



SUSTAINABILITY REPORT



21/22



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CEO MESSAGE

The results from the 21/22 crop year consolidate our business model and make it possible to expedite our operational growth based on the strategic plan we have outlined. We reached significant numbers for efficiency and productivity, bringing higher volumes and consolidating the Sorriso unit's expansion, at full capacity.

From a financial point of view, our results doubled when compared to the previous period, both due to internal factors and a market scenario with valuing commodities. Net Revenue and EBITDA grew by 113.5% and 126.0%, respectively, reaching R\$6.6 billion and R\$2.6 billion. Our net income in the period was a record: R\$1.5 billion (compared to R\$321.1 million in 20/21).

Expansion and diversification

In 2021, we started building our third unit at Primavera do Leste (MT), with an

estimated investment totaling R\$2 billion and a start-up forecast for mid-2023.

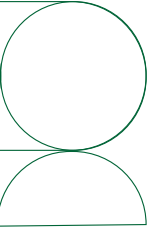
We also expanded our corn marketing area. Employing our technical expertise, the relationships built with producers and our operational scale, we have expanded our operations in reselling corn to third parties. We also expanded the energy sales, a commodity strongly appreciated in the market during the year. We sold 736 GWh at the A-5 New Energy Auction and also produced electricity for sale in two emergency auctions, leveraging our potential to generate clean energy from biomass and bring relevant revenues to the business.

Carbon

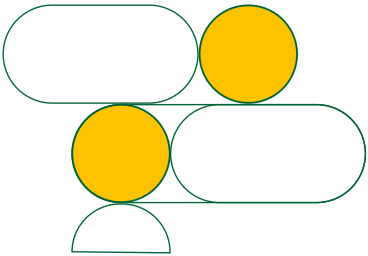
In the last year, energy transition and urgent decarbonization became even clearer in the market, with significant effects on carbon pricing mechanisms. In Brazil, RenovaBio (Brazilian Biofuels

Policy) was consolidated, and we observed a more active and more liquid CBIOS market, especially in early 2022. In the international market, the same trend was noticed in voluntary markets. The valuation of carbon credits becomes key in the energy transition strategy, as it will be the financial instrument used to implement low carbon and CO₂ removal technologies, such as the CCS.

We increased the eligibility percentage of our production for certification by RenovaBio and improved our Energy-Environmental Efficiency Score (NEEA), remaining in **1st in the national ranking** for anhydrous ethanol and increasing CBIOS emission potential. Since 2020, we have already emitted 558,000 CBIOS, each equivalent to 1 ton of avoided CO₂. We expect to emit 1.5 million CBIOS in the next crop year.



Rafael Abud
CEO FS



The advance of our Moody’s ESG rating score is evidence of our progress so far. The 2030 Targets we have assumed guide the evolution that lies ahead

Our carbon capture and storage project, with the technology known as BECCS (Bio-Energy with Carbon Capture and Storage – CCS), is another key lever to meet our target to avoid emitting 31.7 million tCO₂e by 2030. In 2021/22, we advanced in geological studies, confirming favorable geological conditions, for the requirements evaluated so far, of the storage site.

People

Attracting and retaining professionals in line with our culture, at the growth pace

we are experiencing, is one of our priorities. We have a very dynamic and fast-paced work environment, with many challenges and projects inspiring our employees to stand out.

We launched our first Internship Program in early 2021, and the second program was held in 1H 2022. To train and attract professionals to operate our units, in 2021 we structured Capacita FS, with the social goal to strengthen local employability by qualifying people from the community to work in local industries.

We also made progress in promoting diversity, equity and inclusion in the company. The female participation in the workforce grew from 25% at the end of 20/21 to 29% at the end of 21/22. Women filled 28% of the leadership vacancies last year. Besides, 52% of our employees consider themselves black and brown and occupy 27% of leadership positions.

In the last year, we reinforced our procedures and training on the matter, with over 19,600 hours of training on the subject for employees and third parties.

It should also be noted the development of the Social Investment Policy and Volunteering Policy, defining the main pillars and priorities for the company’s activities on the matter: knowledge, inclusion and quality of life.

Outlook

In the last crop year, we reached a new performance level, continually seeking gains in efficiency, productivity and growth in installed capacity. At the same time, we have not lost our innovative profile and fast and dynamic nature, seeking new alternatives for the circular and low carbon economy, generating value and opportunities in our business chain.

We also made progress in internal controls, rigorously planning supporting areas. The progress so far is clear in our improved Moody’s ESG rating at 62 points in 2022.

We remain steady on our way to meet ESG targets, noticing how the matter has really become part of the day-to-day of the entire company. It is very early to assess such long-term results, but it is clear that we are off to a good start. In all areas, teams have brought suggestions and innovations to improve performance, and senior leadership systematically monitors these advances and results.

Our operating markets are growing and bringing opportunities for new businesses. Internally, our team must be congratulated for their deliveries and commitment. These two elements will further drive FS expansion, strengthen the ethical, long-term relationships and create shared value with our partners, suppliers and customers.

Rafael Abud
CEO FS

PRESENTATION

Since starting its activities, FS has had sustainability as a strategic driver. We are a company that grows and generates value by investing in solutions and technologies towards a low carbon economy.

Therefore, when releasing our financial results, we also publish our Sustainability Report annually. The document presents how we integrate managing environmental, social and corporate governance (ESG) impacts and our strategic planning and investment decisions.

This edition covers the period from April 1, 2021 to March 31, 2022 (21/22 crop year), and the data presented have the same scope of units and businesses considered when preparing the annual Financial Statements. The previous edition was published in 2021, referring to the 20/21 crop year.

In line with the best market practices, we follow the principles and guidelines of the Global Reporting Initiative (GRI), whose reporting standards are internationally recognized. Thus, for the fourth consecutive year, this report was based on GRI Standards: Essential option.

Questions and suggestions linked to the publication can be sent to comunicacao.respsocial@fs.agr.br.

This report brings together our advances and challenges in ESG management and is aligned with the GRI Standards



Materiality Matrix

To help structure the Report’s content and contribute to ESG management, on 21/22 we carried out our second materiality study. This made it possible to identify the most-relevant matters for stakeholders and, at the same time, reflect the main impacts and benefits of our business model.

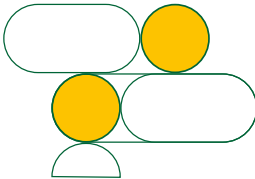
The resulting Materiality Matrix defined eight material topics, which guide the Sustainability Report’s organization and presentation of the content and indicators. The subjects established and the information transparency consider:

- Sector benchmarks;
- Guidelines from the main international references for evaluating management practices, such as ESG ratings;
- Prospects from stakeholders engaged in the process.

Our stakeholders helped review the Materiality Matrix through an online survey, available at our main communication channels. Shareholders, cus-

tomers, employees, suppliers, and representatives of financial institutions and non-governmental organizations voluntarily answered this survey. In total, we got 199 answers to the survey.

When consolidating the Materiality Matrix, we considered the link between the subjects identified and the Sustainable Development Goals (SDGs) and Global Compact’s principles, two platforms of the United Nations (UN) focused on promoting sustainable development.



The materiality update in 21/22 relied on 199 stakeholders representatives

8 material topics



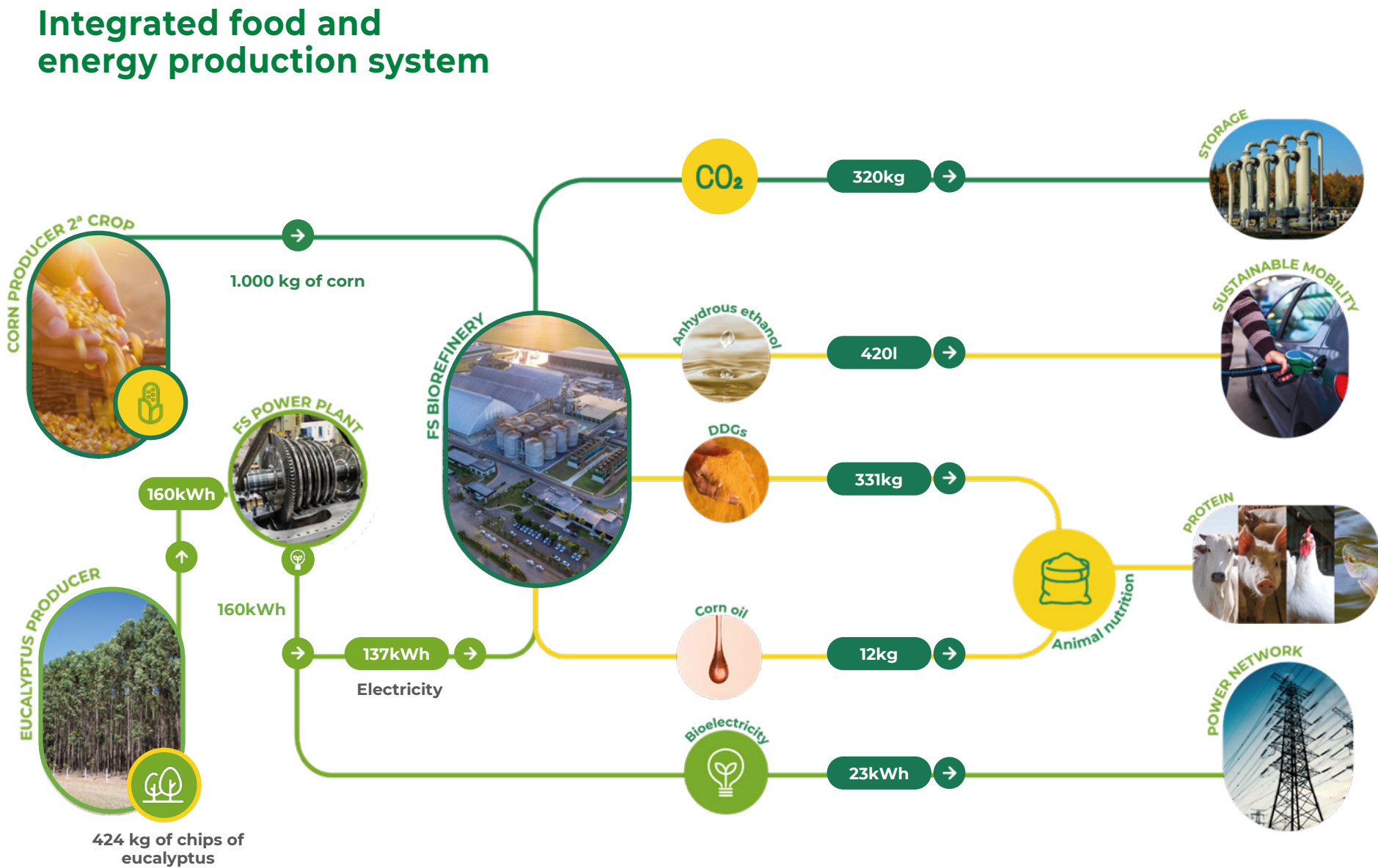


ENERGY THAT SUPPLIES THE GOOD

As pioneers in the production of 100% corn-based ethanol in Brazil, since 2017, we have been driven by the motto Energy that Supplies the Good. In five years operating, we have consolidated a leading company in a segment that promotes renewable energy, strengthens agribusiness by offering animal nutrition products and promotes the circular and low-carbon economy transformation.

At the global level, our ethanol is one of the biofuels that emit the least carbon in its production process, mainly for two reasons. On the one hand, our raw material is second-crop corn, which ensures a more efficient production system and a more resilient, better adapted and sustainable agriculture. On the other hand, we use biomass to generate the energy we consume in our units, instead of fossil fuels, further reducing the impact on production. Thus, besides being self-sufficient in electricity, we export the surplus to the Brazilian electric system, increasing the use of renewable sources in the national energy matrix.

Our industrial technology makes it possible to fully use the corn and encourages the circular economy, providing animal nutrition products (DDGs, WDGs and corn oil) for cattle, swine, poultry, fish and pets. The high nutritional value of these products benefits protein producers, with a better cost-benefit ratio that strengthens the entire Brazilian agribusiness chain.



MISSION

To grow and expand the supply of food and energy, crossing borders in a scalable and sustainable way, through excellence and agile execution standards.

VISION

To be the largest producer of negative carbon fuel in the world.

VALUES

ALWAYS DO WHAT IS RIGHT: we make things happen by using ethical, safe and compliance practices, always focusing on sustainability.

COMPETENT AND ENGAGED PEOPLE: we have a sense of ownership and work as a high-performance team.

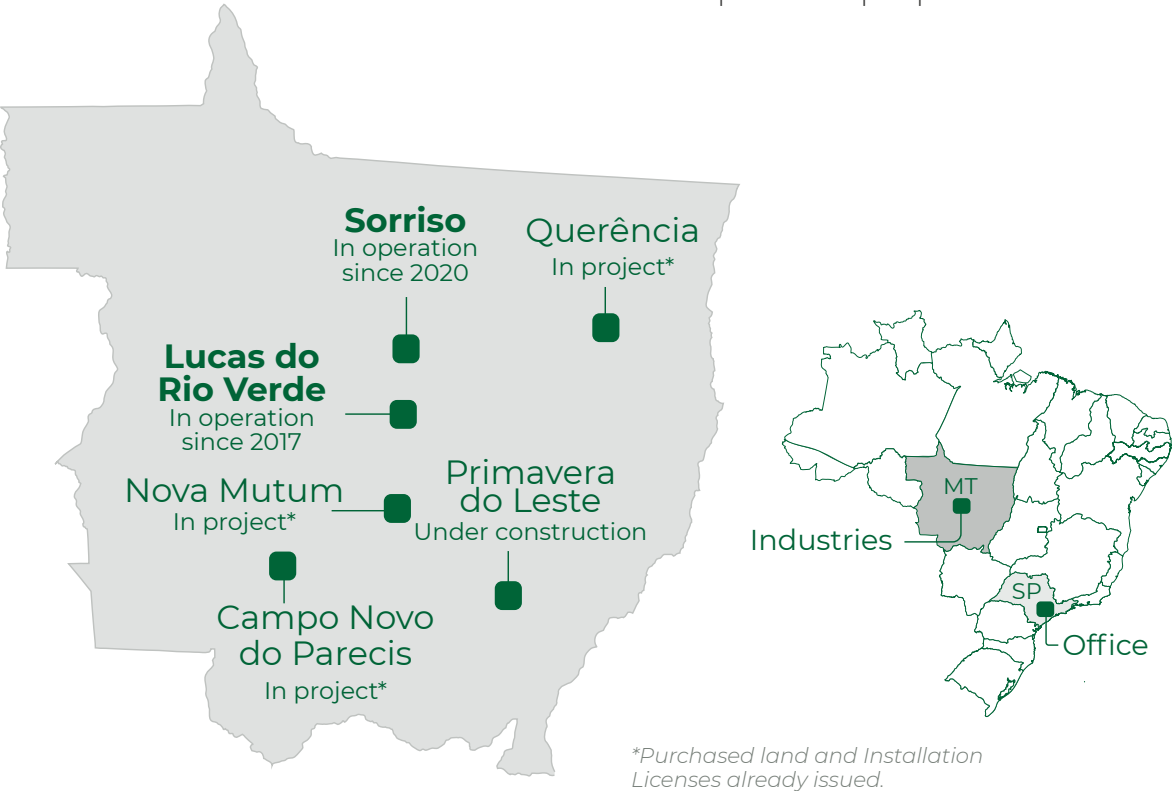
DRIVEN BY CHALLENGES: we believe in sustainable business and ambitious deliveries.

EXCELLENCE IN EXECUTION: we produce consistent results in a safe, agile, efficient and profitable manner.

Where we are

We have two units in operation, in the municipalities of Lucas do Rio Verde and Sorriso, in the state of Mato Grosso, Brazil. In 2021, we started building the third industrial plant, in the city of Primavera do Leste, with an estimated investment totaling R\$2 billion. The start-up should take place in mid-2023.

Last year, we also opened our new office in the city of São Paulo. Thus, our commercial and administrative teams can work even closer to the main consumer markets and customers and, at the same time, remain close to the Mato Grosso region with the Lucas do Rio Verde and Sorriso offices. The new structure also helps attract people to our team.



The new Primavera do Leste unit (Phases 1 and 2)

+ 585,000 m³
of ethanol production



+ 590,000 tons
of animal nutrition
products

+ 51.78 GWh
of exported energy



Our expansion plan

Besides the Lucas do Rio Verde, Sorriso and Primavera do Leste units, the latter under construction, our expansion plan foresees building three additional industrial plants in Mato Grosso – in the cities of Querência, Campo Novo do Parecis and Nova Mutum.

