



Sustainability

Report 2019



Contents

Introduction

- How to navigate this Report05
- Sustainable Development Goals map07
- Welcome aboard08

Our value generation

- About Azul 12
- Outlook 16
- 2019 overview 17
- Performance 18

Business conduct

- Corporate governance 24
- Risk management 29
- Connection that transforms 30

Responsible and efficient operation

- Safety 32
- Eco-efficiency 34
- Ethical performance 40

Focus on people

- Crewmembers43
- Customers58
- Business Partners62

Going further

- Connectivity65
- Social investment66
- Innovation70

To learn more

- Measures for COVID-1975
- GRI content index78
- SASB index84
- Capitals map85
- Credits86



With much enthusiasm, we present Azul's first Sustainability Report!

We are thrilled to present this report to you, informing about our results, current initiatives, our values and our purpose. We are passionate about what we do and we are pleased to share it publicly, reinforcing Azul's pledge to transparency and sustainable development.

Welcome and have a nice trip!



01

INTRODUCTION



GRI 102-50

Welcome to Azul's first
**Sustainability
Report!**

In this publication, we will share the main highlights of our operations during 2019, in line with our commitment to transparency and sustainable growth of our business. On the following pages, you will find more information about Azul's values and culture, as well as our performance in the period, how we generate value for society and our future vision.

How to Navigate this Report

GRI 102-54

This report adheres to the best international reporting practices:

- Global Reporting Initiative (GRI) – GRI Standards Core Option;
- Integrated Reporting Framework (IR or IIRC);
- Sustainability Accounting Standards Board (SASB) aviation industry indicators; and
- United Nations (UN) Sustainable Development Goals.

GRI Standards

Throughout the content, you will see the GRI XXX-X acronym next to the chapters' title or subtitle with the number of the indicator reported. The GRI content index on page 78 helps you find these indicators, explaining each one of them and the pages on which they are located.

For more information visit:

www.globalreporting.org.un

Integrated Reporting (Capitals)

Throughout this report, we will indicate where the content relating to each of the capitals supporting Azul's business model is addressed. You can search for them through the capitals map on page 85, which shows where they are located, or through the icons at the beginning of each chapter:



Environmental



Financial



Manufactured



Human



Social and Relationship



Intellectual

For more information visit:

<https://integratedreporting.org/>

SASB indicators

This report also presents relevant indicators on sustainability in the aviation industry according to the SASB. To quickly access this content, search the index on page 84 or look for the TR-AL-XX acronym throughout the publication.

For more information visit:

www.sasb.org

Sustainable Development Goals (SDGs)

At the beginning of each chapter, you will find the priority SDGs icons that relate to the content of Azul's Report. A map indicating where and how the SDGs are addressed is also available on page 7.

For more information visit:

<https://sustainabledevelopment.un.org/sdgs>

IMPORTANT NOTE!

Throughout this report, we will refer to Azul by the terms “Azul” or “Company”. Also, whenever we use the term “**Crewmembers**”, please note that we are referring to all employees.



Innovation

Innovation is one of the pillars of our sustainability strategy and is present across several of our initiatives and projects. This icon will appear throughout this report in order to highlight the content that addresses important innovations!

A close-up of an astronaut's helmet with two circular visors. The helmet is white and surrounded by a collage of colorful, overlapping paper scraps in shades of blue, yellow, green, red, and orange. The visors show a blurred view of a sky with clouds.

**Enjoy
your
reading!**

Sustainable Development Goals Map



SDG goal

Ensure healthy lives and promote well-being for all

Achieve gender equality and empower all women and girls

Promote sustained, inclusive and continuous economic growth, full and productive employment besides decent work for all

Build resilient infrastructure, promote sustainable industrialization and foster innovation

Make cities inclusive, safe, resilient and sustainable

Take urgent action to combat climate change and its impacts

Strengthen the means of implementation and revitalize the global partnership for sustainable development

Azul's commitments

Promote safety as Azul's # 1 value;
Provide a proactive employee wellness program; and
Promote medical care through our network (Pink October, organ transport, Barretos Hospital).

Ensure women's full and effective participation and equal opportunities for leadership at all levels; and
End all forms of discrimination against women.

Establish trainee and scholarship programs;
Protect human rights in our operations and supply chain; and
Create direct and indirect jobs through our sustainable growth.

Support infrastructure development in local airports; and
Encourage innovation amongst crewmembers.

Promote local economic development by connecting underserved (or not served) cities; and
Ensure that services are not limited to high-density urban destinations, but also remote areas.

Maintain the youngest fleet in the country with fuel-efficient aircrafts; and
Create a carbon inventory to monitor and report greenhouse gas (GHG) emissions.

Establish partnerships with government authorities, regulators, manufacturers and suppliers on issues involving actions to promote health and safety (people and operations) and climate protection.

Relationship with content/pages:

Safety, page. 32
Crewmembers, page. 43
Social Investment, page. 66

Crewmembers, page. 43

Crewmembers, page. 43
Business Partners, page. 62
Connectivity, page. 65

Performance, page. 18
Innovation, page. 70

Connectivity, page. 65
Social Investment, page. 66

Eco-efficiency, page. 34
Innovation, page. 66

Eco-efficiency, page. 34
Social Investment, page. 66

Welcome aboard

GRI 102-12 • 102-14

Together, always going further!

The year of 2019 marked a year of achievements for Azul, with performance guided by our values. We are delighted to publish our first Sustainability Report, which gives us the opportunity to share with you the work we do and how we care for every detail in order to generate value and development for all of Azul's stakeholders.

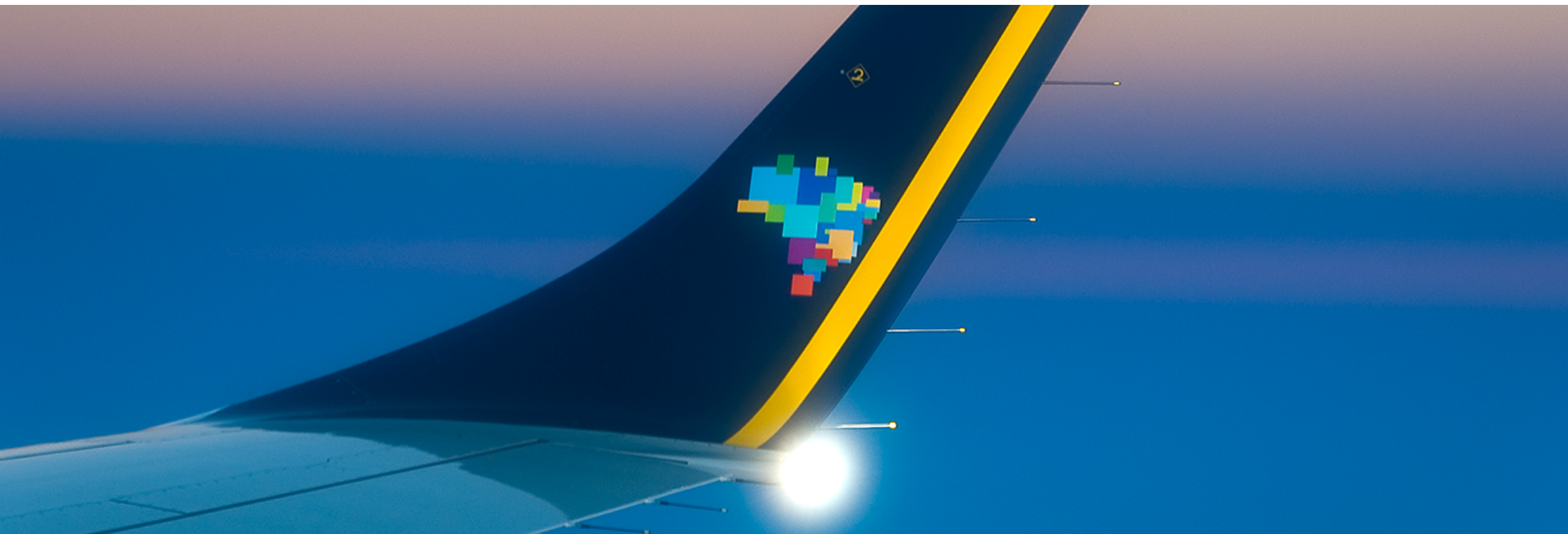
During the year, we consolidated our sustainability strategy and defined the structural pillars to keep the Company resilient. These pillars are: responsible and efficient operations, focus on people and going further. We are also absolutely committed and confident in the safety of our operations. It is the foundation for all these pillars and for every action and plan outlined by Azul.

Azul was founded in 2008 with a dream: to be the best airline in the world. We believe that excellence can only be delivered by people with a shared purpose. Our greatest advantage is having more than 13,000 Crewmembers who are passionate about the work they do at Azul. We are completely dedicated to what we do.

We take the recognition of our Crewmembers seriously and make this commitment official through the Excellence Program - PEX (learn more on page 54). This year alone, 878 evaluations were carried out by the responsible team in bases, units and representatives that work with our public. We held an official ceremony, attended by directors and executive officers, to award 96 Crewmembers and outsourced employees. In addition, we made clear that we are paying attention to their efforts, and 1,333 Crewmembers got promoted in 2019.

The dedicated work of our people has led to record results for the Company, such as Azul's unique Customer service results, recognized by the public. We received six awards by TripAdvisor Travelers' Choice, including Best Airline in Latin America and Top 10 Best Airlines in the world. We also won the award for best Customer service team in South America by Skytrax for the fourth time, and, for the ninth consecutive year, the site's users ranked us best regional airline.

In 2019, we affirmed our commitment to the United Nations (UN) Sustainable Development Goals (SDGs) and promoted an increasingly engaged social action across the country. We are committed to building a promising future, connecting people and changing lives. We celebrated the launch of Associação Voar, a scholarship program for the training of aviation professionals, funded exclusively by donations and whose main sponsors are our own executives. We are proud of our work to help professionals to reach their full potential. We also highlight the positive impact of the work of our team of 2,193 volunteers and the social investment projects that have directly benefited more than 50,000 people during the year.



We are also transforming our fleet (learn more on page 36). By adding next-generation aircraft, we are contributing to become an increasingly ecoefficient and sustainable company, engaged in mitigating climate change. In 2019, we added eighteen A320neo and four E2 to our network, ending the year with 47 next-generation aircraft, which represents 42% of the seats offered in all kilometers flown. Having a young fleet that is fuel efficient is in line with our commitment to reducing greenhouse gas emissions over the following years.

These new aircraft have enabled us to strengthen our network, encouraging more and more people to access the 116 destinations we serve. Azul's role is to connect and promote local development through our operations. Connectivity is our business, so we go the extra mile to take Brazil further and further! That is why 70% of our routes in December 2019, were exclusively served by Azul.

We continue to provide growth opportunities for several regions of the country, as well as expanding our offer of international routes.

In 2019, Azul remained on track and prospered. We reached net revenue of R\$11.4 billion and adjusted EBITDA of R\$3.6 billion, 34% higher than in 2018. Adjusted operating income was R\$2.0 billion, representing a margin of 18%, in line with the expected outlook for 2019, disclosed to the market at the beginning of the year. Adjusted net income for the period totaled R\$1.2 billion*.

*Financial results adjusted due to the effect of non-recurring events of R\$ 3.2 billion.

The synergy between our business units keeps us strong and competitive. Our network and its unique capillarity provide advantages for our cargo, loyalty and tour operator segments. It entails a further benefit for the members of our wholly-owned loyalty program, TudoAzul, which reached 12 million members at the end of the year. Similarly, Azul Cargo, our cargo unit, and Azul Viagens, the Company's tour operator, showed excellent results in the year.

We started 2020 confidently and ran into a new challenge, the COVID-19 crisis. Although the moment brings uncertainty and a sharp slowdown in the Brazilian economy, we reacted promptly and prepared the entire Company to go through this phase strengthened. We took immediate measures to establish the safety of our people, cut down our costs, preserve the sustainability of the business while providing support to society in this difficult time (learn more on page 75).

In 2019, we delivered another year of exceptional results and we were the airline with the highest growth and best profitability in Brazil. We entered the crisis with a resilient business model and we are positive that we will come out even stronger. We are genuinely grateful to all of our Crewmembers, who have been performing an

extraordinary effort to support Azul at this moment. More than ever, Azul reveals that it knows how to deal with the challenges caused by unpredictable elements beyond our control. We will maintain our operations in a timely and transparent manner to mitigate the impact of the crisis.

We are proud of the accomplishments of the entire Azul team in 2019 and glad to share them with you. On the following pages, you will discover more details about our operations in this period, as well as other information referring to our value creation. This Report is a means of establishing our commitment to maintaining the delivery of Azul's results and our positive impact on society as a whole, with a focus on the Company's continuous evolution over the next years. We will keep going further and further.

Join us on this journey!



John Peter Rodgerson
CEO

AZUL

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



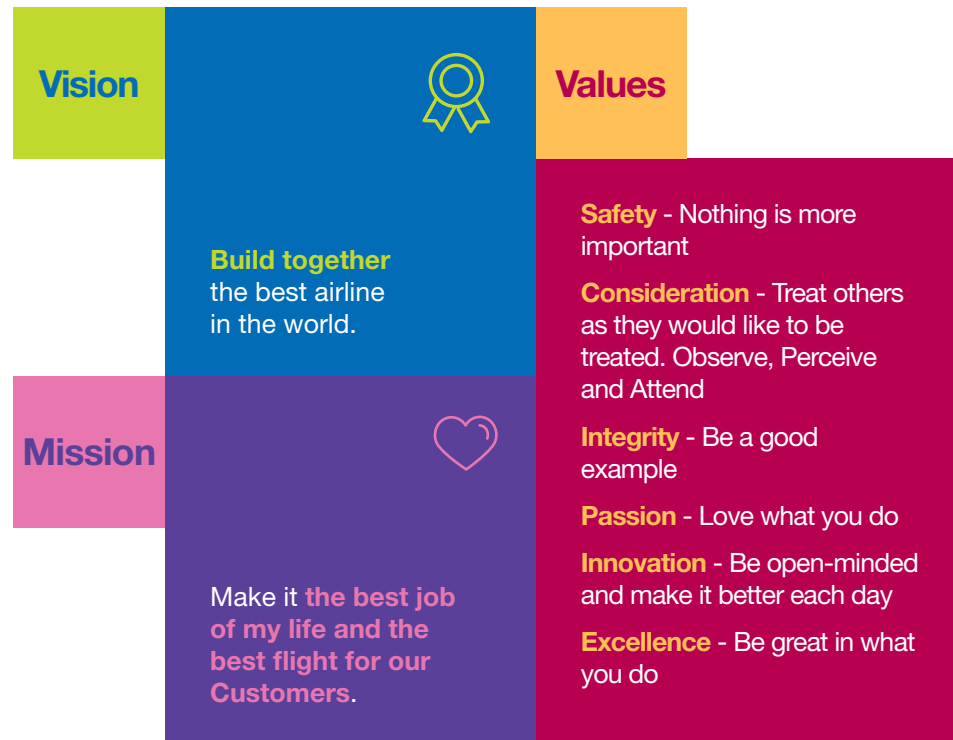
2

OUR VALUE GENERATION

About Azul

GRI 102-1 • 102-2 • 102-3 • 102-5 • 102-6 • 102-7

Founded in 2008 by David Neeleman, **Azul S.A.** is the largest airline in Brazil in terms of departures and cities served, and since its beginning, the fastest growing airline in the country. Headquartered in São Paulo, the Company has an extensive domestic network and serves international destinations too. The synergy between our different business segments enables us to make the best possible use of Azul's unique connectivity across our network.



All our Crewmembers spread the Azul culture in their daily activities. Our culture is the basis of who we are, our identity and each of our Crewmembers play a leading role in it. To strengthen this engagement, we created Sou Azul, or “**I am Azul**”, the motto we use to talk about our mission, vision and values, which briefly explains what it is to be one of our Crewmembers:



*“I am Azul because together with other **Crewmembers** we will build the best airline in the world. I am here to make this the best job of my life and the best flight of our **Customers**’ lives. Nothing is more important than **safety**. I treat people the way they would like to be treated and use my abilities to observe, perceive and attend, be **considerate** and meet their needs. I am a good person and that defines my **integrity**. I love what I do, because I am driven by **passion**. I am open-minded and want to improve each day. This is **innovation**. I am great in what I do in order to achieve **excellence**.”*

Operating Structure

GRI 102-4 • 102-7

Network

- Average of **916** daily flights to **106** domestic destinations and **10** international destinations
- **8** new destinations in the year
- Leader in **83%** of the routes we serve

Fleet

- **140** passenger aircraft
37% are next-generation aircraft
average age of **5.8** years
- **3 hangars** in Belo Horizonte (MG)
- **One of the largest hangars** in Latin America, in Campinas

Route Map



Customers

- **28 million** passengers in 2019
- **12 million** TudoAzul members
- **114 thousand** tons transported by **Azul Cargo**
- **50** own stores and **2,100** Azul Viagens stores

2,587
Crewmembers
hired in 2019

6,368
Suppliers

13,189
Crewmembers

Results

- **R\$11.4 billion** in revenue
- **R\$1.4 billion** in net investment
- **341,954,367** equivalent preferred shares with a market value of **R\$20 billion**



In 2019, we started the construction of a new aircraft maintenance hangar in Campinas, the largest in Latin America, whose operations started in the first semester of 2020. This hangar will enable us to do most of the heavy maintenance of our jets locally in Brazil. We will also have the opportunity to develop technological capacity, reduce labor costs in dollars, as well as foster the domestic economy and professional development by bringing this activity to Brazil. The new hangar will also contribute to reduce fuel consumption

and greenhouse gas (GHG) emissions, as we will lower the number of flights to third parties' maintenance centers.

We are also expanding our fleet. We are continuously focused on making more flights and seats available by growing the number of aircraft, always prioritizing an increasingly new and efficient fleet (learn more on page 36). From 2018 to 2019, we had a 22.2% increase in the number of aircraft seats multiplied by the kilometers

flown, or Available Seat Kilometer (ASK), one of the main operational indicators of the aviation industry. We are growing on the routes we already serve by investing in the diversity of our fleet, which now includes ATR, E-Jets, A320neo family aircraft and A330neo. Larger aircraft enable us to offer lower fares, further stimulate the local economy and increase our eco-efficiency gains (page 35).

