Annual Report

2017/2018 harvest

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About the report

Our Annual Report, a comprehensive document directed to all the audiences with which we relate, expands the commitment of the members of Atvos with the ethical, fair and transparent action. The purpose of this publication is to demonstrate how we conduct our activities in pursuit of the strategic objectives set by the Administration Council, adopting the best practices and instruments to internationally minimize socio-environmental impacts and leverage the benefits of our business model.

In a pioneering way, in the Brazilian sugar and ethanol industry, we have adopted in this report the principles and guidelines of the Integrated Report, a global platform supported by the International Council for Integrated Reporting (IIRC), to communicate the breakthroughs and results achieved in the 2017/2018 crop year, with objectivity and clarity. With this, we intend to demonstrate how we create value in different types of capital, benefiting shareholders and investors with a better risk management and resource allocation.

The data presented on the performance and economic, social and environmental impacts of our business are in accordance with the standards of the Global Reporting Initiative (GRI), an international organization that has established recognized parameters for the reporting and communication of corporate sustainability management.

We have consolidated, in the GRI Annexes section, the answers to the indicators of the Prioritized Standards. This content is organized in accordance with the themes of our materiality matrix and makes references to the other pages of the report when relevant. The information presented covers the period between April 1, 2017 and March 31, 2018 - the sugarcane crop year cycle.

This document is also our Progress Communication (COP) for the Global Compact, an initiative promoted by the UN to engage organizations around the promotion and strengthening of ten principles, which aim to ensure respect for human rights and to the decent work, protection to the environment and the fight against corruption. Our adherence to the Global Compact, fully compliant with our values and principles, was carried out in 2016.

Comments and suggestions on the contents of this report should be sent to **comunicacao@atvos.com**

Tomorrow's renewal

In 2017, as we complete ten years of operations in the generation of clean and renewable energy from sugarcane, we will introduce our new brand to the market: Atvos.

The renewal of our identity goes far beyond the name change. It represents a more up-to-date and contemporary position to face the challenges and the need for growth in the Brazilian sugar and ethanol sector.

The orange of our logo is energetic and vibrant, as people who have eye shine and optimism to make our company one of the largest producers of sugar, ethanol and electricity in Brazil.

Our name is the sum of words that translate our actions into a better world: attitude and atmosphere.

We are pioneers and were born for a more sustainable future. We are a company formed by people engaged in improving the quality of life in Brazil and in the world through renewable energy. We are transparent and we are always open and willing to dialogue, with ethics in all our actions. This is the essence of the Atvos personality.

atvos

Our brand

In order to build our brand and new positioning, we worked for five months on an investigation and market analysis project, structuring the brand platform and defining our new name and verbal and visual identity. The project was carried out by a creative committee formed by company leaders, responsible for approving all work steps.

The first phase consisted of the investigation of the sugar-energy sector and diagnosis of our image. At this stage, we performed in-depth interviews with leaders of our business and with customers, partners, representatives of financial institutions and opinion formers. Also, we conducted an online survey with the internal audience and analyzed the positioning of the main players in the sector.

As we concluded the diagnosis of our image, we have identified that the sustainability of our business, our commitment to society, the courage and the determination to seek new paths are some of the attributes perceived and recognized by our audiences. We also understand that the capacity for achieving and transforming our members, the way we value people in relationships and the strength of our organizational culture are seen as market differentials.

With these subsidies, we carried out the second stage of the project: the construction of our new brand platform. Supported by Odebrecht Entrepreneurial Technology (TEO), which defines our organizational culture, the brand platform expresses our position, our personality and our conviction: **people who renew tomorrow.**

Guided by the brand platform, the creative committee started working on building our new name. The chosen one was Atvos, an abstract name that expresses our firm and daring attitude towards a cleaner and renewable tomorrow. Our orange color, which sets us apart in the market, translates the vibration of people who are breaking new ground - just as we did ten years ago when we began planting sugarcane in the new agricultural frontiers.

The transparency with which we conduct all our relationships and continuous evolution are striking in the construction of our logo.

Our new brand boosts the renewal of our energy and our commitment to improving people's quality of life. It is the result of more than ten years of operations in the sugar-energy sector, a period in which we have matured, operationally grown and achieved striking and significant results. We know there are opportunities and new businesses to be carried out, hence we will create innovative paths and continue to be pioneers. Our tomorrow has already begun.

Business Leader's Message

The world increasingly walks towards low carbon economy driven be renewable energy sources. The search for innovations and new ways to promote economic and social growth, with low environmental impact and without increasing the concentration of greenhouse gases in our atmosphere is in the global agenda for sustainable development.

After over ten years operating in the sugar-energy industry, with boldness and accomplishment capability, we noticed that time has come to renew in order to face new challenges and opportunities. We adopted a new brand, Atvos, which represents our determination and strength to break new grounds and potentiate the advantages of biofuel and bioelectricity we generate from sugarcane.

We believe that ethanol is the most sustainable alternative, from the social-environmental and economic point of view, to replace fossil fuels and, due to that, we are ready for a leap in quality and productivity.

In the 2017/2018 harvest, we invested R$ 570 million and planted 56 thousand hectares of sugar cane, 16% more than in the previous cycle. We implemented innovations in cultivation and adopted new technologies like monitoring of sugar cane plantations by satellite and drones to increase productivity. We reinforced our commitment with qualification of our collaborators and improved the excellence level in our industrial units. We act in the strengthening and growth of our relations with agricultural partners, so important to our business.

All these advances have the same objective: to produce increasingly more ethanol and electric energy based on raw material cultivated with respect to the environment and to people.

Safety to our collaborators is an immeasurable value for our company. In the last harvest, we endeavored to keep the best SHE (Safety, Health and Environment) indices of the sugar-energy industry by developing actions of qualification and awareness, in addition to empowering of leaders for dissemination of good practices.

Our commitment is to contribute to the growth of communities in municipalities where we operate, generating jobs and income, doing business with ethics, integrity and transparence. As signatory of UN "Global Compact", and the "Corporate Pact for Integrity and against Corruption", by Ethos Institute, we are always open to dialogue with society and committed with the engagement of our production chain in the corporate integrity agenda.

Being Atvos means to have responsible and innovative attitudes to build today, the tomorrow we want. Fully focused on the generation of results, we will keep on promoting balanced and long-term relations with our partners, generating value to our shareholders and to society.

In the coming years, we will continue to invest in growth and productivity of our sugar cane plantations and those of our partners to reach, faster, our installed milling capacity of 37 million tons, which will consolidate a new economic and social level for Atvos, its members and the community.

We are people who renew our tomorrow and we know that our future has already started!

Luiz de Mendonça
Business Leader

Now we are Atvos

We are people who renew tomorrow and dream of a future in which society is driven by clean and renewable energy. We formed Atvos, a company that produces ethanol, VHP sugar and electric energy, committed to the environment and to people.

We work to build, in the present, a different and better world for the new generations. We cultivate and harvest sugarcane in an area of 450,000 hectares, in four Brazilian states, with the certainty that our business generates wealth and development for the populations of the cities in which we are present since 2007.

In nine agroindustrial units, distributed in six productive poles, we transform sugar cane into products that generate sustainable energy to move electrical equipment, vehicles and the lives of millions of people.

We are capable of continually renewing the Brazilian energy matrix, offering ways to replace fossil fuels and reduce the carbon footprint we all leave on the planet.

We are a company formed by people who make a difference. Every year, we build a new tomorrow with vibration, pride and joy. We seek new technologies, invest and create projects to perfect our productive processes and break new ground so that our energy can be more and more present in the life of Brazilians.

We are transparent and willing to dialogue in everything we do. We know that partnerships can speed up the renewal we wish, and we are open for others to join our purpose, sharing the values, ethics and integrity we cultivate on a day-to-day basis.

How we renew tomorrow

2017/2018 crop figures

25.8 million
tons of sugar cane GROUND

1.8 billion
liters of ETHANOL

1.8 thousand GWh
of ELECTRICITY exported

456.3 thousand
tons of VHP SUGAR

9 agroindustrial units

11 thousand members who work **6 productive poles** distributed in **4 states** of the Brazil.

We have been the **first company** in the sugar-energy sector to achieve **the I-REC certificate,** which guarantees the traceability of renewable energy generated from biomass

Learn more on page 25

Shared value

Our way of creating and sharing value

We are born into a world that calls for more renewable energy and sustainable development. By uniting people and our strength, we cultivate intelligent solutions and discover new ways to renew the future.

In the 2017/2018 crop, we gathered members from different areas to identify, in a joint and collaborative manner, how our business generates value and positively impacts society in six different types of capital.

Natural capital

To cultivate sugarcane at the new agricultural frontiers, we depend on favorable weather conditions, soils with enough nutrients for the development of tillage and rainwater. In the regions where we operate, we promote the recovery and conservation of preservation areas and improve the quality of the land. Thus, we directly contribute to capturing CO_2 from the atmosphere and to minimizing the impacts arising from the concentration of greenhouse gases in the atmosphere.

Manufactured capital

The production of sugar, ethanol and electricity is carried out in industrial facilities with state-of-the-art equipment. In crops, we use advanced technologies such as satellite monitoring and UAVs (unmanned aerial vehicles) to increase productivity and reduce planting and harvest failures. The supply of biofuel and energy produced from biomass increases the presence of renewable sources in the national energy matrix, strengthening the fight against climate change.

Human capital

People are our strength to open up possibilities, overcome challenges and make changes. The alignment of the members with the values and the corporate culture impel the conduct of business with ethics, integrity and transparency. Our commitment generates a pleasant work environment and in which there is recognition for the achievement of positive results.

Intellectual capital

The knowledge acquired by our members throughout our history differentiates our performance in the sugar-energy sector. The search for new technologies and innovations in the cultivation and processing of sugarcane is aimed at increasing productivity and quality in agricultural and industrial operations. Thereby, we contribute to increasing the competitiveness of the sugar-energy sector in the supply of renewable energy sources.

Social and relationship capital

The strength of our brand and transparency in our relationship with all our stakeholders is the basis on which we build initiatives and actions that encourage the development of communities in the municipalities in which we are present. With openness to dialogue, we participate in sectorial discussions with the goal of contributing to the growth and sustainability of the entire sugarcane industry. The credibility of our clients and the pride of our members reinforce our ability to generate value.

Financial capital

The marketing of the products and the trust of our clients, together with the operations carried out with financial institutions, promote the generation of revenues and the allocation of resources according to the investment pipeline. Our presence in the new agricultural frontiers strengthens the municipal administrations due to the collected taxes, increasing the capacity of investments in services for the population. It also promotes the development of productive chains, creating employment opportunities and generating income.

Business model

1.
We grow sugarcane the new agricultural frontiers, with innovation and technology to increase productivity

Social Energy Program
- 74 projects
- 150 thousand people benefited
- 100% of the units impacted

Business Performance
- R$ 570 million invested in the 2017/2018 crop
- R$ 1.1 billion in operating cash generation
- In five years, we raised productivity by 57% (grinding/ headcount)

2.
In our units, we have increased our efficiency of processes to consume less natural resources and invest in the development of our members

R$ 2.4 billions pent with suppliers in the 2017/2018 crop, promoting the generation of value in local productive chains

R$ 448.2 million paid to 36 agricultural partners in the 2017/2018 crop, fostering the generation of opportunities and income on the new agricultural

57 thousand new hectares cultivated in the 2017/2018 crop. 500 hectares cultivated in a meiosis system, a practice that reduces costs and expands

Efficiency in operations
- 50% reduction in the shipment of waste to landfills
- 4% reduction in water consumption per ton of processed cane: 1.3 million liters saved

Commitment with the members
- 43% of the internally trained leaders, generating a reduction in turnover and costs
- 638 thousand hours of training
- + 2 thousand members trained on compliance in the 2017/2018 crop
- Savings of R$ 3 million with the reduction of absenteeism in the last three years

3.
Our products benefit customers and society with clean and renewable energy

5 non-taxed air vehicles (VANTs) to monitor the sugarcane plantations

14% reduction in the level of harvest losses in relation to the 2016/2017 crop

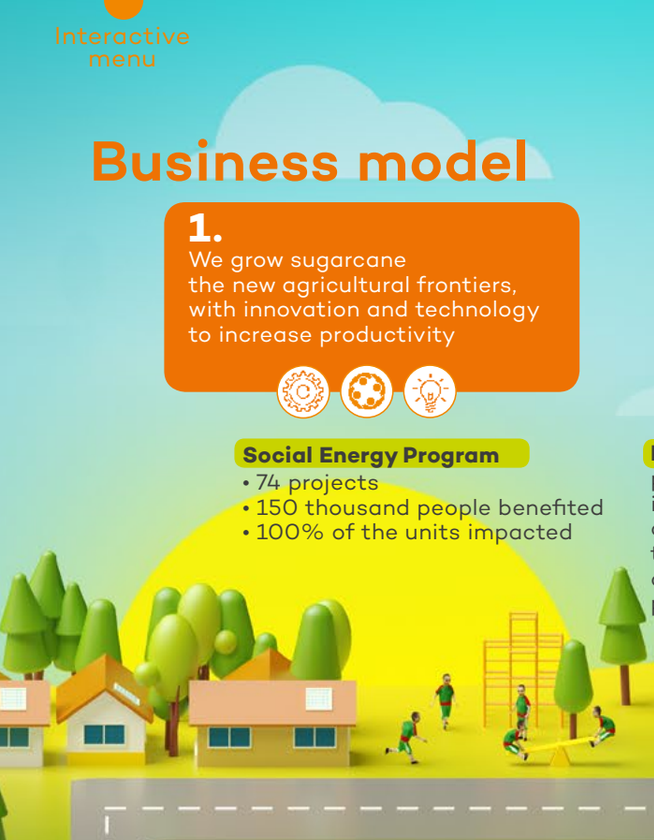
100% of the mechanized harvesting and planting operations

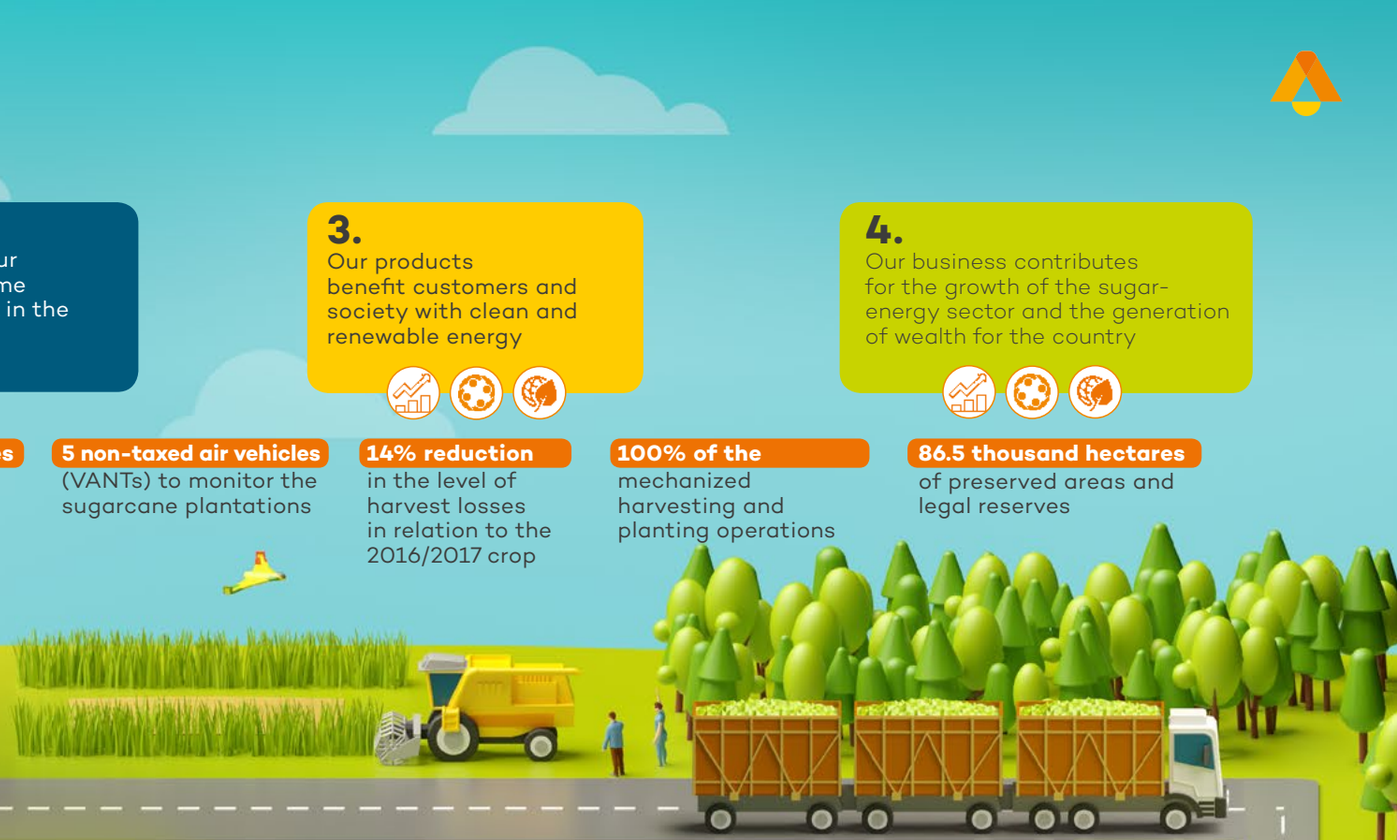
854MW installed capacity, which represents 7.54% of the plants supplied by sugarcane biomass in Brazil

11% reduction in diesel consumption in cut and transshipment operations

4.
Our business contributes for the growth of the sugar-energy sector and the generation of wealth for the country

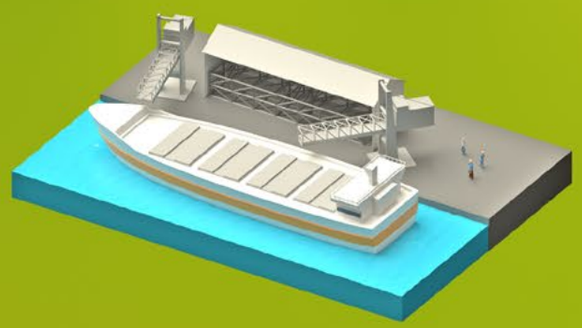
86.5 thousand hectares of preserved areas and legal reserves





natural
manufactured
human
intellectual
social and relationship
financial

We can produce 700 thousand tons of VHP sugar, a product we export to countries of all continents



We are able to to produce 3 billion liters of ethanol, a biofuel used in compact cars and **green polyethylene**

We are able to co-generate 3.1 thousand GWh of electricity, which is enough to serve more than 15 million people.

Value to society

Our purpose of renewing tomorrow and the way we conduct our business help meet the global demand for a radical transformation of society and the consumption model towards sustainable development. The 2030 Agenda, released by the United Nations in 2015, is currently the main document proposing a transnational plan of action to put the world on a new path of balanced growth.

The 17 Sustainable Development Goals (ODS or SDG), which bring together 169 goals to be achieved by 2030, are the core of the 2030 Agenda and allow us to relate the kind of value that our activities and investments generate for society.

Our work is also in line with the ten principles of the Global Compact and we are committed to the adoption of practices that strengthen human rights, labor relations, environmental preservation and the fight against corruption. As signatories to this UN initiative, we seek to work together with society and to make these universal and fundamental principles increasingly integrated into our operations, corporate culture and business strategy.