Although the investment in these new units is still under study, we have started earthworks and the structuring the areas in Querência and Campo Novo do Parecis. The goal, in this initial phase, is to expand the supply of corn-storing options for local producers. Expediting the implementation of these units is critical in our strategy, strengthening the promotion of local corn producers and the company's corn trading activities.

FS in 21/22



3.3 million
tons of corn transformed into
biofuels, bioenergy and animal
nutrition products

3.1 million of m³
of processed biomass



1.4 million of m³
of ethanol produced (anhydrous + hydrous)

1.2 million
tons of DDG produced



44.6 thousand
tons of corn oil produced

182.4 thousand MWh
of energy sold



489,286 tCO₂e
avoided (CBIOs issued)

R\$ 6.6 billion
in net revenue



R\$ 4.7 billion
in the ethanol segment

R\$ 1.2 billion
in the animal nutrition segment

R\$ 49.7 million
in the energy segment

R\$ 288.6 million
in corn resale and other segments

R\$ 1.5 billion
in net income



R\$ 2.6 billion
of EBITDA

1.16x
net debt/EBITDA



62 points
is the score in Moody's ESG rating



40% increase
in RenovaBio's eligibility

23% of women
in leadership positions



5% reduction
in GHG emissions Scopes 1 and 2

9% reduction
in water consumption per cubic meter
of anhydrous ethanol produced



35% reduction
in waste disposal to landfill per cubic meter
of anhydrous ethanol produced

FINANCIAL performance

In 21/22 crop year, we reached new financial and operating records. Net Revenue totaled R\$6.6 billion, up by 113.5% compared to the previous period. The EBITDA calculated also more than doubled (+126.0%), reaching R\$2.6 billion.

These results reflect the positive scenario of different market elements. The increased production capacity (due to the completion of the Sorriso unit's expansion in February 2021) and the increase in the prices of ethanol and animal nutrition products were the main factors that boosted performance.

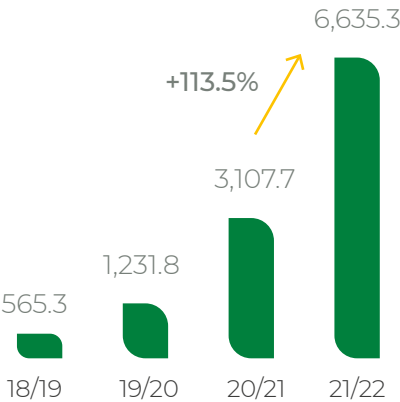
Another positive aspect was the increase in corn resale operations, a segment that has gained relevance in the company's business and growth strategy.

The results also show the successful commercial strategy aimed at ensuring the best net sales prices, offsetting inflation of the main production costs. The average cost of corn bag increased by 79.8%, while that of a cubic meter of

biomass increased by 20.5% YoY. The total cost of chemicals and enzymes rose by 63.3% over the same period.

Net income in 21/22 crop year was R\$1.5 billion, the highest in the company's history

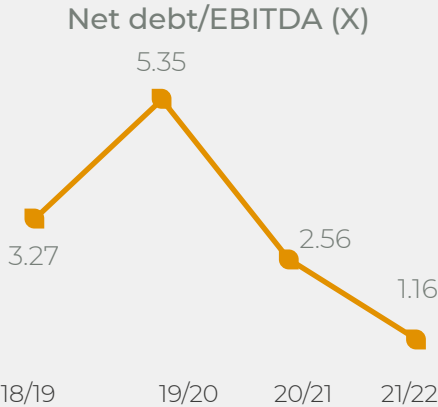
Net revenue (R\$ thousand)



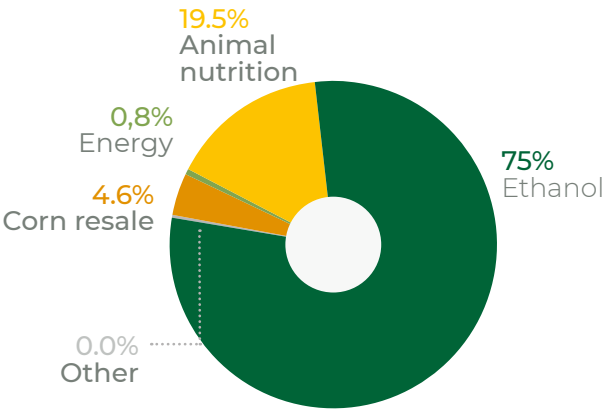
Net debt and leverage

At the end of 21/22 crop year, total net debt was R\$3 billion, up by 2.3% YoY. This growth was due to the reopening of green bonds for an additional US\$80 million issuance, in October 2021, and the devaluation of the Brazilian real against the U.S. dollar. The increase was offset by the growth in operating cash flow, which increased from R\$67 million to R\$1.6 billion in the last crop year (+2,421%).

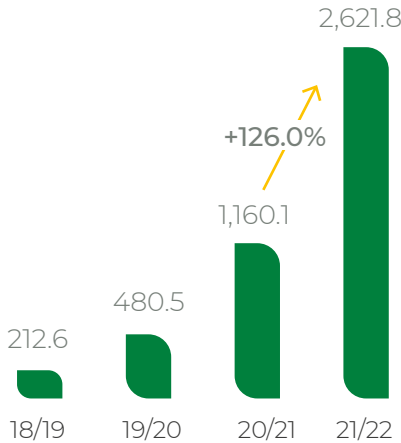
The company's leverage ratio (Net Debt/EBITDA) reached 1.16x at the end of the 20/21 crop year, compared to 2.56x the previous year.



Net revenue distribution by segment



EBITDA (R\$ million)



ETHANOL

Ethanol sales increased 27.7% YoY. The growth is due to the rise production capacity, with Sorriso unit's expansion, and to the higher demand for fuels with the resumption of economic activities after less restrictions with the Covid-19 pandemic.

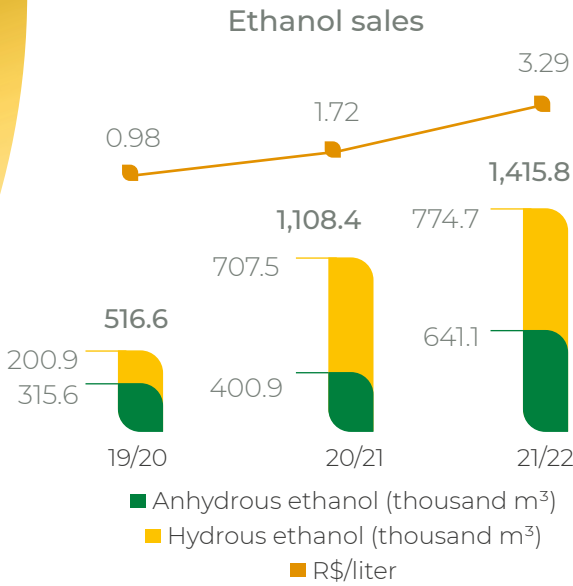
In addition, biofuel prices remained high throughout the period, with an appreciation of around 71% in the net sales price.

Our ethanol is sold to customers in all regions of Brazil. The largest portion (61.6%) is sold in the Mid-South region, the largest consumer center for biofuel in the country. The stronger strategy keeping advanced inventories, closer to consumer markets, helped increase sales, mainly with customer service at times of under-supply of biofuel.

Ethanol logistics is one of the strategic advantages of our operations. The increased use of the railroad, mainly to access the region of Paulínia (São Paulo), and new distribution routes to the North and Northeast regions expand the options to choose the best transportation to have quick deliveries, optimize costs and reduce the environmental transportation footprint. Using alternative road transportation helps decrease the greenhouse gas emissions linked to the logistics of our products.

Net revenue from the ethanol segment totaled R\$4.7 billion in 21/22, an increase of 119.5%

Sales with freight in the CIF model, in which the ethanol transportation is under FS' responsibility, accounted for 81.5% of the total ethanol sold.



GRI 102-2 | 102-6

Ethanol sold by freight (%)			
	19/20	20/21	21/22
CIF	27.9%	63.0%	81.5%
FOB	72.1%	37.0%	18.5%

Ethanol sold by region (%)			
	19/20	20/21	21/22
Mato Grosso	30%	17%	17%
North	37%	22%	20%
Center-South*	32%	59%	61%
Northeast	0%	1%	1%
Exports	0%	1%	2%

*Excluding Mato Grosso.

ANIMAL nutrition

In the animal nutrition segment, sales volume in 21/22 grew by 30.7% YoY. In addition to the increment in production capacity with the Sorriso unit, the strategy of commercial positioning of the products and the growth in price of alternate products (corn and soy) led to an increase in the total sold.

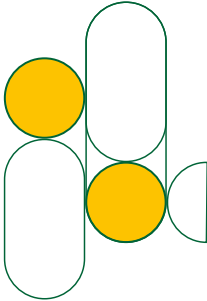
The animal nutrition customer base also hiked by 12.7%, due to the greater diversification of the type of livestock for protein production.

One of the main advantages of our animal nutrition portfolio is the increase in farmer productivity. Supplementation of animal nutrition accelerates the development of animals and the maturity achievement of slaughter with a natural diet derived from corn.

Our production units (Lucas do Rio Verde and Sorriso) have the **Good Manufacturing Practices (GMP+)** certification. This qualification brings even more security to the customers regarding quality and credibility in producing and trading our products for animal nutrition.

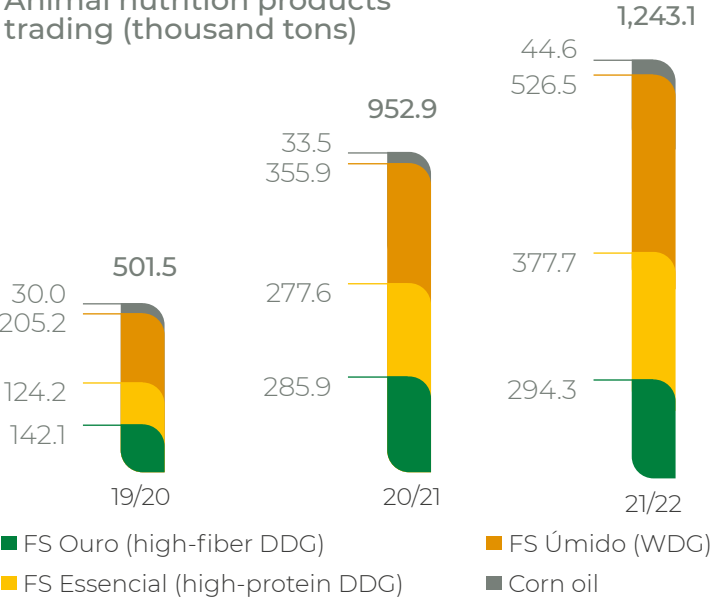
In 21/22, we also obtained Halal and Kosher certifications. **Halal** certification is required by countries that follow Islamic laws. And **Kosher** is demanded by the Jewish population and other strict markets. Both certifications have a high level of performance and traceability of the inputs used in the process.

One of the main challenges in this segment is the logistical efficiency of product distribution. To meet this scenario, we started the strategy of structuring advanced stocks of animal nutrition in the state of Paraná, closer to consumer markets. In the 21/22 crop year, we were able to serve customers in 14 different states and in the Federal District.



Net revenue of the animal nutrition segment totaled R\$1.2 billion in 21/22, up by 103%

Animal nutrition products trading (thousand tons)



ELECTRICITY

Exporting electricity is a business segment that has gained even more relevance in the growth strategy and contribution to a less carbon-intensive economy. We were the first corn ethanol producer to sell electricity in the regulated market in Brazil, through auctions organized by the National Electricity Agency (ANEEL).

We have sold 736.34 GWh of electricity in the A-5 New Energy Auction, which will be generated from biomass (wood chips), guaranteeing a real price of R\$273 per MWh for 20 years. The investment to fulfill this contract is around R\$100 million, including a substation construction at the Sorriso unit.

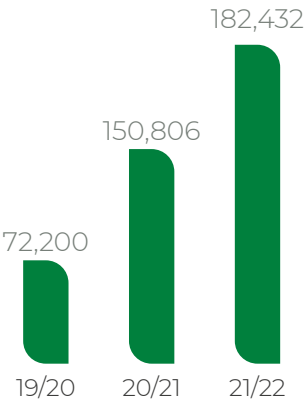
We also produced electricity for sale in two emergency auctions, held to res-

pond to the country's water crisis throughout 2021. In this mode, we sold around 6,480 MWh.

Weather conditions impacted the increase in average energy prices – 45% more in 21/22 compared to the previous crop year. In addition to the regulated market, we also sold electricity on the free market.

The Lucas do Rio Verde unit has the International Renewable Energy Certificates (I-REC) certification, a global system for tracking energy environmental attributes. Through I-RECs, we can sell certificates that prove the traceability of renewable energy, enabling customers to offset greenhouse gas emissions associated with their electricity consumption (Scope 2).

Energy sold (MWh)





GREEN Bonds

As part of our financial strategy, we raised funds through the issuance of green bonds, which finance projects with positive impacts from an environmental and social perspective. These fundraisings are carried out based on the guidelines of the Green Bond Principles (GBP), published by the International Capital Markets Association, and the Climate Bonds Initiative (CBI), prepared by the Climate Bonds Standard Board.

The criteria for framing projects in these principles are disclosed in the Green Bond Framework, which is available on our institutional website. The document was revised in July 2021 to meet CBI certification requirements in the Bioenergy category.

Following this update, our Green Bond Framework received validation from Sustainalytics, one of the leading companies in developing research and analysis on ESG management. The consultancy attested that FS is qualified to issue green bonds based on GBP and CBI.


The green bonds issued finance projects in two categories:

- Bioenergy – projects related to the production of anhydrous and hydrous ethanol.
- Sustainable Forests – projects related to the acquisition, development and maintenance of forests and eucalyptus biomass and other crops.

Bonds issued

In 21/22 crop year, we carried out nine financial operations classified as green bonds – eight are CBI-certified and one complies with GBP principles. The total funding was around R\$2.2 billion.

In Brazil, FS ranks first among 24 issuers with CBI-certified bonds, totaling US\$509.5 million, representing 23% of CBI-certified bonds in Brazil.



Green bonds issued in 21/22

Bioenergy – CBI Certification

Total	% used in the year (OPEX)	Operation
R\$70 million	100%	CPRF
R\$100 million	100%	CPRF
R\$100 million	100%	CCB
R\$120 million	100%	CCB
R\$300 million	100%	CRA
US\$80 million	100%	Senior Secured Green Notes (2 nd reopening)
R\$508.1 million	0%	CRA
R\$507.9 million	0%	CRA

Forest Development – GBP Framework

Total	% used in the year (OPEX)	Operation
R\$80 million	72.50%	CRA

The impact indicators show the benefits measured from the application of funds raised in green emissions.



R\$ 2.2 billion
raised

53% of the total funding in 21/22, allocated for OPEX



7,581
hectares

Forest Development (carbon inventory to be developed in the future)

9 financial instruments

8 in the Bioenergy category

1 in the Sustainable Forests category

Ethanol emission intensity (gCO₂eq/MJ)

Bioenergy – CBI Certification

Unit	Anhydrous	Hydrous
Lucas do Rio Verde	17.81	17.68
Sorriso	17.83	17.06

Both units are below the carbon intensity limit established by the CBI Bioenergy criteria



FS 2030 COMMITMENTS

The supply of corn ethanol, animal nutrition products and renewable electricity is essential for building a less carbon-intensive economy. Our commitment to sustainable development goes beyond this direct contribution and seeks to expand the positive impacts of our business model.

To this end, we have structured the FS 2030 Sustainability Commitments, aligned with the Sustainable Development Goals (SDGs) and the climate agenda of the Paris Agreement. Each year, we evolve towards achieving the goals established, making investments to improve our environmental performance and relationships with suppliers and local communities.