Business Units



TudoAzul is Azul's wholly-owned Customer loyalty program. With around 12 million members, the program holds a share of approximately 20% in the loyalty market, and its revenue has been presenting an annual growth of over 30% in the past five years.



Azul Cargo Express is the Company's logistics solutions unit, with 246 stores in Brazil, serving around 3,657 municipalities. Following the same expansion, Azul Cargo has grown over 40% in the last two years. The e-commerce sector is booming in Brazil and we are the only logistics provider with an air network serving more than 100 domestic destinations. Therefore, we project a significant increase in demand for this business unit.



Completing the synergy cycle among the Company's operations, we also offer services through **Azul Viagens**, our tour operator that contributes to the operating margin expansion projected by the Company.

Our operations are based on a **synergistic relationship** between airline, loyalty program, cargo solutions and tour operator. TudoAzul and Azul Viagens enable us to take advantage of empty seats and make sales outside the usual channel, and the Company's extensive network allows for Azul Cargo's unique reach. All our business units contribute to making Azul more sustainable and efficient, as they maximize our capacity utilization, either regarding seat offering or cargo volume. The higher our load factor (seats or cargo), the greater our efficiency.

Outlook

GRI 102-7

Macroeconomic Outlook

During 2019 the Brazilian economy continued to recover with GDP growth of 1.1% in the year. Low inflation rates enabled the reduction of the country's risk-free rate (SELIC) to 4.5% in December, the lowest level in Brazil's history. The average unemployment rate fell from 12.3% in 2018 to 11.5% at the end of 2019, with the year-end Brazilian real slightly increasing its value by 4.0% closing at 4.03 R\$/US\$ at December 31, 2019. The price of West Texas Instrument (WTI) crude oil accumulated gains of 34% over the previous year, reaching US\$ 61.06 per barrel by the end of the year, while the average price throughout the year decreased 11.2%.

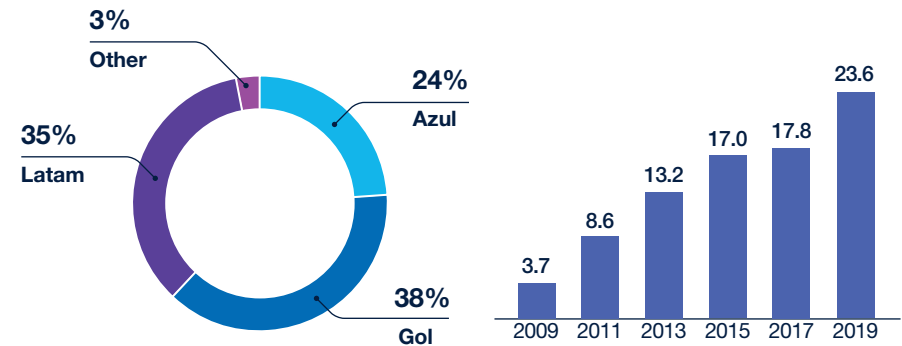
Aviation market

In 2019, the Brazilian aviation market was marked by the exit of Avianca Brasil, the fourth largest carrier in the country, resulting in an industry capacity decrease of 1.0% year over year in terms of ASKs, and a slight growth in demand of 0.8% in terms of RPKs. The industry's average load factor totaled 82.7%, 1.7 percentage points higher compared to 2018.

Azul recorded an RPK growth of 23.9% on an ASK growth of 22.2%, resulting in a load factor of 83.5%, 1.2 percentage points higher than in 2018. In 2019, Azul's RPK share reached 24%.

In addition to the change in competitive dynamics, the aviation sector was also impacted by the end of the payroll tax relief program in the beginning of 2019. Under the program, airlines had the option to pay 1.5% on gross revenue instead of 20% payroll tax.

AZUL'S PARTICIPATION IN THE DOMESTIC MARKET RPK (%)



How does Azul prosper in this scenario?

Since its foundation, the Company has built a resilient business model so that it can sustain itself under adverse macroeconomic scenarios. Our growth strategy, following our plan of continually replacing older, smaller aircraft with larger, more fuel-efficient next-generation aircraft, allows us to expand margins while growing our business. At the same time, our unique network, in which we were the only airline in 70% of the routes we served in December 2019, provides us with a structural advantage, allowing us to react quickly under adverse macroeconomic conditions.

As we replace our fleet with larger, more fuel-efficient aircraft we also expect to continue to grow our business units, including TudoAzul, Azul Cargo and Azul Viagens.

2019 Overview

GRI 102-7



Stakeholders



Crewmembers

- » R\$1.3 billion in compensation
- » Average of 65.76 hours of training per person
- » R\$ 79.9 million invested in training and professional development
- » Crewmember engagement rate of 72%



Suppliers

- » R\$ 9.3 billion in business contracted with suppliers in the year
- » R\$ 5.6 billion spent on local suppliers (60% of total expenditures with our supply chain)
- » We operate with 5,456 national suppliers, who total 659,303 employees in their operations



Investors

Generated Value

- » 62% appreciation of Azul4 shares in the year and a 55% increase in the price of ADRs
 - » 178% of accumulated variation of Azul4 shares since the IPO (+113% of ADRs)
 - » R\$ 2.4 billion increase in revenue, representing a growth of 26%
- Targets Achieved:**
- ASK growth of 22%
 - EBIT margin of 17.6%



Society

- » R\$475 million in taxes paid to the government for Brazil's development
- » + 50,300 people benefited from Azul's projects
- » 1,337 refugees transported in 2019
- » 1,735 tickets donated for organ transportation
- » + R\$600,000 in Private Social Investment
- » + 6,700 hours of volunteer work
- » Associação Voar (page 53)



Customers

- » On-time Performance Index of 85.01%
- » Unique network with 116 destinations, 40 of which are exclusively served by Azul
- » NPS Score of 57 points, reinforcing our strong brand recognition
- » 12 million TudoAzul members, representing a 11% increase over last year

Performance

2019 was another great year for Azul. It demonstrated Azul's strong position, always seeking to become more and more sustainable. Our diversified network makes us resilient to different local demands, and our margin expansion strategy has led to positive results.

We reached net revenue of R\$11.4 billion and adjusted EBITDA of R\$3.6 billion, 34% higher than in 2018. The adjusted operating result was R\$2.0 billion, representing a margin of 18%, in line with the expected outlook for 2019, disclosed to the market at the beginning of the year. Adjusted net income for the period totaled R\$1.2 billion.

As promised, we continued to expand our operating margin with a solid growth strategy. In 2019, we added **eighteen** A320neo and **four** E2 to our network, ending the year with **47** next-generation aircraft.

By the end of 2019, 37% of our fleet was made up by next-generation aircraft. As a result, for the next few years we will have the youngest, most efficient, and most flexible fleet in the country.

We believe that Azul is a benchmark in the number of seats offered on next-generation aircraft, which represented 42% of ASK at the end of 2019 and is expected to represent 100% by the end of 2022 of our domestic jet fleet. To better understand this information, please learn more about our **Eco-Efficiency** strategy on page 36.

In addition, we are making investments in more modern and robust systems that facilitate pilot and flight attendant work schedules, airport services, Customer relationship, revenue management, among other activities, to support our long-term objectives.

Our flexibility to serve the demands of the market is what sets us apart. We operate with a diverse fleet that allows us to meet our Customer needs, serving more than 100 domestic destinations in a cost-effective way. Fleet diversity and connectivity across our network are key strategies of our business model. This synergy is one of our

main strengths because it enables Azul to reach different markets with the right-sized aircraft.

Our secret is to have a committed team of talented people (page 43), passionate about what they do, always striving to exceed expectations.

Dedication to move forward as a company can be seen in the launch of our São Paulo-Rio air-shuttle service, which proved to be a success among all Azul's stakeholders (learn more in the box on the next page).



In August, we launched air shuttle service between Congonhas (São Paulo - SP) and Santos Dumont (Rio de Janeiro - RJ), the busiest route in the country and the fourth largest domestic market in the world. At the end of May, Avianca Brasil had its operations suspended by the National Civil Aviation Agency (ANAC). As a result, its slots at Congonhas airport were redistributed and Azul was awarded 15 of them, breaking the duopoly on the busiest air route in Brazil.

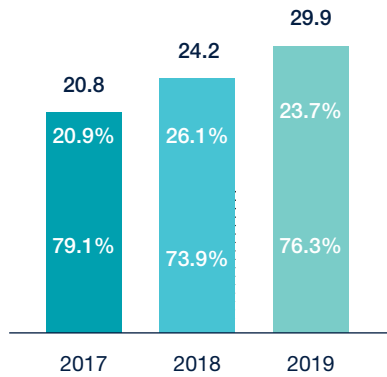
This was a great achievement for the Company and consumers, who benefit from more competition at Congonhas airport.

By strengthening our presence in downtown São Paulo, the largest city in South America, we have the opportunity to offer the Azul experience to even more people.

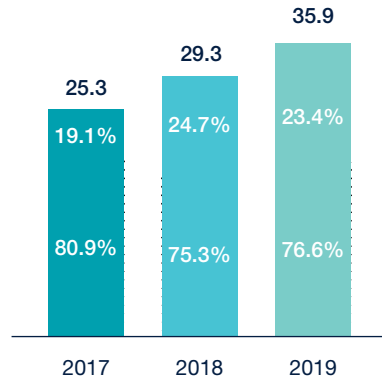


Operating

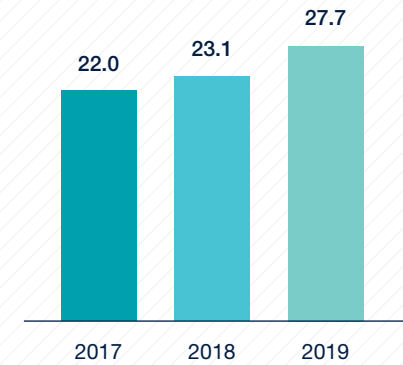
RPK (million)



ASK (million)



REVENUE PASSENGERS (thousands)



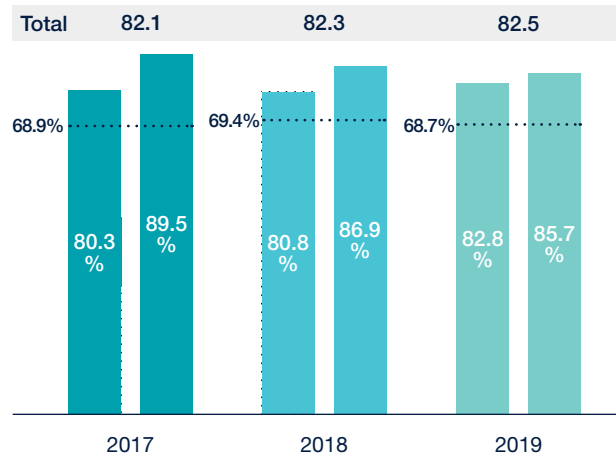
RPK (Revenue Passenger Kilometer):

calculated by multiplying the number of revenue passengers by the number of kilometers flown;

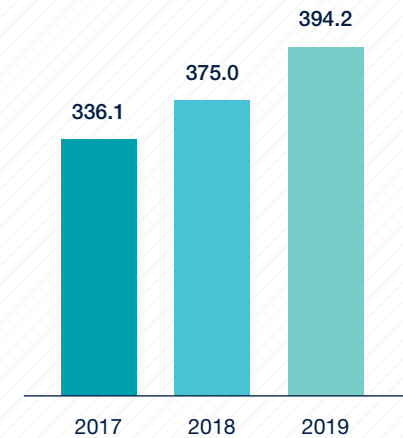
ASK (Available Seat Kilometer): number of aircraft seats multiplied by the number of kilometers flown.

We can establish a relationship between both indicators considering ASK as supply and RPK as demand in aviation. The ratio of RPKs to ASKs results in the **load factor**.

LOAD FACTOR (%)



AVERAGE FARE (R\$)

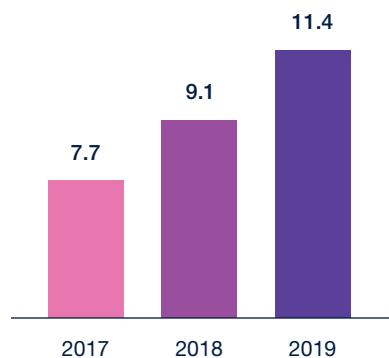


■ Domestic ■ International ···· Break-even load factor

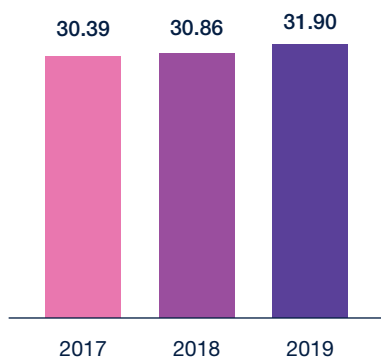
Financial

GRI 102-1 • 201-1

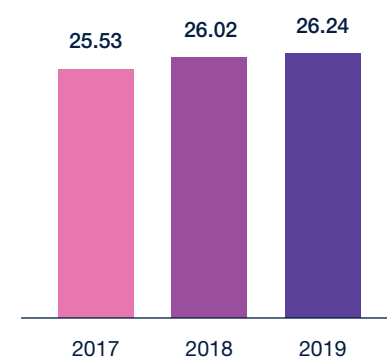
OPERATING REVENUE (R\$ Billion)



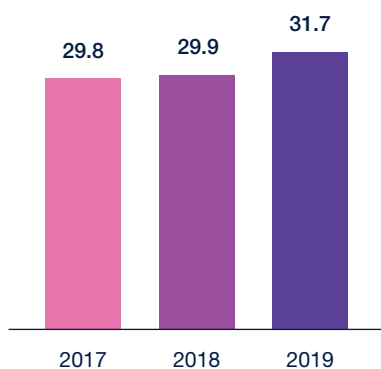
RASK¹ (R\$ Cents)



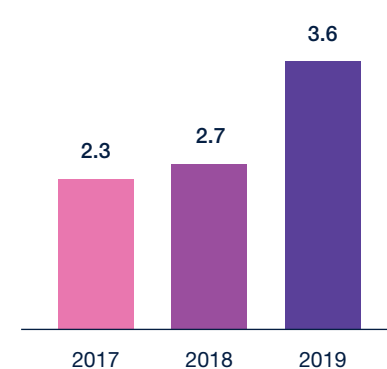
CASK² (R\$ Cents)



ADJUSTED EBITDA MARGIN (%)



ADJUSTED EBITDA (R\$ Billion)



¹RASK (Revenue per Available Seat Kilometers):
operating revenue divided by available seat kilometers.

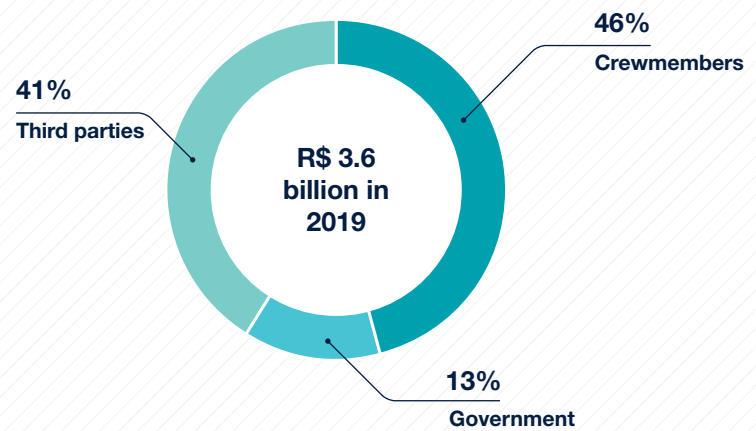
²CASK (Cost per Available Seat Kilometers):
operating expenses divided by available seat kilometers.

More detailed data is available in the
[Management Report](#).



Approximately 85% of our passenger revenue comes from **domestic flights**, while the remaining 15% comes from our international flights. In addition, 99% of our taxes are paid in Brazil.

ADDED VALUE DISTRIBUTION GRI 201-1





3

BUSINESS CONDUCT

Corporate Governance

Best Practices

Guidelines



We conduct our corporate governance with transparency and in accordance with the most relevant market guidelines.

We were the first Brazilian company to become signatory to the Committee of Mergers and Acquisitions (CAF), a private non-profit organization guided by the highest level of governance. CAF ensures fairness between shareholders in Initial Public Offerings (IPOs), takeovers, incorporation of shares, mergers and spin-offs with incorporation involving Brazilian publicly-held companies.

Our dual-listed Initial Public Offering (IPO) was conducted in 2017, with shares listed on the Bovespa B3 and the New York Stock Exchange (NYSE) under the Level III ADR program. We also adhere to B3's Corporate Governance Level 2 listing regulation, a special listing segment of the stock market.

In addition to the minimum requirements established by the Level 2 listing regulation, **we adopt the best practices** in the Brazilian Corporate Governance Code (CBGC) and the Code of Best Practice of Corporate Governance of the Brazilian Institute of Corporate Governance (IBGC).



The Company's **Board of Directors (BD)** is composed of eleven members, mostly independent (82%), including one woman and a non-executive chairman, who are elected and removed by resolution of the General Shareholders' Meeting. The independence of the directors is defined in accordance with B3 Level 2 regulations, with no maximum number of mandates stipulated.

The **Board of Executive Officers** is composed of four members who are responsible for representing the Company, elected by the Board of Directors for a term of two years.

The Company has three permanently installed committees: the audit committee, the compensation committee and the corporate governance committee. In addition to these, the ethics and conduct committee reports directly to the governance committee.

In 2019, the Company registered the attendance of 100% of directors at meetings throughout the year.

Management

Policies and Commitments



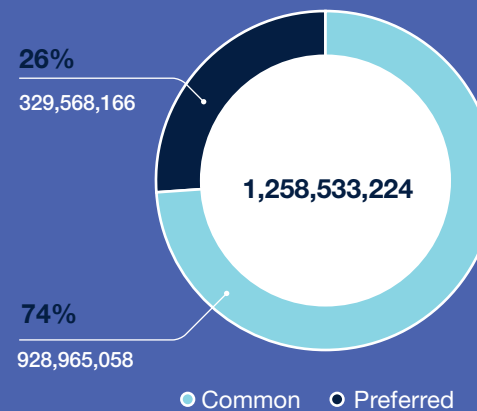
In order to formalize our commitments, we rely on several corporate documents, among which we highlight our **Bylaws**, the **Code of Ethics and Conduct**, our securities trading policy, related-party transactions policy, the shareholders' agreement and the internal regulations of the Company's committees. To access these documents, please **click here**.

