



# Sustainability Report 2020



# Contents

## Introduction

- How to navigate this Report .....05
- Sustainable Development Goals map .....07
- Welcome aboard .....08

## Our value generation

- About Azul ..... 12
- Outlook ..... 16
- 2020 Overview ..... 17
- Initiatives and Targets ..... 18
- Performance .....22

## Business conduct

- Corporate Governance .....28
- Risk Management .....32
- Connection that transforms .....33

## Responsible and efficient operation

- Safety .....35
- Eco-efficiency .....37
- Ethical Performance .....44

## Focus on people

- Crewmembers .....47
- Customers .....67
- Business Partners ..... 71

## Going Above and Beyond

- Connectivity ..... 74
- Social responsibility .....75
- Innovation .....79

## To learn more

- GRI Standards Content Index .....83
- SASB index .....89
- Capitals Map .....90
- Credits .....91



We enthusiastically present Azul's Sustainability Report!

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

**Welcome and have a nice trip!**



# INTRODUCTION



GRI 102-50

# Welcome to Azul's Sustainability Report!

All photos of Crewmembers without mask were taken before the pandemic.

*Here we share our main highlights of 2020, in line with our commitment to transparency and sustainable growth of our business. On the following pages, you will find more information about our performance during the year, and also about Azul's values, culture, contributions to society and vision of the future.*

# How to Navigate this Report

GRI 102-54

This report adheres to the best international reporting practices:

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

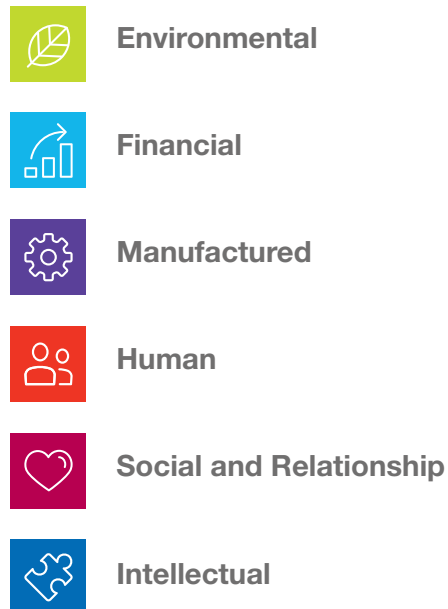
## GRI Standards

Throughout the content, you will see the GRI XXX-X acronym next to the chapters' title or subtitle with the number of the indicator reported. The GRI content index on page 83 helps you find these indicators, explaining each one of them and the pages on which they are located.

For more information visit:  
[www.globalreporting.org](http://www.globalreporting.org)

## Integrated Reporting (Capitals)

Throughout this report, we will indicate where the content relating to each of the capitals supporting Azul's business model is addressed. You can search for them through the capitals map on page 90, which shows where they are located, or through the icons at the beginning of each chapter:



For more information visit:  
<https://integratedreporting.org/>

## SASB indicators

This report also presents relevant indicators on sustainability in the aviation industry according to the SASB. To quickly access this content, search the index on page 89 or look for the TR-AL-XX acronym throughout the publication.

For more information visit:  
[www.sasb.org](http://www.sasb.org)

## Sustainable Development Goals (SDGs)

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

For more information visit:  
<https://sustainabledevelopment.un.org/sdgs>

## IMPORTANT NOTE!

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



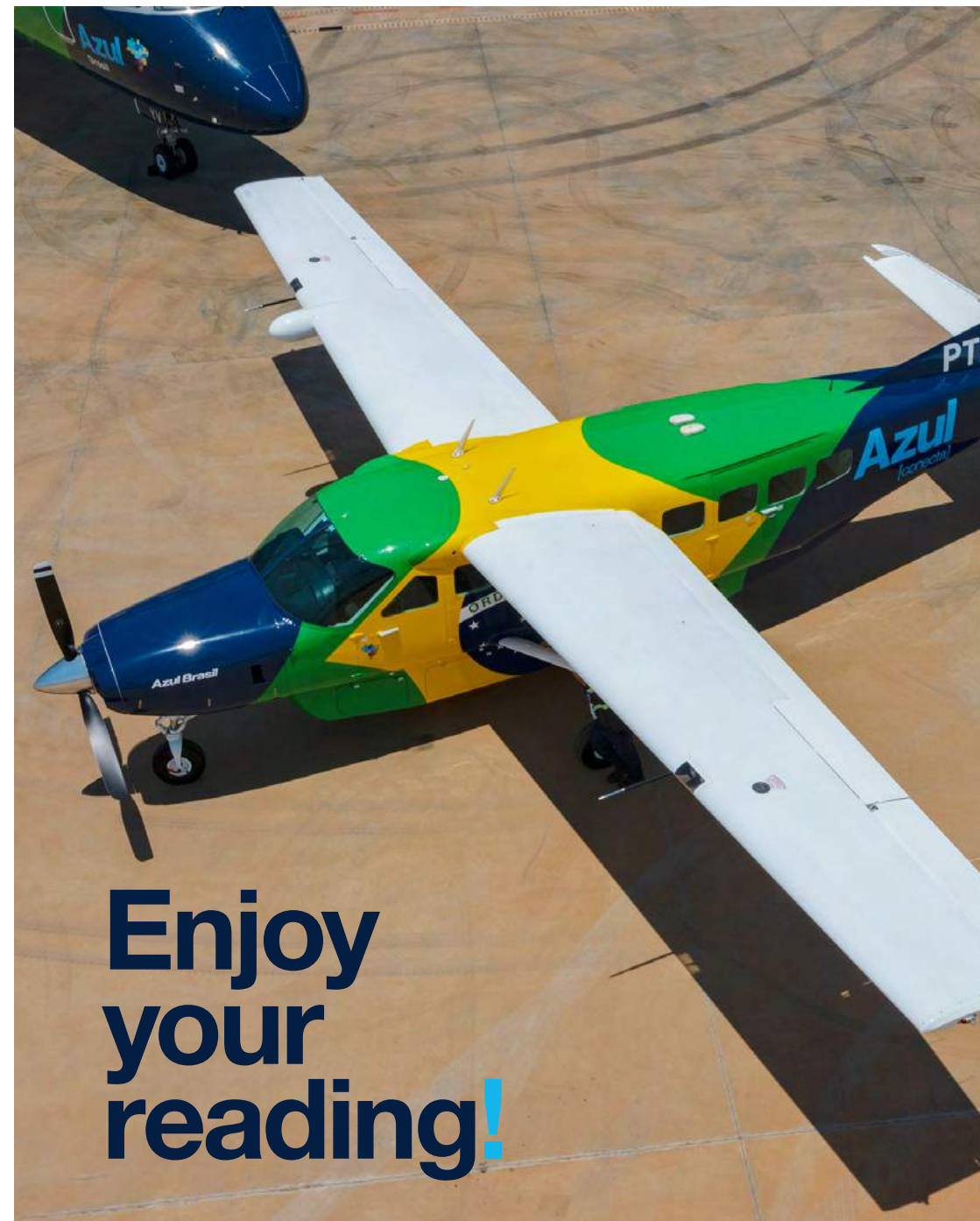
## Innovation

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



## Covid-19

Throughout this report, you will also find this icon, which indicates the contents related to the measures taken by Azul to face the Covid-19 pandemic in 2020 on all fronts that we operate, in order to ensure health and safety of all our publics, contribute to the fight against the disease and care for those in need, keep attending the market and act responsibly, to make sure that Brazil remains connected, even during the most difficult times.



# Sustainable Development Goals Map



## SDG goal

Ensure healthy lives and promote well-being for all

Achieve gender equality and empower all women and girls

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

Build resilient infrastructure, promote sustainable industrialization and foster innovation

Make cities inclusive, safe, resilient and sustainable

Take urgent action to combat climate change and its impacts

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

## Azul's commitments

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

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

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

Support infrastructure development in local airports;  
Encourage innovation amongst Crewmembers.

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

Maintain the youngest fleet in Brazil with fuel-efficient aircraft;  
Monitor, relate and manage Greenhouse Gas Emissions.

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

## Relationship with content/pages:

Safety, page 35  
Crewmembers, page 47  
Social Responsibility, page 75

Crewmembers, page 47

Crewmembers, page 47  
Business Partners, page 71  
Connectivity, page 74

Performance, page 22  
Innovation, page 79

Connectivity, page 74  
Social Responsibility, page 75

Eco-efficiency, page 37  
Innovation, page 79

Eco-efficiency, page 37  
Social Responsibility, page 75

# Welcome aboard

GRI 102-12 • 102-14

## We make dreams fly!

We ended 2020 more confident than ever on our ability to overcome any challenge. Azul is made up of people who are passionate about what they do and eager to go above and beyond. I would like to begin by thanking each one of our Crewmembers for their dedication and commitment through a difficult year. Together, we fly higher!

We started 2020 with great expectations for Azul, but the year turned out to be the most challenging one in our history due to the global crisis caused by the pandemic. Once again, our business model and management approach proved to be efficient, resilient and sustainable. Beginning in March, we quickly adjusted our network and our operation. We also negotiated with all of our stakeholders in order to adapt to a new reality.

Our response to the events related to the spread of the pandemic in Brazil was to implement a range

of initiatives focused around the health and safety of our Customers and Crewmembers. At the same time, we worked to mitigate the negative impact on our financial results and liquidity. These actions were conducted in open communication with all of our stakeholders (learn more on pages 52, 68 and 72). Many of these initiatives will serve us well into the future.

In April, we shrunk. From a level of 1,000 daily flights, we went down to 70, a 95% decrease. Our operating priority was to help maintain Brazil's Essential Air Network. 122 Azul aircraft were grounded, following strict procedures designed to preserve them and later return them to the operation. Our new hangar in Campinas (SP) was essential in providing us the flexibility to respond quickly to the demand recovery. We ended the year flying to more than 110 destinations and connecting Brazil with more than 700 daily flights. Azul had the strongest recovery of all airlines in the region!

To face the financial impact of the pandemic, we developed a Crisis Management Plan. We adjusted our network to the new demand levels, reduced fixed costs, and engaged all stakeholders to protect our liquidity. With this plan we were able to preserve over R\$ 8 billion in cash.

We had to make difficult decisions in order to guarantee Azul's liquidity position. Our leadership gave up their bonus and wages voluntarily; we negotiated union agreements to reduce working hours and fixed costs — which lasted only five months, instead of the 18 initially planned. We launched voluntary programs for unpaid leave and retirement incentives, which more than 11,000 Crewmembers — roughly 75% of our total — joined. We negotiated payment deferrals, discounts and contractual changes with our lessors, banks and suppliers. Through their partnership and trust, we gained the support to go through this unprecedented crisis.

We have readjusted our operations to strengthen Azul on a sustainable path towards full recovery and anticipated future growth. Azul was one of the few airlines in the world to maintain its cash position in the toughest year in the history of aviation. With this, we were able to access the capital markets to increase our liquidity with a successful offer of R\$ 1.7 billion in convertible debentures. Adding the proceeds of this offer to our end-of-quarter cash balance, our cash is sufficient for more than five years at current cash burn levels.





In 2020, we had to reinvent ourselves. Safety and health are always our first priority, and this was even more relevant this year. We are proud of the initiatives we introduced to protect our Customers, our Crewmembers and our country. We reimagined the boarding process with our “Tapete Azul” and intensified the cleaning of our aircraft with the use of UV-Ray disinfectant equipment, the first South American airline to use this technology.

**We remained true to our strategy by being the only carrier in 76% of our routes.**

Our diversified fleet gives us unique flexibility to adapt capacity to demand. With Azul Conecta, our newest business unit, we will reach more than 200 cities in the coming years.

We have successfully concluded the implementation of our Crisis Management Plan. Our capacity is adjusted to the new demand levels, we have lowered our costs, and have increased our liquidity position.

Azul ended 2020 with total liquidity of R\$ 7.9 billion and R\$ 5.8 billion in operating revenue. Now we are focused on ramping up our capacity during the recovery and to resume our prepandemic pace of growth.

Our fleet transformation plan has been paused due to the pandemic. However, it remains one of our strategic pillars for growth and sustainability, and we will transform our fleet as quickly as feasible. At the same time, we are increasing our environmental management.

We carry Brazil in our souls and make Brazilians' dreams fly! Despite the adversity of 2020, our work in social development, which is the result of the connectivity we provide to people across the country, remained essential. Throughout the year, we provided 2,177 tickets for health professionals, 2,195 for repatriated people, and carried out flights to transport 4.8 million quick tests and 133 respirators, in addition to

thousands of masks and other medical supplies. In 2021, Azul is also transporting Covid-19 vaccines.

Moreover, we reached 1,533 refugees transported, due to “Operação Acolhida” (learn more on page 76), and we transported 1,856 organs since 2018. Our volunteer teams carried out more than 150 social initiatives throughout Brazil, always following health and safety protocols.

Serving is in our DNA, and this was again evident in 2020. Even in this challenging year, we maintained the excellence and empathy that are inherent to Azul's customer experience. In the middle of these challenges we received great news: Azul was chosen Best Airline in the World by the Travelers' Choice ranking of Tripadvisor, the world's largest travel platform. It is the first time that a Brazilian airline has achieved this position.

We are now signatories of the United Nations (UN) Global Compact, another step that reinforces our commitment to being a Company guided by social and environmental responsibility and the Sustainable Development Goals (SDG).

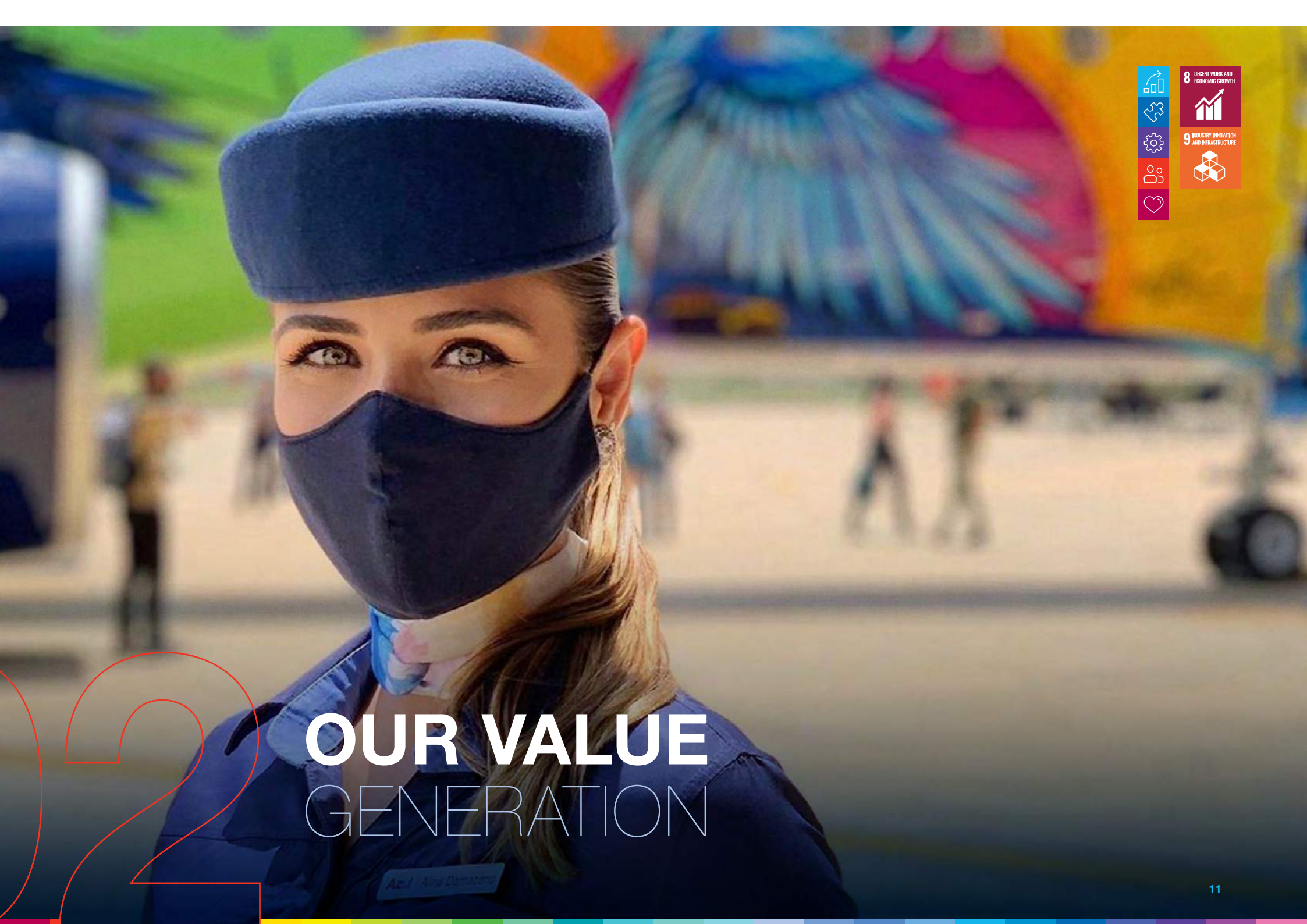
The pandemic demonstrated we have a resilient business model and will be even stronger after the crisis. Surmounting overcoming challenges, we were able to adapt quickly, protecting our people, strengthening our values and continuing to connect Brazil.