Our voluntary commitments

Our participation in initiatives recognized by research and articulation on themes related to sustainable development creates opportunities so that we can identify global trends in sustainability and enhance our strategy, adapting them to our reality.

- Global Pact
- Companies for the Climate
- CiViA
- Business Climate Initiative (IEC or BCI)
- Business Pact for Integrity and Against Corruption

Our activities and investments have the potential to contribute directly and more strongly to the ODS:

- 7 AFFORDABLE AND CLEAN ENERGY — Ensuring reliable, sustainable, modern and affordable energy for all
- 8 DECENT WORK AND ECONOMIC GROWTH — Promoting sustained, inclusive and sustainable economic growth, the full and productive and employment and decent jobs for all
- 11 SUSTAINABLE CITIES AND COMMUNITIES — Making cities and human settlements inclusive, secure, resilient and sustainable
- 13 CLIMATE ACTION — Taking urgent action to combat climate change and its impacts

ATVOS
the renewal of a commitment to the tomorrow of all

Materiality matrix

Our ability to renew tomorrow, creating value in a sustainable way for all the society, is based on the efficient management of risks and opportunities related to different externalities and aspects that may have an impact on our business.

To identify and model our activities, we have the Materiality Matrix, which brings together five themes on which we seek to improve our performance and ensure the sustainability of investments. Thus, we align our strategy with initiatives that promote the sustainable development of the whole society, such as the Sustainable Development Goals and the Global Compact.

MATERIAL THEMES	SUSTAINABLE DEVELOPMENT GOALS	UN GLOBAL COMPACT Network Brazil WE SUPPORT
Business performance	7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES	**1.** Respect for human rights **2.** Non-participation in human rights violations **7.** Approaching environmental challenges
Commitment with the members	8 DECENT WORK AND ECONOMIC GROWTH	**3.** Support for freedom of association **4.** Eradication of forced labor **5.** Abolishment of child labor **6.** Elimination of discrimination
Ethics, transparency and integrity	8 DECENT WORK AND ECONOMIC GROWTH	**10.** Fight against corruption
Local development	8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION	**1.** Respect for human rights **2.** Non-participation in human rights violations **8.** Environmental responsibility
Environmental impact	7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION	**7.** Approaching environmental challenges **8.** Environmental responsibility **9.** Diffusion of environmentally friendly technologies

Business performance

Our contribution to the ODS

Through the production of ethanol and the export of electricity generated from biomass, we contributed to increase the share of renewable sources in the national energy matrix.

manufactured **financial**

Field productivity and industry efficiency are the levers that drive value creation in our business model. With the application of the best agricultural techniques, planning and quality management in the operations, we seek to increase the amount of sugarcane produced in each hectare, as well as the volume of products converted from the raw material transformation in our agroindustrial units . This is how we offer clean and renewable energy, with competitiveness in costs and a more rational use of natural resources.

Grounding and CTT

Ethanol production (millions of liters)

VHP sugar production (thousands of tons)

Exported electricity (GWh)

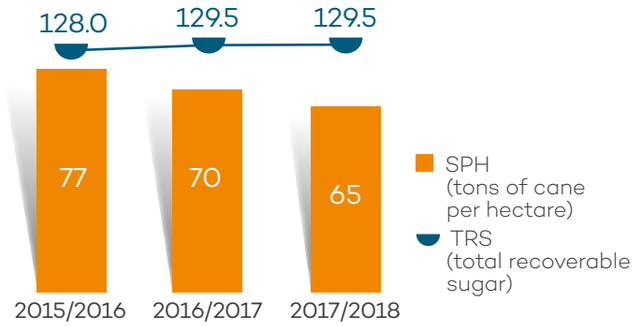
Productivity in the field

Increasing sugarcane productivity is a continuous challenge to our business model. The growth of the amount of sugarcane harvested per hectare provides cost reductions, lower environmental impacts and increased volume of ethanol, sugar and energy produced in industrial units.

In the last harvest, we maintained the performance of the previous cycle in relation to total recoverable sugar (ATR or TRS) and recorded a reduction of 7% in tons of sugarcane per hectare (TCH or SPH). For the next few years, we strengthen investments to achieve performance gains in these indicators.

Our agriculture occupies an area of approximately 450 thousand hectares, adding the areas in which we realize the planting and those that are managed by the agricultural partners. In these farms, we use the best techniques and incorporate new technologies, in all stages of the process, to ensure that sugar cane grows properly and healthy.

SPH and TRS evolution



Quality of operations

Our planting and harvesting operations are 100% mechanized and the members working on these fronts are continuously trained so that all the stages are carried out with the best quality to increase the productivity of sugarcane plantations. In 2017/2018, we implemented the Cana + Forte (Stronger Cane) program, creating an integrated awareness of all stages of the operation to obtain better results for each harvest.

Aimed at professionals working in the field, Cana + Forte has 10 drivers that must be followed in agricultural operations. The program was born with the objective of reducing trampling, which occurs when machines pass on the sugarcane planting lines, damaging the budding of the next cycle because of the compaction and decrease of soil permeability. In the 2017/2018 crop, trampling events had a reduction of 57% in relation to the previous cycle.

In search of a new leap in productivity, we structure the Agricultural Production Meetings (RPA), which allow the alignment of the planning and quality management areas in the agroindustrial poles.

The teams that work in corporate support and those in the units evaluate, in fortnightly meetings, all indicators related to agricultural operations. At these meetings, aspects such as pest control, soil preparation depth, trampling occurrences, fertilized areas and other quality control of cultural practices are discussed.

The main benefit of this new indicator analysis methodology is the greater visibility of the opportunities for improvement that exist in the stages of the agricultural process, according to the reality of each pole. The new dynamic facilitates the centralized management of the activities and accelerates the technical support to the members who work in the field operations.

The Agricultural Production Meetings have already resulted in:

Increase of **46%** in the application of correctives in the roots (that originates the harvest of the following year)

Increase of **27%** of phosphating in soil preparation, which improves the rooting of plants

Introduction leaf fertilization in **81.5 thousand hectares,** to increase the productivity of areas with a greater potential

Reduction **14%** in the level of losses in crops

Innovation and technology

Investment in new technologies is another front in which we work to increase our productivity in the field. In the 2017/2018 crop, we invested approximately R$ 8 million in the acquisition of equipment that enables the digital monitoring of the crop, greater control in the application of agricultural inputs and better monitoring of the climatic conditions.

In all agroindustrial units, the soil fertilization process started to be carried out in an automated manner, through systems that control the exact amount of inputs to be used in the area, according to the previous mapping performed by the technical teams. Without the manual operation of the members, we reduce the risk of wastage and insufficient applications and improve the conditions for the development of plants.

The use of satellite imagery and Unmanned Aerial Vehicles (UAVs) has also provided improved quality and productivity in sugarcane plantations. These technologies allow practically real-time monitoring of crop development, harvesting information such as planting or harvest failures, presence of weeds or pests, and other qualitative data. By the end of the 2018/2019 crop, all units will have the new tools, enabling accuracy in crop forecasting.

In the 2017/2018 crop, all of our units now have the Single Harvest Transhipment Queue (FUT), a technology that optimizes this operation through the communication between radiocommunication towers and on-board computers installed in the harvesters. The tool indicates the best route to be followed in the cane field and, thus, reduces the downtime of machines and the amount of tractors used in the operation.

INNOVATION IN THE FIELD

Learn how we invest to be more efficient in the production of sugarcane and create value in the entire production chain

Plantation nourishmet

Computers and other digital equipment ensure the application of agricultural inputs in the correct quantity in each area of the cane field. Thus, we have reduced the costs of crop formation and used the resources rationally for fertilization and soil correction.

Planning

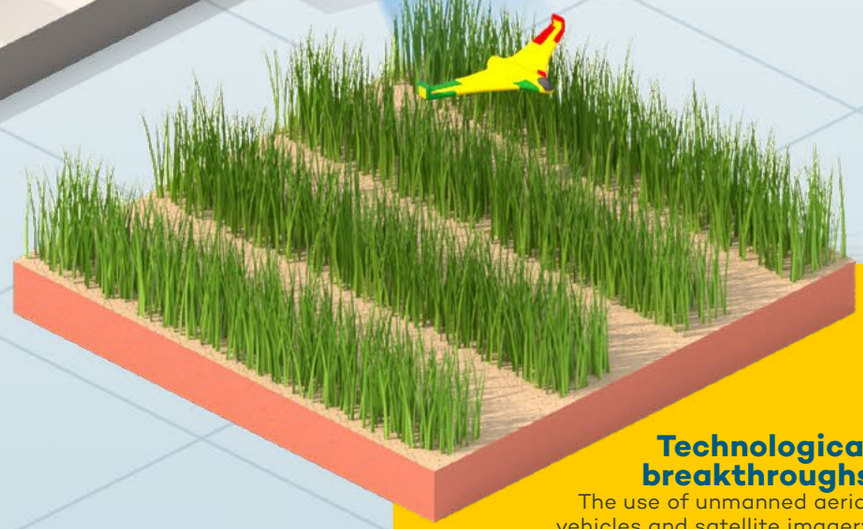
We have a team of experts focused on analyzing data and building the best strategies to achieve our short, medium and long-term goals. In addition, these professionals are responsible for monitoring operational performance through a sophisticated indicator Management System.

Quality of operations

We monitor all agricultural processes, evaluating different indicators to maximize the production of sugarcane in our crops. We continually observed aspects related to the quality of seedlings used in the plant, planned varieties, input dosages losses in harvesting, among others. Thereby, we adjust our operations to obtain maximum efficiency combined with greater agronomic gain.

Pest control

We follow-up the sugarcane development and monitor the occurrence of plagues and diseases that can affect growth and crop productivity. By using state-of-the-art software and with the support of renowned research institutions, we conduct chemical and biological control in an effective and sustainable way.



Technological breakthroughs

The use of unmanned aerial vehicles and satellite imagery enables real-time digital monitoring of crops, which gives more agility and efficiency in daily decisions. Georeferencing sugarcane plantations improves planting planning, distribution of seedlings and the flow of rainfall, making harvest more efficient.

Sugarcane suppliers management

The agricultural partners are a group of rural producers who, together with Atvos, work to renew the future and to increase the supply of renewable energy in the Brazilian energy matrix. These entrepreneurs are an important link in our business model, increasing the sugarcane cultivation capacity in the new frontiers of the sugar-energy sector.

Our relationship with these producers, who supply raw material for our industries, is conducted through the Strong Partners program, launched in 2016 in the first meeting of the program, which brought together all suppliers in Campo Grande (MS). In addition to monitoring productivity and compliance with signed contracts, the program has made it possible to improve environmental performance, care for people and compliance with the legal and labor aspects of these partners.

The “Commitment to Sustainability in the Sugarcane Chain”, signed during the first meeting of Strong Partners, is the basis of the relationship we establish with suppliers within the program. This driver, based on the ten principles of the Global Compact, strengthens the involvement of producers around important issues towards a sustainable development - such as respect for human rights, fight against child labor and degrading conditions, preservation of natural areas, anti-corruption and legal compliance.

OUR COMMITMENTS WITH THE SUPPLY CHAIN

We have adopted a proactive and preventive approach, with a dedicated team, in relation to all commitments with Security, Health, Environmental Protection and Human Rights, qualifying and directing the partners to internalize these issues as values in business

We prioritize the contracting of suppliers close to the regions of the company’s operations, supporting its development to that meet quality standards compatible with the business

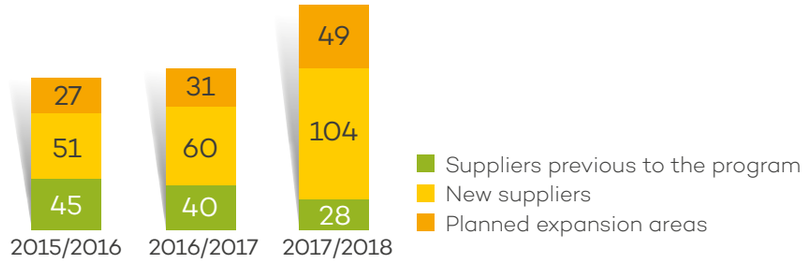
On a semiannual basis, we performed the Sustainability Verification Round of Agricultural Partners. Throughout the harvest, in addition to the constant monitoring carried out by the partnership team at each pole, producers receive two specific visits from a multidisciplinary Atvos team, which assesses the adherence of the activities to the Sustainability Procedure in the Supply Chain of Sugarcane. An internal document guides the implementation of the evaluation procedure conducted by our members and enables the identification of positive points, good practices and improvement points, which are addressed through action plans signed between Atvos and partners.

The Sustainability Procedure is the result of our Sustainability Guideline, which guided, until the 2017/2018 harvest, the incorporation of good practices in agroindustrial units and the relationship with partners, suppliers and lessees.

In 2018, we launched the Sustainability Policy, a document that improves the understanding of sustainability applied to our business and relationships. As of the 2018/2019 harvest, the Sustainability Policy will replace the Sustainability Guideline as a parameter of our management.

In the 2017/2018 harvest, the agricultural partners provided approximately 25% of the total sugarcane processed in the period. They were responsible for the agricultural activity in about 180 thousand hectares, counting on the continuous and close monitoring of the teams of the agroindustrial poles for the development of the operations and procedures.

Areas of cultivation contracted with agricultural partners (thousands of hectares)



Development of the Stronger Partners program

2016

July

We have jointly built the "Sustainability Procedure in the Supply Chain for Sugar Cane", a document which guides the actions of our members in the evaluation of agricultural partners.

October

At the 1st Strong Partners Meeting, we signed the "Sustainability Commitment in the Sugarcane Chain" with our agricultural partners.

2017

February to April

We have carried out the 1st Round of Sustainability with agricultural partners, by Atvos' multidisciplinary team.

April

We implemented the "Preliminary Sustainability Assessment" Procedure of the new Suppliers of the Program.

September to November

We have conducted the 2nd Round of Sustainability.

December

We have conducted the 1st training on atmospheric emissions for agricultural partners.

2018

April to June

We have conducted the 3rd Sustainability Check.

Heated local economy

36 agricultural partners for supplying

6.4 million tons of sugarcane

R$ 448.2 million paid to agricultural sugarcane partners

R$ 433.8 million paid to land partners

Data referring to the 2017/2018 crop

Efficiency in the industry

Our industries have grounded a total of 25.8 million tons of sugarcane in the 2017/2018 harvest, a reduction of 9% in relation to the previous period, impacted by climatic factors such as prolonged drought and frost in Mato Grosso do Sul. The result was partially offset by greater efficiency in industrial operations, which are focused on continuously increasing the sugar recovery capacity of the plant.

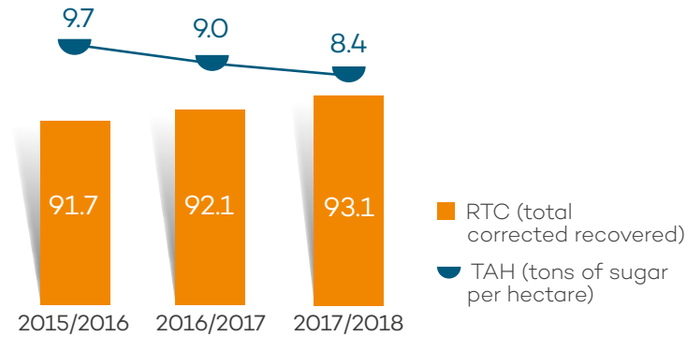
The Total Corrected Recovered (RTC) indicator is used by the sugar and ethanol industry to assess the level of efficiency of industrial operations. In the last crop year, we obtained an improvement of 1 percentage point in the RTC of our units, which represents a gain of the order R$ 23 million. This evolution reflects the efforts and investments we make in preventive maintenance, equipment regulation and to increase the qualification of our professionals.

Produced from a renewable raw material, the sugar and ethanol we manufacture supply customers in Brazil and abroad. In the 2017/2018 crop, 100% of our biofuel was sold in the country, mainly serving fuel distributors. VHP sugar is fully exported through contracts signed with trading companies, which ship the product to refineries in countries with an input deficit.

The electric energy we generate from biomass, besides supplying 100% of the energy demand of our industries, is a clean and renewable option that contributes to reduce the emissions of greenhouse gases in the national energy matrix. With 1.8 thousand GWh exported in the 2017/2018 harvest, our units account for almost 9% of the total energy from sugarcane bagasse made available in the National Interconnected System (SIN).

Power generation capacity is one of the main differentials of our business model. Our site The industrial structure was designed and built with high efficiency boilers, high capacity turbogenerators and plants that work with energy balance optimization, reducing the need for own consumption. In the 2017/2018 crop, the Conquista do Pontal unit implemented control processes with artificial intelligence that raised the export of electric energy around 3%.

Efficiency in the industrial operations



Sustainability with quality

Our products are certified according to the most important standards for the sugar-energy sector, which attest the sustainability of our productive process and the benefits they bring to society. We are the first company to generate biomass energy to win the International Renewable Energy Certificate and to be able to issue and transfer I-RECs to the market.

The I-RECs are an international platform that provides large energy consumers with the guarantee of acquiring the energy supply generated from renewable sources.

They can therefore prove the offset of emissions from sources of fossil origin. The Conquista do Pontal Unit, at the São Paulo Pole, was certified in the 2017/2018 crop.

The same unit has a Bonsucro™ certification, the international standard establishing social and environmental criteria for the production of sugarcane, requiring respect for human rights and the adoption of good practices throughout the chain of custody in order to avoid environmental impacts. In addition, it is certified by International Sustainability and Carbon Certification (ISCC), a global initiative for value chain sustainability.

The ethanol we produce meets the requirements set by EPA, the US environmental agency, which awards certification under the Renewable Fuel Standard (RFS2) program. Our biofuel also serves the North American market in accordance with the LCFS (Low Carbon Fuel Standard) by CARB, the California state agency responsible for actions to control air pollution and combat climate change.

I-REC STANDARD

Value for customers

In our industry, we operate with the commercialization of commodities whose quality standards are determined by regulations and certification systems widely recognized by customers. The pricing of sugar and ethanol accompanies market prices, according to the supply and demand conditions of the products.

Our close relationship with customers, as well as commercial strategies and after-sales services that we adopt are differential that boost our ability to generate value and move forward in building a new future. Our units have, for example, extended hours for the loading of trucks and, since 2016, practice logistic scheduling, a system that allows customers to pre-schedule the time to load the trucks and significantly reduce waiting time in the queues.

The installation of an electronic flow control equipment in the ethanol loading bays is another innovation that adds value in our relationship with our customers, because it is more accurate than the manual system of measurement by arrows and scales. As the product loading automation system, which gives more safety and agility to the process of truck shipping and dispatching. Our service teams also work closely to customers so as to provide a reference service to solve the demands of day-to-day operations.