Shareholder Structure

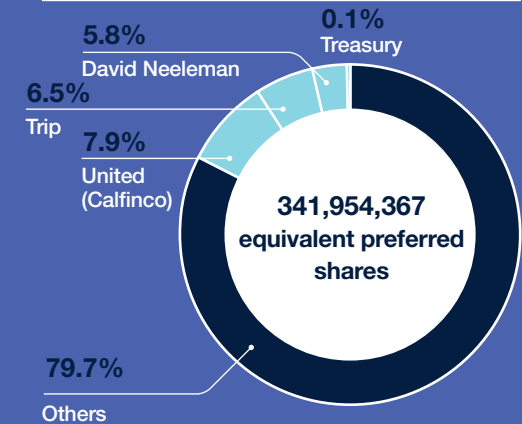


Azul's shareholder structure is composed of common and preferred shares. Each preferred share is equivalent to 75 common shares and is entitled to receive 75 times the amount of dividends distributed to holders of common shares, who have voting control over Azul. In addition, preferred shareholders have 100% tag along rights and can vote on strategic matters such as agreements with related parties, transformation, incorporation, merger or spin-off of the Company, among other topics established in paragraph 9 of Article 5 of our Bylaws.

TOTAL SHARES



ECONOMIC INTEREST



Governance

GRI 102-18



Structure

Shareholders' Meeting

Board Of Directors

Average term of office of the members of the Board of Directors: **7.2 years**

Board Of Executive Officers

David Gary Neeleman
Chairman of the Board of Directors

Carolyn Luther Trabuco
Independent Director

Decio Luiz Chieppe
Independent Director

Gelson Pizzirani
Independent Director

Gilberto Peralta
Independent Director

Henri Courpron
Independent Director

John Ray Gebo
Independent Director

José Mario Caprioli dos Santos
Director

Michael Lazarus
Independent Director

Renan Chieppe
Independent Director

Sergio Eraldo de Salles Pinto
Independent Director

→ **Compensation Committee**
Aligns compensation to corporate strategy. Responsible for aspects related to incentive plans backed by shares, such as organizing, managing and evaluating them, as well as resolving unforeseen situations or conflicts related to them.

→ **Corporate Governance Committee**
Responsible for advising and supervising the implementation of corporate governance guidelines to the Board of Directors, supporting the preparation of the Code of Ethics, proposing the Related-Party Transactions Policy, and reviewing situations of potential conflict of interest and expressing an opinion on the sale or transfer of the Company's fixed assets in amounts exceeding 3% of net revenue.

→ **Audit Committee**
Responsible for supervising internal controls and auditing areas, as well as monitoring the quality and integrity of the Company's mechanisms, information disclosed and risk exposures.

John Peter Rodgerson
Chief Executive Officer

Alexandre Wagner Malfitani
Chief Financial Officer and Investor Relations Officer

Abhi Manoj Shah
Chief Revenue Officer

Antônio Flavio Torres Martins Costa
Chief Operational Technical Officer

→ **Ethics And Conduct Committee**
The Ethics and Conduct Committee reports directly to the Corporate Governance Committee and is responsible for disclosing and proposing amendments to the Code of Ethics and Conduct and for evaluating issues related to liability and reports of non-compliance arising from the Whistleblower Channel, as well as proposing sanctions and disciplinary measures provided for in the Company's internal policies.

AGE GROUP

GRI 405-1

from 30 to 50 years old

53%

over 50 years old

47%

More information about our management structure and the composition of the committees is available on our [website](#).



Azul's culture is based on **transparency, proximity and dialogue** with accessible leaders, who inspire credibility, giving Crewmembers assertiveness in the decision-making and innovation processes.

Whenever our executives fly Azul, they make an announcement speech to all passengers and go row by row to collect their personal feedback. They also greet crewmembers and help them with on-board service.

David Neeleman
Founder & Chairman

Performance

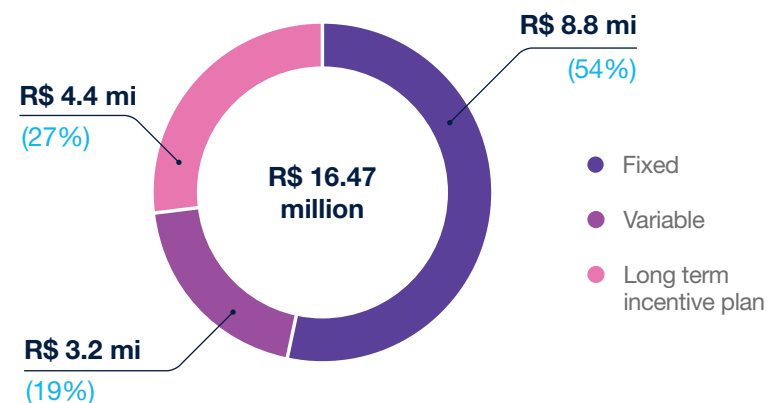
Development

Our Board of Executive Officers go through an annual and individual assessment, carried out internally, in which leaders are evaluated by criteria related to their competencies, using the 360° methodology. There is also a calibration committee that adjusts this methodology with the results delivered and an Individual Development Plan is drawn up for professionals according to these achievements. In 2020, our Board of Directors will also go through this assessment.

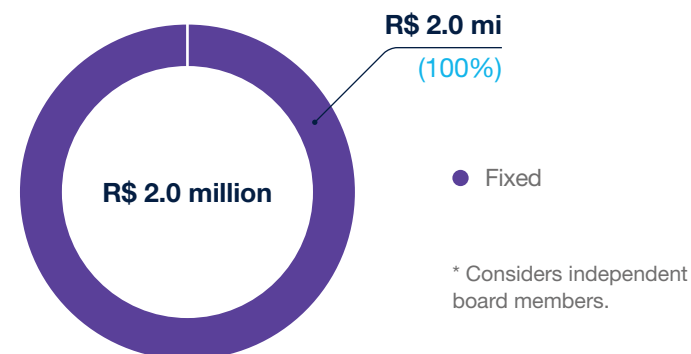
Compensation

The compensation model of Azul's senior management considers different aspects for its composition, providing alignment between the individual compensation of the executives and the promotion of increasing and consistent results. Compensation strategy is aligned to corporate strategy. Fixed compensation takes into account the responsibilities of each function, market practices, as well as the qualification and professional skills of each individual. Variable compensation is defined based on individual and overall performance indicators aligned with the strategic plan. The established goals consider the maximum period of one year. The Company's overall results are measured through financial and operational indicators, such as EBITDA, operating margin, on-time performance and internal and external Customer satisfaction surveys.

BOARD OF EXECUTIVE OFFICERS



BOARD OF DIRECTORS*



Risk Management

GRI 102-15

The Company has a market risk management policy, issued in 2011 and reviewed and approved by the Board of Directors in 2019. The document establishes guidelines for the continuous management of market risks, seeking to reduce exposure and volatility, providing protection against adverse scenarios while preserving Azul's results and assets.

In order to identify market risks to which we are exposed, we analyze historical variations and future projections of indicators such as the U.S. dollar, interest rate and fuel prices, and compare them with the values used in our annual budget, aiming at liquidity, efficiency and safety. Risks considered critical for the Company's operations are variations in interest rates, foreign exchange rates and jet fuel prices.

The Risk Management Policy establishes guidelines, scopes, deadlines and limits for the ongoing management of our risk exposure. Risks are continuously monitored by our management, as well as the effectiveness of the policy, which is reviewed monthly.

Furthermore, our unique network and the fact that we are the only airline operating on 70% of our routes allow us to quickly respond to any significant fluctuation in interest rates, exchange rates and fuel prices to better absorb near term disruptions while remaining focused on our commitment to serve these destinations for the long term.

Interest rate risk management

The Company may contract hedge instruments for interest rate fluctuations as follows: between 0% and 100% of the exposure to interest rates in the international market (Libor, Euribor, etc.) and between 0% and 50% of the exposure to interest rates in the domestic market (CDI, TJLP, etc.).

Exchange rate risk management

We may enter into derivative contracts with banks or financial investments in U.S. dollars. Hedge instruments for these operations range between 50% and 100% of the exposure related to non-operating cash flow for the next 12 months.



Fuel price risk management

Fuel price risk is mitigated through derivative instruments offered by banks and future purchases made directly with our fuel suppliers. The Company may contract hedges within the following limits: up to 40% of projected fuel consumption over the next 12 months and up to 80% of projected fuel consumption over the same period if the West Texas Instrument (WTI) crude oil price per barrel is below US\$50.00.

Connection that transforms

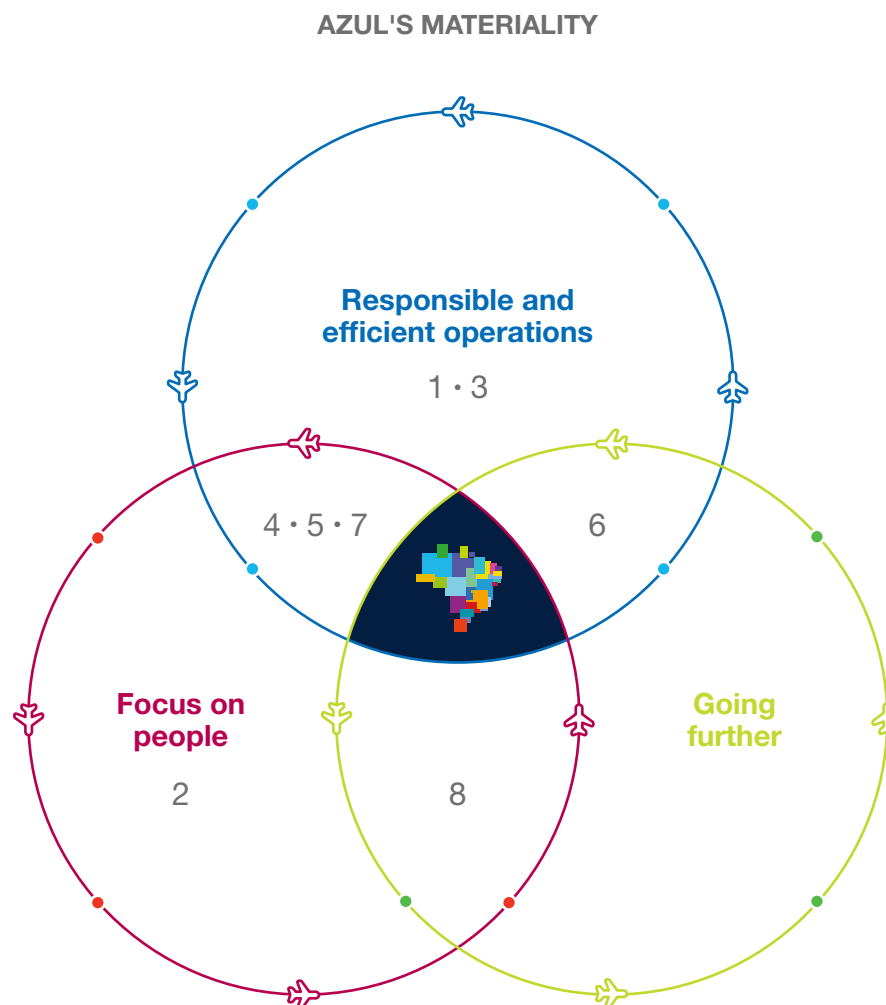
GRI 102-42 | 102-43 | 102-44 | 102-46 | 102-47

Sustainability strategy

In 2019, we concluded a materiality analysis to define the strategic priorities for the evolution of Azul's sustainability management. This process was carried out in four stages:

- Assessment of the Company's internal and external scenario, in order to contextualize the analysis;
- Value chain mapping to identify priority stakeholders to be consulted;
- Online survey with our stakeholders on their topics of interest; and
- Prioritization of the themes identified in the scenario assessment and stakeholder survey with Azul executives.

As shown in the diagram on the right, the themes prioritized in the materiality study were combined into the pillars of the Company's sustainability strategy. These pillars will guide our management and initiatives for the sustainable development of the business in the next two years (2020 and 2021).



1. Flight safety
2. Customer satisfaction
3. Ethics and fight against corruption
4. Crewmember health and safety
5. Engaged and trained professionals
6. Innovation and technological updating
7. Good relationship with suppliers
8. Social development through connectivity

In the following chapters, you will find detailed information on each of these pillars and the work Azul is doing towards its **development.**



3 GOOD HEALTH AND WELL-BEING
13 CLIMATE ACTION
17 PARTNERSHIPS FOR THE GOALS

RESPONSIBLE AND EFFICIENT OPERATIONS

Safety

GRI 103-1 • 103-2 • 103-3 • 416-1 • 418-1 | TR-AL 540a.1 • 540a.2 • 540a.3

Safety is the Company's main principle and responsibility. As an airline, we follow strict safety standards to remain compliant with regulations.

We are certified by the National Civil Aviation Agency of Brazil (ANAC) and the IATA Operational Safety Audit (IOSA), the most comprehensive and internationally accepted independent evaluation program in operational safety.

We have a strong safety culture and continuously carry out educational activities through our Safety Promotion Program, which involves initial and periodic training and internal capacity building and safety promotion events.

Information relevant to operational safety is also disclosed in newsletters, alerts, journals and electronic magazines, in order to reach the public through different channels.

Our Operational Safety Seminar is held annually in September, aiming to promote integration between Azul Crewmembers and stakeholders from the industry and the aviation community.

Our operational safety culture is strengthened by an integrated system of voluntary reports, which are key for identifying hazardous conditions and, consequently, managing risks within our operations. These reports extend beyond what is required. The growing number of voluntary reports is an indicator of our Crewmembers' engagement towards the safety culture stimulated by Azul.



Since its foundation in 2008, Azul has not registered any aviation accidents.



Information security

The Company has an Information Security program, which carries out the management of data, information security and privacy, focused around the Customer. Our Information Technology (IT) department reports directly to the CEO. Our Board of Directors closely monitors and reviews the Information Security plan and its results every quarter, consolidating the involvement of senior management with the issue.

The program provides for the management of sensitive data, such as: implementation of data privacy policies, restriction of access to sensitive data, detection routines of sensitive data movement, monitoring of access to Customer data, continuous review of the data exposure layer and implementation of tools to detect and block

unauthorized access to Azul's environment. To mitigate the risk of cyber-attacks, we also rely on the partnership of a consultancy firm to map these risks and implement a response plan, with training and continuous monitoring.

In addition, we also have an awareness program which includes e-mails and workshops for our Crewmembers, addressing topics such as cyber-attacks and handling of sensitive data. Therefore, we ensure not only safety but the engagement of Azul's team with the issue.

In 2019, we did not register any complaints from Azul Customers regarding violation of privacy and data loss, as there was no information leakage.

Azul has an **Information Security Policy**, made available online to Crewmembers in our intranet. This privacy policy is part of Azul's compliance management and applies to the entire operation of the Company, including suppliers and service providers with access to our facilities. The document also defines responsibilities and flows for the different areas and hierarchical levels, as well as establishing sanctions in case rules are violated.

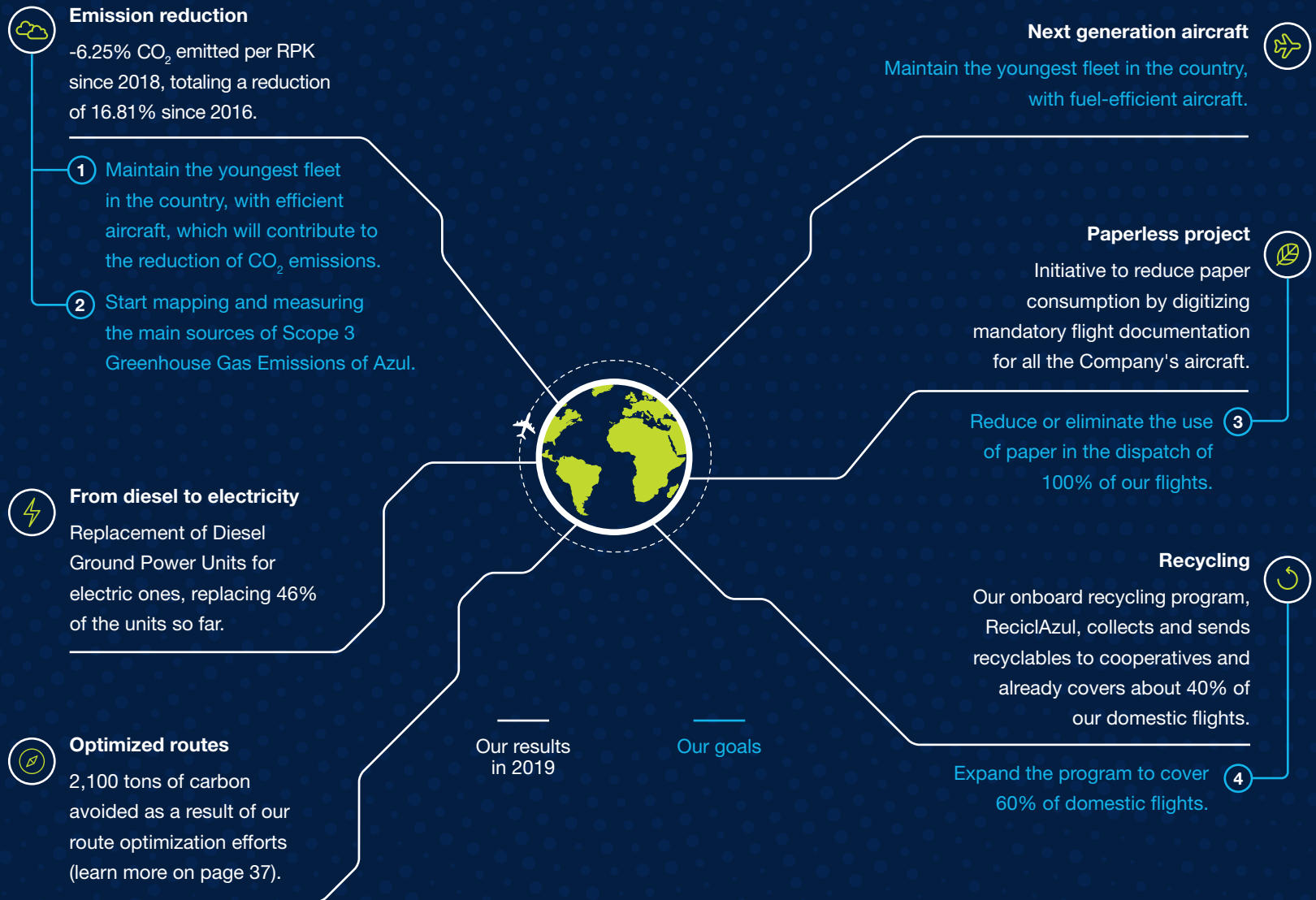
Eco-efficiency

GRI 305-5 | TR-AL 110a.1 • 110a.2

Looking to the future and pursuing the best route is inherent to our business model. We recognize that in order for our Company to continue growing and making progress, we also need a society that thrives.