2030 GOALS



Topic	2030 Goal	Progress achievements	Material topic	SDG	Status forecast (according to 2030 Goals)
CO₂ Reduction Pages 24 to 31	Avoid the emission of 31.7 million tons of CO2 into the atmosphere. ¹	In 21/22, we issued 489,000 CBIOS. Due to the certification process of the Sorriso unit at RenovaBio taking longer than expected and the fact that some processes did not generate the planned CBIOS due to documentary and export elements, there was a lower issuance of CBIOS than the plan (46%), so far with no impact on the final results for 2030.	CO ₂ Reduction	7 13	
	Achieve a negative carbon emissions at one of our industrial units with the implementation of the BECCS system (Bio-Energy with Carbon Capture and Storage).	In 21/22, we completed 90% of the planned actions, advancing in the seismic studies, which indicated that most of the site conditions are favorable for CCS. Well drilling will be carried out for further assessments.	Innovation and technology		
Responsibility in the value chain Pages 36 to 38	Implement our social and environmental policy to the entire corn and direct and indirect biomass supply chain, as well as all DDG direct sales, ensuring zero legal and illegal deforestation, no use of protected land and no slave-like labor.	100% of the contracts for the corn and biomass purchase and the sale of products for animal nutrition were evaluated based on the Policy and were in compliance. In 2021/22, FS established a partnership with &Green, an investment fund with a global focus on the production of deforestation-free commodities. This cooperation will allow the development of new procedures for supply chain assessment.	Social and environmental responsibility	12 15	
	Develop commercial partnerships with intermediaries (trading, warehouses, etc.) to create a mapping system in 100% of the indirect supply chain.		Corporate culture		
Water, waste and effluents Pages 33 to 35	Reduce water consumption by 5% until 2030. ²	Decrease of 9.39% in the relative consumption of water YoY due to the implementation of several actions to reduce consumption throughout 21/22. The measurement and monitoring process will be improved in the next steps.	Water, waste and effluents	6 12	
	Reduce the disposal of waste in landfills by 40% until 2030. ³	100% of the effluents generated at the Sorriso unit are reused for fertigation (54,500 cubic meters of effluents in 21/22). New methods for treating and reusing the effluent generated in Lucas do Rio Verde are being analyzed.	Innovation and technology		
	Use 100% of effluents in fertigation until 2025. ⁴	The final waste generation indicator in the 21/22 crop year was 1.17 kg of waste sent to landfills/m ³ of anhydrous ethanol produced. Decrease of 34.8% in the relative destination of waste YoY. The performance was favored by the increase in the destination of organic waste for composting.			
Education and development of communities Page 43	Develop a technical training program so that 70% of our operational employees are hired from the population in our communities by 2030.	57% of the employees hired at the plants 21/22 came from the regions where the units are installed.	Education and development of communities	4 8	
Diversity and inclusion Pages 47 to 49	Have 30% of women and 40% of blacks ⁵ in leadership positions by 2030. ⁶	We ended the 21/22 crop year with 23.23% of women in leadership positions.	Diversity and inclusion	5	
		We ended the 21/22 crop year with 27.27% of black workers in leadership positions.			
Governance and compliance Page 62	Promote continuous improvement and transparency in our governance processes, aiming to achieve maximum scores in the main ESG ratings. ⁷	In April 22, we completed the second review process of Moody's ESG rating, obtaining once again an A1 rating, with a final score of 62 points. The assessment refers to 21/22 crop year.	Governance and compliance Corporate culture	16	

1. Considers CI (Carbon Intensity) of RenovaBio (direct and indirect emissions) as the calculation basis. Cbios generation assumption for the LRV, SMT, PVA, CNP, NVM and QUE units. CCS project will be implemented in LRV until 2026.

2. m³ water/m³ anhydrous ethanol produced.

3. Ratio of Kg of anhydrous ethanol waste sent to landfills/m³.

4. Targets referring to the units in operation, in Lucas do Rio Verde-MT and Sorriso-MT.

5. Blacks: Terminology used by the Brazilian Institute of Geography and Statistics (IBGE), including black and brown colored skin.

6. Supervisor and above.

7. Such as the A1 score in the Moody's classification, among others.

Certifications, ratings and external initiatives

The participation in ratings, indexes and external initiatives that advance the sustainable development agenda strengthens our commitment to the governance of ESG aspects¹ throughout our value chain. Through these initiatives, we collaborate with the dissemination and exchange of knowledge, actions and results related to climate issues, social inclusion, and local economic development, among other topics that are relevant to the bioenergy and animal nutrition sector.

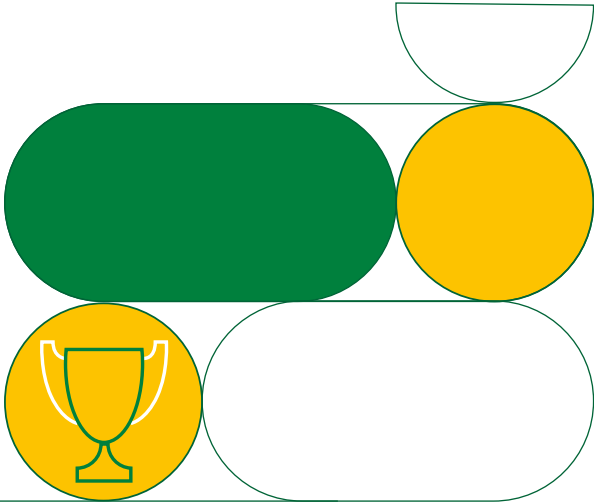
¹ Acronym for policies and practices related to the management of risks, impacts and opportunities in Environmental, Social and Governance aspects.



CDP
In 2021, we also joined the global CDP initiative, which assesses business policies and practices for the governance of environmental risks and opportunities. We report our strategy, governance, management and performance related to the context of climate change and emissions in the Climate Change questionnaire. In this first cycle, we achieved a B score, on a scale from A to F. Another noteworthy aspect is our A- score in the Supplier Engagement Rating, an exclusive methodology for evaluating the company's performance in terms of engagement with its suppliers.



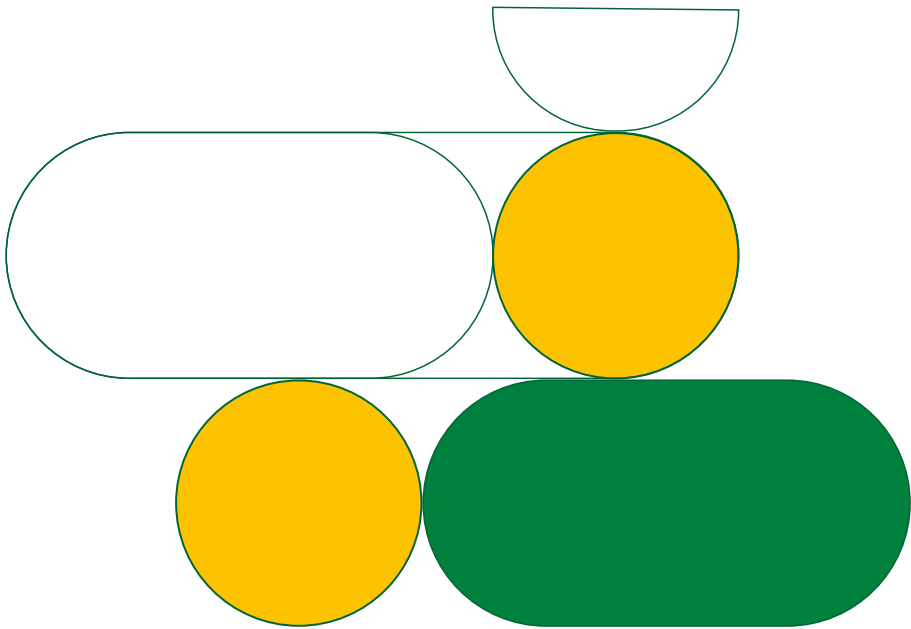
RenovaBio
We are part of the RenovaBio program, structured to materialize the National Bio-fuels Policy. We certify our industrial units for the issuance of decarbonization credits (CBIOS), promoting the engagement of corn producers in the state of Mato Grosso. In 2022, we improved our Energy-Environmental Efficiency Score (NEEA), maintaining the **1st position in the national ranking** for anhydrous ethanol and increasing the potential for CBIOS issuance.



ESG Ratings
Annually, we evaluate our internal practices and processes based on environmental, social and governance criteria through participation in ESG ratings, guided by international risk rating agencies such as Moody's. In the first quarter of 2022, we maintained our A1 rating, with the score of 62 points.



Green bonds (CBI and GBP)
Our company is certified by the Climate Bonds Initiative (CBI), an international non-profit organization that evaluates sustainable projects and assets. We also follow the Green Bond Principles for the issuance of debt securities linked to environmental targets (green bonds), in accordance with our Green Bond Framework.



PCI Strategy

The PCI (Produce, Conserve, Include) Strategy was launched at COP 21, held in Paris, in 2015, with the goal of raising funds for the state of Mato Grosso to increase the efficiency of agricultural and forestry production, conservation of remaining native vegetation, restoration of environmental liabilities, and the socioeconomic inclusion of family farming. The initiative has the potential to avoid the emission of up to 6 million tCO₂e, through the control of deforestation and the development of a low-carbon economy. In 2020, we became members of the PCI Sorriso Program committee, an initiative to implement the PCI strategy in the Sorriso region.



Global Compact

Our company is a signatory to the Global Compact, a UN initiative that promotes the engagement of companies and social organizations around the SDGs and universal principles on human rights, decent work, the environment, and the fight against corruption.



CEBDS

We are one of the companies that integrate the Brazilian Business Council for Sustainable Development (CEBDS), which represents Brazil in the World Business Council for Sustainable Development (WBCSD) network.



Brazil Climate, Forests and Agriculture Coalition

Since March 2021, we have been part of the Brazil Climate, Forests and Agriculture Coalition, composed of over 300 representatives from the private sector, academia, and civil society, working towards the development of a low-carbon economy.



ENVIRONMENT

Our energy moves Brazil towards a cleaner and more sustainable energy matrix. The contribution of corn ethanol and animal nutrition products to combating climate change is accompanied by responsible management to improve the management of environmental impacts throughout the production process and to promote social and environmental responsibility throughout the value chain.

CO₂ reduction

As a signatory to the Paris Accord, established in 2015 to prevent the increase above 2°C in the average temperature of the planet, Brazil has set goals to reduce greenhouse gas (GHG) emissions. The country is committed to reducing the amount of carbon emitted by 37% by 2025 and by 43% by 2030, based on the 2005 national inventory.

The National Biofuels Policy (RenovaBio) is part of the national strategy to achieve these goals. In force since 2019, the program acknowledges the contribution of biofuels to the decarbonization of the economy and structures a calculation mechanism so that producers can issue and trade carbon credits (CBIOs). Each CBIO represents 1 ton of carbon equivalent (tCO₂e) that is no longer emitted into the atmosphere.

One of our strategies is to support the CO₂ emissions reductions by increasing the availability of ethanol produced and, consequently, increasing the amount of CBIOs issued each crop year. In this way, we contributed to the country moving towards the achievement of the goals assumed in the Paris Agreement and we strengthened RenovaBio as a platform for pricing and valuing the environmental benefits of corn ethanol.

Our units are certified under the RenovaBio program, with the collection of primary data from corn producers eligible for the program. From these data, we achieved the Energy-Environmental Efficiency Score (NEEA) and the respective eligibility percentage of corn consumed in ethanol production. Combined, these factors result in the potential for issuing CBIOs.

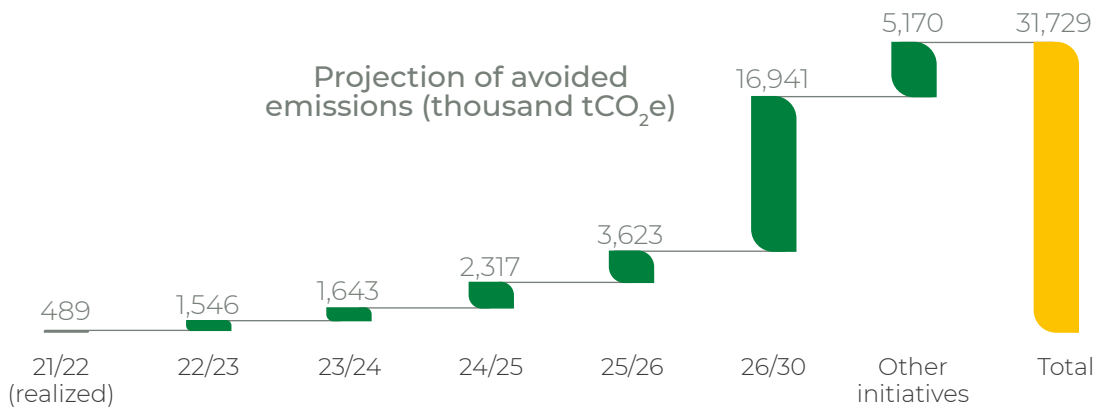
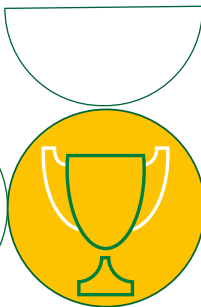


Since 2020, we have issued 558 thousand CBIOs certified by RenovaBio. We keep pursuing the goal to avoid the emission of 31.7 million tCO₂e by 2030*

**Each CBIO represents 1 metric ton of CO₂ avoided*



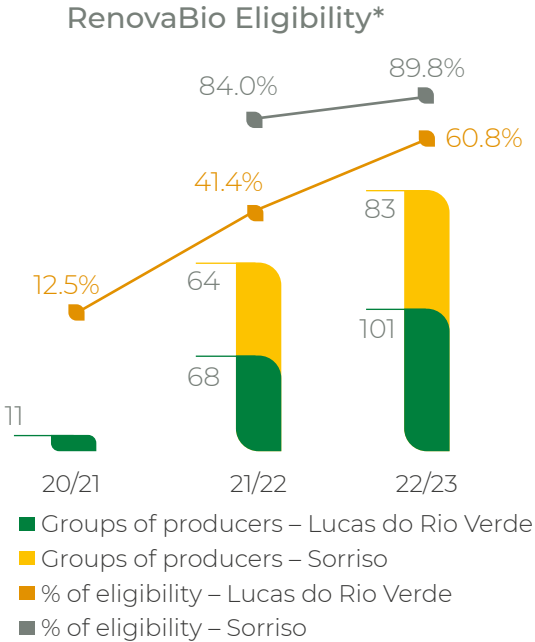
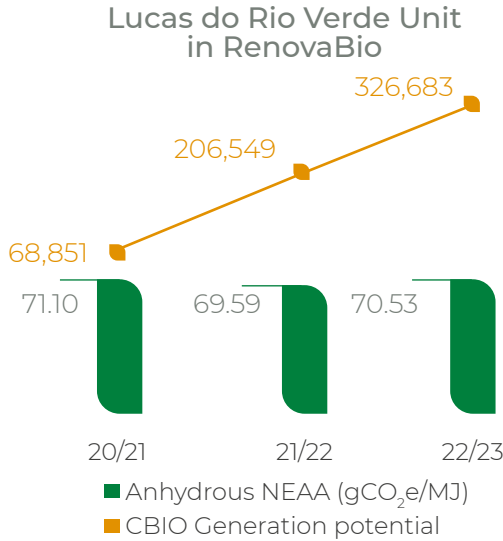
Lucas do Rio Verde unit is in 1st place in the Energy-Environmental Efficiency Score (NEEA) ranking among all anhydrous ethanol plants certified by RenovaBio



Eligibility refers to the amount of corn consumed in the process that meets the sustainability criteria required by RenovaBio. To achieve this validation, we engage producers in our supply chain to provide information and documents related to their agricultural practices and farm traceability.

Our goal is to increasingly enhance eligibility in our units. In 21/22 crop year, considering the two units, we achieved more than 1.6 million tons of certified corn under the program, covering a total of 195 groups of participating producers. For the next crop year, the perspective is that this volume will exceed 2.2 million tons, with the participation of over 350 groups of producers.

The emission of CBIOS is one of the levers to reach the goal of avoiding the emission of 31.7 million tCO₂e by 2030. In addition, we have advanced with the BECCS carbon capture and storage project (learn more on page 28), promotion of eucalyptus reforestation and soil carbon stocks, among other initiatives.



*Displayed based on the years in which the units in the program were certified.

GHG Emissions

Accounting for GHG emissions in our production process is a relevant practice to improve our performance and expand the business' contribution to the decarbonization of the national energy matrix. Through this practice, we seek to identify opportunities to be even more efficient in the production of ethanol, electricity, and animal nutrition products.

In 2022, we prepared our second emissions inventory, in accordance with the premises and principles of the Brazilian GHG Protocol Program. The document is established on the base year 2021 and is available on the [Public Emissions Registry platform](#).