Our certifications

Araguaia Pole

Morro Vermelho Unit
Renewable Fuel Standard (RFS2)

Água Emendada Unit
Renewable Fuel Standard (RFS2)

Santa Luzia Pole

Santa Luzia Unit
Renewable Fuel Standard (RFS2)

Taquari Pole

Costa Rica Unit
Renewable Fuel Standard (RFS2)

Alto Taquari Unit
California Air Resources Board (Carb) and Renewable Fuel Standard (RFS2)

Eldorado Pole

Eldorado Unit
Renewable Fuel Standard (RFS2)

São Paulo Pole

Alcídia Unit
California Air Resources Board (Carb)

Conquista do Pontal Unit
International Certificate of Renewable Energy (I-REC), Bonsucro (production and chain of custody), California Air Resources Board (Carb), International Sustainability and Carbon Certification (ISCC), Renewable Fuel Standard (RFS2) and São Paulo Agro-Environmental Protocol

Goiás Pole

Rio Claro Unit
Assurance Plan by the Environmental Protection of the United States (EPA) and Renewable Fuel Standard (RFS2)

Financial performance

The 2017/2018 crop was, as the last cycles, a challenge for the whole sugarcane industry. The ratio of sugar in the international market underwent a reduction due to oversupply of the product, while the price of ethanol was negatively impacted by the higher supply at the end of the 2016/2017 crop, by the growth in imports in early 2017 and a by a change in the taxation of biofuels, which put an end to the presumed PIS and COFINS credit.

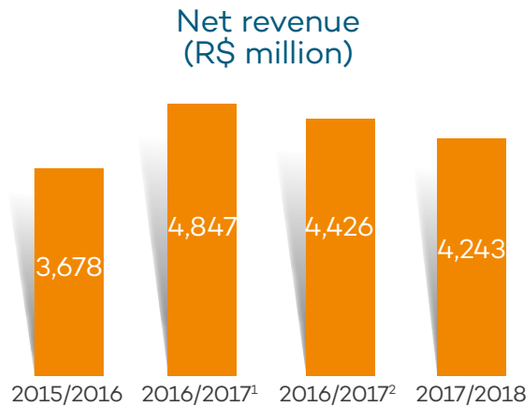
In addition to the macroeconomic factors, sugarcane production throughout the Central-South region was lower than the previous harvest due to climatic factors, such as a prolonged drought and frosts. According to data released by the Sugarcane Industry Union (UNICA), grinding at mills dropped 1.8% in relation to the 2016/2017 harvest.

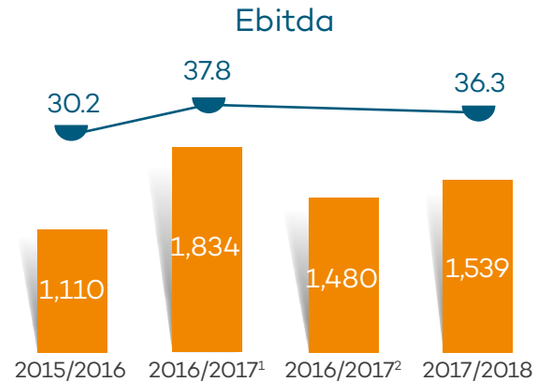
Despite the challenges, we reached an operational cash generation of around R$ 1.1 billion, making it possible to maintain the investment plan for the period. We allocated about R$ 570 million in our operations, 27% higher than the 2016/2017 crop, which enabled a 16% increase in sugarcane planting. The expectation is that, with this increase in planting, we will have a higher volume of raw material processed in the next crops.

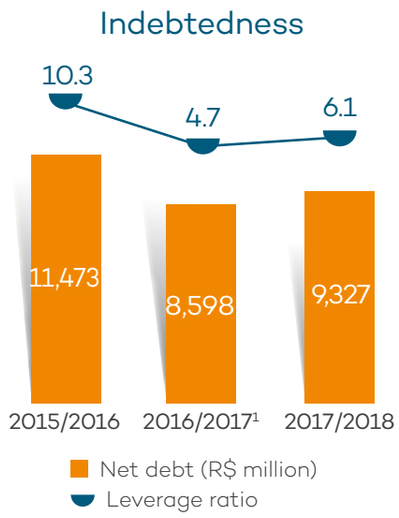
Net revenue for the 2017/2018 harvest reached R$ 4.2 billion, 4% less than the previous cycle. Ebitda in the period, with no fair value effects on biological assets, totaled R$ 1.5 billion, with a margin of 36%, 4% above the previous crop. Another highlight of the period was the evolution of the gross margin, which reached 22.5%, against 16.7% and 8.5% in the previous two crop years.

Our net debt was R$ 9.3 billion at the close of the 2017/2018 crop, with 2% due in the short term (2019/2020 crop). The company's leverage level (Net Debt/ Ebitda) was 6.1 times.

In the 2017/2018 crop, the **net income was positive** in R$ 308 million, with a **cash operational generation** amounting to R$ 1.1 billion







1. Pro-forma data. For better comparison purposes, the data consider 12 months of the co-generation operation.

2. It considers three months of operation of electricity co-generation.

Commitment with the members

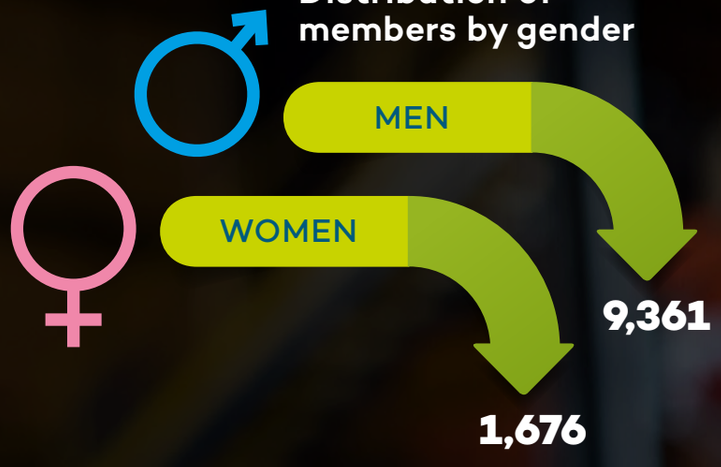
Our contribution to the ODS

We guarantee decent work conditions, value the diversity of our membership and promote the inclusion of young people in the labor market. We invest in the graduation and awareness of our members, so that they have domain over the business and multiply in their families and communities the socio-environmental commitments we assume.

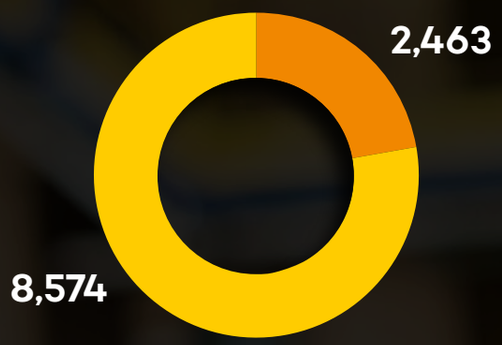
human

These are the people who renew the future with the actions they practice in the present. At Atvos, we form a team of 11,000 members who have the will and ability to achieve a more sustainable future, driven by a solid and consolidated corporate culture. The strength of our human capital comes from leaders who develop their teams by positive example and recognize achievements.

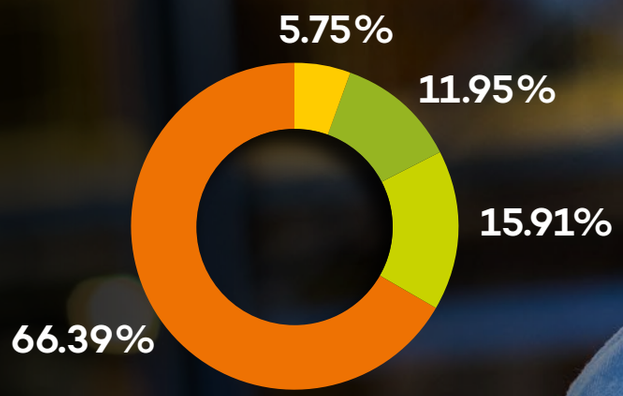
Distribution of members by gender



Distribution of members by region of work



Distribution of members by time at the company



People development

The values and beliefs that guide the way our members work in the field, in the industry, in automotive workshops and in our administrative offices are expressed by Odebrecht Entrepreneurial Technology (TEO), whose principles and criteria are recognized by the entrepreneurial spirit, the ability to influence the actions, in the search for what is right and for the planned delegation, based on trust in the human beings and their capacity to evolve. Our Policy on People, approved and disclosed at the beginning of the 2018/2019 harvest, is the guideline that orients the growth and development of our human capital.

TEO is practiced on a daily basis, through the Action Program (PA or AP), agreed every year-harvest between leaders and led. It is through the PA Cycle that we practice the planned delegation, we stimulate the synergy between areas, we evaluate the performance and results achieved by the members, with an open and transparent dialogue between leaders and led. Committed to the established pact, each professional seeks their own development, combining the strategic objectives of the business with their personal objectives and for their career.

This way of working, developing, and recognizing people begins with our **Acreditar Jr. (YoungApprentice) and Internship Programs,** with the selection of young people with bright eyes and a desire to expand knowledge within the sugar and energy sector. Acreditar Jr. is specifically aimed at young people aged between 17 and 22 years and promotes the qualification during the cycle of a year and a half of training, a period in which participants become apprentices of Atvos. In this relation, besides the professionalization, the apprentices are introduced to the concepts and foundations of our corporate culture to act in line with these principles.

The Action Program (PA or AP) brings together the objectives and goals to be attained by members, with the support of a leader and follow-up of strategic indicators

Successors mapping + Selective process

The formation of people aligned with our purpose of renewing tomorrow boosts our ability to generate value with the production of ethanol, sugar and electricity in an increasingly efficient and higher quality way. As a further structured action of renewal and sustainability of our future, we started in the 2017/2018 harvest of our Succession Program, whose first stage consisted in mapping members with the potential to occupy Atvos' leadership positions.

In this cycle, we identified potential successors for 74% of key positions. These people are being accompanied in a Structured manner by their leaders and with the support of the company's People team.

In the 2018/2019 harvest, our goal is to develop self-knowledge actions and training tools that support the successor's preparation for the new challenges, putting them in a state of readiness for future demands.

Parallel to the Succession Program and in line with the renewal of the future in an ethical, fair and transparent manner, we worked in the 2017/2018 harvest to redesign our strategy of selecting ne professionals. Our goal is to identify people who, throughout the selection process, show the same spirit of integrity and resilience that we develop in our members.

In addition to our youth entry programs at Atvos, we have structured actions that give continuity to the cycle of continuous and accelerated development. The second step in the training of members is the **Young Partner Program (trainee)**, which stimulates young people to develop behavioral skills for professional development, with courage to open new paths and aligned with our corporate culture. The third stage of this journey is the **Atvos Youth Program**, in which the participants know the challenges of our sector, followed by accelerated knowledge acquisition, and are encouraged to build new solutions for the renewal of tomorrow.

Youth training programs add value to our business model, accelerating integration and capability of members, helping them occupy leadership positions in the company. Thus, we promote diversity and coexistence among the generations, achieving a lower rate of rotation in the long-term, offering continuous challenges for the growth and professional development of people.

Our leaders are oriented to direct the members for an ethical, fair and transparent action in our day to day. In addition to our permanent compliance agenda, we have training programs that aim to increase the knowledge of our leaders and stimulate their performance as entrepreneurs of their business: the Exercising Leadership Program and the Operational Leadership Program.

In the 2017/2018 harvest, training hours for coordinators and managers, engaged in the Leadership Program, increased by 64% compared to the previous period. For leaders participating in the Operational Leadership Program, the increase was 44%.

We also have internal operational improvement programs, such as the Self-Service Training of the Learn by Doing Program, and we maintain partnerships with equipment suppliers that contribute to continuous improvement and safe operation. Together with the S System institutions (SENAI, SESI and SENAR), we train technical and operational professionals, with specific training for the activities of the sugar-energy sector.

Youth evolution at Atvos

In the 2017/2018 crop, 166 members participated in the Atvos Youth program. Currently, these people occupy the following positions at the company.

9% are Managers

28% are Coordinators

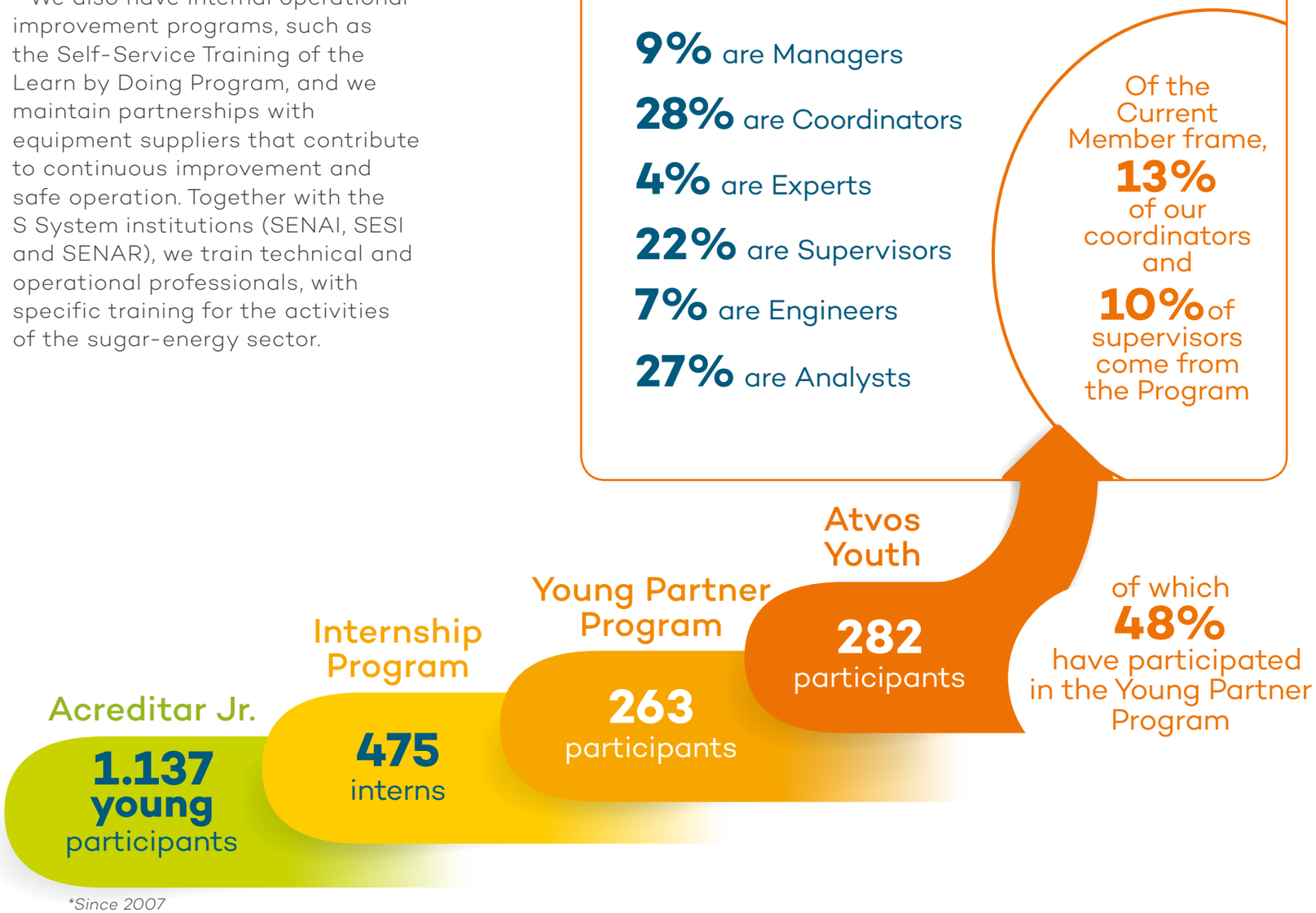
4% are Experts

22% are Supervisors

7% are Engineers

27% are Analysts

Of the Current Member frame, **13%** of our coordinators and **10%** of supervisors come from the Program



*Since 2007

Member's health and safety

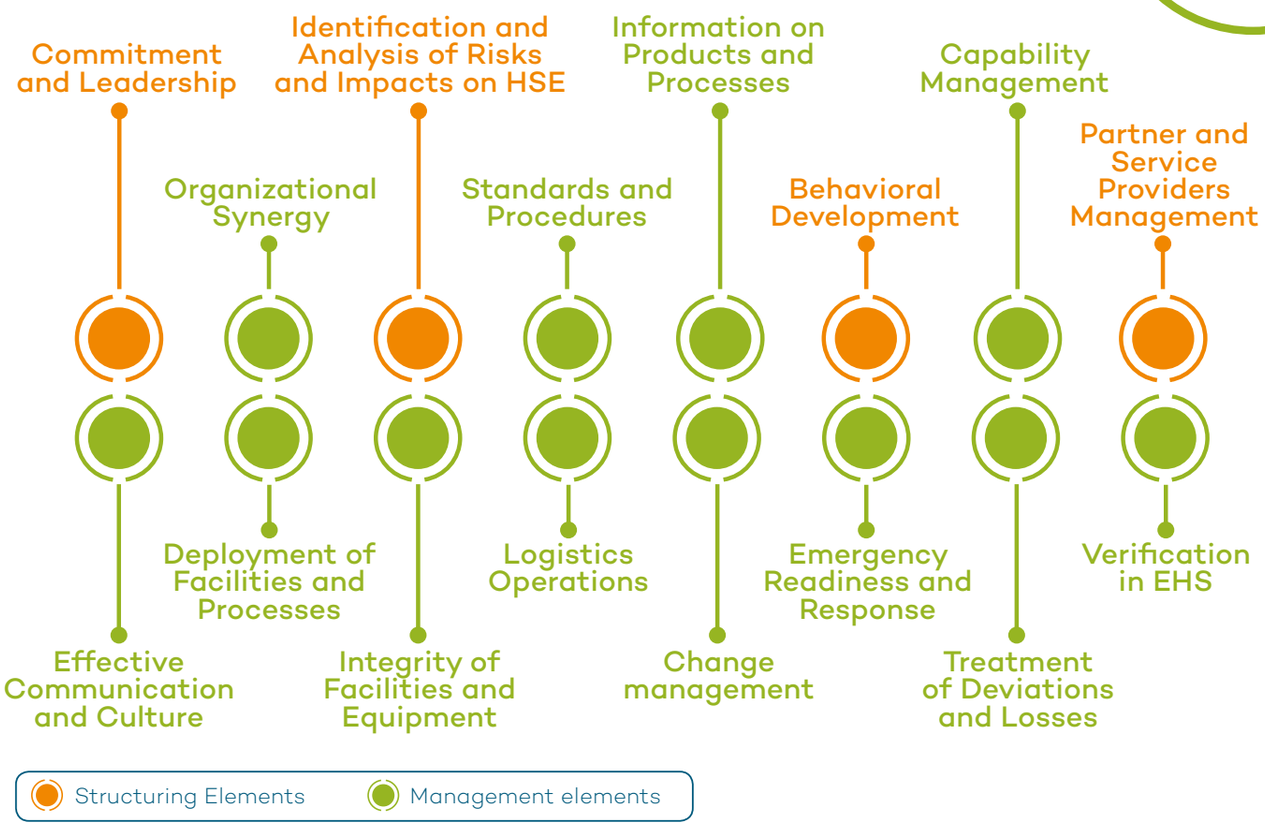
Ensuring the safety of our members in all business activities is part of our fundamental principles of respect for life and appreciation of people. All our activities are performed according to the standards and requirements of the Attitude System, which contains performance indicators related to Environment, Health and Safety (HSE).

The main benefits of implementation and monitoring of the Attitude System are the rigor in procedures and focus on risk prevention, more effective than remediation of the impacts caused by accidents in operations. The awareness of all members and the close action to the leaders responsible for the presence in the field and by the leader-led dialogue focused on the behavior of teams, are key to continuously improving our operations.