**We are proud of what we have built and are even more excited about the future. We stand together, working with passion and integrity, committed to generating value and positive impact for our whole society. Azul is flying towards a promising and successful future. Let's keep making dreams fly!**

**Join us on this journey!**



**John Rodgerson**  
CEO



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DECENT WORK AND ECONOMIC GROWTH
- 9

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INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 9

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INDUSTRY, INNOVATION AND INFRASTRUCTURE

# OUR VALUE GENERATION





# About Azul

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

Founded in 2008 by David Neeleman, **Azul S.A.** is the largest airline in Brazil in terms of departures and cities served, and since its beginning, the fastest growing airline in the country. Headquartered in Sao Paulo (SP), the Company has the largest network in the country, taking Brazilians to over 110 domestic and international destinations.

Our Crewmembers follow and apply Azul's culture. Our culture is the basis of who we are, our identity and each of our Crewmembers play a leading role in it. To strengthen this engagement, we created Sou Azul, or "I am Azul", the motto we use to talk about our vision, mission and values, which briefly explains what it is to be one of our Crewmembers.

<p><b>Vision</b></p>	 <p><b>Together</b>, build the best airline in the world.</p>	<p><b>Values</b></p>
<p><b>Mission</b></p>	 <p>Make Azul <b>the best job of my life and the best flight for our Customers.</b></p>	<p><b>Safety</b> - Nothing is more important</p> <p><b>Consideration</b> - Treat others as they would like to be treated. Observe, Perceive and Attend</p> <p><b>Integrity</b> - Be a good example</p> <p><b>Passion</b> - Love what you do</p> <p><b>Innovation</b> - Be open-minded and do better each day</p> <p><b>Excellence</b> - Be great in what you do</p>

# SOU AZUL

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



# Operating Structure

GRI 102-4 • 102-7

## Network

- ➔ More than 700 daily flights to, 110 domestic destinations and 2 international destinations
- ➔ Leader in 82 cities served

Due to the pandemic and consequent isolation, at the beginning of the year our daily flights were reduced by 95%, reaching 70 in April. With the Recovery Plan, we finished 2020 flying over 90% of our previous domestic network.

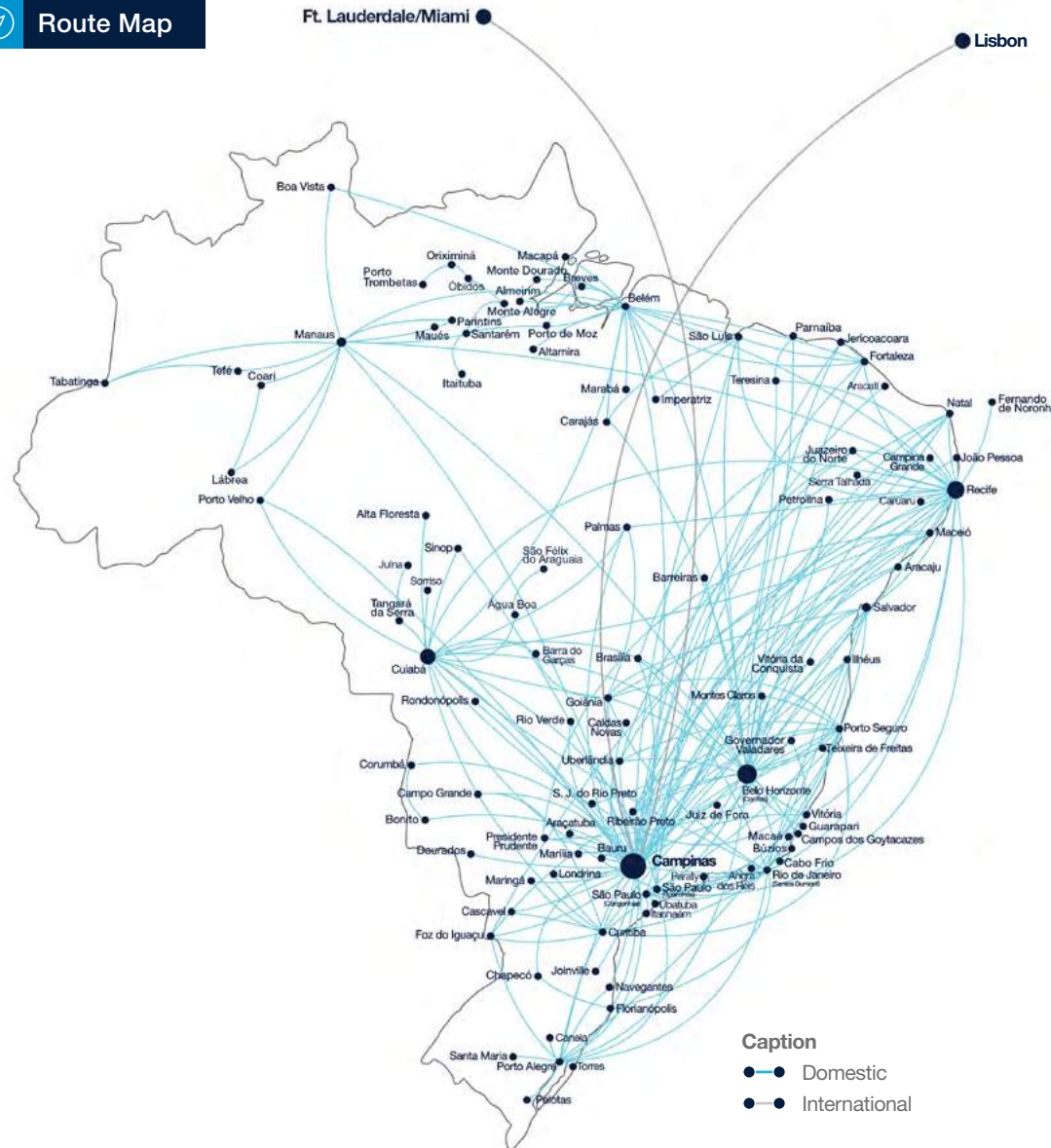
## Fleet

- ➔ 162 passenger aircraft  
35.8% are new generation aircraft  
Average age of 6.9 years. Including Cessna aircraft, the average age is 8.3 years.
- ➔ The largest hangar in Latin America, in Campinas (SP)
- ➔ Three hangars in Belo Horizonte (MG)

## Azul Conecta

- ➔ 9 new summer destinations in all regions of Brazil
- ➔ 17 new aircraft and more flexibility
- ➔ 55 exclusive routes in the country

## Route Map



## Customers

- ➔ 14 million passengers in 2020
- ➔ 12.6 million TudoAzul members
- ➔ 90 thousand tons of cargo flown, representing a 2% growth vs. 2019 even with fewer flights due to the pandemic
- ➔ 300 Azul Cargo stores and 36 Azul Viagens agencies

11,848 Crewmembers

5,556 Business Partners

## Results

- ➔ R\$ 5.8 billion in revenue
- ➔ R\$ 297.4 million in net investment
- ➔ 342,290,968 equivalent preferred shares with a market value of R\$ 13.5 billion
- ➔ 38.4% growth in terms of Cargo gross revenues, reaching R\$764 million



In 2020, we started the operation of our new hangar in Campinas (SP). The hangar will allow us to reduce fuel consumption and emissions by avoiding ferry flights to third party maintenance centers. During the pandemic, it also enabled us to preserve our fleet and prepare it for the recovery. Additionally, we certified our Pampulha hangars to maintain our Boeing freighters.

### **The potential of the diversified fleet**

We have always invested in the diversity of our fleet. Today, we rely on ATR, E-Jet, A320neo, A330, Boeing 737 and, with the arrival of Azul Conecta, Cessna Grand Caravan aircraft. While the larger aircraft enable greater efficiency and higher seat availability, the smaller ones provide connectivity to low demand regions, where only Azul operates.

The acquisition of TwoFlex, now renamed Azul Conecta, strengthened our ability to fly to smaller, underserved cities.

Our diversified fleet gives us unique flexibility to quickly adapt capacity to demand, a major competitive advantage for Azul. In 2020, even with reduced demand due to the pandemic, we adapted our operations to ensure connectivity and maximize the number of destinations served, both for passengers and cargo.

**Therefore, Azul's business model enabled us to survive the crisis and keep doing what we do best: connecting Brazil!**

## Business Units



**TudoAzul** is Azul's loyalty program. It keeps Customers engaged with the Company by offering different ways of accumulating and redeeming points. Currently, the program has about 12.6 million members.



**Azul Conecta** is our regional airline, strengthening Azul's presence in brand new destinations. Its fleet is composed of 17 Cessna Grand Caravan aircraft, a single-engine turboprop with capacity for nine passengers. Our Customers now have access to passenger and cargo flights to destinations such as Búzios (RJ), Angra dos Reis (RJ), Jericoacoara (CE), Ubatuba (SP) and many others.



**Azul Cargo Express** is the Company's logistics solutions unit, with 293 stores and serving more than 3,700 municipalities. It grew 38.4% in revenue terms in 2020 compared to the previous year, with expansion in all segments especially e-commerce. We are the only air logistics provider with a network of more than 110 domestic destinations, and we held a 27.8% share of the air cargo market in Brazil during this year.



Completing the synergy cycle among the Company's business units, Azul Viagens is our tour operator. It offers Customers the ability to customize their experience by selecting different flights, hotel, transfers and tour options – and thereby generating additional revenue for the Company.

Our operations are based on a **synergistic relationship** among the corporation's business units. Azul Conecta's robust regional presence strengthens our service in cities farthest from major centers, while TudoAzul and Azul Viagens provide additional channels for us to offer surplus seats. In addition, the airline's extensive network enables Azul Cargo's unique reach. All our business units contribute to making Azul more sustainable and efficient, as they maximize our capacity utilization, be it in terms of seats or cargo volume.

# Outlook

GRI 102-7

## Macroeconomic Outlook

We started the year with an optimistic outlook for economic growth. However, due to the coronavirus pandemic, Brazil ended 2020 with a 4.1% retraction in its Gross Domestic Product (GDP). Over the period, the Brazilian real strongly devalued, losing 28.9% against the dollar since December 2019.

The price of crude oil (WTI) decreased 20.5% over the previous year, reaching \$48.52 per barrel at the end of the year. The expectation is that the Brazilian economy will recover in 2021, with an increase in GDP and controlled inflation, according to a report by the Organization for Economic Cooperation and Development (OECD).

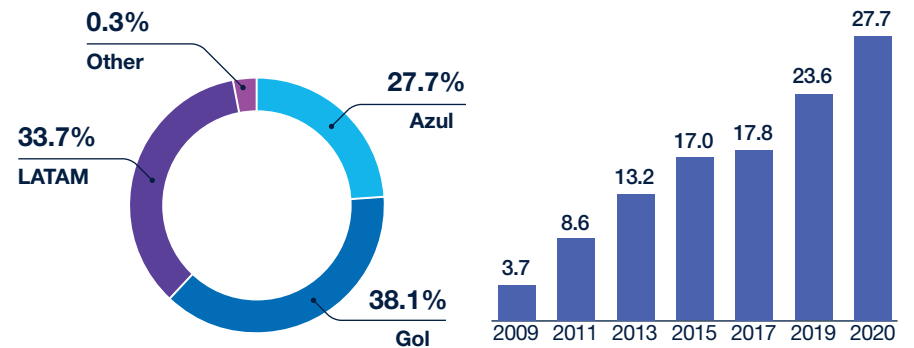
## Aviation market

The aviation sector was one of the most impacted by the Covid-19 pandemic in 2020. In the second quarter, demand, measured in Revenue Passenger Kilometer (RPK), fell sharply with traffic restrictions, reaching a year-over-year reduction of 85% in June, according to Brazilian National Civil Aviation Agency (ANAC).

Also according to the agency, load factor in the domestic market in April decreased from 82% in 2019 to 65% in 2020. In the same period, Azul reduced daily flights from 1,000 to 70, seeking to adapt the supply to the new level of demand. However, this figure indicator has grown progressively since then, indicating a return to normality in terms of passenger demand.

We closed the year with a reduction of 45.5% in RPKs and 43.1% in available seat kilometers (ASK), resulting in a load factor of 80%, 3.5 percentage points lower than in 2019. In 2020, Azul's domestic RPK share reached 27.7%.

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



Data from ANAC's Demand and Supply Report regarding December 2020.

## How did Azul remain resilient?

Since our foundation, we have been building a solid business model that has sustained us in adverse scenarios. Resilience is in our DNA, and in 2020, we have recreated ourselves.

**Our differentiating** factors ensured that we ended the year stronger than we started it and growing again. Among these factors are the synergy among our business units, our exclusive network, our diversified fleet, our culture focused on people and trust. These factors have been developed throughout the Company's history, and they were key to **how quickly we reacted to adapt to the new environment**. Always keeping safety first, we matched the supply of seats with demand while guaranteeing service to our customers and preparing for the demand recovery. We also negotiated new agreements and payments schedules with all of our stakeholders, which enabled us to maintain a strong cash position.



# 2020 Overview

GRI 102-7



# Initiatives and targets

## Azul's commitment towards sustainable growth

Azul is committed to growing sustainably as **the best airline in the world**. To this end, it has expanded its calculations to compose the socio-environmental and climate management targets. In 2021, we will have a climate and environmental risk survey, based on the **Task Force On Climate-Related Financial Disclosures (TCFD)**, which will also guide us in climate management.

Starting in the second semester, we will also have a Sustainability Roadmap, which will be reviewed **every five years**.

Azul is committed to achieving **NetZero by 2045**. We will have an emissions inventory by fleet type, so that our Scope 1 emission data is comparable with similar fleets. We will also monitor the absolute number per ATK. We will continue to measure our emissions intensity in gCO<sub>2</sub>/ASK and gCO<sub>2</sub>/RPK. We are currently formalizing our adherence to the **Science Based Targets initiative (SBTi)**, whose criteria will define our emission reduction targets.

	2016	2017	2018	2019	2020
gCO <sub>2</sub> e/RPK	122.17	114.62	108.40	101.63	101.8
gCO <sub>2</sub> e/ASK	97.4	94.1	89.2	84.8	81.4

**The calculations for the emission reduction targets are in progress, so that Azul complies with the Paris Agreement and sectoral standards, ICAO and IATA agreements. The targets will be established as early as 2021, the year in which we will begin our participation in the [Brazilian carbon market](#).**

# Social initiatives, commitments and targets



## Humanitarian missions:

- Sending food and water to Amapá during the energy crisis;
- **196 refugees** transported by Operação Acolhida;
- **121 tickets granted for organ transportation;**
- Azul will continue to support humanitarian missions whenever demanded and our services are essential.

**In 2020, 1.4 million** customers were impacted by Pink October with more than **90 thousand tons** of cargo transported.

We will continue creating jobs in line with our Company's expansion and generating socioeconomic and environmental development for these destinations through connectivity with the entire country.



Associação Voar was born in 2020 with a purpose: to make people able to fulfill their professional dreams and change their life trajectories.



Azul counts with more than 1,800 registered volunteers and more than 8,700 people are impacted by the volunteering actions done by Azul Crewmembers.



## Support in fighting the pandemic

- **2,177** health professionals transported;
- Availability of dedicated flights and space on regular flights to carry face masks, face shields, medical equipment, medicines, hand sanitizer, infrastructure for the field hospital;
- Transportation of **vaccines** against Covid-19.

## OUR TARGETS

- Increase the percentage of Company Volunteers to 20% by 2025;
- Increase the transport of organs for transplantation to medical centers in the same proportion as Azul's network grows.

To know more, go to page 75.



# Governance initiatives, commitments and targets



**Peter Seligmann**



In **2021**, **Peter Allan Otto Seligmann** has accepted the invitation to join the **Board of Directors** at Azul. He will support us with the Company's sustainable development guidelines. His broad experience and leadership in caring for the environment and the well-being of people in a sustainable way be paramount for us to continue being the best airline in the world and the best for the world.

We have become signatories to the **Global Compact** and are committed to the ten principles for responsible action in the socio-environmental field. We are committed to **protecting Human Rights** in our operations and in our supply chain.



We have started a **Board of Directors' evaluation process**. A successful evaluation, which identifies improvement areas and carries out an action plan, can contribute to improving processes, information and communication flows, as well as the relationship of the board of directors with the executive management and the internal control bodies; improve directors' and officers' attraction and renewal processes; improve the board's and committees' structure and composition; and increase the board's credibility.



Azul is also structuring its new **ESG (Environmental, Social and Governance) Committee**, a body that will be responsible for the governance of these topics within the company.

# Climate and environmental initiatives, commitments and targets



## Emission Intensity:

- 101.8 gCO<sub>2</sub> e/RPK;
- 81.4 gCO<sub>2</sub> e/ASK.