Scope 3 is the most representative of our inventory, as it gathers the emissions mapped in our value chain. In this scope, we accounted for 818.8 thousand tCO2e emitted in 2021, a volume 27.2% higher than in 2020. This growth was mainly concentrated in the categories of purchased goods and services (especially the purchase of corn), use of products sold, and transport and distribution activities linked to increased processing and production of ethanol.

GHG emissions inventory (tCO ₂ e)*		
	2020	2021
Scope 1		
Gross emissions	26,714.9	25,292.4
Biogenic emissions	2,004,298.8	2,176,607.5
Scope 2		
Location-based approach	84.3	97.9
Scope 3		
Gross emissions	643,988.7	818,836.2
Biogenic emissions	1,475,570.9	2,017,438.5

**Prepared according to the guidelines of the Brazilian GHG Protocol Program, referring to the periods from January to December of each year and covering CO₂, CH₄, N₂O and HFCs gases.*



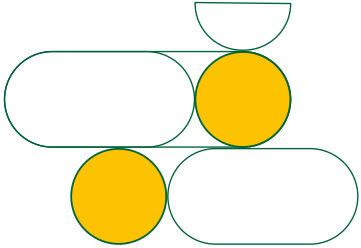
The inventory, classified with the Gold Certificate, covers direct GHG emissions (Scope 1), indirect emissions related to energy acquisition (Scope 2), and indirect emissions in the value chain (Scope 3). In 2021, data referring to scopes 1 and 2 were verified by an independent company. Due to the current uncertainties in the management of this scope, our expectation is to reach maturity in obtaining this data and include the scope 3 information in the verification process from 2023 onwards.

Our production model is based on the use of biomass as a renewable fuel for the generation of electricity and steam in the boilers of the operational units. The surplus is exported to the National Interconnected System (SIN) and traded through bilateral contracts and participation in regulated auctions (learn more on page 16). In 2021, energy generation from biomass at the Lucas do Rio Verde and Sorriso units totaled 12.4 million GJ.

Energy consumption in 2021 (thousand GJ)	
Biomass	12,368.86
Diesel*	42.43
Ethanol	3.51
A. Fuel subtotal	12,414.80
B. Electricity acquired from third parties	0.49
C. Energy sold/exported	401.97
Energy consumed (A + B – C)	12,013.32

**Energy consumption was calculated from the volumes of fuel consumed and the respective calorific value factors. We used the National Energy Balance 2021 for the calorific value of wood chips, sugarcane bagasse and ethanol. The calorific value of forest residues was defined based on FS specific local analyzes.*

In 2021,
GHG inventory
Scopes 1 and 2
were externally
audited



GHG emissions in the crop year 21/22 (tCO ₂ e)		
	Lucas do Rio Verde	Sorriso
Fugitive GHG emissions (air conditioning and fire extinguishers)	33.08	0.00
GHG emissions from waste and effluents treatment	15.26	10.09
Other gross (fossil) GHG emissions not related to energy consumption	0.00	0.00
Total gross (fossil) GHG emissions not related to energy consumption	48.34	10.09
Biogenic (neutral) GHG emissions from ethanol fermentation	401,284.96	655,814.79
Other biogenic (neutral) GHG emissions not related to energy consumption	0.00	0.00
Total biogenic (neutral) GHG emissions not related to energy consumption	401,284.96	655,814.79

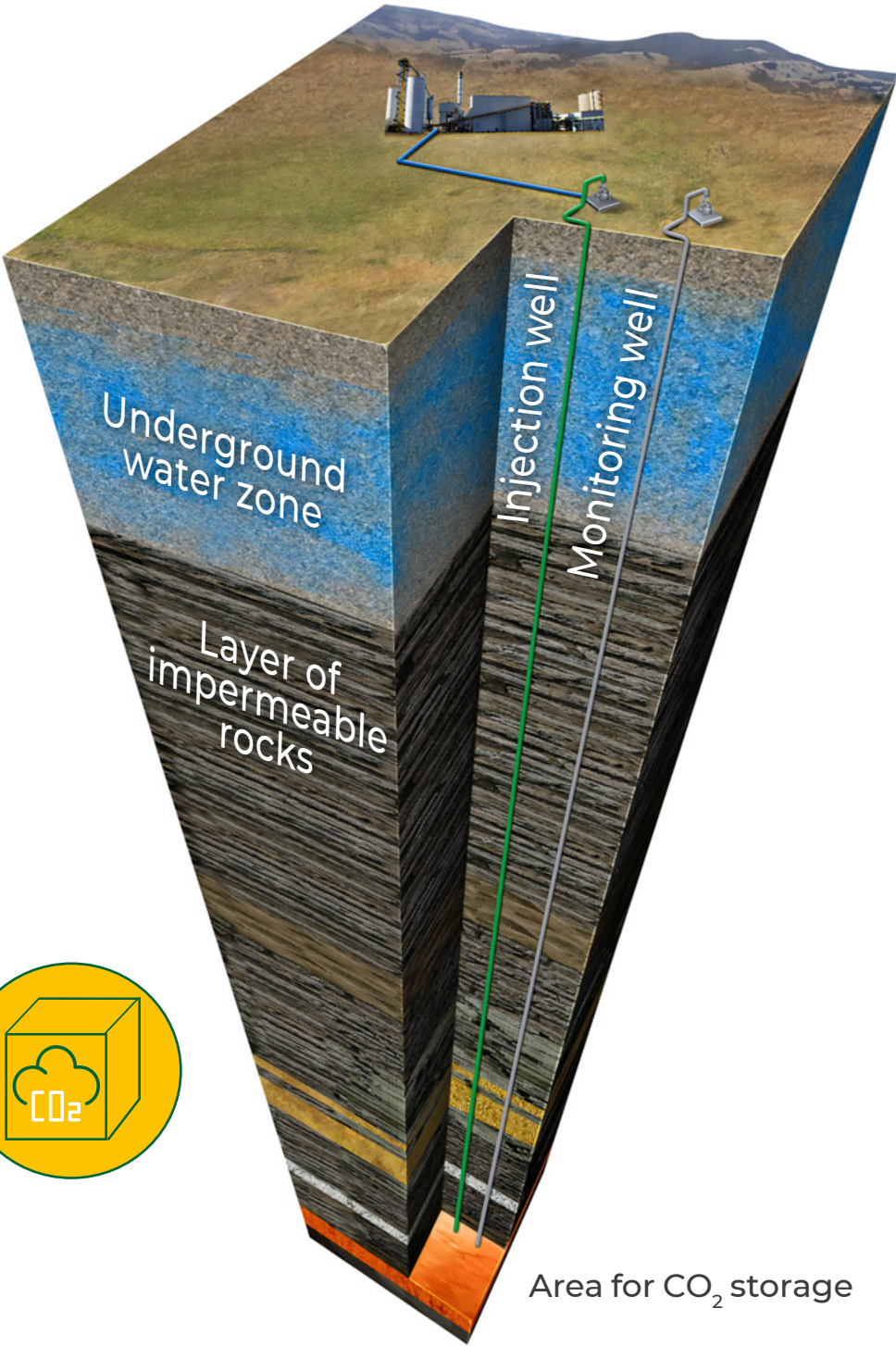
BECCS: innovation and technology

Our ambition is to be on the frontier of the climate agenda and to contribute significantly to the energy transition. To be protagonists in this transformation, we have invested in one of the most innovative projects in the bioenergy sector – the structuring of a unit for capturing and storing carbon.

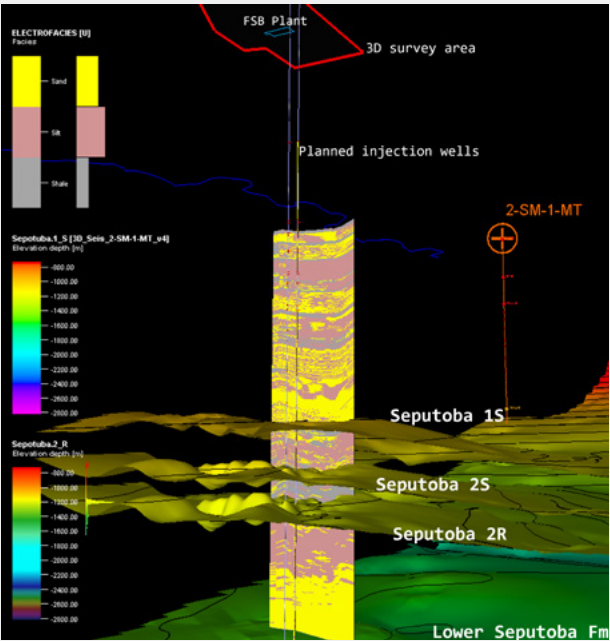
The implementation of the technology known by the acronym BECCS (Bio-Energy with Carbon Capture and Storage – CCS) will allow the capture of carbon resulting from the fermentation, compression, dehydration and storage process, safely and in the saline geological reservoirs of the Parecis Basin.

In 21/22, we advanced in the evaluation and validation of seismic studies carried out in the previous year. Regional assessments and seismic interpretation suggest that the conditions and site configuration are favorable for CCS in the main necessary requirements, such as salinity, sealing rock, porosity, storage capacity, and low seismic activity.

Up to **423,000 tCO₂e** can be annually stored for Lucas do Rio Verde plant after the project completion, with the possibility of expansion to other units.



Images from the geological studies of the BECCS project



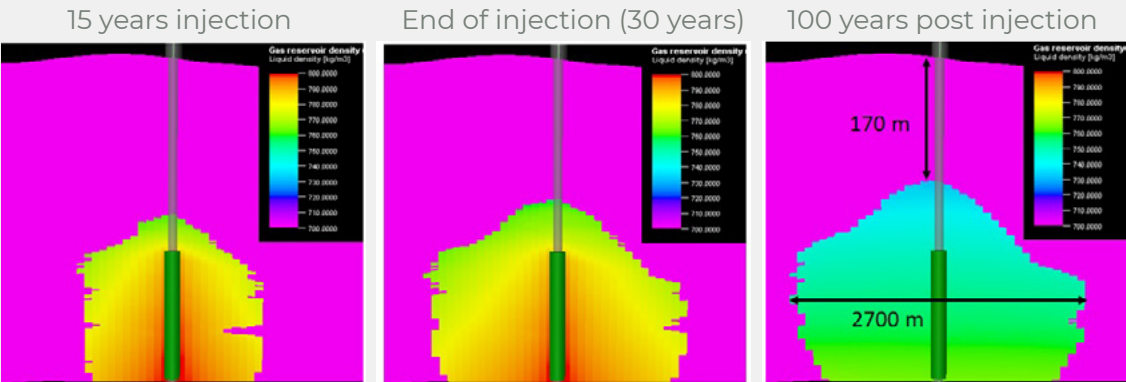
Three storage zones complying with carbon injection standards.

The 2D and 3D modeling of the reservoir confirmed an area with potential to create a CO₂ injection hub. The only pending requirement to confirm the geological project feasibility is the permeability of the area. We hope to prove this parameter in the next drilling phase of the exploratory well. This step will be crucial in consolidating more information about the permeability of the well and defining how many wells will be drilled for operation and monitoring.

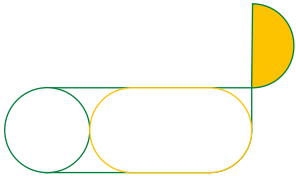
The geological assessment indicates the feasibility of securely sealing a storage area with a capacity of 22 MMt of CO₂ and three layers (zones) of sequestration, in compliance with the standards that already certify the CCS process, such as CARB (California Air Resources Board). This allows the injection of Lucas do Rio Verde plant's current CO₂ for more than 50 years.

By the end of 2022, we expect to drill wells to verify parameters that need to be confirmed and evolve with the detailed engineering and equipment acquisition processes. The initiative, which should be completed by mid-2024, provides for the capture and storage in a geological reservoir of up to 423 thousand tCO₂e per year.

After implementation, the ethanol produced at the Lucas do Rio Verde unit will have the potential for a negative carbon footprint, as it will accumulate the gains from social and environmental responsibility practices in our value chain, from the technology for producing corn ethanol with the energy source of biomass and the innovative technique of carbon sequestration, which will avoid the emission of biogenic carbon into the atmosphere.



Section through the well illustrating the density of CO₂ at different times.



On 21/22, we advanced in the validation of seismic studies, and the modeling showed the favorable conditions of the geological reservoir for the project feasibility

Climate Change Adaptation Plan

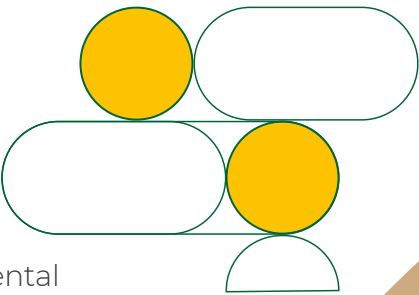
Developed in the 20/21 crop year with the support of a specialized consultancy, our Climate Change Adaptation Plan covers the assessment of climate risks through a methodology aligned with the premises of the Climate Bond Initiative (CBI). In 21/22, several measures signaled in the management plan of climate-related risks and opportunities were implemented, such as the definition of an internal team with the responsibility of monitoring and follow up the plan, diversification of the supplier portfolio, expanding the origin of raw materials inside and even outside the state of Mato Grosso, which led to the creation of a new business area, of corn sales, among others described below, totaling an amount invested of around R\$ 300 million in the period.

Among the main conclusions of the study is the need for management and adaptation initiatives that allow greater resilience of corn cultivation, our main input, to rising temperatures, changes in rainfall patterns, and the occurrence of extreme weather events. This action aims to protect the company from situations such as the increase in the price of the commodity and the decrease in the availability of corn on the market (due to crop failure or lower productivity).

At the Sorriso Unit, we have an experimental area for the development of research and cultivation technologies, called Farm Station. Occupying 40 hectares, this space has hosting trials and tests for management techniques since 2019. In partnership with research institutions, we have developed protocols to optimize the use of agricultural inputs, such as fertilizers and chemicals and biological products, adding innovation to the processes. Advances in this field of Research & Development (R&D) are shared with customers and suppliers through lectures, technical meetings and visits to the Farm Station – called Field Days.



40 hectares
at the Farm Station are used for research on good agricultural management practices, which also contribute to mitigating GHG emissions in our value chain





Agricultural Development

In our corporate structure, we have an area dedicated to monitoring the development of the corn crop in the state of Mato Grosso. With the support of georeferencing systems and satellite images, our specialized team assesses the level of development of crops and identifies any deficits that may occur in grain supply.

This information supports the decision-making process for corn sourcing, considering initiatives for negotiation and hedging of contract prices. In 21/22 crop year, this practice contributed to ensuring the supply of the Lucas do Rio Verde and Sorriso units, even in light of the production drop due to climatic factors that delayed the planting of second-crop corn.

The Farm Station, an important FS initiative, is an essential tool to test practices that minimize impacts and promote more productive and sustainable agriculture. Through it, we seek to share the results of good management practices applied during the conduct of experiments.

A relevant practice of our suppliers is the cultivation of second-crop corn using the no-till technique, which consists of keeping the straw from the harvest on the ground, thereby contributing to combat erosion, preserving mi-

crofauna and microflora and increasing the absorption of nutrients while protecting soil from temperature variations.

In our supply chain, 100% of corn suppliers use the no-till method, whose benefits directly contribute to greenhouse gas emissions reduction. Crop rotation is also relevant to favor the absorption of nutrients, such as potassium and nitrogen.

For the 22/23 crop year, we intend to start a project focused on protecting pollinators, the SustainaBee. The initia-

tive will promote the coexistence between agriculture and beekeeping activities in the same productive area, in the regions surrounding our units. Thus, we will combine environmental preservation and income generation from honey production, which will contribute to our social responsibility.

Other relevant levers for mitigating climate risks include the geographic diversification of our units resulting from the company's growth and the expansion of the corn resale area in the business.

GUIDELINES FOR Industrial Environmental Management

To mitigate risks and enhance the social and environmental benefits of our business, we have governance instruments that guide responsible action. The Sustainability and Environment Policy and the Socio-environmental Responsibility Policy in the Supply and Sales Chain establish the bases and guidelines for the execution of processes and mechanisms for the management of these aspects across the value chain.

The Sustainability and Environment Policy aims to organize environmental management procedures, such as the efficient use of natural resources, biodiversity protection, waste management, and control of greenhouse gas emissions.