Among the practices we adopt to increase the safety of our members are the safety checks that leaders periodically carry out at the poles. This process is accompanied by the completion of the Attitude Card, which encourages leaders to be present in the areas (pedagogy of presence) and to guide their teams.

Management of safety, health and environment

The EHS Management System, called "Attitude", is composed of



16 Elements

14 RACs (standard and procedure protocols for risk activities)

9 Golden Rules

73% of implementation for the Attitude system

86% of compliance with the RACs

On a monthly basis, leaders are evaluated according to established goals for the Attitude Card, from those responsible for the operational areas to the superintendents of the poles. Another important tool is the notification of violations of the Atvos Gold Rules, nine guidelines that all members must follow in order to perform safely.

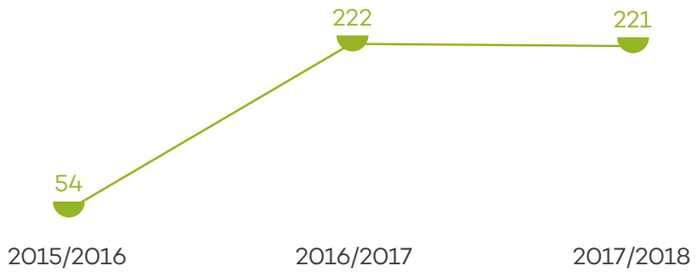
In our Management System, we also follow-up several indicators related to the safety and health conditions of our members and the attainment of the targets set for the period. In addition to the severity and frequency of accidents, we monitor occurrences in the transport of sugarcane, transportation of members, with light vehicles, machinery agricultural and support fleet.

In the 2017/2018 crop, despite all the efforts and control systems, we recorded the death of a member of the Taquari Pole, who fell asleep during the ride and flipped the truck he was driving. The event led to the development of a pilot program for the evaluation of members susceptible to fatigue and drowsiness at work. Between November 2017 and January 2018, 50 members were evaluated according to the process developed by the pole and corporate health teams, based on methodologies recognized and validated in Brazil and abroad.

Accident frequency rates*

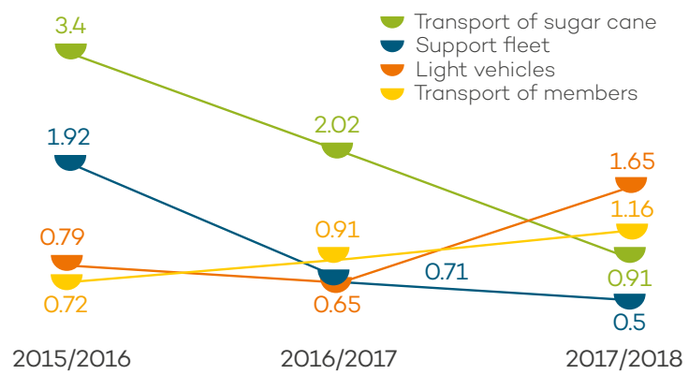
**The frequency rate is calculated by the number of accidents reportable every 1 million man-hours worked.*

Accident severity rates*



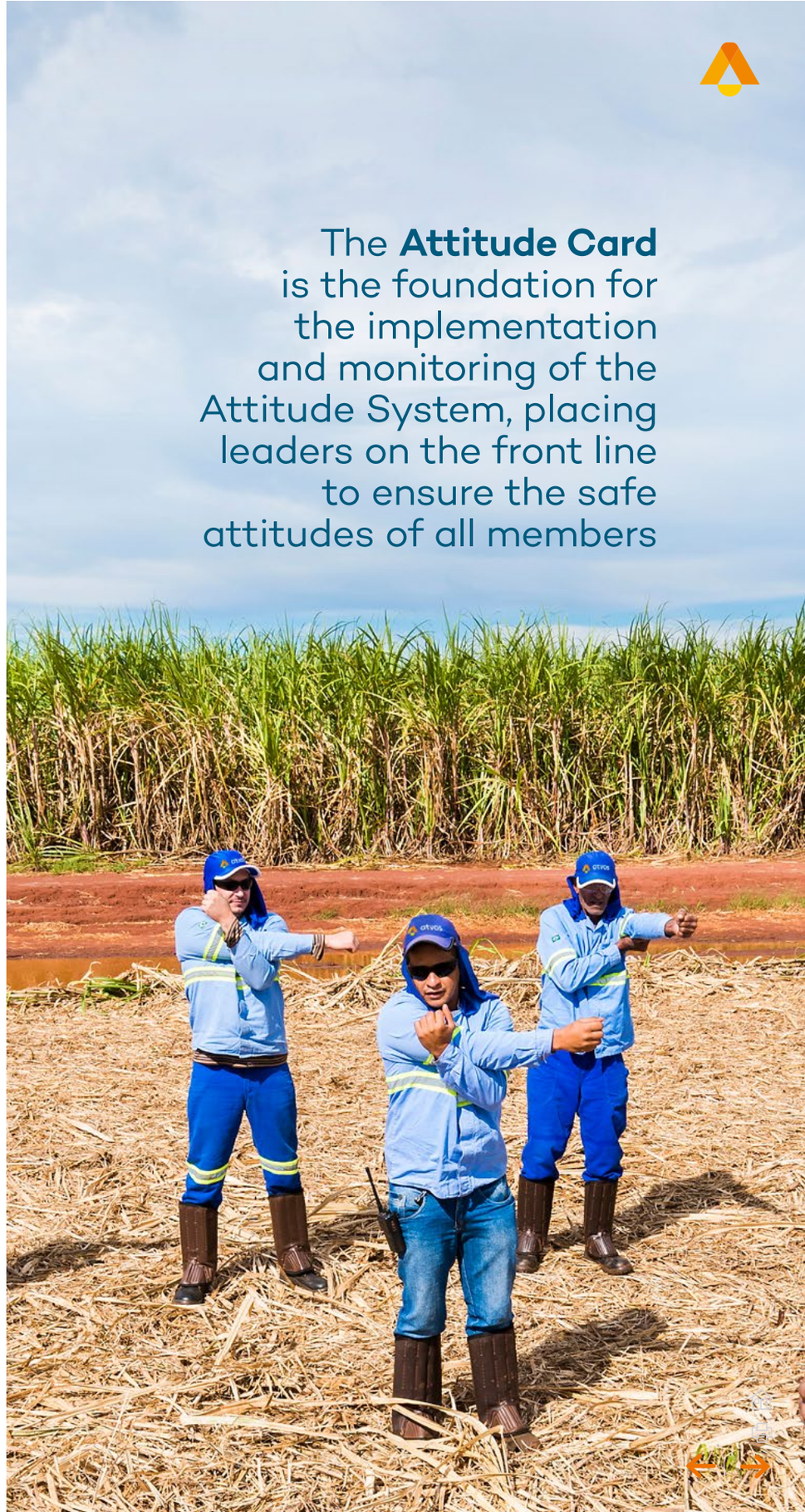
**The severity rate is calculated by the number of days lost and debited every 1 million man-hours worked.*

Vehicle safety indicator*



**Calculated by the number of occurrences every 1 million kilometers driven by the evaluated fleet*

The **Attitude Card** is the foundation for the implementation and monitoring of the Attitude System, placing leaders on the front line to ensure the safe attitudes of all members



Our contribution to the ODS

Our commitment to the guarantee of labor rights and to the promotion of safe and inclusive work environments is non-negotiable. Through the Compliance Program, we ensure the systematic management of these and all other aspects related to ethical conduct.

Ethics, transparency and integrity

human intellectual

Our Commitment

Our future is in our hands. That is why we have this commitment to our business, to our people and to the future.

The path to a more sustainable future is built with ethics, integrity and transparency. This is the right way to form partnerships and strengthen relationships with our customers, suppliers, members, shareholders, governments and society. Our Commitment toward Ethical, Fair and Transparent Acting is what guides us in how we generate value and renew tomorrow.

1. Fighting and not tolerating corruption in any of their forms, including extortion and bribery.
2. Saying no, firmly and determinedly, to business opportunities that conflict with this Commitment.
3. Adopt ethical, integrity and transparent principles in the relationship with public and private agents.
4. Never invoking cultural or or usual conditions of the market as justification for undue actions.
5. Ensuring transparency in information, which must be accurate, comprehensive and accessible and regularly disclosed.
6. Being aware that deviations from conduct, whether by action, omission or complacency, attack society, destroy the laws and destroy the image and reputation of the whole Atvos.
7. Ensuring at Atvos, and throughout the business value chain, the practice of the Compliance System, always updated with the best references.
8. Individually and collectively contribute for necessary changes in the markets and in environments where there may be inducements to deviations from conduct.
9. Incorporating the performance evaluation in Members' Action Programs, in compliance with the Compliance System.
10. Being convinced that this Commitment will keep us on the path to Survival, Growth and Perpetuity.

Compliance Program

Renewing tomorrow and generating value for shareholders and society in the long-term are only possible with an ethical, fair and transparent action by all our members. This way of growing and perpetuating our business, in line with our values, has always been present in the strategic decisions of the leadership, guiding the relationship with shareholders, governments, customers, suppliers, communities in the municipalities in which we operate and other stakeholders.

In 2017, following the evolution of society's demands and legislation regarding the implementation of compliance systems in organizations, our Administration Council approved the "Policy on Compliance with Ethical, Fair and Transparent Actions", by Atvos. This document establishes the guidelines for developing training, prevention and awareness actions we carry out to ensure that the performance of our members is in accordance with the commitment made to society, with ten items to be followed with neither exceptions nor flexibilizations.

To support our members in operating in compliance with Our Commitment and Compliance Policy, we have implemented the Compliance System, a set of measures that aims to prevent, detect and remedy risks to ethical, fair and transparent actions. The System implementation of Compliance in Atvos is continuous and guided by the leaders' performance in the accomplishment of the PA Cycle with the led.

As part of our Compliance System, we provide the Ethics Line, a communication channel that works uninterruptedly to receive complaints about conducts that violate our Commitment to an Ethical Fair and Transparent Action. The communication flow between the whistleblowers and the Ethics Line is managed by an external company, which increases the secrecy and confidentiality of the reports and information provided.

The receipt of reports through the Ethics Line opens the opportunity for the improvement of our performance in that it contributes to direct the accomplishment of continuous improvements both in our processes and in the members' behavior.

One of the main evolutions that we carried out in the Ethics Line in the last harvest-year was the provision of an attendant for receiving the communications, acting in conjunction with the electronic platforms that already existed (0800 website and answering machine). Almost 30% of the communications received in the 2017/2018 harvest were collected through human service, proving the benefit of broadening the accessibility of the channel.

INSTITUTO ETHOS

Partnership in favor of integrity

In the 2017/2018 harvest, we adhered to the "Business Pact for Integrity and Against Corruption", an initiative developed by the Ethos Institute of Business and Social Responsibility. As signatories to the Pact, we have increased our management through the platform developed by Ethos to assess the maturity of integrity promotion practices and provide support for process improvement.

Among the indicators analyzed in the first round of maturity evaluation, we identified that our governance structure and practices are in the most advanced stage of scale proposed by Ethos. We have also found opportunities to improve our management in aspects such as the formalization of our actions to support public policies for social development and the reinforcement of the communication of our ethical values, expressed in the Commitment to Ethical, Integral and Transparent Actions. The improvement in these indicators is one of the objectives defined for the 2018/2019 harvest.

Among the commitments we have undertaken is the dissemination and training of our members and partners in the value chain on the Brazilian anti-corruption legislation. Currently, more than 400 Brazilian companies are part of the Integrity Pact.

In addition to the Ethos Institute, we also act strategically in different sectorial associations that promote the discussion about the adoption of good management practices in the sugar-energy sector and that work towards the development of the value chain. We integrate the councils of regional associations that are relevant to the sector, present in the states in which we have units installed: Unica (SP), Biosul (MS), Sifaeg (GO) and Sindalcool (MT). In addition, we participate in the National Sugar-Energy Forum (FNS), an entity that currently brings together 16 state associations representing the sugar, ethanol and energy sectors.

How our Compliance System works

Channel Management Ethics Line

We have increased the accessibility of the channel by hiring an attendant, allowing the report to be made directly to a person

Engagement in collective actions

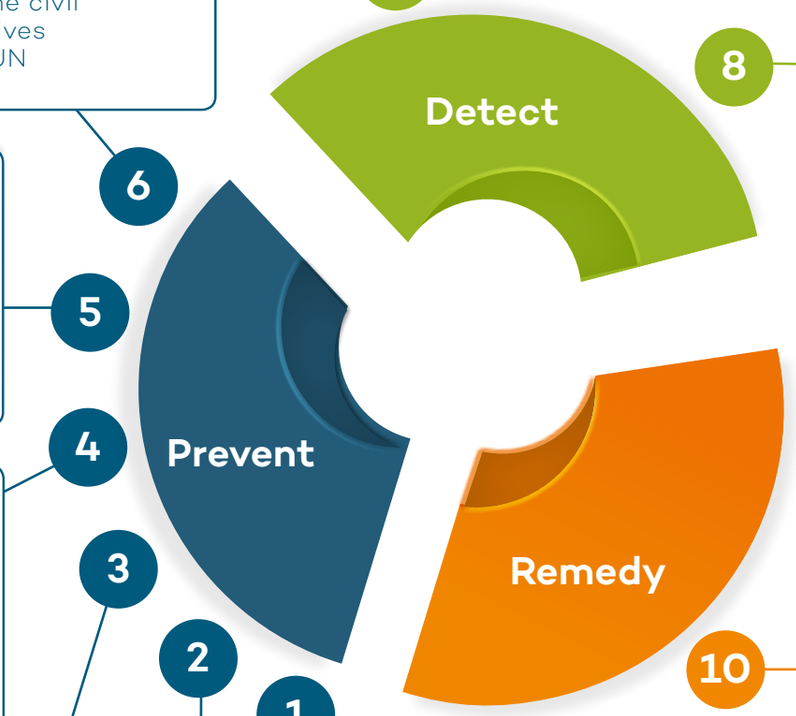
We have adhered to the "Business Pact for Integrity and Against Corruption" by the Ethos Institute

We have reinforced our commitment to the civil society, such as the Development Objectives Sustainable and the Global Pact, by the UN

Third Party Compliance

We have developed the due diligence process and created the supplier risk map
- Over 2.5 thousand suppliers evaluated in the 2017/2018 harvest
- the goal is to reach 100% of the supplier base in the 2018/2019 harvest

Learn more on page 40



Risk Monitoring and controls

We have performed the annual internal audit plan to improve internal controls, policies and other guidelines

Remedying risks and strengthening controls

We have established procedures and approval instances for deliberations according to the risk appetite defined by internal policies and controls

Communication and training

We have executed an internal communication campaign to inform the rules and operation of the Compliance System to all the members

We have conducted a training session on Compliance with our members in face-to-face actions and through electronic platforms
- 98% of office members have been trained
- 72% of the agroindustrial poles members have been trained
- the training schedule will continue in the 2018/2019 harvest

Disciplinary measures

We have defined the measures to be practiced to improve the performance of members and to prevent the violation of the guidelines expressed in our Commitment to an Ethical, Fair and Transparent Performance

Risk assessment and controls

We have developed the matrix of risks that allows us to identify and prioritize situations that can impact our business.

Learn more on page 39

Policies and other guidelines

We have approved and disclosed our Policy on Compliance with an Ethical, Fair and Transparent Performance

Compliance Governance

We have created the Compliance Committee for supporting the performance of the Administration Council

We have structured the Compliance area, led by R-Compliance

CLICK HERE
and get to know our Policy on Compliance with an Ethical, Fair and Transparent Performance

Training for members

331 members
trained in the offices at São Paulo and Campinas (98% of the target audience)

1,755 members
trained by multipliers in the poles

265 leaders
trained in the agroindustrial poles

The accomplishment of training and qualification for members on the subject of compliance was one of the main actions that we carried out in the 2017/2018 harvest. The initiatives we conducted aimed to give transparency to our Commitment to an Ethical, Fair and Transparent Performance and to the guidelines of the Policy on Compliance, detail the Compliance System and anti-corruption legislation, expose risk situations to our business and clarify the types of behavior that are not accepted in our performance.

Training on compliance has involved around 2,300 members in the last harvest and will continue to be carried out in 2018, seeking to involve 100% of the workforce. For the teams that work in agricultural operations, the training will take place on an ongoing basis, through the Daily Compliance Dialogues, integrated into the Daily Security Dialog (DDS or DSD). The program was structured and designed in the last cycle and will begin in the 2018/2019 harvest.

One of the key differentiators in our compliance training program is the customization content for each type of audience to be engaged. Thereby, we generate value for the action by ensuring that the topic addressed is the most appropriate one for the operational reality. An example of such a strategy is the greater focus on issues such as rights to equal opportunities in the workplace, in training sessions for field professionals whose activities are less exposed to risks such as money laundering or corruption with public agents.

In addition to face-to-face training, about 2,100 members (all with intranet access) were trained on an online platform and received the certificate of integrity in accordance with a subsequently completed evaluation. In the 2018/2019 harvest, we began to evaluate mechanisms to include the completion of this training in the Action Program evaluation cycle, as one of the requirements for variable remuneration.

Another action initiated in 2017 and reinforced in the 2018/2019 harvest is the completion of the Transparency Form, a document in which each member identifies and previously communicates to Atvos situations in which conflicts of interest may occur. Our leaders are advised to previously communicate, through the form, different types of situations - such as the hiring of relatives or suppliers with whom they are acquainted - and declare their impediment to participate in decision-making.

Risk management

To support the management of operations and the control of external factors that may impact on the business's ability to generate value and to perpetuate itself, we developed in the 2017/2018 harvest a matrix that identifies and prioritizes all strategic, financial, social and environmental compliance and operational risks for Atvos.

In the process of designing the matrix, our leaders were engaged in a round of interviews and invited to evaluate the risks related to their performance areas, considering its probability and the frequency of occurrence, as well as the size of the impact in eight different aspects. After this evaluation, our Risk Map presents those of greater relevance, supporting the definition of action plans for control and mitigation.

The monitoring of these aspects, as well as the management of compliance with our Commitment, is the responsibility of all the members. To support this process, we carry out the annual internal audit plan, which aims to improve internal controls, policies and other company's guidelines. In line with the strategic planning, the internal audit plan is based on the strategy matrix and considers the priority risks, the financial and accounting materiality of the processes, the reports to the Line of Ethics channel, as well as the results of previous audits.

Our risk management

Risks can be classified in 4 types:

STRATEGIC | **FINANCIAL** | **COMPLIANCE** | **OPERATIONAL**

To analyze them, our leaders consider several factors.
One of them is the evaluation of following impacts

- Financial
- Compliance
- Regarding Business Continuity
- Legal
- Onto the company's image
- About People
- Strategic
- About the environment

The strategic matrix helps monitor
the main external factors that may impact our business

- Climate changes
- Governmental and regulatory pricing policies
- Environmental legislation
- Consolidation of renewable sources for electric power generation
- Technological changes
- Changes in consumption patterns

Compliance in the supply chain

Improved risk management processes and process control have led to an evolution in the mechanisms we use to ensure compliance of our suppliers with the legislation and our Commitment. In the 2017/2018 harvest, about 2,500 companies that provide materials and services to Atvos, in addition to the agricultural partners, underwent a new approval and risk assessment process (due dilligence).