## Emission reduction:

- – 16.7% CO<sub>2</sub> emitted per RPK since 2016;
- – 16.5% CO<sub>2</sub> emitted per ASK since 2016.

All onboard Azul snack packages will be fully offset by the EuReciclo seal in 2021.

We continue on our mission to transform our fleet, which guarantees us ever-increasing efficiency. Since 2015, Azul has maintained a fuel efficiency program aimed at the best use of this input aligned with global best practices.



Azul supports the use of biofuels and is willing to foster this market, because it understands its extreme relevance in reaching environmental targets.

In 2021, Azul will inaugurate the **Sustainability College**, with Corporate Sustainability training, such as the Global Compact web classes, Workplace Safety and Environment (SMA) and Social Responsibility and Health & Well-being training.



We are members of the **European Emissions Trading System (EU ETS)** and the **Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)**. Therefore, we are NetZero in our intra-European flights and will continue to be so.



# Performance

Despite the unusual challenges that marked 2020, we made remarkable progress since the beginning of the pandemic thanks to the support of all our stakeholders. Together, we have successfully implemented our Crisis Management Plan and guaranteed the liquidity to weather the crisis. We also rebuilt our network to take advantage of the demand recovery.

We started the year with preferred shares and ADRs at the highest price since IPO, quoted at R\$62.41 and US\$43.7, respectively, reaching 197.2% increase in the price of preferred shares since IPO (101.5% increase in price of ADRs). The Covid-19 pandemic impacted the shares price and in March 2020 our shares reached the lowest price since IPO quoted at R\$10.35 and US\$5.64, respectively. With the gradual return of our flights and the management plan implemented, we ended 2020 with preferred shares quoted at R\$39.30 (US\$22.64 for ADRs). As of December 2020, the preferred shares appreciated 301% compared to the lowest price during the pandemic (208% increase in price of ADRs).

This impressive recovery of our market value reflects the market's confidence in Azul's strategy. We have faced the crisis in a prominent position, with the fastest recovery among airlines in our region.

In the third quarter of the year, we further improved our liquidity by the successful issue of R\$ 1.7 billion in convertible debentures. This fundraising demonstrates the market's confidence in Azul and our capabilities.

With the capital raised in this offer and considering our current levels of cash burn, we are able to support our operation for more than five years. This robust liquidity position therefore ensures our sustainability and enables our future growth. Azul ended the year of 2020 with total liquidity of R\$ 7.9 billion compared to an operating revenue of R\$ 5.8 billion.

We remain committed to our strategy, being the only airline on 76% of the routes we fly and maintaining the flexibility of our diversified fleet. We closed the year operating above 90% of last year's domestic capacity and flying to 112 destinations, an almost complete recovery compared to the 116 destinations served before the crisis. As a result, we kept expanding our logistics activities and exploring other strategic opportunities.

Azul Cargo Express, our logistics business, has broken revenue records throughout the year, growing at a fast pace. Azul Cargo's net income

grew 35% compared to 2019. Our diversified network and the unique flexibility of our fleet, including our dedicated aircraft, provide us a peerless competitive advantage in the industry, being a great distinguishing feature for Brazil's logistics. We have also sped up the internalization of activities and the certification of our hangars in Campinas and Belo Horizonte, aiming to preserve aircraft at the peak of the pandemic and prepare them for the resumption in the next phase.

In a year of uncertainty and change, our business model allowed us to adapt our network and fleet to demand. We signed a historical domestic codeshare, with one of the largest domestic operators in Brazil, bringing even more connectivity to our Customers with more than 140 combined and non-stop routes.

All of this only became possible thanks to the commitment of our people, passionate about what they do, always willing to exceed expectations and believe in Azul. Trust is the result of transparent conduct, mutual respect, and a leadership that understands the urgencies and needs of the sector.



**In 2020, we launched Azul Conecta,** our new sub-regional airline, the result of the acquisition of TwoFlex in 2019. With the help of this new business unit, we intend to reach 200 destinations over the next few years. In addition to 17 new passenger and cargo aircraft, Azul Conecta also increased our number of slots at Congonhas airport.

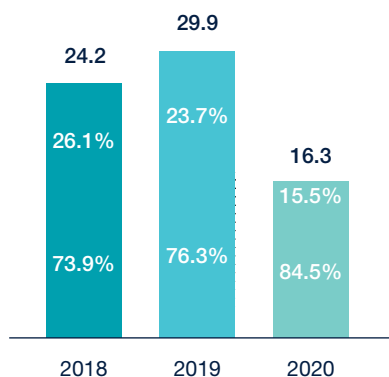
Now our Customers have access to unique destinations such as Búzios, Angra dos Reis, Jericoacoara, Ubatuba and many others.

**Discover all destinations** served by Azul Conecta in every region of the country by clicking [here](#).



# Operating

RPK (million)



**RPK (Revenue Passenger Kilometer):**

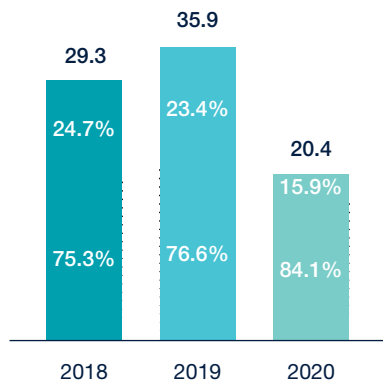
calculated by multiplying the number of revenue passengers by the number of kilometers flown.

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

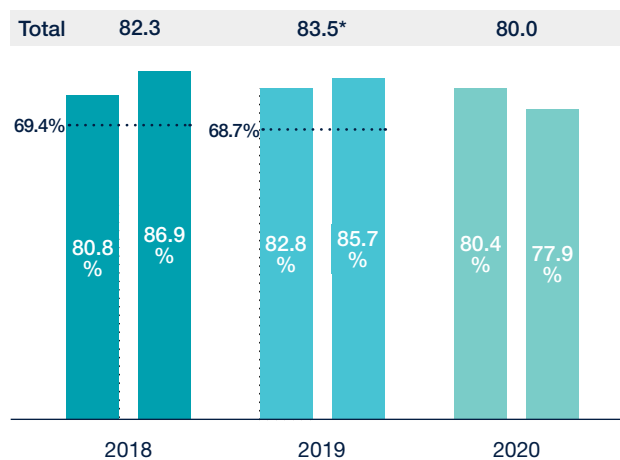
We can establish a relationship between both indicators considering ASK as supply and RPK as demand in aviation. The ratio of RPKs to ASKs results in the **load factor**.

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

ASK (million)

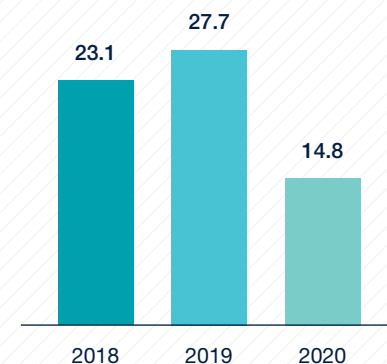


LOAD FACTOR (%)

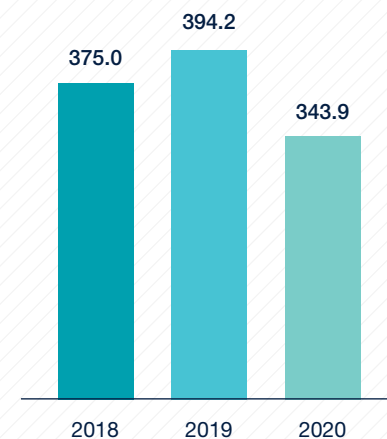


\* In our last report, the total load factor informed for 2019 was 82.5. The correct number is 83.5.

REVENUE PASSENGERS (thousands)



AVERAGE FARE (R\$)

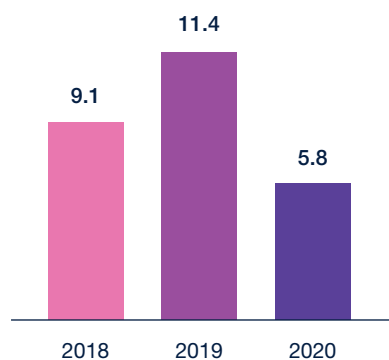




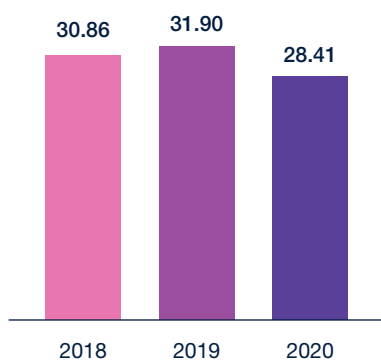
# Financial

GRI 201-1

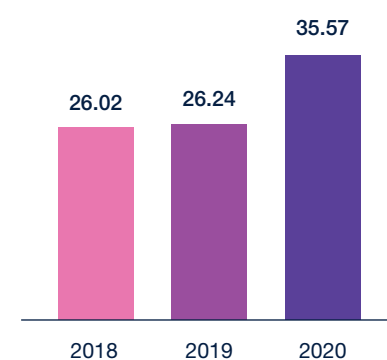
## OPERATING REVENUE (R\$ Billion)



## RASK<sup>1</sup> (R\$ Cents)



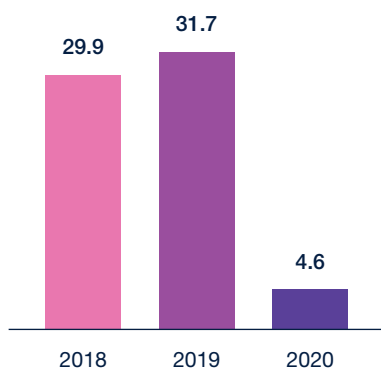
## CASK<sup>2</sup> (R\$ Cents)



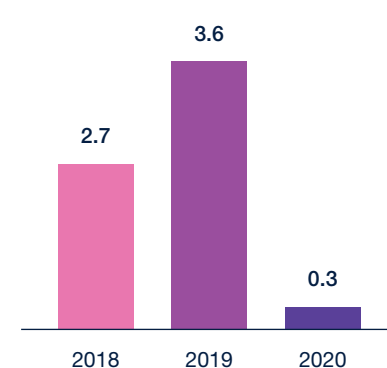
<sup>1</sup> RASK (Revenue per Available Seat Kilometers): operating revenue divided by available seat kilometers.

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

## ADJUSTED EBITDA MARGIN (%)



## ADJUSTED EBITDA (R\$ Billion)

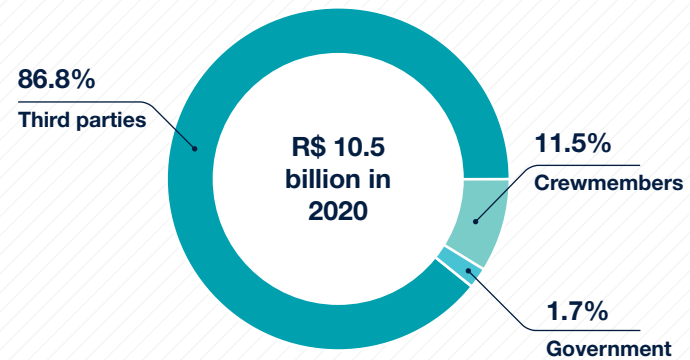


2020 results were affected by the Covid-19 pandemic, which significantly reduced demand and consequently revenues and profitability. More detailed data is available in the [Management Report](#).



In 2020, the distribution of added value had a large stake in third party capital, mainly reflecting losses accounted for in the valuations of assets and liabilities resulting from the currency devaluation that occurred due to the Covid-19 pandemic.

#### ADDED VALUE DISTRIBUTION GRI 201-1





3

# BUSINESS CONDUCT

# Corporate Governance

## Best Practices

### Guidelines



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

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

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

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



The Company's **Board of Directors (BD)** is composed of ten members, mostly independent (90%), including one non-executive chairman, who are elected and removed by resolution of the General Shareholders' Meeting, for two-year terms. According to our statute the Board must have between five and 14 members, and the independence of the directors is defined in accordance with B3's Level 2 regulations.

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

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

**In 2020, the Company registered the attendance of 100% of directors at meetings throughout the year.**

### Management

### Policies and Commitments



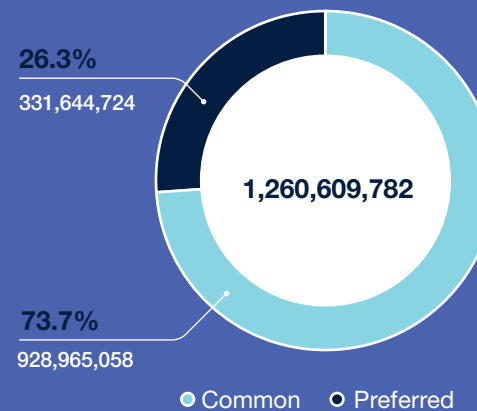
In order to formalize our commitments, we rely on several corporate documents, such as our **Bylaws**, the **Code of Ethics and Conduct** and our **Sustainability Policy**. We are also committed to the **United Nations Global Compact** and regarding its ten principles for responsible and sustainable action.

## Shareholder Structure

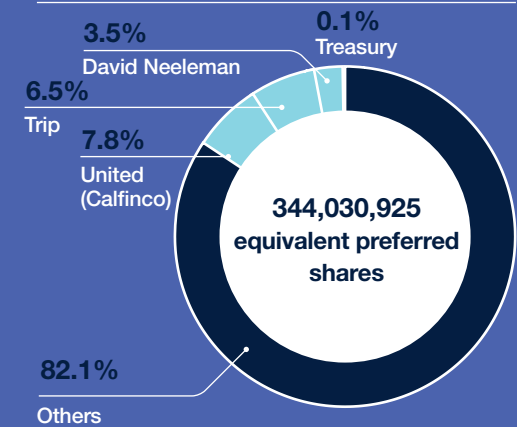


Azul's shareholder structure is composed of common and preferred shares. Each preferred share is equivalent to 75 common shares and is entitled to receive 75 times the amount of dividends distributed to holders of common shares, who have voting control over Azul. In addition, preferred shareholders have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

### TOTAL SHARES

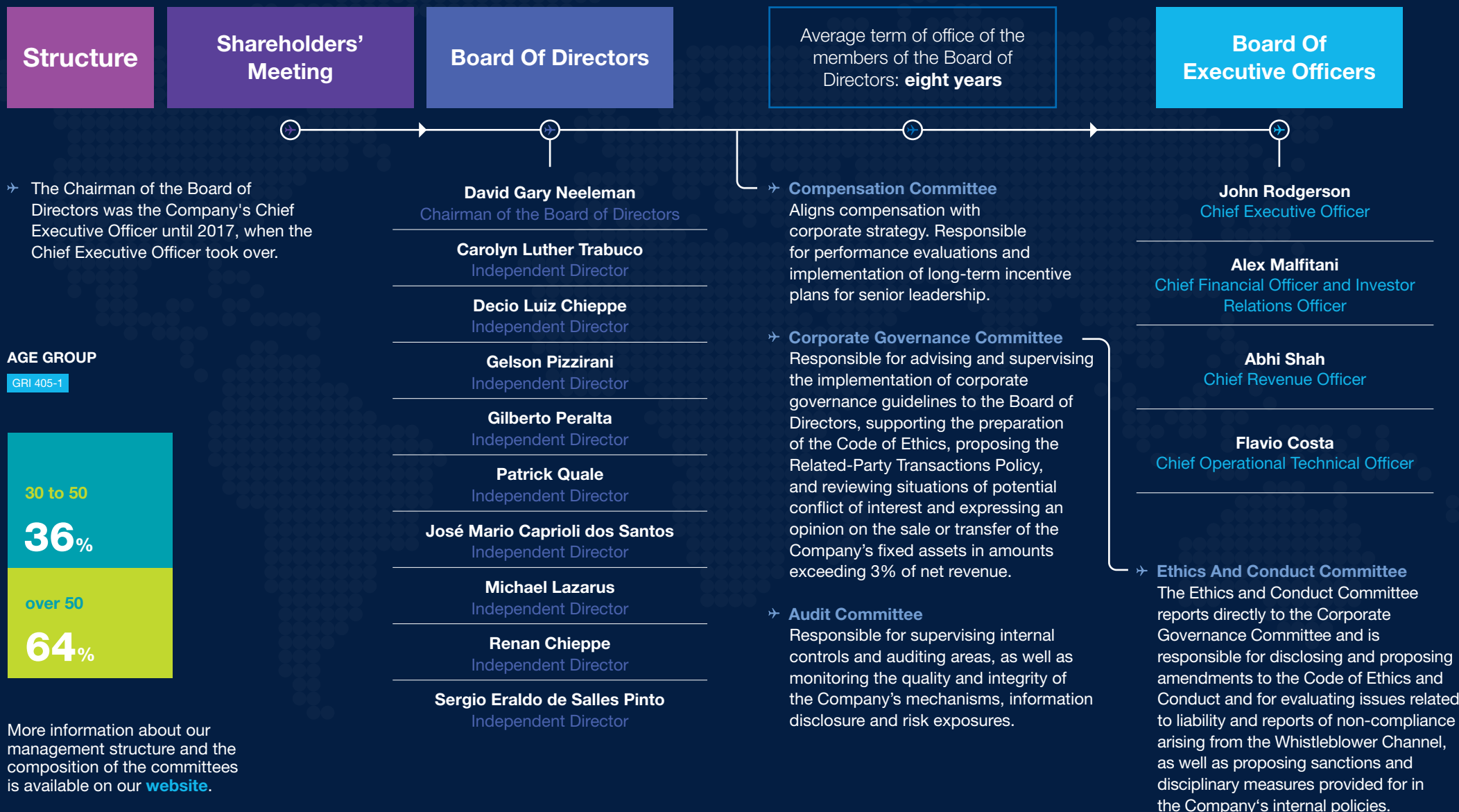


### ECONOMIC INTEREST



# Governance

GRI 102-18



## AGE GROUP

GRI 405-1



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



## Performance

### Development

Our Board of Executive Officers has an annual and individual performance assessment, carried out internally, in which leaders are evaluated based on their competencies and functions within the Company, with the 360° methodology. Based on the results, we elaborate individual development plans for each of the leadership.

