 50% of Raízen Combustíveis and Raízen Energia results and 100% of Rumo, Radar, Comgás and Other Businesses, which includes Cosan Lubrificantes e Especialidades. It considers only five months results for Comgás.





# Rumo

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The world's largest sugar **export** **logistic** operator seeks to **boost** its operations in the segment by **increasing railroad transportation** and **modernizing** its facilities.

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# Rumo

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**R\$1.4 billion**

Rumo's total planned investment.

**14 million tonnes**

is the loading capacity of sugar and other bulk products from the Port of Santos.

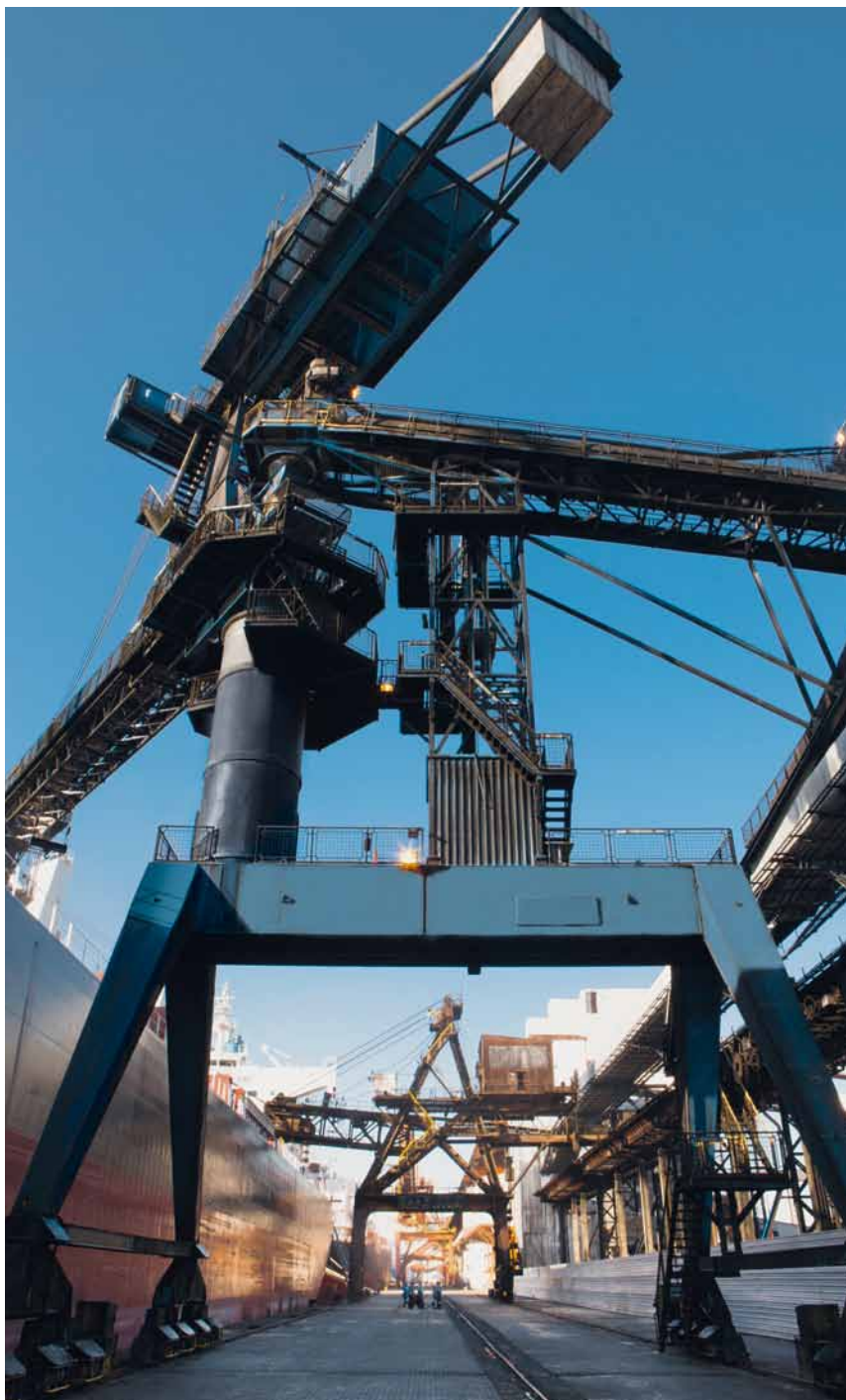
Rumo is the world's largest sugar export logistics operator. Focused on multimodal transportation, warehousing and port lifting, it has six dry ports in the São Paulo countryside (Sumaré, Jaú, Fernandópolis, Pradópolis, Barretos and Itirapina) and one port terminal in Santos (SP). Its static warehousing capacity is currently 1,100 thousand tonnes of sugar and other sacked or bulk products per month.

Rumo operates in a sector that historically has lacked investment. However, even before the announced government stimulus packages, Rumo began to focus its efforts on making the sector more dynamic, by growing rail transportation and modernizing its installations in 2010. Rumo sought to align increased efficiency with a reduced social and environmental impact of its operations, and actively participated in the expansion of export logistics infrastructure.

Rumo has established a R\$1.4 billion investment plan for the period 2010 to 2015. Rumo's goal is to

achieve rail transportation volumes of 11 million tonnes of sugar by 2014. If Rumo achieves its goal for rail transportation, this will remove approximately 30 thousand trucks from São Paulo state highways each month, reducing emissions by up to a third and minimizing community impacts related to truck traffic, accident risk and noise. In addition, the achievement of the goal would support the São Paulo State Climate Change Policy, which aims for a 20% reduction in carbon emissions by 2020.

Since 2010, Rumo has invested R\$1 billion in the purchase of 50 locomotives and 929 railcars, in acquisitions, partnerships and intermodal terminal renovation in upstate São Paulo, in the creation of more than 300 kilometers of railway line, and in the expansion and improvement of access to the Port of Santos. As part of its partnership with América Latina Logística (ALL), Rumo invests in railcars, locomotives and rail infrastructure. In return, ALL transports sugarcane products.



## Efficiency gains at the Port of Santos

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Rumo is investing in the Santos port terminal (SP) to increase its capacity by approximately 40%. One object of investment is the roofing of the docking berth to allow sugar and other cargo lifting on rainy days. The company suspends operations for an average of 120 days per year due to climate conditions. The roofing of the docking berth, slated for 2014, will increase the terminal's capacity by approximately four-million tonnes.

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## 1,100 thousand tonnes

Rumo's static warehousing capacity per month.

# Rumo

## State-of-the-art technology at the Itirapina terminal

In October of 2012, Rumo inaugurated the first phase of development of the Itirapina intermodal terminal in the São Paulo countryside. With an R\$100 million investment, a 110 thousand tones warehouse was built, in addition to a 5.6 km rail detour with capacity for 250 railcars, being able to load moving railcars.

Focusing on transporting sugar and grains to the Port of Santos (SP), the new terminal features state-of-the-art technology to ensure cargo quality. The warehouse includes pest control and internal climate

control systems that minimize waste resulting from dissolution or air dispersion of cargo.

In the second phase of the terminal development, Rumo is investing another R\$100 million to build three additional warehouses which will be similar to the first warehouse constructed in phase one, a 30 thousand tonnes/day temporary warehousing structure (hopper) and equipment to load cars (silos) with a capacity of 44 thousand tonnes/day. The Itirapina terminal is expected to handle 12 million tonnes per year when fully operational.

## R\$100 million

Rumo's initial investment for the construction of the Itirapina intermodal terminal.

## 12 million tones

will be handled by the new terminal per year.

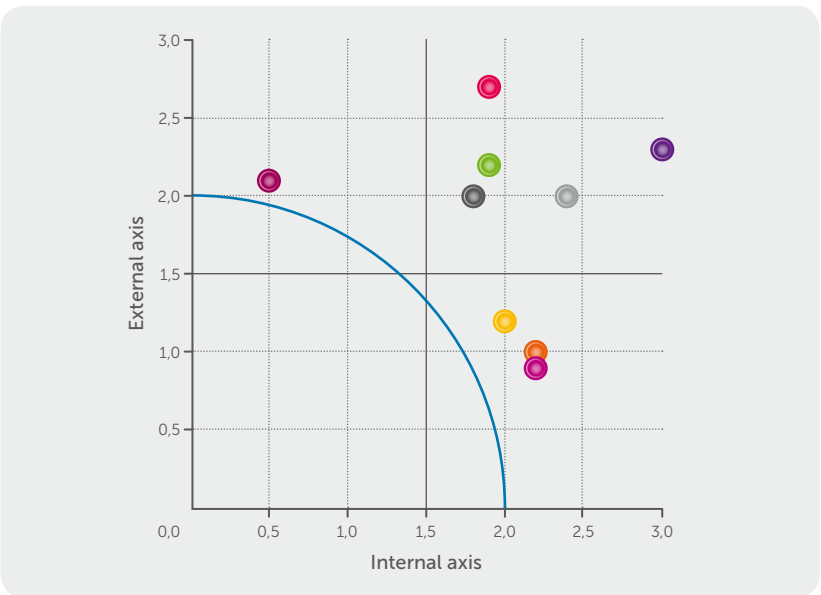




## Sustainability Strategy

As part of the development of Cosan's sustainability management model, the Company's materiality process also considered the most important issues for Rumo. A specific materiality matrix for Rumo was created. All the material topics highlighted for Rumo matched those highlighted for Cosan. The only variance was in the degree of relevance attributed to each item in the materiality assessment for each entity.

## Rumo's Materiality Matrix



## 9 topics

were identified as relevant on Rumo's materiality process.

- Health and safety
- Investment and development of new technologies
- High business standards
- emissions and mitigation of impact on climate
- Interaction with government and society
- Evaluation of social impact
- Employee appreciation
- Compliance
- Value chain management

2013 Targets – Rumo	
Target	Actions
Mitigate conditions that could damage products that pass through Rumo's systems and that may be exposed to fraud	Investment in scanning technology to detect contaminants in products. Review and reinforcement of process monitoring from initial cargo load to final destination.
Formalize institutional relations with the involvement of Rumo's Institutional Relations Department.	Propose and establish partnership with the government in concession areas.
Establish initiatives focusing on particulate matter control	Development of technologies to minimize product dispersion. Investment and implementation of projects to reduce dust.

# Rumo



## R\$712.8 million

Rumo's net revenue in 2012/2013.

## R\$296.7 million

Rumo's EBITDA in the same period.

### Better Way for Everyone

In May of 2013, Rumo launched the **Better Way for Everyone** (Rumo Melhor para Todos) initiative to encourage employees and other stakeholders (clients, suppliers and society) to act in accordance with the company's seven fundamental principles:

- People make the difference;
- Clients are allies and we should build relations based on trust;
- Profits are earned;
- Use boldness and innovation to create impeccable solutions;
- Austerity: use all resources carefully;

- Sustainable operations: be economically, environmentally and socially responsible;
- Valuing commitment and enthusiasm for the future.

With the support of an external consulting firm, priority topics to be addressed by the company were identified and communicated. Rumo's employees have improved their performance by focusing on the priority topics identified.

To ensure that a consistent message was disseminated, with respect to the priority topics and the seven fundamental principles, Rumo established

the Rumo Is Moved by People (A Rumo É Movida por Pessoas) initiative. This initiative aims to ensure that, as a first step, Rumo's employees are familiar with the topics and principles. A WG was created to structure and communicate various activities related to the initiative. Another place where the topics and principles were advertised was the meetings in which the company's terminals were launched. These meetings involved the presence of top management. By applying the twin premises of "focusing on the customer" and "applying the art of service" the goal is to continue the initiative in the coming years.

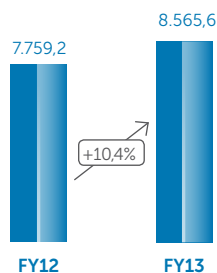
## Operating and Financial Performance

Rumo's net revenue rose 24.6%, from R\$572 million to R\$712.8 million in 2012/2013. EBITDA was R\$296.7 million, an increase of 39.2% year-on-year (up from R\$213.2 million in the previous fiscal year). In terms of operating performance, the company recorded an increase of more than 75% in transported volume. Rumo currently accounts for nearly 50% of the total volume of sugar exported through the Port of Santos (SP).



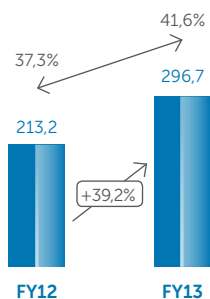
### Lifted volume

Thousand tonnes



### Ebitda and Ebitda margin

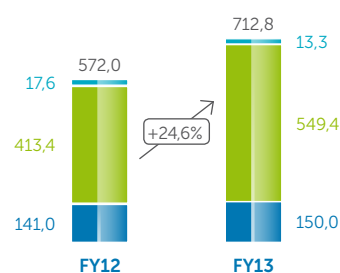
R\$ MM



● Ebitda ● Ebitda Margin

### Net Revenue

R\$ MM



● Lifting ● Transportation ● Others







# Cosan LE

**Guaranteed quality and delivery** is one of the company's characteristics. Four years after acquiring ExxonMobil assets in Brazil, Cosan LE already holds the **second largest market share** in the Brazilian lubricants industry.

## Cosan LE

An investment plan has been established to further **increase** Cosan LE's production **capacity** and market **potential**, building new tanks and opening advanced distribution centers.

### 15%

Mobil's Market share in Brazil.\*

### Over 1 million barrels

of lubricants - Ilha do Governador factory production capacity per year.

With a broad portfolio, Cosan LE serves not only final consumers, selling automotive products, but also major corporate clients in various industrial segments: from agribusiness to transportation. Since 2011, the company has held exclusive distribution rights for Mobil lubricants in Bolivia, Paraguay and Uruguay, complementing the role of Brazil, started in 2008. In Europe, Cosan LE now operates via the Mobil brand in the United Kingdom, having acquired British Comma Oil & Chemicals Limited in March 2012. This entity's Kent factory produces lubricants and other complementary automotive products such as brake fluid and additives, which are distributed to more than 40 countries in Europe and Asia.

Guaranteed quality and delivery are one of Cosan LE's characteristics. Four years after acquiring

the ExxonMobil assets in Brazil, Cosan LE has the second largest market share\* in the Brazilian lubricants industry, at approximately 15%, in the form of its Mobil brand. The company's fundamental pillars for market differentiation include: unrestricted access to technologies; formulae and lubricant applications developed by Exxon-Mobil, ensuring brand and product integrity; an exclusive distribution network; a highly efficient factory strategically located in Ilha do Governador (RJ); and relations with its partners. This market differentiation strategy supports the company in delivering value-added products in the Brazilian lubricant industry with its increasing demand for more efficient, higher-quality products.

In Brazil, Cosan LE's Ilha do Governador factory has a production capacity of more than one-million

\* At the close of fiscal year 2013 according to the National Association of Distributors of Fuels and Lubricants (Sindicom).



barrels of lubricants per year and features an exclusive pier for receiving ships of up to 20- thousand tonnes. By 2014, there is an ongoing investment plan that will further increase Cosan LE's production capacity and its market potential.

#### **Portfolio diversification**

As a result of the partnership with South Korea's S'Oil, in 2012 Cosan LE began distributing Ultra-S base stocks in Brazil. These base stocks are advanced oils used primarily in the production of high-tech synthetic and semi-synthetic lubricants. The distribution operations were begun in order to complement Cosan LE's input portfolio in terms of Brazilian marketing, as Cosan LE has imported and distributed ExxonMobil base stocks since 2011.

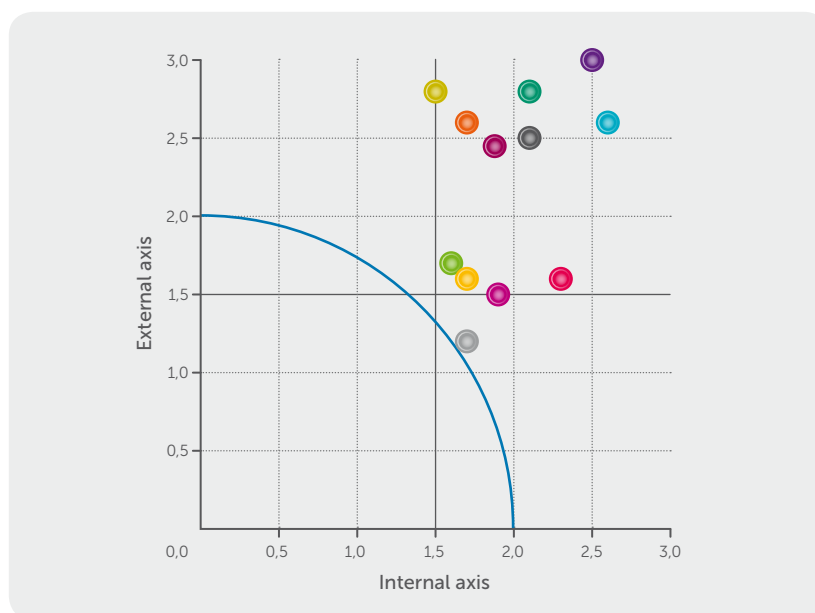


# Cosan LE

## Sustainability strategy

Cosan's materiality process also included a specific matrix for the Company's lubricant business, Cosan LE (see below). In respect of Cosan LE, evaluation of environmental impacts was considered important and therefore this was included on the agenda for the company's WG. Although they are not included in the matrices for Cosan and other businesses, energy use and waste management were considered relevant for Cosan LE and, likewise, will be addressed by the WG.

## Cosan LE's Materiality Matrix



## 12 topics

were identified as relevant in Cosan LE's materiality process.

- Health and safety
- Evaluation of environmental impact
- Job and income generation
- Value chain management
- Evaluation of social impact
- Investment and development of new technologies
- High business standards
- Biodiversity
- Efficient energy use
- Emissions and mitigation of impact on climate
- Waste management
- High ethical standards

### 2013 targets - Cosan LE

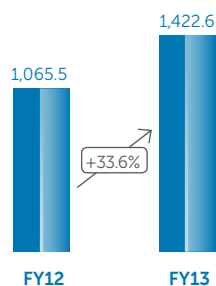
Target	Actions
Reduce the total number of Cosan LE and distributor automotive incidents (trucks and fleet) by 15% from the number in the previous year. Ensure there are zero oceanic spill accidents and zero accidents requiring employee leaves of absence.	Training and monitoring of driver routes. Promoting initiatives to stimulate changes in habits and behavior, focusing on accident prevention. Increasing the requirements of the Transporter Certification Program.
Promote supply chain stability, reflecting medium-term financial health within the chain.	Fix inventory capital more efficiently, with guaranteed delivery to clients on appropriate terms in order to provide improved financial health, better cash flow and less fixed capital.



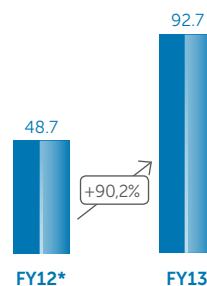
### Operating and Financial Performance

Other Businesses—which includes Cosan LE—closed FY2013 with net revenue of R\$1.4 billion, an increase of 33.6% year-on-year. Regarding Cosan LE's operations, the company consolidated its position in the Brazilian market and took important steps to expand its international business. A particular highlight was Cosan LE's acquisition of the English company Comma Oil & Chemicals.

#### Net revenue R\$ MM



#### Adjusted EBITDA\* R\$ MM



\* Excluding the effect of Raizen formation.







# Radar

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Radar's business has three drivers: **acquisition** of properties with high **appreciation** potential; **leasing** of these properties to industry operators; and subsequent **sale** of the properties.

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# Radar

Radar's goal is to add **value** to its operations, with a **sustainable management** that enhances its lands, which are its chief asset.

## 174,000 hectares

are managed by Radar.

## 20%

Radar's average annual appreciation.

## R\$1.95 billion

has been invested by Radar in properties since 2008.

## R\$86.9 million

Radar's net revenue in the 2013 fiscal year.

With its unique business model, since 2008 Radar has operated in agricultural property management in Brazil. Radar's business involves three fronts: acquisition of properties with major potential for appreciation; leasing of properties to industry operators; and subsequent sale if the properties appreciate significantly.

Radar is a vital part of Cosan's diversification process: the company reinforces Cosan's operations in niche markets that are less susceptible to external oscillations. In addition, the business offers strategic advantages considering Brazil's potential to be a significant land provider on the international stage, capable of meeting food and biofuel needs.

Drawing on Cosan's experience in agribusiness, Radar has implemented professional management capable of gathering all information concerning a property to be leased: from average rainfall and soil composition to compliance with environmental legislation and

any pre-existing legal issues. The properties under Radar's management are currently allocated to sugarcane, soybeans, corn and cotton cultivation.

Since 2008, R\$1.95 billion has been invested in properties. Today, the company's portfolio is valued at R\$3.24 billion. With average appreciation of 20% each year, Radar currently manages approximately 174 thousand hectares spread across 444 properties in São Paulo, Goiás, Mato Grosso, Mato Grosso do Sul, Maranhão, Bahia and Piauí states. The figure is expected to reach 241 thousand hectares by 2014.

### Shared responsibility

Land is Radar's chief asset. Since Radar's goal is to continue to add value to its operations and attract greater investment, there is no better strategy than sustainable management of this asset. With an efficient organizational structure that includes professionals specializing in legal, accounting, technology and environmental





areas, Radar has a comprehensive analysis process by which it learns the history of the properties it plans to acquire. Environmental, labor or any other liabilities are evaluated and if serious issues are identified, the company does not make the purchase.

Leasing contracts include clauses addressing the requirements lessees must meet during the contract's term. Even though the lessee is responsible for the area during this period, some irregularities might also be attributed to Radar, which owns the property. Thus, the company

continually aims to improve relations with its value chain – agricultural operators – while investing in efficient and responsible land management.

To support this commitment, the company developed its own Radar Environmental Policy that must be followed by lessees. This policy is based on a model of shared responsibility. Among the issues it addresses in the document are those related to appropriate soil management, efficient water use and biodiversity conservation. The company's Environmental Policy was launched

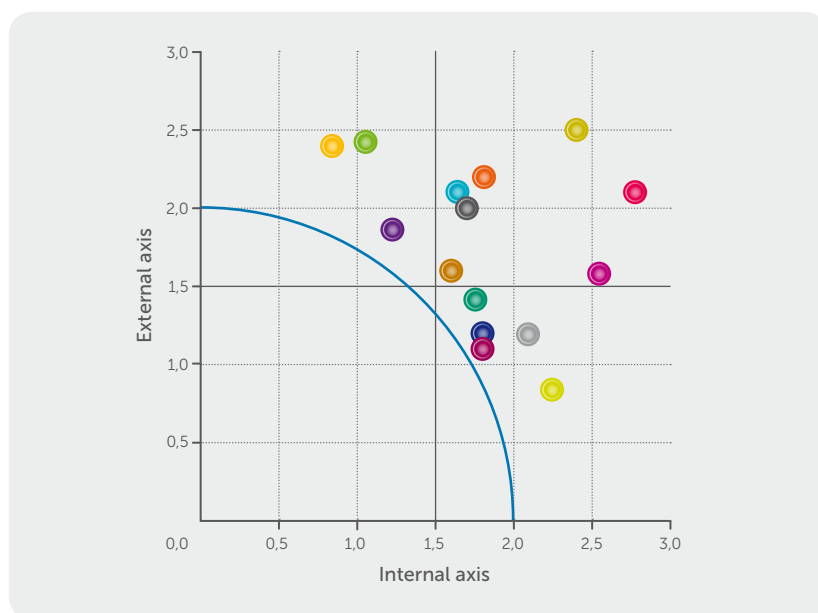
and disseminated internally at the end of 2012. The next step, to be carried out throughout 2013, is dissemination of the policy among stakeholders, especially lessees.

# Radar

## Sustainability strategy

Like Rumo and Cosan LE, Cosan's materiality process produced a matrix setting out the most relevant topics for Radar (see below). Due to the unique nature of Radar's business, four topics are found only in Radar's matrix and, therefore, are part of the company's sustainability strategy and the agenda of Radar's own specific WG. The topics are: protection of property rights; water, land and natural resource rights conflicts; guaranteed labor rights; and soil quality.

## Radar's Materiality Matrix



## 15 topics

were identified as relevant, in Radar's materiality process.

- Biodiversity
- Interaction with government and society
- High business standards
- Guaranteed labor rights
- Evaluation of social impact
- Human rights issues in investment and asset acquisition
- Job and income generation
- Water
- Protection of property rights
- Soil quality
- Compliance
- Employee appreciation
- Emissions and mitigation of impact on climate
- High ethical standards
- Water, land and other natural resources rights conflicts

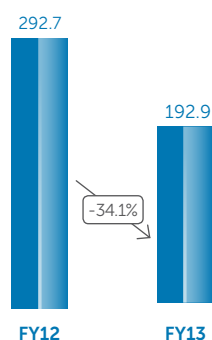
### 2013 targets – Radar

Target	Actions
Further improve risk management criteria used to monitor properties and lessees, especially on environmental and labor issues.	Periodic visits to all portfolio properties to verify compliance with Radar's sustainability criteria: labor practices and respect for human rights, environmental conservation and agricultural best practices. Creation of a continuous improvement and monitoring plan, in conjunction with lessees.

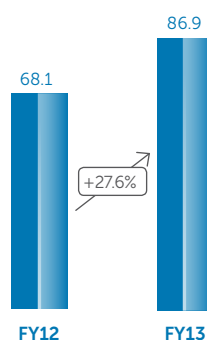
## Operating and Financial Performance

In July 2012, Cosan started consolidating Radar's results in its financial statements. In FY2013, the company's net revenue reached R\$86.9 million, an increase of 27.6% year-on-year. EBITDA was R\$ 192.9 million, down 34.1% year-on-year due to accounting of the fair value of land according to an independent appraisal. Today, Radar's land portfolio has a value equivalent to more than R\$3.2 billion.