Therefore, Azul invests in an increasingly efficient operation, which reduces the business impact on the environment. This transformation comes, in addition to daily actions and efforts, from a fleet that consumes less fuel and generates less waste and emissions.

See below our outstanding initiatives in 2019 and the goals established for the continuity of this work in the coming years:



Emissions

Overview

The aviation industry currently accounts for 2% of all CO₂ emissions generated by human activities. Among all means of transport, air travel is responsible for 12% of emissions.

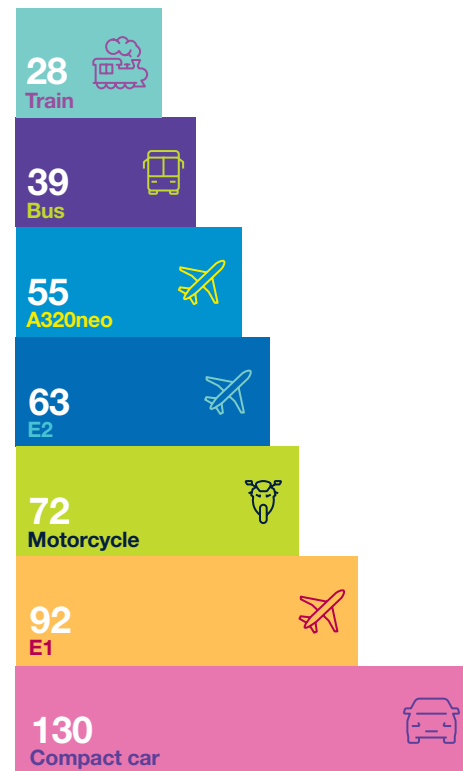
Therefore, efficiency is a constant concern. New aircraft models and effective operating processes lead to an exponential decrease in fuel consumption per passenger.

The graph on the right shows the emission of CO₂ by passengers transported per kilometer in each mode of transportation.

In it, we can see that the relative emission of an A320neo or E2 passenger is lower than a motorcycle passenger.

We are on the right path to connect people in an agile and increasingly sustainable way.

GRAMS OF CO₂ PER PASSENGER-KM TRANSPORTED



In 2019, we started the process of preparing our carbon inventory. We calculated the greenhouse gas emissions of our operations considering Scopes 1 and 2, in accordance to the GHG Protocol methodology. This way, we are able to map our main sources and subsequently will be able to act on solutions that bring **significant reductions**.

Over the following years we will expand the inventory to Scope 3, increasingly involving our stakeholders while also promoting partnerships that positively impact the fight against climate change.



Fuel consumption efficiency

We work on a number of fronts to reduce our fuel consumption per passenger transported: fleet renewal, route optimization and operational improvements.

Our continuous fleet renewal strategy, with the use of more efficient aircraft and lower fuel consumption per passenger transported, reduces our impact on greenhouse gas emissions.

The A320neo can carry up to 174 passengers, an increase of 56 people, and has an average reduction in fuel consumption per seat of 32% compared to the E1. In addition, the new aircraft are quieter and emit less secondary air pollutants, such as SOx and NOx.

The E195-E2 aircraft is the largest commercial aircraft ever manufactured by Embraer and can

carry 136 passengers, 13% more than the previous model. The aircraft has fuel consumption per seat reduced by about 30% compared to the previous E1 model.



In 2019, as part of our sustainability strategy, we worked with the Department of Airspace Control (DECEA) – responsible for the management of all the activities related to the Brazilian airspace – to recalculate and optimize routes, always focusing on safety, which made our flight operations more efficient and shorter, benefiting both Customers and the environment.

To shorten flight distances and lower emissions of gas into the atmosphere, our Flight Operations Executive Board conducts analyses and submits for DECEA approval. DECEA then reviews and approves requests, allowing Azul to fly these new routes. The work, which began in 2016, brought results in 2019 with 22 change requests being accepted.

Through this initiative, we avoided the emission of approximately **2,100 tons of CO₂ in 2019.**

We plan our operations seeking to avoid unnecessary fuel burn in the smallest details. How?

- ✈ Minimizing aircraft weight;
- ✈ Reviewing the volume of water transported in the water tanks, so that our planes take only what is necessary for the distances travelled;
- ✈ Using only one engine when taxiing;
- ✈ Using Ground Power Units (GPUs), whenever possible, to power the aircraft through diesel equipment – instead of Auxiliary Power Unit (APU) – power unit integrated to the aircraft that consumes jet fuel;
- ✈ Replacing diesel GPUs with electric ground equipment at airports that support this technology, already totaling the replacement of **46%** of these units;
- ✈ Acquiring electric Air Conditioning Units (ACUs) – equipment that provides air conditioning to the aircraft cabin without the need to have the engines on. The option was designed by us and developed by partners, ensuring Customer comfort and reducing fuel consumption, with 64 units available in 38 stations at the end of 2019;
- ✈ Using Electronic Flight Bags (EFBs), which allows the pilot to choose the best combination of power solutions and flaps according to the weight of the aircraft; and
- ✈ Minimizing the use of reverse thrust on landings, which results in lower fuel consumption.

Our new and comprehensive maintenance center in Viracopos airport (page 14) and the wheel and brake repair shop, both in Campinas (SP), will minimize the time and cost of aircraft maintenance and reduce the need to move aircraft to external partners, which also helps to lower greenhouse gas (GHG) emissions.

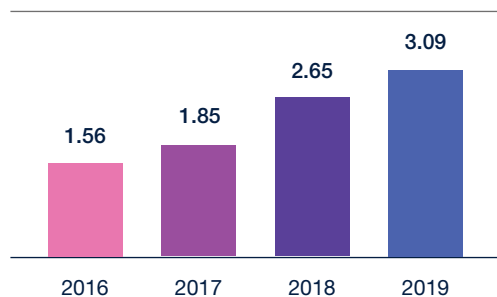
Performance

GRI 302-1 • 305-1 • 305-2 • 305-4

ENERGY CONSUMPTION

| Jet fuel – QAV (aircraft) | 45,216 GJ |
|---------------------------------------|-------------|
| Gasoline (vehicle fleet) | 89,031 L |
| Diesel (vehicle fleet and generators) | 1,313,735 L |
| Ethanol (vehicle fleet) | 12,909 L |

TOTAL COSTS OF ENERGY CONSUMPTION (R\$ BILLION)



GREENHOUSE GAS EMISSIONS

| | Tons of CO ₂ e |
|----------------------------------|---------------------------|
| Direct GHG emissions (scope 1) | 2,958,328.18 |
| Biogenic GHG Emissions | 650.88 |
| Stationary combustion | 304.63 |
| Mobile combustion | 346.24 |
| Indirect GHG emissions (scope 2) | 379.11 |

ENERGY CONSUMPTION

| | kWh |
|------------------------------|-----------|
| Electric (Azulville) | 1,841,264 |
| Electric (Universidade Azul) | 1,903,042 |
| Electric (PLU Hangars) | 1,158,320 |

The energy consumption figures cover 100% of our flights and the consumption of fuel and electricity on the ground.

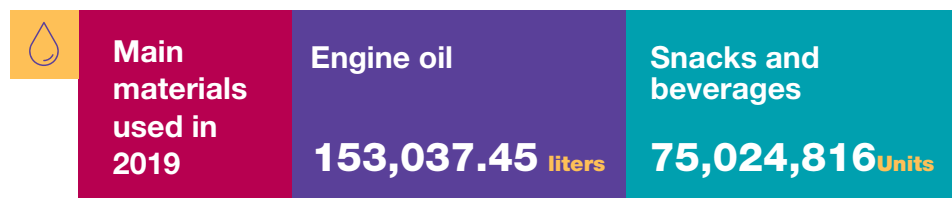


The emission calculations include CO₂, CH₄, N₂O, HFCs, PFCs, SF6 and/or NF3. To calculate Scope 2 emissions, we consider Azul's corporate buildings with direct purchases of electricity, which are: headquarters (Azulville), Corporate University (UniAzul) and main hangars. Operational stations, Azul Cargo stores, Azul Viagens and our Call Center were not considered. These units pay an energy fee, including an area contract, and there is no individual use. Emission intensity considers Scope 1 emissions from the fuel consumption of 100% of the Company's flights.

Consumption of materials

GRI 301-1

The three main materials consumed in our operations are fuel, aviation lubricants used on 100% of our maintenance stations (domestic and international) and on-board service snacks and beverages for 100% of the flights.



RECYCLING

RecicIAzul: Azul's on-board can recycling project is a benchmark, unique of its kind in Brazil. Through it, we collect soda cans and send them to recycling cooperatives, which guarantee that they are recycled. The project is currently being implemented on flights arriving in Campinas, Belo Horizonte, Recife, Guarulhos and Fernando de Noronha, which represents about 40% of our flights. Azul will expand the program to reach 60% of domestic flights by the end of 2021.

We also monitor our generation and disposal of chemical hazardous waste, ensuring that all of it generated in maintenance activities is properly disposed of.

Waste

HAZARDOUS WASTE

| | Solids (kg) | Liquids (L) |
|------|-------------------------|------------------|
| | Miscellaneous chemicals | Oil and kerosene |
| 2016 | 62,300 | 21,093 |
| 2017 | 60,688 | 23,150 |
| 2018 | 81,216 | 21,011 |
| 2019 | 89,101 | 20,908 |

Hazardous waste considers 100% of maintenance stations and hangars. We only manage domestic stations, as international ones are managed by third parties, with contract including the proper waste disposal. Waste generated on flights and waste from ground operations are not considered.

RECYCLABLE WASTE (KG)

| | Azulville | UniAzul | Warehouse |
|------|-----------|---------|-----------|
| 2017 | 3,195 | 5,750 | 2,970 |
| 2018 | 4,774 | 10,342 | 14,847 |
| 2019 | 6,207 | 5,474 | 16,658 |

Recyclable waste considers corporate buildings, equivalent to 12.44% of the Company's workforce.

Ethical performance

GRI 102-16 • 102-17 • 103-1 • 103-2 • 103-3 | TR-AL 520a.1

We always conduct our business based on ethical principles. In accordance with our values and our code of ethics and conduct, it is essential that all Crewmembers are committed to honest and ethical conduct.

Integrity is one of our values, a foundation to guide positive relationships between Azul's Crewmembers, Customers, suppliers, investors, partners, competitors and all other stakeholders.

Our business relations are guided by truth and transparency. All members of Azul's team must honor their commitments and take responsibility for their own actions. Respect and dignity are part of our culture, always ensuring transparency and honesty in the relationship between employees and all other stakeholders.

Azul does not tolerate any act that puts the Company's transparency or ethical principles at risk. The Whistleblower Channel is a dedicated channel, free and available 24 hours a day, in which Crewmembers can register complaints and concerns on a confidential basis. This channel is also available to stakeholders outside the Company, such as suppliers, partners, investors, as well as any individual who wishes to report violations of our

code. Any report of fraud, misappropriation, private bribes or corruption of public officials is submitted to the ethics committee for investigation. We also make sure that no retaliation is allowed against Crewmembers who report any suspected violations.

Azul has not contributed monetarily in the last four years to political campaigns, trade associations or other tax-exempt groups, lobbying (representation of interests or similar) and other sporadic expenses, such as voting on bills or laws. We also do not donate to candidates, parties or associations.

LEARN MORE!



- ➔ **Code of Ethics and Conduct**
- ➔ **Bylaws and Policies**
- ➔ **Relationship Channel**
- ➔ **Whistleblower Channel:**
0800 377 8050
<https://www.canalconfidencial.com.br/azul/>



Risk assessment

GRI 205-1

The internal audit team conducts, together with management, an annual risk assessment of the most relevant processes of the Company. Based on this assessment and on the potential risks identified, the internal audit team prepares the audit plan for the following year, which is then submitted for approval by the audit committee.

In 2018, Azul was certified as Sarbanes-Oxley Act (SOX) compliant by Ernst & Young Auditores Independentes. The effectiveness of risks and controls mapped must be verified every year for recertification. In 2019, 100% of the Company's processes were submitted to risk assessment related to corruption. Operational audits were carried out in functional areas such as finance, marketing, legal and revenues, as well as airports and cargo. Operational audits assess financial, accounting and labor risks, in addition to SOX controls tested in several mapped processes, including information technology.

In 2019, no specific cases of corruption were identified by the internal audit team. Also, there were no financial losses resulting from legal proceedings for anticompetitive practices.



Communication and Training

GRI 205-2 • 205-3

All Crewmembers participate in the Welcome on Board program when they join our Company, in which we present the code of ethics in detail. Additionally, every year, Crewmembers reaffirm their commitment to the code of ethics.

In 2018, 97% of the 10,882 Crewmembers re-affirmed their commitment to the Code of Ethics. In 2019, 100% of new Crewmembers went through training on Code of Ethics. With the launch of the new version, available through a distance learning system, 80% of all Crewmembers strengthened its commitment to the Code.

In 2019, we registered 550 cases of non-compliance with the Code of Ethics. Of this total, 40% were behavioral deviations and the Company monitored the resolution of 100% of cases.



- 3 GOOD HEALTH AND WELL-BEING
- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH

5

FOCUS ON PEOPLE

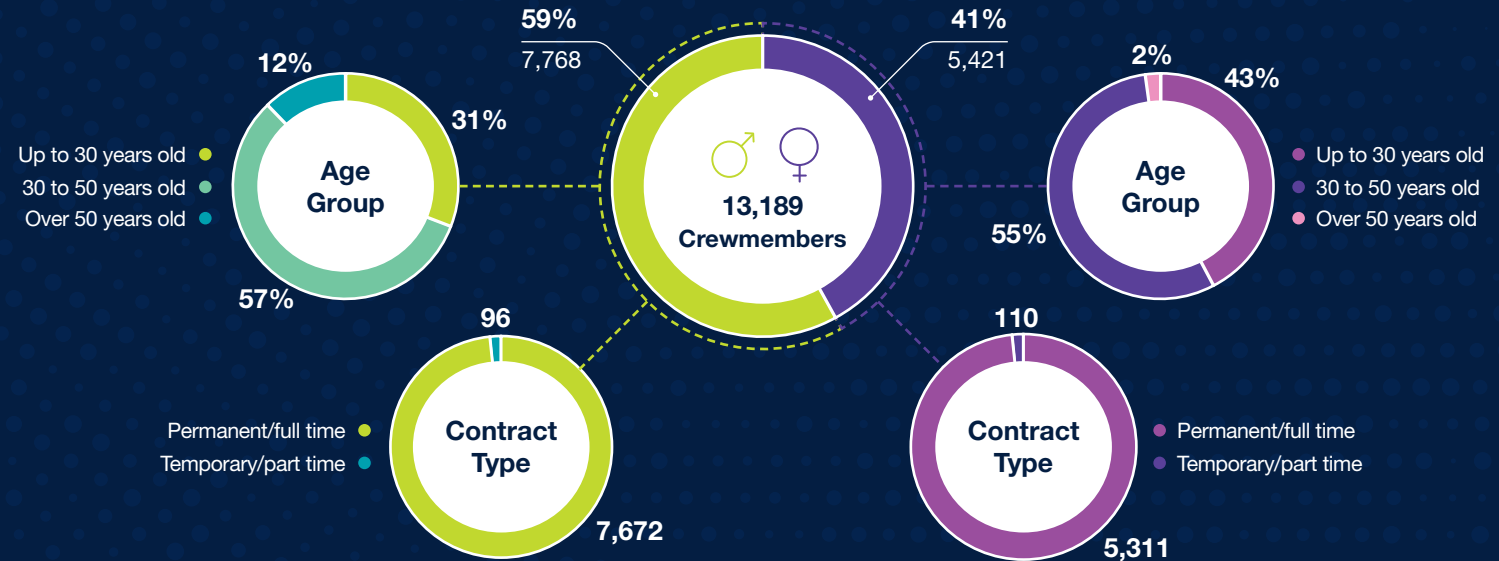
Crewmembers

GRI 102-8 • 102-41 • 103-1 • 103-2 • 103-3 • 405-1 | TR-AL 310a.1 • 310a.2

Learn more about the profile of the people who build Azul each day:

Back in 2008, Azul had a bold dream. That dream was to create the world's best airline and the best job you have ever had. So we take care of our people. Our Crewmembers have wellness, benefits and professional development initiatives in their chosen career. They have the autonomy to innovate and proactively try new things as they seek to make the Customer's experience an exceptional one. Built from the bottom up, built to be flexible, built to please.

This explains why we have such a low turnover rate, with satisfied Crewmembers delivering their best day after day. Our Net Promoter Score is one of the highest in the flight market (learn more on page 60), and the score for attendants, airport staff, pilots and call center - the teams in daily contact with our Customers - are even higher than Azul's average NPS. This is part of our business philosophy, and it is why we make sure that our Crewmembers have autonomy from the front line of the operation, serving Customers guided by Azul's values and culture.