### Compensation

The compensation model for Azul's senior management considers various inputs, providing the maximum alignment between individual compensation and company results. Compensation strategy is aligned to corporate strategy. Fixed compensation takes into account the responsibilities of each function, market practices, as well as the qualification and professional skills of each individual. Variable compensation is defined based on individual and overall performance indicators aligned with the strategic plan. The established targets are set every year. The Company's overall results are measured through financial and operational indicators, such as EBITDA, operating margin, on-time performance and internal and external Customer satisfaction surveys.

# Risk Management

GRI 102-15

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

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

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

Furthermore, our unique network and the fact that we are the only airline operating on 76% of our routes allow us to quickly respond to any significant fluctuation in interest rates, exchange rates and fuel prices to better absorb near term disruptions while remaining focused on our commitment to serve these destinations for the long term.

## Interest rate risk management

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

## Exchange rate risk management

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



## Fuel price risk management

Fuel price risk is mitigated through derivative instruments offered by banks and future purchases made directly with our fuel Business Partners. The Company may purchase hedges within the following limits: up to 40% of projected fuel consumption over the next 12 months and up to 80% of projected fuel consumption over the same period if the West Texas Intermediate (WTI) crude oil price per barrel is below \$ 50 USD.



# Connection that transforms

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

## Sustainability Strategy

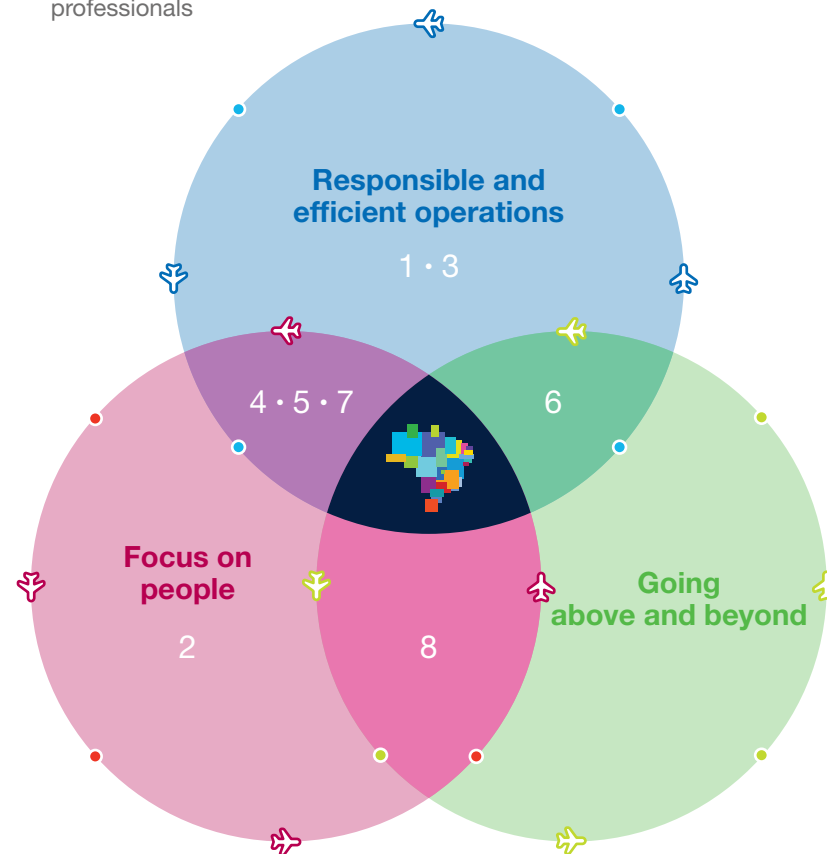
In 2019, we concluded an analysis to define the strategic priorities for the evolution of Azul's continuous sustainability management. This process was carried out in four stages:

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

As shown in the diagram on the right, the themes prioritized in the study were combined into the pillars of the Company's sustainability strategy. These pillars will guide our management and initiatives for the business' sustainable development over the years of 2021 and 2022.

## AZUL'S MATERIALITY

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



We have reviewed our materiality study, as a result of the transformations brought by the pandemic. We cast a critical eye and the lenses of a Company that has been through the crisis, and we understand that our actions in the coming years should go towards the same horizon. Our material issues defined in 2019 remain the most relevant for the sustainability of the business until 2021.

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



- 3 GOOD HEALTH AND WELL-BEING
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 13 CLIMATE ACTION
- 17 PARTNERSHIPS FOR THE GOALS

# 4 RESPONSIBLE AND EFFICIENT OPERATIONS

# Safety

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

Safety is non-negotiable. It is our first value. As an airline, we follow strict safety standards to remain compliant with regulations.

Our Operational Safety Management System (OSMS) permeates decision making in all areas and activities of Azul. Its targets are to identify dangerous conditions, to qualify the risks inherent to the business, to mitigate these risks and to guarantee quality and effectiveness of the implemented actions. OSMS indicators monitor quality and safety performance in all operational areas of the Company. We are certified by the Brazilian National Civil Aviation Agency (ANAC), which performs annual inspections that evaluate all components and structural elements of the system. We also maintain IATA Operational Safety Audit (IOSA) certification, the most complete and internationally accepted independent assessment program about operational safety.

We have a strong safety culture and continuously conduct educational activities through our Safety Promotion Program that involve initial and periodic trainings as well as safety awareness. Information is also disclosed in newsletters, alerts, journals and electronic magazines, in order to reach the public through different channels. Our Operational Safety Seminar is held annually in September, aiming to promote integration between Azul Crewmembers and stakeholders from the industry and the aviation community. In 2020, the Seminar was held 100% online, due to social distancing.

Operational safety culture is strengthened by our integrated system of voluntary reporting, the main tool for identifying hazardous conditions and consequently managing operational risks. These reports go above and beyond that which is required. By promoting and encouraging safety, continuously training our Crewmembers, and developing tools ensures that this remains the DNA of Azul.



In 2020, once again we went beyond what was required by law to ensure operational safety: Every pilot that was on leave had to retrain, even if their licenses were still valid. That's because, in addition to checking the pilots' technical skills, we also wanted to ensure their emotional and psychological conditions to fly, in order to guarantee overall safety.

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

**To know more about our [Operational Safety Policy](#).**

*(Portuguese only)*



All photos of Crewmembers without mask were taken before the pandemic.

## Information Security

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

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

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

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

In 2020, there were no substantiated complaints concerning breaches of Customer privacy and data loss, as there was no leakage. Azul continues to make the necessary investments to fully comply with the General Data Protection Law (LGDP).

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

# Eco-efficiency

GRI 305-5 | TR-AL 110a.1 • 110a.2

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

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

The following represent our 2020 initiatives along with the targets we established for the coming years:



## Climate Change Management

GRI 305-1 • 305-2 • 305-4

Efficiency is a constant concern here at Azul. Our main strategy for reducing emissions is to maintain a young fleet. The A320neo has emissions of 55 gCO<sub>2</sub>/passenger.km and the E2 of 63 gCO<sub>2</sub>/passenger.km, while a motorcycle emits 72 gCO<sub>2</sub>/passenger.km and a compact car 130 gCO<sub>2</sub>/passenger.km. In addition, we also seek emissions reduction on ground operations and even on administrative operations.



The emission calculations include CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> and/or NF<sub>3</sub>. To calculate Scope 2 emissions, we consider Azul's corporate buildings with direct purchases of electricity, which are: headquarters (Azulville), Corporate University (UniAzul), main hangars and Azul Cargo store in Congonhas. Operational stations, Azul Cargo stores, Azul Viagens and our Call Center were not considered. These units pay an energy fee, including an area contract, and there is no individual use. Emission intensity considers Scope 1 emissions from the fuel consumption of 100% of the Company's flights. Scope 3 emissions consider outsourced operations of catering (54.35% of active operations) and handling (95.65% of active operations, of which 28.26% considers Azul's actual operation and 69.39% considers 50% of the handling operation as Azul's).



## Youngest Fleet In The Market

We operate the youngest fleet in Brazil with an average age of 6.6 years. By the end of 2020, we had 62 new generation aircraft, representing 66% of our seat offering.

The operation of more efficient aircraft (page 37) brings innovation and benefits not only for Azul, but society as a whole, by burning less fuel, reducing emissions of Greenhouse Gases (GHG), lowering noise levels and reducing operating costs.

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

In 2020, the fleet renewal program was temporarily slowed down due to the pandemic and the emergencies that came with it, but it is still ongoing and is part of Azul's strategic guidelines. Accordingly, we made an agreement with Embraer and Airbus to postpone 82 aircraft originally scheduled to be delivered starting in 2021.

We will get to 100% new generation capacity faster than any other airline in the region. And that will allow us to significantly reduce our fuel burn and carbon emissions.

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



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

As part of our strategy, we constantly renew the fleet for more efficient aircraft with lower fuel consumption per passenger carried, which reduces our impact on relative greenhouse gas emissions.

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

E195-E2 aircraft is the largest commercial aircraft ever manufactured by Embraer and can carry 136 Customers, 13% more than the previous model. This aircraft has a 30% reduction in fuel consumption per seat when compared to the E1 model.



**We seek efficiency in every single operation, not just in aircraft:**

- We use only LED lamps in our corporate buildings, hangars and, when possible, at airports;
- High energy consumption equipment, such as simulators, undergo preventive and predictive maintenance to avoid any irregularities;
- Central air conditioners are regulated according to the external temperature and number of people, to avoid unnecessary energy consumption;
- We prefer to use flex vehicles and ethanol in the ground fleet;
- Remote work, implemented through “Azul Onde Estiver” program, encourages meetings and events online and reduces the need for transportation.



All photos of Crewmembers without mask were taken before the pandemic.





## Efficiency On All Fronts

**We plan our operations so as to avoid all unnecessary fuel burn. How?**

- ✈ Minimizing aircraft weight, reviewing the volume of water carried in the reserves and performing single-engine taxi-in and taxi-out;
- ✈ Using Ground Power Units (GPUs), whenever possible, with aircraft through diesel equipment – instead of Auxiliary Power Unit (APU) – power unit of the aircraft that consumes jet fuel and exchanging diesel GPUs for electric ones. Currently 46% of our GPUs are electric;
- ✈ Using electric Air Conditioning Units (ACUs) – equipment that provides air conditioning to the aircraft cabin without the need to have the engines on. This feature was designed and developed by us and Business Partners, ensuring Customer comfort and reducing fuel consumption, with 64 units available in 38 stations;
- ✈ Using Electronic Flight Bags (EFBs), which allows the pilot to choose the best combination of power solutions and flaps according to the weight of the aircraft;
- ✈ Minimizing the use of reverse thrust on landings, which results in lower fuel consumption;
- ✈ Optimizing routes whenever possible, through ongoing partnership with the Department of Air Space Control (DECEA);
- ✈ Maintaining a Fuel Economy Program, based on IATA guidelines, and has a dedicated team.

Our new and comprehensive Viracopos Airport Maintenance Hangar and our new Wheel/Brake Shop, both in Campinas, will minimize the time and cost of aircraft maintenance and reduce the need to move aircraft to external partners, which also helps to lower greenhouse gas (GHG) emissions.

All photos of Crewmembers without mask were taken before the pandemic.

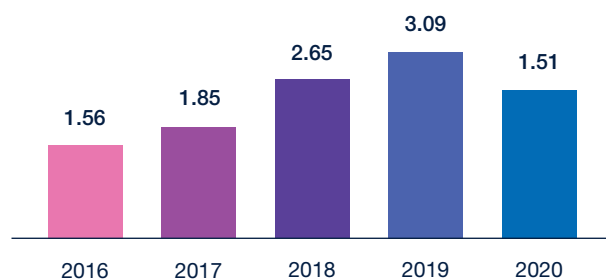
## Performance

GRI 302-1 • 305-1 • 305-2 • 305-3

### ENERGY CONSUMPTION

Jet fuel – QAV (aircraft)	520,415,228 Kg
Ethanol (vehicle fleet)	16,427 L
Gasoline (vehicle fleet)	61,980 L
Diesel (vehicle fleet, equipment, GPUs and generators)	1,258,662 L
Diesel (bus fleet)	399,176 L
GLP (own or rented equipment)	77,200 Kg

### TOTAL COSTS OF ENERGY CONSUMPTION (R\$ BILLION)



### ENERGY CONSUMPTION

	kWh
Electric (Azulville)	977,047
Electric (Universidade Azul)	1,750,785
Electric (PLU Hangars)	1,000,324
Electric (VCP hangar)	1,547,460
Electric (Azul Cargo store CGH)	28,236

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

### GREENHOUSE GAS EMISSIONS

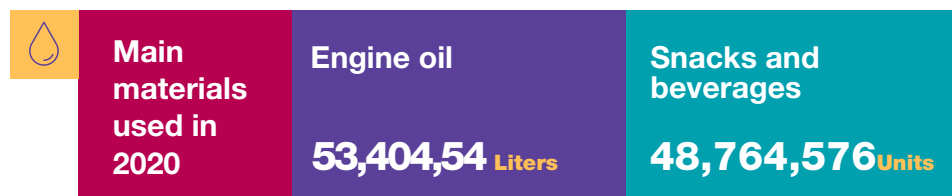
	Tons of CO <sub>2</sub> e
Direct GHG emissions (Scope 1)	1,654,753.57
Stationary combustion	2,717.80
Mobile combustion	1,651,749.62
Fugitive emissions	286.15
Scope 1 biogenic GHG emissions	395.91
Indirect GHG emissions (Scope 2)	319.19
Other indirect GHG emissions (Scope 3)	3,439.16
Scope 3 biogenic GHG emissions	403.62

In 2020, we had an increase of 0.2% in our emissions by RPK in relation to 2019. Due to the pandemic and the flight reduction, we had to rotate the use of the aircraft to guarantee the preservation and return to the operation, which led to a proportionately less use of our new generation aircraft.

## Consumption of Materials

GRI 301-1

The three main materials consumed in our operations are fuel, aviation lubricants (used in 100% of our maintenance stations both domestic and international), and onboard service snacks and beverages for 100% of the flights. Azul is the only Brazilian airline that recycles material from flight service.



### I RECYCLE

We launched our partnership with [eureciclo Seal](#), a Brazilian initiative that promotes the development of recycling chain and encourages circular economy. It is achieved through environmental compensation of packaging, by the recycling of equivalent material and direct remuneration of Recycling Cooperatives. Our target is to compensate the environmental impact of post-consumption waste generated by our flight service. Azul is the only airline engaged in this initiative, and recycled 100% of the on board snacks packaging in 2020.

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

In 2020, there was no significant leakage recorded by Azul.

## Waste

### HAZARDOUS WASTE

	Solids (kg) Miscellaneous chemicals	Liquids (L) Oil and kerosene
2017	60,688	23,150
2018	81,216	21,011
2019	89,101	20,908
2020	59,674	18,905

Hazardous waste considers 100% of maintenance stations and hangars. Azul manages its domestic stations and Business Partners manage all international stations; with proper waste disposal included in all contracts. Waste generated on flights and waste from ground operations are not considered.

### RECYCLED WASTE (KG)

	Azulville	UniAzul	Warehouse
2018	4,774	10,342	14,847
2019	6,207	5,474	16,658
2020	2,718	49,742	77,139

Recycled waste considers corporate buildings, equivalent to 11.4% of the Company's workforce.

# Ethical performance

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

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

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

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

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

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

Azul has never contributed monetarily to political campaigns, trade associations or other tax-exempt groups, lobbying (representation of interests or similar) and other sporadic expenses, such as voting on bills or laws. We never donate to candidates and political parties.