The focus of the assignment is the identification and mitigation of risks in the chain of supplies. The first step is to register and evaluate a compliance questionnaire answered by the suppliers themselves, together with certificates and other public documents. According to the answers provided, companies are classified at different criticality levels, demanding a greater depth of analysis to be performed.

Of the 2,500 suppliers evaluated in the last harvest, 436 were classified in the highest level of criticality. Through a computerized system, we seek more detailed public domain information about the activities of these suppliers, to structure a reputational assessment. Thus, we classify suppliers in four risk categories: low, medium, high and critical.

One of the differentials of this model is governance for the decision-making process, involving high-risk suppliers. Since the last harvest, to achieve these hirings, the leaders of the agroindustrial poles need the approval of the Business Leader. Critical risk suppliers, in turn, can only be contracted once they are approved by the Business Leader and Administration Council.

In the 2018/2019 harvest, we will continue the process for evaluation and prioritization of our suppliers according to the level of criticality and degree of risk. Our company has more than 10 thousand partners and our goal is to have 100% of them included in this reputational mapping. Thus, we minimize the risks to our operations while creating opportunities to positively influence the supply chain towards the adoption of good governance and compliance practices.

Due dilligence in the supply chain

SUPPLIERS APPROVAL IN THE DIGITAL SYSTEM

2,542
approved suppliers

LEVEL 0

1,397
Suppliers approved with no restrictions

LEVEL 1

547
approved suppliers after reassessment of the compliance questionnaires

LEVEL 2

436
suppliers that may present risks to our business. These partners are managed according to four categories.

- **LOW RISK**
- **AVERAGE RISK**
- **HIGH RISK** ➡ hiring requires approval by the Business Leader
- **CRITICAL RISK** ➡ hiring requires approval by the Administration Council

Corporate governance

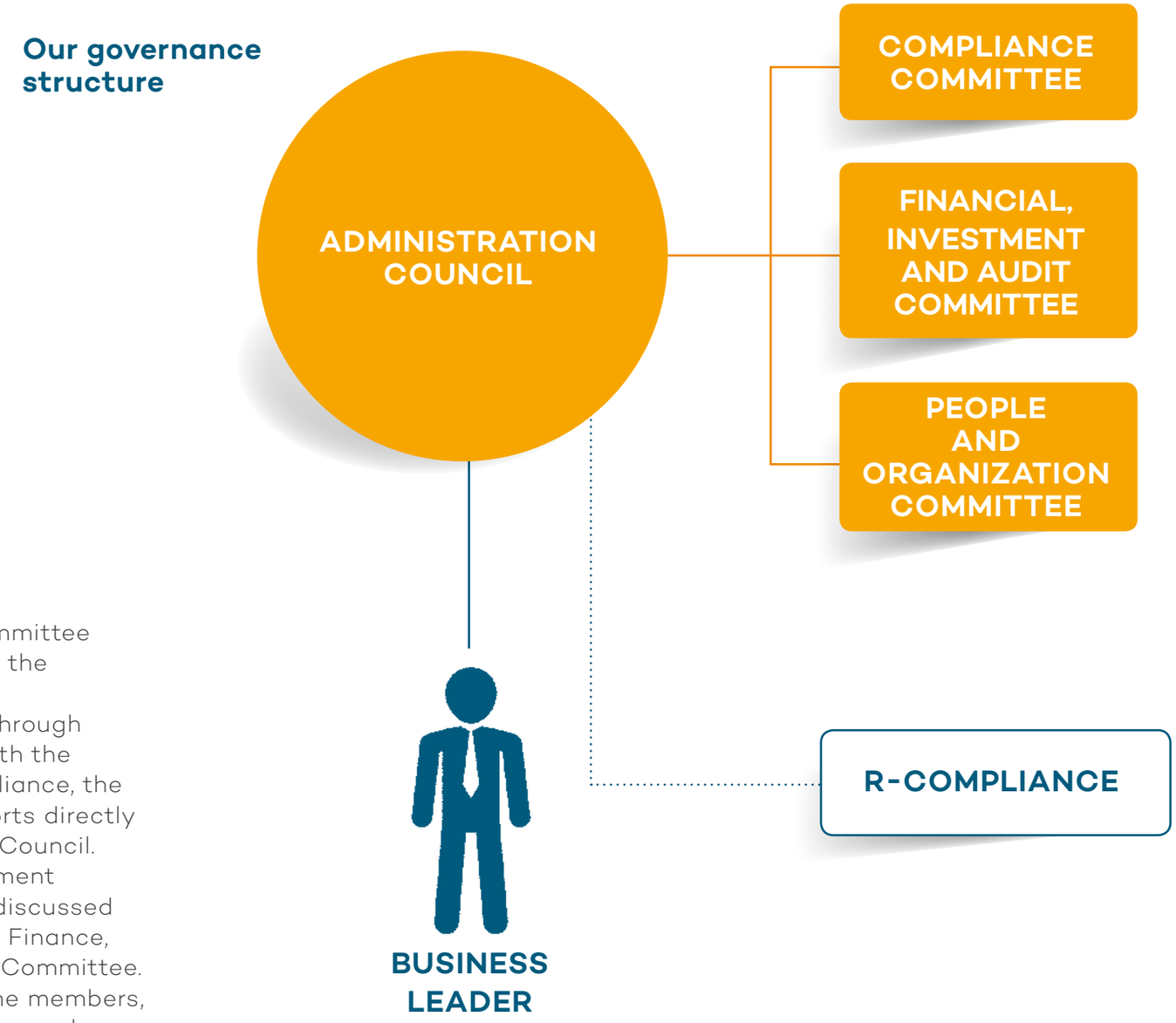
We are part of the Odebrecht Group, which operates globally in different strategic productive sectors, and we have a corporate governance structure that guarantees autonomy when conducting the decision-making process. The Administration Council has the responsibility to disseminate and preserve the concepts of Odebrecht Entrepreneurial Technology (TEO) with a view to the survival, growth and perpetuity of our capacity to renew tomorrow.

The Administration Council is composed of six members, one of which is independent, in accordance with the criteria described in our Compliance Policy. The work of the body is supported by three Permanent Committees, which aid the assessment of risks and externalities, subsidizing the decision-making and deliberation process.

One of the main benefits of our governance model, as provided by the leadership reporting dynamics to the Administration Council, is the close and strategic follow up of the business evolution by the shareholders.

The Compliance Committee continuously monitors the implementation of the Compliance System, through a direct interaction with the Responsible for Compliance, the Atvos leader who reports directly to the Administration Council. The financial management processes are widely discussed in the meetings of the Finance, Investment and Audit Committee. The development of the members, remuneration strategies and other issues sensitive to our human capital, are in charge of the guidelines of the People and Organization Committee.

Our governance structure



Local development

Our contribution to the ODS

Our investments in the communities where we operate, through Social Energy, extend the commitments that we take internally with the economic development and the promotion of a low carbon economy. The contribution to sustainable cities and communities is strengthened by the empowerment of the Community Councils, which implement and monitor actions in each locality.

Our presence in the new agricultural frontiers of Brazil contributes to renew the future of municipalities and communities with opportunities for employment and income generation. We have a commitment to society to act collaboratively in promoting sustainable growth, making people protagonists in building a world that moves with clean and renewable energy. We support and invest in education, culture, health and empowerment of those who are close to us on this journey.

social and relationship

Energia Social atvos

74 projects undertaken since 2009

R$ 25 million Invested by Atvos

R$ 10 million invested by partners, such as the local city halls

150 thousand people benefited

3.9 thousand people who are qualified in the communities

Social Energy: participate management

The formation of partnerships with society around common goals and aligned with our values broadens the positive perception about the presence of our business in regions where the sugarcane culture was not widespread until then. The impact we generate for communities by investing in projects and initiatives that meet the main local demands, adds value to the way we conduct the company's strategy.

To guide this action model and ensure that the investments we make are in line with our Commitment with an Ethical, Fair and Transparent Performance, we have counted since 2009 on the Social Energy Program, which defines the guidelines for the application of the financial resources destined to donations and supports to socioenvironmental projects. Social Energy has a participatory management structure that brings together representatives of Atvos, local public authorities and local communities.

One of the main benefits of participatory management is the mitigation of the risk that the projects supported under the Social Energy are directed to strengthen local governments' short-term platforms, losing focus on the generation of continuous value and of the perpetuity of initiatives. In addition, the program encourages the creation of more sustainable productive chains with a potential for the diversification of sources of local income generation.

Social Energy Management

Community Council

Leader of the agro-industrial pole and responsible for People and Administration

Mayor and municipal secretary

Two representatives of civil society

Thematic Commissions

Culture

Education

Productive Activities

Health, Safety and Environmental Preservation

*Initiated in the 2018/2019 crop

9 municipalities
have Community Councils installed

2 municipalities
In deployment process

In 2018, the Social Energy held the first edition of the Local Sustainability Seminar in the city of Deodápolis (MS), involving the local community in the discussion on topics that are important for the socioeconomic development of the region. The participants also heard about the social and environmental projects we have already accomplished and discussed the challenges and opportunities for including the handicap in the labor market.

Generating social value for Atvos

In 2017, we conducted a survey with different audiences to evaluate the perception of the company's image and reputation. The study followed the methodology of the Reputation Institute, which evaluates different sizes of the company's performance and consolidates its reputation in an indicator referred to as Pulse.

The results of the research allowed one to identify the value that the Social Energy Program generates for Atvos, mainly in the Citizenship dimension. The evaluation of members, partners and influencers (representatives of the company) raises the grade achieved by the company. In the municipality of Costa Rica (MS), where there is a number of projects implemented, we achieved evaluations above 80 points in all the issues related to Corporate Citizenship. The rating scale ranges from 0 to 100.

The Social Energy also has the potential to improve public perception of our performance on issues related to the Governance and Ethics dimension. The guidelines adopted by the program increase the assessment that the company respects laws, rules and standards, modulating the ethical and transparent relationship with representatives of the local public power.

Believing in people and in the future

Our relationship with the communities of the municipalities in which we operate is also strengthened by investing in training and preparing people for a more sustainable future. We carry out the programs Acreditar (Believe) and Acreditar na Diversidade (Believe in Diversity) with the aim of helping young people and adults to be ready to take advantage of career opportunities in the labor market.

The Acreditar program benefits the residents of the cities in which we are present through professional qualification and technical learning, even without belonging to the Atvos staff.

The Acreditar na Diversidade program is an initiative to qualify and include people with disabilities (PCDs) in the labor market. The program began at the São Paulo Pole in 2016, the year in which it was recognized at the United Nations (UN) headquarters, in the “Best Companies for Workers with Disabilities” award.

In the 2017/2018 harvest, the Acreditar na Diversidade was expanded to three more agroindustrial poles: Taquari, Eldorado and Araguaia. With this, three new classes were qualified in the municipalities of Costa Rica and Deodápolis (Mato Grosso do Sul) and Mineiros (Goiás), totaling about 80 beneficiaries.

80 people
have already been trained by Acreditar na Diversidade (Believe in Diversity)

We have been recognized as one of the **Best Companies for Workers with Disabilities***

** A recognition granted by the Department for the Rights of Persons with Disabilities, in the State of São Paulo*

Environmental impact

Our contribution to the ODS

We generate clean energy for the Brazilian energy matrix through our products and incessantly seek eco-efficiency in our processes. Hence, we have assumed a privileged position for the development of strategies for mitigation and adaptation to climate change, in addition to minimizing consumption of natural resources and the generation of waste.

natural

Through our operations in the sugar-energy sector, we benefit society by supplying bioenergy and biofuels produced from sugar cane, a clean and renewable source that contributes to reducing the concentration of CO2 in the atmosphere. Our way of cultivating and fertilizing the soil promotes the recovery of degraded areas without causing deforestation, and it also promotes the conservation of Permanent Preservation Areas and Legal Reserves. With an efficient management of natural resources, our emissions and waste, we renew our own way of being.

8% increase
in the by-product utilization index

5 million
tCO_2e avoided by the use of ethanol as fuel and electricity exported in the 2017/2018 harvest

4% reduction
In water consumption
In the industry, per ton of ground cane

74% reduction
In the disposal of residues to landfills

4% reduction
in diesel consumption for cutting and harvesting per ton of sugarcane

41% reduction
in the generation of contaminated waste per million tons of sugarcane

6% reduction
in total energy consumption, maintaining 97% of the matrix from renewable sources

Responsibility in cultivation

Preparing the soil with care and dedication is the first step so that the cane can grow healthy and productive. With attention to details and an unceasing pursuit of efficiency in agricultural operations, we raised the quality level of the sugarcane crop in the new frontiers for the sugar-energy sector. Thus, we have also generated value in natural capital, especially by enriching cultivated soils and preserving and restoring natural vegetation.

In the 2017/2018 harvest, we planted an area of more than 56 thousand hectares, considering Atvos' own operations and those managed by the agricultural partners. Most of the cultivation (82%) was related to the renewal of our sugarcane plantations, which will bring greater productivity in the coming cycles with the adoption of advanced agricultural techniques, cutting-edge technologies and greater process control.

This evolution in quality in cultivation is one of the main factors that will support our ability to increase productivity of sugarcane, together with the continuous improvement of performance in the management of environmental aspects. To ensure this growth in a sustainable way, we monitor different eco-indicators related to our activities in the field and industry.

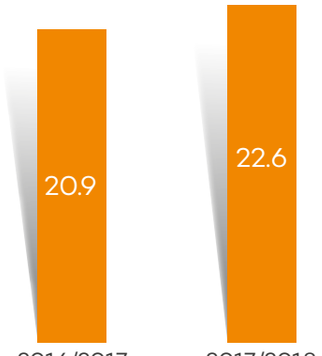
One of these indicators is what monitors the consumption of diesel in agricultural activities that are fully mechanized in planting and harvesting. The performance improvement in this aspect, besides the environmental gains, also generates cost savings and more value for our business. In the 2017/2018 harvest, we reached a volume equivalent to 1.7 liters of diesel for each ton of cane harvested.

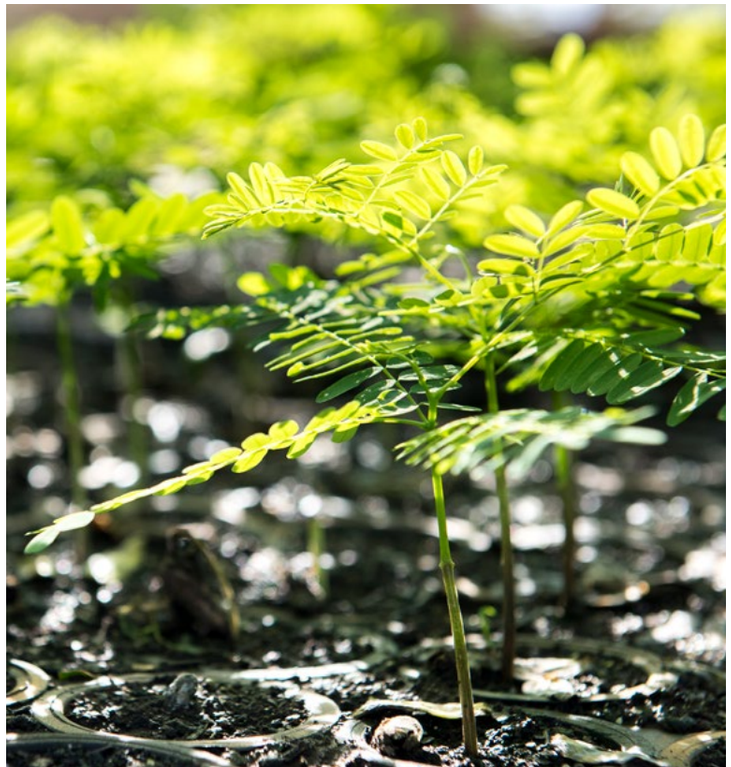
Our way of cultivating the soil also promotes the efficient reuse of significant by-products of the sugar, ethanol and bioelectricity production process: vinasse, filter cake and ashes from boilers where biomass is used for energy co-generation. Instead of being disposed of as waste, these inputs return to the field, following best practices and controls to avoid impacts to the environment. The use of vinasse, in particular, follows all the guidelines of the Vinasse Application Plan (VAP), developed in accordance with the technical standards established by the environmental bodies.

Diesel consumption at cutting and harvest (liters/ton of cane)

Our eco-indicators also allow us to evaluate the use of by-products in the field. This close follow-up, initiated in the 2016/2017 harvest, contributed for us to have had a more favorable performance in the 2017/2018 cycle, an increase of 3.3 percentage points.

By-products use ratio (%)





Preserving biodiversity

The production of sugarcane in our units also strengthens the preservation of and the recovery of natural vegetation and fauna existing in these locations. In accordance with the environmental legislation, our own and leased areas in the six agroindustrial poles amount to 86.5 thousand hectares between Permanent Preservation Areas (APPs) and Legal Reserves.

Annually, we monitor several aspects that influence the capacity for biodiversity in these areas. We analyze the quality of the water in the regions surrounding the cane plantations, in addition to the survey of fauna and flora and other factors that attest that our presence in these regions does not generate negative impacts that are relevant to the environment.

Control of fires in the plantations

Our harvest is 100% mechanized and we do not practice controlled burns for sugarcane cutting. The occurrence of accidental fires in sugarcane is one of the main environmental risks that we seek to control and minimize in our business model, also focusing on increasing productivity.

We have an eco-indicator monitored on a daily basis that records events of this type in our areas. In the 2017/2018 harvest, we recorded 63 fires, which resulted in a ratio of 3.06 occurrences for each million tons of sugarcane harvested - 33% worse than the 2016/2017 harvest. That result demanded the intensification of actions and prevention measures for the 2018/2019 harvest.

Within the Attitude Management System, which covers the guidelines and protocols for the security of our operations, there is a specific procedure (RAC - Requirements for Critical Agricultural Farming Activities), which sets out the guidelines for prevention and fire fighting, as well as the technical training of operators and brigades. The document defines all measures to be taken with a focus on mitigating the environmental impacts and preserving the physical integrity of the members.

Ecoefficiency in the industry

The continuous search for greater efficiency in the industrial processes promotes diverse gains for our business model. Increased productivity, reduced operating costs and less pressure on the availability of natural resources in the regions where we are present increase our capacity to generate shareholder value and strengthen our commitment to society of working for the renewal of the productive model in the sugar-energy sector.

Water is one of the main resources we use in industries for the production of sugar, ethanol and electricity. Used for cooling equipment, it is obtained by means of abstraction in underground rivers and wells, according to the granting limits established by environmental bodies.

Each year, we reduce our need for abstraction with investments in recirculation systems and, additionally, by increasing the utilization capacity of the water extracted in the grinding of sugarcane. In the 2017/2018 harvest, our total water abstraction decreased by 12% compared to the previous period, mainly due to improvements in facilities that increased our water recirculation capacity.

In the last harvest, we also achieved a rate of 1.06 cubic meters of water used for each ton of sugarcane processed in the industry. This evolution has been continuous in recent years, due to improvements in equipment, and our goal is to reach a rate of 1 cubic meter for each ton of raw material by 2021.

Our actions for the rational use of water were recognized in 2017 at the 13th edition of the Fiesp Prize for Water Conservation and Reuse. The Conquest Unit of Pontal was highlighted in the awards with the project “Optimization of Water Consumption in a Sugarcane Energy Unit”, in which it demonstrated the effectiveness of a series of measures implemented to reduce consumption in production processes. In the last harvest, the unit located in Mirante do Paranapanema (SP) achieved savings of approximately 222.7 thousand cubic meters.