Furthermore, the instrument details how we ensure that our operations comply with legal obligations and requirements related to environmental performance. To carry out this management, we use a dig-

ital system (LEMA), which organizes and updates environmental standards related to federal, state and municipal legislation. In 21/22, we expanded the scope of the platform, including the monitoring of legal requirements applied to aspects of occupational safety, social responsibility, environment, and quality.

The Socio-environmental Responsibility Policy in the Supply and Sales Chain guides the procedures and commitments for evaluating suppliers and customers compared to the application of best practices for socio-environmental management (learn more on page 36).

All employees are made aware of and trained on these policies during the period they join the company. On an annual basis, we establish socio-environmental performance goals for the yearly variable compensation of employees in each area.



Atmospheric emissions

On a quarterly basis, we analyze atmospheric emissions from a fixed source, as part of the licensing conditions for our units. In these assessments, we consider the parameters of NOx, CO, particulate matter, and SO₂. Our boilers have bag filter or recycling systems, which retain particulate material, preventing its emission. The quarterly analyses carried out during the 21/22 crop year showed results below the established standards by CONAMA Resolutions No. 382/2006

and No. 436/2011 for particulate matter and NOx, respectively.

Atmospheric emissions (tons)*			
	19/20	20/21	21/22
Particulate matter	45.0	69.4	27.8
CO	112.0	311.6	265.9
NOx	45.0	133.1	30.2
SO ₂	0.2	0.0	0.0

**Estimated volumes from quarterly measurement. It considers the effective days of operation of the units in each period. Our operations do not generate the emission of substances that deplete the ozone layer.*

WATER, waste and effluents

Our operational units collect water from artesian wells for use in our industrial process, in addition to meeting sanitary and human consumption needs. In 21/22 crop year, we implemented several improvements that reduced the rate of water captured per volume of ethanol produced by 9.39%. The water automation and reuse initiatives and the actions to prevent and respond to leaks have boosted this positive performance.

We also promoted the installation of more accurate meters, which enable monitoring of water consumption in the main industrial processes, and not just the total volume at the point of capture. Based on this assessment, we in-

tend to monitor the volumes captured at the units throughout the 22/23 crop year, establishing a new base year for the definition of a new long-term goal.

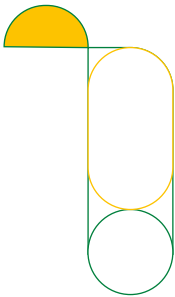
To minimize impacts on water resources, we also seek to optimize the destination of generated effluents. At the Sorriso unit, 100% of the effluents are aimed at the fertigation of gardens and lawns. In the coming years, the same reuse model is planned at the Lucas do Rio Verde unit, where it is also expected a reduction in the volume of effluents through water reuse systems in the cooling towers. The control of effluent quality parameters is carried out as provided in the environmental legislation and the units' licensing.

3.83 m³
of raw water captured are
used to produce 1 m³ of
anhydrous ethanol



Our commitment also extends throughout the value chain. We assess the impacts of our key partners on the availability and quality of local water resources. One of the advantages is the second-crop corn that relies on regular rainfall, not depending on irrigation methods in the fields, thus reducing our suppliers' water footprint.

The waste generation is not a significant impact of our production process. The technology installed at the industrial units, associated with actions to increase efficiency and productivity, enables the full use of corn for the production of ethanol and animal nutrition products (DDGs and corn oil), reducing the waste generation.



We reduced relative water consumption by 9.39% and have already reached the established target in FS 2030 Commitments



Water consumption (thousand m³)*			
	21/22		
	Lucas do Rio Verde	Sorriso	Total
A. Captured volume	1,899.3	3,444.9	5,344.1
B. Discharged volume	78.2	54.5	132.7
Consumption (A-B)	1,821.0	3,390.4	5,211.4

**As assessed in the Aqueduct Water Risk Atlas tool, from the World Resources Institute (WRI), our units are not located in areas with water stress. All volumes collected come from underground sources (wells) and discharged in surface water (infiltration and fertigation lagoon), with a concentration of total dissolved solids below 1,000 mg/liter.*

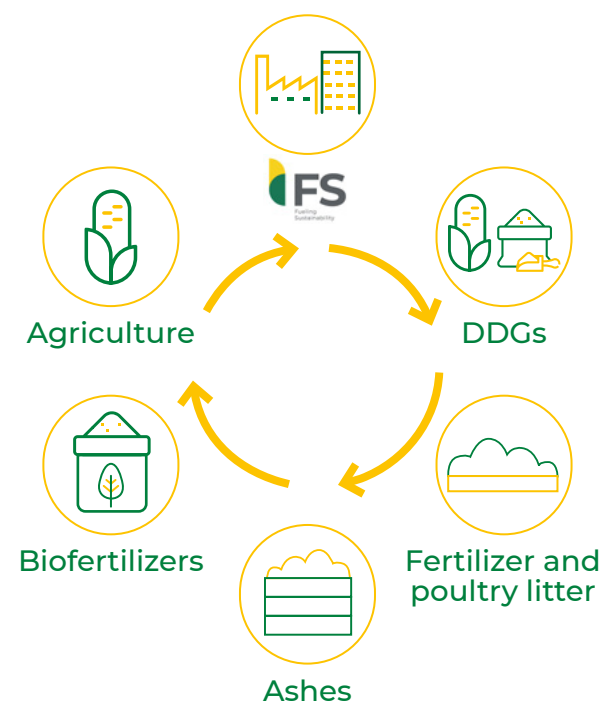
Quality indicators of effluents				
	20/21		21/22	
	Lucas do Rio Verde	Sorriso	Lucas do Rio Verde	Sorriso
Phosphorus discharged into water (tons)	0.1653	0.2219	0.1049	0.0904
Nitrogen discharged into water (tons)	0.0616	0.1599	0.2799	0.1188
Chloride discharged into water (tons)	7.4212	7.9371	6.7714	2.6078
Chemical oxygen demand (COD)	11.6259	8.5404	4.9045	3.7349
Biological oxygen demand (BOD)	4.1980	2.9834	1.7379	1.3060

In 21/22 crop year, 68.8 thousand tons of waste were disposed, an increase of 43.1% compared to the previous crop year. This growth is mainly a reflection of the Sorriso unit expansion, completed at the end of the 20/21 crop year.

Our main operational waste consists of boiler ashes, which represented 91% of total waste generated in the last crop year. In collaboration with a local partner, the ashes are reused through composting processes producing organic fertilizers. The material is mixed with agro-industrial and confinement waste, making it an essential organic compound for soil fertility and boosting our business circular economy.

One of the monitored indicators to achieve FS 2030 Commitments is the relative waste disposal rate in landfills per cubic meter of anhydrous ethanol. In the 21/22 crop year, we reached an index of 1.17 in both units, an increase of 34.8% in relation to the previous period, exceeding the target established for the year. This index allows monitoring the improvement in waste disposal methods, even with the growth of operations and, subsequently, the absolute destined volumes.

One of the actions that also contributed to reduce the waste disposal in landfills was the installation of biodigesters in the dining hall of the Lucas do Rio Verde unit. On an annual basis, around 14 tons of organic waste are transformed into a nutrient-rich material to be used as fertilizers. Additionally, the biogas from this process will be used in the dining hall kitchens to replace liquefied petroleum gas (LPG), avoiding a yearly emission of 24 tCO₂e.



Weight of waste destined by type and method (t)*			
	19/20	20/21	21/22
Non-hazardous			
Compost (ash and other organic waste)	25,142.2	43,296.1	62,737.8
Landfill (several materials)	886.0	4,428.4	5,355.2
Recycling (paper, plastic and metal)	90.1	287.7	406.3
Others	0.0	0.0	5.9
Non-hazardous waste subtotal	26,118.3	48,012.2	68,505.3
Hazardous			
Coprocessing	62.4	61.0	70.7
Others (effluent treatment)	0.0	0.0	188.2
Hazardous waste subtotal	62.4	61.1	258.9
Total discarded	26,180.7	48,073.3	68,764.3

*Considers only waste whose control is carried out in tons. Treatment methods (GRI 306-4) include composting, recycling and co-processing. Final disposal methods include landfill and other hazardous waste destinations.

Waste monitored in quantity and volume*			
	19/20	20/21	21/22
Reverse logistics (containers, plastic) – units	0	363	476
Recycling (containers) – units	0	1,442	2,005
Reuse (pallets) – units	12	11	0
Coprocessing (lamps) – units	nd	nd	867
Re-refining – thousand cubic meters	10.2	48.3	71.9

*Considers waste for which there is no control in tons, but in units or volume. Containers, plastic and pallets are considered non-hazardous waste. Lamps and materials intended for refining are classified as hazardous waste.

91% of the total generated waste is ashes destined for composting

RESPONSIBILITY in the value chain

The appreciation of ethics, respect for human rights and excellence in the management of environmental impacts, pillars that we practice in our activities and direct operations, are also present in our value chain. We have policies and procedures in place to ensure that these good practices are present in all business relationships we establish with suppliers and customers.

Corn and biomass producers are the main suppliers for our production processes – the purchase of these inputs accounts for around 96% of expenditures made. Interaction with these audiences is guided by the Socio-environmental Responsibility Policy in the Supply and Sales Chain.

This Policy is the foundation for an ongoing socio-environmental monitoring process for corn and biomass suppliers and animal nutrition customers. The joint action of the commercial and sustainability areas, supported by data analysis and georeferencing systems, allows assessing potential significant impacts on rural properties where we carry out the corn origination or DDGs deliveries. Through the planned processes, we aim to ensure environmental compliance, protection of biodiversity and conservation areas on farms that supply corn and biomass and on customers' properties in the animal nutrition segment.





100% of the corn and biomass purchase contracts, including the sale of animal nutrition products, undergo evaluation by the FS Socio-environmental Responsibility Policy

Our goal is to apply, every year, the assessment to 100% of the contracts signed in these purchase and sale categories. In 21/22, despite a significant increase in corn and biomass purchased transactions, we maintained this index. Noncompliance rates identified remained at levels similar to the previous crop year and at significantly low levels in relation to the volume transacted – less than 1% of the total number of contracts analyzed.

In 2021, we strengthened this responsible model of action in the value chain with the approval of the Procurement Policy, which establishes rules and procedures for corporate purchases. One of the rules is to carry out a background check of suppliers with negotiations above R\$1 million.

To further increase compliance levels in our supply chain, we intend to develop an engagement plan to increase the traceability of indirect suppliers and promote their adherence to our policies.

Value chain partner assessment in 21/22 crop year			
	Corn	Biomass	Animal nutrition
Number of evaluated contracts	2,898	129	1,865
Product volume referring to the evaluated contracts (tons of corn/cubic meters of eucalyptus/tons of DDGs)	5,292,848	5,001,579	2,009,951
Number of contracts with automatic detection of liabilities	791	5	200
% in quantity of contracts with automatically detected liabilities	27.3%	3.9%	10.7%
Product volume referring to contracts with automatically detected liabilities (tons of corn/cubic meters of eucalyptus/tons of DDGs)	1,851,629	144,810	214,251
Number of contracts with nonconforming status after evaluation by the Sustainability team	25	0	1
% in quantity of nonconforming status contracts after evaluation by the Sustainability team	0.9%	0.0%	0.1%
Product volume related to nonconforming status contracts after evaluation (tons of corn/cubic meters of eucalyptus/tons of DDGs)	54,414	0	50
Number of contracts with joint action plans in progress	12	0	0
% in quantity of contracts with joint action plans in progress	0.4%	0.0%	0.0%
Product volume referring to contracts with joint action plans in progress (tons of corn/cubic meters of eucalyptus/tons of DDGs)	38,000	0	0
Number of canceled contracts	13	0	1
% in quantity of canceled contracts	0.4%	0.0%	0.1%
Product volume related to canceled contracts (tons of corn/cubic meters of eucalyptus/tons of DDGs)	16,414	0	50



Throughout 2022, we will establish new criteria for detecting deforestation, promote initiatives that provide environmental returns from suppliers, and develop mechanisms to increase chain traceability, among other fronts of progress, giving even more importance to FS 2030 commitment. In this context, FS and &Green established a partnership that makes this commitment to improving procedures a reality: the new guidelines will be developed between the parties, whose main objective is to influence the transformation of land use practices of corn and soybean producers in Mato Grosso.

&Green is an investment fund with a global focus whose mission is to invest in commercial projects in agricultural production value chains, established to decouple deforestation from tropical commodities production. The company will work with FS to create a no-deforestation corn supply chain that sustainably produces biofuel, electricity, animal nutrition products and corn oil. Through this transaction, we support our declaration of public ambition to acquire corn free of deforestation.

Through a Landscape Protection Plan (LPP), developed alongside &Green, FS is committed to:

- Encouraging the conservation of 224 thousand hectares of forest through its direct and indirect suppliers, with 28 thousand above the Legal Reserve;
- Intensifying agriculture on 40 thousand hectares of degraded land with biomass planting;
- Encouraging the restoration of 5 thousand hectares of degraded native forest through the implementation of an engagement strategy with suppliers and relevant local stakeholders;
- Improving management processes in accordance with the guidelines of the International Finance Corporation (IFC), which will further increase the maturity levels of the company's environmental and social concepts.

In the 22/23 crop year, action plans will be prepared following the change in the policy criteria and supplier engagement plans for those who wish to improve their social and environmental performance. These strategies will help the transition to sustainable agriculture and provide insights for advancing toward more inclusive, sustainable and deforestation-free commodity production.



PEOPLE AND SOCIETY

Our way of Doing and Being feeds the energy we put into everything we do. We are a team that overcomes challenges and delivers results. We are driven by the ambition to transform the world through clean and sustainable energy and to nurture agribusiness with more social and environmental responsibility. A team of people who embrace differences and welcome each person the way they are.

OUR culture

At FS, we have our own way of Doing and Being. We have formed a team of over 700 people who materialize a business model in expansion and with significant challenges to expand the benefits of ethanol, bioelectricity and animal nutrition products that we offer to our customers.

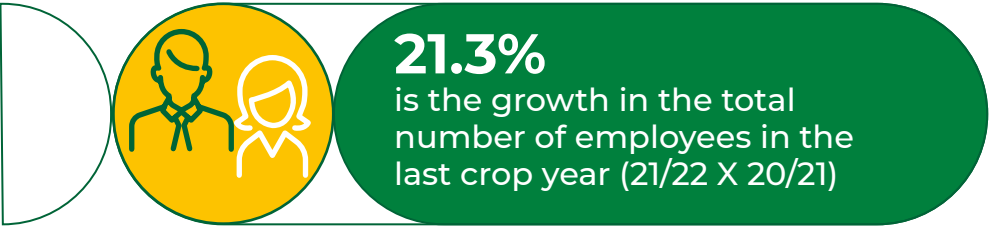
The rapid growth of the business, with the construction of two units, as well as a third in progress, makes the professional talents search aligned with our culture and values a priority in managing human capital. We ended the 21/22 crop year with a total of 728 employees hired.

The Internship Program is one of our main initiatives aimed at attracting and hiring young talent. The first group of interns, selected at the be-

ginning of 2021, presented an excellent performance throughout the year, with 70.6% of them being hired in analyst positions.

The second edition of the Internship Program was completed in July 2022. Also, in August, we expect to open new opportunities for students from different undergraduate courses.

In the 22/23 crop year, we will carry out our first Trainee Program, aimed at young people who recently graduated and wish to grow at the same pace as our company. Another initiative focused on attracting professionals is the Capacita FS program, launched in 2021 (learn more on page 43).



Best Companies to Work

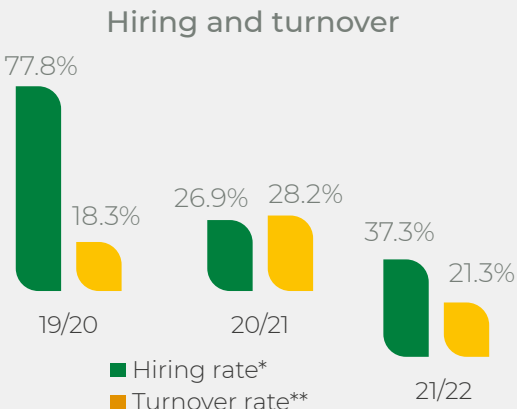
Due to its history of respecting and valuing people, FS celebrates, for the first time, the achievement of the Great Place to Work (GPTW) 2022 certification as one of the best companies to work for. GPTW is a global institute in more than 45 countries that analyzes the vision of professionals about the compa-

nies they work for. Among the aspects evaluated are: organizational climate, remuneration, benefits, growth opportunities, infrastructure, transparency in management and employee autonomy. FS is Brazil's first 100% corn ethanol company to receive the GPTW certification.