## LEARN MORE!



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



## Risk Assessment

GRI 205-1

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

In 2018, Azul was certified as Sarbanes-Oxley Act (SOX) compliant by independent auditors Ernst & Young. The effectiveness of risks and controls mapped must be verified each year for recertification. In 2020 we submitted 100% of our commercial processes for a corruption risk assessment. Operational audits were carried out in functional areas such as finance, marketing, legal and revenue management, as well as airports and cargo. Operational audits assess financial, accounting and labor risks, in addition to SOX controls tested in several mapped processes, including information technology.

In 2020, no specific cases of corruption were identified by the internal audit team. Also, there were no financial losses resulting from legal proceedings for anticompetitive practices.



## Communication and Training

GRI 205-2 + 205-3

All Crewmembers participate in the Welcome Aboard program when they join our Company, in which we present the Code of Ethics and Conduct in detail.

**In 2020, 100% of the new Crewmembers participated in the training on Code of Ethics and Conduct.**

In 2020, we registered 160 cases of non-compliance with the Code of Ethics and Conducts. Of this total, all were behavioral deviations and the Company assured the resolution of 100% of cases.



	<b>3</b> GOOD HEALTH AND WELL-BEING
	<b>5</b> GENDER EQUALITY
	<b>8</b> DECENT WORK AND ECONOMIC GROWTH
	<b>17</b> PARTNERSHIPS FOR THE GOALS

5

# FOCUS ON PEOPLE

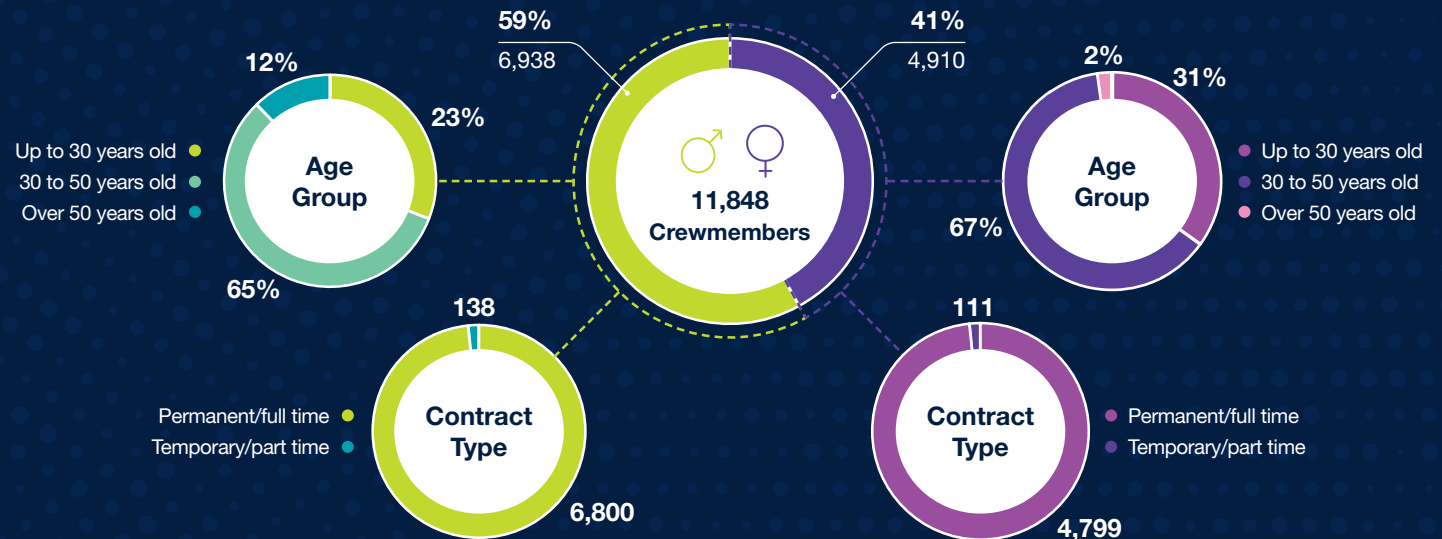
# Crewmembers

GRI 102-8 • 102-41 • 103-1 • 103-2 • 103-3 • 202-2 • 405-1 | TR-AL 310a.1 • 310a.2

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

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

2020 demonstrated the strength of our Culture of passion and a sense of belonging. Even in the face of the difficulties imposed by the pandemic, our Crewmembers trusted the Company and its leaders, and did what was necessary to deal with the crisis. As a result, 11,716 Crewmembers participated in the Voluntary Unpaid Leave of Absence Program. In turn, Azul made available 100% of the 401(k) funds to these Crewmembers, regardless of their tenure. Thus continuing to build and strengthen relationships of trust with our people, and ended the year more united and stronger, ready for the future.



## REGIONS (BY TYPE OF CONTRACT)

	Permanent	Temporary
Mid-West	300	9
Northeast	1,033	84
Southeast	315	12
North	9,080	132
South	768	12
International	103	-

In 2020, we had a reduction in the number of Crewmembers, given the operational impact of the pandemic. Even so, we reinforced to our people that we were not saying "Goodbye", but "See you later". By the end of the year, 135 Crewmembers had already been rehired and readmissions continue in 2021.



All photos of Crewmembers without mask were taken before the pandemic.

## TURNOVER

GRI 401-1

	Male	Female	North	Notheast	Mid-West	Southeast	South	International	Up to 30 years old	30 to 50 years old	Over 50 years old
New hires	859	362	40	241	26	859	41	14	492	658	71
Hiring rate	1.01%	0.59%	1.08%	1.82%	0.65%	0.75%	0.42%	1.06%	1.28%	0.68%	0.59%
Termination	1,872	1,264	108	363	145	2,170	332	18	914	1,861	361
Turnover rate	2.31%	2.13%	3.06%	2.99%	3.65%	1.98%	3.43%	1.41%	2.53%	2.01%	3.16%

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



### MEASURES AGAINST COVID-19:

- Union agreements to reduce working hours and salary. Even though we initially foresaw an 18-month period in the agreement, we were able to terminate the salary reductions after only five months, delivering on our promise of doing the best for our people;
- Adherence to government programs of contract suspension, wage reduction, installment payment of the Severance Pay Indemnity Fund (FGTS);
- Wage reductions for executives from the beginning of the pandemic;
- Change in bonus and profit sharing (PLR) payment terms.

**100% of our Crewmembers are covered by collective bargaining agreements and there were no labor strikes in 2020.**



## Culture

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

In 2020, the Culture team became part of the People Department, a strategic change to support all departments and strengthen our culture at all levels of Azul. This action proved to be essential during the pandemic.

Consideration, one of the strongest characteristics of our culture, was present and was reinforced in this very delicate moment, when some of our Crewmembers worked from home or were on leave.

To ensure that our culture is evident throughout the company, we have programs developed especially for the engagement of each Azul Crewmember.

Based on Sou Azul, these programs involve leadership, promote the exchange of experiences, recognize people, invest time and resources, and embrace each team's diversity.

In 2020, in a challenging scenario, we focused our attention on these programs, adapting where necessary in order to recognize our teams and ensure a sense of belonging amongst our people.

We have also developed new proposals based on the reality of the pandemic, aimed to maintain our Culture, guiding us through the new scenarios that exist.

**"We are a company of people that coincidentally owns aircraft!" - John Rodgerson**



**Azul de Onde Estiver:** To adapt to the new reality brought on by the pandemic, we have created the “Azul de Onde Estiver” (Azul Wherever You Are) program: a home office system to preserve the health of our people. We developed videos and documents for the whole organization and invested in communication, giving them tips for carrying out activities at home, as well as maintaining physical and mental health of our Crewmembers. Our management model now has more flexibility and autonomy, which provides a relationship of trust between leaders and teams. Even with the new reality, our culture remained strong and the organization became even more united.



**Leadership Meeting:** Carried out annually to recognize and inspire Azul Leaders for the upcoming year, in 2020, the focus of the “Liderança Azul” program was to acknowledge our leaders, who, in face of adversity, dedicated themselves to maintain Azul's sustainability by taking care of and strengthening their teams. We adapted to a virtual format called "Sou + Mais Azul - Um Olhar sobre a Liderança" meaning "I am Azul with a vision for leadership."

The event brought up discussions about physical and mental health and how they impact our success of managing our teams. We have learned not only to manage this through the pandemic but also as we prepare for the post-pandemic future. In gratitude and recognition for all their efforts, with the support of Azul Cargo, the leaders received a beautiful personalized box with gifts or self-care for them and their families.

**Azul Conecta Integration:** We held days of new-hire integration at UniAzul for the Crewmembers from Azul Conecta. These events were aimed to welcome the new Crewmembers and establish the Azul Culture amongst them all.



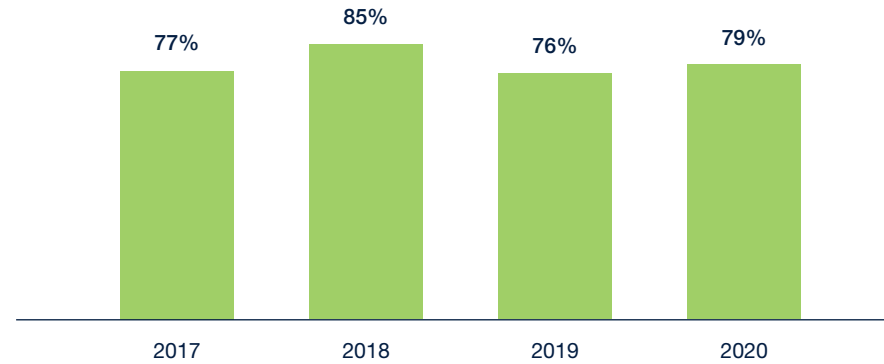
## Engagement

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

Even with the pandemic in 2020, we decided to maintain the survey process because we understood that, in this special scenario, it was even more important and relevant.

The results of the 2020 survey yielded a Crewmember Satisfaction of 79% with a participation rate of 65%! This result was an improvement from 2019, reaffirming that despite the crisis, we were providing our Crewmembers arguably the best job of their lives.

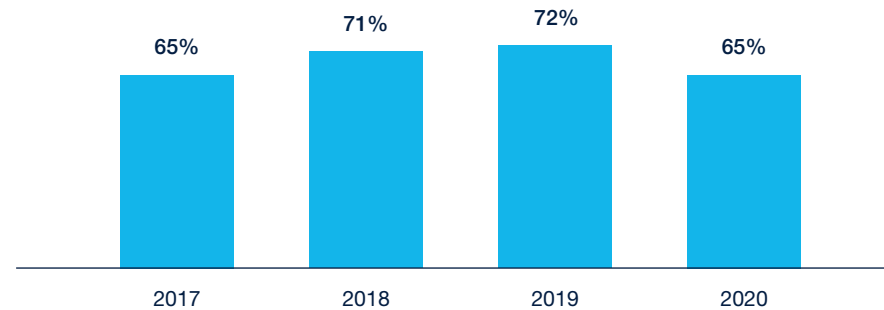
### SATISFACTION INDEX - GENERAL FAVORABILITY\*



#### \* Survey method:

2016 to 2018: Scale from 0 to 10, with favorability being numbers from 7 to 10. In 2019, the company joined forces with DecisionWise to apply their globally-accepted methodology of "MAGIC". Also reducing the scale of responses from 1-10 to 1-5.

### PERCENTAGE OF CREWMEMBER PARTICIPATION



## Open Communication

In 2020, communication with our Crewmembers became even more important and critical. It was more than merely a connection with teams, it became our day-to-day focus and priority as many Crewmembers were working from home or on leave. New tools were created to ensure that information was circulating effectively and efficiently. Azul successfully implemented Microsoft Teams that allowed for frequent "LIVES" or broadcasts, as well as a private Instagram account with video content, broadcasts and photos to ensure that our Crewmembers had access to the most current and relevant information.

Our events were transmitted online which made them available to everyone within the company, This is one reason, amidst a very challenging year, that our Crewmembers felt a connection and closeness despite the physical distancing. With access to constant information flowing, our Crewmembers had a feeling of proximity, support and care.





All photos of Crewmembers without mask were taken before the pandemic.

## Diversity

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

everything we have achieved. We are committed to acceptance, and that Crewmembers celebrate who they are. We understand that the promotion of inclusion starts with details: our Crewmembers are free to be who they are. We also have flexible policies to allow for diversity such as our policies regarding beard, hair, piercings and tattoos.

We have also developed broader initiatives, focused on significant aspects such as the

inclusion of disabled persons and gender equality. We have a program for improving awareness of and hiring those people with disabilities. This is aimed at our internal stakeholders to insure inclusion of all Crewmembers.

In 2021, we will continue to develop and implement our Diversity, Inclusion and Accessibility Program at Azul.

## Gender Equality

GRI 405-1

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

Azul is committed to gender equality and monitors indicators of access to leadership positions and equal pay. This is crucial particularly in a society that still remains with inequality.

We accept the challenge of increasing female participation in leadership and in skilled positions; we have been working towards this target, prioritizing the development and access to such positions.

We have 38% women in the following leadership positions: coordinators, supervisors, pilots and flight attendant leaders. Amongst our senior leadership team, 24% are female, with 33% of our executive directors and 10% of our board members being female.



Director of People - Camila Almeida

### MONITORING OF EQUAL PAY

GRI 405-2

Employee Category	Ratio between compensation of women to men
Director	95%
General Manager/ Sr	86%
Manager	91%
Airport Manager	90%
Specialist/ Supervisor/ Coordinator	94%
Senior Analyst	89%
Analyst	85%
Junior Analyst	87%
Assistant	102%
Operational	100%
Call Center	100%
Cargo	100%
Airport	100%
Maintenance	100%
Flight attendant	100%
Pilot	100%

88%

of our population hold positions with gender pay equality

## Corporate Education



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

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

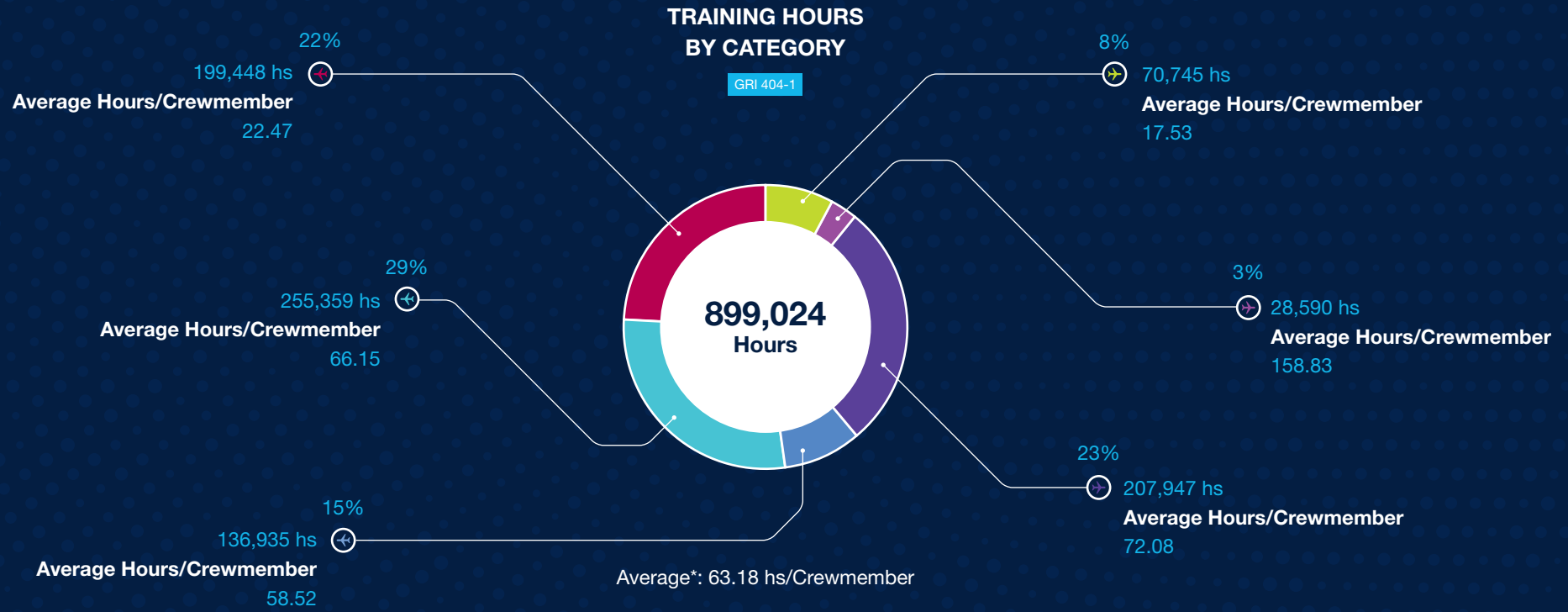
UniAzul's range of courses vary according to the public that undergo training: airports, call center, cargo, flight attendants, flight officers, leadership and ramp managers. We also offer training courses for certification, in accordance with the civil aviation authority: Dangerous Goods Regulations,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



Azul will also have a Sustainability College, which will incorporate training on strategic sustainability, health, work safety, volunteer work and environment. It will be launched in 2021.