All the effluent we generate in our industries is reused in our production process. Wastewater is mixed with vinasse for application in the fertigation of plantations, closing a virtuous cycle of environmental gains and productivity in the field and industry.

Our goal is to reduce water consumption for **1 m³** per ton of ground cane

Water consumption in industry (m³/ton of ground cane)

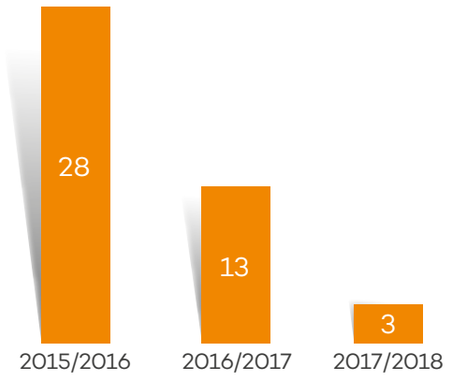
Management of residues

Reducing waste generation and sending these materials to landfills is also a priority in the environmental management of our activities. In the 2017/2018 harvest, however, there was a 29% increase in total waste generated in comparison with the previous cycle, caused by the increase in the volume of scrap, resulting from the replacement of equipment in the industries and new projects implemented. It is noteworthy that all this material was sold and reused in metallurgical companies and the like.

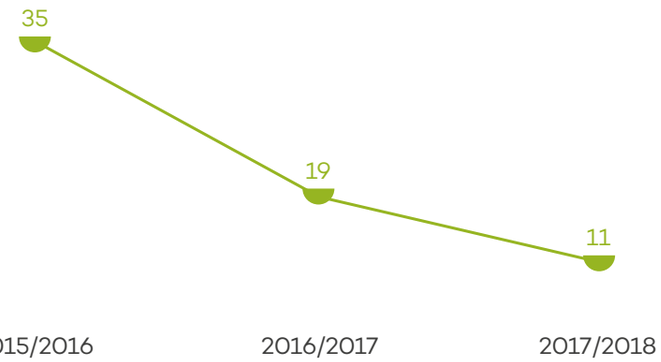
The shipment of waste to landfills decreased 73.5% on the same basis of comparison. This performance was possible due to the sensitization of the members to improve the separation of materials, replacement of paper towels for automatic hand dryers in bathrooms, composting of organic waste, waste shipment for co-processing; and the adequacy of recyclable material collectors in all units. In the Araguaia Pole, these actions allowed no waste to be sent to landfills.

The more efficient waste management, in addition to reducing the environmental impacts of our activities, generates value by reducing costs. In the 2017/2018 harvest, expenses related to waste treatment totaled R$ 1.9 million. But as part of the materials that would be disposed (scrap, big bags, hoods of harvesters, among others) was sold as recyclable material or reused in other production chains, there was the generation of revenue in the order of R$ 1.2 million. This enabled 61% of the waste management budget to be reversed in new financial resources and improvements to the units.

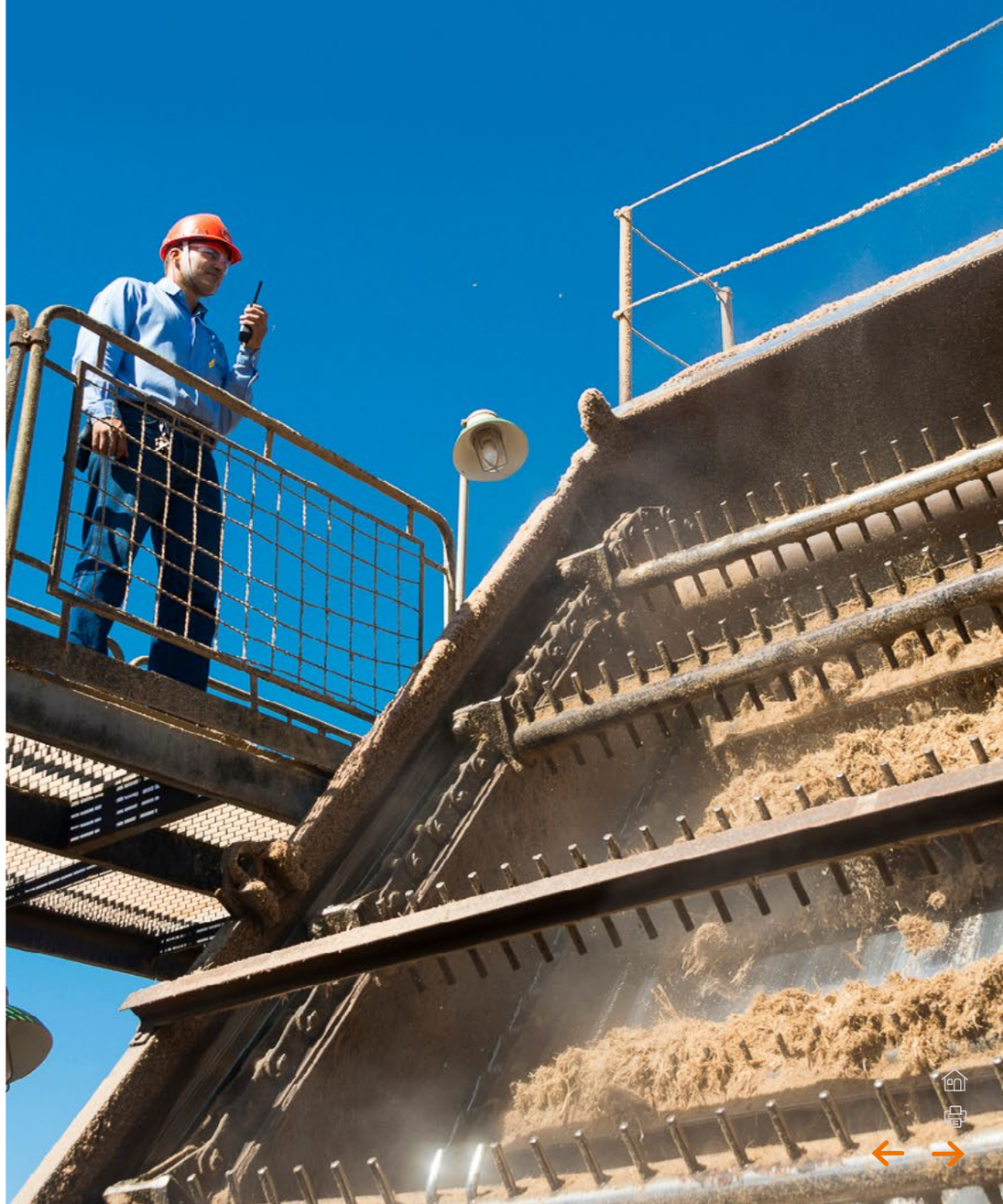
Landfill residues (tons)



Contaminated residues (tons/million tons of cane)



74% of the total waste disposed of in the 2017/2018 harvest were destined to **recycling**



Strategy for weather changes

Impacted by climate changes caused by an increased concentration of greenhouse gases (GHG) in the atmosphere, the world calls for more clean and renewable energy in the future. We exist to break new ground and cultivate smarter solutions, generating value by delivering products that contribute to the consolidation of a low-carbon economy.

The sugarcane ethanol we produce and the electricity we generate from biomass emit less GHGs than fossil fuels and therefore have the potential to drive the growth of society in a more sustainable and environmentally positive way. In addition, sugarcane plantations and forest preservation areas absorb and store carbon from the atmosphere during their growth, helping to reduce the effects of global warming.

The potential of Brazilian ethanol to reduce GHG emissions is recognized worldwide and has become one of the main topics on the Brazilian agenda since 2015, when the Paris Agreement was signed at COP-21, demanding the strengthening of biofuels in the national energy matrix. According to a study by the Ministry of the Environment, the sugar-energy sector has the potential to mitigate up to 756 million tons of equivalent CO_2 (tCO_2e) between 2020 and 2030, with investments in the expansion and modernization of industries and growing areas. In 2016, Brazil issued 2.3 billion tCO_2e, according to data from the Greenhouse Gas Emissions Estimating System, created by the NGO Climate Observatory.

By ratifying the Paris Agreement, signed between the countries with the objective of preventing global average temperature from rising more than 2°C, Brazil has committed to reduce its GHG emissions by 37%, by 2025, compared to 2005 levels. Increased use of ethanol is one of the initiatives planned at national level to achieve this objective.

In order to achieve the goals proposed, the Brazilian government introduced, through Act Nº 13,576/2017, the National Biofuels Policy - RenovaBio, which aims to promote the expansion of biofuels. In 2018, the federal government, through the Ministry of Mines and Energy, initiated the regulation of the program, establishing the mechanisms of operation of the RenovaBio and the 10% reduction goal in CO_2 emissions from the national fuel matrix, to be achieved by 2028. By 2019, targets should be set for national fuel distributors to reduce or offset GHG emissions from the use of fossil fuels.

For this compensation, distributors are required to purchase decarbonization credits (CBios), monetary securities that will be issued by biofuel due to GHG avoided emissions. Thus, RenovaBio is the first national initiative for pricing carbon in Brazil and will encourage the efficient production of biofuels.

By means of RenovaBio, Brazil seeks to **attain the 10% reduction goal** in CO_2 emissions from the national fuel matrix

Scenarios for carbon specification

As a way of anticipating a context of carbon pricing in Brazil, we conducted an internal study in the last harvest to evaluate the possible impacts of this change on our revenues, investments and operations. Having RenovaBio as a base, we analyzed four possible scenarios in order to define the internal carbon pricing of Atvos, considering occasional taxation and the implementation of an emission trading system.

Internal carbon pricing is a practice that has been adopted by companies around the world to improve risk and opportunity management and to include the impacts of climate change on corporate strategy. Following this trend, our analyzes sought to evaluate how the lowest emission intensity of GHG could positively impact Atvos' financial capital, in addition to the environmental gain.

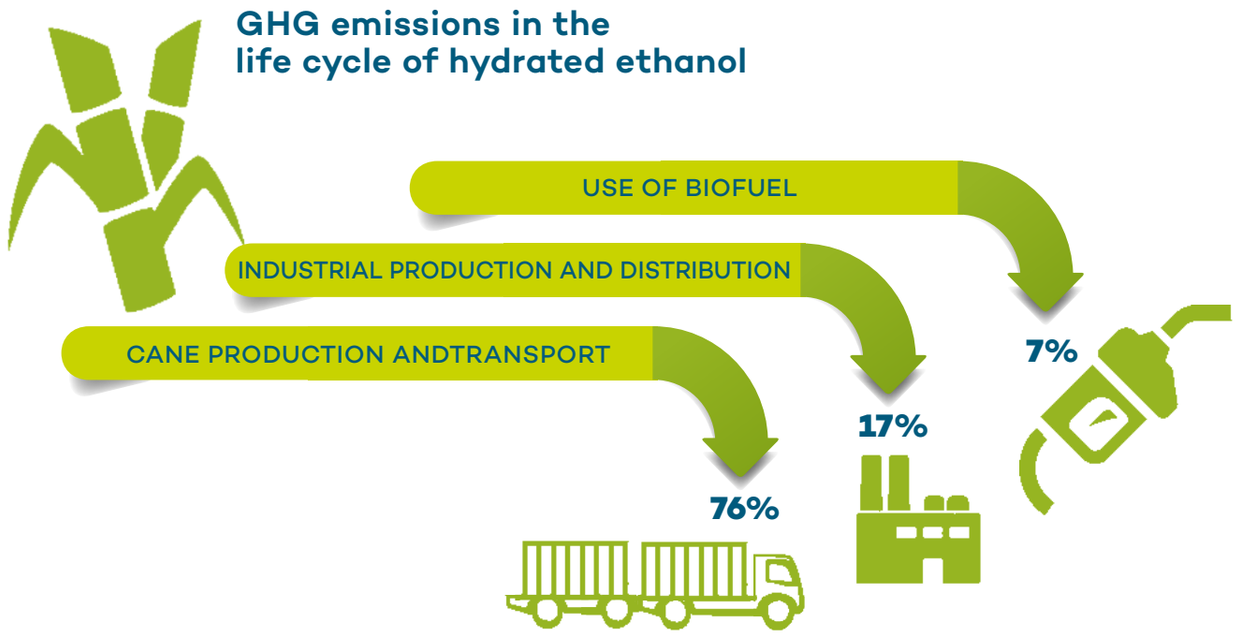
In all the scenarios evaluated, we realized that there are opportunities for financial gains for the company, due to the capacity to reduce GHG emissions resulting from the use of our products. Our participation in forums on the topic of carbon pricing, such as the simulation of the Emission Trading System, promoted by the Getulio Vargas Foundation (FGV), has allowed the deepening of our knowledge and the sharing of experiences.

In addition to the internal carbon pricing study, we have developed our 10-year emissions plan, which estimates the GHG emissions forecast for our operations over the next decade and points to opportunities for developing improvement actions. This evaluation was done by considering the agricultural plan and the forecast of expansion for cane plantations within the next ten years.

The footprint of ethanol carbon

To calculate the CBios that each producer can market, the regulatory bodies are developing a tool based on the Life Cycle Analysis (LCA) of biofuels, considering the emissions resulting from the productive processes in the agricultural and industrial areas. In 2017, we concluded, in partnership with the FGV, a study on the carbon and hydroelectric footprint of hydrated ethanol production. The assignment was carried out under the Entrepreneurship Applied Life Cycle Initiative (CiViA) and the conclusions were presented at the Lyfe Cycle Management International Conference in Luxembourg, one of the main global events on life cycle analysis in production processes.

The ACV of ethanol evaluated the stages of the production process at the Rio Claro Unit in Goiás, and identified the main aspects that impact GHG emissions in biofuel production. In addition, the results led to the definition of ecoindicators to monitor our performance in relation to GHG emissions and the search for synergies between the different areas with a focus on continuous process improvement.



Renewable electricity

The production of electricity in our industrial units is carried out by burning the biomass (sugar cane bagasse), through a clean and renewable source. As sugarcane sequesters carbon during its growth, emissions from this stage of the production process are biogenic and therefore deemed neutral.

This environmental benefit was recognized, in the 2017/2018 harvest, with the qualification of the Conquista Pontal Unit for the issuance of International Renewable Energy Certificates (I-RECs), which prove the renewable origin of energy purchased by our customers (read more on page 25).

The bioelectricity generated from sugar cane has as one of its main advantages the capacity to increase the national energy matrix with a renewable source in periods considered critical for hydroelectric plants. Between April and November, when there is a decrease in rainfall in the reservoirs of plants, the sugar cane harvest cycle guarantees the supply of biomass in the sugarcane industries in the Center-South region of the country.

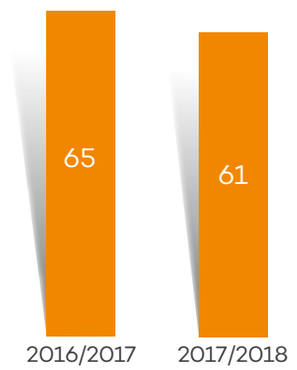
Our industrial operations are 100% fueled by the energy that we generate with biomass. The continued growth of this energy efficiency is relevant to our business model, insofar as it increases our capacity to export the energy surplus to the National Interconnected System (SIN or NIS) and expands the capacity to generate revenue from this product.

In the 2017/2018 harvest, our industries consumed a total of 61 thousand GJ of energy. This result is practically the same as the one we had in the previous cycle maintaining a 97% ratio of renewable sources in our energy matrix - diesel is used only for the moving machines in agricultural operations.

I-REC STANDARD

Our energy matrix is composed of **97% of renewable sources**

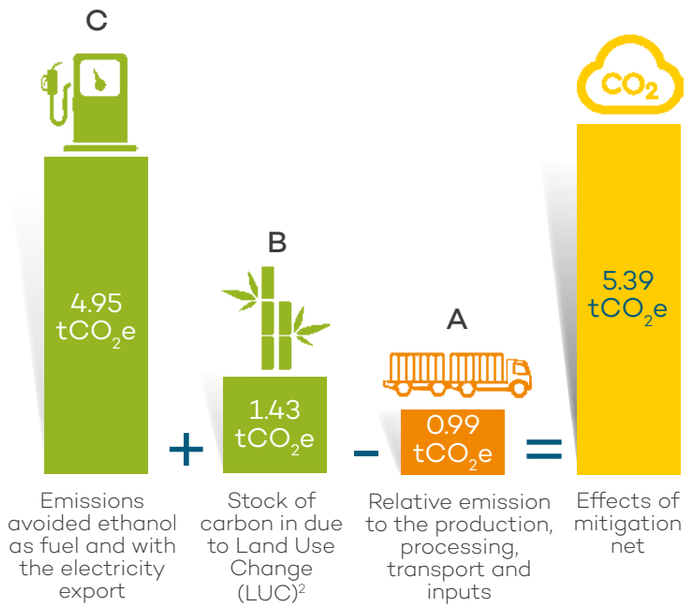
Energy total consumption (thousand GJ)



GHG emissions management

One of the main environmental benefits provided by our business is the capture of CO_2 from the atmosphere, in addition to GHG emissions that are avoided with the use of ethanol and biomass in the place of fossil fuels Annually, we measure the environmental value we generate for society through the inventory we elaborate according to the methodology developed by researchers from the State University of Campinas (Unicamp) for the sugar-energy sector.

GHG Emission inventory (millions of tCO_2e)[1]



1. Considers the three main greenhouse gases (CO_2, CH_4 and N_2O), and are used as characterization factors for the conversion into tCO_2 and global warming potentials for a 100-year horizon (AGWP100) defined by the IPCC (2013). The methodology was proposed by researchers Isaias C. Macedo, Joaquim E. A. Seabra e João E. A. R. Silva.

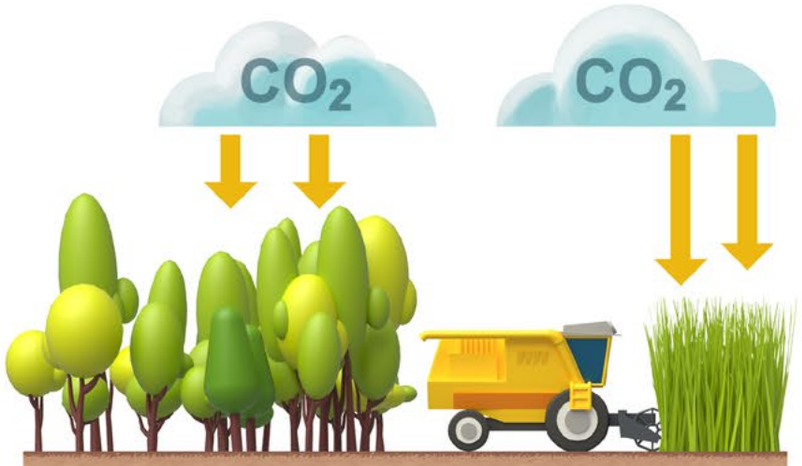
2. The LUC estimates have some uncertainty due to the deficiency of soil carbon balance data. The calculation method used considered IPCC Tier 1 default factors and was improved with the latest regional data from the Harmonized World Soil Database (HWSD).