REGIONS (BY TYPE OF CONTRACT)

| | Permanent | Temporary |
|---------------|-----------|-----------|
| Mid-West | 430 | 3 |
| Northeast | 1,227 | 60 |
| Southeast | 9,837 | 130 |
| North | 363 | 3 |
| South | 1,026 | 11 |
| International | 99 | - |



TURNOVER

GRI 401-1

| | Male | Female | North | Northeast | Mid-west | Southeast | South | International | Up to 30 years old | 30 to 50 years old | Over 50 years old |
|---------------|-------|--------|-------|-----------|----------|-----------|-------|---------------|--------------------|--------------------|-------------------|
| New hires | 1,460 | 1,127 | 29 | 572 | 72 | 1,751 | 129 | 34 | 1,356 | 1,139 | 92 |
| Hiring rate | 1.62% | 1.71% | 0.64% | 4.11% | 1.41% | 1.49% | 1.02% | 2.53% | 2.57% | 1.28% | 0.69% |
| Terminations | 581 | 500 | 18 | 152 | 63 | 695 | 117 | 36 | 449 | 542 | 90 |
| Turnover rate | 0.65% | 0.76% | 0.40% | 1.09% | 1.23% | 0.59% | 0.93% | 2.68% | 0.85% | 0.61% | 0.67% |

Rates calculation: **Turnover** = (terminated / total employees in the month) / number of periods evaluated | **Hires** = (new hires / total employees in the month) / number of periods evaluated.

In 2019, we had an increase in our team of pilots, co-pilots and flight attendants totaling 825 new Crewmembers, an increase of 19.4% compared to 2018. This group represents 31.9% of the total Crewmembers admitted in 2019.

100% of our Crewmembers are covered by collective bargaining agreements and there were no labor strikes in 2019.

Culture

Azul's Culture is founded upon three strategic pillars: People being one of them. We are focused on our people and on strengthening the essence of the I Am Azul motto. For this reason, our culture is disseminated across the board by all of our Crewmembers and promoted through different initiatives.

We have a culture committee, in which members of senior management meet to address strategic cultural actions on a monthly basis.

In addition to the committee, we also gather a group of 250 people who we call cultural agents. Spread across all five regions of the country, these Crewmembers are appointed by management to disseminate practices and engage others in local cultural actions and programs. With the aim of strengthening this practice, in September 2019, the agents participated in an exclusive workshop, whose purpose was the introduction of I Am Azul (page 12).

Among our main initiatives to disseminate and inspire everyone about our culture are *Chega Mais* and *Troca de Papéis*:

Chega Mais: program in which the Company's leaders act as patrons of a station (an airport where Azul operates) or a business unit, making at least two annual visits, holding meetings that strengthen the integration and the relationship among Crewmembers, providing strategic information and paying attention to the needs of the teams, finding and promoting opportunities for improvement.

Troca de Papéis: program in which a Crewmember goes through the experiences of a colleague working in another area. Through the program, Crewmembers can experience the day-to-day activities of all Azul's functions and areas (with the exception of the flight operations area, due to technical regulations), with the aim of strengthening integration and empathy within Azul. In 2019, 977 Crewmembers learned more about areas other than their own.

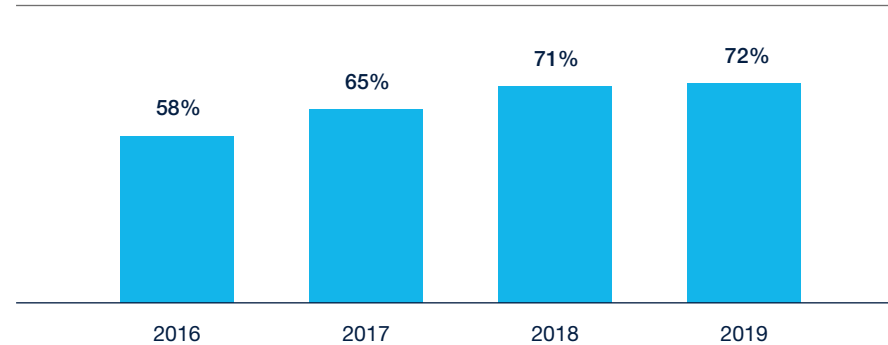


Engagement

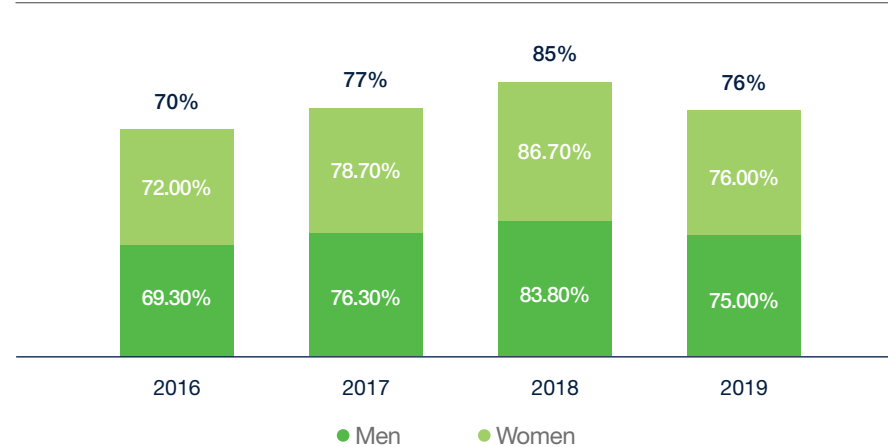
In order to keep us aligned and always aware of our Crewmembers' experiences and needs, we conduct an engagement and climate survey with the aim of measuring satisfaction and engagement rates within Azul. The survey considers four aspects: My Work, My Team, My Manager and My Organization. All Crewmembers who have been working at Azul for more than three months are eligible to participate. The challenges and opportunities identified at the end of the process are used as a baseline for the implementation of Action Plans.

In 2019, the survey had the participation of 72% of employees and brought positive results, showing an increase in the percentage of engaged Crewmembers for the fourth consecutive year. Although the percentage of favorability has fallen compared to the previous year, we believe that this is the result of the change in methodology to a more direct and simple one.

PERCENTAGE OF CREWMEMBERS ENGAGED BY CLIMATE SURVEY



PERCENTAGE OF CREWMEMBERS SATISFIED ACCORDING TO THE SURVEY*



***Survey method:**

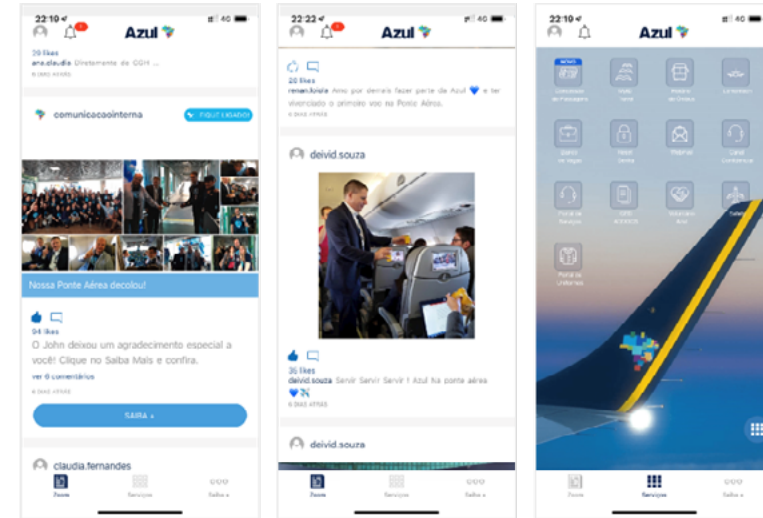
2016 to 2018: Scale from 0 to 10, with favorability being numbers from 7 to 10.
 2019: Scale from 1 to 5, with favorability being numbers 4 and 5.

Open Communication

To facilitate communication with Crewmembers, who are based across Brazil and on international stations, we developed our own mobile application that provides quick access to what our team needs.

The tool facilitates the access to daily services, such as work schedule, uniforms portal, whistleblower channel, in addition to an area focused on information, including the Company's main news, which are published in hard news format, and Zoom, our social network.

Similar to Instagram, Zoom enables the sharing of events and other news promoting integration between the teams through posts. About 50% of Crewmembers use the app and the monthly volume of posts on Zoom reached 600 publications.





Diversity

Azul believes in the power of diversity in the corporate world. Diversity is part of who we are and is one of our strengths, whether we are talking about people, our network, or aircraft models. Those who help to build Azul are people from all regions of Brazil and abroad, and this diverse approach of doing business is foundational to everything we have achieved. We are committed to acceptance, and that Crewmembers celebrate

who they are. We understand that the promotion of inclusion starts with details: our Crewmembers are free to be who they are, as we have flexible policies regarding beard, hair, piercings or tattoos.

We have also developed broader initiatives, focused on significant aspects such as the inclusion of people with disabilities and gender equality. We have a program for hiring people with disabilities and promote awareness among internal stakeholders to ensure the inclusion of all Crewmembers.

This includes providing support for their adaptation and other issues that may arise.

Currently, we have committed to the Terms of Adjustment of Conduct (TAC) and we have been working continuously to evolve this front within the Company.

Gender equality

GRI 405-1

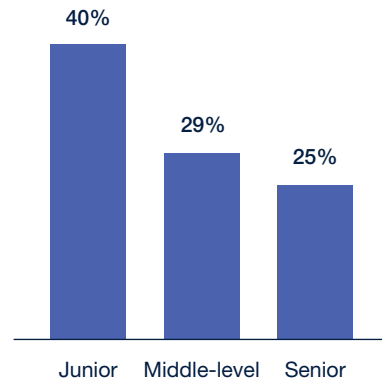
Since our foundation, we have sought to be the best airline for our Customers, Crewmembers, shareholders and society. For this, we must be aware of urgent social issues, such as gender equality.

Azul is committed to gender equality and monitors indicators of access to leadership positions and equal pay, in order to seek equality in a still unequal society.

We accept the challenge of increasing female participation in leadership and we have been working towards this goal, prioritizing the development and access to leadership positions of our professionals.

Currently, 39.4% of our leaders are women, which represents an increase of 25.8% in three years. In leadership positions in revenue-generating departments, this percentage is 44%. In our executive board, 26% of its members are women who work alongside our Board of Directors who are also dedicated to the equalization of the Company's gender representation. Carolyn Trabuco, Board Member and Compensation Committee chair, is an advocate for this initiative. She recently participated in a publication on gender equality at the Wilson Center's Brazil Institute, [available here](#).

WOMEN IN LEADERSHIP POSITIONS



MONITORING OF EQUAL PAY GRI 405-2

| Employee Category | Ratio between compensation of women to men |
|--------------------------------|--|
| Directors | 90% |
| Managers | 95% |
| Coordinator | 93% |
| Supervisor | 94% |
| Specialist | 80% |
| Other administrative positions | 100% |
| Technician | 72% |
| Administrative | 86% |
| Operational | 96% |
| Airports | 100% |
| Call Center | 100% |
| Cargo | 100% |
| Maintenance | 100% |
| Operations | 100% |
| Flight | 100% |

Organizational development

We focus on our Crewmembers by valuing their professional development and career evolution. Therefore, we are committed to the qualification, training and development of our team.

Corporate Education



The management of corporate education for Crewmembers takes place in three stages: first, training programs and relevant content are prepared by the technical areas, with the support of the Human Resources (HR) area. Then, the content is approved by the requesting area, by the responsible technical area or by HR and is presented to our Crewmembers through the UniAzul team.

UniAzul is the Company's Corporate University, where we hold training and development programs for professionals in several fields. The UniAzul team is made up of psychologists, pedagogues and technical specialists, committed to the teaching and professional growth of our Crewmembers, so that they are able to perform their duties with excellence.

UniAzul's range of courses vary according to the public that undergo training: airports, call center, cargo, flight attendants, flight officers, leadership and ramp managers. We also offer training courses for certification, in accordance with the civil aviation authority: Dangerous Goods Regulations, Civil Aviation Safety (AVSEC) and Corporate Resources Management, focusing on the safety of operations.

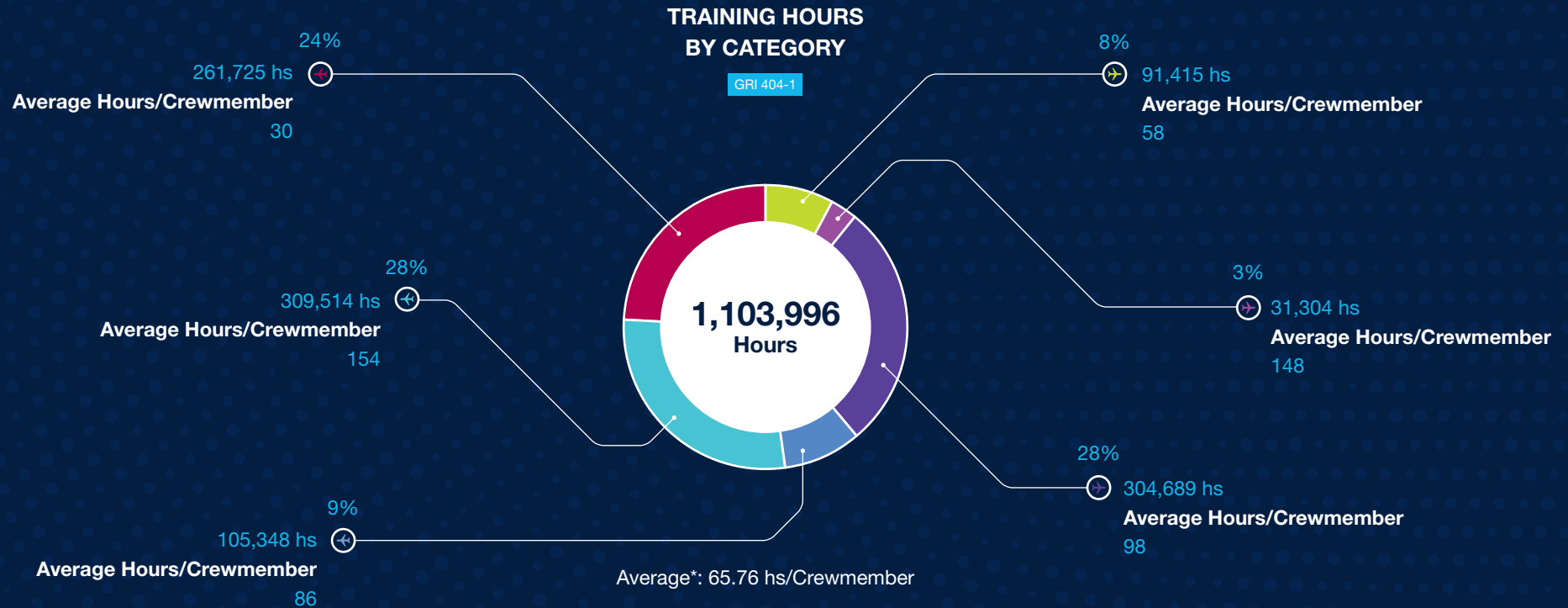
We are implementing training programs using virtual reality for the maintenance area. This way, maintenance technicians are able to simulate aircraft repairs with the help of virtual reality goggles, making training more effective and dynamic.



In 2019, due to the Company's growth, we added another **A320** simulator to training courses! We already have five flight simulators within UniAzul, as well as cabin and ground handling simulators, contributing to a dynamic learning experience with the use of virtual and extended reality, and reinforcing the focus on technologies to support growth.

At UniAzul, we work in line with the demands of the areas served and, at the same time, in compliance with regulatory agencies. Through the pedagogical monitoring of instructors and opinion polls with students, we guarantee the quality and continuous improvement of this development unit.

We “serve those who serve”!



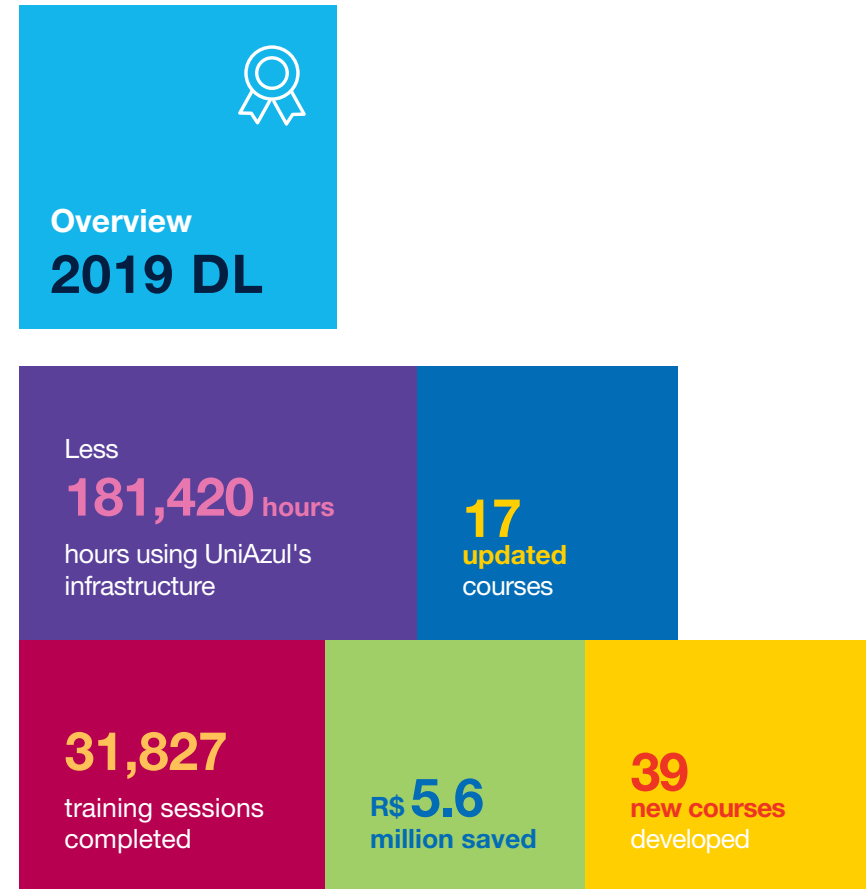
✈ Airports
 ✈ Call Center
 ✈ Flight Attendants
 ✈ Maintenance
 ✈ Pilots
 ✈ Other

* Average calculated based on the number of exclusive trained Crewmembers

Distance Learning Courses

This year, our distance learning courses led to very positive results. UniAzul provides a distance learning tool for mandatory courses, which all Crewmembers must undergo. The tool, available to all Crewmembers and outsourced employees, is mainly used for periodic training, after the initial training has already been taught in person and a re-run of the course is required. The distance learning tool is also used as a means of dissemination of standards or practices to a large audience.

Courses with application methodology in Distance Learning (DL) are also developed by UniAzul. The colleges define the course objectives, prepare the content and, with a partner consulting company, build the final product to be made available to students on the online platform. Having Crewmembers located in the most different places in the country and abroad, DL represents an important progress in our training reach while decreasing costs resulting from in-person courses.