People team management

We track and monitor a series of indicators to assess the effectiveness of our talent recruitment and retention processes. The main ones include the hiring and turnover rates.



*Number of hires divided by the average headcount of the year.
**Number of dismissals divided by the average headcount of the year.



54.9% reduction
in the employee turnover rate in
the first contract year (compared
to the crop year 20/21)

38.24% of vacancies
opened in 21/22 were filled
by internal employees*

*Promotions, lateral moves or placement of interns.



474 moves on 21/22,
including: readjustments by merit, promotions, and
framing. Total movements comprised 80% of the
average headcount for the crop year. Of the total
number of open positions with a level of supervision and
coordination during the crop year, we filled 55% of them
with internal movements.



Staff

Number of employees*							
	19/20	20/21			21/22		
	Total	Men	Women	Total	Men	Women	Total
By employment Agreement							
Indeterminate-term (CLT/ Statutory)	544	436	121	557	476	175	651
Fixed-term (apprentices, interns and seasonal workers)	27	14	29	43	40	37	77
By working day							
4 hours (apprentice)	9	1	0	1	13	11	24
6 hours (industrial scale)	108	82	36	118	0	0	0
6 hours (interns)	0	12	28	40	19	23	42
8:48 (administrative)	234	161	62	223	314	157	471
12 hours	220	194	24	218	170	21	191
By region							
Midwest	562	437	142	579	473	183	656
Southeast	9	13	8	21	43	29	72
Total	571	450	150	600	516	212	728

*Data referring to the end of each crop year obtained from the payroll. Data for the 19/20 crop year not available in gender segmentation. 100% of employees are covered by collective bargaining agreements, except interns, apprentices, and seasonal workers.

Job creation

FS's growth, with the opening of new production units, has the potential to expand the generation of employment and regional income. For the 22/23 crop year, the main expansion fronts are as follows:

- Progress in the construction of the third production unit in Primavera do Leste, in Mato Grosso (MT): currently in the earthworks phase and with 19 employees dedicated exclusively to the project, the construction of the unit should generate 182 direct jobs and more than 2 thousand indirect jobs;
- Completion of the third phase in Sorriso (MT) and increase in operational availability in Lucas do Rio Verde (MT) include the forecast of hiring 93 people for the period from May to July;
- Improvement of internal and governance structures should generate 89 new effective positions.

Hiring and turnover in the 21/22 crop year

	Number of hires	Number of dismissals	Hiring rate ¹	Turnover rate ²
By gender				
Men	138	94	23.3%	15.9%
Women	83	32	14.0%	5.4%
By age group				
18 years and under	0	0	0.0%	0.0%
18-26 years	47	15	7.9%	2.5%
26-35 years	110	55	18.6%	9.3%
35-40 years	39	37	6.6%	6.2%
40-60 years	25	19	4.2%	3.2%
60 years and over	0	0	0.0%	0.0%
By region				
Center-West	183	118	30.9%	19.9%
Southeast	38	8	6.4%	1.4%
Total	221	126	37.4%	21.3%

1. Hiring rate = number of hires divided by the average headcount for the year.

2. Turnover rate = number of dismissals divided by the average headcount for the year.

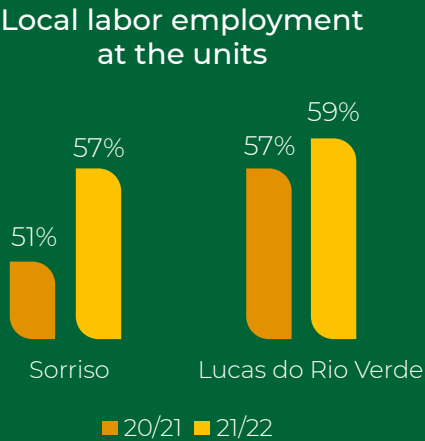
Capacita FS

Capacita FS is a program structured in 2021 with the aim of promoting the professional training of men and women in the regions where we operate.

Upon completion of the course, these people are prepared to join maintenance and operation positions in the corn ethanol sector, an expanding segment in Mato Grosso. In this way, we contribute to the employability and people's insertion into a new professional segment connected to the reality of the local agribusiness.

The first Capacita FS class was held in the municipality of Sorriso, where we already have an industry in operation. Lasting 12 months, the course is free of charge to the community and carried out in partnership with the National Industrial Learning Service (SENAI). The expectation is to train up to 25 people, who will be able to work in our company and other companies in the region.

The initial results of Capacita FS encouraged the creation of two other classes. One of them will be held in the municipality of Lucas do Rio Verde. The other is planned to be structured in the city of Primavera do Leste, where we started the construction of our third industrial plant.



The development of Capacita FS is in line with the FS 2030 Commitments. Through this investment, we wish to boost the ability to hire talent in the regions where we operate, promoting employability and increasing local income generation.

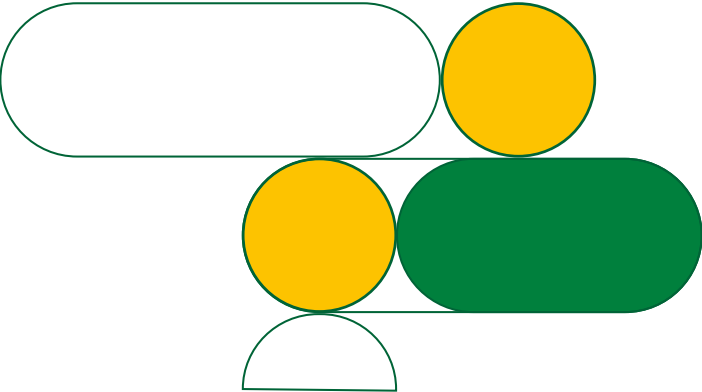
Our goal is to have, by 2030, at least 70% of our operational staff filled by residents of the municipalities where we are based. As of 21/22, this consolidated ratio was 57%.

Reorganization management

Processes for optimizing the workforce, reviewing duplications in the structure and strengthening the team effort between the areas based on FS Compensation and Restructuring Procedure requirements. The document provides measures to minimize employee impacts, such as reallocation to other roles or units. The most recent reorganization event occurred in May 2020, given the pandemic context, which led to the dismissal of 30 employees. The professionals were kept in the FS talent pool for potential rehiring.

Decent work

Our Code of Conduct and Ethics rejects any degrading work practices, including child labor and young people exposed to hazardous, forced or slave-like labor. The Compliance Program ensures respect for fundamental labor rights in our operations. Regarding the value chain, we have the Socio-environmental Responsibility Policy in the Supply and Sales Chain, which promotes the assessment of all of the company's partners in terms of sustainability criteria, including those related to compliance with labor practices. With this management approach, we ensure no significant risk of degrading working ways in our activities and in the value chain.



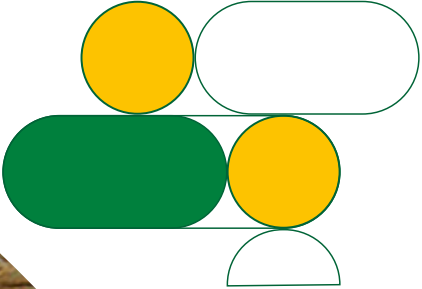
Unions Relationship

Annually, we sign the Collective Bargaining Agreement with the Federation of Workers in the Industries of Mato Grosso (FETIEMT), which applies to 100% of FS employees. This process involves several meetings to discuss the topics relevant to the Agreement and culminates with the term signing. Among the clauses in the document, those related to health & safety, remuneration, working hours, training, career development, stress management and equal opportunities are worth mentioning. The Agreement is available on the corporate internal network for consultation by any employee.

Transparency and openness for unions to act also occur throughout

the year, such as: a dedicated space at the units to disseminate information on workers' interests, hold union meetings with employees, free entry of union representatives, provision of days off for contracted professionals who act as union leaders to participate in assemblies and training and events whenever requested by the labor entity.

We operate in strict compliance with the Brazilian labor legislation, ensuring that employees respect fundamental labor rights. We guarantee our employees' freedom of association, making the Confidential Channel available as a mechanism for reporting any suspicions of restriction or violation of this right.



Training and performance

Our team’s training programs focus on consolidating our culture and our way of Doing and Being. One of the highlights on this front is the program for preparing future leaders, focused on the leadership development and people management skills.

The initiative will be implemented in 2022 to prepare potential successors for leadership positions. These people are identified through the potential assessment process (Growth Agility) and the People Cycle, a platform for evaluating the performance of professionals.

The People Cycle covers 100% of employees and is conducted annually with the objective of directing people’s development in line with the company’s strategic objectives. The process involves evaluating the individual deliveries made and demonstrating behaviors and attitudes that are in line with our culture.

To support professional growth, we have Educa FS, a corporate platform for on-line courses with a series of materials for the self-development of professionals. Specifically for leaders, our School of Leaders guides the development of skills for the management and engagement of teams. We also have a Coaching Program, aimed at middle and high management leaders.

In the second half of 2022, we aim to implement the Protagoniza Feras Program, which will reinforce organizational skills considered key for the crop year, through classroom and online classes for all employees.



100%
of employees
are covered by
the People Cycle

We also offer subsidies for professionals who wish to take undergraduate, graduate, specialization and English courses. The Education and Language Assistance Policy provides a funding of 50% of the courses for employees with at least 12 months of experience in the company and satisfactory performance evaluation. In addition, the chosen course must be related to the employee's next career step.

All these practices are guided by the Performance and Career Management Policy, approved in November 2020 by the Executive Board.



In 21/22
97%
of employees were impacted
by educational initiatives
and training

Average training hours per employee			
	19/20	20/21	21/22
By gender			
Men	5.65	11.07	18.14
Women	5.73	15.30	19.53
By employment level			
Executive Board	6.95	16.22	8.74
Management	11.04	17.49	31.10
Coordination	6.67	21.14	42.53
Supervision*	na	na	30.97
Administrative	5.49	13.57	13.70
Industrial	5.01	9.23	18.89
Consolidated	5.66	11.35	18.54





Diversity and inclusion

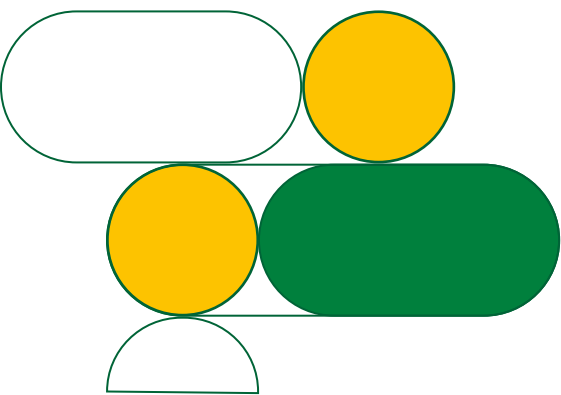
At FS, we work to build a work environment that encourages innovation and creativity. Diversity and inclusion are elements that drive our ability to seek disruptive solutions to our business challenges.

We are committed to increasing the presence of women and self-declared black people (black and brown, according to classification by the Brazilian Institute of Geography and Statistics (IBGE)) in leadership positions by 2030. The search for gender equity and racial diversity has transformed our processes and routines for attracting, selecting and developing people.



28% of open vacancies in leadership positions were occupied by women in 21/22





We have made progress in promoting diversity. At the end of the 21/22 crop year, women represented 29% of the total number of employees and held 23% of leadership positions

In 21/22, we maintained the practice of always having at least one woman among the finalist candidates for leadership positions – following the guidelines of the Attraction and Recruitment Policy. Hiring decisions exclusively consider technical capacity and alignment with the corporate culture but expanding diversity in selection processes strengthens our commitment to a more inclusive and diverse environment.

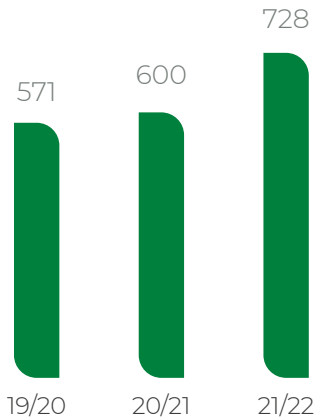
At the end of crop year 21/22, women represented 29% of the total number of employees. In leadership positions (supervisors and above), they are 23% of the total.

In addition, 52% of our employees declare themselves to be black or brown. In leadership positions, this group represents 27% of employed professionals.

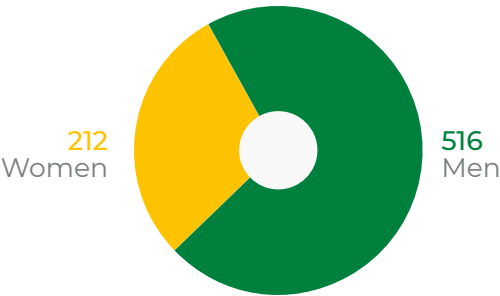
Gender diversity by employment level in the crop year 21/22		
	Men	Women
Executive Board	100%	0%
Management	75%	25%
Coordination	79%	21%
Supervision	71%	29%
Administrative	50%	50%
Industrial	86%	14%

Age group diversity by functional level in the crop year 21/22						
	Less than 18 years	18-26 years	26-35 years	35-40 years	40-60 years	Over 60 years
Executive Board	0%	0%	0%	22%	78%	0%
Management	0%	0%	25%	18%	54%	4%
Coordination	0%	0%	32%	42%	26%	0%
Supervision	0%	0%	26%	40%	33%	0%
Administrative	2%	31%	48%	11%	8%	0%
Industrial	1%	17%	45%	19%	17%	0%

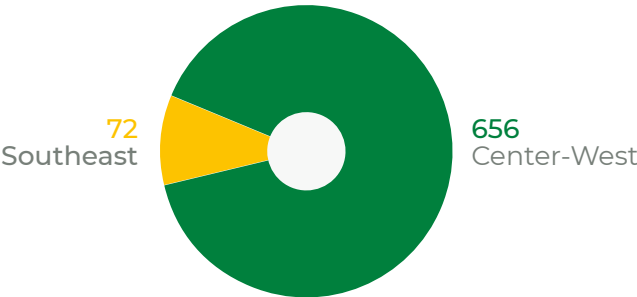
Total employees



Employees by gender in 21/22



Employees by region in 21/22



Human rights

Combating discrimination and respecting diversity are part of our commitment to respecting human rights. Our Code of Ethics and Conduct and the Attraction and Recruitment Policy rules prohibit any discriminatory act or behavior.

In 21/22, we received an anonymous complaint related to gender discrimination on our Confidential Channel. The case was investigated through interviews with leaders, peers and employees, but the provenance of the complaint could not be proven. Even so, the investigation procedure brought to light other attitudes that failed to comply with our codes and policies, resulting in the dismissal of the person involved (learn more about the Confidential Channel on page 59).

Besides monitoring and combating discrimination, we adopt proactive measures to promote inclusion and diversity. We joined the government program “Empresa Cidadã,” in a commitment to extend maternity leave for up to 6 months and paternity leave for up to 20 days.

In order to promote gender equality, we define the compensation for work positions based on market research and aiming talent attraction. The criteria for this definition do not differentiate in any way the gender, age, race or any other individual aspect of the professionals, being entirely based on the responsibilities assumed in each role. By monitoring the average salary ratio between men and women at the employ-

ment levels, we identified that, in leadership positions, men have an average compensation around 25% higher than women. In 100% of the leadership grades, women are positioned above 70% of the salary range practiced in the market and are paid on average 7% above men in high leadership grades, (e.g. Executive Management). The overall average of men’s higher compensation is mainly sustained in highly valued positions in the market, such as those in the maintenance and automation areas, in which the professionals available in the market are primarily male.

Compensation packages in our company are established based on market research, respecting current legislation, salary floors for the categories and collective bargaining agreements. During the last crop year, the payment of salaries and benefits totaled R\$96.5 million. At the end of the period, the entry salary (lowest salary paid) was R\$1,800.00 per month, 48.5% higher than the current national minimum wage (R\$1,212.00).

An important differential in our compensation package is the Profit Sharing Program (PPR), which annually remunerates our employees with a minimum amount of four monthly salaries. This is a practice that is not often seen in the industry. For the next crop year, the minimum value of the Program will be six salaries.