### Ebitda R\$ MM



### Net revenue R\$ MM





# Comgás

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Comgás is Brazil's **largest** piped natural gas **distributor**. It operates in the residential, commercial, industrial, vehicle, cogeneration and thermoelectric segments.

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# Comgás

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The company's commitment to safety and **reliability** is confirmed by its customer satisfaction. According to an Arsesp study, Comgás' customer **satisfaction** rate is 93% - the highest among public utilities in São Paulo state.

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## 9,000 km

length of the company's piped distribution network.

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## 1.2 million

residences and over one thousand industries served.

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## R\$367 million

2012 net income, an increase of 55.3%.

With a distribution network exceeding nine-thousand km and responsibility for 25.3% of natural gas sales in Brazil in 2012, Comgás is the country's largest piped natural gas distributor today. Comgás operates in the residential, commercial, industrial, vehicle, cogeneration and thermoelectric segments with gas supplied from the Santos (SP) and Campos (RJ) basins, and from Bolivia. The company serves 71 cities in its concession area, including the São Paulo, Santos and Campinas metropolitan areas, and the Paraíba Valley.

The company's net revenue reached R\$5.3 billion in 2012, up 28.7% on the previous year, while net profit grew 55.3% on the 2011 level, to R\$367 million. In 2012/2013 Comgás distributed 5.3 billion cubic meters of gas, up 8.8%. The number of its clients

increased 10.6%, driven by the residential segment, in line with Comgás' strategy of investing in this niche market. The client base of the company's industrial segment grew 0.6% even though gas distributed fell by 1.6%. Comgás ended the year with 1.2 million residential customers and more than a thousand industrial clients.

As a public utility, Comgás' operations are regulated by the São Paulo State Sanitation and Energy Regulatory Agency (Arsesp) and the rates charged follow the regulatory body's tariff reviews which take place every five years. The current tariff is valid for the period from 2009 to 2014.

The company's total investments in 2012 reached R\$616 million. This focus on expanding the distribution network by 1.3 thousand km. Eight



expansion projects began this year, including a High Pressure Tube Reinforcement (Retap) project which involved the construction of a 27-km structure to expand the natural gas distribution system in the São Paulo metropolitan area. Another investment, of R\$15 million, was recently announced: to build three new city gates in Caçapava, Pindamonhangaba and Guaratinguetá in the Paraíba Valley. Other works are also underway, including network expansion in São João da Boa Vista, connection of the Limeira and Rio Claro systems and unification of the São José dos Campos, Taubaté and Caçapava networks.

With a long-term concession contract, the company's prospects depend on its ability to leverage its client base. If it does so, Comgás could reach an average five-million commercial and residential consumers in the upcoming years. The potential to reach this goal is real, as demonstrated by the excess supply of natural gas in Brazil. This volume should continue to grow as a result of the development of pre-salt reserves, as well as Comgás strategic market positioning: with a concession area accounting for approximately 27% of Brazil's GDP and 30.6 million inhabitants, 9.3 million homes and 11.3 million vehicles.

### By segment

At the end of 2012, Comgás had 116 thousand new consumers in its customer base. In each of its markets, the company develops

## Focus on customers

As a proof of the achieved customer satisfaction level, in 2012, Comgás revised its customer relationship management (CRM) tool. In this revision, 33 service processes were made faster and the 24-hour Contact Center received a system designed to improve service in critical cases (when a customer contacts Comgás three or more times). For issues unresolved by the Contact Center or issues which are not resolved satisfactorily, Comgás also has operates ombudsman: [ouvidoria@comgas.com.br](mailto:ouvidoria@comgas.com.br) and a special hotline: 0800 16 16 67.

Other communication channels include the company's website ([www.comgas.com.br](http://www.comgas.com.br)) and in-person service centers located in São Paulo, Santo André, Campinas, São José dos Campos and Santos.

specific initiatives to retain current customers and attract new ones.

In the residential segment, Comgás' investments totaled R\$464 million, adding 115 thousand new residential customers, chiefly in new homes. The company also works to increase acceptance of natural gas as an option for heating water – approximately 85 thousand new customers earned in 2012 have gas heaters – and in new applications such as pool heating, clothes dryers, etc.

In the commercial segment, 1,119 new contracts were signed in the year for a total of 11,268 clients of

varying sizes (up 8.5% on 2011). In this segment, for those clients consuming more than 2 thousand m<sup>3</sup> per month Comgás applies a personalized service, using a team of exclusive consultants. Comgás also applies differentiated services like climate control, commercial power cogeneration and power generation during peak hours using natural gas.

A total of 48 contracts with factories were signed in 2012, with an additional 240 renewals. Even so, the volume of natural gas distributed to this segment fell 1.6%, primarily due to the world and Brazilian economic slowdown and problems affecting

# Comgás

the competitiveness of the Brazilian industrial sector. In addition to providing a customized service for industrial clients, Comgás also maintains a partnership with the São Paulo Association for the Promotion of Investments and Competitiveness (Investe São Paulo), a state government program, to support the installation of new factories in its concession area.

## Sustainability Strategy

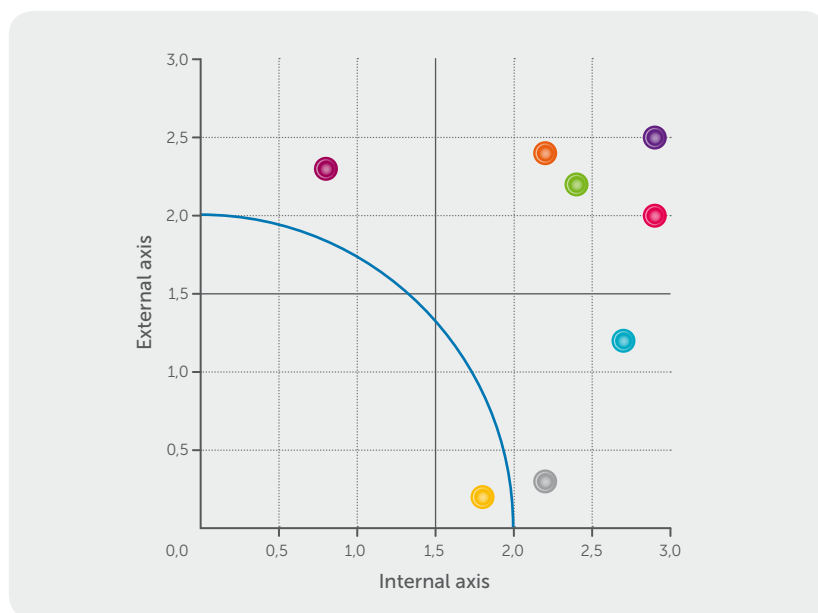
Since Cosan's acquisition of Comgás only took place in November of 2012, the company's materiality process was carried out at a later date. The process resulted in a matrix setting out the most relevant topics for Comgás. These topics were included in the company's sustainability strategy and are addressed by Comgás specific WG.

The result of the materiality process attests to the significant alignment between the Comgás and Cosan, with only two topics identified as material for Comgás that were not included in Cosan's materiality matrix: customer relations and social and environmental impacts (see below). As Comgás' materiality process started later than that for other group companies specific targets for Comgás are still in the process of being defined.

## 8 topics

were identified as relevant, in Comgás' materiality process.

## Comgás' Materiality Matrix



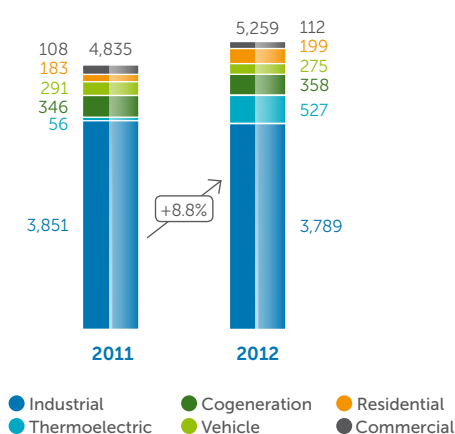
- Safety
- Customer relations
- High business standards
- Investment and development of new technologies
- Interaction with government and society
- Employee appreciation
- Social and environmental impacts
- Guaranteed labor rights for contracted

## Operating and Financial Performance

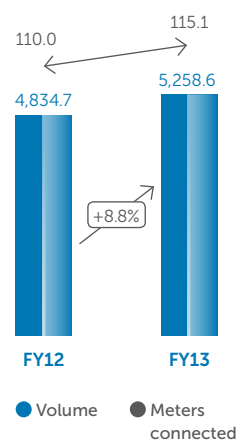
When considering the 2012 calendar year (January to December), the gross revenue of Comgás totaled R\$6.5 billion, 27.6% increase compared to 2011. This result was mainly due to the 8.8% increase in the volume of gas sold, and to the adjustment in natural gas rates authorized by Arsesp. EBITDA increased 34.3% to R\$961.8 million.

For purposes of standardization with Cosan's other businesses, Comgás's reported net revenue for FY2013 included only that revenue from the first quarter of 2013. This revenue was R\$2.4 billion. EBITDA reached R\$471.5 million.

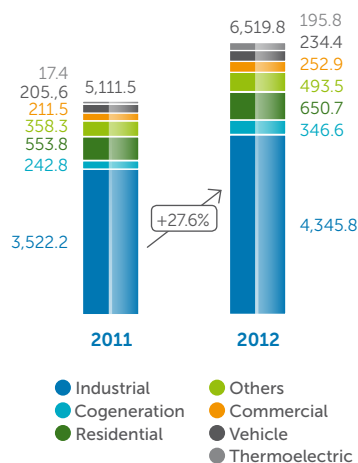
### Distributed volume cbm thousand



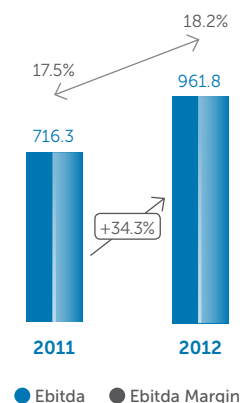
### Meters connected units thousand



### Gross revenue R\$ MM



### EBITDA and EBITDA margin R\$ MM





A close-up photograph of several sugarcane stalks. The stalks are vertical, with a mix of green, yellow, and reddish-brown hues. The focus is sharp on the stalks in the foreground, while the background is blurred.

# Raízen

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A joint venture between Cosan and Shell, Raízen produces ethanol, sugar and bioelectricity. It is also engaged in fuel distribution.

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# Raízen

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A joint venture between Cosan and Royal Dutch Shell (Shell), created in June 2011, Raízen produces ethanol, sugar and bioelectricity generated from sugarcane bagasse. The company also engages in fuel distribution under the Shell brand. Raízen also has trading operations to sell its ethanol abroad and for the purchase and sale of renewable fuels with third parties.

Today, Raízen has 24 sugar and ethanol production units, which are energy self-sufficient, 860 thousand hectares of planted agricultural land, 60 fuel distribution terminals, 54 airport bases and a network of 4,700 service stations and 800 convenience stores. In addition to retail fuel sales, the company also serves the transportation, aviation, chemical, foodstuffs and cosmetics industries.

## Portfolio

- Sugar (nine types);
- Bioelectricity;
- Ethanol (six types);
- Distilled alcohol;
- Shell V-Power Ethanol (ethanol with additives);
- Regular gasoline;
- Shell V-Power Gasoline (gasoline with additives);
- Shell Evolux Diesel;
- Shell Evolux Arla 32;
- Shell Aerojet (for aviation purposes).

## Strategic pillars

To support its goal of excellence in the development, production and sale of sustainable energy, Raízen has established five strategic pillars – technology, people, infrastructure, growth and operational excellence. These pillars are all supported by practicing sustainability.

Raízen's technology investments ensure that operations are more efficient and safer. Good examples of technology investments related to production are the increasing use of mechanized harvesting in Raízen's production area and research in partnership with research institutes and other companies to develop new sugarcane varieties.

With regards to people, Raízen has established as a priority appreciation and meritocracy, leadership training and communication between employees and managers. Regarding infrastructure, investments aim, to build new terminals, expand existing units and improve warehousing and shipping.

Regarding growth, the company plans to increase the efficiency of its production units, analyze acquisition or merger opportunities and improve its trading operations, among other initiatives. To consolidate the company's operating excellence, investments will focus

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## 24

sugar and ethanol production units that are energy self-sufficient.

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## 60

fuel distribution terminals.

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## 4.700

service stations and 800 convenience stores.



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## Proven quality

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In August 2012, Raízen exported its first shipment of Bonsucro™ (Better Sugarcane Initiative) certified ethanol to Europe. Bonsucro™ is a multi-industry organization that works to standardize sustainable practices in the sugarcane value chain. Raízen was the first sugar-energy company in the world to obtain certification for one of its production units – currently, seven units are certified.

The company is also a member of the Executive Board of the organization and develops initiatives to extend best practices to the supply chain.

With a view to operating in the U.S. market, Raízen also registered with the Renewable Fuel Standard (RFS2) of the U.S. Environmental Protection Agency (EPA).

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### 2012/2013 Net Revenue

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**R\$43.5 billion**

Raízen Combustíveis.

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**R\$8.5 billion**

Raízen Energia.

on: health, safety and the environment; production efficiency; cost reduction; optimization of the administrative area; improving processes; and corporate sustainability.

The first year of operations of Raízen's joint venture with Shell focused on renewal of the cane fields and modernization of the sugar and ethanol production units. The company also made investments in technology to improve logistics and administrative infrastructure, especially in Health, Safety and the Environment (SSMA).

# Raízen

## Raízen's top material topics

Burning and automation  
Environmental management  
Social responsibility  
Climate change  
Innovation and sustainability  
Conjuncture  
Waste management

Health and safety  
Renewable energy  
Internal stakeholders  
Sustainability management  
Water management  
Certifications

organizations (1) and the community (1) – and interviews with Raízen's vice presidents.

### Operating and Financial Performance

Raízen's results are presented by segment. Raízen Combustíveis which operates the distribution and trading activities—recorded net revenue of R\$43.5 billion in FY2013, an increase of 9.7% year-on-year. EBITDA was R\$ 1.7 billion, up 25.5%. Regarding its operating performance, the volume of fuels sold in the period was 5% higher than in the previous year, and the company completed the rebranding of its Esso stations, to Shell, ahead of schedule.

Raízen Energia's net revenue (from ethanol, sugar and bioelectricity) was R\$8.5 billion, up 16.8% year-on-year. EBITDA was R\$2.4 billion, an increase of 13.9% compared to FY 2012. The increase in the volume of sugar and electric energy sold, and the growth in average prices of all products, especially energy, positively contributed to these results. In the 2012/2013 period, the company recorded growth in the volume of sugarcane crushed (6.2%), sugar produced (4.9%), and bioenergy produced (103.5%). However, ethanol production decreased by 1%.

### Sustainability strategy

In 2012, Raízen formalized its sustainable development policy, which establishes three guiding principles for the company's operations: internal and external stakeholder relations, sustainable practices and processes and value generation for shareholders. Also in 2012, Raízen developed its first materiality matrix independently of the Cosan materiality process. The matrix will be the foundation of the company's first sustainability report which will be published in 2013 and will be drafted in accordance with GRI guidelines.

In order to define its 13 material topics, Raízen's materiality process included analysis of the company's communication materials, an online survey of 189 people – employees (136), suppliers (28), clients (9), media (8), academics (5), government (1), non-governmental

## 189 people

were interviewed online, as part of Raízen's materiality process.



Raízen Combustíveis	FY12	FY13
Volume sold (liters MM)		
Ethanol	1,836.0	1,925.5
Gasoline	7,030.4	7,487.4
Diesel	8,978.2	9,530.5
Aviation	2,515.1	2,516.5
Others	554.6	507.5
Total	20,914	21,967
Net Revenue (R\$ MM)		
Ethanol	2,337.7	593.5
Gasoline	16,623.1	5,003.9
Diesel	15,730.2	17,844.4
Aviation	4,312.5	17,688.8
Others	688.3	2,401.6
Total	36,691.8	43,532.2
EBITDA and EBITDA Margin (R\$ MM)		
EBITDA	1,321.0	1,658.5
EBITDA Margin	3.3%	3.8%

Raízen Energia	FY12	FY13
Crushed sugarcane (thousand tonnes)		
Own	26,528	28,299
Suppliers	26,430	27,922
Total	52,958	56,221
Sugar production (thousand tones)		
White sugar	2,426	2,575
Raw sugar	1,543	1,587
Total	3,969	4,162
Ethanol Production (thousand m <sup>3</sup> )		
Anhydrous	688	833
Hydrous	1,233	1,070
Total	1,921	1,903
Energy cogeneration sold volume (thousand MWh and R\$/MWh)		
Volume	1,491.3	3,034.8
Average price	158	188
Net revenue (R\$ mm)		
Sugar	3,912.8	4,354.0
Ethanol	2,871.5	3,299.9
Cogeneration	235.1	569.7
Others	228.2	244.5
Total	7,247.6	8,468.2
EBITDA and EBITDA margin (R\$ mm)		
Ebitda	2,113.6	2,408.3
Ebitda Margin	29.2	28.4



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# Quick decision-making

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## Cosan conducts its **businesses** by adhering to **good** corporate governance **practices**.

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Listed on the Novo Mercado of BM&FBovespa since 2005, Cosan is committed to ensuring transparency in its accountability to shareholders and other stakeholders. It also seeks to follow the best practices of corporate governance, which include, among other items, the disclosure of a greater volume of information than is required by Brazilian law.

Cosan's Board of Directors is elected during a general meeting. Board members serve two-year terms, and the members can be reelected. The Board currently has eight members, two of whom are independent. The Board decides the Company's business strategy and approves annual work plans and budgets, investment, and the Company's expansion programs. It also determines the management's variable compensation and contracts an independent audit firm to ensure transparent business practices.

The Company's shareholders elect and dismiss the members of the Board of Directors at General Meetings. They also determine the Board's compensation.

Cosan's Board of Executive Officers has five members and is in charge of conducting the Company's activities and applying the guidelines set by the Board of Directors. Since 2009, Cosan has had highly qualified management who operate in line with the highest corporate governance standards.

### **Evaluation of senior management**

The Company's executive officers are evaluated by the CEO on a yearly basis, with the purpose of assessing if individual goals previously set have been met. The CEO is evaluated every year, by reference to Cosan's performance. Members of the Board of Directors and Committees are not evaluated as this is not mandated under the Company's policies.

The Company's compensation policy sets incentives for the management to meet their goals and to carry out their activities so as to maximize Cosan's performance. For executives and members of the Board of Directors, the fixed compensation is in line with market values, and the variable compensation changes according to the purchase of shares. The compensation of members of the Supervisory Board is fixed.

To promote a sustainable management model at Cosan, one of the actions scheduled for implementation in 2013 is the addition of economic and social and environmental targets related to key strategic themes. The variable compensation of executives will be conditional upon meeting such targets.



## Management support

Cosan has five bodies that support management: the bylaw Audit Committee, and four non-bylaw committees: the Risk Management Committee, the Executive Risk Committee, the Compensation Committee, and the Authorization Committee.

### Audit Committee

this has three members, two of whom are independent. These members serve one-year terms and report directly to the Board of Directors. The Committee is in charge of supporting the hiring and dismissal of independent auditors and of supervising the activities of these professionals.

### Risk Management Committee

this has three members of the Board of Directors, including one independent member. It discusses and determines Cosan's hedging policy.

### Executive Risk Committee

this is formed of one member of the Board of Directors, and executives of the Com-

pany. The Committee monitors on a weekly basis the macroeconomic and industrial scenario, to determine risk mitigation strategies.

### Compensation Committee

this determines the compensation of, and benefits granted, to Executive Officers and other non-bylaw members.

### Authorization Committee

this has five members (the Chairman and Vice-chairman of the Board of Directors, the CEO and the vice-president/CFO and chief investor relations officer), and is in charge of analyzing and approving decisions which have an impact of between R\$15 million and R\$60 million.

The Company also has a Supervisory Board, which is independent from management and which is in charge of analyzing management activities and the Company's financial statements.

Cosan S.A. Ownership Breakdown		
Shareholder	Common Shares	
	Number	%
Cosan Ltd	253,703,323	62.30
Controlling Block	28,128	0.01
Rezende Barbosa	44,300,389	10.88
Management	815,112	0.20
Treasury Shares	1,934,039	0.47
Free Float	106,433,362	26.14
Total	407,214,353	100

Shareholding Structure – Cosan Limited – CZZ						
Shareholder	Common		Common		Common	
	Shares – Class A		Shares – Class B		Shares – Total	
	Number	%	Number	%	Number	%
Controlling Block	7,307,361	4.19	96,332,044	100.00	103,639,405	38.29
Gávea Investimentos	30,657,762	17.58	-	-	30,657,762	11.32
Treasury Shares	5,996,502	3.44	-	-	5,996,502	2.22
Free Float	130,393,716	74.79	-	-	130,393,716	48.17
Total	174,355,341	100.00	96,332,044	100.00	270,687,385	100.00

## 11 members

make up Cosan Limited's Board of Directors.

## 4,200

users are on Cosan's network on LinkedIn.

## 2,300

people follow Cosan on Facebook.

## 170

meetings were held with shareholders in 2012.

### Cosan Limited

Cosan Limited, parent company of Cosan, has been listed on the NYSE since 2007. Cosan Limited was the first Brazilian holding to have its stock traded on the NYSE and to meet the requirements of the Sarbanes-Oxley Act (SOX). In addition to the requirements of the NYSE itself, the company also meets the requirements of the Securities and Exchange Commission (SEC).

Cosan Limited's Board of Directors is elected during a general shareholders meeting, for a term of two-year terms. The members can be reelected. Currently composed of 11 members, of whom two are independent members, the Board is mainly in charge of setting the operation guidelines and policies, and of supervising the activities of the Board of Executive Officers. The Board of Executive Officers, which currently has three members (chosen by the Board of Directors), is responsible for implementing the strategies set for the business.

### Strict Positioning

Cosan conducts its business in accordance with the highest corporate governance standards businesses. Respect, ethics, and transparency are the principles that guide all of the Company's

activities and are the basis for its relationships with all stakeholders: employees, shareholders, customers, suppliers, the government, and wider society.

Cosan's Code of Conduct is its most important instrument for ensuring ethical and transparent conduct on the part of senior management, all employees, and the supply chain. Highlighting Cosan's commitment to corporate responsibility and good managerial and sustainability practices, the Code of Conduct addresses matters involving human rights; discrimination; slavery and child labor; conflicts of interests; protection of exclusive confidential information; fair treatment; relationships with customers, partners and third parties; contributions to political campaigns; health, safety and the environment; community negotiations; along with other issues.

The principles and guidelines of the Code are disseminated to all directors, executives, employees, outsourced employees, interns or temporary workers, customers, suppliers, partners, and shareholders. For that purpose, upon joining the Company, employees receive guidance and sign a Statement of Responsibility and

## Cosan's Ethics Channel

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Reporting can be made by telephone or online:  
0800 725 0039  
(Mondays through Saturdays, from 8 a.m. to 8 p.m.)

[www.canaldeetica.com.br/cosan](http://www.canaldeetica.com.br/cosan)

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a Commitment to Adherence to Cosan's Code of Conduct. Corrective actions in case of violations of the Code are provided.

Cosan operates an Ethics Channel (Canal de Ética) which is available for internal and external stakeholders to report violations of the Company's Code or the law, or to report any other irregularity such as corruption, bribery, fraud, harm to the environment, false information, inappropriate accounting records, bad use of Company assets, discrimination or other matters. The Ethics Channel is also a means by which people can make suggestions on how controls and the governance environment in all of the Company's businesses can be improved.

The Channel is managed by an independent firm, which ensures that any reports made through it remain confidential. Issues reported are forwarded to the Company's Ethics Committee, which analyzes each case and takes the necessary action. During the period 2012/2013, no cases of corruption were reported through the Ethics Channel.

All of Cosan's companies are assessed for risk of corruption.

Additionally, in partnership with an independent auditing firm, all managers participate in discussions about real cases of fraud which have occurred at other companies, to familiarize them with the risks. These managers then pass this content through to their subordinates. One of the Company's goals is to provide annual training sessions to reaffirm policies and procedures and to update staff on any changes to these policies and procedures.

The Company has also worked to increase its activity on social networks. In 2013, the Company launched its Facebook and LinkedIn profiles. These act as open channels for all employees, customers, suppliers and other stakeholders, through which they can exchange information, share knowledge, promote discussions and talk about topics they have in common. Our LinkedIn page has nearly 4200 users and our Facebook page has 2300 followers.

### Investor Relations

Key stakeholders, investors and market analysts are a focus of specific activities at Cosan. The Company's transparency strategies include carrying out periodic meetings with shareholders, to ensure

they can learn more about the Company and make queries about its performance. In 2012 alone, 170 meetings were held—160 at the company, 14 by way of international phone calls, and two Cosan Day events—in addition to conference calls to disclose quarterly results.

The Cosan Day events were held in New York and São Paulo. Shareholders, investors, and market analysts learned about the Company's key strategic actions, and were able to meet Cosan's top executives. In the 2012 edition of the Cosan Days—the third of such events—65 people attended in New York and 325 in São Paulo.

Seeking to strengthen its communication with the public, the Company constantly updates the investor relations section of its website. The investor relations part of the website gathers together all information about Cosan: the most important documents published by the Company—sustainability reports, annual reports, minutes of meetings, reference forms, and others—real-time stock information (quotations, recommendations, etc) and other information, such as a calendar and interactive spreadsheet showing Cosan's key financial and operating indicators.



In addition to the material provided on the website, the Company publishes quarterly results notices, pursuant to Brazilian legislation, publishes material facts, promotes national and international road-shows, carries out meetings with investors, and participates in events with financial institutions and professional associations, like the Capital Market Professionals and Investors Association (Apimec).