Performance Evaluation

GRI 404-2 • 404-3

We have a process governed by a specific policy for evaluating the performance of our Crewmembers. This process is applied to all the Company's ground crew, that is, 62.75% of our Crewmembers. The model is segmented by functional category as follows: a 360-degree process applied to Managers, Directors, VPs and the CEO; a 180-degree process applied to Coordinators and Supervisors; and a 90-degree process applied to Crewmembers who hold other positions.

The results of the evaluation, whose cycle begins in December, are used not only to define the payment of bonuses and wage increases, but also contribute to building Individual Development Plans and Succession Plans. The tool has been revised to better align evaluation indicators with Azul's strategy. Currently all Organizational Human Development (DHO) processes are based on these assessments.

Career Development

To support our Crewmembers in their professional journey, we developed the Azul Flight Plan portal. Available for all categories, the tool lists the job positions within Azul, as well as the requirements desired to fulfill each one of them.

We also have a Competency-Based Performance Management model, in which the manager guides the Crewmember to develop the necessary skills for each position in the company. Crewmembers also prepare their Individual Development Plans with assistance and approval from immediate managers.

Azul also offers internal training to develop leadership skills. In partnership with the Institute of Transport and Logistics, courses in Specialization and Business Management and Human Resource Management at Fundação Dom Cabral and Specialization in Aviation Management at Embry Riddle are available to managers.



ASSOCIAÇÃO VOAR

Associação Voar is a scholarship program launched in 2019, offering training courses for professionals interested in becoming pilots, flight attendants and aircraft mechanics. The program is exclusively funded by donations, with Azul executives being its main sponsors, fostering career and talent development.



TRAINEE PROGRAM

As part of the strategy to attract and develop the best people for our team, we started our first Trainee Program in 2019.

The selection process had 31,000 applicants. We hired six young talents who joined Azul in January 2020. Over the next two years, our trainees will have the assignment to develop a strategic project that will bring innovation to the Company.





Recognition

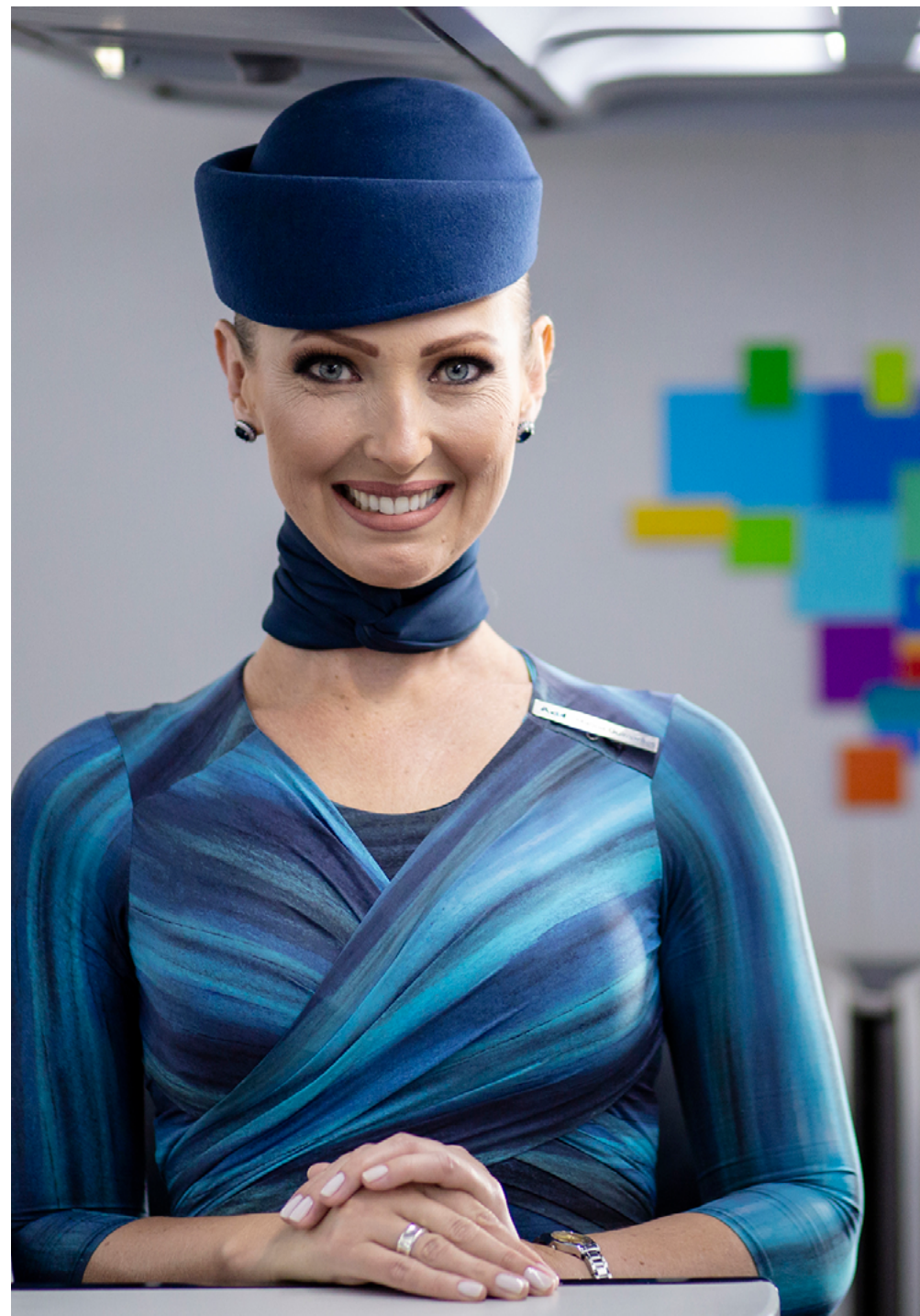
For us, it is as important to deliver the best service as it is to recognize it when it happens. We pay attention to the efforts and dedication of our Crewmembers. In addition to demonstrating the importance of their work on a daily basis, the Company officially recognizes our talents through the Excellence Program, or PEX, as it is known. The program, which operates with the support of a team of evaluators, aims to engage Crewmembers in the Azul culture, encouraging them to always strive for excellence.

In order to select the professionals that are most exceptional, a series of steps must be met by Crewmembers and stations to ensure the best Customers' experience. The award is distributed among eleven areas: internal teams from Airports, AzulTec, Azul Cargo, Pilots, Flight Attendants, Commercial, Tudo Azul, Azulcenter agents and Buses are evaluated, while Handling and Azul Viagens external teams are also evaluated and recognized.

In 2019, the PEX team carried out 878 evaluations in stations, areas and representatives that work with our public. In addition to the scores given by the evaluators, the program also considers the remarks given by the Company's Customers via e-mail.

We believe that in order to keep up the good work, all of our Crewmembers must be rewarded fairly and attentively for their efforts. In 2019 1,333 people in our team were promoted for work and dedication that surpassed expectations.

In addition, we recognize all our Crewmembers annually, according to the results achieved by the company and in tandem with our corporate strategy.



Health, Safety and Quality of Life

GRI 103-1 • 103-2 • 103-3 • 403-1 • 403-2 • 403-3 • 403-4 • 403-5 • 403-6 • 403-8

Prevention

Safety is our main priority! Our Crewmembers are our greatest strength and, in order to look after them, Azul has an area dedicated to their well-being. In addition to the programs made available by regulation in the Occupational Health and Safety management system, implemented to meet applicable legal requirements, the department also integrates additional programs aimed at well-being and safety.

WHAT ARE THE RULES WE FOLLOW?

Our processes are defined in accordance with Regulatory Standards 07 and 09, which refer respectively to the Occupational Health Medical Control Program and the Environmental Risk Prevention Program. In addition, we follow the global guidelines of the World Health Organization.

100% of Crewmembers and outsourced employees who work on Azul's premises are covered by the Occupational Health and Safety management system.



WHO DOES THIS WORK AT AZUL?

The Specialized Services in Safety Engineering and Occupational Health (SESMT): the Company's own group, which provides occupational health and safety services in order to identify, minimize and mitigate risks. In the team we also have social workers and professionals trained in psychology. All SESMT information and activities are available to our Crewmembers on Azul's Intranet.



Our specialized service develops specific training and awareness campaigns regarding occupational health and safety which are available through distance learning tools or in person.

Medical records are exclusively accessible by the health team, ensuring confidentiality and equal treatment for all Crewmembers. In addition, the Company also provides a confidential whistleblower channel to report risk or harassment situations.

To investigate work-related incidents, we carry out processes in accordance to Azul's internal operating procedure standards. Therefore, we are able to identify accidents as the main types of injuries and the SESMT runs awareness campaigns and investigations to further reinforce our risk prevention and mitigation.

The evaluation of health risks is also carried out in accordance with our regulatory standards with noise being the main occupational risk. We work towards minimizing this type of risk by providing personal protective equipment and by renewing and transforming our fleet, seeking to continuously reduce noise in our operations.

In 2019, there were no cases of occupational illness and work-related deaths.

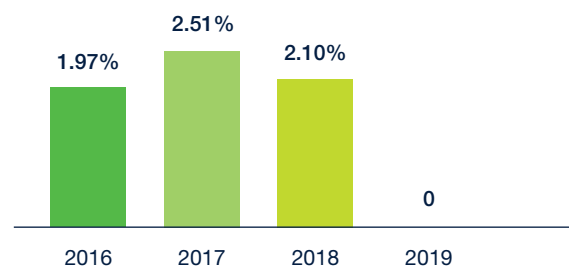
WORK-RELATED OCCURRENCES

GRI 403-9 • 403-10

| | Absolute number | Rate* |
|------------------|-----------------|-------|
| Fatalities | 0 | 0 |
| Serious injuries | 0 | 0 |
| Injuries | 66 | 4.06 |

* Rates based on the number of occurrences / hours worked x 1,000,000

ACCIDENT FREQUENCY RATE WITH EMPLOYEES' LEAVE*



* Covering all of Azul's domestic operations, 99.2% of our Crewmembers.

Promotion of health and well-being

We are committed to promoting the health of Azul's team. In the last four years, we had a 0% rate of occupational illnesses for employees in our operation in Brazil, which represent 99.2% of the Company's Crewmembers. We created Bem Azul, the Company's health program. Through Bem Azul, preventive care and/or follow-up medical appointments are arranged, and periodic awareness actions are held, in which important information about health care is disseminated.

WELL-BEING

Our Crewmembers' well-being is one of our top priorities. Crewmember satisfaction and passion about the Company and the work we do is what sets us apart and makes us unique in the market. We invest in their quality of life and have an area dedicated exclusively to this, responsible for activities that ensure our people are being looked after.

Among them, we have Azul Sports, which takes place every two months when we meet to practice and encourage physical activities, and Taça Azul (Azul Cup), an internal soccer championship, both projects conducted in partnership with the Azul culture team. We also have partnerships with Gympass and Totalpass, and an initiative called Cegonha Azul (Azul Stork), that offers support to pregnant women who work at the Company, and several other benefits, including the services from visually impaired massage therapists at the headquarters, promotion of good eating and nutritional habits and support to their partners.



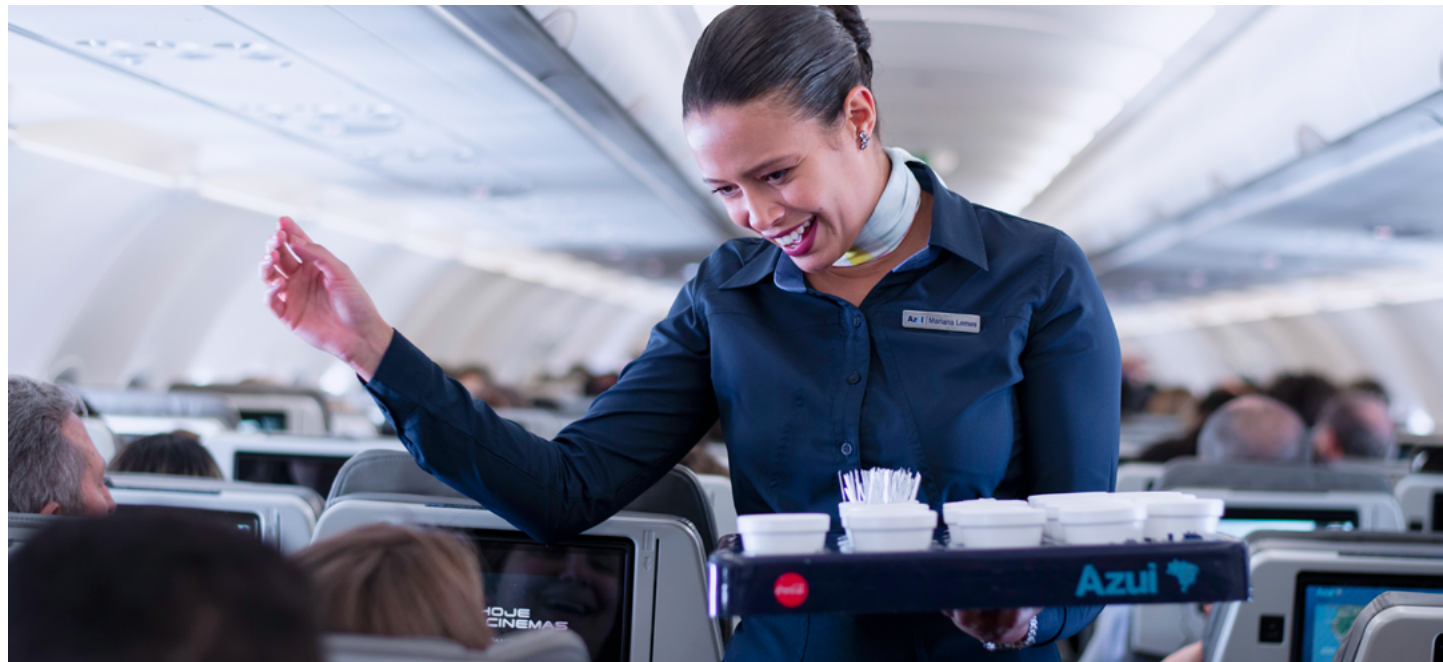
Customers

GRI 103-1 • 103-2 • 103-3

Excellence in Customer service is one of the pillars of Azul's business model. We believe that in order to attract and retain Customers, we need to deliver the best flight of their lives. To that end, we follow a strategy focused on the Customer journey, which covers not only the in-flight experience, but all the services we offer: service at Azulcenter, at the airport, while boarding, on board... from A to Z.

We make sure that all the contact with our Customers is made by Crewmembers engaged in the Azul Culture, who make our values tangible in their actions and in each interaction. We believe that good service is best delivered in a natural and self-determining way, always focused on the Customer's needs.

To consolidate the best Customer experience, we apply the OPA principles: Observe, Perceive and Attend. This way, we ensure our focus remains on the Customer, watching over their journey with Azul and making sure that we serve them the way they would like to be served, offering and delivering a personalized experience.



The Azul Experience

Offering the Azul Experience is our way of making our Customers feel at home on board our planes. To do this, Azul offers exclusive services and products, through our special Customer care: comfortable aircraft, live TV, varied drinks and snacks, all this combined with our welcoming and dedicated Crewmembers.

We understand that, in addition to the in-flight experience, punctuality is also an essential factor that directly impacts satisfaction. Therefore, it is one of our main commitments, to which we dedicate a lot of work. In 2019, 86.7% of our flights departed on time or within the required time limit.

We have also established codeshare agreements with other airlines, allowing passengers to connect to more than 200 destinations worldwide, in addition to the 116 destinations served in December, 2019.



Dedicated management

Azul relies on its Customer Committee, a group that meets every 15 days to address all issues regarding Customer experience. The goal is to understand our Customers' demands and focus on how to meet them. In addition to addressing these challenges and looking for ways to solve them, it is also essential for the Company to seek new opportunities during possible contingencies.

Turning problems into opportunities

We know unexpected events can happen leading to flight delays or cancelations. We see these events as opportunities to further improve our Customer experience. Our team is trained to transform obstacles into opportunities to attract Customers with exceptional service, by understanding their demands and seeking solutions in a respectful and caring way, but also by quickly and effectively addressing their concerns. We are investing in more modern and robust systems and applications to increase the efficiency of our airport staff and the communication with our Customers to prevent times like these.

AIRPORT SUPPORT CENTER

One of our differentials of which we are very proud is Azul's Airport Support Center, exclusively dedicated to monitoring the Customer experience. The main Customer experience indicators and operational metrics are monitored in real time at the Company's headquarters, which supports activities usually done at the airport.

This way, we streamline our problem solving ability and reduce our response time, quickly delivering initiatives that increase our Customers' satisfaction.

Brand recognition

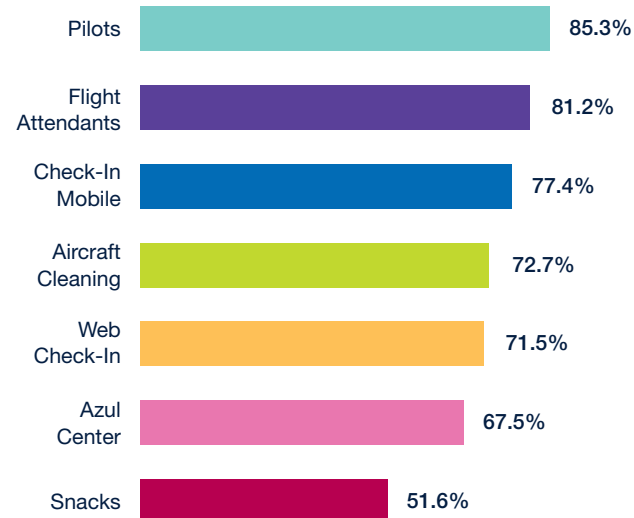
NET PROMOTER SCORE (NPS)

Based on the Net Promoter Score (NPS) methodology, we measure loyalty and overall satisfaction at each point of interaction during a Customer's journey. We are always paying close attention to trends and figures from Customer surveys, following not only operational metrics but also the Customer's perspective of Azul. In 2019, we reached the index of 57 points. Our result demonstrates the strong positioning of the Azul brand, as NPS is recognized as the most common metric for evaluating the Customer experience.

In 2019, **70%** of our Customers strongly recommended Azul. We understand this result shows the loyalty we have earned and that these numbers are evidence confirming we are on the right track, doing our best every day.