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

*We “serve those who serve”!*



By gender\*\*

Male: 68.91      Female: 54.58      Not informed\*\*\*: 23.50

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

\* Average calculated based on the number of trained Crewmembers.  
 \*\* The average hours by gender reflects the distribution of men and women in functions where technical training is required.  
 \*\*\* Training for third parties, gender declaration is not mandatory.





## Distance Learning (DL) Courses

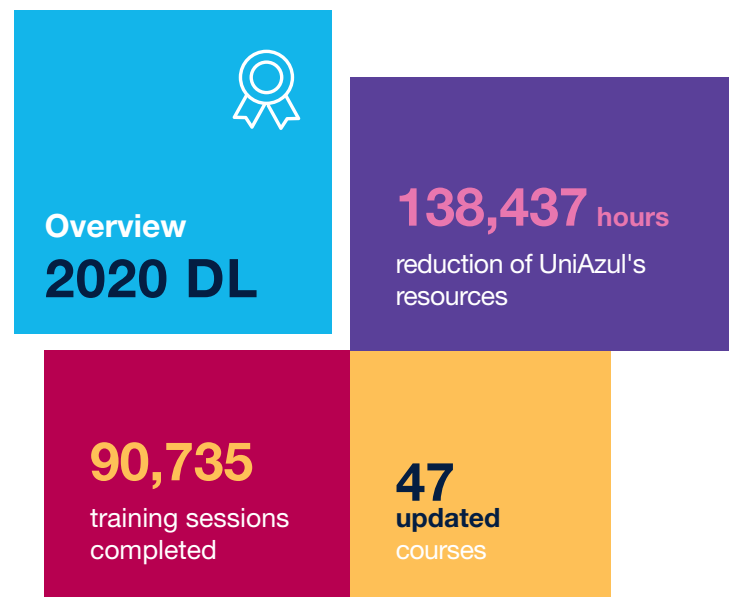
In 2020, the need for Distance Learning program was intensified due to Covid-19. To avoid delays in mandatory training, UniAzul team adapted, approved with Brazilian National Civil Aviation Agency (ANAC) and implemented a series of online courses. All the trainings which 70% or more of the content could be deployed through activities that do not require students and teachers interacting in person were considered to the change.

The great news was the implementation of the Blended Learning model, a combination of synchronous and asynchronous distance learning and face-to-face models.

At distance education model, the learning material reaches the student through the dedicated Azul's platform and live online classes that take place through Microsoft Teams.

When face-to-face model is necessary, many safety measures are taken, such as: classrooms have their capacities reduced and the floor is labelled indicating social distance; hand sanitizer is available in several points of the building; everybody has their temperature taken at the entrance and masks are mandatory at all times.

Through all of this, it was possible for us to keep Crewmembers training updated.



# Organizational Development

We value the professional development and career evolution of our Crewmembers. We are committed to the qualification, training and development of our team.



The performance evaluation process of our Crewmembers is based on the development of the necessary skills for each position in the Company.

This process is applied annually to all the Company's ground crew, which represents 58% of our workforce. It has a segmented model by functional category that follows these standard: 360-degree process applied for Managers, Directors, VPs and the CEO; 180-degree process applied for Team Coordinators and Supervisors; and 90-degree process applied to other working positions.

The evaluation aims to develop our Crewmembers, encouraging them to be protagonists of their careers. The results serve as the basis for an honest and productive conversation between the leader and Crewmember, "Papo para o Futuro", where they prepare together an Individual Development Plan, that helps Crewmembers build their trajectory within Azul.

## Career Development

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

For leadership development, there is Azul Leadership Program, which has content, lectures, workshops and even specializations for all managerial levels. Through a partnership with the Institute of Transport and Logistics (ITL), we offer free Specialization courses in business management and human resources management with the Dom Cabral Foundation, and Specialization in Aviation Management at Embry-Riddle Aeronautical University.

In 2020, we promoted Azul Talks, face-to-face and online workshops (during the pandemic) for different Crewmember audiences, each one with diverse content, such as marketing, business intelligence, engagement, leadership, among others.

## Succession Planning

In 2021, we are structuring a strategic map of people, identifying potentials to be developed for the Company's key and strategic positions.

It aims to map out which positions already have professionals internally prepared for succession and which positions need successor development to be accelerated. The Crewmembers with identified potential will go through a development process that includes assessment, coaching, mentoring and technical knowledge, if necessary.

In addition to this internal mapping, we will map professionals ready for these positions in the market, if future hires become necessary.

With this action, we guarantee professionals in line with Azul's values and skills, for long-term challenges and strategy.

## Recognition



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

In order to select the winners of PEX, several requirements must be met by Crewmembers and the bases to ensure the best Customer experience. This year due to the pandemic, we had to adapt the program and at the same time not lose the quality. We reduced the number of bases involved, eliminated some of the physical visits and streamlined the process even more.

In 2020, the PEX team performed 334 evaluations in the different bases and with representatives that work with Customers, visiting 59 cities while maintaining the necessary safety measures. In addition to scores given by the evaluators, PEX also considers the remarks given by the Company's Customers via e-mail.

### Internal Promotions

We believe that in order to keep excellence up, all of our Crewmembers must be rewarded fairly and attentively for their efforts. In 2020, over five hundred Crewmembers were promoted for their work and dedication that exceeded expectations.

Besides that, we recognize all our Crewmembers annually, according to the results achieved by the Company and aligned with our corporate strategy.



# Employer Branding

## Talent Attraction and New Crewmember Development

We want to show to future professionals that Azul can be one of the best career options to them. Therefore, in 2020, we kicked-off our Employer Branding front, focusing on universities and renowned institutions in Brazil and around the world.

**CEOX1day Program:** we offer the opportunity for a college student to spend one day with our CEO, John Rodgerson, to learn about his routine.

**Partnerships with Student Associations and participation in talent fairs:** Azul and its executives were present in workshops, lectures and round tables promoted by Student Associations. In total, there were eight events of this type throughout the year.

**Talent exchange:** in partnership with Insper and University of Illinois, in the United States, 10 students are developing projects within Azul, looking for solutions in the Company's different areas.

**Graduation Course Work:** in a partnership with the School of Engineering of the Federal University of Sao Joao Del Rey (UFSJ), five students are developing their graduation work about Azul's processes improvement.

**Mentoring for University Students:** Mentoring for 29 university students of the Faculdade de Tecnologia de Sao Paulo (FATEC), given by Azul Crewmembers.

**ITA Challenge:** in partnership with the airport team, students from Instituto Tecnológico de Aeronáutica (ITA) developed practical solutions easy to implement for baggage damage processes.





All photos of Crewmembers without mask were taken before the pandemic.

## Trainee Program

In January 2020, we launched our first trainee program at Azul! With the intention of attracting talented, young individuals to the Company, and also creating a solid namebrand in the market for Azul as a young, dynamic, innovative, and responsible company.

The seven trainees are working in the Marketing and Business, Azul Cargo, Finance, Technical, CCO, Schedule Planning and Information Technology (IT) departments. The group is accompanied by the Directors and our DHO team. The program has a Development Track based on five pillars:

**Hands on:** Strategic projects carried out in their areas of operation, with interface with other business units. The results and key indicators of these projects are presented by the Trainees at the weekly Executive Committee meetings.

**Workshops:** training on business management and soft skills, given by Azul Crewmembers and external consultants.

**Meet ups:** meetings with Directors and C-level leaders to discuss Azul's strategy and the global aviation industry.

**Mentorship:** opportunity to exchange experiences, directions, discuss career and professional development.

**Feedback and Development Plan:** alignment of expectations with the department Director, review of results and preparation of the Individual Development Plan.

In the beginning of the Covid-19 pandemic, trainees played an important role in supporting the medical team in defining guidelines for all Crewmembers on how to face this moment safely.

Through the Development Journey and on-site projects presented weekly to the executive committee, trainees experience an acceleration in their careers and development to take on future leadership positions at Azul.

## Internship Program

Azul's Internship Program was open for registration in January 2021, dissemination throughout Brazil. We have strengthened the Azul brand among college students, to contribute to social development and diversity, and attracted more than 27,000 candidates. With an inclusive selection process, based on the Company's Values, 40 young people will be selected to join our current interns.

These young people are accompanied by their managers and the DHO team, in addition to receiving training through a Development Journey, that involves knowledge of the areas that impact Customer Experience, strategic departments of the Company and workshops for training in technical and behavioral skills.

The program, scheduled to run over the next 24 months, is based on the career plan and retention of these young talents at Azul, training professionals for the long-term succession plan.



## Apprentice Program

Throughout 2020, we hired 77 young apprentices from the North to the South of Brazil, distributed in administrative departments both at the headquarters in Barueri and at stations.

These young people received training through the Apprentice Program, taught by a certified institution that promotes monthly meetings with

content aimed at digital inclusion, professional development, administrative routines, and main business areas such as Marketing, Human Resources, Finance and Logistics.

The purpose of the program is to contribute to the training of these young people, in addition to the social development of the regions where we operate.

# Health, Safety and Quality of Life

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

## Prevention and Life Valuation

Safety is our main priority! Azul's Sustainability department has dedicated areas responsible for Labor Safety and Health & Well-being. In addition to mandatory programs from Occupational Health and Safety Management System, implemented to meet applicable legal requirements, the department also integrates additional programs aimed at well-being and safety.

### WHAT ARE THE RULES WE FOLLOW?

Our processes are defined in accordance with Regulatory Standards (NR) 07 and 09, which refer respectively to the Occupational Health Medical Control Program and the Environmental Risk Prevention Program. We also strictly attend the other NRs, when applicable. Besides, we follow the global guidelines for fighting the pandemic of the World Health Organization (WHO), and we have an Internal Commission for Accident Prevention (CIPA), whose responsibilities are defined by NR 05.

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

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

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

### WHO DOES THIS WORK AT AZUL?

**The Specialized Services in Safety Engineering and Occupational Health (SESMT):** a group of our own internal professionals and third parties, which provides occupational health and safety services in order to identify, minimize and mitigate risks. Our team is multidisciplinary and includes engineers, safety and nursing technicians, social workers, nurses, nutritionists, aerospace doctors and psychiatrists. All SESMT information and activities are available to our Crewmembers on Azul's Intranet.



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



## MEASURES AGAINST COVID-19

At the beginning of the pandemic, we transferred to remote work all the Crewmembers who could perform their work remotely, and reinforced security measures for the others. We were the first airline in Brazil to require Customers and Crewmembers to wear masks on board our aircraft. We also have developed manuals for leaders and Crewmembers about Covid-19 and have created the exclusive psychosocial support group for cases of the disease.

A health and well-being team monitors the situation weekly, and we also created online communication channels to assist our Crewmembers in their needs, available 24 hours a day.

Our Social Service team has intensified its activities, enabling agility and humanization when attending cases of Covid-19, whether with Crewmembers or their families. This provides individualized social monitoring, promoting psychosocial care in the most critical moments.



In addition, for our Crewmembers' and Customers' safety, our aircraft are equipped with state-of-the-art hospital grade HEPA filters, which remove at least 99.9% of all airborne particles, including the new coronavirus. We intensified the cleaning procedures for all aircraft between flights and during the nights, using a cleaning system with ultraviolet rays.

We guarantee the health and well-being of our people at all times!



In 2020, we recorded three cases of work-related occupational illness.

## WORK-RELATED OCCURRENCES

GRI 403-9 • 403-10

	Absolute number	Rate
Fatalities	0	0.0
Serious injuries	7	0.29
Accidents	40	1.69

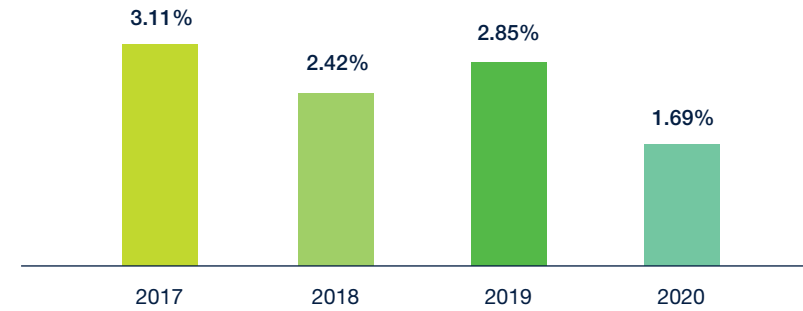
## ACCIDENT FREQUENCY RATE WITH EMPLOYEES' LEAVE

Year	Rate
2017	0.15
2018	0.13
2019	0.11
2020	0.13

## Promotion of Health and Well-being

We are committed to promoting the health of Azul's Crewmembers. We created Bem Azul, the Company's health program, through which preventative care and/or follow-up medical appointments are arranged, and periodic awareness actions are held, in which important information about health care is disseminated.

## ACCIDENT FREQUENCY



## WELL-BEING

Our Crewmembers' well-being is one of our top priorities. Our Crewmember's satisfaction and passion to work are what set us apart and make us unique in the market.

We offer flexible working hours and, during this year, we have intensified and encouraged remote work with our "Azul Onde Estiver" program. For Crewmembers with small children, we provide daycare assistance.

In 2020, we kept well-being programs active, in a manner adapted to respect health protocols.

The Azul Esportes initiative, when we meet to practice and encourage physical activities, this year limited to walks in face of the social distancing, and Azul Challenge, a sporting challenge that consists on a bike journey and was maintained in 2020, with a reduced participation and all the necessary care. Our partnerships with Gympass and Totalpass remained active, encouraging the regular practice of physical activities, even afar from gyms.

For our mom Crewmembers, the Azul Stork Program aims to accompany and assist prenatal, childbirth and postpartum, so that mother and



Azul tested all the Azul Challenge participants for Covid-19 in December.

baby develop a peaceful and well-oriented connection. We also offer 180 days of maternity leave for mothers and 20 days for fathers, and childcare assistance.

With Azul Stork Program, the normal birth rate is more than double the registered rate (13%) when compared to caesarean sections. 27% of births for Azul mothers were through natural delivery (not cesarian).

NutriAzul is a personalized nutrition program, that promotes healthy eating habits, changes in behavior and lifestyle. Psicologia Viva offers

specialized psychological treatment, available at any time, online and confidential.

The Chronic Follow-up Program enables the early treatment of chronic diseases and continuously monitors them, seeking to reduce manifestations and complications. The Flight Crew Support Program, carried out in partnership with the Safety team, aims to improve cabin ergonomics, handles events related to the health and safety of this team, trains Crewmembers on the subject and conducts research and studies to propose improvements.

# Customers

GRI 103-1 • 103-2 • 103-3

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

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

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



## The Azul Experience

Our target is to provide our Customers the best flying experience of their lives. That is why we are the only airline in Brazil to offer 40 live TV channels, beverages and varied snacks at no cost and starting in 2019, Wi-fi connection on-board.

Since the beginning of the pandemic, we have reinforced the cleanliness of our aircraft and we were the first airline in Latin America to use Honeywell's ultraviolet system. Tapete Azul was implemented in an effort to assist with social distancing amongst Customers (learn more on page 80). We promptly adapted our on-board service, offering it only upon deplaning, ensuring the use of the mask throughout the flight. We were also the first airline in Brazil to offer, at no cost, medical assistance to Customers on international trips in case of positive Covid-19 diagnosis.

Punctuality is a crucial factor for Customers and one of our main commitments. In 2020, due to a collaborative effort amongst all departments, Azul ended the year with an on-time performance rate of 89.2% of our flights.

We also have active codeshare agreements with other airlines. In 2020, we initiated a new codeshare that allows our Customers to connect to more than 451 destinations worldwide, in addition to the more than 110 cities served by Azul.



## Dedicated Management

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

This year, we have created a group of Crewmembers entirely dedicated to the Customer Experience. Using agile methodology, we are able to quickly identify and solve Customer problems, in a personalized, complete and effective way.

Through this initiative, we were able to reduce our response time, increase our effectiveness in solving challenging issues, and improving overall Customer satisfaction.



### DIALOGUE AND TRUST

In 2020, due to the pandemic, we built a detailed and phased plan to ensure complete clarity of information for every Azul Customer. In the first stage, we suspended sales communication actions and used all the strength of our channels to inform, serve and reaccommodate thousands of Customers impacted by flight cancellations. Subsequently, we communicated the actions that Azul was taking to contribute to fight against Covid-19, from the transportation of essential cargo to the exemption of tariffs for health professionals acting in the front line. In parallel, new hygienic and sanitary safety measures were widely informed, keeping the confidence of our Customers in flying Azul. Finally, every route or base station reopened, was immediately communicated in the media, which provided a consistent and successful recovery, always guided by transparency. Check out some of the measures taken against Covid-19 on page 64.