### Risk management

Cosan periodically analyzes all market risks that may harm its businesses, financial position, and operating performance. To manage such risks, policies and procedures are in place, approved by the Board of Directors through the Risk Management Committee. Cosan also has an Executive Risk Committee on which sits one member of the Board of Directors and Company executives (*read more under Corporate Governance*).

As part of its risk management, Cosan uses derivative financial instruments to manage goods price and foreign exchange fluctuations. However, fluctuations of hedging instruments are usually offset by the value of their underlying assets or liabilities. These contractual arrangements are executed mainly with commodity exchange and financial institutions.

The major market risks monitored by Cosan are as follows:

#### Price risk

Agricultural commodities' price and supply levels vary as a result of different factors, such as the climate, investments, government programs and policies, and changes in global demand. In addition to carrying out analyses

to estimate risks, Cosan makes derivative transactions to reduce the exposure to price fluctuations in the international market, and to ensure a minimum average level of profit for future production. Raízen manages contracted positions in an active manner, and the results of these transactions are monitored every day through mark-to-market controls and price impact simulations. This allows for targets and strategies to be adjusted according to market conditions.

#### Interest rate risk

Refers to the impact on the Company's financial results related to an increase in interest rates for debts pegged to the LIBOR, TJLP, TR, IGP-M, and CDI rates. Cosan's debt profile, except for that of Raízen, consists of U.S. dollar

debts with fixed interest rates, and local currency debts pegged to the CDI (the reference rate in the Brazilian market). Because the CDI is the rate used to adjust Cosan's financial investments, no derivatives are necessary to hedge against interest rate risks. In the case of Raízen, the Company occasionally contracts derivatives to replace its exposure to the Libor, for a pre-fixed rate.

#### Foreign exchange rate risk

Cosan's foreign exchange exposure and that of its subsidiaries, except Raízen, relates to a Perpetual Notes debt in the amount of US\$500 million, issued in November 2010. This debt is hedged (using derivatives) up to November 2015, when the debt becomes redeemable. This is in order to

## Improving on good practices

In addition to the Code of Conduct, Cosan has implemented a Related Party Policy and an Anti-Corruption Policy. These seek to prevent conflicts of interest and contribute to the transparency the Company seeks to promote at all times.

The Related Party Policy contains an analysis of, and guidelines and controls in relation to transactions involving related parties. Cosan defines related parties as directors and Cosan executives, holders of more than 5% of the Company's voting shares, first-degree relatives, or companies owned by any of these persons.

The goal of the Anti-Corruption Policy is to make employees, suppliers, shareholders and other stakeholders aware of the importance of avoiding any type of fraud, bribery, corruption, forgery, money laundering, and other crimes, in compliance with the U.S. anti-corruption law.



protect the cash flow for the payment of this debt's interest against a possible valuation of the dollar against the Brazilian real. In the case of Cosan LE, base oil import transactions are also exposed to foreign exchange, and under certain circumstances derivatives are used to hedge these transactions.

A significant portion of Raízen's net operating revenues is denominated in U.S. dollars, while most of the company's costs are denominated in Brazilian real. Therefore, in the periods when the Brazilian real appreciates against the dollar, Raízen's operating margins are adversely affected. Also, a considerable portion of Raízen debt is in dollars, exposing the company to the risk of fluctuations in the Brazilian real and U.S. dollar.

Raízen also operates foreign exchange derivatives to reduce its exposure to changes in foreign exchange rates over its sugar and ethanol exports revenues, and to protect the cash outflows expected to honor its foreign currency debt commitments, especially those in U.S. dollars. The debt payment flow in foreign currency is, therefore, a natural hedge for future exports revenues.

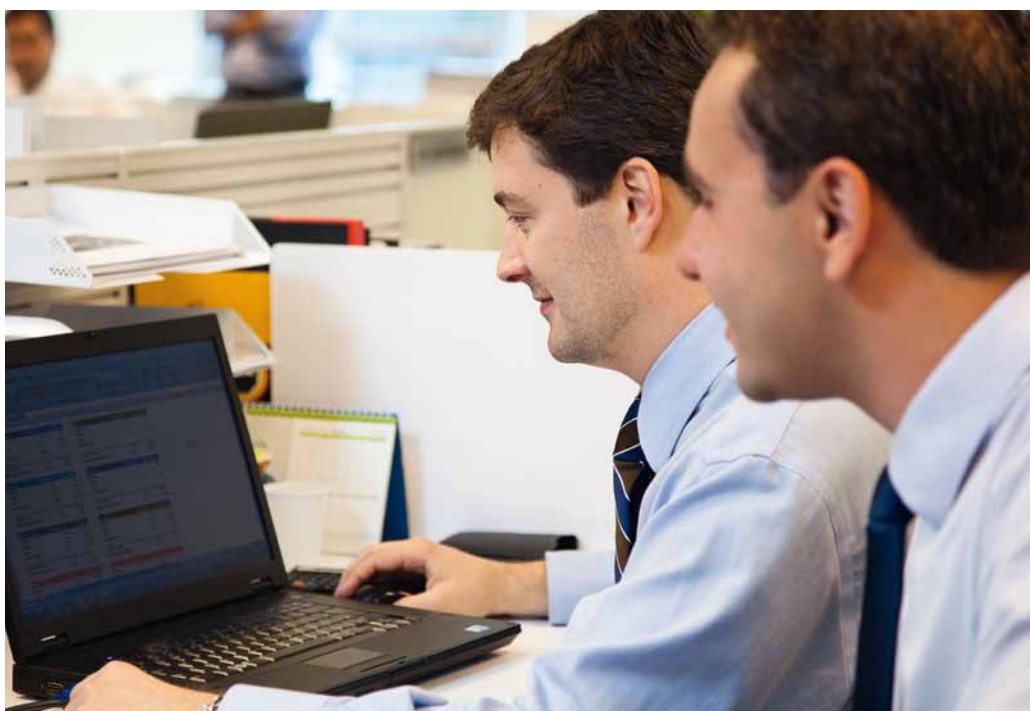
Transactions with derivatives, combined with sugar price derivatives, ensure a minimum average profit for future production.

## 100%

of Cosan's businesses are assessed against risks of corruption.

## 325 people

attended the Cosan Day held in São Paulo.



#### Credit risk

Cosan manages its credit risk by applying specific standards for accepting customers, by analyzing credit, and by setting exposure limits for each customer. Some cases require letters of credit from banks and actual guarantees for the credit granted. The Company considers that its credit risk is substantially covered by its allowance for doubtful accounts. Also, most of the Company's and its subsidiaries' sales are made to qualified groups, such as trading companies and fuel distribution companies.

#### Debt acceleration risk

Loan and financing contracts in effect at the Company have restrictive covenants addressing cash generation and indebtedness ratios, among other items. These covenants are designed to ensure Cosan conducts its businesses so

as to ensure continued profitability. The Company applies hedging strategies, and uses hedging instruments, to manage the risk of debt acceleration.

#### Risks by business

Each Cosan company faces specific risks, according to the nature of its core activity: Rumo needs to maintain non-stop operations and ensure its terminals, warehouses and transportation means are working properly. Likewise, Rumo depends on the continuity of the operations of its suppliers and customers. For that reason, adverse external situations, like supply interruptions, labor deadlocks, environmental damage, and natural catastrophe, may harm the performance of its operations.

Cosan LE has effective controls to eliminate social and environmental

risks relating to safety in handling, producing, storing, and transporting hazardous materials used in lubricant oil mixtures. The company is very rigorous in respect of this hazard, since accidents involving hazardous material can result in damage to the environment and to persons, and, consequently, temporary suspension of activities, which would affect the business.

Radar operates in the real estate industry and faces the credit risk that is inherent to the land leasing business which is the company's main source of revenue. The company seeks to mitigate this risk through strict selection of lessees, and efficient contracts. Leasing contracts and the market value of land are exposed to changes in commodities prices according to the supply of, and demand for, grain, sugar, and ethanol in the do-



## Improved structure

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As a result of Cosan's materiality process, the "high business standards" theme became a priority in 2013. In accordance with that theme, Cosan has set various strategic targets. These will be developed by WGs (at the corporate and individual business levels) throughout the year. One of these goals addresses the need to improve the Company's risk management tools, so that they cover, in addition to economic and financial risks, risks relating to social and environmental and corporate governance impacts.

The actions related to this target will focus on choosing clear processes to identify, monitor and mitigate material risks, and on creating decision forums, policies, and attributions. Among the results of this effort will be the setting of goals that take risk management and operating efficiency into consideration.

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mestic and international markets. All of the company's properties are productive and are currently leased to companies that comply with the highest agricultural standards, and mitigate environmental, labor, and ownership risks. Radar invests in regions of Brazil which are recognized as significant producers of soybean, cotton, corn, and sugarcane. Radar diversifies its crops, thus reducing its exposure to commodities cycles.

Comgás has an integrated risk management system (Risk Manager), which includes structured practices to identify and analyze the business's strategic and operating risks, propose mitigation actions, and implement action plans. The company has two management tools: Business Risk Register, which focuses on the business's strategic risks and which is man-

aged by executive officers; and Business Control Review, which focuses on operating risks and is managed by superintendents and managers. The first tool is revised on a monthly basis by the Risk Management Commission, which reports to the Board of Executive Officers Committee, and the latter is revised every six months. The major risks monitored by Comgás are the following: market risks, operating risks, supply risks, environmental risks, control, fraud and reputation risks, regulatory risks, and financial risks.

Raízen's operations involve sugar and ethanol. These two commodities are part of a cyclical sector, and Raízen is, therefore, susceptible to domestic and international changes in supply and demand. The international sugar market has periods of limited supply, which

raises the product's price and the sector's profit margins. These periods are followed by cycles of increased supply, making prices and, consequently, profits fall. The ethanol business, in its turn, is influenced by gasoline prices and gasoline supply/demand ratios. Climatic changes, such as floods, droughts, and frosts, which affect the crops' productivity, also contribute to the sector's instability. In the energy sector (cogeneration), Raízen must comply with Brazilian regulations related to the electric energy sector: changes in the law or the introduction of stricter criteria for energy auctions may potentially harm its business.

Also, in the fuel distribution (Raízen) and lubricants distribution (Cosan LE) segments, certain anti-competitive practices, such as tax evasion and fuel adulteration, have a direct



impact on results. This happens because these practices allow for the trading of products at lower prices than the market price, negatively impacting sales volumes and harming competitiveness.

### Intangible assets

Cosan's intellectual capital is vital to securing the Company's excellence and the continuity of its activities. Cosan knows the importance its people hold in ensuring the good performance of all its businesses. Because people are the Company's key intangible assets, Cosan are continually engaged in actions to attract, develop and retain talents.

At Cosan, diversity in education and experience is highly valued and continuously stimulated, because

it is key to meeting the needs of an agile organization that is able to keep up with the rapid transformations of the market and the industries in which it operates. The agility and proactive approach the Company requires, together with the capacity to work in a group and leadership (other competencies that distinguish professionals) are skills that aim not only at immediate results, but also at ensuring the business's future. It is not only a focus on profit in a particular period which guides Cosan's team on a daily basis: the team also has a permanent eye on the Company's status in the future, and the way it wants to be perceived.

A focus on the future is present in all spheres, starting with senior

Intellectual capital is Cosan's key intangible asset. Therefore, our people are continually engaged in actions to attract, develop and retain talent.

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management. When the Company was a family business with activities concentrated on the sugar and ethanol industry, Cosan started professionalizing its senior management. Today, the Company respects and values the distinctive qualities of its executives and leaders, who prize accessibility and the enthusiasm to reform and re-plan and are able to apply a quick and efficient decision-making process.

Based on the strategic goals that have been set, Cosan's people management department is currently concentrated on three fronts: culture, engagement, and performance. All actions targeted at the Company team are based on the assumption that it is necessary to consolidate Cosan's culture so that it results in engagement, which, in turn translates into positive performance for the company. You can read more about Cosan's initiatives towards the professional development of its team and the improvement of the organizational environment in the section Competent Teams.

### Awards and recognition

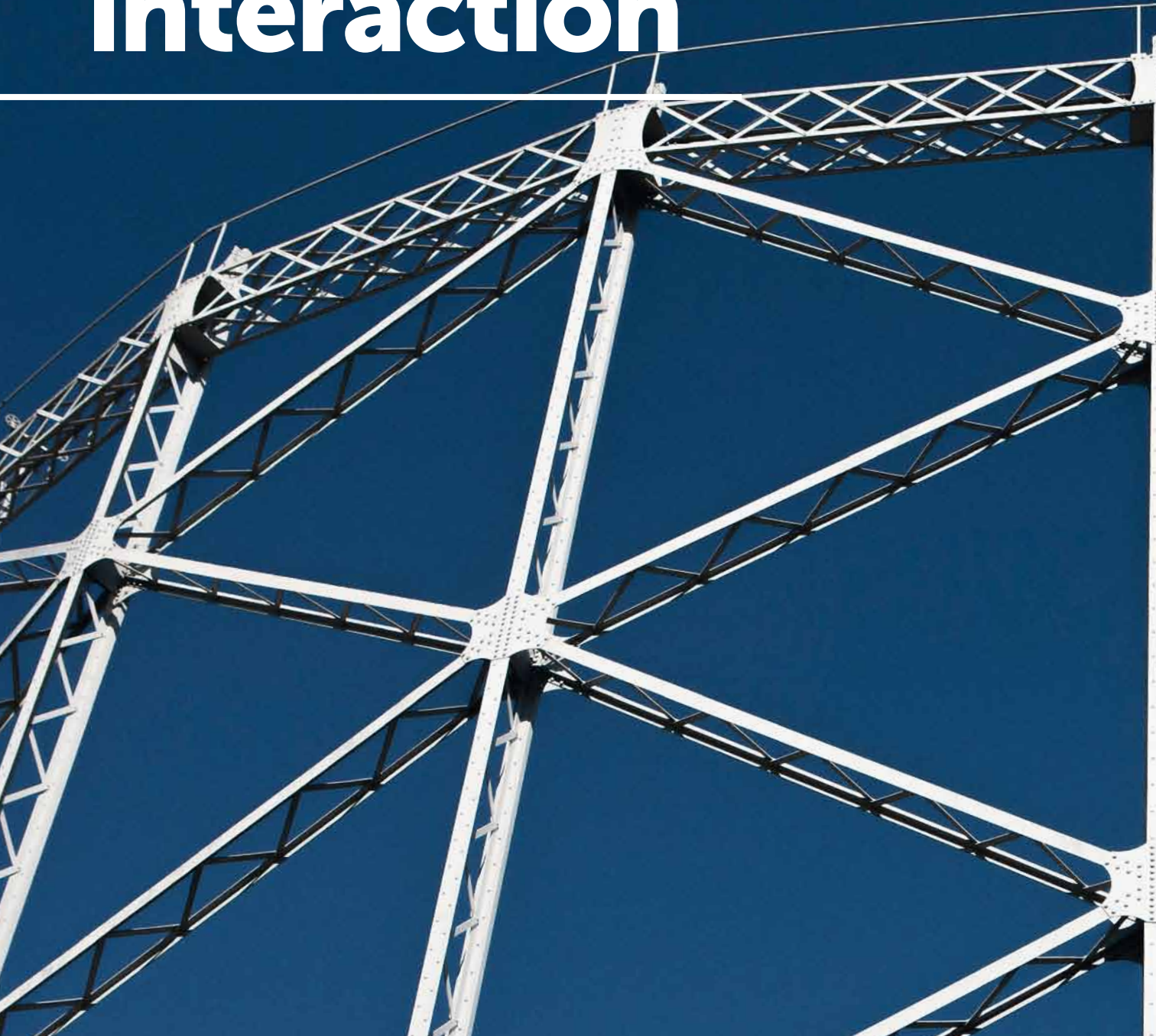
- Cosan was listed by Best Valor 1000 (Melhores de Valor 1000), as a Valuable Company in 2012, and was the top ranking company in the Sugar and Ethanol segment. This award is granted to companies that have the capacity to create business opportunities in the Brazilian economy.
- The company was awarded with a place in the Valor 1000 yearbook for its efficient, transparent management which is deemed to be in line with the best corporate governance practices.
- Cosan was listed as twenty-second largest company in the country in the Valor Large Groups yearbook (Valor Grandes Grupos), published in December 2012.
- Marcelo Eduardo Martins, CFO of Cosan, was considered the best CFO in the agribusiness sector, for which he was awarded the Institutional Investor's 2012 Latin America Executive Team award. In 2013, he was recognized as CFO of the Year by Latin Trade.
- Rubens Ometto Silveira Mello, chairman of Cosan's Board of Directors, was one of the leaders in the Energy category of the Brazil Leaders Award (Prêmio Líderes do Brasil). In this second edition, the Award was granted to 69 leaders in 23 categories.
- Cosan has been recognized in the National Agribusiness Forum by the LIDE Agribusiness Award, in the Transportation and Logistics category. This award recognizes companies that create innovative solutions to promote Brazil's sustainable development.
- The São Paulo production units of Maracá (the first certificated in the world), Bom Retiro, Costa Pinto, Gasa, Univalem, and Bonfim, and the Jataí unit (located in Goiás state) have been certificated by Bonsucro for its good social and environmental practices in the sugar and energy sector.



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# The value of interaction





## With its **belief** in building a **positive agenda** for Brazil, Cosan increasingly seeks to **improve dialogue** with its **relationship** network.

As a result of diversification in its businesses, Cosan's operations have expanded to different segments of the infrastructure and energy industries. Likewise, the relations network the Company maintains with government agencies, and industry and civil associations has also grown. Its operations no longer restricted to the production of ethanol, bioenergy, and sugar (ie commodities), Cosan's agenda now includes themes strongly connected with logistics, natural gas distribution, and fuels and lubricants.

The Company's solid structure, proven by the results recorded in the past few years, make the defined business positioning even more important. The current scenario in Brazil, with the government making an effort to boost the logistics industry, makes the context in which Cosan operates even more complex.

Nevertheless, Cosan's position is clear. The Company believes it can contribute to building a positive agenda for the country. What creates value for Cosan will also create value for Brazil, and vice versa. It is on the basis of this vision that the Company has put

in place new strategies and has been improving its management approach. Cosan acts proactively, seeking to continuously improve its dialogue with the government, especially through industry bodies in which it participates, like the UNICA (Sugarcane Industries Union), and the SINDICOM (National Union of Fuels and Lubricants Distributors). Cosan's goal is to promote collective thinking and to find possible ways to build a solid position in the segments where the Company operates.

For Cosan, as for the country at large, opportunities also involve great challenges. Decisions and actions taken by the government, like Provisional Measure 595 (the Ports MP), the creation of the Brazilian Logistics and Planning Company (EPL), the increase in the mandated percentage of anhydrous ethanol in gasoline, and government on pre-salt reserves, can all directly affect the Company's activities. This is why active, transparent engagement is vital to securing good results for the Company's businesses, for the industries where the Company operates, and for Brazil.

### 27

government and society agencies are part of Cosan's permanent relationship network.



## Major government and society bodies that Cosan's business units are in contact with

- 
- |  |  |   |
|--|--|---|
| <ul style="list-style-type: none"> <li>• National Transportation Agency (ANTT)</li> <li>• National Waterway Transportation Agency (ANTAQ)</li> <li>• National Oil Agency (ANP)</li> <li>• São Paulo State Sanitation and Energy Regulatory Agency (ARSESP)</li> <li>• Brazilian Association of Gas Transmission Companies (ABEGÁS)</li> <li>• Brazilian Technical Standards Association (ABNT)</li> <li>• Environmental Protection Agency of the State of São Paulo (CETESB)</li> <li>• The Dock Company of the State of São Paulo (CODESP)</li> </ul> | <ul style="list-style-type: none"> <li>• Biodiversity and Natural Resources Directorate (CBRN)</li> <li>• Fire Department</li> <li>• Civil Defense</li> <li>• State Department for the Protection of Natural Resources (DEPRN)</li> <li>• Brazilian Planning and Logistics Company (EPL)</li> <li>• National Institute of Colonization and Agricultural Reform (Incra)</li> <li>• Ministry of Mines and Energy (MME)</li> <li>• Ministry of Transportation</li> <li>• Ministry of Labor and Employment (MTE)</li> <li>• Port of Santos's Labor Management Body (OGMO)</li> </ul> | <ul style="list-style-type: none"> <li>• Environmental Police</li> <li>• City governments, and state and city secretariats</li> <li>• Federal Revenue Service</li> <li>• São Paulo State Secretariat of Finance (SEFAZ)</li> <li>• Secretariat of the Environment of São Paulo state</li> <li>• Ports Secretariat (SEP)</li> <li>• Port Workers Union of the State of São Paulo (Sopesp)</li> <li>• National Union of Fuels and Lubricants Distributors (Sindicom)</li> <li>• Sugarcane Industries Union (Unica)</li> </ul> |
|--|--|---|
- 

### Constant dialogue

The operations of Rumo, Radar, Cosan LE, Comgás, and Raízen involve a complex network of relations and the participation of different players from the government and the society. These interactions are a key part of the Company's activities. All Cosan businesses' interactions are based on transparency and ethics, in line with its Code of Conduct.

Cosan's is in dialogue with supervisory bodies, like the Labor Prosecutor Office (MPT), and the Environmental Protection Agency of the State of São Paulo (Cetesp); funding agencies, such as the Brazilian Development Bank (BNDES), and regulatory agencies, like the National Oil Agency (ANP), the National Transportation Agency (ANTT), and the São Paulo State Sanitation and Energy Regulatory Agency (ARSESP); and municipal

bodies, like city administrations and secretariats. The Company also interacts with specific operations bodies, like The Dock Company of the State of São Paulo (Codesp), responsible for management of the Port of Santos, and the Port of Santos's Labor Management Body (OGMO), in addition to workers unions, such as the Port Workers Union of the State of São Paulo (SOPESP).

### Minimizing impacts

The nature of Cosan's activities generates impacts that interfere with the daily routines of surrounding communities and, in specific situations, of the society as a whole. Although it does not have a formal tool which it uses to maintain its businesses' relationship with the community, the Company is always open to dialogue and strives to align its businesses with a sustainable management model.

One of the most significant consequences of Cosan's operations is the truck traffic on Brazil's highways, and more specifically the highways near the Port of Santos, where Rumo has a terminal, and near Ilha do Governador in Rio de Janeiro state, where Cosan LE's lubricants plant is located. The large number of trucks interferes with the general traffic and can raise the levels of noise, the number of traffic incidents, traffic jams, and greenhouse gas emissions: problems that affect the population's health and safety. Rumo is now prioritizing railway transportation, and is currently allocating investment so that 80% of the cargo will be transported via railway by 2015.

Cosan LE also adopts measures to minimize other problems related to the high number of trucks involved in its operations. Work at its



plant is carried out in accordance with the night time noise reduction policy: trucks are only allowed to circulate between 6 a.m. and 10 p.m. The company also has a professional team in charge of ensuring traffic safety at and around its headquarters.

Risks to the environment, which are inherent to Cosan LE's operations, are also mapped and monitored 24/7. The Company operates an Operations Management Integrated System (SIGO), which manages matters related to health, safety and the environment. Cosan LE is also a member of the Guanabara Bay Emergency Plan (PEBG), an agreement between government agencies and companies that operate in the region to take action in case of accidental pollution caused by oil spills.

For Radar, the challenge is to manage land properties in the different states in Brazil. The company has recognized that it will need to more closely monitor its portfolio in the future, despite the fact that under a leasing model a lessee is responsible for the area they lease. Radar believes in a co-responsibility model. As part of this model, one of Radar's goals is to implement, in the 2012/2013 cycle, a schedule of structured visitations to its properties, with the special purpose of identifying potential problems related to the environment and to the surrounding communities.

### Developing surrounding communities

When granting Rumo a loan, the Brazilian Development Bank (BNDES) imposed on Rumo a requirement that it evaluate the social-cultural projects it main-

tains, and identify opportunities for improvement. Rumo identified the following opportunities for improvement: building equipped classrooms to train port labor in Santos (São Paulo); investment in an amphitheater and movie theaters in the city of Itirapina (São Paulo). In March 2013, with the participation of Companhia Docas do Estado de São Paulo (Codesp), the Santos City Administration, the Port of Santos's Labor Management Body (OGMO), and port workers, classrooms incorporating computer labs were built. These are already in use. The classrooms and labs accommodate 190 students.

Through the Rouanet Law, Rumo is restoring the Casarão de Valongo and building the Pelé Museum, both in Santos. During late 2011 and in 2012, all museography executive projects and restoration

Supported Projects		
	Project	Investments 2012/2013 (R\$)
Corporate Structure	Mindlin Library	260,000
	Together for Sustainable Development/Comunitas	250,000
	Public Management Modernization Program	750,000
Rumo	Santos Port Excellence Center (CENEP/Santos)	270,000
	Amphitheater / Movie Theater in Itirapina	981,500
	Pelé Museum	300,000
	Pequeno Príncipe Hospital	146,000
Cosan LE	Revitalization of the Iaiá Garcia Square (Ribeira)	272,089
	Sports and welfare project for children	370,485
Comgás	Comgás Social-Cultural Sponsorship Fund (Rouanet Law)	2,000,000

works and heritage and archaeological surveys of the group of buildings that comprise the site were carried out, at the Engenho Central de Piracicaba.

Cosan LE has also evaluated the needs of the communities that live around its plant. It has prioritized cultural and sports activities for young people in the region. It has carried out remodeling of the Iaiá Garcia Square (Ribeira) to create a pleasant space for the community to share. Cosan LE also developed a sports project at the 17th battalion of Ilha do Governador, to promote the health and welfare of children and young people in the community.