Learn more about Azul's NPS:

TOUCH POINTS SATISFACTION



70%
of Customers
strongly
recommend
Azul



Awards

As a result of our continuous work to maintain excellence in our services, we have once again received recognition from our Customers through industry awards. In 2019, Azul won the following awards:



✈️ **Six awards by TripAdvisor Travelers' Choice**, including Best Airline in Latin America and TOP 10 Best Airlines in the world;



✈️ winner in all categories in which the Company was nominated for the **Época Negócios Reclame Aqui Award**, which recognizes companies that provide good Customer service and respect the Brazilian consumer; and



✈️ for the ninth consecutive time, **the best regional airline in South America by Skytrax**, the world aviation Oscar;



✈️ for the third year, the best airline in Brazil in the **Best Destinations Award**.

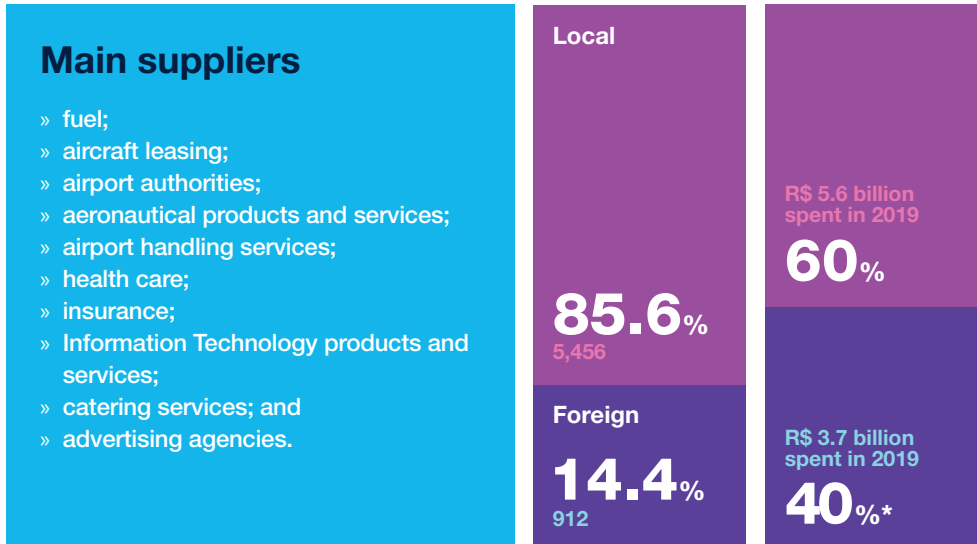
✈️ **best Crewmembers on the continent** also by Skytrax;



Business Partners

GRI 103-1 • 103-2 • 103-3 • 102-9 • 102-10 • 204-1 • 403-7 • 407-1 • 408-1 • 409-1

Azul’s supply chain plays an important role in operations, providing essential products and services for the business, from fuel to catering. Therefore, we maintain a transparent and close relationship with our suppliers, bringing them along on our growth trajectory.



*International suppliers correspond to materials and services provided by suppliers who are predominantly located outside the country with no counterpart in the national market.



Honoring commitments

All contracts negotiated with our partners and suppliers include clauses that prevent human rights violations, including forced labor and child labor.

Azul also makes it clear in its code of ethics and conduct that it does not allow the practice of any type of forced labor or child labor. We are implementing a code of conduct for suppliers, in which we will provide guidance and reinforce that Azul does not tolerate illegal practices or violation of the right to exercise freedom of association with suppliers, as well as collective bargaining of its employees.

Azul has started an evaluation process of its supply chain to identify risks and opportunities and expects to conclude the process by the end of 2020 with the support of a supplier verification system.

Management

In 2019, we mapped our critical suppliers to carry out monitoring and the creation of an action plan for 2020. In this process, national suppliers were analyzed in view of aspects such as financial health, ethics, anti-corruption, companies and partners listed in the National Register of Suitable and Suspended Companies (CEIS). Of the 5,456 mapped suppliers, 5.2% were identified as critical and will be treated internally based on the action plan.

We seek to maintain as many local suppliers as possible. We are proud to be the only airline in the country to fly Brazilian made aircraft, as we understand that valuing and fostering our domestic market contributes to the development of both Azul and the whole country.

In order to strengthen the connection with our suppliers, in 2019 we launched a **Supplier Portal**. The platform aims to simplify communication between Azul and its partners. Suppliers must acknowledge and consent to the conditions of Azul's Code of Ethics and Conduct when registering.

In addition, we have been developing a business intelligence solution for the accreditation of suppliers to identify and monitor risks related to tax management, negative media and social and environmental issues, as well as other risks related to the supply chain.

We maintain positive relationships with our suppliers, seeking partnerships with responsible operators who respect human rights, working conditions and the environment, and who meet our ethical, technical and commercial requirements.



- 3 GOOD HEALTH AND WELL-BEING
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 13 CLIMATE ACTION
- 17 PARTNERSHIPS FOR THE GOALS

6

GOING
FURTHER

Connectivity

GRI 103-1 • 103-2 • 103-3

In 2019, Azul was the sole airline in 156 routes of the 249 routes served. There are still several communities that are underserved or not served at all in Brazil. The capillarity of our network is unique and 40 of our destinations served in December 2019 were exclusively served by Azul. Each time Azul connects a new previously isolated destination from other regions in the country, it contributes to the local development of the region by providing employment, trade links and tourism. In 2019 Azul announced eight new destinations, adding to its network the cities of São José dos Campos (SP), Araraquara (SP), Aracati (CE), Macaé (RJ), Guarapuava (PR), Toledo (PR), Pato Branco (PR) and Porto, Portugal.



A good example of Azul's role as a facilitating agent for the improvement of a community population's quality of life is the city of Tabatinga. Located on the border of Peru and Colombia, Tabatinga is 1,105 km from the state capital city, Manaus. The population has only two transportation route options between both cities: air and waterway transport. Boat trips from Tabatinga to Manaus take place twice a week and last six days to go and four days to come back. People also have the option to travel by speedboat, on a 36-hour journey, which takes place once a week. Azul is the only airline that flies this route. With Azul the residents of Tabatinga can access daily flights that last 1 hour and 45 minutes to Manaus, from where they can connect to the other cities served by Azul.

We also stimulate the economy of cities such as Lençóis located in the state of Bahia. The main economic activity developed in Lençóis is tourism, through tourism agencies, accommodations, bars and restaurants. The provision of services to tourists directly or indirectly supports the people who live in the city. In 2018, Azul transported approximately 40% of the tourists visiting the Chapada Diamantina National Park, the main tourist attraction in the region, contributing to the development of the local economy.

Azul supports smaller communities located far from bigger metropolitan areas. In addition to boosting their local economy, entrepreneurs are global innovators as well.

We hold Brazil close to our hearts and support the promotion of Brazilian entrepreneurs abroad.

In addition to our diversified domestic network, we also serve select international destinations and partner with several airlines allowing our Customers to reach destinations worldwide. We support entrepreneurs located in rural or remote areas who desire to take their initiatives or expertise such as sustainable fishing, wind energy and cocoa around the world.

[Learn more!](#)

Social investment

GRI 413-1

Consideration for others is one of our values while serving is our mission. Contributing to the development of people and the communities where we operate is very important to us.

We have a social responsibility policy that guides our process for evaluating social projects. Our policy, which is based on a matrix – developed especially for this purpose – considers a 360-degree scope. The result of the evaluation helps us enhance our performance in order to maximize our positive impact on the communities we serve.

Our social investment in 2019

2.193
registered
volunteers

across the
country

More than
R\$ 600
thousand

in tickets for
social partners

1,337
refugees

transported
by Operação
Acolhida

+
50,300
people

benefited by
the Volunteer
Program

8.2
million

Customers impacted
by Pink October, our
actions on board,
campaigns in the
press and through
our social networks

1,735
tickets
donated to
transport
organs to
medical
centers

Our goal

- ➔ Increase the percentage of Company Volunteers from 16% to 20% over the next five years.

We operate on three fronts: **Support for Social Projects, Volunteer Programs and Pink October, a breast cancer awareness campaign advocated by the Company.**

Our goal is to maintain our support for social organizations that meet at least two SDGs in the coming years. Therefore, we will continue to positively impact society in the regions where we operate and contribute to the challenges of the Sustainable Development Goals.

In addition, we are committed to expanding our social actions through the use of the Company's tax incentives, supporting organizations that comply with our policy and projects that have national relevance with focus on local development.

Support for Social Projects

Azul helps social organizations through our main product, airline tickets. Transportation is a valuable contribution to assure the successful execution of social projects, also called missions, conducted by our four social partners: Operation Smile, Associação Vagalume, Litro de Luz and TETO Brasil. During 2019, 25 missions were carried out, benefiting 19 states with our social actions.

Operation Smile and Associação Vagalume operate in the health and education segments, respectively, and Litro de Luz and TETO Brasil operate in local development. All actions take place in urban, riverside, indigenous and African origin (quilombola) communities, recognizing the diversity of our country and benefiting those who need support.

In line with our focus on connecting and creating value throughout Brazil, we seek to support projects in all regions of the country, prioritizing activities that connect people. We seek to enable projects that are aligned with our purposes so that we continue to shorten distances, transform stories, connect people and make dreams come true.



TRANSPORTATION OF REFUGEES

Azul was the first airline in Brazil to fly refugees in Operação Acolhida, a humanitarian mission with the participation of the Brazilian Armed Forces. Operação Acolhida began in 2018 to address the great migratory flow of Venezuelans to Brazil. As partners of the initiative, we transported 1,337 refugees in 2019 – which added to 2018, totaled 2.136.

Volunteer Program

Azul's Volunteer Program was created in 2014. In 2019 we reached a total of 2,193 volunteers registered throughout the country. This represents 16% of the Company. Activities are carried out locally and our volunteers can choose which cause or organizations they want to work with, including humanitarian aid missions. Through volunteers, **Azul generates a positive impact around the regions it operates, transforming the social reality of these places and connecting people.** Our social partners are required to offer volunteer opportunities to our Crewmembers, so that they may have meaningful experiences.

Currently, we have the Voluntário Azul portal in 107 stations across the country and internationally, which accounts for 94% of the Company's stations. All the actions carried out are listed on the portal and, after registering, volunteers take a quick and interactive course on the theme, in a distance learning format.



As of 2019, all voluntary actions registered on the portal have been integrated into the Sustainable Development Goals. This helped us understand to which SDGs our voluntary actions have the greatest contribution – some of which impact more than one goal. With this feature, available at the website, the volunteer can filter the projects listed on the portal by each of the goals they support.

In 2019, our volunteers carried out 796 actions to support communities across Brazil. We promoted and contributed to several social actions in different regions of the country. We participated in TETO Brazil's initiatives to build and paint houses, equipped libraries in the states of the Amazon region with Vagalume, implemented lighting solutions with Litro de Luz, supported the missions of Operation Smile, carried out collective initiatives to revitalize charity institutions and homes as well as promoting social solidarity campaigns during the Christmas period. Learn more about our actions by accessing our [volunteer portal](#).



Pink October

Since 2011, Azul has joined the fight against breast cancer as one of its main social causes. We carry out awareness campaigns for Crewmembers and Customers, disseminating information on treatment, prevention and identification of the disease. In 2019, more than 8.2 million Customers were impacted by the actions on board, press campaigns and our social networks.

In addition, we manage the Conexão Azul Rosa project, which addresses this cause and was co-created with Hospital do Amor. Through this project, we directly support the treatment of women with breast cancer by providing air transportation for them and a companion in order to receive treatment at this hospital.

Since 2017, we have transported 90 women, including 43 in 2019, showing the importance of early diagnosis that could save lives. Those who take care of their health, fly further.



Innovation

GRI 103-1 • 103-2 • 103-3

Innovation is intrinsic to Azul's culture. We believe that advances in technology allow us to serve Customers in a simpler, faster and more efficient way, in order to maximize their experience from their initial contact with us.

Technology in day-to-day business

To offer this experience, we rely on a multidisciplinary technology team focused on continuous improvement projects and transformational projects. Technological transformation is part of the day-to-day work of this team, and it is what makes us think of solutions that meet the needs of our Customers and ensure that they are effective. Our work on innovation is based on the minimum viable product (MVP) concept, which means investing into simple initiatives that create value in the short term.

The development of technologies is already implemented through management conducted with the use of agile methodologies, designed to bring fluidity and transparency to the process. Our teams work with experimentation and adaptation to quickly learn and understand the results obtained with MVPs, allowing us to concentrate efforts and investments on alternatives that prove to be more efficient. The agile methodology adds clarity to our vision roadmap, engagement between teams and effectiveness in deliveries, we work on needs to be met in a short time and with less effort overall.

In 2019, we carried out our first flight with Wi-Fi on board, registered through a live video made during the flight and shared via Instagram.

At the same time, we seek improvements to enhance our Customers' experience and satisfaction, by investing in efficiency and self-service tools.

Today, 61% of our check-ins are done through self-service options, including our App, website, or kiosks.

Our heavy maintenance team also went through the implementation of a lean culture, seeking process efficiencies, with two ongoing projects:

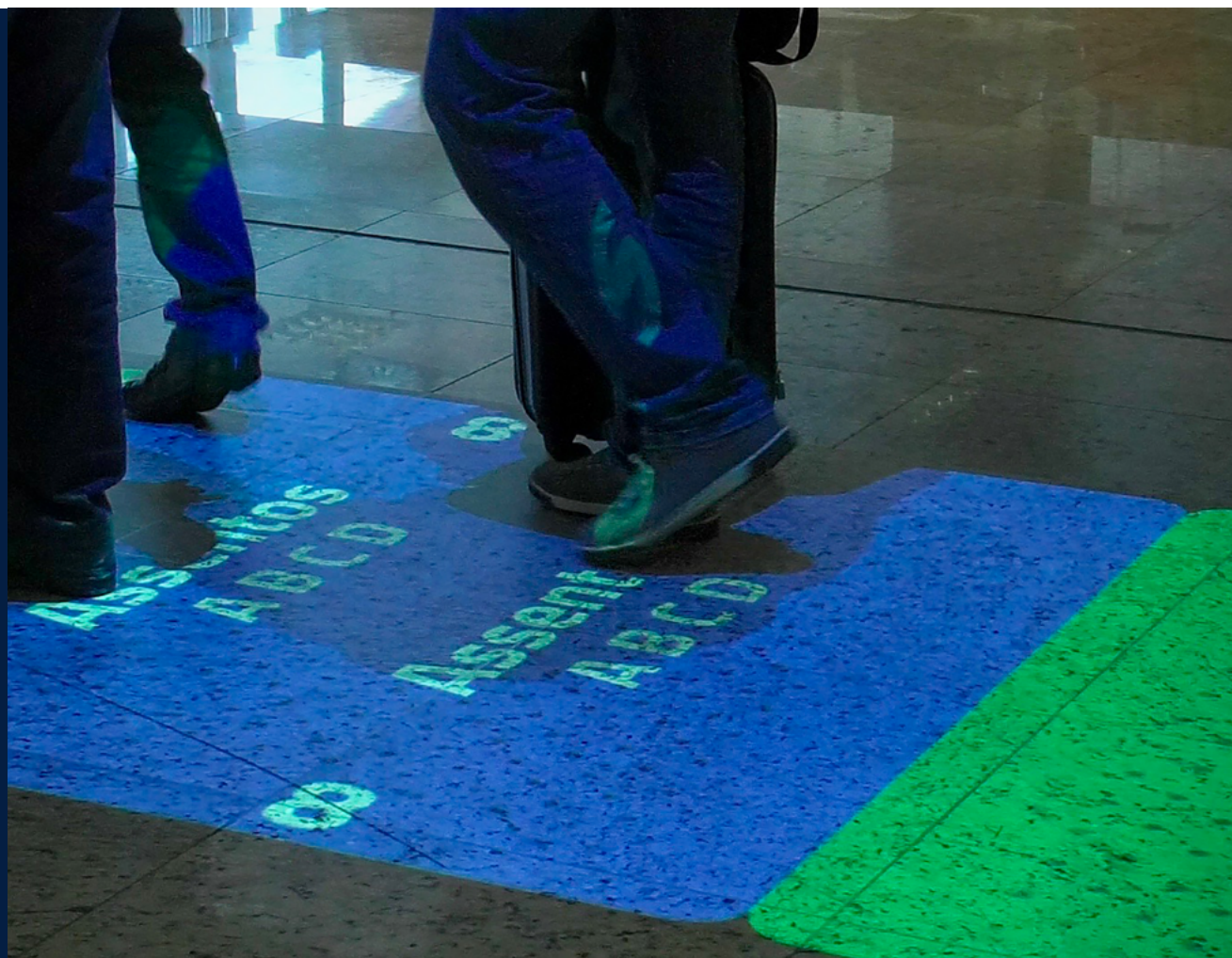
Waste reduction: project focused on reducing waste related to overproduction, unnecessary movements, waiting, unnecessary processes, faults and rework, transportation and inventories.

Paperless processes: seeks to reduce or eliminate the use of paper (as well as search and delivery of documentation) in making regulatory and operational information available for dispatching 100% of our flights. The idea is to replace this medium with digital, making information available through existing technologies.

CUSTOMER EXPERIENCE

We are implementing a new boarding system, our Virtual Carpet, an innovative and exclusive way to facilitate this process for Azul's Customers. The idea is to project the Customer's seat number on the floor, in front of each departure gate. This way, we avoid queuing by making boarding more fluid, in addition to reducing aircraft time on the ground, which contributes to our on-time performance.

At the end of 2019, all of our flights from Curitiba used this system, and we registered an improvement of 21% in the NPS of that airport.





Newest fleet in the market

We have the youngest fleet in Brazil with an average age of 5.8 years. By the end of 2019, we had **47 new generation aircraft**, representing 42% of our seat offering.

The operation of more efficient airplanes (page 35) brings innovation and benefits not only for Azul, but society as a whole, by burning less fuel, reducing emissions of Greenhouse Gases (GHG), lowering noise levels and reducing operating costs.

We are the only Brazilian airline that has two Pilatus aircraft, in order to expedite the maintenance of aircraft in contingency situations. Having two small single-engine models that can access all airports at any time with a dedicated team brings logistical and structural advantage: we have reduced ground maintenance time by more than half.

We reinforce our commitment to maintaining the youngest fleet in the country with **fuel-efficient aircraft**.