In our production chain, the main GHG emissions are caused by the use of nitrogen fertilizers and diesel consumption, as well as production and logistics processes. In order to increase our efficiency, we continuously seek to increase the use of rail and ethanol pipelines for the production flow, thus reducing the impacts caused by the use of trucks on the highways.

We also account for our emissions according to the guidelines of the Brazilian GHG Protocol program. This inventory considers the period between January 1 and December 31 of each year and is an important tool for us to compare our performance to other national companies and identify opportunities for improvement. The emissions inventory according to the GHG Protocol has been published since 2016 and, two years in a row, is subject to external verification.

Increasing the environmental benefits of our products, generating value for customers and society, is what drives us. This is how we improve people's quality of life and as, together with all our audiences, we renew tomorrow.

6.4 million of tons of CO_2 ceased to be emitted by the use of our products or were captured by our agricultural operations. Understand how this happens.

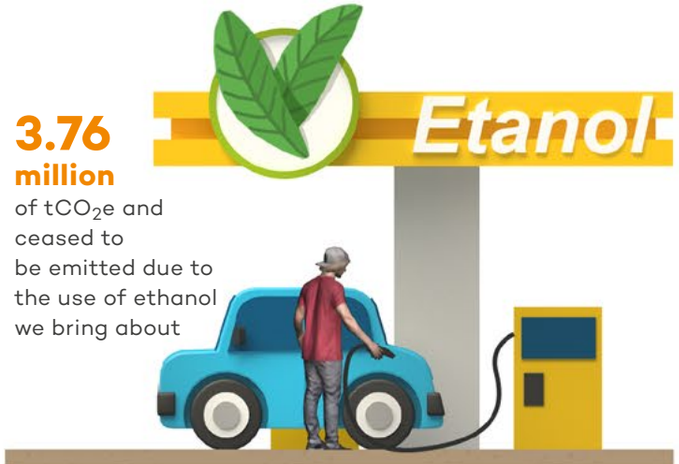


1. In the cultivation areas, the carbon is absorbed by sugar cane and trees growing in the preservation areas. The conversion of lands that had other uses, such as pastures, generates a positive effect known by the acronym LUC (Land Use Change).

1.43 million of tCO_2e were stored in our areas

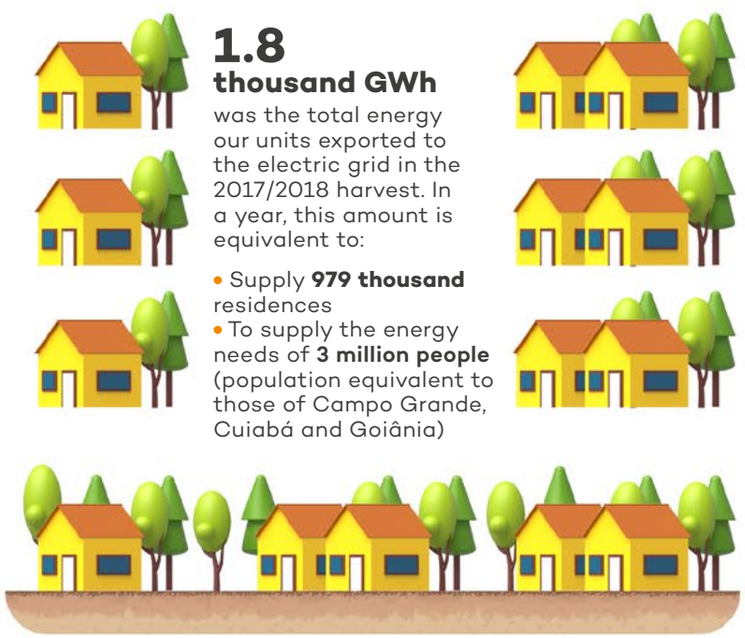
1.19 million of tCO_2e ceased to be issued because of our export of electricity

2. After being processed in the industrial units, the sugar cane generates a large amount of bagasse (biomass). This material is burned in modern boilers and the steam moves turbines in co-generation units, which supply electricity. Bioenergy contributes to reducing the need to power fossil fuel-fired power plants, such as diesel, and reduces carbon emissions into the atmosphere. In addition, it is generated during the dry season, strengthening national energy security.



3.76 million of tCO_2e and ceased to be emitted due to the use of ethanol we bring about

3. The use of ethanol for moving the national fleet, in the place of gasoline, helps to reduce CO_2 emissions. Plants with modern production systems generate ethanol with **80%** less CO_2 emissions compared to gasoline.



1.8 thousand GWh was the total energy our units exported to the electric grid in the 2017/2018 harvest. In a year, this amount is equivalent to:

- Supply **979 thousand** residences
- To supply the energy needs of **3 million people** (population equivalent to those of Campo Grande, Cuiabá and Goiânia)

One hectare of cane planted to produce ethanol has a positive effect in the sense of avoiding and absorbing approximately **12 tons** CO_2

Our Conquista do Pontal Unit is certified to issue **I-RECs,** which guarantee the origin of renewable energy generated from biomass

I-REC

The ethanol we produce is also used for producing **biopolymers**, inputs used by different types of industries for manufacturing **green plastic**. This **100%** sustainable material is used in packaging of various products, pots and other items present on a daily basis.

In the 2017/2018 harvest, 9% of the ethanol we produce was destined for manufacturing green plastic.

GRI Appendix

GRI Standards Disclosures

102-1
Organization name
Atvos Agroindustrial S.A.

102-2
Activities, brands, products and services
Atvos is one of the largest Brazilian producers of ethanol, sugar and renewable electricity from the processing of sugarcane. The products commercialized services serve customers in the domestic and foreign markets, with economic and environmental benefits recognized by customers and specialists, especially the ability to contribute to the fight against climate change by replacing fossil fuels. To learn more about operations and products, see page 9.

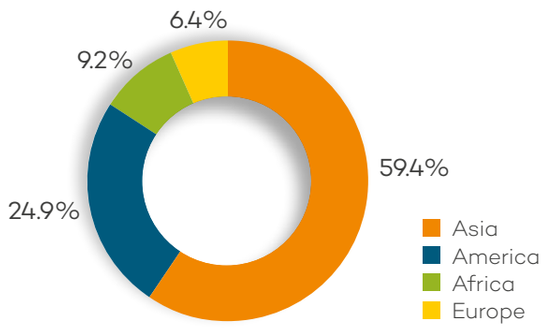
102-3
Location of headquarters
102-4
Operations locations
The headquarters of Atvos is located in the city of São Paulo (Brazil). The office is located at Rua Lemos Monteiro, 120, 13th floor. The company also has a commercial office in the municipality of Campinas (São Paulo | Brazil) and industrial units located in the states of Goiás, Mato Grosso, Mato Grosso do Sul and São Paulo. To learn more, see page 9.

102-5
Nature and legal property
Atvos is a publicly-held joint-stock company that integrates the Odebrecht Group.

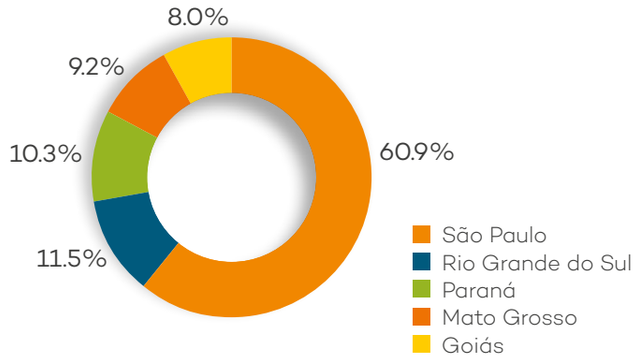
102-6
Markets served
At its agroindustrial centers, Atvos produces three types of sugarcane products: VHP sugar, ethanol anhydrous or hydrated and electric energy from biomass (bagasse). VHP sugar is 100% exported to refineries that process the product in their own units. Ethanol is mostly marketed to fuel distributors located in Brazil. Approximately 90% of the biofuel was sold to these customers, which distribute hydrated ethanol to fuel retailers and the addition of anhydrous ethanol to gasoline. The remainder of marketed ethanol serves individual customers and distributors who use the product for other purposes, such as the production of biopolymers. In the 2017/2018 harvest, the volume of sales of these two products by region took on the configuration presented in the graphs to the side.
The electricity generated from the biomass of sugarcane, a clean and renewable source, supplies the energy demand of the industrial units and the surplus is exported to the National Interconnected System (SIN). This volume complies with the agreements entered into with marketers and distributors operating in the free and captive markets for the purchase and sale of electricity.

102-7
Organization size
Fully controlled by Odebrecht S.A., Atvos is a company with operations in four Brazilian states - Goiás, Mato Grosso, Mato Grosso do Sul and São Paulo. The company's assets include six agroindustrial poles, in which are the nine units that produce VHP sugar, ethanol and electricity. In addition, there are corporate offices in the municipalities of São Paulo and Campinas. In the 2017/2018 harvest, Atvos had a team of 11,005 members and had a net revenue of R$ 4.2 billion.

VHP sugar distribution



Distribution of ethanol volume



102-8
Information on employees and other workers

Atvos closed the 2017/2018 harvest with 11,005 members in its staff, relatively stable in relation to the 11,121 members at the end of the previous harvest.

Table of members in the 2017/2018 crop by labor contract[1]

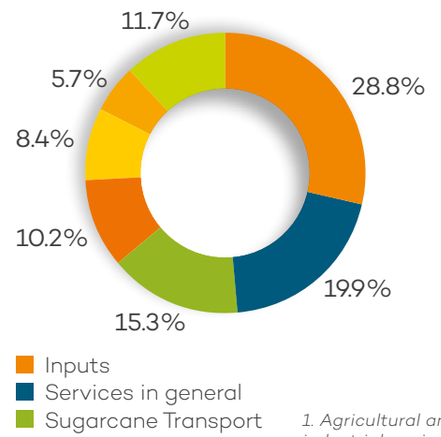
	Indefinite time	Definite time
By gender		
Men	9,222	121
Women	1,548	114
TOTAL	**10,770**	**235**
By region		
Southeast	2,371	75
Midwest	8,399	160
TOTAL	**10,770**	**235**

1. Considers members, apprentices and Young Partners.

102-9
Supply chain

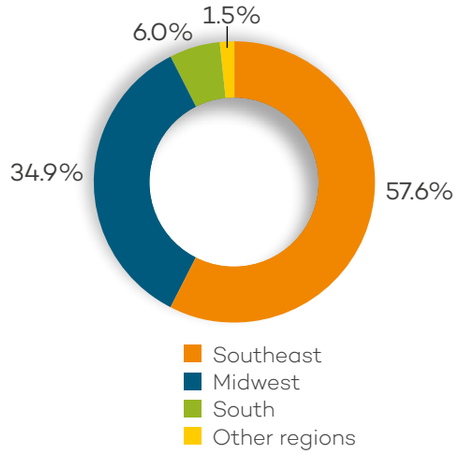
Atvos' supplier management is structured on two fronts. A specific team is assigned to monitor the agricultural partners, who deliver the sugarcane in the company's plants. In the 2017/2018 harvest, Atvos had 36 partners, who produced 6.4 million tons of sugarcane and generated expenditures of around R$ 448 million. In addition to these, the partnership program also includes land partners, whose 1.2 thousand contracts in the harvest totaled R$ 434 million. For more information on the agricultural partnership program, see page 21.The other companies that provide products and services for Atvos are corporately managed by the Supply area. In the 2017/2018 harvest, payments made to the 3,000 contracted suppliers totaled R$ 2.4 billion, in line with previous harvest amounts. The distribution of these suppliers by type of product/service and by region is shown in the graphs below.

Distribution of suppliers by product/service



1. Agricultural and industrial equipment, leasing of agricultural machinery and equipment and services of machinery and equipment.

Distribution of suppliers by region



102-10
Significant changes in the organization and/or its supply chain

In the 2017/2018 harvest, energy assets were incorporated by the legal entities of the units, with no impact on the share capital. The reorganization is part of the commitments made by Atvos in the process of financial restructuring finalized in June 2016. With regard to the management of suppliers, the homologation process started to count on a specific questionnaire for due diligence of the companies. For more information, see page 40.

102-11
Approach to the precautionary principle

Atvos' activities do not generate any risk of serious and irreversible environmental impact. Through the health, safety and environment management model, referred to as the Attitude System, and the risk matrix of the company, all potential risks to the environment are avoided or mitigated.

102-12
External initiatives

In the 2017/2018 harvest, Atvos adhered to the Ethos Institute's Integrity and Anti-Corruption Business Pact. The commitment triggered a broad internal process of engagement and evaluation in relation to the company's maturity in the areas proposed by the Pact. As a result, the goal of improving Atvos' performance across the 13 indicators assessed by the initiative was formally included among the Business Leader goals.
Throughout the harvest, the company maintained its participation in the Global Pact and on the business initiatives of the Sustainability Studies Center of EAESP-FGV (GVCes). Within the scope of the Global Pact, Atvos participates in the thematic groups on Agriculture and Food, Energy and Climate and Sustainable Development Objectives. At GVCes, last year's efforts were targeted at life cycle (CiVia) and carbon pricing (EPC) initiatives.

102-13
Participation in associations

Throughout the last harvest, Atvos maintained its commitment to the main sector entities and the regions in which it operates. The company integrates working groups and the governance of the Association of Bioenergy Producers of Mato Grosso (Biosul), the Union of the Ethanol Manufacturing Industry of the State of Goiás (Sifaeg), the Union of Sugar and Alcohol Industries of the state of Mato Grosso (Sindalcool) and the Sugar Cane Industry Union (Unica). It also has a representative in the steering committee of the National Sugar and Energy Forum (FNS) and follows the discussions within the scope of the National Confederation of Industry (CNI), the Parliamentary Front for the Valuation of the Sugarcane Sector in the National Congress of the Institute for Studies of Industrial Development (Udop) and the Ethanol Supply Monitoring Committee (WEMA).

102-14
Statement of the highest executive

Refer to page 7 to read the Atvos Business Leader message.

102-15
Main impacts, risks and opportunities

The elaboration of the corporate risk matrix of Atvos in the 2017/2018 harvest prioritized the main impacts generated by the company and the factors that may affect its business. For more information, see page 39.

102-16
Values, principles, rules and standards of conduct

The principles of the Odebrecht Entrepreneurial Technology (TEO) and the Policy on Compliance with an Ethical, Fair and Transparent performance are the main drivers of Atvos' conduct. For more information, refer to page 36.

102-17
Mechanisms for guidelines and complaints related to ethical conduct

The Ethics Line, available to all Atvos' stakeholders, is the channel for the referral of doubts, concerns and complaints related to compliance with company laws and guidelines. Managed by an external company, the mechanism allows anonymous manifestations to be carried out and ensures confidentiality and non-retaliation.
The channel is available through the institutional website (in two languages) and by telephone 0800 721 8434.
For more information, see page 36.

102-18
Governance structure

Atvos' Administration Council is composed of six members, one of them independent. The body has three permanent advisory committees: Finance, Investments and Audit; People and Organization; and Compliance.
For more information, see page 41.

102-40
List of stakeholder groups

Atvos's main stakeholders are its members, customers, agricultural partners and suppliers, as well as community leaders and representatives of local governments, NGOs, universities and the press.

102-41
Collective negotiation agreements

All Atvos members are covered by collective negotiation agreements.

102-42
Process of identification and selection of stakeholders
102-43
Approach for engaging stakeholders
102-44
Main topics and concerns raised by stakeholders

The engagement with Atvos's various stakeholders is carried out in different areas, based on the business demands and expectations of these audiences. Corporately, the company conducts a reputation research with its stakeholders. The last edition was in the first quarter of 2017 and the next one is scheduled for 2018. The results of this research are used to design actions and initiatives in the seven evaluated attributes: products and services, innovation, work environment, governance and ethics, citizenship, leadership and management and financial performance.
Among the other mechanisms of engagement, the following stand out:

- Members: monthly Coffee with the Leadership in the units, in which the professionals discuss the main aspects of the business with the leader of the locality.
- Communities: the development of the Social Energy Community Councils gather regional leaders and Atvos representatives to prioritize the demands of social investment in each municipality.
- Agricultural partners: regular visits from teams to monitor the activities of partners and promote the Stronger Partners Meeting, aiming at the continuous improvement of performance.

The latest engagement process specifically focused on defining the content of the report was conducted in 2015, through an on-line inquiry to stakeholders. The result of this initiative was the definition of five material themes that guide the Atvos Annual Report.

102-45
Entities included in the consolidated financial statements
Atvos Annual Report covers the following entities: Agro Energia Santa Luzia S.A.; Brenco Companhia Brasileira de Energia Renovável S.A.; Destilaria Alcídia S.A.; Rio Claro Agroindustrial S.A.; Usina Eldorado S.A.; and Usina Conquista do Pontal S.A. In addition to these, the company's financial statements also include subsidiaries Odebrecht Agroindustrail International Corp., Pontal Agropecuária S.A. and OER Mineiros Energia S.A.

102-46
Process of defining the content of the report and limits of the material themes
The material themes, which guide the content of the Annual Report of Atvos, were defined by a process of materiality developed in 2015, which involved external audiences and the prioritization of aspects in relation to corporate strategy. For more information on the preparation of the Materiality Matrix, refer to the 2015/2016 Harvest Annual Report, available at http://ra2016.odebrechtagroindustrial.com/.

102-47
List of material topics
The material themes of Atvos are: Business performance, Commitment to members, Ethics, transparency and integrity, Local development and Environmental impact.

102-48
Re-submission of information
No information has been re-submitted.

102-49
Changes in the report process
There was no change in the scope or limits of the material themes of the report.

102-50
Reported period
The Annual Report covers the crop year 2017/2018, which runs from April 1, 2017 to March 31, 2018.

102-51
Date of the most recent report published
The last report was published in 2017, referring to the 2016/2017 harvest.

102-52
Report cycle
Atvos annually publishes its report on accountability in aspects of business sustainability.

102-53
Contact point for questions related to the report
Doubts, comments and suggestions about the Atvos Annual Report can be sent to **comunicacao.agroindustrial@atvos.com**

102-54
Reporting statements in accordance with GRI Standards
This report has been prepared in accordance with the GRI Standards: Essential option.

102-55
GRI content index
The content summary of GRI is presented between pages 75 and 77.

102-56
External assurance
Only the economic-financial data went through external and independent verification. The information that meets the prioritized GRI indicators has been validated by the technical and administrative areas of Atvos.

Management approach

103-1
Explanation of the material theme and its Boundary
103-2
Management approach and its components
103-3
Evaluation of the management approach
The management of material themes for Atvos is presented in the Annual Report. Refer to the pages as indicated in the table below to learn more about the policies, practices, results and progress achieved by the company.

Material theme	Get to know the management
Business performance	Pages 15 to 27
Commitment with the members	Pages 28 to 33
Ethics, transparency and integrity	Pages 34 to 41
Local development	Pages 42 to 46
Environmental impact	Pages 47 to 60

Business performance

201-1
Distributed and generated direct economic

Statement of Value Added			
	2017/2018	2016/2017[1]	2015/2016
Generated direct economic value			
Sales of goods, products and services	4,737,135	5,270,267	4,201,955
Inputs acquired from third parties	(1,815,465)	(2,198,691)	(1,874,222)
Gross added value	**2,921,670**	**3,071,576**	**2,327,733**
Depreciation, amortization and exhaustion	(1,416,442)	(1,679,421)	(1,332,672)
Net added value	**1,505,228**	**1,392,155**	**995,062**
Added value received upon transfer	105,540	700,140	833,054
Total added value to be distributed	**1,610,768**	**2,092,285**	**1,828,115**
Distributed economic value			
People and charges	833,592	785,744	836,095
Government and society (taxes, fees and contributions)	511,016	326,624	169,967
Assignment of fiscal losses (federal taxes)[2]	(1,626,774)	-	-
Financers (interest and rents)	1,584,629	2,562,568	2,568,995
Profit (loss) in the year	293,994	(1,579,806)	(1,744,613)
Non-controllers participation	14,311	(2,835)	(2,329)

1. Considers 12 months of the co-generation operation.

2. Tax losses under the rules established in the Tax Regularization Program (PRT) and Special Tax Regularization Program (PERT) established by Provisional Measure 766/2017 and Act 13,496/17.