Comgás tries to integrate its operations with the communities where it operates, by carrying out economic, social, and cultural development projects. In a partnership with the São Paulo State Secretariat for the Environment, the company has actively participated in the development of the New Urban Park Project (Projeto Novo Parque Urbano). The idea is to create an extension of the current Villa Lobos Park, in the western zone of the city of São Paulo. In all, R\$32 million will be invested in this project, of which R\$6 million will be provided by Comgás. The company will be in charge of infrastructure works, like the con-

struction of bikeways and changing rooms. The Project is expected to be completed in 2013.

Comgás also created, in 2008, the Comgás Social-Cultural Sponsorship Fund (Fundo Comgás de Patrocínio Sociocultural), which has already sponsored 44 projects in 30 cities. In 2012, R\$2 million was invested in eleven projects: Education Through Music; Music and Citizenship – Allegro; Culture Spring (Manancial da Cultura); Happening Dance (Dança Acontecimento); Paraisópolis Philharmonic Orchestra; Social-Cultural Inclusion Program; Rivers and Streets Rites; The fifth meeting of the Young Theater Community; Cine Tela Brasil; Citizen Child (Criança Cidadã); and Theater Dialogue.

Through the Secretariat for Culture Development and Promotion (SEFIC), Cosan has also signed a Technical Cooperation Agreement with the Ministry of Culture, with the purpose of creating new methodologies to manage cultural projects sponsored by the Company and to align itself with the public procedures and guidelines regarding the Culture Support National Program (PRONAC). The areas included in this program are Performing Arts, Audiovisual, Music, Visual Arts, Cultural Heritage, and Humanities.

Cosan's Corporate Structure has, in addition, developed two projects that focus on sustainable development and on the improvement of public administration. Through Cosan's Together for Sustainable Development project ("Juntos pelo Desenvolvimento Sustentável/Comunidades"), Cosan companies contribute in the form of financial investments and expertise in corporate social investment in the municipalities of Campinas (São Paulo) and Nova Friburgo (Rio de Janeiro), mainly in the areas of management, education and health. Cosan's Management Modernization Program ("Programa de Modernização da Gestão"), aims to achieve improvements in management and significant gains in competitiveness and efficiency through sharing of knowledge and management techniques. The initiative is structured in accordance with the Competitive Brazil Movement ("Movimento Brasil Competitivo", MBC) and must be implemented in partnership with organizations and government departments.

Furthermore, via the Rouanet Law, Cosan's Corporate Structure has carried out investments to build the Mindlin Library, which houses a collection of rare books about Brazil and which has a fully equipped auditorium, a showroom and modern scanning laboratories.



5

# Competent teams







In its **People Management Cycle**, Cosan defines actions related to the **development** of its professionals. These actions are aligned to the Company's goals and **strategic** drivers.

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Cosan's team of professionals make up its most important intangible asset. People management at the Company is based on meritocracy: recognizing those who stand out, and whose performance is fully in line with the company's goals and strategic guidelines. To transform human resources directives into concrete results, Cosan has put in place a People Management Cycle, with actions that should be worked on in a given period. The cycle is divided into three stages: setting and communicating goals, evaluating performance, and preparing individual development plan (PDIs). This Cycle has so far been rolled out to senior management.

First, leaders meet their respective managers to set goals and projects for the period and the ways to meet them. Next, an analysis of the performance of each professional is carried out. This involves self-evaluation, individual evaluation by the immediate leader, calibration, and feedback. During

the calibration meeting, which is mediated by the human resources department, the leader compares the scores of all employees in his area so as to achieve a consensus as to what constitutes high performance. By the end of the meeting, together with the employee, the leader sets a PDI, which may include setting new challenges, requiring frequent feedback meetings, and participation in training sessions, congresses and new projects, among others.

At Cosan LE, the People Management Cycle already covers all employees. Cosan expects expand the People Management Cycle to all positions at all Cosan companies.

Cosan also produces a People Management Guide which provides clear information about the place of each leader in the development of their direct employees.

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**83%**

of Cosan's employees are between 30 and 50 years old.

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**100%**

of employees undergo performance evaluation at Cosan LE.

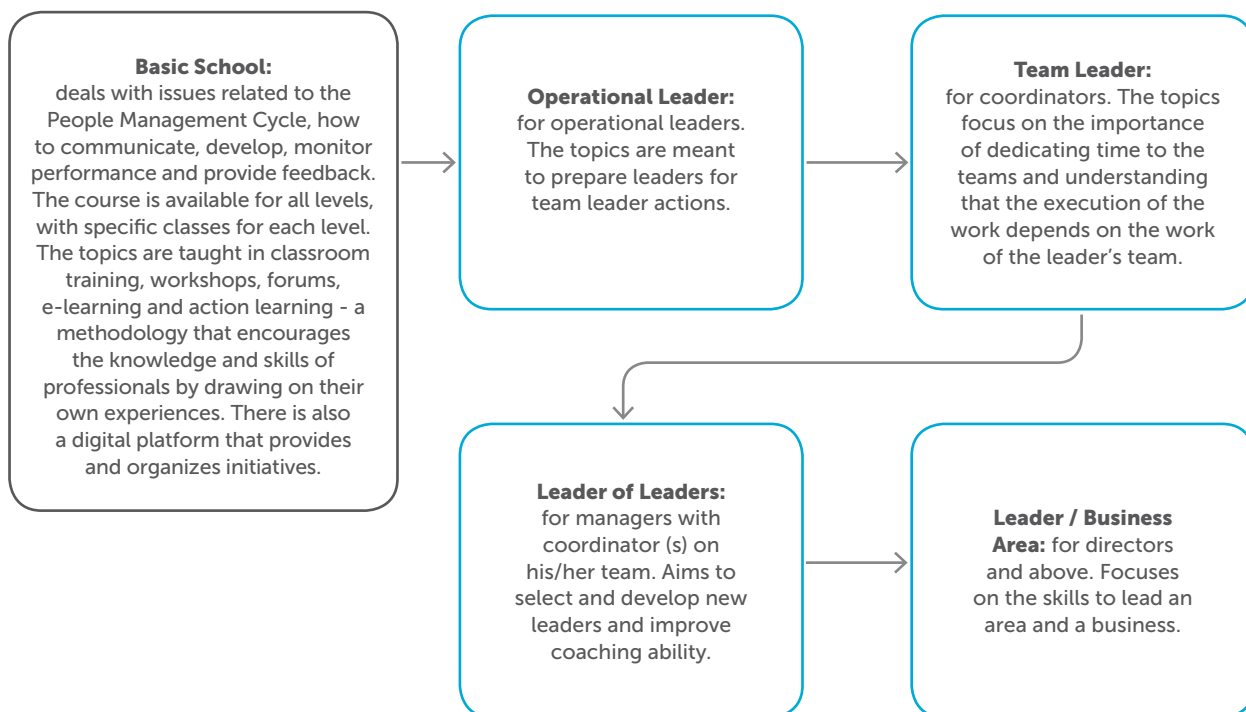
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**R\$964,000**

the amount invested by Raizen in skills management and continuous learning in 2012/2013.



## School of Leaders – Stages



### Leadership development

The goals of the Cosan's School of Leaders are disseminating Cosan's way of leading, clarifying the role of leadership and encouraging leaders to reach their full potential. The initiatives were designed based on the Leadership Pipeline conceptual model, from RamCharam. This model is designed to determine what the main challenges are for a leader, at every level of leadership.

The School of Leaders has four levels, in addition to the Basic School.

### A focus on health and safety

Cosan's Operations Management Integrated System (Sigo) manages the Company's health, safety and environment matters. A benchmark in the lubricant industry, Sigo

contributes to the maintenance of the ISO 14001:2004, the internationally recognized standard, and is currently implemented in every Cosan Company (with the exception of Radar and Comgás, which already have a strict Health, Safety and the Environment Management System (SSMA)).

Sigo is aligned to Cosan's Health, Safety and Environment Policy. It consists of 11 elements that guide expectations, guidelines and procedures of the Company and disseminates the culture of safety to all areas and segments. The system includes topics such as engagement of senior leadership, risk assessments, change management, staff training and continuous improvement.

## Variable compensation

Cosan's compensation strategy is one part of the Company's goal of attracting and retaining talents. To determine the variable compensation, Cosan takes into account the individual results of each employee, and the achievement of financial, operating, and sustainability targets of all business units.

A committee composed of Cosan's top leadership meets quarterly to evaluate SIGO indicators, review the results, and assess the measures for system improvement. The goals are defined by the same committee annually. Since 2010, Cosan also considers achievement of goals related to health, safety and the environment in the employees' variable compensation.

Rumo has created an Internal Commission for Accident Prevention (CIPA) at the units of Sumaré and Itirapina, and a Commission for Port Work Accident Prevention (CPATP) at the Port of Santos. These commissions represent all employees at monthly meetings, according to the NR05 and NR29 Standards that regulate port operations. Rumo also has an integrated management system based on

ISO 9001, ISO 14001, and OHSAS 18001 standards. All risks inherent to the business have been mapped, and control measures have been implemented to ensure safe and appropriate operation.

Cosan LE has become a health, safety, and environment benchmark in the Brazilian lubricants industry. In 2012/2013, the company completed the process for the re-certification of ISO 14001:2004 management systems (environmental processes) and OHSAS 18001:2007 (occupational health and safety). In 2013, Cosan LE reached 17 years without a lost-time incident (in respect of its own employees). When lost-time incidents happen, Cosan LE carries out an investigation of the causes—external factors, proceedings (use of individual protection



## 725

employees participated in the Flu Vaccination Campaign and in the Collective Effort for Dengue Fever Prevention in 2012/2013.

## 18,891 hours

were allocated by Raízen to training focused on disease prevention in 2012/2013. In total there were 10,327 participants in this training.



## 17 years without incidents

---

In April 2013, the Duque de Caxias Terminal (Teduc) reached 35 years without a lost-time incident. In August of the same year, Cosan LE's plant reached 17 years without a lost-time incident. These facts attest to the company's commitment to, and prove the effectiveness of the health and safety concepts incorporated in its operations.

equipment), and people (training). By the end of the investigation, the facts are communicated to the company, as well as the measures adopted to prevent the incident from happening again.

The company has specific health and safety programs, such as Sistema Alerta! (Alert! System), a tool that receives reports of unsafe working conditions identified by the workers themselves. The conditions reported are monitored, and may give rise to, for example, new training sessions. The company's Safe Behavior and Driving Program is used to ensure Cosan LE's service providers are qualified to safely transport cargo and passengers.

Cosan LE's health, safety and environmental practices are also extended to its distributors, which are core stakeholders in the lubricants business. Since 2010, these distributors have reported incidents to Cosan LE and have taken preventive actions on the basis of a behavior based system. This practice led to a 25% reduction in the number of work related accidents in 2012/2013, compared to the previous cycle (2011/2012). Cosan LE also has a Distributors Integrated HR Management program (GRID) which is used to support the operations of its partners. The program includes meetings and other engagement initiatives to address topics like positions and salaries, recruitment, integration, career plans, and leaders' qualifications.



## COMGÁS' Safety Philosophy

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All of Comgás' actions are based on its Safety Philosophy, which states that:

- Occupational incidents and diseases should be prevented;
  - The whole senior management, starting with the CEO, are committed to this philosophy;
  - Safety is the responsibility of each and every person;
  - Safety is part of every activity, and everyone has decision-making power with respect to safety;
  - It is important that everyone participates in detecting and correcting unsafe actions and conditions;
  - Observation, audits, and investigations are part of our effort to improve safety;
  - We should learn from past experiences and also from others' experiences;
  - Open communication is fundamental for our safety;
  - Training is key to safety success;
  - Our future is based on safety.
- 

### Comgás's good practices

Part of what sets Comgás apart is how much the company values the safety of its operations. As Applying a Zero Injury (Zero Lesão) policy, Comgás strives to engage employees, suppliers, service providers, and other stakeholders in the permanent challenge of ensuring the health and integrity of the company's people, assets, and the environment. The attention Comgás pays to safety materializes in Comgás's Integrated Management System, which includes guidelines from the company's Health, Safety, Environment, Quality, Asset Integrity, Property Security, and Loss Prevention Policies.

To ensure continuous improvement, Comgás invests in communication programs and training for employees and service providers, and publishes the relevant guidelines on its Documents Management System and on the internet. This structured process allows the company to minimize the occurrence of occupational incidents, accidents, and diseases. Whenever a failure is detected, the company responds quickly and consistently, taking on the applicable responsibilities, and working to resolve the problem as soon as possible.

The background image shows a large port facility under a clear blue sky. Several large gantry cranes are visible, extending over a dark-colored ship. In the foreground, two workers wearing white hard hats and high-visibility vests (one orange, one blue) are standing on a dark, textured surface, looking towards the ship. The overall scene is industrial and bright.

## Challenges and opportunities at the port of Santos

As a player in the logistics infrastructure industry, an industry which has historically lacked investment, Rumo faces challenges and opportunities every day. At the Port of Santos (SP), where an important part of the operations and most of the company's employees are located, people management receives constant attention.

Rumo applies safety, environment and quality practices and standards, confirmed by the OSHAS 18000, ISO 14000, and ISO 9000 certifications. However, the company's operations continue to face labor obstacles. For example, the labor law guidelines and the port legislation often conflict. Rumo seeks to align these two items. When it comes to health and safety, even when the appropriate work conditions are ensured, the nature of the activities carried out by longshoreman, whose main job is to load and unload ships, inevitably represents a risk to the workers' health.

As government and the private sector turn their attention to the logistics infrastructure industry, with the purpose of modernizing operations and boosting economic gains, the need to qualify port labor, especially in terms of technical education, continues to be a pressing one.

To this end, in 2012 Rumo partnered with Instituição Cenep Santos to develop a specific training program for the sugar verification area. Participants in this program were appointed by the Port of Santos's Labor Management Body (OGMO), the entity that represents port workers. The course lasted three months and, at the end, the company hired two participants. In 2012, Rumo, in partnership with the consulting firm LABSSJ, drafted a development program for all employees in leading functions (operational and administrative). This training included ten modules of different subjects, which aimed to enhance the role of leaders in the company.

# About this report

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Cosan's Annual and Sustainability Report reflects the economic and social and environmental performance of the Company and its subsidiaries (Rumo, Cosan LE, Radar, Comgás, and Raízen) in fiscal years 2012 and 2013. This is the third consecutive time that Cosan has adopted GRI guidelines, version 3.1 – the previous publication brought the Company's performance in fiscal year 2011. As a result of its use of the external assurance of an independent auditing firm and GRI verification, carried out by PricewaterhouseCoopers (PwC), the company has achieved a B+ application level. It is important to note that the report refers to all operations of Cosan, and occasional differences in the scope covered in respect of each operation, are mentioned in the text.

Our report is divided into two publications, the first sets out, in a clear and objective manner, Cosan's business strategy and current position. It also includes the highlights for the period, for example the acquisition of 60.1% of natural gas distributor Comgás, and the answers to GRI's profile and governance questions.

The report was structured based on the topics identified in the materiality process carried out by the Company between 2012 and 2013, which covered Rumo, Cosan LE, Radar, and Comgás. Raízen, a joint venture of Cosan and Shell has its own sustainability management model, and did not participate in the Company's materiality study. The key topics related to "high business standards," which was identified as the prior-

ity theme in 2013, are included in this document.

The second publication, the "GRI book," addresses the other themes that are important for Cosan. This report contains the Company's and its subsidiaries' indicators. During the materiality process each company reported the indicators identified as specifically pertinent to their business. The GRI book is available at [www.cosan.com.br/sustentabilidade](http://www.cosan.com.br/sustentabilidade). The website also contains the report's strategic content.

Questions, comments, and suggestions about Cosan's *Annual and Sustainability Report* should be sent to [falecosan@cosan.com.br](mailto:falecosan@cosan.com.br).





## Statement GRI Application Level Check

GRI hereby states that **Cosan S.A.** has presented its report "Sustainability Report 2012 / 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 28 August 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a large, faint, stylized circular graphic that serves as a background for the lower half of the page.

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The "+" has been added to this Application Level because Cosan S.A. has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.*  
[www.globalreporting.org](http://www.globalreporting.org)

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 18 August 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

## Independent auditor's limited assurance report on the social and environmental information included in the Sustainability Report for 2012-2013

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To the Board of Directors  
Cosan S.A. Indústria e Comércio  
São Paulo- SP

### Introduction

We have been engaged by Cosan S.A. Indústria e Comércio ("Cosan") to present our limited assurance report on the compilation of the social and environmental information included in the Sustainability Report for 2012-2013 of Cosan S.A. Indústria e Comércio for the period from 1 April 2011 to 31 March 2013.

### Management's responsibility for the Sustainability Report for 2012-2013

The management of Cosan S.A. Indústria e Comércio is responsible for the preparation and fair presentation of the social and environmental information included in the Sustainability Report for 2012-2013, in accordance with the criteria and guidelines of the Global Reporting Initiative (GRI-G3.1) and for such internal control as it determines is necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

### Independent auditor's responsibility

Our responsibility is to express a conclusion on the social and environmental information included in the Sustainability Report for 2012-2013, based on our limited assurance engagement carried out in accordance with the Technical Communication CTO 01, "Issuance of an Assurance Report related to Sustainability and Social Responsibility", approved by the Federal Accounting Council (CFC), based on the Brazilian standard NBC TO 3000, "Assurance Engagements Other than Audit and Review", also issued by the CFC, which is equivalent to the international standard ISAE 3000, "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we comply with ethical requirements, including independence requirements, and perform our engagement to obtain limited assurance that the social and environmental information included in the Sustainability Report for 2012-2013, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the

Brazilian standard NBC TO 3000 and ISAE 3000 mainly consists of making inquiries of management and other professionals of the entity involved in the preparation of the information, as well as applying analytical procedures to obtain evidence that allows us to issue a limited assurance conclusion on the information taken as a whole. A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead him to believe that the social and environmental information taken as a whole might present significant misstatements.

The procedures selected are based on our understanding of the aspects related to the compilation and presentation of the social and environmental information included in the Sustainability Report for 2012-2013, other circumstances of the engagement and our analysis of the areas in which significant misstatements might exist. The following procedures were adopted:

(a) planning the work, taking into consideration the materiality and the volume of quantitative and qualitative information and the operating and internal control systems

that were used to prepare the information included in the Sustainability Report for 2012-2013 of Cosan;

(b) understanding the calculation methodology and the procedures adopted for the compilation of indicators through interviews with the managers in charge of the preparation of the information;

(c) applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the social and environmental information included in the Sustainability Report for 2012-2013; and

(d) comparing the financial indicators with the financial statements and/or accounting records.

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

#### Scope and limitations

The procedures applied in a limited assurance engagement are substantially less detailed than those applied in a reasonable assurance engagement, the objective of

which is the issuance of a conclusion on the social and environmental information included in the Sustainability Report for 2012-2013. Consequently, we were unable to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement, the objective of which is the issuance of an opinion. If we had performed an engagement with the objective of issuing an opinion, we might have identified other matters and possible misstatements in the social and environmental information included in the Sustainability Report for 2012-2013. Therefore, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate and estimate these data. Qualitative interpretations of the materiality, relevance, and accuracy of the data are subject to individual assumptions and judgments. Furthermore, we did not consider in our engagement the data reported for prior years, nor future projections and goals.

#### Conclusion

Based on the procedures performed, described herein, no matter has come to our attention that causes us to believe that the social and environmental information included in the Sustainability Report for 2012-2013 of Cosan S.A. Indústria e Comércio has not been compiled, in all material respects, in accordance with the criteria and guidelines of the Global Reporting Initiative (GRI-G3.1).

São Paulo, September 4, 2013

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Valdir Augusto de Assunção  
Contador CRC 1SP 135319/O-9

Edmilson Monutti  
Contador CRC 1SP 258388/O-0



# Credits

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Report Sustentabilidade

## Photos

Cosan collection

## Printing and finishing

Stilgraf

## Paper type

Cover: Duodesign, 300 g/m<sup>2</sup>

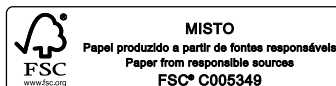
Inside: Couché Fosco Matte, 170 g/m<sup>2</sup>

## Font

Museo Sans, Jos Buivenga, 2008

We thank all those who provided information and pictures, answered questions and were willing to participate in interviews and conversations. Thanks to all of you, who contributed to an agile and effective process, it was possible to develop the 2012/2013 sustainability report.

Seeking to minimize the environmental impact of this publication, all inks used in printing are made from vegetable oils, and the lamination of the cover is biodegradable.



SUSTAINABILITY  
REPORT  
2012/2013  
—  
GRI BOOK



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## Presentation

This Annual Report and Sustainability Document produced by Cosan presents the Global Reporting Initiative (GRI) indicators related to relevant issues within the Company and its respective businesses, as identified in the materiality process initiated in 2012. Throughout the publication, the indicators published provide consolidated information about Cosan, covering the Corporate Structure and the companies Rumo, Radar, and Cosan Lubrificantes e Especialidades (Cosan LE). Eventual variations from the scope, such as data covering the Company's other businesses - Raízen and Comgás -, are discriminated in the indicator itself, using footnotes. According to version 3.1 of the GRI, the report complies with application level B+. The GRI Book includes data and information from the fiscal year 2013, which covers the period from April 01, 2012 to March 31, 2013, and in some instances, the previous fiscal year.

## GRI Items

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### Strategy and Analysis

#### 1.1 Message from the CEO

The Message from the CEO is available in pages 4 and 5 of the Sustainability Report.

#### 1.2 Description of key impacts, risks, and opportunities.

Find out about Cosan's positioning in the 'Always in movement' chapter in the Sustainability Report. The specific detail is to be found in pages 4, 5, 22, 23, 64, 65, 66, 67 and 68.

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### Organizational Profile

#### 2.1 Name of the organization

Cosan S.A. Indústria e Comércio (CSAN3).

#### 2.2 Primary brands, products, and/or services

Cosan's primary brands, products and services are set out in the chapter 'Evolving with Focus', contained in pages 10, 11, 12 and 13 of the Sustainability Report.

#### 2.3 Operational structure of the organization

Cosan's operational structure is explained in the chapter 'Evolving with Focus', in pages 10, 11, 12 and 13 of the Sustainability Report.

#### 2.4 Location of organization's headquarters

Cosan's head office is located in São Paulo (SP).

#### 2.5 Number of countries where the organization

operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report

All of the countries in which Cosan has operations are listed in the chapter 'Evolving with Focus', in pages 10, 11, 12 and 13 of the Sustainability Report.

#### 2.6 Nature of ownership and legal form

Cosan is a publicly held joint stock company.

#### 2.7 Markets served

All of the markets Cosan serves are listed in the chapter 'Evolving with Focus', in pages 8, 10, 11, 12 and 13 of the Sustainability Report.

#### 2.8 Scale of the reporting organization

Information relating to the scale of Cosan can be found in the chapter 'Evolving with Focus', in pages 8, 10, 11, 12 and 13 of the Sustainability Report, and in page 15 of the GRI Book, indicator LA1.

#### 2.9 Significant changes during the reporting period

The main changes that occurred during the period are listed in Main Occurrences in the Period, in page 14 of Sustainability Report, in the 'Evolving with Focus chapter', and in Strengthening Operational Versatility in the 'Always In Movement' chapter, in page 18.

#### 2.10 Awards received

The awards and recognition received by Cosan are set out in the chapter 'Agile decision making, in page 69 of the Sustainability Report.

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### Report parameters

#### 3.1 Reporting period

FY12 and FY13

#### 3.2 Date of most recent previous report (if any)

FY11

#### 3.3 Reporting cycle

Annual

#### 3.4 Contact point for questions regarding the report or its contents at:

falecosan@cosan.com.br

#### 3.5 Process for defining report content

The process for defining the content is available in the Sustainability Report, in the chapter 'Always in movement', pages 21, 22, 23, 31, 38, 44, 50 and 56, and in About this report, page 84.

### 3.6 Scope of the report

The boundary is available in the chapter 'About this report', in page 84 of the Sustainability Report.

### 3.7 State any specific limitations on the scope of the report

This information is available in the chapter 'About this report' in page 84 of the Sustainability Report.

### 3.8 Basis for reporting

This information is available in the chapter 'About this report', in page 84 of the Sustainability Report.

### 3.9 Data measurement techniques and the bases of calculations

This information is available in the chapter 'About this report', in page 84 of the Sustainability Report.

### 3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement

This information is available in the chapter 'About this report', in page 84 of the Sustainability Report.

### 3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report

This information is available in the chapter 'About this report', in page 84 of the Sustainability Report.

### 3.12 Table identifying the location of the standard disclosures in the report

The Content Index is available in the GRI Book, in page 38.

### 3.13 Policy and current practice with regard to seeking external assurance for the report

This information is available in the chapter 'About this report' in page 84 of the Sustainability Report.

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## Governance, commitments and engagement

### 4.1 Governance structure of the organization, including committees under the highest governance body

To find out about Cosan's governance structure, refer to the section 'Agile decision making', in pages 60 and 61 of the Sustainability Report, and, in the GRI Book, page 28, indicator LA13.

### 4.2 Indicate whether the Chair of the highest governance body is also an executive officer

The chairman of Cosan's board is not an executive officer. The company has a Chief Executive Officer.

### 4.3 Number of members of the highest governance body that are independent and/or non-executive members

This information is available in the chapter 'Agile decision making', in pages 60 and 62 of the Sustainability Report.

### 4.4 Mechanisms for shareholders and employees to provide recommendations

The information is available in 'Austere Positioning', in the chapter 'Agile decision making', in pages 62, 63 and 64 of the Sustainability Report.

### 4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance (including social and environmental performance)

This information is available in 'Evaluation of the senior management', in the chapter 'Agile decision making', in page 60 of the Sustainability Report.

### 4.6 Processes to avoid conflicts of interest

This information is available in 'Austere Positioning', in the chapter 'Agile decision making', in pages 62, 63 and 64 of the Sustainability Report.