SOCIAL relationships



In 2021, we developed and approved our Social Investment Policy, which defines the purpose, guidelines and strategic pillars for our activities in local communities. It was strategic and active work that involved listening to local communities. We hired a specialized consulting firm that listened to our employees, entrepreneurs in the region, NGOs, local entities and community leaders to understand and define our strategic guidelines for social action. With this work, we identified the main pillars and focus of the company's activities on the subject:

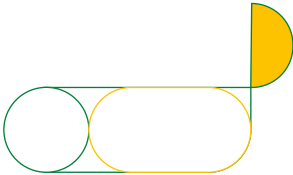
- Knowledge
- Inclusion
- Quality of Life

In the 22/23 crop year, we will strengthen investments in projects for local development initiatives with a focus on knowledge, inclusion and quality of life. The energy that fuels good transforms society.

Our forecast is to carry out social investment actions with a budget of up to R\$1 million. During the crop year 21/22, we supported McHappy Day (R\$8,500) and maintained our support for São Lucas Hospital (R\$120,000) to face the

COVID-19 pandemic. Since the beginning of the pandemic, we have donated over 250 thousand liters of 70° alcohol for use in cleaning hospitals, ambulances, and other public health services. The donations benefited the residents of Lucas do Rio Verde and Sorriso, as well as other municipalities in the states of Mato Grosso, Pará, and Santa Catarina.

In the same period, we also created our Volunteering Policy, facilitating employee engagement in social initiatives.



R\$1 million is the
forecast for investment
in social projects in the
crop year 22/23



SAFETY and health

During the crop year 21/22, we restructured the Occupational Health and Safety Management System, which started to integrate the environmental vision, based on the change in organizational structure promoted at the beginning of 2022. With the integration of the Environment and Health & Safety teams in the Operations Department, the implementation of the Health, Safety and Environment Management System (HSE) began.

Designed based on the best market practices and in line with the requirements of the main applicable standards, the system covers all employees and third parties who work in our units and foresees the promotion of audits.

The health and safety risks assessment is part of this model, which is based on building a risk matrix and the prepara-

tion and periodic updating of the Risk Management Program (PGR). As provided by Brazilian legislation and in force since January 2022, the PGR consolidates the activities covered by the Environmental Risk Prevention Program (PPRA) and the Occupational Health Medical Control Program (PCMSO).

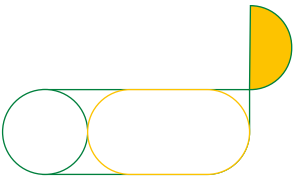
All activities, before starting, are submitted to a risk assessment for the issuance of Work Permits. Additionally, the system provides the implementation of a formal channel that encourages any employee to report unsafe conditions. This attitude is encouraged by the Cuidar FS program, launched in the crop year 20/21. The initiative encompasses a set of tools and procedures to promote safe work, including risk assessments, behavioral observations, accident investigation, and safety interventions, among other actions.

We promote annual mandatory training in accordance with the Regulatory Standards applicable to each activity and train our employees and third parties in operational procedures. Everyone's compliance with the legal requirements for technical training is monitored through records in the Easy System, a platform adopted for the health and safety document management, including the accident investigation process and related action plans.

Daily and weekly safety dialogues with teams and internal communication campaigns and initiatives strengthen our commitment to a health and safety culture. The Internal Occupational Accident Prevention Week (SIPAT), promoted annually with the support of the Internal Commissions for Accident Prevention (CIPAs), offers all workers a special program of lectures and events in favour of safety.

To ensure good governance, the Management System is represented by the HSE Committee, led by the Chief Operating Officer, with the support of the Vice President of Sustainability

and New Business, HSE, People, Legal and Sustainability managers, the Occupational Health and Safety and Property Security Supervisors, the Environmental Supervisor, and the Occupational Health Analyst. In bimonthly meetings, this Committee discusses strategic directions and monitors the evolution of health and safety initiatives and indicators.



**+ 19.6 thousand
hours of safety
training were
provided in 21/22,
covering 464
employees and
696 third parties at
our units**

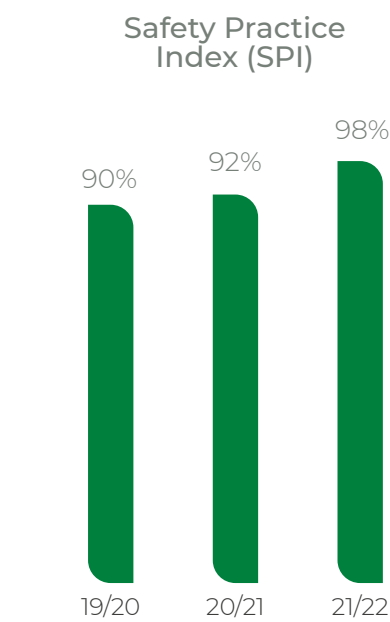


We monitor preventive and reactive indicators, which also impact the variable compensation of all employees. Preventive indicators are monitored by the SPI (Safety Practice Index) Program, which establishes a score for industrial areas according to monthly safety inspections. Any nonconformities identified are duly recorded in the Easy System, along with the respective action plan for follow-up. Reactive indicators are monitored based on accidents with employees and third parties, using the frequency rate of recordable accidents in the accounting of variable compensation.

Doing the right thing is always one of our values. We believe life is more important than results and material goods and incorporate this vision into our business decisions. Even with all the investment and promotion of safer environments, we had one fatal accident at the Lucas do Rio Verde unit in the 21/22 crop year – the only one in the company’s history. We remain focused on events based on their potential and not just on their consequences. The strategy of reducing injuries, specifically those with the potential for fatalities, has been a mantra for occupational safety.

Accident Indicators						
	19/20		20/21		21/22	
	Employees	Third Parties	Employees	Third Parties	Employees	Third Parties
Number of man-hours worked (thousand)	855.7	360.0	1,246.2	548.9	1,397.7	628.8
Number of recordable accidents	2	0	4	0	2	1
Frequency rate of recordable accidents*	2.34	0.00	0.64	0.00	0.43	0.32
Number of accidents with lost time	0	0	0	0	0	0
Frequency rate of accidents with lost time*	0.00	0.00	0.00	0.00	0.00	0.00
Number of fatal accidents	0	0	0	0	1	0
Frequency rate of fatal accidents*	0.00	0.00	0.00	0.00	0.14	0.00
Number of lost/debited days	0	0	0	0	6,000	0
Accident Severity Rate*	0.00	0.00	0.00	0.00	700.53	0.00

**Rates calculated on the factor of 200 thousand man-hours worked. The days of lost time used to calculate the accident severity rate are counted as calendar days. Recordable accidents include all occurrences, including those that only required first aid.*





Health promotion

Employee health and well-being care have been even more significant in recent years due to the COVID-19 pandemic. A Crisis Committee was created to articulate prevention measures since our operations are considered essential and have not been interrupted. We also strengthened initiatives to promote mental and emotional health, with conversation circles focusing on stress management. Partnerships with other local agents intensified our vaccination campaigns, cancer prevention (Pink October and Blue November), guidance on healthy eating, and encouragement for sports practice. In early 2022, we implemented labor gymnastics routines with the support of a specialized company.

In terms of occupational health, we maintained the good practices already adopted, such as carrying out all periodic medical exams, monitoring employees on leave, and carrying out daily dialogues and health checks. Furthermore, we provided employees with a support

channel with external experts for support in times of financial, legal or psychological difficulty. In the 21/22 crop year, we also acquired a fully equipped ambulance for pre-hospital care, allocated at the Sorriso Unit.

We strengthened initiatives to promote employees' mental and emotional health, such as vaccination campaigns, encouragement of healthy eating and sports practice, and implementation of labor gymnastics routines



GOVERNANCE AND COMPLIANCE

We conduct our business guided by ethics and transparency in our relationship with all stakeholders. Our shareholders' entrepreneurship and long-term vision have made it possible to create an innovative business model that generates value in a sustainable way in the Brazilian Midwest.



GOVERNANCE structure

Based in the city of Lucas do Rio Verde (state of Mato Grosso), our company was founded in 2017 by the union of two shareholders with extensive experience in the biofuels segment and agribusiness. Summit Agricultural Group, an investment fund headquartered in the United States, is closely linked to ethanol production from US corn. Tapajós Participações S/A, active in Brazilian agribusiness, strengthens its proximity to corn producers in the regions where we operate.

Our corporate governance structure includes an Advisory Board, a body that advises the company's shareholders and executives. The collegiate board is composed of seven members. It is responsible for analyzing and supporting strategic decision-making processes while monitoring the development and results of the business and providing guidance on good practices in carrying out activities.

In the 21/22 crop year, the Advisory Board monitored, among other topics, the development of the FS 2030 Commitments, the BECCS project for carbon capture and storage, and the evolution of the FS score in the rating prepared by Moody's.

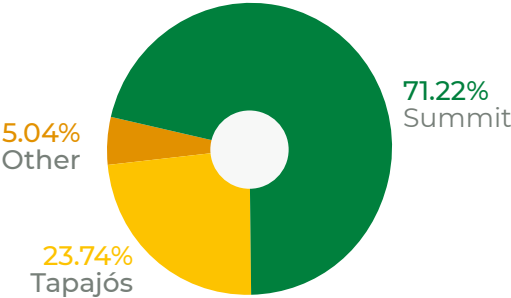
In its activities, the Advisory Board has the support of committees which aim to provide advice on specific topics: the Sustainability Committee and the Compliance Committee, in addition to the Risk Management Committee (starting operations in the crop year 2022/23). The committees contribute to the understanding of the members of the Advisory Board on more specific and technical issues of FS' business, offering an in-depth approach to the topics to assist the Advisory Board's performance and bring robustness to the governance of FS.



Transparency with the market

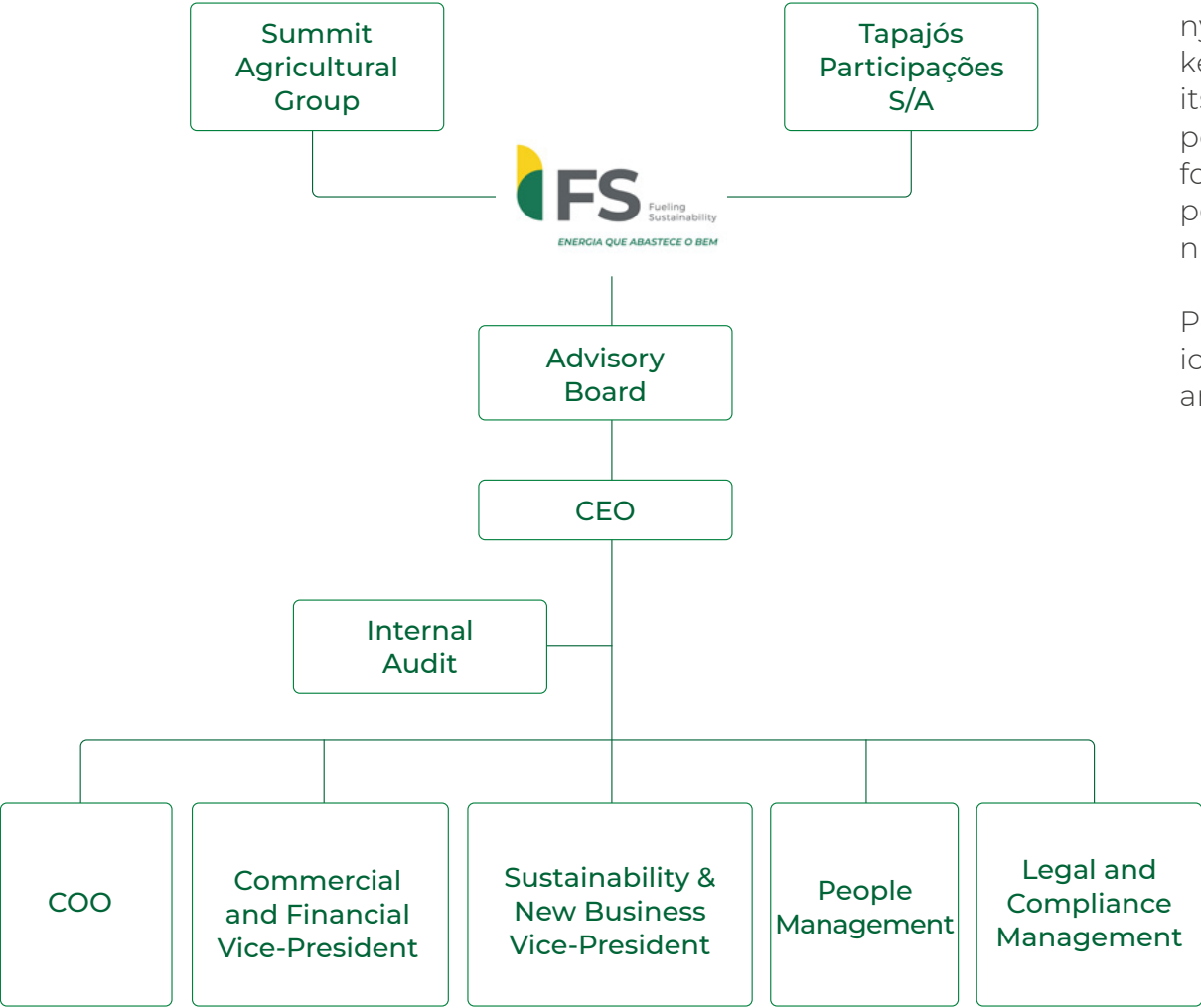
Our institutional website has a section aimed at investors, in which we publish quarterly business results and relevant information about our strategy. The portal also discloses aspects of our governance model and main corporate policies.

FS Shareholding composition*



*As of March 31, 2022.

Governance structure*



*FS Fueling Sustainability is a company incorporated as a limited liability company. Governance structure on March 31, 2022.

Relationship with shareholders

The Company is a limited liability company (LTDA.) and operates under good market practices, with an Advisory Board in its governance structure. The partners appoint the members of the Advisory Board for terms of two years, reelection being permitted. The Advisory Board holds 12 annual meetings.

Periodically, the Company reviews its policies. In the 21/22 crop year, the revisions and improvements implemented deserve

to be highlighted in the following policies: Conflict of Interest (click here and access), Transactions with Related Parties, Anti-corruption, Risk Management and Institutional Relations. There is no formal evaluation model for the Advisory Board members since there is no decision-making and management power regarding the Company and the fact that the partners directly appoint its members.





RISK MANAGEMENT and internal controls

In the 21/22 crop year, we expanded and strengthened risk management procedures and the mechanisms for monitoring and evaluating the Company’s internal controls. One of the significant advances was assessing and planning the alignment of our policies and practices with the guidelines of COSO and ISO 31000 methodology.

This work was carried out alongside updating the main policies related to audit processes and internal controls, particularly the Internal Audit Management Policy and Risk Management Policy.

We also structured our corporate Risk Matrix to identify and map the main action plans to mitigate or control the mapped risks. The Matrix also covers climate change risks and impacts on the business model.

The Steering Committee will monitor the evolution of risk management. The priority for the 22/23 crop year is implementing the internal controls guide and executing

a plan in line with the Executive Board for effective treatment and reduction of high-impact risks to an acceptable level for the Company.

Our Corporate Risk Matrix

33 corporate
Risks



271 associated
risk factors

4 internal
audits



COMPLIANCE program

The Code of Ethics and Conduct establishes the values and principles that guide the performance of all the Company's employees and administrators. Alongside other corporate policies, these instruments encourage the development of businesses in compliance with legislation, with respect for human rights and care for the environment.

Monitoring compliance with the Code of Ethics and Conduct and other policies is a responsibility of the Compliance area. This work is carried out within the scope of the Compliance Program, which covers all of the Company's industrial and administrative units.

The Compliance Program structures actions for employee training and qualification, implementation and consolidation of anti-fraud and anti-corruption controls, investigation of complaints, and dissemination of our ethical principles across the value chain.

One of the main tools of the Compliance Program is the Confidential Channel. The platform allows employees, third parties and other audiences to report questions or complaints about suspected violations of the Code of Ethics and Conduct and other company policies safely through a platform recognized in the market and operated by an independent third-party company.

The Confidential Channel operates 24 hours a day, seven days a week, and can be accessed in Portuguese and English by telephone (0800 792 1013), through the [website](https://canalconfidencial.com.br/fs/) (<https://canalconfidencial.com.br/fs/>), or by email (fs@canalconfidencial.com.br). The operation of the Confidential Channel is provided for in a specific policy, ensuring the right to anonymity and confidentiality of the information received.