REAL-TIME TRACKING

In 2019, we adopted a tracking system that allows us to track the exact position of our aircraft during the flight. The software sends position reports at least once per minute, which exceeds the standard recommended by the International Civil Aviation Organization (ICAO) of at least every 15 minutes. With this innovative tool, Azul accurately tracks its fleet, which provides the Company with greater operational control, improving on-time performance, and better safety.

In addition, we also have a real-time weather monitoring system, which enables our flight plan to be more realistic, assuring better communication across our network.

To learn more

If you want to learn more about Azul,
access our additional documents:

Financial Statements:

<https://ri.voeazul.com.br/en/investor-information/quarterly-results/>

Form 20-F:

<https://ri.voeazul.com.br/en/investor-information/sec-filings/>

Reference Form:

<https://tinyurl.com/y4ch9wjo>

Code of Ethics and Conduct:

<https://ri.voeazul.com.br/en/corporate-governance/code-of-ethics/>



Measures for COVID-19

The year 2020 brought a challenge on a global scale: the crisis of the novel coronavirus. Confronted with this obstacle, Azul reacted in a timely fashion, hastily taking up measures that would **ensure the safety** not only of our Crewmembers, Customers and suppliers, but that of our business as well. Also, we have been working to contribute positively to all individuals in this difficult time, serving and supporting Brazil in the decisive mission of overcoming COVID-19.



Find out below the measures taken until the publication of this Report:

We are **following all the recommendations** from health agencies for social distancing. All Crewmembers are required to wear masks at all times and Customers have to use masks during the flight. We are providing sanitizing wipes and gel for Crewmembers and Customers. We have also enhanced deep cleaning procedures of our aircraft cabin and have reduced onboard food and beverages service to limit contact.



We continue to practice **open communication** with Crewmembers, keeping them informed of all actions to protect the Company during this period, decision making and negotiations with the government. So far, Azul has carried out a live broadcast between the leadership and all Crewmembers, maintaining our closeness even in moments of distance.

The containment and quarantine measures are substantially limiting the mobility of our Customers, Crewmembers and partners, making it impossible to operate the various routes we serve. As a result, we quickly made **adjustments to Azul's capacity**. From March 25 to April 30, 2020, we operated with a 90% reduction in total capacity compared to planned, offering on average 70 daily flights. In May we increased our daily flights to 115, and in June we expect to increase this number to 168 daily flights.



We are very proud of the efforts of our Crewmembers to support the Company during the crisis. The engagement of each of our people is essential to maintain a strong culture, with the hope that soon everything will be back to normal. **More than 10,500 Crewmembers took their leave** and we are very grateful for that. Leaves range from 1 to 6 months, and Crewmembers continue having health insurance and food voucher benefits, in addition to having access to the private pension balance.

We are **working with the Brazilian government** to ensure that the aviation infrastructure remains favorable for us to operate a small network reliably, allowing for the critical movement of people and products.

To maintain business sustainability during and after the crisis, Azul also took cost-reducing initiatives:

- » Reduction of payroll expenses by approximately 50% in the second quarter of 2020;
- » Hiring freeze;
- » Grounding aircraft;
- » Suspending all new aircraft deliveries;
- » Actively managing all areas of working capital;
- » Eliminating all non-critical capital spend;
- » Negotiating new payment terms with partners;
- » Discussing new credit facilities with financial institutions; and
- » 50% to 100% pay cut for executive officers and directors and a 25% salary reduction for managers.

The Company is also working to strengthen our liquidity position by preserving cash, including:

- » Actively managing all areas of working capital;
- » Eliminating all non-critical capital spend;
- » Negotiating new payment terms with its partners; and
- » Discussing new credit facilities with financial institutions.

Doctors, nurses, physiotherapists, pharmacists and nutritionists who need to travel to work to fight COVID-19 **may fly with Azul on a standby basis**, paying only the boarding fee. The measure, initiated by Gol and also supported by Latam, is an initiative that unites the airline industry in combating the pandemic caused by the coronavirus across the country.

In addition to contributing through the measures taken, we also had significant work from one of Azul's business units. Our cargo services have played an important role in combating the pandemic. Since March, we have seen an increase in the demand for air transport of health materials, including medicines, masks and hospital equipment. Express deliveries from our e-commerce partners have also increased due to quarantine. As a result, our cargo business performance continued to be strong, despite a significant reduction in capacity.

Azul remains confident that it will overcome the impact of the crisis through its profitable business model, strong cash position and solid balance sheet. We will continue to keep the market and all stakeholders informed about any relevant developments, valuing the timeliness and transparency principle. We will also maintain our efforts and measures to get everyone out of this crisis stronger, and as quickly as possible.

GRI Standards Content Index

GRI 102-55

| General Content | | Reference (page) / Direct answer |
|-------------------------------|--|---|
| General Disclosures | | |
| Organizational Profile | | |
| 102-1 | Name of the organization | Pg. 12 |
| 102-2 | Activities, brands, products, and services | Pg. 12 |
| 102-3 | Location of headquarters | Pg. 12 |
| 102-4 | Location of operations | Pg. 13 |
| 102-5 | Ownership and legal form | Pg. 12 |
| 102-6 | Markets served | Pg. 12 |
| 102-7 | Scale of the organization | Pgs. 12, 16 and 17 |
| 102-8 | Information on employees and other workers | Pg. 43 |
| 102-9 | Supply chain | Pg. 62 |
| 102-10 | Significant changes to the organization and its supply chain | Pg. 62 |
| 102-11 | Whether and how the organization applies the Precautionary Principle or approach | The Company does not formally adhere to the principle but has a solid risk management structure presented on page 29. |
| 102-12 | External initiatives | Pg. 8 |
| 102-13 | Membership of associations | <p>"Azul is part of the following associations:</p> <ul style="list-style-type: none"> • International Air Transport Association (IATA); • Mergers and Acquisitions Committee (CAF); • Brazilian Association of Loyalty Market Companies (ABEMF); • Brazilian Association of Corporate Travel Agencies (ABRACORP); • Brazilian Institute of Finance Executives of São Paulo (IBEF SP); • Brazilian Business Communication Association (ABERJE); • Brazilian Advertisers Association (ABA); and • Brazilian Advertising Self-regulation Council (CONAR). <p>We are also affiliated with the National Union of Airline Companies (SNEA), the employers' union."</p> |

| Strategy | | |
|-------------------------------|---|---|
| 102-14 | Statement from senior decision-maker | Pg. 8 |
| 102-15 | Key impacts, risks, and opportunities | Pg. 29 |
| Ethics and Integrity | | |
| 102-16 | Values, principles, standards, and norms of behavior | Pg. 40 |
| 102-17 | Mechanisms for advice and concerns about ethics | Pg. 40 |
| Governance | | |
| 102-18 | Governance structure | Pg. 26 |
| Stakeholder engagement | | |
| 102-40 | List of stakeholder groups engaged by the organization | Crewmembers Customers Investors Government Agencies Suppliers Society" |
| 102-41 | Percentage of total employees covered by collective bargaining agreements | 100% |
| 102-42 | Basis for identifying and selecting stakeholders with whom to engage | Pg. 30 |
| 102-43 | The organization's approach to stakeholder engagement, including frequency of engagement | Pg. 30 |
| 102-44 | Key topics and concerns that have been raised through stakeholder engagement, including how the organization has responded to those key topics and concerns | Pg. 30 |
| Reporting Practices | | |
| 102-45 | Entities included in the consolidated financial statements | Information in Explanatory Note 1. Operational Context, in the Financial Statements available at: https://ri.voeazul.com.br/en/investor-information/quarterly-results/ |
| 102-46 | Process for defining report content and topic Boundaries | All social and environmental indicators cover 100% of the Company's operations, except when mentioned otherwise throughout the content. |
| 102-47 | List of material topics identified in the process for defining report content | Pg. 30 |
| 102-48 | Report on the effect of any restatements of information provided in previous reports | This is the first report, so there are no restatements. |
| 102-49 | Significant changes from previous reporting periods in the list of material topics and topic Boundaries | This is the first report, so there are no changes. |
| 102-50 | Reporting period | January 1st to December 31st, 2019 |

| | | |
|--------|--|---|
| 102-51 | Date of most recent report | This is the first report. |
| 102-52 | Reporting cycle | Annual |
| 102-53 | Contact point for questions regarding the report | invest@voeazul.com.br |
| 102-54 | Claims of reporting in accordance with the GRI Standards | Core |
| 102-55 | GRI Content index | Pg. 78 |
| 102-56 | External assurance | This report has not undergone external assurance. |

Management Approach

| | | |
|-------|--|--|
| 103-1 | Explanation of the material topic and its Boundary | 1. Flight safety - Page 32 2. Customer satisfaction - Page 58 3. Ethics and fight against corruption - Page 40 4. Crewmember health and safety - Page 55 5. Engaged and trained professionals - Page 50 6. Innovation and technological updating - Page 70 7. Good relationship with suppliers - Page 62 8. Social development through connectivity - Page 65 |
| 103-2 | The management approach and its components | |
| 103-3 | Evaluation of the management approach | |

Specific Content

Reference (page) / Direct answer

Economic Disclosures

Economic Performance

| | | |
|-------|---|----------------|
| 201-1 | Direct economic value generated and distributed | Pgs. 21 and 22 |
|-------|---|----------------|

Procurement Practices

| | | |
|-------|---|--------|
| 204-1 | Proportion of spending on suppliers local to significant locations of operation | Pg. 62 |
|-------|---|--------|

Anti-Corruption

| | | |
|-------|---|--------|
| 205-1 | Total number and percentage of operations assessed for risks related to corruption and significant risks related to corruption identified | Pg. 41 |
| 205-2 | Communication and training about anti-corruption policies and procedures | Pg. 41 |
| 205-3 | Confirmed incidents of corruption and actions taken | Pg. 41 |

Environmental Disclosures

Materials

| | | |
|-------|------------------------------------|--------|
| 301-1 | Materials used by weight or volume | Pg. 39 |
|-------|------------------------------------|--------|

Energy

| | | |
|-------|--|--------|
| 302-1 | Energy consumption within the organization | Pg. 38 |
|-------|--|--------|

Emissions

| | | |
|-------|---|--------|
| 305-1 | Direct (Scope 1) GHG emissions | Pg. 38 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Pg. 38 |
| 305-4 | GHG emissions intensity | Pg. 38 |
| 305-5 | Reduction of GHG emissions | Pg. 34 |

Social Disclosures

Employment

| | | |
|-------|--|--------|
| 401-1 | Total number and rate of new employee hires and rate of employee turnover, by age group, gender and region | Pg. 44 |
|-------|--|--------|

Occupational Health and Safety

| | | |
|--------|---|--------|
| 403-1 | Occupational health and safety management system | Pg. 55 |
| 403-2 | Hazard identification, risk assessment, and incident investigation | Pg. 55 |
| 403-3 | Occupational health services | Pg. 55 |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | Pg. 55 |
| 403-5 | Worker training on occupational health and safety | Pg. 55 |
| 403-6 | Promotion of worker health | Pg. 55 |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Pg. 62 |
| 403-8 | Workers covered by an occupational health and safety management system | Pg. 55 |
| 403-9 | Work-related injuries | Pg. 56 |
| 403-10 | Work-related ill health | Pg. 56 |

Training and Education

| | | |
|-------|---|--------|
| 404-1 | Average hours of training per year per employee, by gender and employee category | Pg. 51 |
| 404-2 | Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment | Pg. 53 |

| | | |
|---|---|--|
| 404-3 | Percentage of employees receiving regular performance and career development reviews, by gender and employee category | Pg. 53 |
| Diversity and Equal Opportunity | | |
| 405-1 | Diversity of governance bodies and employees with percentage of individuals by gender, age group, minority or vulnerable groups and other indicators of diversity | Our Board of Directors consists of one woman and ten men, representing 9% and 91%, respectively. Pgs. 26, 43 and 49 |
| 405-2 | Ratio of basic salary and remuneration of women to men | Pg. 49 |
| Freedom of Association and Collective Bargaining | | |
| 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | We have not identified operations with these risks. Even so, we require our suppliers to adhere to our Code of Ethics and Conduct, as explained on page 63. |
| Child Labor | | |
| 408-1 | Operations and suppliers at significant risk for incidents of child labor | Azul identifies suppliers operating in the agriculture and industry areas as a potential risk, according to data already published by the International Labor Organization (ILO). The measure adopted by Azul to inhibit such practice in its suppliers is the inclusion of contractual clauses protecting the children and adolescents rights, allowing for the immediate Contract termination in case of irregularity. |
| Forced or Compulsory Labor | | |
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | We have not identified operations with these risks. Since 2012, Azul Linhas Aéreas has started a process to add a clause in its standard draft inhibiting the use of forced or compulsory labor, allowing for the immediate Contract termination in case of irregularity. |
| Local Communities | | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | Our local community engagement programs cover all of Azul's operations in Brazil, corresponding to 99.2% of the operation in relation to the Company's Crewmembers. Pg. 66 |

Public Policy

| | | |
|-------|---|--|
| 415-1 | Total monetary value of financial and in-kind political contributions made by the organization by country and recipient/beneficiary | We did not make any donation to political parties in the years 2018 or 2019. |
|-------|---|--|

Customer Health and Safety

| | | |
|-------|--|--------|
| 416-1 | Assessment of Customer health and safety impacts of product and service categories | Pg. 32 |
|-------|--|--------|

Customer Privacy

| | | |
|-------|--|---------------------------|
| 418-1 | Substantiated complaints concerning breaches of Customer privacy and losses of Customer data | There were no complaints. |
|-------|--|---------------------------|

Azul indicators

| | | |
|------|---|--|
| AZ01 | How does the Company promote safety management? What are the main safety and security indicators monitored and their results for the year? | Pgs. 32 and 55 |
| AZ02 | What are the main Customer satisfaction distinctions at Azul and results? What are the results of satisfaction and punctuality in the year? | Pg. 58 |
| AZ03 | How is data management and Customer information and privacy security managed? | Pg. 33 |
| AZ04 | How does the Company manage innovation and technological update? | Pg. 70 |
| AZ05 | What is the average fleet fuel consumption? | 35 kg/PAX |
| AZ06 | What are the main environmental gains achieved with efficiency and innovation? | Pg. 34 |
| AZ07 | How does the Company contribute to the social development of cities with little access to air transportation? What are the main cases in which Azul makes a difference in cities and regions? | Pg. 65 |
| AZ08 | How is the management of the Company's social projects (how are they selected, types of projects supported, total investments and beneficiaries)? | Pg. 66 |
| AZ09 | How does the Company contribute to social development through its Volunteers? | Pg. 68 |
| AZ10 | Total cities served exclusively by Azul by region | Midwest: 8; North: 4; Northeast: 8; South: 9 and Southeast: 11 |
| AZ11 | How does the Company manage the organizational culture? | Pg. 45 |
| AZ12 | How does the Company work with Communication? | Pg. 47 |
| AZ13 | Cities visited by the PEX team and total evaluations at stations and representatives that work with our public. | Pg. 54 |
| AZ14 | Total promotions in 2019 | Pg. 54 |

SASB Table - Sustainability Accounting Standards Board

| Sustainability Disclosure Topics & Accounting Metrics | | Reference (page) / Direct response |
|---|---|--|
| Greenhouse Gas Emissions | | |
| TR-AL-110.a1 | Gross global Scope 1 emissions | Pg. 38 |
| TR-AL-110.a2 | Description of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets | Pg. 34 |
| TR-AL-110.a3 | (1) Total fuel consumed, (2) percentage alternative, (3) percentage sustainable | 45.2 million liters. We did not use alternative fuel on our aircraft in 2019. |
| Labor Practices | | |
| TR-AL-310a.1 | Percentage of active workforce covered under collective bargaining agreements | 100% |
| TR-AL-310a.2 | 1) Number of work stoppages and (2) total days idle | There were no work stoppages in 2019. |
| Competitive Behavior | | |
| TR-AL-520a.1 | Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations | There were no monetary losses resulting from legal proceedings associated with anticompetitive behavior in 2019. |
| Accident & Safety Management | | |
| TR-AL-540a.1 | Description of implementation and outcomes of a Safety Management System | Pg. 32 |
| TR-AL-540a.2 | Number of aviation accidents | Since its foundation, Azul has not registered any aviation accidents. |
| TR-AL-540a.3 | Number of governmental enforcement actions of aviation safety regulations | We did not have any enforcement action or immediate action by ANAC in relation to Operational Safety. |
| Activity Metrics | | |
| TR-AL-000.A | Available Seat Kilometers (ASK) - Number of seats multiplied by kilometers traveled | 35,868 million |
| TR-AL-000.B | Passenger load factor | 83.5% |
| TR-AL-000.C | Revenue passenger kilometers (RPK) – Number of revenue passengers transported in one kilometer | 29,941 million |
| TR-AL-000.D | Revenue ton kilometers (RTK) – the product of tons transported by kilometers traveled | 2,871 million |

Capitals Map



Environmental

2019 Overview, page. 17
Eco-efficiency, page. 34
Innovation, page. 70



Financial

2019 Overview, page. 17
Outlook, page. 16
Corporate Governance, page. 24



Manufactured

2019 Overview, page. 17
Performance, page. 18
Innovation, page. 70



Human

2019 Overview, page. 17
Corporate Governance, page. 24
Crewmembers, page. 43
Social Investment, page. 66



Social and Relationship

2019 Overview, page. 17
Customers, page. 58
Business Partners, page. 62
Ethical performance, page. 40
Connectivity, page. 65
Social Investment, page. 66



Intellectual

2019 Overview, page. 17
Safety, page. 32
Eco-efficiency, page. 34
Crewmembers, page. 43
Innovation, page. 70

Credits

Coordination

Azul

Board of Directors

Carolyn Trabuco

Marketing and Communications

Claudia Fernandes

Carolina Constantino

Financial and Investor Relations

Alexandre Malfitani

Andrea Böttcher

Gabriela Albuquerque

Gabriela Assis

People and Customers

Jason Ward

Camila Almeida

Ivana Carvalho

Raquel Keiroglo

Editorial project: writing, GRI and Integrated Reporting consulting and translation

RICCA Sustentabilidade

www.riccari.com.br

Graphic design: layout, diagramming and illustrations

RICCA Sustentabilidade

www.riccari.com.br



voeazul.com.br