### 4.7 Qualifications and skills required of the members of the senior management

The alignment of the board members' competencies and professional experience with their qualifications and knowledge relating to social and environmental aspects and Cosan's group strategy is considered. There are no other formal mechanisms for evaluation.

### 4.8 Internally developed statements of mission or values, codes of conduct, and principles

Cosan's business drivers are set out in the chapter 'Evolving with focus', in page 9 of the Sustainability Report. Information about the Code of Conduct can be found in 'Austere Positioning', in the chapter 'Agile decision making' in pages 62, 63 and 64 of the Sustainability Report.

### 4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles.

This information is available in the sections 'Austere Positioning' and 'Risk Management', in the chapter 'Agile decision making', in pages 61, 62, 63, 64, 66, 67 and 68 of the Sustainability Report.

### 4.10 Processes for evaluating the highest governance body's own performance

This information is available in section 'Senior management evaluation', in the chapter 'Agile decision making', in page 60 of the Sustainability Report.

**4.11** Explanation of whether and how the precautionary approach or principle is addressed by the organization  
Cosan applies the precaution principle following the same policies and guidelines established for risk management.

**4.12** Externally developed economic, environmental and social charters, principles, or other initiatives  
This information is available in the chapter 'Value of Interaction', in pages 72 and 73 of the Sustainability Report.

**4.13** Significant participation in defense associations or organizations  
This information is available in the chapter 'Value of interaction' in pages 72 and 73 of the Sustainability Report.

**4.14** List of stakeholder groups engaged by the organization  
This information is available in the chapter 'Always in Movement', in pages 21, 22, 23, 31, 38, 44, 50 and 56 of the Sustainability Report.

**4.15** Basis for identification and selection of stakeholders with whom to engage  
This information is available in the chapter 'Always in Movement', in pages 21, 22, 23, 31, 38, 44, 50 and 56 of the Sustainability Report.

**4.16** Approaches to stakeholder engagement  
This information is available in the chapter 'Always in Movement', in pages 21, 22, 23, 31, 38, 44, 50 and 56 of the Sustainability Report.

**4.17** Key topics and concerns raised through stakeholder engagement  
This information is available in the chapter 'Always in Movement', in pages 21, 22, 23, 31, 38, 44, 50 and 56 of the Sustainability Report.

## Economic performance

### Economic performance

#### Management method

For details about Cosan's management method, refer to the following chapters of the Sustainability Report: 'Always in Movement', pages 18, 19, 20 and 21, 'Economic Performance', pages 24 and 25, and 'Value of Interaction', pages 72 and 73.

**EC1** Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

Value-Added Statement (in thousands of reais)	FY12 <sup>1</sup>	FY13 <sup>1</sup>
Shareholders (interest on equity)	0	401,578
Employees (salaries, benefits and charges)	846,278	1,166,120
Government (taxes, fees and contributions)	2,214,296	1,902,549
Retained earnings/Loss for the year	2,541,586	97,729
Interest and leases (interest on third-party capital)	1,676,161	1,761,504
Community investments	0	0

<sup>1</sup> FY: fiscal year. Regarding Cosan, it covers the period from April 1, 2012 to March 31, 2013.

Value-Added Statement - Summarized (in thousands of reais) <sup>1</sup>	FY12	FY13
1 - Revenues	28,124,317	32,451,348
2 - Inputs acquired from third parties	-20,748,251	-26,363,783
3 - Gross value added (1-2)	7,376,066	6,087,565
4 - Retention	-1,141,064	-1,544,087
5 - Net value added generated by the organization (3-4)	6,235,002	4,543,478
6 - Value added received in transfer	1,082,275	1,016,092
7 - Total value added to be distributed (5+6)	7,317,277	5,559,570

<sup>1</sup> Differently from other companies that report figures for FY13, the period considered for Comgás was from November 2012 to March 2013.

» Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies).



## EC2 Financial implications, risks and opportunities for the organization resulting from climate change

Because of the potentially high impact it could have on Rumo's business, climate change has come onto the agenda for discussion by members of Rumo's senior management team. In response to this issue, Rumo has established an investment plan that includes the annual transportation of more than 11 million tonnes of sugar and grain by railway, with more than R\$ 1.4 billion is being allocated to the project. When the objective is reached, around 30 thousand trucks will no longer circulate on roads in the State of São Paulo every month, reducing pollutant gas emissions by up to one third.

As Rumo makes the change from highway to railway transportation, Rumo customers seeking to reduce their carbon emissions have started to request the transport of products via the rail network. Therefore, it has already been possible to identify a reduction – not yet measured by the company – in greenhouse gas emissions per tonne of product transported. The financial implications of this change have not been measured quantitatively.

The risks resulting from climate change studied by Cosan LE relate to the effects of hurricanes on the US coast – given that part of the company's raw materials are currently imported from the USA. To reduce risks and avoid eventual delivery delays, the company has developed a contingency plan, with the involvement of the directors, in order to identify other means of obtaining this raw material, whether in other regions or by increasing the quota with Petrobras. Furthermore, research on sourcing base oil from sugarcane bagasse is being undertaken, as a way of guaranteeing alternative sources of raw materials.

Cosan LE is looking at opportunities related to climate change, such as the launch of Ecopower, a product that provides a reduction in fuel consumption, and investment initiatives in renewable technology with lower carbon emissions, such as the development of synthetic and renewable base oil from sugarcane by Novvi (its joint venture with Amyris).

In the case of Raízen, the nature of the activities and challenges currently faced by the energy market make climate change a strategic issue for the company. It is possible to generate electricity from sugarcane bagasse to power the company's production units and supply the electricity distribution system. On the other end of the chain we have the distribution of fuels to consumers in the whole of Brazil as well as other countries. In each of these areas, climate change is a source of study and investment. To minimize risks and identify opportunities, Raízen has developed an emissions report using the GHG Protocol methodology.

» To find out about Comgás' initiatives, access [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)

» Indicator relates only to Rumo, Cosan LE and Raízen.

## EC3 Pension plan offered by the company

All Cosan employees (at Rumo, Cosan LE and Radar) can voluntarily join the defined contribution pension plan provided by the Company. Cosan contributes 100% of the amount supplied by the employee. In the period from April 2013 to March 2014 the sponsor will collaborate every month with 4.03% of the payroll, with 1.37% corresponding to the normal cost, 0.07% allocated for coverage of Mathematical Provisions to Constitute – Past Service, 0.68% for coverage of Mathematical Provisions to Constitute – Deficit, and 1.91% to pay administrative expenses.

On December 31, 2012, the pension plan covered 448 participants – 402 active participants and 46 awaiting scheduled benefits (retirement) or unscheduled benefits (due to disability or death). The reserves for covering the plan were calculated at R\$ 10,546,346.75.

Cosan also has a Private Pension Plan for retirees and non-contributors, which was made available at the time of ExxonMobil's lubricant operations and is no longer offered to new employees.

Raízen operates a defined contribution pension plan. Implemented in 2011 for all employees, it functions as a savings account in which the participant builds a fund, taking into account their needs and financial capabilities. Raízen contributes 100% of the amount invested by the employee. From 55 years of age, after having participated in the plan for five years, the employee is eligible to receive retirement benefits. In the event of dismissal, employees can also gain access to the accumulated resources.

Sum of age and time in service <sup>1</sup>	Applicable percentage chosen by the participant (%)
Up to 45 points	0 a 5
From 45 to 60 points	0 a 7
From 61 to 75 points	0 a 9
76 points or more	0 a 11

<sup>1</sup> There is no difference per salary band, although employees receiving less than 10 RU (Reference Units) do not contribute.

The percentages vary in accordance with the employee's age and time in service.

There is no difference in participation between companies and no restrictions on joining the plan.

» See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)

» Indicator includes responses from Raízen and consolidated responses from the Cosan's Corporate Structure (includes all companies, except Raízen and Comgás).

#### EC4 Significant financial assistance received from the government

Financial assistance received (R\$)		Tax incentives/credits				Research and development grants
		(IRPJ) Rouanet Law and Others:	(IRPJ) Technological Innovation	ICMS	BNDES financing (total amount raised) <sup>1</sup>	Funding Authority for Studies and Projects (FINEP)
Cosan <sup>3</sup>	FY12	1,021,000.00				
	FY13	1,023,000.00			148,000,000.00	89,000,000.00
Raízen	FY12	1,840,000.00	114,000.00	367,000.00	265,534,000.00	
	FY13	5,955,000.00	4,149,000.00	118,995,392.55	191,909,000.00	
Comgás	FY12					
	FY13	8,448,000.00		1,169,000.00	300,000,000.00	

<sup>1</sup> Funds from the BNDES were used for investment in infrastructure and transportation related to Rumo and Comgás. The forecast is for R\$ 230 million to be allocated to Rumo and R\$ 320 million to Comgás.

<sup>2</sup> Funding from FINEP for the Biomass project.

<sup>3</sup> Includes Rumo, Cosan LE and Radar.

» Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies).

## Market Presence

### Management methods

For details about the management method in relation to market presence, refer to the following chapters of the Sustainability Report: 'Developing the surrounding communities', page 74, and 'Challenges and opportunities at the port of Santos', page 83. Refer also to indicator EC7, in page 5 of this *GRI Book*.

#### EC7 Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.

Cosan LE prioritizes hiring employees living in regions where company units are located, or in nearby cities. Currently, 62% of senior management members (coordinators, managers and directors) reside near Cosan LE's facilities - Barra da Tijuca and Ilha do Governador/RJ.

At Rumo, there are no specific policies to guarantee hiring local labor. Even so, in São Paulo and Jaú, 100% of the staff belong to local communities. The percentages in other locations are: in Santos, 46%, Sumaré, 57% and Itirapina, 65%. In relation to the senior management, representation is lower - only 13.04% are composed of those living in the region.

- » To find out about Comgás' practices in hiring local labor, access [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)
- » Indicator relates to Rumo and Cosan LE.

## Indirect economic impacts

### Management method

For information about the management method related to indirect economic impacts, refer to the following sections of the Sustainability Report: 'Minimizing impacts' and 'Developing the surrounding communities', in pages 73, 74 and 75.

**EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement**  
Encouraged by the Brazilian Development Bank (BNDES), Rumo has carried out a process to evaluate the socio-cultural projects that it has undertaken. As a result it has identified opportunities for improvement such as: construction of equipped classrooms to train port workers in Santos (SP), and investment in amphitheaters and cinemas for the city of Itirapina (SP). In March 2013, with the participation of the State of São Paulo Docks Company (CODESP), the City Government of Santos, the Port of Santos's Labor Management Body (OGMO) and port workers, classrooms incorporating IT laboratories and able to cater to 190 students were built. These are already in use.

Through the Rouanet Law, Rumo is restoring the Casa-rão de Valongo and building the Pelé Museum, both in Santos. During late 2011 and in 2012, all museography executive projects and restoration works and heritage and archaeological surveys of the group of buildings that comprise the site were carried out, at the Engenho Central de Piracicaba.

Cosan LE has also evaluated the needs of the communities living around the factory at Ilha do Governador in Rio de Janeiro, and has prioritized strengthening cultural and sports activities for young people in the region. A sports project was developed at the 17th battalion of the Ilha do Governador, in order to promote the health and wellbeing of children in the community. At Praça Iaíá Garcia (Ribeira) development was carried out that transformed the location into a nice space for the community to interact in.

Comgás seeks integration with the communities in which it operates, through economic, social, and cultural development projects. In a partnership with the São Paulo State Secretariat of the Environment, the company has actively participated in the development of the New Urban Park Project (Projeto Novo Parque Urbano). The idea is to create an extension of the current Villa Lobos Park, in the western zone of the city of São Paulo. In all, R\$32 million will be invested in this project, R\$6 million by Comgás. The company will be in charge of infrastructure work, such as the construction of bikeways and changing rooms. The Project is expected to be completed in 2013.

In 2008 Comgás also created the Comgás Social-Cultural Sponsorship Fund, which has already sponsored 44 projects in 30 cities. In 2012, R\$2 million was invested in eleven projects: Education Through Music; Music and Citizenship – Allegro; Culture Spring (Manancial da Cultura); Happening Dance (Dança Acontecimento); Paraisópolis Philharmonic Orchestra; Social-Cultural Inclusion Program; Rivers and Streets Rites; 5th Young Theater Community Meeting; Cine Tela Brasil; Citizen Child (Criança Cidadã); and Theater Dialog.

Through the Secretariat for Culture Development and Promotion (SEFIC), the company has also signed a Technical Cooperation Agreement with the Ministry of Culture, with the purpose of creating new methods to manage cultural projects sponsored by the Company and to align public proceedings and guidelines regarding the National Culture Support Program (PRONAC). The areas included in this program are Performing Arts, Audiovisual, Music, Visual Arts, Cultural Heritage, and Humanities.

Through the Raízen Foundation, the Raízen carries out projects that enable cultural, social, educational and professional development in the communities in which it operates, as well as at locations where no fixed centers are established.

Comgás develops vocational training activities that are designed to overcome one of its main social challenges:

the requalification of sugarcane cutters. By 2017, manual harvesting will be eliminated. In the FY12, 128 workers received activities related to qualifying as automotive maintenance assistants, welders, electricians and operators of mechanical harvesting. In the FY13, 117 workers were requalified.

Cosan's Corporate Structure has, in addition, developed two projects that focus on sustainable development and on the improvement of public administration. Through Cosan's Together for Sustainable Development project ("Juntos pelo Desenvolvimento Sustentável/Comunitas"), Cosan companies contribute in the form of financial investments and expertise in corporate social investment in the municipalities of Campinas (Sao Paulo) and Nova Friburgo (Rio de Janeiro), mainly in the areas of management, education and health. Cosan's Management Modernization Program ("Programa de Modernização da Gestão"), aims to achieve improvements in management and significant gains in competitiveness and efficiency through sharing of knowledge and management techniques. The initiative is structure in accordance with the Competitive Brazil Movement ("Movimento Brasil Competitivo", MBC) and must be implemented in partnership with organizations and government departments.

Furthermore, via the Rouanet Law, Cosan's Corporate Structure has carried out investments to build the Mindlin Library, which houses a collection of rare books about Brazil and which has a fully equipped auditorium, a showroom and modern scanning laboratories.

	Project	Investment 2012/2013 (R\$)
Corporate Structure	Mindlin Library	260,000
	Together for Sustainable Development	250,000
	Public Management Modernization Program	750,000
Rumo	Santos Port Excellence Center (CENEP/Santos)	270,000
	Amphitheater / Movie Theater in Itirapina	981,500
	Pelé Museum	300,000
	Pequeno Príncipe Hospital	146,000
Cosan LE	Revitalization of the Iaíá Garcia Square (Ribeira)	272,089
	Sports and welfare project for children	370,485
Comgás	Comgás Social-Cultural Sponsorship Fund (Rouanet Law)	2,000,000

» The indicator relates to Rumo, Cosan LE, Cosan Corporate Structure, Comgás and Raízen.



# Environmental Performance

## Materials

### Management method

Refer to indicators EN1 and EN2, in page 7 of this *GRI Book*.

**EN1** Materials used, by weight or volume, considering: raw materials, processing byproducts, goods, semi-finished pieces, packaging

**EN2** Percentage of materials used that are sourced from recycling

Consumption of materials from renewable sources		FY12 (t)			FY13 (t)		
		Consumption of materials (tonnes)	Materials sourced from recycling	Percentage of materials sourced from recycling (%)	Consumption of materials (t)	Materials sourced from recycling	% of material sourced from recycling (%)
Cosan LE	Paper	12.79	0.34	2.6	14.24	0.35	2.5
Rumo <sup>1</sup>	Agricultural films	3.60			4.80		
	White paper	4.50			63.50		

Consumption of materials from non-renewable sources		FY12 (t)			FY13 (t)		
		Consumption of materials (tonnes)	Materials sourced from recycling	Percentage of materials sourced from recycling (%)	Consumption of materials (t)	Materials sourced from recycling	Percentage of materials sourced from recycling (%)
Cosan LE <sup>2</sup>	Plastic (packaging)	4,731.88			5,006.00		
	Steel (barrels)	3,260.07			3,652.75		
	Raw materials and supplies (base oil, re-refined oil and additives)	153,561.41	2,617.10	1.7	169,852.84	4,027.14	2.4
	"Maintenance" grease	1.10			1.30		
Rumo	"Maintenance" lubricant	13.20			16.30		
	"Maintenance" degreaser	0.20			0.00		
	"Operation" mineral oil	1.50			2.80		

<sup>1</sup> Due to its operations in the logistics segment, Rumo has a low consumption of materials in comparison with the other businesses. It basically uses packaging and materials as support for the operation and maintenance of the machinery at the logistics terminals. The discrepancy between the FY12 and FY13 are mainly due to the merger of the companies Teaçú and Cosan, incorporated on 11/01/2011.

<sup>2</sup> The main raw material of Cosan LE is oil, a material from a nonrenewable source. However, part of the oil used in the process is derived from re-refining. For 2014, Cosan LE estimates a 10% increase in its consumption of materials.

Cosan LE has carried out a study on the use of recycled plastic packaging in its operations. However, such packaging still does not offer the desired quality, therefore this process has not yet been adopted. One liter bottles are packaged and distributed in recycled cardboard boxes.

» The indicators relate to Rumo and Cosan LE.

## Energy

### Management method

Refer to indicators EN3, EN4, EN5, EN16, EN17 and EN18, in pages 8, 10 and 11 of this *GRI Book*.

### EN3 Direct consumption of energy discriminated by primary energy source

### EN4 Indirect energy consumption discriminated by primary energy source

### EN5 Energy saved owing to improvements in conservation and efficiency

Cosan LE consumes natural gas, a cleaner fuel than diesel, sourced from a nonrenewable source. It uses this gas to generate the steam that heats its boilers. At the expense of an increase in production, the direct energy consumption in the FY13 was higher than in the previous year (FY12). Cosan LE is seeking to reduce the consumption of natural gas by 5% per barrel of oil produced in the next period (2013/2014).

At the end of 2011, Cosan LE acquired a more energy efficient machine which replaced the old equipment. It has not yet been possible to measure the reduction in energy consumption, however the intervals between machine shutdowns have been extended, mainly at peak times, when energy is more expensive.

Rumo reduced energy consumption between the FY12 and FY13. However, as this indicator is not yet being measured, it has established the target of developing mechanisms to control the variations in consumption. Furthermore, the company will replace 54 low output motors with highly efficient ones, which will ensure a reduction in consumption of 5% in relation to the previous period and will eliminate the risk of possible explosions. R\$ 800,000 has been invested for the purchase of motors, which will arrive at the Port of Santos and will be installed in line with the availability of the equipment. Subsequently, replacements will be made at other Rumo terminals.

Both Cosan LE and Rumo receive power through the electrical grid. Owing to its more complex production process, Cosan LE has a higher consumption than Rumo, which renders logistics services. Neither company consumes primary energy in order to produce indirect energy.

Raízen has undertaken initiatives at the Fortaleza International Airport (AFOR) aimed at reducing energy consumption. With the implementation of a locking system, the company has prevented two pumps from being activated simultaneously – only one is needed to feed

the current demand. Furthermore, it has started managing hot works and soldering, to avoid discharges and unnecessary supplies.

One year after the implementation of these actions, in April 2013 the company recorded a reduction of 8,124 kw/hour in energy consumption (49% less than in the same month in the previous year). This represented a saving of R\$3,981.25 in April (64% less than the cost of energy paid in the same period in 2012). In 2012/2013 sodium-vapor lamps also began to be replaced with LED lamps. This action aims to guarantee a 5% reduction in electricity consumption.

Comgás uses natural gas in co-generation and refrigeration activities, especially at the Operating Centers in the metropolitan region of São Paulo (CORMSP) and the interior of São Paulo (COI), in Campinas. This also takes place at its nine offices and buildings, whenever feasible, even if the cost is higher in comparison with conventional equipment. This action has resulted in a 2.7% reduction in energy consumption.

Diesel oil is the main nonrenewable fuel used by Cosan companies, particularly Rumo and Raízen. Sugarcane bagasse, in turn, is the main renewable energy source, and is used exclusively by Raízen. The hydrous ethanol used in vehicles is also an important energy source, and is mainly consumed by the Comgás and Raízen fleet.

#### Direct energy consumption per primary energy source (Cosan LE)

Non-renewable sources	FY12 (GJ)	FY13 (GJ)
Dry natural gas	21,075.68	23,998.28

#### Direct energy consumption per primary energy source<sup>1</sup>

Non-renewable sources	2012 (GJ)
Diesel oil	8,006,718.62
Dry natural gas	39,454.59
Liquefied petroleum gas	5,709.21
Average fuel oil	42,455.20
Automotive gasoline	45,369.85
Total	8,139,707.46
Renewable sources	2012 (GJ)
Hydrous ethanol	455,599.46
Sugarcane bagasse	129,854,043.83
Anhydrous ethanol	7,866.07
Total	130,317,509.35
Total energy consumption	138,457,216.82

<sup>1</sup> The indicator relates to Rumo, Radar, Comgás and Raízen.

#### Indirect energy consumption per primary energy source

Non-renewable sources	FY12 (GJ)		FY13 (GJ)	
	Cosan LE	Rumo	Cosan LE	Rumo
Electricity	15,250.78	53,157.00	16,303.08	47,515.00

» Indicators include consolidated responses from the Cosan's Corporate Structure.

## Water

### Management method

For details of the management method related to water, refer to the indicators EN8, EN9, and EN10, in page 9 of this *GRI Book*.

### EN8 Total water withdrawal per source

### EN9 Water sources significantly affected by withdrawal of water

### EN10 Total percentage and volume of water recycled and reused

Raízen withdraws a large volume of water from rivers or underground locations far away from urban centers, for use in the sugar and ethanol plant operations. A lower volume is acquired from water utilities companies and used in the company's 49 Shell facilities at airports.

As per action plan 88/2008 of the Secretariat of the Environment, the company's goal is to consume 1 m<sup>3</sup> of water per tonne of sugarcane crushed during the harvest. To meet this goal, Raízen is seeking to reduce its water consumption through new water reuse technologies and by effectively monitoring cooling towers.

Before authorizing use, the regulatory agency analyzes all of the company's water supply sources. Raízen does not use any significantly affected body of water. All water supply sources are analyzed and approved by the responsible agencies.

Total volume of water withdrawn <sup>1</sup>		
Sources	(m <sup>3</sup> /year)	
	2011	2012
Surface water (EAB) <sup>2</sup>	100,975,640	113,525,044
Groundwater (EAB)	3,821,626	5,423,927
Groundwater (COM) <sup>3</sup>		3,236
Supply companies (COM)	72,456	26,047

<sup>1</sup> The indicator relates only to Raízen.

<sup>2</sup> EAB: sugar, alcohol and bioenergy division.

<sup>3</sup> COM: fuel distribution.

Unit	Total flow reused (m <sup>3</sup> /FY 13) <sup>1</sup>
Barra	4.192.686
Benálcool	568.153
Bom Retiro	957.445
Bonfim	2.685.058
Caarapó	1.087.491
Costa Pinto	2.367.435
Destivale	836.630
Diamante	932.019
Gasa	1.395.644
Jataí	1.991.735
Junqueira	1.056.339
Maracaí	1.651.358
Mundial	703.561
Paraguaçu	563.541
Santa Helena	1.037.681
São Francisco	797.519
Serra	390.583
Dois Córregos	1.164.206
Tamoio	679.606
Tarumã	1.852.847
Univalem	1.300.326
Zanin	598.381
Total	28.810.243

<sup>1</sup> Based on Raízen's water balance, the table presents an estimate of the values for condensates reused in the processes of the company's units.

In sugar and alcohol plants, 184,354 m<sup>3</sup>/h of water are reused, due to the recirculation flow in the cooling towers. However, the total volume reused is not measured.

» Indicators relate to Raízen.



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## Biodiversity

### Management method

For details of the management method related to biodiversity, refer to the indicators EN8, EN9, and EN10, in page 9 of this *GRI Book*.

**EN11** Location and size of land owned, leased or managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

**EN12** Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas  
Biodiversity is a highly strategic matter for Radar. A large part of its own land, and land it leases, is located in priority areas for biodiversity conservation, as mapped by the Ministry of the Environment. Only one of the company's plantations is included in an environmental protection area (APA). Radar's total privately owned and leased land is 23,135.46 hectares. To provide guidance on environmental issues related to the company's properties, in line with the principles of sustainable development, Radar has created an Environmental Policy. The goal of this policy is the quality preservation of the company's land portfolio.

The impacts resulting from the installation of natural gas distribution networks by Comgás are indirect and not very significant. Interventions only occur in urban areas and on paved roads, and any interference in protected areas is authorized by environmental agencies. In 2012, 450 native species saplings were donated to municipal nurseries and the Serra do Mar State Park. In 2012, no trees were felled in the installation of gas networks.

Rumo holds operations in Itirapina at a unit adjacent to a natural reserve. Rumo's total area is 21,506 km<sup>2</sup> - with 0.4351 km<sup>2</sup> of legal reserves. The company has the highest network of intermodal terminals in Brazil for operations involving sugar and other solid bulk products. This network includes four company-owned terminals, located in Jaú, Itirapina, Sumaré and Santos, and strategic alliances with three other terminals, in Fernandópolis, Barretos and Pradópolis.

» Indicators relate to Rumo, Radar and Comgás.

### EN13 Protected or restored habitats

In the FY12, in a partnership with the Ecology and Forest Restoration Laboratory (LERF), Radar began a habitat restoration project for a 45 hectare area in the city of Rafard, São Paulo. Next year, the company will carry out a study to quantify the areas of native vegetation at properties in the State of São Paulo.

» See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)  
» Indicator relates to Radar.