## Brand Recognition

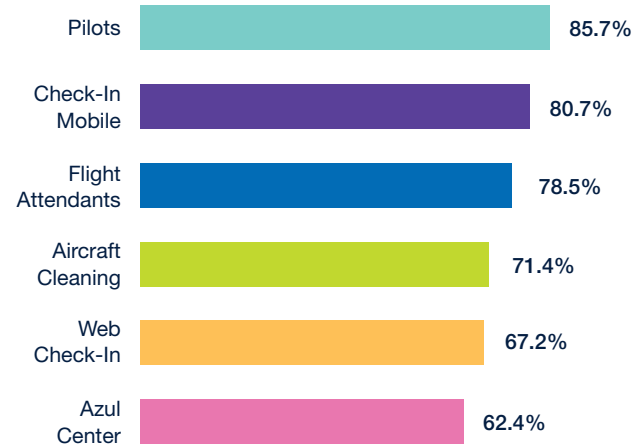
### NET PROMOTER SCORE (NPS)

Based on the Net Promoter Score (NPS) methodology, we measure loyalty and overall satisfaction at each point of interaction during a Customer's journey. We are always paying close attention to trends and figures from Customer surveys, following not only operational metrics but also the Customer's perspective of Azul. In 2020, we reached the index of 54 points.

Although NPS has slightly dropped compared to 2019, due to the insecurity caused by the pandemic we are absolutely confident that we are still on the right track, providing unique experiences and service of excellence, and that will reflect in our NPS in the coming years.

Learn more about Azul's NPS:

### TOUCH POINTS SATISFACTION



**68%**  
of Customers  
strongly  
recommend  
**Azul.**

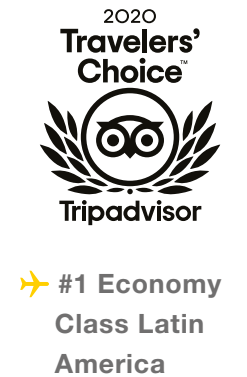
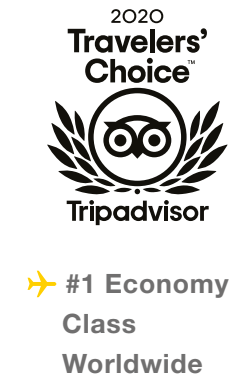


## Awards and Recognition

As a result of our continuous work to maintain excellence in our services, we have once again received recognition from our Customers through industry awards. In 2020, Azul won the following awards:



**Best of the Best**



✈️ #1 Airline Worldwide  
TripAdvisor's 2020 Traveler's Choice Awards.  
We are the only Brazilian airline to ever make it in TripAdvisor's Top 10 history.



- K Melhor Embarque • 2020
- K Maior Conforto • 2020
- K Melhor Comida • 2020
- K Melhor Entretenimento • 2020



# Business Partners

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

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

Throughout 2020, we had a total of 5,556 active Business Partners, a total of R\$ 5.7 billion spent with this public.

## Main Business Partners

- » fuel
- » aircraft leasing
- » airport authorities
- » aeronautical products and services
- » airport handling services
- » benefits
- » insurance
- » Information Technology products and services
- » catering services
- » transport
- » advertising agencies

### Local

**85.9%**  
4,772

R\$ 3.3 billion  
spent in 2020

**58%**

### Foreign

**14.1%**  
784

R\$ 2.4 billion  
spent in 2020

**42%\***

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



## Honoring Commitments

Azul will not permit, and will report and repudiate any kind of human rights violation, such as forced or child labor, and makes sure that is followed by all its Business Partners. These premises are explicit in contractual clauses and in the Code of Ethics and Conduct, whose conditions must be accepted by the partners still during the bidding process, at the moment they register on the [Supplier's Portal](#) and make their documents available.

Before contracting, Business Partners must undergo an internal evaluation, considering environmental, social and governance factors (ESG). Performed by a Business Intelligence solution, this evaluation raises risks related to tax health, negative media, socio-environmental actions, employees, politically exposed people and donations to politicians or parties. At this platform, we also monitor these criteria of Business Partners already contracted.



In 2020, as a result of our relationships of trust established over the years, we were able to negotiate prices and payment terms with all of our Business Partners in order to overcome the challenges presented by the pandemic crisis.

At the same time, we look carefully at our smaller suppliers, whose business depended on Azul. Each negotiation was done in a particular way, taking into consideration both parties and in search for a win-win situation.



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

Each Business Partner is approved at its hiring or contract renewal, following internal procedures that verify, in addition to the mandatory documentation, the reputation and, if applicable, the service. In case of non-compliance with any requirement, the Business Partner can be totally rejected or have to plan corrective actions, which will be accompanied by Azul.

For 2021, we will implement a supplier classification system, taking into consideration technical, sustainability, governance, labor safety and financial health requirements.





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



# GOING ABOVE AND BEYOND

# Connectivity

GRI 103-1 • 103-2 • 103-3

Air transport is what drives local and regional development because it connects cities and regions to the major economic centers, nationally and internationally. Its impact is even greater in tourism regions, that depend on easy access. That's why at Azul we make dreams fly! At the 112 cities where we operated by the end of 2020, 70 (62% of the total) are regional and for 35 (31% of the total) of these, we fly alone.

This connection is critical to the population in the isolated regions in order for them to not only access the capital cities, but also the entire country. Because everyone should have the opportunity to develop their business, to meet family members and to find services they need, including medical, legal and educational assistance. Every day, we carry on our flights technicians, engineers, executives, doctors, nurses and many others professionals responsible for health and income generation in all regions of Brazil.



In 2020, our role of connecting Brazil was tested! We were able to successfully adapt our fleet and network to keep business sustainability once demand was reduced, but we guaranteed the flexibility for an agile recovery. Our diversified fleet and exclusive network were essential in order for us to continue to serve the market, enabling the connectivity and development of the cities that depend on Azul for this.

This was further strengthened by the integration of Azul Conecta to our network. Now, we reach isolated cities, such as Breves (PA), Confresa (MT) and Maués (AM), and offer direct connections to the main cities of the Country and the world, in a fast and easy way. We keep on expanding connectivity, creating unprecedented possibilities in national aviation.



## Brazil that Dreams

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

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

[Learn more!](#)

# Social Responsibility

GRI 413-1

To serve is our vocation. Therefore, we create value by being able to contribute to the development of the people and communities where we are. We also understand that our capacity to fly to so many places, even the most remote, gives us the responsibility to keep going further and further.

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



## OUR TARGETS

- Increase the percentage of Company Volunteers to 20% by 2025.
- Increase the transport of organs for transplantation to medical centers in the same proportion as Azul's network grows.

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

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

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



## Support for Social Projects

Azul helps social organizations through our main product, airline tickets. Transportation is a valuable contribution to assure the successful execution of social projects, also called missions, conducted by our social partners: Operation Smile, Associação Vagalume, Litro de Luz, TETO Brasil and Tapera das Artes.

Due to the pandemic, in 2020, we suspended the face-to-face missions, which roughly has reduced the voluntary participation and quantity of beneficiaries. As safety is non-negotiable for Azul, this action was important to ensure health of our volunteers and understand how we could support the communities without exposing them to risks.

**We will return with the missions in 2021, or as soon as possible and safe for all.**



## ASSOCIAÇÃO VOAR TOOK OFF IN 2020!

Associação Voar was born with a purpose: to make people able to fulfill their professional dreams and change their life trajectories, giving them the opportunity to study and qualify to work in the aviation sector, mainly in the pilots, aircraft mechanics and commissioners careers.

It is a non-profit institution, designed by people from Azul, maintained by donations from companies and individuals who believe they can change reality and help make dreams come true. It offers scholarships to those who are unable to invest in professional qualification.

The Association has received 1,856 applications and in 2020, the selection process was completed. Seventeen students will begin their studies in 2021.

They are five airplane mechanics, six stewards and six pilots, all of them will be advised and monitored until they complete their studies with excellence and be prepared to access job market, ready for the future!

To access the site, [click here](#).

## TRANSPORTATION OF REFUGEES

Azul was the first airline in Brazil to fly refugees in Operação Acolhida, a humanitarian mission with the participation of the Brazilian Armed Forces. Operação Acolhida began in 2018 to address the great migratory flow of Venezuelans to Brazil. As partners of the initiative, we transported 196 refugees in 2020 – which added to 2018 and 2019, totaled 1,533.

## Volunteer Program

Azul's Volunteer Program was created in 2014. In 2020 we reached a total of 1,804 volunteers registered throughout the country. This **represents 15.39%** of the Company. Activities are carried out locally and our volunteers can choose which cause or organizations they want to work with, including humanitarian aid missions. Through volunteers, **Azul generates a positive impact around the regions it operates, transforming the social reality of these places and connecting people.**

In this challenging year, Voluntários Azul once again showed their passion for helping. Even during the peak of the pandemic, they carried out actions in their cities, such as supporting the communities with collection of hygiene, cleaning, masks and food items, always following strictly safety protocols.

During the most critical phase of the distancing, other specific actions were encouraged by our volunteers. Besides donating electronic equipment to students who needed the material to continue their classes in remote modality, they have joined in activities of Tapera das Artes social organization. More than two million snacks were donated to children's shelters and hospitals, a manner to honor the professionals who were in the front line of the fight against the new coronavirus. We also supported food, materials and medical equipment transport.



### HUMANITARIAN ACTIONS

We have developed several humanitarian aid actions such as transportation of health professionals and relevant cargo, such as masks, face shields, medical equipment, medication, alcohol gel, infrastructure for the field hospital in Campinas and vaccines, as well as repatriation flights for Brazilians.





## Azul Rosa Connection

In 2020, we celebrated ten years since Azul has joined the fight against breast cancer as one of its main social causes. We carry out awareness campaigns for Crewmembers and Customers, disseminating information on treatment, prevention and identification of the disease. By internal campaigns, speeches by the Vitoriosas – as we call the female Crewmembers who have been through the breast cancer treatment – in our aircraft and in the main airports of the country, station decorations, in addition to many other initiatives that have been promoted over the last decade in favor of this so important cause.

We continued our collaborative project with our partners at Hospital do Amor called the Azul Rosa Connection. Through this project, we directly support the treatment of women with breast cancer by providing air transportation for them and a companion in order to receive treatment at this hospital.

Azul Rosa Connection is a project year round, however it is emphasized even more in the month of October because prevention and treatment of the cancer cannot wait!

Since in beginning of this project in 2017, we have transported over a hundred women, including 15 this past year despite the pandemic. We firmly believe that early detection can save lives!

**Those that take care of themselves, of their health, simply "fly" further.**

# Innovation

GRI 103-1 • 103-2 • 103-3

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

## Technology in Day-to-Day Business

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

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

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

**Today, 57% of our check-ins are done through self-service options, including our App, website, or kiosks. This solution was critical at the time of social distancing.**



### SEE OTHER INNOVATIVE TECHNOLOGIES

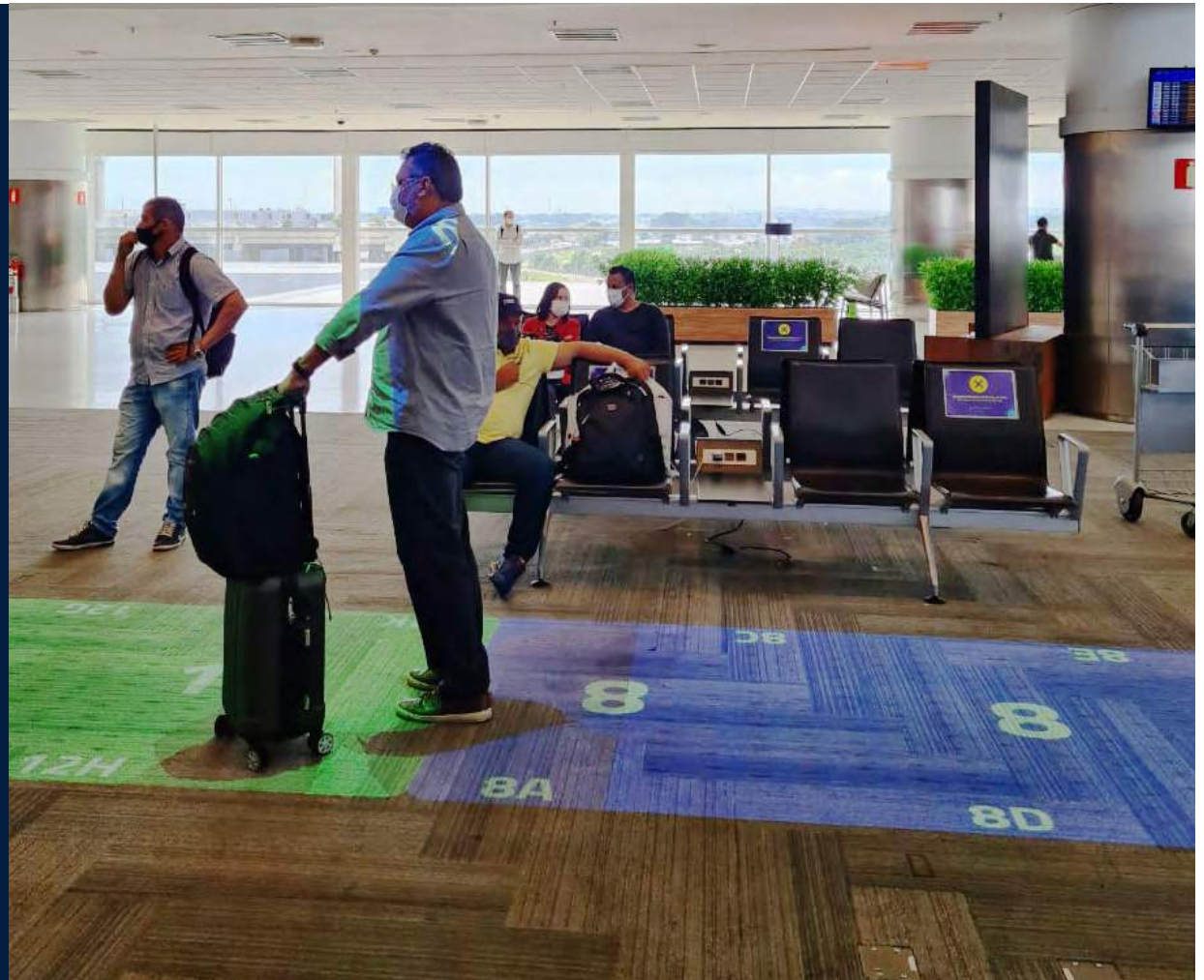
**Track My Bag:** Using this convenient tool, Customers receive push-messaging about the status of their baggage throughout their journey all via the Azul App. Everything is done digitally without manual luggage control.

**Digital Stands:** New self-service baggage check-in technology, where the Customer, after using the Azul App, can scan their boarding pass and generate their luggage tags. In addition to being more agile and using less energy, the Digital Stands are safer because they have a totally touch-less process.

## TAPETE AZUL

Pioneering technology in the world, Azul launched Tapete Azul in 2019, an innovative and exclusive boarding system composed of a set of projectors and monitors, which, through augmented reality technology, indicate to the Customer the right moment to board. On the floor, the projectors form a colorful and movable virtual carpet, inviting the person to stand in line according to their seat number. By using Azul Virtual Carpet, we avoid lines and crowds, making the boarding process more fluid and agile, as well as safer for the Customer, as the system allows social distance of around 2 meters between each person during boarding. This innovation positively impacts Customer experience and our punctuality.

By the end of 2020, Azul Virtual Carpet (Tapete Azul) was already present in 12 airports in Brazil, where it registered an average improvement of **4.7 points** in boarding satisfaction NPS.







### INNOVATION WITH PURPOSE - MATURITY PROJECT

We started in 2020 a partnership between Azul Cargo and 50Mais Courier Senior, a logistics startup specialized in deliveries. Still in a test phase, we rely on 50Mais to pick up about 300 cargo orders per day at our terminal in Guarulhos Airport (SP) for delivery in Sao Paulo (SP) and across the region. More than a logistics partner, 50Mais stands out to Azul for its purpose and commitment to social responsibility. The company prioritizes hiring people who are over 50 years old. 50Mais aims to reposition senior professionals in the labor market who are still willing to contribute their skills to the workplace.



### AZUL SYSTEM INTEGRATION

In 2020, we use technology in favor of airport efficiency, integrating different systems into one, facilitating information exchange between operational teams.

This integration allows for quick and effective communication between agents at check-in, flight attendance, baggage dispatch and boarding, streamlining processes and surprising Customers. In contingencies cases, Customers receive notifications direct from the Azul APP installed on their cell phones food, hotel and transportation vouchers, totally online, without lines, crowding and turmoil.

Through ISA, we have gained speed in day-to-day operation and problem solving, and our Customers have gained more convenience and easiness with Azul Experience.