204-1
Expenditure ratio on local suppliers

The percentage of expenses with local suppliers (located at the same state of Atvos' agroindustrial units) was 55.4% in the 2017/2018 harvest, compared to 54.7% in 2016/2017.

308-1
New suppliers whose selection criteria included environmental criteria
414-1
New suppliers whose selection process included social

All agricultural partners undergo assessments related to socio-environmental criteria. This monitoring is already started in the selection of partners and continued throughout the performance period, through the Stronger Partners Program. In the 2017/2018 harvest, 14 new partners were hired, contributing to the expansion of cultivated areas in a responsible manner.

For the other suppliers, the approval process verifies the legal compliance of the companies before their contracting, especially in aspects related to labor and tax obligations and environmental licensing, when applicable. Implemented in the 2015/2016 harvest, the system has been consolidating: the percentage of contracted suppliers that went through this evaluation was 66.8% in the last period, compared to 42.1% in the 2016/2017 harvest.

Commitment with the members

401-1
Hiring and rotativity (turnover) rate

In the last period, Atvos' turnover rate was 13.76%, above 12.10% recorded in the 2016/2017 harvest. This increase occurred mainly among the leaders of the agroindustrial units, as the company is at a time of reviewing the professional profile for these positions. As the new positioning adopted by the company aims to increase the operational quality, it was necessary to seek professionals more aligned to this strategic focus.

Number of hirings and dismissals[1]

	2017/2018		2016/2017	
	Hiring	Dismissals	Hiring	Dismissals
By gender				
Men	1,619	1,605	1,704	1,790
Women	293	304	360	411
TOTAL	**1,912**	**1,909**	**2,064**	**2,201**
By age group				
Up to 30 years	897	600	1,137	1,037
Between 30 and 50 years	928	1,141	851	1,032
Over 50 years	87	168	76	132
TOTAL	**1,912**	**1,909**	**2,064**	**2,201**
By region				
Southeast	285	300	361	420
Midwest	1,627	1,609	1,703	1,781
TOTAL	**1,912**	**1,909**	**2,064**	**2,201**

1. It considers only professionals with an indefinite contract (members and Young Partners) and does not consider layoffs due to cash reduction.

Hiring and rotativity rates

	2017/2018		2016/2017	
	Hiring[1]	Rotativity[2]	Hiring[1]	Rotativity[2]
By gender				
Men	85%	11.57%	83%	9.77%
Women	15%	2.19%	17%	2.29%
TOTAL	**100%**	**13.76%**	**100%**	**12.06%**
By age group				
Up to 30 years	47%	4.33%	55%	5.7%
Between 30 and 50 years	49%	8.23%	41%	5.7%
Over 50 years	5%	1.21%	4%	0.7%
TOTAL	**100%**	**13.76%**	**100%**	**12.10%**
By region				
Southeast	15%	2.16%	17%	2.3%
Midwest	85%	11.60%	83%	9.8%
TOTAL	**100%**	**13.76%**	**100%**	**12.10%**

1. Number of hirings in the category/total of hirings in the period. It considers only professionals with an indefinite contract (members and Young Partners) and does not consider layoffs due to cash reduction.

2. Number of layoffs/average headcount. It considers only professionals with an indefinite contract (members and Young Partners) and does not consider layoffs due to cash reduction.

403-2
Types of injuries and injury rates, occupational diseases, lost days and absenteeism; and number of casualties

Accident frequency and severity rates are continuously monitored by the Environment, Health and Safety (EHS) teams, both in the consolidated and segmented view between members and third parties.

In the last harvest, the consolidated attendance rate was 1.12, above the target of 0.90, mainly due to occurrences in the off-season. The severity rate, in turn, ended the year in 221, impacted by the fatal accident of a member from the Taquari Pole. The professional drove a truck and fell asleep during the trip, causing the vehicle to tilt. The occurrence led to the creation of a pilot program for the assessment of individuals susceptible to fatigue and drowsiness at work.

Health and safety indicators for members in the 2017/2018 harvest[1]

	Men	Women
Accident frequency rate[2]	1.25	0.14
Accident severity rate[3]	103	152
Absenteeism rate[4]	135	60

1. No cases of occupational diseases have been reported.

2. The frequency rate is calculated by the number of accidents reportable every 1 million man-hours worked.

3. The severity rate is calculated by the number of days lost and debited every 1 million man-hours worked.

4. The absenteeism rate is calculated by the days lost per medical report at each 1,000 Members.

Safety and health indicators of third parties in the 2017/2018 harvest[1]

	Men	Women
Accident frequency rate[2]	0.49	0.00
Accident severity rate[3]	20	0

1. No cases of occupational diseases have been reported.

2. The frequency rate is calculated by the number of accidents reportable every 1 million man-hours worked.

3. The severity rate is calculated by the number of days lost and debited every 1 million man-hours worked.

404-1
Average annual training hours per employee

In the 2017/2018 harvest, more than 638 thousand training hours were promoted, totaling an average of 58 hours per member.

Average hours of training per member in each functional category[1]

	2017/2018		2016/2017		2015/2016	
	Men	Women	Men	Women	Men	Women
Directors	6.1	11.0	4.4	na	5.2	na
Managers and coordinators	32.1	33.0	35.1	33.6	32.3	18.7
Technicians	51.0	33.4	46.1	33.3	55.5	29.1
Administrative	23.9	21.3	42.7	38.3	24.9	14.0
Operational Leaders	75.1	77.2	44.9	48.4	66.0	47.3
Operations/Production	64.5	58.7	55.1	57.4	59.1	54.6
Maintenance	43.4	38.2	40.6	46.0	51.7	35.9
Other	137.8	150.3	49.8	46.5	51.3	44.2
TOTAL	**59.2**	**51.2**	**51.3**	**51.6**	**55.3**	**37.4**

1. Considers members, apprentices and Young Partners.

Ethics, transparency and integrity

205-3
Confirmed cases of corruption and actions taken

The Ethics Line Channel has received four complaints related to corruption, one of which was still under investigation at the end of the period, with one being considered unfounded and two confirmed. Of these two cases,one was related to the favoring of suppliers by a member, who was dismissed from the company. The suppliers involved were prevented from providing services to Atvos. In the other one, the investigations confirmed the existence of front companies to obtain administrative licenses. The company blocked such firms, refusing to make any undue payments to obtain bimonthly.

419-1
Non-compliance with laws and regulations in the social and economic areas

In the labor scope, Atvos disbursed the total amount of R$ 370 thousand due to three agreements with the Labor Ministry. Among these, the most significant, in the amount of R$ 300 thousand, was related to the framing of some of the members as civil firemen, due to their activities as firefighters. In addition, the Santa Luzia unit paid R$ 220 thousand related to administrative fines of the Ministry of Labor and Employment, applied by the extraordinary third-party day. In all Poles, teams conduct periodic evaluations in the field to verify compliance with legal requirements, besides holding monthly meetings or facilities with the leadership (depending on each Pole) to discuss cases received and possible improvement actions.

In the fiscal and tax area, the agility and proactivity to avoid notices are also relevant guidelines for preventive action. In the last harvest, these efforts to adjust the units and render accounts to regulatory entities, especially for recording invoices, avoided the risk of tax assessments in the amount of R$ 816 million. The 15 assessments paid in the period totaled R$ 924 thousand. About 77% of this total was linked to three deficiency assessments of registration of documentation, an advisory obligation for collecting taxes.

Local development

203-1
Investments in infrastructure and services offered

There were no direct investments made in infrastructure, in the regions where Atvos operates, in the 2017/2018 harvest.

413-1
Operations with formal community engagement, impact assessment and/or development programs

All the operational units count on the Social Energy, whose participative management model guarantees the constant dialogue between the company, the community and the local government in mapping and prioritizing development demands in the municipalities. Since 2009, when it began to be implemented, the program has already supported 74 projects with investments of around R$ 25 million, more than 70% of this amount allocated by Atvos and the remainder by local partners.

413-2
Operations with significant, actual or potential negative impact on local communities

The main negative local impacts and potential risks in the localities where Atvos operates are consolidated in the company's risk matrix.
All these aspects are continuously monitored and mitigated in order to contribute to the company's good relationship with local audiences and to the institutional reputation.
Among the measures adopted, we may mention the development of Social Energy, which prioritizes in a participatory and inclusive way the social investments in the municipalities, and the responsible cultivation practices, which mitigate the risk of soil and water contamination and ensure the promotion of human rights.

Environmental impact

301-1
Materials used by weight or volume

Throughout the harvest, the intensification of actions for the growth of the productivity of the plantation, with a greater application of nitrogen fertilizers and correctives, led to a 21% increase in the consumption of agricultural inputs. However, climatic effects affected the volume of sugarcane harvested, which was 9% lower than the 2016/2017 harvest. With this, the weight of the materials consumed by Atvos totaled 26.6 million tons, a reduction of 8% in the annual comparison.

Consumed materials (tons)	2017/2018	2016/2017
Sugarcane		
Own processed cane	19,053,194	20,790,763
Processed cane from agricultural partners	6,776,624	7,527,934
Subtotal	25,829,818	28,318,697
Agricultural inputs		
Soil correctors	491,763	394,528
Insecticides	486	305
Fungicides	36	42
Herbicides	4,763	4,584
Fertilizer	155,863	141,752
Other organic fertilizers	1,910	2,001
Subtotal	654,821	543,212
Industrial inputs		
Lim	9,342	11,895
Sulphuric acid	11,782	13,030
Hydrochloric acid	133	180
Soda	1,140	1,842
Antibiotics	22	6
Inorganic chemicals	925	380
Organic chemicals	516	866
Subtotal	23,860	28,199
Fuels		
Diesel	48,791	49,525
Ethanol	2,070	2,034
Subtotal	50,862	51,559
Totals		
Materials from renewable sources[1]	25,835,943	28,324,299
Materials from non-renewable sources	723,417	617,367
TOTAL	**26,559,360**	**28,941,666**

1. It includes biodiesel, equivalent to 7.2% of the total diesel consumed.

302-1
Energy consumption within the organization

The generation of energy by burning biomass in the boilers was impacted throughout the harvest by the lower volume of sugarcane harvested, reflecting climatic factors, such as a prolonged drought and frosts in Mato Grosso do Sul. Therefore, it was necessary to increase the electricity consumption of the grid. In the consolidated view, the company consumed 61 million GJ, a reduction of 6% compared to the previous harvest.

Energy generation and consumption (GJ)

	2017/2018	2016/2017
A. Energy generated by burning of fuels		
Sugarcane bagasse	65,286,406	70,513,339
Diesel	2,147,976	2,071,710
Biodiesel	171,751	136,936
Ethanol	55,996	55,004
Total energy generated by burning fuels	**67,662,130**	**72,776,989**
Percentage of energy generated from fuels from renewable sources	**97%**	**97%**
B. Electricity acquired		
Electricity	54,993	44,878
C. Electricity sold		
Electricity exported	6,658,950	7,763,445
TOTAL ENERGY CONSUMPTION (A+B-C)	**61,058,173**	**65,058,422**

303-1
Water consumption by source
303-3
Reused and/or recirculated water

The improvement of water recirculation systems in the industry and the minimization of leaks and losses by evaporation contributed to reducing the total volume of water collected by Atvos. In the last harvest, 33.4 thousand cubic meters were collected, a reduction of 13% in relation to the previous period. The percentage of reuse of water reached 54%, compared to the result of 42%, recorded in 2016/2017.

Water collection (thousand m³)

	2017/2018	2016/2017	2015/2016
Surface water	32,852	37,575	35,951
Groundwater[1]	568	659	657
TOTAL WATER COLLECTED	**33,420**	**38,234**	**36,608**

1. Only the São Paulo data were obtained by flow meter in the underground collection wells. The other volumes were estimated based on the granting licenses.

Water recirculation[1]

	2017/2018	2016/2017	2015/2016
Reused volume (thousand m³)	18,091	16,120	16,066
Percentage over total amount	54%	42%	44%

1. Considers the capture of the Goiás pole for irrigation. Excluding this use, Atvos' average reuse rate would be 64%, compared to 50% in the previous harvest.

304-1
Operating sites within or adjacent to preservation areas or with a high value for biodiversity

Atvos promotes the cultivation of sugarcane only in areas that were already used to other economic purposes. At the end of each crop, the company presents to the state environmental body a Self-Monitoring Report, with results of water quality analyzes of rivers in the area of influence of each unit and monitoring of local fauna and flora, among other evidences that ensure the absence of negative impacts on biodiversity. At four agroindustrial poles, Atvos has its own areas around other conservation units:

- São Paulo Pole: 2,138 hectares adjacent to Morro do Diabo Park and the Mico-Leão-Preto Ecological Station, both important for the preservation of the Atlantic forest.
- Eldorado Pole: 392 hectares in the APA of Várzeas of the Ivinhema River, which is part of the Paraná River Basin.
- Araguaia Pole: 3,813 hectares in the Cushioning of the Emas National Park, which contributes to the preservation of the Cerrado and protection of reload areas of the Guarani aquifer.
- Taquari Pole: 80,135 hectares near Environmental Preservation Areas (APA or EPA) and the Emas National Park, relevant for the protection of springs in the region and for preserving the Cerrado biome.

304-2
Significant impacts of biodiversity activities, products and services

Atvos activities do not generate significant impacts on biodiversity. The company continually evaluates the conservation areas and water sources in its units, through annual fauna monitoring, and performs the periodic accountability to environmental regulatory bodies. The protected areas also serve to create ecological corridors, as in the case of the São Paulo Pole, favoring the movement of animal species. The risk of contamination of soil and water bodies is mitigated by the Vinasse Application Plan (PAV or VAP), drawn up according to the applicable legal requirements, and by the discipline in its application. The safety, health, and environment management model, referred to as the Attitude System, has eco-indicators related to the consumption of agrochemicals, considering the plantation area and the level of toxicity of these inputs. Another risk in operations is fauna running-over, managed by the Vehicle Safety Program, which includes, among other tools, the speed limitation of the machines, georeferencing and incident follow-up through a specific ecoindicator.

305-1
GHG direct emissions (scope 1)
305-2
Relative indirect GHG emissions to electricity consumption (scope 2)
305-3
Other indirect GHG emissions (scope 3)

Atvos carries out an inventory of its GHG emissions according to two methodologies: the one by the Brazilian Program GHG Protocol, applied on the data of the fiscal year, and another one developed by Unicamp specifically for agribusiness, whose information is determined by crop year. Over the last period, the intensification of actions to increase the productivity of sugarcane, especially the application of nitrogen fertilizers and correctives, increased emissions from operations.

The highlight in the Atvos inventory is the emissions avoided by its products. In Unicamp's methodology, this is evident in the 5 million tCO_2e avoided by the use of ethanol produced and the exported electric energy. In the GHG Protocol methodology, the contribution is only accounted for by the own consumption of electricity: by the co-generation of renewable energy from the bagasse in its boilers, Atvos avoids the acquisition of electric energy and, therefore, the emissions of scope 2 amount to only 2 thousand tCO_2e.

Inventory of GHG emissions (million tCO_2e)[1]

	2017/2018	2016/2017	2015/2016
A. Emission related to production, processing, transportation and inputs	0.99	0.90	0.90
B. Emissions avoided with the use of ethanol as fuel and energy exceeding electricity	4.95	5.38	5.50
C. Carbon stock from Land Use Change (LUC)[2]	1.43	1.37	1.30
EFFECT OF NET MITIGATION (A-B-C)	**5.39**	**5.85**	**5.90**

1. It considers the three main greenhouse gases (CO, CH and N O), and are used as characterization factors for the conversion into tCO and the potential of global warming for a 100-year horizon (AGWP100) defined by the IPCC (2013). The methodology was proposed by researchers Isaias C. Macedo, Joaquim E. Seabra and João E. A. R. Silva.

2. The LUC estimates have some uncertainty due to the deficiency of soil carbon balance data. The calculation method used considered IPCC Tier 1 default factors and was improved with the latest regional data from the Harmonized World Soil Database (HWSD).

GHG emissions inventory (thousand tCO_2e) - GHG Protocol methodology

	2017	2016	2015
Scope 1			
Gross direct emissions	692.63	629.70	638.09
Biogenic emissions	5,484.47	6,146.55	5,831.90
Biogenic removal (change of land use)	1,433.16	1,349.00	1,297.50
Scope 2			
Indirect emissions (electricity consumption)	2.24	1.13	1.73
Scope 3			
Indirect emissions (other)	109.00	115.16	325.39
Biogenic emissions	8.89	9.50	18.06

306-2
Residues by type and method of disposal

In the 2017/2018 harvest, Atvos disposed 6.5 thousand tons of waste, a volume 29% higher than in the previous period. This increase was mainly due to the replacement of equipment, which led to the greater disposal of scrap. Among the non-dangerous waste, priority is given to recycling, which accounted for 84% of the total generated (in the previous harvest this percentage was 67%).
With regard to hazardous waste, the company reduced its volume by 15%, reflecting initiatives for better separation of materials and continuous monitoring of the eco-indicator of contaminated waste (tons of waste for each one million tons of cane harvested), which recorded the best historical result.

Disposed residues (tons)

	2017/2018	2016/2017[1]	2015/2016
Hazardous			
Recycling	61	133	237
Recovery	376	259	186
Incineration	14	99	1
Co-processing	227	401	780
Re-use	13	9	0
Other	140	74	0
Subtotal	**831**	**974**	**1,203**
Non-hazardous			
Recycling	4,760	2,688	2,684
Recovery	0	445	434
Incineration	33	15	25
Co-processing	603	570	1,193
Landfill	41	155	332
Composting	145	159	240
Other	60	7	106
Subtotal	**5,642**	**4,038**	**5,015**
Totals			
Dangerous	831	974	1,203
Non-dangerous	5,642	4,038	5,015
TOTAL	**6,473**	**5,013**	**6,218**

307-1
Non-compliance with environmental laws and regulations

In the 2017/2018 harvest, Atvos received three assessments for fires in Agricultural areas. In one of them, the company signed a Term of Civil and Criminal Composition of Damage, with the payment of a fine in the amount of R$ 100 thousand, avoiding the initiation of criminal action.
At the São Paulo pole, the company signed the conversion of 22 administrative proceedings, in the total amount of R$ 7.8 million, into the adherence to the Nascentes Program with the reforestation of 51 hectares. Atvos exceeded this legal requirement and made a commitment to recover 70 hectares, contributing to the construction of ecological corridors in the fragments of Mata Atlântica in the state of São Paulo.
The costs of this conversion were significantly lower, in the order of R$ 1.3 million. Two other favorable decisions to the company that stood out in the year were the suspension of the injunction that prevented the air spraying in the São Paulo pole.

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