### EN14 Management of impacts on biodiversity

In 2010, Radar has engaged the services of the Ecology and Forest Restoration Laboratory (LERF) to carry out mapping of the use and occupation of land in its properties in the State of São Paulo.

The company addresses the conservation of biodiversity in its environmental policy. With the enactment of the forest code, Radar has had to adapt and regularize its properties, in accordance with the new legislation.

» See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)  
» Indicator relates to Radar.

### EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.

Radar has no process in place to identify the existence of species of flora threatened with extinction at its properties. However, Radar has assumed the commitment of planting species of native flora threatened with extinction in the areas to be recovered.

» See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)  
» Indicator relates to Radar.

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## Emissions, effluents and waste

### Management method

For details of the management method related to emissions, effluents and waste, refer to indicators EN16, EN17, and EN18, in page 21 of the *GRI book* (for emissions), indicators EN21, in page 22 (for effluents), and indicators EN22, EN23 and EN24, in pages 22, 23, 24 and 25 (for waste).

### EN16 Total direct and indirect greenhouse gas emissions

### EN17 Other relevant indirect greenhouse gas emissions

### EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved

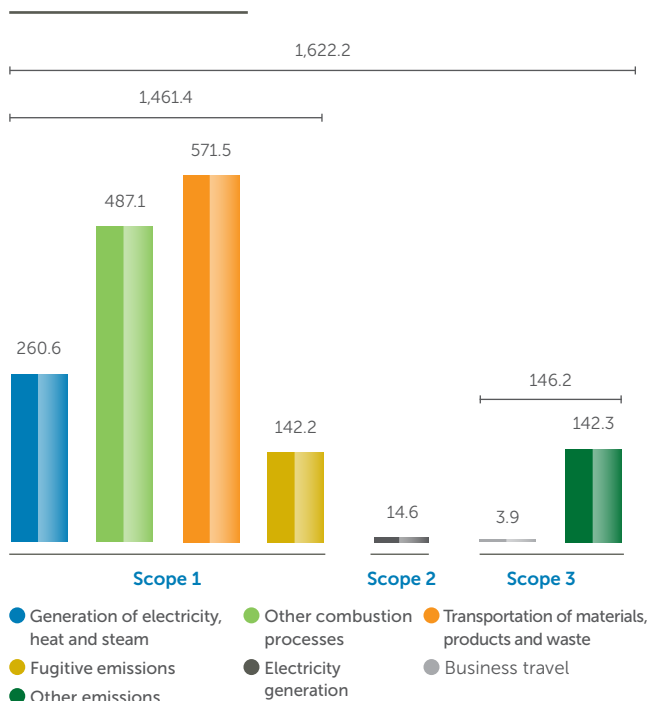
Raízen is responsible for 86% of Cosan's total emissions (scope 1 and 2), while Comgás is responsible for approximately 9%. Raízen contributed 85% to the direct emissions (scope 1) resulting from transportation, while Rumo contributed approximately 14%. In relation to indirect emissions (scope 2), Raízen is responsible for 91% of the total indirect emissions.

Scope 3, includes activities such as business travel and raw materials, products and waste transportation and treatment and transportation of waste. Raízen is responsible for approximately 87% of the scope 3 emissions.

The issuance of 221,785.50 tCO<sub>2</sub>e in 2011, and 517,311 tCO<sub>2</sub>e in 2012 was avoided. Raízen has reduced their GHG emissions using the power plants cogeneration technique from sugarcane bagasse. For this calculation, we used a methodology based on the Clean Development Mechanism (CDM), which multiplies the energy generated by the difference between the emission factors of the National Interconnected System and the plant.

### Direct greenhouse gas emissions<sup>1</sup>

In thousand tonnes of CO<sub>2</sub> equivalent



<sup>1</sup> The indicator includes GHG emissions from scope 1, 2 and 3 (direct and indirect) in 2012 from Cosan companies, with the exception of Cosan LE, which presents its emissions for the period from April 2012 to March 2013 (the 2012/13 period). The data were obtained from consolidated consumption information and emission factors.

» Indicators include consolidated responses from the Cosan's Corporate Structure (includes all companies).

### EN21 Total water discharge by quality and destination

The effluents generated by Rumo at the Santos terminal result from the washing of equipment at the terminal. These effluents are sent to a treatment station using a SABESP vacuum truck. The variations in discharge between financial years occur as a result of when equipment is washed. Other effluents from the terminal are discharged into the common wastewater network.

For the next period (2013/2014), Rumo's objective is to continue monitoring the volume of sludge. A study of the terminal's drainage system will also be undertaken, in partnership with CODESP, in order to guarantee adequate control of the storage of sludge and to establish effective monitoring. Targets will put in place for these two factors.

At Cosan LE, effluents are generated from the cleaning of operational areas inherent in the lubricant production process. The treatment of the effluents consists of the physical separation of oil and water. The company carries out weekly collections to guarantee the quality of the water returned, in accordance with the effluent quality criteria and standards in NT - 201 R10. The effluent is sent to the Baía de Guanabara.

Raízen sends domestic wastewater generated in its fuels segment to treatment stations. For next year, the company's objective is to invest in the reduction of water consumption and in the construction and maintenance of wastewater treatment stations (ETE) and residual water treatment stations (ETARs) to improve the quality of the effluents discharged.

No effluents from Cosan's companies are reused by any other organization.

Total disposal of effluents	Volume (m <sup>3</sup> )	
	FY12	FY13
Rumo	90.00	15.00
Cosan LE	7,484.60	3,727.20
Raízen Combustível <sup>1</sup>	80,782.62	23,500.00
Raízen Açúcar, Alcool e Bioenergia <sup>2</sup>	658,921.20	600,555.60

<sup>1</sup> The calculation of the disposal volume is in accordance with SABESP Technical Standard - NTS 025. When unknown, the retention coefficient (ratio between consumption and disposal of water) is 0.8.

<sup>2</sup> Data from the operations of Raízen plants (EAB) relate to the Permits for Water Use (authorization to discharge effluent). Vinasse applied to the soil for fertigation is excluded.

» Access the Comgás indicator at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)

» The indicator relates to Rumo, Cosan LE and Raízen.

### EN22 Total weight of waste, by type and disposal method.

Rumo composts its waste from sugar, soy and meal. This compost is sold to companies producing animal feed. The company also incinerates hazardous waste: peat, sawdust contaminated with oil, cloths and rags. In the FY13 there was an increase in the generation of scrap owing to the inauguration of a new terminal and various expansion works. Even with the company's expansion, the objective is to continue monitoring these indicators and to establish actions and targets to reduce the emission of waste after the works are completed.

Cosan LE has a Solid Waste Program, in accordance with the National Solid Waste Policy. The waste generated at the Rio de Janeiro plant is transported and disposed of by specialized companies which reuse the product whenever possible (Slop A and E). Slop is reusable oil derived from cleaning the plant's lines and tanks, which are used for the production of grease. Cosan LE also

recorded a significant increase in the volume of waste generated, mainly due to increased production. For the next period (2013/2014), the company's target is to re-

duce the generation of non-hazardous waste by 1% per tonne per barrel produced.

Non-hazardous waste (in tonnes)	FY12				FY13			
	Rumo <sup>1</sup>	Cosan LE <sup>2</sup>	Raízen (EAB)	Raízen (COM)	Rumo <sup>1</sup>	Cosan LE <sup>2</sup>	Raízen (EAB)	Raízen (COM)
Composting	224.89	-	-	-	214.61	-	-	-
Reuse	0.00	632.20	17,325,160.13	-	83.28	864.74	-	-
Recycling	32.15	702.61	-	11.47	84.29	546.56	-	-
Recovery	0.00	-	-	-	0.00	-	-	-
Incineration (mass burning)	0.00	-	-	-	0.00	-	-	-
Landfill	192.95	229.93	3,596.63	147.03	291.68	292.29	3,326.19	-
Underground injection of waste	0.00	-	-	-	0.00	-	-	-
On-site storage	0.00	-	-	-	0.00	-	-	-
Industrial landfill	5.59	-	-	-	106.11	-	-	-
<b>Total</b>	<b>455.58</b>	<b>1,564.74</b>	<b>17,328,756.76</b>	<b>158.50</b>	<b>779.97</b>	<b>1,703.59</b>	<b>3,326.19</b>	<b>0.00</b>

<sup>1</sup> The large variation between the FY12 and FY13 occurred due to the inclusion of data from the Sumaré Terminal, which had had no waste information in the previous period

<sup>2</sup> The large variation between the FY12 and FY13 occurred as a result of increased production.

Hazardous waste (in tonnes)	FY12				FY13			
	Rumo <sup>1</sup>	Cosan LE <sup>2</sup>	Raízen (EAB)	Raízen (COM)	Rumo <sup>1</sup>	Cosan LE <sup>2</sup>	Raízen (EAB)	Raízen (COM)
Composting	0.00	-	-	-	0.00	-	-	-
Reuse	0.00	1,891.36	-	-	0.00	2,752.40	-	-
Recycling - Lubricant Oil	4.10	178.82	370.79	-	8.20	47.47	-	-
Recovery	0.00	-	-	-	0.00	-	-	-
Incineration (mass burning)	2.62	13.00	-	706.76	59.66	14.75	-	-
Landfill	0.00	-	-	-	0.00	-	-	-
Underground injection of waste	0.00	-	-	-	0.00	-	-	-
On-site storage	0.00	-	-	-	0.00	-	-	-
Biological/Physical/Chemical treatment	0.00	584.78	-	-	-	983.89	-	-
Co-processing	0.00	546.41	989.93	353.94	0.00	358.25	1,134.04	15.90
<b>Total</b>	<b>6.72</b>	<b>3,214.37</b>	<b>1,360.72</b>	<b>1,060.70</b>	<b>67.86</b>	<b>4,156.76</b>	<b>1,134.04</b>	<b>15.90</b>

<sup>1</sup> The large variation between the FY12 and FY13 occurred due to the inclusion of data from the Sumaré Terminal, which had had no waste information in the previous period.

<sup>2</sup> The large variation between the FY12 and FY13 occurred as a result of increased production.

- » Access the Comgás indicator at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx).
- » Includes information for Rumo, Cosan LE and Raízen.

## EN23 Total number and volume of significant spills

In the last two financial years Cosan LE has experience no significant spills. The company has an Emergency Response Procedure which is applied in the event of significant spills. In the FY13 there were three leaks at Raízen's operations. At the Santos Dumont Airport, a valve on the standard drainage device (SDD) remained open, causing leakage of approximately 300 liters. At the Guarulhos International Airport, 108 liters of aviation kerosene were spilled. Both incidents were contained and recovered. At the Salgado Filho Airport, dripping from one fleet caused a spill of approximately 5 to 8 liters in volume in an area that was not contained. Approximately 2 liters were recovered and the remainder seeped into the ground.

In FY12 the Raízen distribution segment experienced 18 spills– with a total of 26,895 liters of fuel (gasoline, diesel and ethanol). 3,000 liters of this total remained in a containment area and did not causing an environmental impact. The remainder of the spills was in areas that were not contained.

- » Access the Comgás indicator at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)
- » Indicator relates to Cosan LE and Raízen.



#### EN24 Weight of transported waste considered as hazardous.

Hazardous waste (in tonnes) <sup>1</sup>	FY12	FY13
Transported	1323.01	1404.36
Imported	0	0
Exported	0	0
Receiving treatment	1323.01	1404.36

<sup>1</sup> All hazardous waste generated by Cosan LE is transported and treated.

» Indicador inclui respostas da Cosan LE.

#### EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by discharges of water and runoff

Rumo discharges its effluents in the Córrego das Cobras stream located in the Tietê/Jacaré drainage basin: a permanent protection area (APA). This discharge represents 5% of the annual average volume of the water body. There is no study or evidence of the impacts on local biodiversity.

The depth of the stream is 0.30 m.

» Indicator includes information related to Rumo.

the responsibility of monitoring the volumes collected monthly and guaranteeing that they are appropriately disposed of.

The collection targets for used oil were defined by region:

Northeast: 28%  
North: 28%  
Central-West: 32%  
Southeast: 42%  
South: 36%  
Overall Brazilian target: 37.4%

Percentage of products and packages reclaimed, for each product category (%)	FY12	FY13
Lubricants segment	31.90	32.38
Reclaimed (plastic packaging)	10.27	12.63
Reused (200l drums)	100.00	100.00

» Access the Comgás indicator at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)

» Indicator includes information related to Cosan LE.

## Products and services

### Management method

For information on the management method for products and services, refer to indicators EN26 and EN27 in page 13 of this *GRI Book*.

#### EN26 Initiatives to mitigate environmental impact of products and services, and extent of impact mitigation.

Radar has created an Environmental Policy to mitigate the environmental impact of the operations of its leaseholders and to encourage good sustainable practices. For the next period, the company's objective is to effectively implement the policy and to disseminate it to leaseholders.

» Access the Comgás indicator at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)

» Indicator relates to Radar.

#### EN27 Percentage of products sold and their packaging materials that are reclaimed, by category.

In a joint action with the National Union of Fuel and Lubricant Distribution Companies (SINDICOM), Cosan LE and other lubricant companies have assumed the commitment of collecting used or contaminated lubricants, as established in CONAMA Resolution no. 362, June 23rd 2005. Through the Play Clean (Jogue Limpo) program, contaminated lubricant bottles are collected and sent for recycling. The collection centers are administrated by a specific team formed by SINDICOM and representatives of companies in the sector. These professionals assume

## Conformity

### Management method

For the management method for ensuring conformity refer to indicator EN28 in page 13 of this *GRI Book*.

#### EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

In the FY12 and 2012/2013 Cosan received eight significant fines from environmental agencies, totaling R\$ 2,739,170.11, as well as 23 non-monetary warnings. The Company's understanding is that it operates in conformity with the legislation in force, therefore it is disputing the penalties in administrative and judicial procedures. Cosan is awaiting judgment in regard to these disputes. Cosan has signed five agreements, which are being properly followed. Cosan does not use arbitration mechanisms in its processes.

Comgás has not received significant fines relating to non-conformity with environmental laws and regulations.

In the 2012/13 period, Raízen received fifteen infraction notices - three fines, totaling R\$ 159,854, and three warnings. The other six notices relate to notifications of tax credit charges in relation to the Environmental Inspection and Control Tax. When applicable, Raízen has sought to adapt its operations. In other cases Raízen has objected to the notices it has received and has lodged appeals against them.

» Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies, except Comgás and Raízen).

## General

### Management method

For the management method for general matters, refer to indicator EN30, in page 14 of this *GRI Book*.

### EN30 Total environmental protection expenditures and investments by type

Due to its greater capacity for environmental impact and the requirements of the regulatory agencies in the lubricants sector, Cosan LE is the Cosan company which has made the greatest investment in the environment. The lubricant reverse logistics program represents more than 60% of Cosan LE's environmental expenditure. Other costs from ground cleaning and free phase pumping for ground decontamination are included in this expendi-

ture, as well as contracts with laboratories that analyze the effluents, and the hiring of companies to respond to emergencies in maritime operations and to carry out co-processing and recycling of waste.

Radar's main environmental costs relate to the regularization of land located in Legal Reserves, which significantly impacted the amount allocated from one period to another. In the case of Rumo, the difference between the environmental costs in this period, compared to the previous period, result from expenditure on the new terminal in Itirapina and the re-certification process for the operations.

For the 2013/2014 period, Raízen will seek to reduce the cost of waste disposal by 10%.

	FY12 (R\$)			
	Rumo	Radar	Cosan LE	Raízen
Waste treatment and disposal	231.254,40	0,00	817.476,43	4.383.313,53
Depreciation of equipment and expenditure on maintenance and operational materials and services	0,00	0,00	2.890.000,00	-
External environmental management services	83.610,00	0,00	110.361,14	-
External certification of management systems	13.865,00	0,00	-	-
Personnel for general environmental management activities	104.275,00	0,00	-	-
Extra expenditure on green purchases	0,00	0,00	340.138,60	-
Management of environmental liabilities	-	-	-	1.446.768,86
Other environmental management costs	0,00	40.265,00	13.710.000,00	2.100.000,00
<b>Total</b>	<b>433.004,40</b>	<b>40.265,00</b>	<b>17.867.976,17</b>	<b>7.930.082,39</b>
	FY13 (R\$)			
	Rumo	Radar	Cosan LE	Raízen
Waste treatment and disposal	224.283,34	0,00	906.737,86	4.278.484,61
Depreciation of equipment and expenditure on maintenance and operational materials and services	0,00	0,00	4.270.000,00	-
External environmental management services	113.396,00	239.444,57	139.112,03	-
External certification of management systems	30.200,00	0,00	19.536,36	-
Personnel for general environmental management activities	115.861,00	36.000,00	-	-
Extra expenditure on green purchases	0,00	0,00	752.291,59	-
Management of environmental liabilities	-	-	-	1.500.969,87
Other environmental management costs	0,00	145.295,32	17.300.000,00	36.875.000,00
<b>Total</b>	<b>483.740,34</b>	<b>420.739,89</b>	<b>23.387.677,84</b>	<b>42.654.454,48</b>

- » Access the Comgás indicator at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)
- » Indicator relates to Rumo, Cosan LE, Radar and Raízen.

## Social Performance— labor practices and policies

### Employment

#### Management method

For the management method for employment matters, refer to the section 'Competent teams', in pages 78 and 79 of the Sustainability Report, and to indicators LA1, LA2, LA3 and LA15 in pages 15, 16, 17, 18, 19, 20, 21 and 22 of this *GRI Book*.

#### LA1 Employees by type of employment, labor contract and region, by gender

Consolidated <sup>1</sup>	FY12		FY13	
	Men	Women	Men	Women
Employees by level				
Executive Board	22	2	19	2
Management	51	11	56	13
Supervision/ coordination	46	21	45	24
Technical/leadership	5	2	5	1
Administrative	184	148	199	165
Operational	949	42	1,154	69
Trainees	7	3	3	1
Third parties	-	-	-	-
Apprentices	1	5	6	0
Interns	18	17	16	23
Total by gender	1,283	251	1,503	298
Total	1,534		1,801	
Employees by labor contract				
Fixed term	5	5	19	21
Indefinite term	1,278	246	1,484	277
Total by gender	1,283	251	1,503	298
Total	1,534		1,801	
Employees by employment type				
Full time	610	228	641	259
Part time	673	23	862	39
Total by gender	1,283	251	1,503	298
Total	1,534		1,801	
Employees by region				
Southeast	1,283	251	1,503	298
Total by gender	1,283	251	1,503	298
Total	1,534		1,801	

<sup>1</sup> Consolidated figures include information related to the Corporate Structure, Rumo, Cosan LE and Radar.

<sup>2</sup> Currently, the companies do not have data regarding third-parties quantity.

The number of people employed by Cosan (Corporate, Rumo, Cosan LE and Radar) increased between FY12 and FY13. The main driver for this increase was growth at Rumo, which employs 68% of all Company employees. Today, 83% of Cosan's total headcount are men. The Company has employees only in southeastern Brazil in São Paulo, Santos and Rio de Janeiro.

The consolidated indicator LA1 relates to item 2.8 of the GRI.

Corporate Cosan	FY12		FY13	
	Men	Women	Men	Women
Employees by level				
Executive Board	7	2	8	2
Management	12	4	13	5
Supervision/ coordination	12	8	10	10
Technical/leadership	3	0	3	0
Administrative	33	50	33	55
Operational	17	5	36	14
<i>Trainees</i>	0	0	0	0
Third parties	-	-	-	-
Apprentices	1	5	0	0
Interns	2	1	0	4
Total by gender	87	75	103	90
Total	162		193	
Employees by labor contract				
Fixed term	1	3	0	3
Indefinite term	86	72	103	87
Total by gender	87	75	103	90
Total	162		193	
Employees by employment type				
Full time	76	75	93	90
Part time	11	0	10	0
Total by gender	87	75	103	90
Total	162		193	
Employees by region				
Southeast	87	75	103	90
Total by gender	87	75	103	90
Total	162		193	

<sup>1</sup> Currently, Cosan do not has data regarding third-parties quantity.

Rumo	FY12		FY13	
	Men	Women	Men	Women
Employees by level				
Executive Board	6	0	4	0
Management	9	2	10	2
Supervision/ coordination	13	1	14	1
Technical/leadership	0	0	0	0
Administrative	58	41	62	45
Operational	846	31	1,025	49
Trainees	7	2	3	1
Third parties <sup>1</sup>	-	-	-	-
Apprentices	0	0	6	0
Interns	3	2	4	3
Total by gender	942	79	1,128	101
Total	1,021		1,229	
Employees by labor contract				
Fixed term	1	1	8	1
Indefinite term	941	78	1,120	100
Total by gender	942	79	1,128	101
Total	1,021		1,229	
Employees by employment type				
Full time	280	56	276	62
Part time	662	23	852	39
Total by gender	942	79	1,128	101
Total	1,021		1,229	
Employees by region				
Southeast	942	79	1,128	101
Total, por gênero	942	79	1,128	101
Total	1,021		1,229	

<sup>1</sup> Currently, Rumo does not have data regarding third-parties quantity.

Cosan LE	FY12		FY13	
	Men	Women	Men	Women
Employees by level				
Executive Board	7	0	6	0
Management	28	5	30	6
Supervision/ coordination	18	11	18	12
Technical/leadership	2	2	2	1
Administrative	88	52	97	58
Operational	85	6	92	6
Trainees	0	1	0	0
Third parties <sup>1</sup>	-	-	-	-
Apprentices	0	0	0	0
Interns	13	14	12	16
Total by gender	242	90	257	99
Total	332		356	
Employees by labor contract				
Fixed term	3	1	11	17
Indefinite term	238	90	246	82
Total by gender	241	91	257	99
Total	332		356	
Employees by employment type				
Full time	241	91	257	99
Part time	0	0	0	0
Total by gender	241	91	257	99
Total	332		356	
Employees by region				
Southeast	242	90	257	99
Total, por gênero	242	90	257	99
Total	332		356	

<sup>1</sup> Currently, Cosan LE does not have data regarding third-parties quantity.



Radar	FY12		FY13	
	Men	Women	Men	Women
Employees by level				
Executive Board	2	0	1	0
Management	2	0	3	0
Supervision/ coordination	3	1	3	1
Technical/leader- ship	0	0	0	0
Administrative	5	5	7	7
Operational	1	0	1	0
Trainees	0	0	0	0
Third parties <sup>1</sup>	-	-	-	-
Apprentices	0	0	0	0
Interns	0	0	0	0
Total by gender	13	6	15	8
Total	19		23	
Employees by labor contract				
Fixed term	0	0	0	0
Indefinite term	13	6	15	8
Total by gender	13	6	15	8
Total	19		23	
Colaboradores, por tipo de emprego				
Full time	0	0	0	0
Part time	13	6	15	8
Total by gender	13	6	15	8
Total	19		23	
Colaboradores, por região				
Southeast	13	6	15	8
Total by gender	13	6	15	8
Total	19		23	

<sup>1</sup> Currently, Radar does not have data regarding third-parties quantity.

Comgás		
Employees by position	2011	2012
Executives	92	88
Coordination	56	57
Professional and engineers	349	359
Administrative	77	101
Operational	358	354
Sales	87	82
Comgás		
Own employees		
Permanent full time and indefinite term	1,019	1,041
Interns	107	98
Outsourced		
Indefinite term or permanent	3,702	3,802
Fixed term or temporary	8	4
Total	4,836	4,945

Comgás applied GRI 3.0 and did not present data on employees by financial year.

Raízen		
Employees by position	FY11	FY12
Expatriate	0	2
Statutory executive	2	0
Employees	30,736	29,227
Interns	210	182
Harvest worker with fixed term	2,940	2,178
Harvest worker with indefinite term	10,697	8,063
Total	44,585	39,652
Employees by gender		
Men	38,549	33,806
Female	6,031	5,846
Total	44,580	39,652
Employees by labor contract		
Fixed term	3,152	2,360
Indefinite term	41,433	37,292
Total	44,585	39,652
Employees by region		
South	175	191
Southeast	41,620	37,452
Mid-west	2,566	1,745
Northeast	159	146
North	65	118
Total	44,585	39,652

» Indicator includes responses from Cosan's Corporate Structure (includes all companies).

## LA2 Total employees, new hires and employee turnover by age, gender and region

Cosan's turnover is primarily caused by variations in the headcount at Rumo. In the 2012/13 period, the company recorded a rate of new hires of 48.90% and a rate of terminations of 28.64%. Cosan LE, which is also responsible for a significant portion of the total headcount, saw a rate of 28.93% new hires and a rate of 16.75% of terminations.

Consolidated	FY12		FY13	
	Men	Women	Men	Women
Total employment termination due to lay-offs, retirement or death				
By gender	577	62	396	99
Total	639		495	
Total new hires				
By gender	445	70	657	134
Total	515		791	
New hire rate by gender (new hires/total headcount at the end of the period)				
By gender	29.01%	4.56%	36.48%	7.44%
Total	33.57%		43.92%	
Total employment terminations by gender (lay-offs/total headcount at the end of the period)				
By gender	37.61%	4.04%	21.99%	5.50%
Total	41.66%		27.48%	
New hires by age				
Younger than 25	119	15	153	43
25-35	221	47	379	73
35-50	93	7	118	18
Older than 50	12	1	7	0
Total by gender	445	70	657	134
Total	515		791	
New hire rate by age (new hires/total headcount at the end of the period)				
Younger than 25	7.76%	0.98%	8.50%	2.39%
25-35	14.41%	3.06%	21.04%	4.05%
35-50	6.06%	0.46%	6.55%	1.00%
Older than 50	0.78%	0.07%	0.39%	0.00%
Total by gender	29.01%	4.56%	36.48%	7.44%
Total	33.57%		43.92%	
Terminations of employment by age				
Younger than 25	103	10	95	31
25-35	286	40	188	53
35-50	155	7	89	15
Older than 50	33	5	24	0
Total by gender	577	62	396	99
Total	639		495	

Consolidated	FY12		FY13	
	Men	Women	Men	Women
Total terminations of employment by age (lay-offs/ total headcount at the end of the period)				
Younger than 25	6.71%	0.65%	5.27%	1.72%
25-35	18.64%	2.61%	10.44%	2.94%
35-50	10.10%	0.46%	4.94%	0.83%
Older than 50	2.15%	0.33%	1.33%	0.00%
Total by gender	37.61%	4.04%	21.99%	5.50%
Total	41.66%		27.48%	
New hires by region <sup>1</sup>				
Southeast	577	62	657	134
Total	639		791	
New hire rate by region (new hires/total headcount at the end of the period) <sup>1</sup>				
Southeast	37.61%	4.04%	36.48%	7.44%
Total	41.66%		43.92%	
Terminations of employment by region <sup>1</sup>				
Southeast	445	70	396	99
Total	515		495	
Total terminations of employment by region (lay- offs/total headcount at the end of the period) <sup>1</sup>				
Southeast	29.01%	4.56%	21.99%	5.50%
Total	33.57%		27.48%	

<sup>1</sup> Cosan only has units in southeastern Brazil. Consolidated figures include information related to Corporate Structure, Rumo, Cosan LE and Radar.