## To learn more

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

**Financial Statements:**

<https://bit.ly/3ee4p0e>

**Form 20-F:**

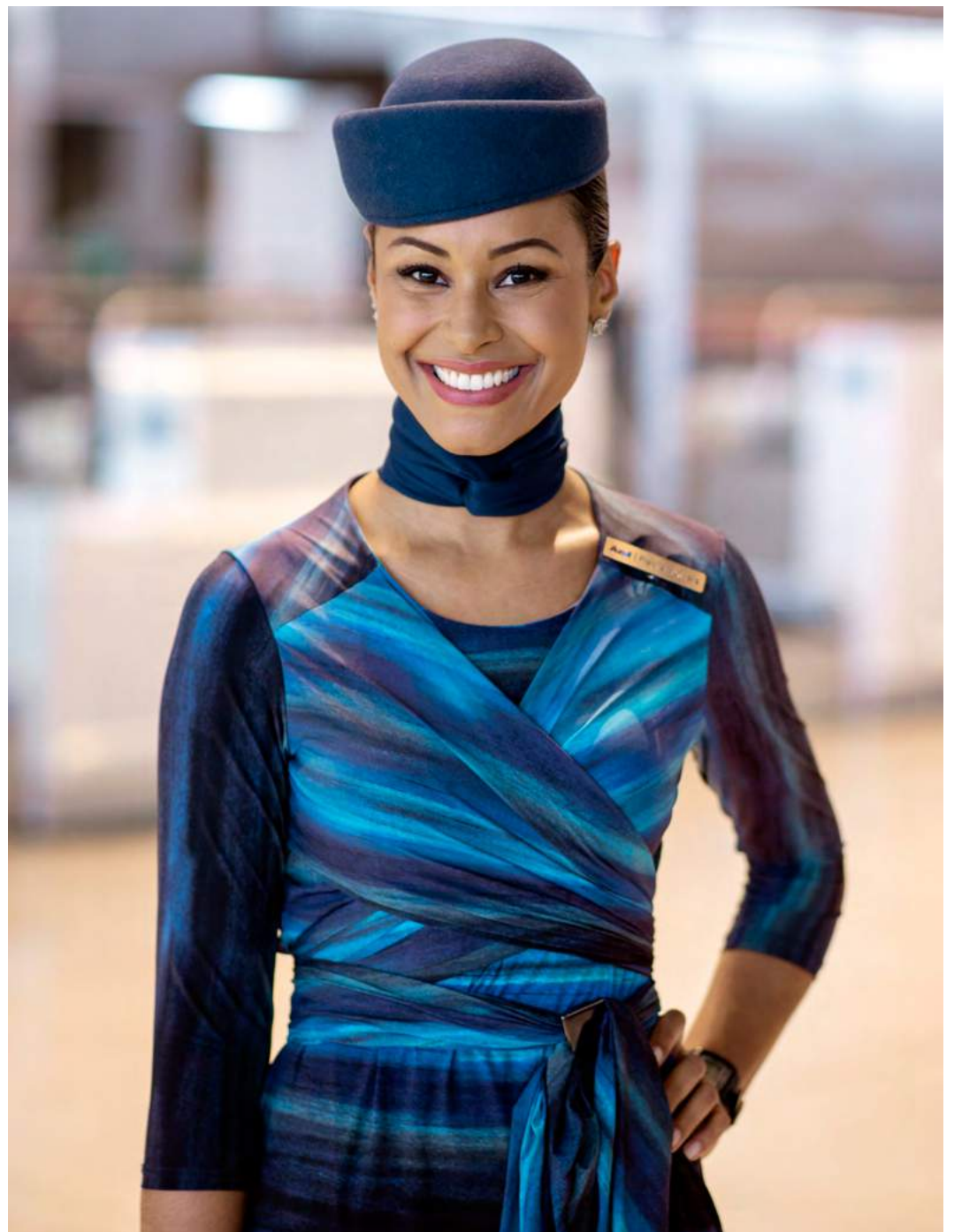
<https://bit.ly/3zjb04B>

**Reference Form** (Portuguese only):

<https://bit.ly/3cJhJJD>

**Code of Ethics and Conduct:**

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



All the pictures of Crewmembers not wearing a mask were taken before the pandemic.

# GRI Standards Content Index

GRI 102-55

General Content		Reference (page)/Direct answer
<b>General Disclosures</b>		
<b>Organizational Profile</b>		
102-1	Name of the organization	Pg. 12.
102-2	Activities, brands, products, and services	Pg. 12.
102-3	Location of headquarters	Pg. 12.
102-4	Location of operations	Pg. 13.
102-5	Ownership and legal form	Pg. 12.
102-6	Markets served	Pg. 12.
102-7	Scale of the organization	Pgs. 12, 13, 16 and 17.
102-8	Information on employees and other workers	Pg. 47.
102-9	Supply chain	Pg. 71.
102-10	Significant changes to the organization and its supply chain	Pg. 71.
102-11	Whether and how the organization applies the Precautionary Principle or approach	The Company does not formally adhere to the principle but has a solid risk management structure presented on page 32.
102-12	External initiatives	Pg. 08.
102-13	Membership of associations	<p>Azul is part of the following associations:</p> <ul style="list-style-type: none"> <li>• International Air Transport Association (IATA);</li> <li>• Mergers and Acquisitions Committee (CAF);</li> <li>• Brazilian Association of Loyalty Market Companies (ABEMF);</li> <li>• Brazilian Association of Corporate Travel Agencies (ABRACORP);</li> <li>• Brazilian Institute of Finance Executives of Sao Paulo (IBEF SP);</li> <li>• Brazilian Business Communication Association (ABERJE);</li> <li>• Brazilian Advertisers Association (ABA);</li> <li>• Brazilian Advertising Self-regulation Council (CONAR);</li> <li>• National Union of Airline Enterprises (SNEA);</li> <li>• Latin America Air Transport Association (ALTA).</li> </ul>
<b>Strategy</b>		
102-14	Statement from senior decision-maker	Pg. 08.
102-15	Key impacts, risks, and opportunities	Pg. 15.
<b>Ethics and Integrity</b>		

102-16	Values, principles, standards, and norms of behavior	Pg. 44.
102-17	Mechanisms for advice and concerns about ethics	Pg. 44.
<b>Governance</b>		
102-18	Governance structure	Pg. 30.
<b>Stakeholder engagement</b>		
102-40	List of stakeholder groups engaged by the organization	Crewmembers; Customers; Investors; Government Agencies; Business Partners; Society.
102-41	Percentage of total employees covered by collective bargaining agreements	100%.
102-42	Basis for identifying and selecting stakeholders with whom to engage	Pg. 33.
102-43	The organization's approach to stakeholder engagement, including frequency of engagement	Pg. 33.
102-44	Key topics and concerns that have been raised through stakeholder engagement, including how the organization has responded to those key topics and concerns	Pg. 33.
<b>Reporting Practices</b>		
102-45	Entities included in the consolidated financial statements	Information in Explanatory Note 1. Operational Context, in the Financial Statements available at: <a href="https://ri.voeazul.com.br/en/investor-information/quarterly-results/">https://ri.voeazul.com.br/en/investor-information/quarterly-results/</a>
102-46	Process for defining report content and topic Boundaries	All social and environmental indicators cover 100% of the Company's operations, except when mentioned otherwise throughout the content.
102-47	List of material topics identified in the process for defining report content	Pg. 33.
102-48	Report on the effect of any restatements of information provided in previous reports	There was none.
102-49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries	There was none.
102-50	Reporting period	January 1 <sup>st</sup> to December 31 <sup>st</sup> , 2020.
102-51	Date of most recent report	2019.
102-52	Reporting cycle	Annual.
102-53	Contact point for questions regarding the report	invest@voeazul.com.br
102-54	Claims of reporting in accordance with the GRI Standards	Core.
102-55	GRI Content index	Pg. 83.

102-56	External assurance	This report has not undergone external assurance.
<b>Management Approach</b>		
103-1	Explanation of the material topic and its Boundary	1. Flight safety - Pg. 35; 2. Customer satisfaction - Pg. 67; 3. Ethics and fight against corruption - Pg. 44; 4. Crewmember health and safety - Pg. 63; 5. Engaged and trained professionals - Pg. 47; 6. Innovation and technological updating - Pg. 79; 7. Good relationship with Business Partners - Pg. 71; 8. Social development through connectivity - Pg. 74.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
<b>Specific Content</b>		<b>Reference (page)/Direct answer</b>
<b>Economic Disclosures</b>		
<b>Economic Performance</b>		
201-1	Direct economic value generated and distributed	Pgs. 25 and 26.
<b>Market Presence</b>		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	1.32
202-2	Proportion of senior management hired from the local community	Pg. 47.
<b>Procurement Practices</b>		
204-1	Proportion of spending on suppliers local to significant locations of operation	Pg. 71.
<b>Anti-Corruption</b>		
205-1	Total number and percentage of operations assessed for risks related to corruption and significant risks related to corruption identified	Pg. 45.
205-2	Communication and training about anti-corruption policies and procedures	Pg. 45.
205-3	Confirmed incidents of corruption and actions taken	Pg. 45.
<b>Environmental Disclosures</b>		
<b>Materials</b>		
301-1	Materials used by weight or volume	Pg. 43.
<b>Energy</b>		
302-1	Energy consumption within the organization	Pg. 42.
<b>Emissions</b>		

305-1	Direct (Scope 1) GHG emissions	Pgs. 38 and 42.
305-2	Energy indirect (Scope 2) GHG emissions	Pgs. 38 and 42.
305-4	GHG emissions intensity	Pg. 38.
305-5	Reduction of GHG emissions	Pg. 37.

## Social Disclosures

### Employment

401-1	Total number and rate of new employee hires and rate of employee turnover, by age group, gender and region	Pg. 48.
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### Occupational Health and Safety

403-1	Occupational health and safety management system	Pg. 63.
403-2	Hazard identification, risk assessment, and incident investigation	Pg. 63.
403-3	Occupational health services	Pg. 63.
403-4	Worker participation, consultation, and communication on occupational health and safety	Pg. 63.
403-5	Worker training on occupational health and safety	Pg. 63.
403-6	Promotion of worker health	Pg. 63.
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pg. 71.
403-8	Workers covered by an occupational health and safety management system	Pg. 63.
403-9	Work-related injuries	Rates based on the number of occurrences/hours worked x 1,000,000. Pg 65.
403-10	Work-related ill health	Rates based on the number of occurrences/hours worked x 1,000,000. Pg 65.

### Training and Education

404-1	Average hours of training per year per employee, by gender and employee category	Pg. 56.
404-2	Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment	Pg. 58.
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and employee category	Pg. 58.

## Diversity and Equal Opportunity

405-1	Diversity of governance bodies and employees with percentage of individuals by gender, age group, minority or vulnerable groups and other indicators of diversity	Our Board of Directors consists of one woman and nine men, representing 10% and 90%, respectively. Pgs. 30, 47 and 54.
405-2	Ratio of basic salary and remuneration of women to men	Pg. 54.

## Non-discrimination

406-1	Incidents of discrimination and corrective actions taken	In 2020, we had eight cases brought to our attention in the confidential channel at Azul.
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## Freedom of Association and Collective Bargaining

407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	We have not identified operations with these risks. Even so, we require our suppliers to adhere to our Code of Ethics and Conduct, as explained on page 44.
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## Child Labor

408-1	Operations and suppliers at significant risk for incidents of child labor	We have not identified operations with these risks and we have made the approval of suppliers to mitigate them. Pg. 71.
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## Forced or Compulsory Labor

409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	We have not identified operations with these risks. Since 2012, Azul Linhas Aéreas has started a process to add a clause in its standard draft inhibiting the use of forced or compulsory labor, allowing for the immediate Contract termination in case of irregularity. Pg. 71.
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## Local Communities

413-1	Operations with local community engagement, impact assessments, and development programs	Our local community engagement programs cover all of Azul's operations in Brazil, corresponding to 99.1% of the operation in relation to the Company's Crewmembers. Pg. 75.
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## Public Policy

415-1	Total monetary value of financial and in-kind political contributions made by the organization by country and recipient/beneficiary	Azul has not monetarily contributed over the past four years to political campaigns, trade associations or other tax-exempt groups, lobbying (interest representation or similar) and other sporadic expenditures, such as voting on measures or laws. We also do not donate to candidates, parties or associations.
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## Customer Health and Safety

416-1	Assessment of Customer health and safety impacts of product and service categories	Pg. 35.
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### Customer Privacy

418-1	Substantiated complaints concerning breaches of Customer privacy and losses of Customer data	There were no complaints or incidents in 2020. Pg. 35.
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### Azul Indicators

AZ01	How does the Company promote safety management? What are the main safety and security indicators monitored and their results for the year?	Pg. 35. Main safety indicators and their results in 2020: Total reports/thousand cycles = 35.67 Total incidents/thousand cycles = 0.39 Total serious incidents/thousand cycles = 0.05 Total accidents/thousand cycles = 0
AZ02	What are the main Customer satisfaction distinctions at Azul and results? What are the results of satisfaction and punctuality in the year?	Pgs. 68 and 69.
AZ03	How is data management and Customer information and privacy security managed?	Pg. 36.
AZ04	How does the Company manage innovation and technological update?	Pg. 79.
AZ05	What is the average fleet fuel consumption?	34.08 kg/PAX
AZ06	What are the main environmental gains achieved with efficiency and innovation?	Pg. 79.
AZ07	How does the Company contribute to the social development of cities with little access to air transportation? What are the main cases in which Azul makes a difference in cities and regions?	Pgs. 15, 23 and 74.
AZ08	How is the management of the Company's social projects (how are they selected, types of projects supported, total investments and beneficiaries)?	Pg. 76.
AZ09	How does the Company contribute to social development through its Volunteers?	Pg. 77.
AZ10	Total cities served exclusively by Azul by region	Midwest: 15; North: 15; Northeast: 6; South: 4; and Southeast: 13.
AZ11	How does the Company manage the organizational culture?	Pg. 49.
AZ12	How does the Company work with Communication?	Pgs. 45, 49 and 52.
AZ13	Cities visited by the PEX team and total evaluations at stations and representatives that work with our public	Pg. 59.
AZ14	Total promotions in 2020	Pg. 59.



# SASB Table - Sustainability Accounting Standards Board

Sustainability Disclosure Topics & Accounting Metrics		Reference (page)/Direct response
<b>Greenhouse Gas Emissions</b>		
TR-AL-110a.1	Gross global Scope 1 emissions	Pg. 37.
TR-AL-110a.2	Description of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Pg. 37.
TR-AL-110a.3	(1) Total fuel consumed, (2) percentage alternative, (3) percentage sustainable	24 million GJ. We did not use alternative fuel on our aircraft in 2020.
<b>Labor Practices</b>		
TR-AL-310a.1	Percentage of active workforce covered under collective bargaining agreements	100%.
TR-AL-310a.2	(1) Number of work stoppages and (2) total days idle	There were no work stoppages in 2020.
<b>Competitive Behavior</b>		
TR-AL-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	There were no monetary losses resulting from legal proceedings associated with anticompetitive behavior in 2020.
<b>Accident &amp; Safety Management</b>		
TR-AL-540a.1	Description of implementation and outcomes of a Safety Management System	In 2020, we did not receive non-conformities in the audited requirements upon inspection by ANAC, only two recommendations, with mitigation plans already in progress.
TR-AL-540a.2	Number of aviation accidents	Since its foundation, Azul has not registered any aviation accidents.
TR-AL-540a.3	Number of governmental enforcement actions of aviation safety regulations	We did not have any enforcement action or immediate action by ANAC in relation to Operational Safety.
<b>Activity Metrics</b>		
TR-AL-000.A	Available Seat Kilometers (ASK) – Number of seats multiplied by kilometers traveled	20,412 million.
TR-AL-000.B	Passenger load factor	79.9%.
TR-AL-000.C	Revenue passenger kilometers (RPK) – Number of revenue passengers transported in one kilometer	16,317 million.
TR-AL-000.D	Revenue ton kilometers (RTK) – the product of tons transported by kilometers traveled	1,653 million.

# Capitals Map



## Environmental

**2020 Overview**, page 17  
**Eco-efficiency**, page 37  
**Innovation**, page 79



## Financial

**2020 Overview**, page 17  
**Outlook**, page 16  
**Corporate Governance**, page 28



## Manufactured

**2020 Overview**, page 17  
**Performance**, page 22  
**Innovation**, page 79



## Human

**2020 Overview**, page 17  
**Corporate Governance**, page 28  
**Crewmembers**, page 47  
**Social Responsibility**, page 75



## Social and Relationship

**2020 Overview**, page 17  
**Customers**, page 67  
**Business Partners**, page 71  
**Ethical performance**, page 44  
**Connectivity**, page 74  
**Social Responsibility**, page 75



## Intellectual

**2020 Overview**, page 17  
**Safety**, page 35  
**Eco-efficiency**, page 37  
**Crewmembers**, page 47  
**Innovation**, page 79

# Credits

## Coordination

### Azul

#### Board of Directors

Carolyn Trabuco

## Marketing and Communications

Fabio Abud

Ligia Amorim Porto

Tariana Cruz

## Financial and Investor Relations

Alexandre Malfitani

Thais Haberli

Nádia Santos

Alice Vasconcelos

## People and Customers

Jason Ward

Camila Almeida

Ivana Carvalho

Raquel Keiroglo

Danielly Mello Freire

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

### RICCA Sustentabilidade

<https://riccari.wixsite.com/sustentabilidade>

## Graphic design: layout, diagramming and illustrations

### RICCA Sustentabilidade

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