Corporate	FY12		FY13	
	Men	Women	Men	Women
Total employment terminated due to lay-offs, retirement or death				
By gender	17	15	40	42
Total	32		82	
Total new hires				
By gender	21	12	48	33
Total	33		81	
New hire rate by gender (new hires/total headcount at the end of the period)				
By gender	12.96%	7.41%	24.87%	17.10%
Total	20.37%		41.97%	
Total terminations of employment by gender (lay-offs/total headcount at the end of the period)				
By gender	10.49%	9.26%	20.73%	21.76%
Total	19.75%		42.49%	
New hires by age				
Younger than 25	2	2	12	11
25-35	16	8	31	18
35-50	3	1	5	4
Older than 50	0	1	0	0
Total by gender	21	12	48	33
Total	33		81	

Corporate	FY12		FY13	
	Men	Women	Men	Women
New hire rate by age (new hires/total headcount at the end of the period)				
Younger than 25	1.23%	1.23%	6.22%	5.70%
25-35	9.88%	4.94%	16.06%	9.33%
35-50	1.85%	0.62%	2.59%	2.07%
Older than 50	0.00%	0.62%	0.00%	0.00%
Total by gender	12.96%	7.41%	24.87%	17.10%
Total	20.37%		41.97%	
Terminations by age				
Younger than 25	2	3	8	9
25-35	8	8	19	25
35-50	5	4	11	8
Older than 50	2	0	2	0
Total by gender	17	15	40	42
Total	32		82	
Total terminations of employment by age (lay-offs/total headcount at the end of the period)				
Younger than 25	1.23%	1.85%	4.15%	4.66%
25-35	4.94%	4.94%	9.84%	12.95%
35-50	3.09%	2.47%	5.70%	4.15%
Older than 50	1.23%	0.00%	1.04%	0.00%
Total by gender	10.49%	9.26%	20.73%	21.76%
Total	19.75%		42.49%	
New hires by region				
Southeast	21	12	48	33
Total	33		81	
New hire rate by region (new hires/total headcount at the end of the period)				
Southeast	12.96%	7.41%	24.87%	17.10%
Total	20.37%		41.97%	
Terminations of employment by region				
Southeast	17	15	40	42
Total	32		82	
Total terminations of employment by region (lay-offs/total headcount at the end of the period)				
Southeast	10.49%	9.26%	20.73%	21.76%
Total	19.75%		42.49%	

Rumo	FY12		FY13	
	Men	Women	Men	Women
Total employment terminated due to lay-offs, retirement or death				
By gender	489	19	326	26
Total	508		352	
Total new hires				
By gender	376	30	549	52
Total	406		601	
New hire rate by gender (new hires/total headcount at the end of the period)				
By gender	36.83%	2.94%	44.67%	4.23%
Total	39.76%		48.90%	

Rumo	FY12		FY13	
	Men	Women	Men	Women
Total terminations of employment by gender (lay-offs/total headcount at the end of the period)				
By gender	47.89%	1.86%	26.53%	2.12%
Total	49.76%		28.64%	
New hires by age				
Younger than 25	103	6	112	14
25-35	174	19	324	30
35-50	87	5	108	8
Older than 50	12	0	5	0
By gender	376	30	549	52
Total	406		601	
New hire rate by age (new hires/total headcount at the end of the period)				
Younger than 25	10.09%	0.59%	9.11%	1.14%
25-35	17.04%	1.86%	26.36%	2.44%
35-50	8.52%	0.49%	8.79%	0.65%
Older than 50	1.18%	0.00%	0.41%	0.00%
By gender	36.83%	2.94%	44.67%	4.23%
Total	39.76%		48.90%	
Terminations of employment by age				
Younger than 25	94	4	74	4
25-35	253	12	159	17
35-50	127	2	72	5
Older than 50	15	1	21	0
By gender	489	19	326	26
Total	508		352	
Total terminations of employment by age (lay-offs/total headcount at the end of the period)				
Younger than 25	9.21%	0.39%	6.02%	0.33%
25-35	24.78%	1.18%	12.94%	1.38%
35-50	12.44%	0.20%	5.86%	0.41%
Older than 50	1.47%	0.10%	1.71%	0.00%
By gender	47.89%	1.86%	26.53%	2.12%
Total	49.76%		28.64%	
New hires by region				
Southeast	376	30	549	52
Total	406		601	
New hire rate by region (new hires/total headcount at the end of the period)				
Southeast	36.83%	2.94%	44.67%	4.23%
Total	39.76%		48.90%	
Terminations of employment by region				
Southeast	489	19	326	26
Total	508		352	
Total terminations of employment by region (lay-offs/total headcount at the end of the period)				
Southeast	47.89%	1.86%	26.53%	2.12%
Total	49.76%		28.64%	

Cosan LE	FY12		FY13	
	Men	Women	Men	Women
Total employment terminated due to lay-offs, retirement or death				
By gender	68	24	28	31
Total	92		59	
Total new hires				
By gender	37	22	56	47
Total	59		103	
New hire rate by gender (new hires/total headcount at the end of the period)				
By gender	11.14%	6.63%	15.73%	13.20%
Total	17.77%		28.93%	
Total terminations of employment by gender (lay-offs/total headcount at the end of the period)				
By gender	20.48%	7.23%	7.87%	8.71%
Total	27.71%		16.57%	
New hires by age				
Younger than 25	8	3	27	18
25-35	26	18	23	24
35-50	3	1	4	5
Older than 50	0	0	2	0
By gender	37	22	56	47
Total	59		103	
New hire rate by age (new hires/total headcount at the end of the period)				
Younger than 25	2.41%	0.90%	7.58%	5.06%
25-35	7.83%	5.42%	6.46%	6.74%
35-50	0.90%	0.30%	1.12%	1.40%
Older than 50	0.00%	0.00%	0.56%	0.00%
By gender	11.14%	6.63%	15.73%	13.20%
Total	17.77%		28.93%	
Terminations of employment by age				
Younger than 25	7	2	12	18
25-35	22	17	9	11
35-50	23	1	6	2
Older than 50	16	4	1	0
By gender	68	24	28	31
Total	92		59	
Total terminations of employment by age (lay-offs/total headcount at the end of the period)				
Younger than 25	2.11%	0.60%	3.37%	5.06%
25-35	6.63%	5.12%	2.53%	3.09%
35-50	6.93%	0.30%	1.69%	0.56%
Older than 50	4.82%	1.20%	0.28%	0.00%
By gender	20.48%	7.23%	7.87%	8.71%
Total	27.71%		16.57%	
New hires by region				
Southeast	37	22	56	47
Total	59		103	
New hire rate by region (new hires/total headcount at the end of the period)				
Southeast	11.14%	6.63%	15.73%	13.20%
Total	17.77%		28.93%	

Cosan LE	FY12		FY13	
	Men	Women	Men	Women
Terminations of employment by region				
Southeast	68	24	28	31
Total	92		59	
Total terminations of employment by region (lay-offs/total headcount at the end of the period)				
Southeast	20.48%	7.23%	7.87%	8.71%
Total	27.71%		16.57%	

Radar	FY12		FY13	
	Men	Women	Men	Women
Total employment terminated due to lay-offs, retirement or death				
By gender	3	4	2	0
Total	7		2	
Total new hires				
By gender	11	6	4	2
Total	17		6	
New hire rate by gender (new hires/total headcount at the end of the period)				
By gender	57.89%	31.58%	17.39%	8.70%
Total	89.47%		26.09%	
Total terminations of employment by gender (lay-offs/total headcount at the end of the period)				
By gender	15.79%	21.05%	8.70%	0.00%
Total	36.84%		8.70%	
New hires by age				
Younger than 25	6	4	2	0
25-35	5	2	1	1
35-50	0	0	1	1
Older than 50	0	0	0	0
By gender	11	6	4	2
Total	17		6	
New hire rate by age (new hires/total headcount at the end of the period)				
Younger than 25	31.58%	21.05%	8.70%	0.00%
25-35	26.32%	10.53%	4.35%	4.35%
35-50	0.00%	0.00%	4.35%	4.35%
Older than 50	0.00%	0.00%	0.00%	0.00%
By gender	57.89%	31.58%	17.39%	8.70%
Total	89.47%		26.09%	
Terminations of employment by age				
Younger than 25	0	1	1	0
25-35	3	3	1	0
35-50	0	0	0	0
Older than 50	0	0	0	0
By gender	3	4	2	0
Total	7		2	



Radar	FY12		FY13	
	Men	Women	Men	Women
Total terminations of employment by age (lay-offs/ total headcount at the end of the period)				
Younger than 25	0.00%	5.26%	4.35%	0.00%
25-35	15.79%	15.79%	4.35%	0.00%
35-50	0.00%	0.00%	0.00%	0.00%
Older than 50	0.00%	0.00%	0.00%	0.00%
By gender	15.79%	21.05%	8.70%	0.00%
Total	36.84%		8.70%	
New hires by region				
Southeast	11	6	4	2
Total	17		6	
New hire rate by region (new hires/total headcount at the end of the period)				
Southeast	57.89%	31.58%	17.39%	8.70%
Total	89.47%		26.09%	
Terminations of employment by region				
Southeast	3	4	2	0
Total	7		2	
Total terminations of employment by region (lay- offs/total headcount at the end of the period)				
Southeast	15.79%	21.05%	8.70%	0.00%
Total	36.84%		8.70%	

Raízen	FY12	FY13
Total <sup>1</sup>		
Gender		
Men	38,420	33,700
Women	5,950	5,770
Age		
younger than 20	2,405	1,858
from 21 to 30	16,251	13,425
from 31 to 40	12,544	11,398
from 41 to 50	8,730	8,214
from 51 to 60	3,821	3,951
older than 60	619	624
Region		
South	170	188
Southeast	41,451	37,290
Midwest	2,527	1,739
Northeast	158	142
North	64	111

<sup>1</sup> Raízen uses a different measuring method for this data.

Raízen	Safra 11/12	%	Safra 12/13	%
Hiring rate <sup>1</sup>				
Gender				
Men	589	1.53%	867	2.57%
Women	96	1.61%	142	2.46%
Age				
younger than 20	92	3.83%	131	7.05%
from 21 to 30	339	2.09%	486	3.62%
from 31 to 40	169	1.35%	237	2.08%
from 41 to 50	58	0.66%	107	1.30%
from 51 to 60	25	0.65%	44	1.11%
older than 60	2	0.32%	4	0.64%
Region				
South	2	1.18%	4	2.13%
Southeast	626	1.51%	943	2.53%
Midwest	57	2.26%	59	3.39%
Northeast	0	0.00%	1	0.70%
North	0	0.00%	2	1.80%

<sup>1</sup> Raízen uses a different measuring method for this data.

Raízen	FY12	FY13
Turnover <sup>1</sup>		
Gender		
Men	2.66%	2.44%
Women	3.35%	2.44%
Age		
younger than 20	5.86%	5.62%
from 21 to 30	3.50%	3.47%
from 31 to 40	2.48%	2.00%
from 41 to 50	1.60%	1.41%
from 51 to 60	1.39%	1.06%
older than 60	1.05%	1.12%
Region		
South	1.18%	3.19%
Southeast	2.76%	2.35%
Midwest	2.89%	4.60%
Northeast	0.95%	1.41%
North	-	0.90%

<sup>1</sup> Raízen uses a different measuring method for this data.

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)
- » Indicator includes data related to the Cosan Corporate Structure (includes all companies except Comgás)

### LA3 Benefits offered by the organization and significant differences

Employees of the Corporate Structure, Rumo, Cosan LE and Radar receive grocery vouchers, transportation vouchers, life insurance, health insurance, disability insurance, maternity/paternity leave, a retirement fund and a pharmacy plan. This does not include interns, who receive only meal vouchers, transportation vouchers and insurance against personal accidents.

In addition to the benefits listed above, Raízen offers meal vouchers, private bus transportation, stationery and book store discounts, daycare and nanny stipends, exceptional stipends, meals at the on-site restaurant or other restaurants, a dental plan, ophthalmology coverage, a private

pension plan and basic groceries. The benefits package is specific to each business unit. Therefore, not all employees are eligible to receive the benefits provided.

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx).
- » Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies, except Comgás and Raizen) and Raizen.

#### LA15 Return to work and retention rates after maternity/ paternity leave, by gender

Consolidated <sup>1</sup> FY13	Rumo		Cosan LE		Estrutura Corporativa		Consolidado	
	Men	Women	Men	Women	Men	Women	Men	Women
Employees who were entitled to maternity/paternity leave	68	3	0	5	12	9	80	17
Employees who took maternity/paternity leave	68	3	0	5	12	9	80	17
Employees who returned to work after the end of maternity/paternity leave	68	3	0	5	12	8	80	16
Employees return to work rate after the end of leave (%)	100	100	N/A	100	100	89	100	94

<sup>1</sup> The number of employees still employed after 12 months of the return of maternity/paternity leave was not monitored in FY11 and FY12, making it impossible to report the indicator of the FY12 and FY13.

- » Indicator includes data related to the Cosan Corporate Structure, Rumo, and Cosan LE.

## Labor and governance relations

### Management method

For the management method related to labor and governance relations refer to the section 'Competent teams', in pages 78 and 79 of the Sustainability Report, and indicators LA4 and LA5, in page 22 of this GRI Book.

#### LA4 Employees covered by collective bargaining agreements

Colaboradores abrangidos por acordos de negociação coletiva <sup>1</sup>		
Empresa	Unit	Percentage (%)
Rumo	Santos	99
	Sumaré	100
	Itirapina	100
	Jaú	100
Cosan LE	Rio de Janeiro	89
Corporate	São Paulo	93

<sup>1</sup> Does not include interns and statutory executives. Therefore, at the Santos and Rio de Janeiro units and the Corporate Structure not 100% of employees are covered by collective bargaining agreements.

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)
- » Indicator includes data related to the Corporate Structure, Rumo, and Cosan LE.

#### LA5 Minimum term for notification of significant operational changes

Cosan does not establish in collective bargaining agreements minimum terms for notification of operational changes. Nonetheless, in the event of significant alterations, the Company uses its official communication channels and leadership to inform employees.

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx).
- » Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies, except Comgás and Raizen).

## Aspect: occupational health and safety

### Management method

For information on the management method for occupational health and safety, refer to the section 'Competent teams' in pages 78 and 79 of the Sustainability Report, and the section 'Focus on health and safety', in pages 80, 81, 82 and 83. See also indicators LA6, LA7, LA8 and LA9, in pages 22, 23, 24 and 25 of this GRI Book.

## LA6 Formal health and safety committees

### LA7 Rates of injury, occupational disease, lost days, absenteeism and work-related deaths, by region and gender

Cosan uses its Integrated Operations Management System (SIGO), to manage health, safety and environment matters. Cosan LE's operations in this regard have become the industry benchmark in the lubricants industry. SIGO also contributes to the maintenance of the ISO 14001:2004 certification, the internationally recognized standard, and is implemented in all companies of the Cosan group, with the exception of Radar and Comgás (as these already have their own strict management processes).

SIGO consists of 11 elements: expectations, guidelines and procedures. These are used to disseminate Cosan's culture of safety to all areas and segments of the Company. The system presents topics such as risk assessments, change management, personnel training, continuous improvement and the involvement of senior management. SIGO the best tool for creating a safe work environment, and clean, sustainable operations, aligned to the Company's Health, Safety and Environment Policy. As a reflection of this culture, in 2013 the Company celebrated 17 years without accidents involving employee and contractor absence, at its lubricant factory.

A committee composed of Cosan's top management meets quarterly to evaluate SIGO indicators, review their results, and take measures to ensure the system stays up to date. The goals are defined by the same committee annually. Since 2010, Cosan has also included achievement of health, safety and environment goals in the calculation of variable compensation for employees.

Rumo has established an Internal Accident Prevention Commission (CIPA) at its Sumaré and Itirapina units, and a Port On-the-Job Accident Prevention Commission (CPATP) at the Port of Santos. These commissions represent all employees, via monthly meetings, in accordance with the Rules that regulate the port operations sector, NR05 and NR29. In addition, the company has an integrated management system based on ISO 9001, ISO 14001 and OHSAS 18001 rules. All risks inherent to the business are mapped and control measures have been implemented to ensure adequate, safe operations.

In addition to a CIPA and SIGO, Cosan LE also has Health, Safety and Environment (SSMA) committees. Composed of the CEO of Cosan LE, operating managers, persons responsible for areas interacting with health, safety and the environment and the SSMA manager and coordinator, the committees represent 100% of employees.

As a result of its pioneering programs, Cosan LE has become a benchmark in health, safety and the environment in the Brazilian lubricants industry. In 2012/2013, the company finalized the re-certification process for the ISO 14001:2004 (environmental processes) and OHSAS 18001:2007 (occupational health and safety) management systems and, in 2013, will achieve 17 years without accidents resulting in leave by its employees. When accidents without medical leave are reported, Cosan LE investigates to discover the basic causes – external factors, processes (use of personal protection equipment (PPE)) and people (training). Afterwards, the event is reported to the company, together with the measures adopted to prevent a repeat incident.

In the FY13, Cosan LE did not report any transportation accidents resulting in injury to employees or third-parties. However, in respect of other accidents there were five accidents resulting in injuries to third parties that required first aid or medical treatment and one accident resulting in functional restrictions. In the previous year (FY12), there were seven accidents with injuries requiring first aid involving third parties. The company seeks to involve its employees and service providers in annual training plans as a way to involve them in the evaluation and identification of risks that they are exposed to on the job and to engage them in establishing control measures to minimize these risks.

The company also has specific health and safety programs, such as the Alterta! System, a tool that receives reports of unsafe work conditions identified by employees. These reports are then monitored as points of attention and can give rise to, for example, new training. The Behavior and Safe Driving Program trains Cosan LE service providers to ensure safe transportation of both cargo and passengers.

At Comgás, 100% of employees are represented by a CIPA. In 2012/2013, three incidents resulting in medical leave on the part of six professionals were reported. The frequency of incidents resulting in medical leave (LTIF) was 0.48 per million man-hours worked. The reports were analyzed in order to ascertain the causes of the incidents, to ensure employees and service providers worked together to prevent repeat incidents.

At Raízen, 100% of employees are represented by formal Health and Safety Committees. These are organizations composed of members of the Executive Board, management, supervisors, employees and service providers, to discuss matters related to health and safety and establish guidelines and specific programs for accident prevention.

Rumo	FY12	FY13
Employees		
Injury rate (%)	3.05	1.8
Occupational disease rate (%)	0	0
Total lost days	690	159
Absenteeism (%)	217.32	180.36
Total deaths in the period	1	0
Third parties <sup>1</sup>		
Injury rate (%)	1.02	0.78
Occupational disease rate (%)	-	-
Total lost days	-	-
Absenteeism (%)	-	-
Total deaths in the period	-	-
<sup>1</sup> Figures for third-parties are estimates.		
Cosan LE	FY12	FY13
Employees		
Injury rate (%)	0	0
Occupational disease rate (%)	0	0
Total lost days	0	0
Absenteeism (%)	67.77	139.81
Total deaths in the period	0	0
Third parties <sup>1</sup>		
Injury rate (%)	1.38	1.23
Occupational disease rate (%)	0	0
Total lost days	0	0
Absenteeism (%)	-	-
Total deaths in the period	0	0

<sup>1</sup> Figures for third-parties are estimates.

Raizen <sup>1</sup>		FY12	FY13
Area			
EAB	Occupational disease rate	0.02	0
	Absenteeism rate	1.24	1.15
	Total lost days	7,135	4,501
	Accidents with injuries and lost days rate	2.32 <sup>2</sup>	0.96
	Deaths	04 (03 employees e 01 third party)	2
Commercial	Occupational disease rate <sup>3</sup>	0	-
	Absenteeism rate	-	-
	Lost days rate	0	-
	Accidents with injuries and lost days rate	0.52	0
	deaths	0	0
LD&T	Occupational disease rate <sup>3</sup>	0	-
	Absenteeism rate	0.02	-
	Lost days rate	1.38	1.13
	Accidents with injuries and lost days rate	1.60	0.75
	Deaths	0	0

<sup>1</sup> Raízen uses a different measuring method for this data.

<sup>2</sup> Excludes Araraquara unit, which was not part of the Group. Araraquara unit's Accidents with injuries and lost days rate for the period was 6.35, and added to Raízen's was 2.50.

<sup>3</sup> The occupational disease rate is not controlled by business area LD&T and COM.

» See Comgás indicators in full at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)

» Indicators relate to Rumo, Cosan LE, Comgás and Raízen.



**LA8 Education, training, advisory, prevention and risk control programs to assist employees, their families and members of the community regarding serious disease**

Rumo has assistance programs for serious diseases. In the FY13, 64 employees participated in the Women's Day Health Campaign and 645 employees were involved in the Flu Vaccination Campaign and the Drive Against Dengue Fever.

Cosan LE seeks to involve its employees and the community in its Internal On-the-Job Accident Prevention Week (SIPAT). During the event, educational talks on health and sexually transmitted infections (STI) are held. In addition, throughout the year, community health actions are carried out. No high-risk occupational activities or any high incidence of specific disease has been identified.

Comgás holds vaccination campaigns and blood drives, in addition to providing guidance and advisory programs for neighboring restaurants and to a daycare center chosen by the company. The company also publicizes and promotes participation in races related to sport activities. Comgás' short-, medium- and long-term goal is to maintain health and guidance campaigns for employees, service providers and their families, as well as including new programs for the health and well-being of these stakeholders.

In the FY13, Raízen sponsored 202 events focused on disease prevention for its employees, totaling 18,891 training hours and 10,327 participants. The LD&T business line holds campaigns and meetings on corporate safety at its facilities and also operates the Alerta! System to raise awareness regarding accident prevention. Additionally, the company promotes events such as the Internal On-the-Job Accident Prevention Week (SIPAT).

- » Indicator includes data related to Rumo, Cosan LE, Comgás and Raízen.

**LA9 Issues related to health and safety covered by formal agreements with unions**

Cosan's formal agreements with unions involve matters such as personal protection equipment, employee training and education. All Cosan companies have SSMA departments responsible for the creation of communication channels and for the development of practices that allow for close relations with employees.

At Raízen, the main issues covered in the Collective Bargaining Agreements are supply of PPEs, first aid, Specialized Safety Engineering and Occupational Medicine Services (SESMT), transportation vehicle conditions, and aid to the injured.

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx).
- » Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies, except Comgás and Raízen).

## Training and education

### Management method

For the management method related to training and education refer to the chapter 'Competent teams' in pages 78 and 79 of the Sustainability Report, and indicators LA10, LA11 and LA12 in pages 26 and 27 of this GRI Book.

### LA10 Average training hours per year, per employee, by gender and function

Function		FY12		FY13	
		Men	Women	Men	Women
Executive Board	Total hours	129	58	1.5	87
	Total for employees in this category	8	4	1	3
	Total per employee in this category	16.1	14.5	1.5	29.0
Management	Total hours	723	208	350	111
	Total for employees in this category	66	15	22	5
	Total per employee in this category	11.0	13.9	15.9	22.2
Supervision/ coordination	Total hours	1,159	381	313	23
	Total for employees in this category	119	32	38	2
	Total per employee in this category	9.74	11.9	8.2	11.5
Technical/leadership	Total hours	366	24	60	0
	Total for employees in this category	59	2	8	0
	Total per employee in this category	6.2	12.0	7.5	0
Administrative	Total hours	1,999	1601	1,427	975
	Total for employees in this category	222	191	189	126
	Total per employee in this category	9.0	8.4	7.6	7.7
Operacional	Total hours	13,155	415	11,120	548
	Total for employees in this category	2,675	76	1,961	70
	Total per employee in this category	4.9	5.5	5.7	7.8
Terceiros	Total hours	0	0	0	0
	Total for employees in this category	0	0	0	0
	Total per employee in this category	0	0	0	0
Apprentices	Total hours	0	18	51	0
	Total for employees in this category	0	4	6	0
	Total per employee in this category	0	4.5	8.5	0
Trainees	Total hours	396	0	27	0
	Total for employees in this category	27	0	12	0
	Total per employee in this category	14.7	0	2.3	0
Interns	Total hours	70	34	78	28
	Total for employees in this category	12	5	17	5
	Total per employee in this category	5.8	6.8	4.6	5.6
Total <sup>1</sup>	Total hours	17,997	2,739	13,427.5	1,772
	Total employees	3,188	329	2,254	211
	Hours per employee	5.6	8.3	6.0	8.4

<sup>1</sup> Participation in technical seminars and talks were not included in total training hours.

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx).
- » Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies, except Comgás and Raizen).

#### LA11 Programs for skill management and continuous education

Cosan LE provided 29 scholarships in the 2011/2012 financial year and 38 in 2012/2013. In the same period, two employees were laid off and, through Cosan LE Placement Programs, both were supported in returning to the market, receiving medical assistance for the following six months and one salary for each 7.5 years worked at the company for a total severance package of approximately R\$100,000.

The Placement Programs initiative targets those who are laid off due to restructuring or discontinuation of

their particular positions and to the spouses of employees transferred at the request of the company. In the 2011/2012 financial year, this number increased due to the migration of employees from Cosan LE to Raízen, the joint venture between Shell and Cosan which was created in 2011.

Rumo provided 20 scholarships in the 2011/2012 financial year and 36 in 2012/2013 for university, post-graduate and language study. These benefits are provided according to criteria such as: time with the company, performance evaluation, absenteeism and the results of a committee assessment.

Programs for skill management and continuous education		FY12		FY13	
		Number of employees	Amount invested (R\$)	Number of employees	Amount invested (R\$)
Rumo	Internal classes	3,504	543,039.56	4,662	850,827.57
	Financial support	-	58,708.59	-	93,609.02
Cosan LE <sup>1</sup>	Financial support	329	178,026.00	356	233,276.00
	Indemnification for lay-offs	2	126,258.87	0	-
	Job placement services	32	128,000.00	10	40,000.00
Raízen	Internal classes	4,629	-	6,242	-
	Financial support	892	1,500,000.00	421	964,000.00
	Skill development programs	-	-	801	-

<sup>1</sup> The amount invested in Cosan LE for education support in FY12 was estimated based in FY13.

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx).
- » The indicator includes data related to Rumo, Cosan LE, and Raízen.

#### LA12 Percentage of employees receiving performance analysis and career development, by gender

All Cosan leaders receive performance evaluations based on delivery, achievement of KPIs for projects and goals, and behavioral performance in calibration committees, which verify adherence to the Company's values and aims. Trainees' personal skill development is monitored during their programs.

In the FY13, the Performance Management System was implemented. This is a process that begins at project contracting or goal establishment. The System includes employee self-evaluation, supervisor evaluation, behavioral evaluation and registration of feedback. During feedback, strong points to be developed, employee expectations and possibilities for growth within the Company are addressed. At the end of this process, an Individual Action Plan is proposed, to leverage results in the next period. The new cycle begins with the contracting of new projects and the establishment of new goals.

At Cosan LE, 100% of employees receive behavioral and calibration committee evaluation. This model will be replicated at all Cosan companies, in different stages.

Percentage of total employees receiving performance evaluation and career development (%)	FY12		FY13	
	Men	Women	Men	Women
Executive Board	100	100	100	100
Management	100	100	100	100
Supervision/coordination	100	100	100	100
Technical/leadership/Administrative/Operational	15	31	14	28

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx).
- » Indicator includes data related to the Corporate Structure and Cosan LE.

## Diversity and equal opportunities

### Management method

For information about the management method related to diversity and equal opportunities, refer to the section 'Competent teams' in pages 78 and 79 of the Sustainability Report, and indicators LA13 and LA14 in pages 28, 29, 30 and 31 of this GRI Book.

**LA13 Composition of groups responsible for corporate governance and employee breakdown by function according to gender, age, race and other diversity indicators**  
Cosan (including the Corporate Structure, Rumo, Cosan LE and Radar) mainly employs men, especially in the areas of production and in higher level positions. However, between the FY12 and FY13s, there was an increase in the percentage of women in senior management.

More than half of employees are between 30 and 50 years of age. The most significant increase between the FY12 and FY13 was in supervision positions – previously, 57% of employees were between 30 and 50 and today, this age group represents 83% of employees in these positions.

As it considers this information irrelevant, Cosan does not ask candidates to declare their race in the hiring process. The company works in partnership with specialized institutions to hire people with disabilities, ensuring effective recruitment of these professionals.

Consolidated <sup>1</sup>						
Gender (%)	FY12			FY13		
	Men	Women		Men	Women	
Executive Board	92	8		90	10	
Management	82	18		81	19	
Coordination	69	31		65	35	
Supervision	71	29		83	17	
Administrative	55	45		55	45	
Production	96	4		94	6	
Apprentices	17	83		100	0	
Trainees	70	30		75	25	
Interns	51	49		41	59	
Age (%)	FY12			FY13		
	Younger than 30	30-50	Older than 50	Younger than 30	30-50	Older than 50
Executive Board	0	88	12	0	86	14
Management	6	76	18	7	78	15
Coordination	21	75	4	14	80	6
Supervision	43	57	0	17	83	0
Administrative	45	51	4	45	51	4
Production	31	57	12	31	59	10
Apprentices	100	0	0	100	0	0
Trainees	100	0	0	100	0	0
Interns	100	0	0	100	0	0

<sup>1</sup> Consolidated figures include data related to the Corporate Structure, Rumo, Cosan LE and Radar.

Estrutura Corporativa Cosan					
Gender (%)	FY12		FY13		
	Men	Women	Men	Women	
Executive Board	78	22	80	20	
Management	75	25	72	28	
Coordination	60	40	50	50	
Supervision	100	0	100	0	
Administrative	40	60	38	62	
Production	77	23	72	28	
Apprentices	17	83	0	0	
Trainees	0	0	0	0	
Interns	67	33	0	100	



Estrutura Corporativa Cosan						
Age (%)	FY12			FY13		
	Younger than 30	30-50	Older than 50	Younger than 30	30-50	Older than 50
Executive Board	0	100	0	0	100	0
Management	0	94	6	0	100	0
Coordination	25	75	0	10	90	0
Supervision	100	0	0	33	67	0
Administrative	46	52	2	47	51	2
Production	50	50	0	30	50	20
Apprentices	100	0	0	0	0	0
Trainees	0	0	0	0	0	0
Interns	100	0	0	100	0	0

Rumo				
Gender (%)	FY12		FY13	
	Men	Women	Men	Women
Executive Board	100	0	100	0
Management	82	18	83	17
Coordination	93	7	93	7
Supervision	0	0	0	0
Administrative	59	41	58	42
Production	96	4	95	5
Apprentices	0	0	100	0
Trainees	78	22	75	25
Interns	60	40	57	43

Age (%)	FY12			FY13		
	Younger than 30	30-50	Older than 50	Younger than 30	30-50	Older than 50
Executive Board	0	67	33	0	50	50
Management	9	91	0	8	92	0
Coordination	14	79	7	13	87	0
Supervision	0	0	0	0	0	0
Administrative	48	49	3	46	51	3
Production	32	56	12	33	58	9
Apprentices	0	0	0	100	0	0
Trainees	100	0	0	100	0	0
Interns	100	0	0	100	0	0

Cosan LE				
Age (%)	FY12		FY13	
	Men	Women	Men	Women
Executive Board	100	0	100	0
Management	85	15	83	17
Coordination	62	38	60	40
Supervision	50	50	67	33
Administrative	63	37	63	37
Production	93	7	94	6
Apprentices	0	0	0	0
Trainees	0	100	0	0
Interns	48	52	43	57

Cosan LE						
Age (%)	FY12			FY13		
	Younger than 30	30-50	Older than 50	Younger than 30	30-50	Older than 50
Executive Board	0	100	0	0	100	0
Management	9	64	27	8	67	25
Coordination	17	76	7	20	67	13
Supervision	0	100	0	0	100	0
Administrative	44	51	5	41	53	6
Production	16	68	15	16	68	15
Apprentices	0	0	0	0	0	0
Trainees	100	0	0	0	0	0
Interns	100	0	0	100	0	0

Radar				
Gender (%)	FY12		FY13	
	Men	Women	Men	Women
Executive Board	100	0	100	0
Management	100	0	100	0
Coordination	75	25	75	25
Supervision	0	0	0	0
Administrative	50	50	50	50
Production	100	0	100	0
Apprentices	0	0	0	0
Trainees	0	0	0	0
Interns	0	0	0	0

Age (%)	FY12			FY13		
	Younger than 30	30-50	Older than 50	Younger than 30	30-50	Older than 50
Executive Board	0	50	50	0	0	100
Management	0	50	50	33	33	33
Coordination	50	50	0	0	100	0
Supervision	0	0	0	0	0	0
Administrative	40	50	10	64	29	7
Production	100	0	0	0	100	0
Apprentices	0	0	0	0	0	0
Trainees	0	0	0	0	0	0
Interns	0	0	0	0	0	0

People with disabilities (%)	FY13				
	Rumo	Radar	Cosan LE	Corporate <sup>1</sup>	Consolidated
Executive Board	0	0	0	0	0
Management	0	0	0	0	0
Coordination	0	0	0	0	0
Supervision	0	0	0	0	0
Administrative	0.16	0	3	0	0.67
Production	0.81	0	0	0	0.56
Apprentices	0	0	0	0	0
Trainees	0	0	0	0	0
Interns	0	0	0	0	0

<sup>1</sup> As it considers this information irrelevant, Cosan does not ask candidates to declare their race in the hiring process. The Company works in partnership with various specialized institutions in recruiting people with disabilities.

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)
- » Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies, except Comgás and Raizen).

## Compensation for Men and Women

### Management method

For information on the management method relating to compensation for men and women refer to the section 'Competent teams' in pages 78 and 79 of the Sustainability Report, and indicator LA14 in page 31 of this GRI Book.

### LA14 Proportion of base salary and compensation among women and men by function and significant

Average compensation by function (R\$)	FY12			FY13		
	Men	Women	Proportion m/w (%)	Men	Women	Proportion m/w (%)
Executive Board	36,869	30,120	81.70	42,879	32,228	75.16
Management	15,500	15,458	99.73	16,674	18,145	108.82
Coordination	9,684	8,731	90.16	9,407	10,210	108.53
Supervision	8,677	11,039	127.22	9,411	11,463	121.80
Administrative	4,396	3,873	88.10	4,803	4,175	86.92
Production	1,393	1,417	101.71	1,478	1,458	98.66
Apprentices	425	425	100.00	678	678	100.00
Trainees	3,609	3,962	109.70	3,200	3,200	100.00
Interns	1,213	1,213	100.00	1,182	1,182	100.00

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx).
- » Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies, except Comgás and Raízen).

### operating units

Cosan's culture is based on meritocracy. Compensation requirements are established based on experience in the position, market comparisons and individual performance, without any consideration of gender. There are no significant differences in compensation among women and men. However, in the last financial year there was a significant increase in the compensation paid to executive positions.

## Social Performance – society

### Local communities

#### Management method

For information on the management method relating to local communities, refer to the following sections of the Sustainability Report: 'Minimizing Impacts', page 73, and 'Developing the surrounding communities', pages 74 and 75. Refer also to indicators So1, So9 and So10, in pages 31 and 32 of this GRI Book.

#### SO1 Percentage of operations implemented with local community engagement, impact assessments, and development programs.

Cosan LE invests in infrastructure that promotes and develops opportunities for the community near the Complexo da Ilha do Governador, its main operational facility. As an example of this initiative, the central square of the neighborhood was revitalized, to provide a safe

place for recreation for the surrounding population. At this venue, an academy for the elderly was installed, where residents can take daily exercise, to ensure their health and well-being.

The Citizenship Project offers sports activities such as swimming and soccer schools, catering mainly, but not exclusively, to younger participants. Altogether, there are more than 320 children practicing sports through this Project! Recently, music classes were incorporated into the Project, creating another opportunity for the community.

Cosan LE maintains an open channel for complaints from community residents about inconvenient situations relating to the operations. All of the complaints received are analyzed by a group of employees that proposes solutions in response to the population's demands.

Raízen, in turn, carried out actions in 2012/2013 to enable the social, cultural, educational and professional development of residents in the communities near to the company's units. With its fixed and mobile training centers, Raízen guarantees greater coverage and mobility

in order to promote citizenship and the development of society. The company's Vocational Project has enabled the qualification of 505 persons. In 2012/2013, eight cities were covered by this project (Piracicaba, Dois Córregos, Igarapu, Jataí, Valparaíso, Ipaussu, Maracá and the Mobile Center), out the 24 Raízen units - a total of 33%.

Seeking to integrate private initiative with state and municipal public schools, Raízen has been conducting the Energy on Stage project in the cities where it operates. This project involves plays performed in schools to supplement the general curriculum in accordance with the age range of each audience. In the FY13 22 cities were served, approximately 92% of those in which Raízen operates.

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)
- » The indicator relates to Cosan LE and Raízen.

**SO9 Operations with significant potential or actual negative impacts on local communities.**

**SO10 Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.**

One of Raízen's main challenges in the coming years is to qualify workers who will no longer be employed in the annual harvest which will be mechanized as of 2017. To reduce the impact that will be caused in respect of the generation of local income, Raízen undertakes various professional training initiatives through the Raízen Foundation, mainly in the agribusiness area.

- » Indicators relate to Raízen.

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## Corruption

### Management method

For the management method relating to corruption refer to the section 'Austere Positioning' in pages 62 and 63 of the Sustainability Report, and to the section 'Adding to good practices', in page 64. Also refer to indicators SO2, SO3 and SO4, in page 32 of this GRI Book.

**SO2 Percentage and total number of business units analyzed for risks related to corruption.**

**SO3 Percentage of employees trained in organization's anti-corruption policies and procedures**

**SO4 Actions taken in response to incidents of corruption**

To avoid cases of corruption Cosan has an Anti-Cor-

ruption Policy which is disclosed to all of its employees. Furthermore, the Company's Code of Conduct is the main instrument for ensuring ethical and transparent behavior from the senior management, all employees, and the supply chain.

Strengthening commitment to corporate responsibility and good managerial and sustainability practices, the document addresses matters involving human rights; discrimination; slave and child labor; conflicts of interest; protection of exclusive confidential information; fair treatment; relationship with customers, partners and third parties; contributions to political campaigns; health, safety and the environment; community negotiations; and others.

The principles and guidelines of the Code are disseminated to all directors, executives, employees, outsourced employees, interns or temporary workers, customers, suppliers, partners, and shareholders. For that purpose, upon joining the Company, employees receive guidance and sign a Statement of Responsibility and a Commitment to Adherence to Cosan's Code of Conduct. Corrective actions are carried out in cases of violations of the Code.

Cosan has an Ethics Channel which is available for internal and external stakeholders to report violations of the Code, legislation, or any other irregularity such as corruption, bribery, fraud, harm to the environment, false information, inadequate accounting records, misuse of Company assets, discrimination and others. It is also a channel for making suggestions on how to improve controls and the governance environment in all of the Company's businesses.

This Channel is managed by an independent firm, which ensures the reports remain confidential. The situations reported are forwarded to the Company's Ethics Committee, which analyzes each case and takes the necessary measures. In 2012/2013, no reports of this nature were made through this Channel.

All Cosan units and companies (Rumo, Cosan LE, Radar, Comgás and Raízen) are evaluated for risks related to corruption. Also, in partnership with an independent audit firm, all managers participate in discussions about real cases of fraud occurring in other companies. These professionals pass this content on to their subordinates. One of the Company's goals is to carry out annual training sessions to update the policies and procedures and to provide updates on these changes.

- » Indicators include consolidated responses from the Cosan's Corporate Structure.



## Public policies

### Management method

For information on the management method related to public policies, refer to the chapter 'The Value of Interaction' in pages 72, 73 and 74 of the Sustainability Report.

#### SO5 Public policy positions and participation in public policy development and lobbying

Cosan does not participate in the development of public policies

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx).
- » Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies, except Comgás and Raízen).

#### SO6 Financial contributions to political campaigns

Financial contributions to political campaigns are authorized by the Board of Directors, as required under the Company's manual for delegation of authority. Donations made during 2012/2013 were not considered significant in relation to Cosan's market return.

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)
- » Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies, except Comgás and Raízen).

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## Aspect: unfair competition and conformity

### Management method

For information about the management method relation to unfair competition and conformity refer to indicators SO7 and SO8 in page 33 of this GRI Book.

#### SO7 Anti-competitive behavior

#### SO8 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations

Cosan LE has experienced two lawsuits in relation to fuel distribution. Cosan LE has not carried out fuel distribution since 2011. One of these lawsuits has been closed and the other is still ongoing. During 2012/2013 Cosan LE experienced no significant administrative and judicial sanctions as a result of breaching laws and regulations.

In 2012, Comgás did not receive any significant fines of amounts over R\$ 1 million as a result of nonconformity with laws and regulations.

- » Indicators includes responses from Cosan LE and Comgás.

## Social Performance – human rights

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### Investment practices and purchase processes

#### Management method

For information on the management method related to investment practices and purchasing processes, refer to the section 'Austere Positioning' in pages 62 and 63 of the Sustainability Report, and indicators HR1 and HR2, in page 33 of this GRI Book.

**HR1** Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.

**HR2** Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.

The Code of Conduct prevents contracting with suppliers who present any risk of slave and child labor or have any irregularities in relation to human rights in their operations. The Company relies on clauses relating to this issue in contracts signed with third parties. The Company does not carry out analyses in relation to human rights violations when selecting suppliers.

Cosan has specific guidelines in relation to the elaboration, approval, payment and archiving of contracts with third parties. The Company periodically reviews agreements and, if any risks related to labor or taxation issues are identified, changes are requested, or clauses are included that are aimed at mitigating possible risks.

It is not possible to identify the percentage of contracts that include clauses related to human rights issues?

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx).
- » Indicators include consolidated responses from the Cosan's Corporate Structure (includes all companies, except Comgás and Raízen).

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## Non-discrimination

### Management method

For information on the management method related to non-discrimination, refer to the section 'Austere Positioning' in page 6 of the Sustainability Report.

#### HR4 Total number of incidents of discrimination and corrective actions taken.

To avoid incidents of discrimination, Cosan has an Ethical Conduct Channel with the objective of receiving complaints related to the violation of human rights, fraud, theft or sexual abuse. The Channel can be accessed internally or externally (by the public) at <http://www.canaldeetica.com.br/cosan>, on the intranet, or by telephone 0800 725 0039. Complaints are sent to the Ethics Committee which is made up of the Legal, Internal Audit and Human Resource departments, which propose the actions to be taken. In 2012/2013 no cases of discrimination were reported through the Ethical Conduct Channel.

Comgás did not record any cases of discrimination in 2012.

- » Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies, except Comgás and Raízen) and Comgás.

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## Freedom of association

### Management method

For information about the management method related to freedom of association, refer to indicator HR5, in page 34 of this GRI Book.

#### HR5 Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights

Cosan assumes a strategy that aims to strengthen relations between trade unions, the Company and its human capital (employees and suppliers). The Company believes that negotiations and collective bargaining should be in place whenever required, in the interests of the Company and all of its stakeholders. In the long term, the objective is to effectively establish communication based on constant dialogue, as a means of identifying and mitigating risks and proposing joint solutions.

There are no restrictions in relation to trade union freedom and Cosan seeks to stimulate collective bargaining through trade unions. The Company does not have operations which involve significant risk of violations.

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)
- » Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies, except Comgás and Raízen).

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## Child labor, and forced and compulsory labor

### Management method

For information about the management method related to child labor, and forced and compulsory labor, refer to the section 'Austere Positioning' in pages 62 and 63 of the Sustainability Report, and indicators HR6 and HR7, in page 34 of this GRI Book.

#### HR6 Operations and significant suppliers identified as having significant risk for incidents of child labor and measures taken to contribute to the effective abolition of child labor

#### HR7 Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.

At Rumo, contracts with suppliers include clauses prohibiting the use of child or slave labor in the work environment. Furthermore, the company's legal department carries out a preliminary analysis of the supplier's documentation in order to verify that there are no irregularities. The greatest risk of occurrences of slave labor relates to the construction of the rail network. This is because suppliers are contracted in locations that are difficult to access for monitoring, such as the sea ridge mountain range.

At Radar, leased agricultural properties under the company's management may present risk of the occurrence of child or forced labor. However, to avoid any incidents, the company has a careful selection process for tenants and carries out visits to properties. In addition, the leasing contracts include clauses related to these issues. In the next period (2013/2014) Radar intends to visit its entire portfolio of plantations with the objective of verifying compliance with the sustainability criteria included in the contracts.

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)
- » The indicators include information related to Rumo and Radar.

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## Security practices

### Management method

For information about the management method related to security practices, refer to the section 'Austere Positioning' in pages 62 and 63 of the Sustainability Report, and indicator HR8, in page 34 of this GRI Book.

#### HR8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects

of human rights that are relevant to operations  
Training about human rights is not conducted with security personnel.

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx).
- » Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies, except Comgás and Raízen).

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## Indigenous rights

### Management method

For information on the management method related to indigenous rights, refer to indicator HR9 in page 35 of this GRI Book.

### HR9 Total number of incidents of violations involving rights of indigenous people and actions taken

During the reporting period there was no record of violations of indigenous rights.

- » Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies, except Comgás and Raízen).

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## Remediation

### Management method

For information about the management method related to remediation, refer to indicator HR11 in page 35 of this GRI Book.

### HR11 Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.

Cosan has an Ethical Conduct Channel for complaints related to human rights violations. During 2012/2013, the Company did not receive notifications of this nature.

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx).
- » Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies, except Comgás and Raízen).

# Social Performance – product responsibility

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## Customer health and safety

### Management method

For information about the management method relating to customer health and safety, refer to indicators PR1 and PR2 in pages 35 and 36 of this GRI Book.

### PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

Cosan LE evaluates all of the products and services provided from significant categories in relation to their impacts on health and safety. The company holds all of the rights to the production and sale of Mobil lubricants, however, the development of the concept of these products is the responsibility of ExxonMobil.

All Cosan LE operations hold ISO 9001 and 14001 certification. All risks involving products containing chemical substances are clearly notified to consumers and employees working on their production. They hold a Chemical Product Safety Information Form (FISPQ) which offers all of the information about handling, storage and disposal of such chemical products and the safety measures that should be adopted.

Because it is concerned that the correct disposal of its products takes place, Cosan LE participates in the OLUC Program in which agreements are established with companies specializing in the collection of used oil, enabling this oil to be refined and part of its volume to be reused. Furthermore, the company is part of the Play Clean Program coordinated by the National Union of Fuel and Lubricant Distribution Companies (SINDICOM).

At Comgás, the impacts on health and safety are analyzed through the entire cycle of the natural gas distribution activity. New projects and the maintenance of existing structures undergo specific risk analyses so that control measures and contingencies can be proposed for each activity. The company follows the regulatory requirements of the São Paulo State Sanitation and Energy Regulatory Agency (ARSESP) and holds ISO 14001 and ISO NB 17025 certification. The company also informs consumers about the safe use of gas, in accordance with the standards and best practices of the distribution industry.

All Raízen products are in accordance with national and international legal requirements of the food industry ac-

cording to the markets in which we market our products.

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx).
- » Indicator relates to Cosan LE, Comgás and Raízen.

**PR2** Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes

There were no cases of non-compliance of this nature at Raízen in 2012/2013.

- » Indicator relates to Raízen.

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## Labeling of products and services

### Management method

For information on the management method related to the labeling of products and services, refer to indicator PR4 in page 36 of the GRI Book.

**PR4** Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes  
73 incidents of non-compliance were recorded during 2012/2013 - 56 resulting in fines and 17 resulting in warnings. The total fines to be paid by Cosan R\$ 292,104.54. All of these fines relate to the weight of the product stated in the packaging which was found to differ from the weight calculated in audits by the National Institute of Metrology, Quality and Technology (INMETRO). These notifications were received by the company Docelar, which the Company sold to Camil in October 2012.

In the FY13, Raízen committed 21 infractions, a 67% reduction in relation to the previous period. These also related to nonconformity between the actual weight and the weight declared on packages of sugar.

- » Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies, except Comgás and Raízen) and Raízen.

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## Communication and marketing

### Management method

For information on the management method related to communication and marketing, refers to indicator PR6 in page 36 of this GRI Book.

**PR6** Programs for adherence to laws, standards and voluntary codes related to marketing communications,

including advertising, promotion and sponsorship

Cosan LE carries out its activities based on the guidelines in its Code of Conduct. The company maintains the same standards for use of the brand and sports sponsorship established by ExxonMobil.

External publications are monitored by the Marketing Area and take into consideration the clauses established in contracts signed with communication agencies. Before planning advertisements, requesting sponsorship, undertaking contracted research or establishing action plans, conformity with legal communication practices is reviewed.

Furthermore, journalists working at Cosan LE monitor the conformity of internal communications every six months.

The company receives questions from the wider society in relation to disposal of packaging and the applications of, and technical data sheets for, its products. To respond to these requests, the company's website [www.mobil.cosan.com.br](http://www.mobil.cosan.com.br) has Contact Us and Customer Support Service sections.

Because it is concerned about the disposal of its packaging, Cosan LE seeks to guide its customers regarding environmental standards. The Intelligent Change Program proposes a new model for changing lubricant oil that prevents the disposal of packaging and generation of waste.

Cosan LE does not adopt specific voluntary communication codes.

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx).
- » Indicator relates to Cosan LE.

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## Customer privacy

### Management method

For information about the management method relating to customer privacy, refer to indicator PR8 in page 36 of this GRI Book.

**PR8** Breaches of customer privacy and losses of customer data.

No lawsuits were filed in relation to the violation of privacy and loss of customer data in the reporting period.

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx).
- » Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies, except Comgás and Raízen).



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## Conformity

### Management method

For information on the management method related to conformity, refer to indicator PR9 in page 37 of the GRI Book.

#### PR9 - Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

In 2012/2013 there were no administrative or judicial sanctions with significant monetary values for non-compliance with laws or regulations relating to the provision of products and services.

- » See Comgás indicators at [www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx](http://www.comgas.com.br/pt/Paginas/RelatorioAnual.aspx)
- » Indicator includes consolidated responses from the Cosan's Corporate Structure (includes all companies, except Comgás and Raizen).

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