Since the creation of the Confidential Channel, there have been no substantiated complaints related to bribery, money laundering, payments of kickbacks, fraud, extortion, collusion, or anti-competitive



practices. There were also no manifestations related to cases of favoritism, undue advantage, illegal activities, or activities that violated ethics and policies in business conduct.

During the crop year, we established quantitative targets related to the performance of audits in the supplier due diligence processes, terms of commitment to the Code of Ethics and Conduct by employees, and regulatory licenses. We also set a target for the average deadline for completing the Confidential Channel complaints, conducting biannual anti-corruption training for all employees, preparing and implementing online capacity on the Code of Ethics and Conduct, and the dissemination and awareness of the internal public on this topic.

Compliance Program Regulations

- Code of Ethics and Conduct
- Code of Conduct for Suppliers and Partners
- Anti-Corruption, Money Laundering and Terrorism Financing Prevention Policy
- Gifts and Business Courtesies Policy
- Conflict of Interest Policy
- Confidential Channel Policy and Ethics Committee



Compliance training

Through corporate communication channels – such as the institutional web-site and the internal corporate network – we communicate the policies and codes that make up the Compliance Program to all our audiences. Thus, we ensure that regulations to prevent fraud, corruption and unethical behavior are available to 100% of stakeholders.

At the time of onboarding, all new employees receive guidance to access the online version of the Code of Ethics and Conduct, which is available on the internal system and undergo mandatory training on the Code and Anti-Corruption Policy through the Educa FS platform. At the end of the courses, employees formally sign an acceptance guidelines declaration to act according to the premises established in these standards.

Every six months, we conduct a refresher training course on the fight against corruption, the content of which is in line with the Foreign Corrupt Practices Act (FCPA), the U.S. legislation on this topic, and the Brazilian Anti-Corruption Act (Act No. 12,846/2013).

In the 21/22 crop year, we promoted this training in September and March. During this period, 694 employees were trained in FS’ anti-corruption policies and practices, representing 95.3% of the staff. Compliance training includes senior management and the CEO. For the 22/23 crop year, Advisory Board members will also be trained.

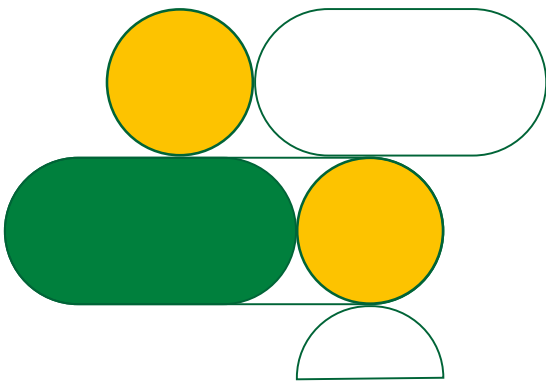
In July 2021, we prepared and implemented the specific Code of Ethics and Conduct course. In the last crop year, we also applied this course to third parties who act as FS intermediaries in the relationship with other stakeholders and partners.



694 employees were trained in anti-corruption policies and practices in the 21/22 crop year

Employees trained in anti-corruption policies / practices					
	19/20	20/21		21/22	
	Number of people trained	Number of people trained	Percentage over total employees	Number of people trained	Percentage over total employees
By employment level					
Executive Board	7	8	100.0%	9	100.0%
Management	12	20	100.0%	26	92.9%
Coordination	33	12	100.0%	19	100.0%
Supervision	na	na	na	42	100.0%
Administrative	153	177	100.0%	259	92.2%
Industrial	222	297	100.0%	339	97.1%
By region					
Midwest	12	504	100.0%	633	96.2%
Southeast	33	10	100.0%	61	87.1%
Total	427	514	100.0%	694	95.3%

INSTITUTIONAL relations



Our Institutional Relations Policy establishes the guidelines and assumptions to be followed by all employees in interactions with other companies, government agencies, and public officials. Approved by the Executive Board, the document also provides for the adoption of transparency mechanisms for the Company's institutional relations activities in strict compliance with applicable legislation and regulations.

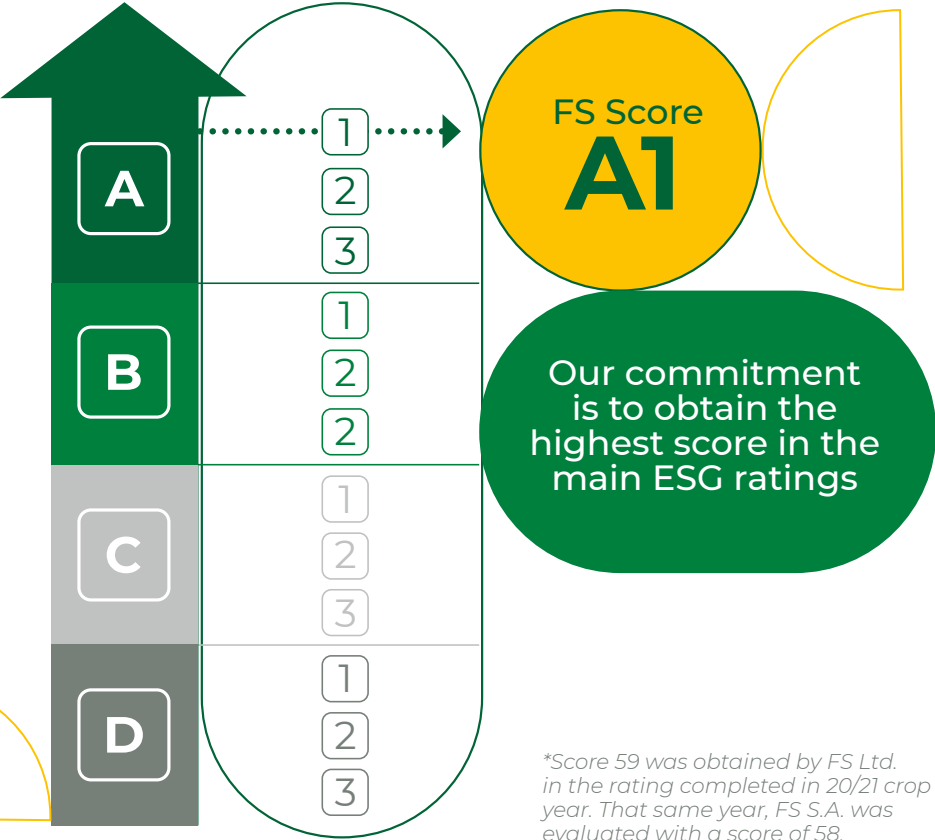
In the scope of institutional relations, one of the main mechanisms of interaction with other agents in the sector, as well as promotion and contribution to public policies, is the sectorial entities' engagement. Among the organizations of which we are a part, the following stand out:

- Union of the Sugarcane and Bioenergy Industries (UNICA) – we occupy a seat on the Board of Directors
- National Corn Ethanol Union (UNEM) – we have representatives on the Board of Directors and the Fiscal Council
- Federation of Industries of the State of Mato Grosso (FIEMT)
- Union of the Sugar and Ethanol Industries of the State of Mato Grosso (SINDALCOO/MT) – we occupy the Vice President's chair of the entity
- Construction and Electricity & Gas Generation, Transmission and Distribution Union of the State of Mato Grosso (SINDIENERGIA) – we occupy a seat on the Executive Board of the entity
- Mato Grosso Reforestation Association (AREFLORESTA)



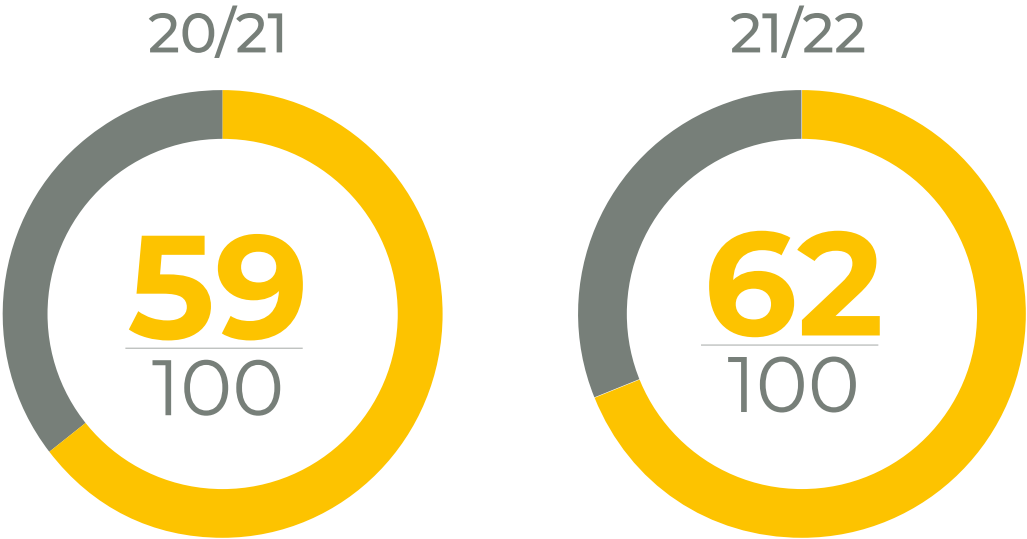
ESG rating

In 21/22 crop year, we monitored Moody's ESG rating (which consolidated the former Vigeo Eiris rating), validating the levels of engagement and maturity provided by FS for the environmental, social and governance pillars. We achieved an increase of 3 points* compared to the last assessment.



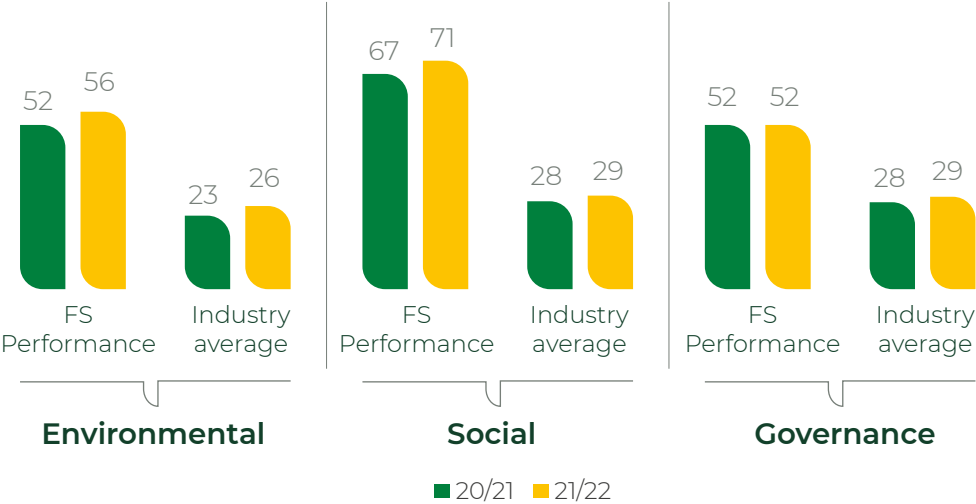
*Score 59 was obtained by FS Ltd. in the rating completed in 20/21 crop year. That same year, FS S.A. was evaluated with a score of 58.

Overall ESG Score



MOODY'S | ESG Solutions

ESG Dimension Performance (0-100)



REPORT

EXHIBITS



8 topics make up the Materiality Matrix of the 21/22 Report

CO₂ Reduction

Perspectives for mitigation and adaptation to climate change. Among the main aspects addressed, the initiatives to measure and reduce greenhouse gas emissions in operations and the value chain stand out, in addition to the relevance of ethanol as a renewable fuel for the decarbonization of the fuel matrix.



Related GRI disclosures:
201-2, 302-1, 305-1, 305-2 and 305-3

Social and environmental responsibility

Actions for monitoring and social & environmental assessment of the players in the corn and biomass production chain, as well as all direct sales of DDGs, to ensure sustainable performance.



Related GRI disclosures:
308-1, 308-2, 408-1, 409-1, 414-1 and 414-2

Governance and compliance

It covers aspects to enable the company's governance area to consider the business' contribution to promoting sustainable development. It includes compliance with legislation and the fight against corruption throughout the value chain. It exceeds legal compliance by incorporating stakeholders' expectations to ensure FS's positioning as a leader in ESG management.



Related GRI disclosures:
205-2, 205-3, 307-1 and 419-1

Corporate culture

Development of the organizational climate and a culture of high performance and talent recognition. It includes aspects related to capacity building, performance appraisal, and people retention, in addition to health and safety.



Related GRI disclosures:
401-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 404-1, 404-2 and 404-3

Innovation and technology

A topic related to applied innovation, aiming at increased productivity, resource optimization, and product differentiation. It ranges from the tropicalization of technology for corn-based ethanol production in Brazil to the search for disruptive solutions to neutralize emissions and capture carbon.



There are no GRI disclosures prioritized for this topic

Water, waste and effluents

Initiatives to ensure the quality and availability of natural resources, including efforts to rationalize consumption and optimize destination, highlighting the environmental impacts of activities associated to FS, as well as management mechanisms.



Related GRI disclosures:
303-1, 303-2, 303-3, 303-4, 303-5, 306-1, 306-2, 306-4 and 306-5

Diversity and inclusion

Management mechanisms to promote equity in the corporate environment, promoting inclusion, and diversity at all employment levels. It covers the different perspectives of diversity (gender, race, ethnicity, etc.) and provides opportunities for persons with disabilities (PWDs).



Related GRI disclosures:
405-1 and 406-1

Education and development of communities

Promotion of the socioeconomic development of nearby communities and the active engagement of FS with local audiences.



Related GRI disclosures:
202-1, 203-1 and 413-1

GRI CONTENT index



GRI Standard	Disclosure	Page	Omissions	Global Compact	SDG
GRI 101 Foundation 2016					
General disclosures					
GRI 102 General disclosures 2016	Organizational profile				
	102-1 Name of the organization	5	-	-	-
	102-2 Activities, brands, products, and services	7, 8, 14, 15 and 16	-	-	-
	102-3 Location of headquarters	56	-	-	-
	102-4 Location of operations	9	-	-	-
	102-5 Ownership and legal form	56	-	-	-
	102-6 Markets served	14, 15 and 16	-	-	-
	102-7 Scale of the organization	9, 12 and 40	-	-	-
	102-8 Information on employees and other workers	38 and 42	-	6	8 and 10
	102-9 Supply chain	52	-	-	-
	102-10 Significant changes to the organization and its supply chain	10	-	-	-
	102-11 Precautionary Principle or approach	32 and 36	-	-	-
	102-12 External initiatives	21 and 22	-	-	-
	102-13 Membership of associations	61	-	-	-
	Strategy				
	102-14 Statement from senior decision-maker	3 and 4	-	-	-
	102-15 Key impacts, risks, and opportunities	20 and 58	-	-	-
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behavior	9 and 59	-	10	16
	102-17 Mechanisms for advice and concerns about ethics	59	-	10	16

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and that thereferences to disclosures 102-40 to 102-49 are aligned with the respective sections throughout the Report. The service was performed in the Portuguese version of the Report.

GRI Standard	Disclosure	Page	Omissions	Global Compact	SDG
GRI 102 General disclosures 2016	Governance				
	102-18 Governance structure	57	-	-	-
	Stakeholder engagement				
	102-40 List of stakeholder groups	6	-	-	-
	102-41 Collective bargaining agreements	42	-	3	8
	102-42 Identifying and selecting stakeholders	6	-	-	-
	102-43 Approach to stakeholder engagement	6	-	-	-
	102-44 Key topics and concerns raised	64	-	-	-
	Reporting practice				
	102-45 Entities included in the consolidated financial statements	5	-	-	-
	102-46 Defining report content and topic Boundaries	6	-	-	-
	102-47 List of material topics	6 and 64	-	-	-
	102-48 Restatements of information	5	-	-	-
	102-49 Changes in reporting	6	-	-	-
	102-50 Reporting period	5	-	-	-
	102-51 Date of most recent report	5	-	-	-
	102-52 Reporting cycle	5	-	-	-
	102-53 Contact point for questions regarding the report	5	-	-	-
	102-54 Claims of reporting in accordance with the GRI Standards	5	-	-	-
	102-55 GRI content index	65, 66, 67, 68 and 69	-	-	-
	102-56 External assurance	5, 70 and 71	-	-	-

GRI Standard	Disclosure	Page	Omissions	Global Compact	SDG
Material topic CO ₂ Reduction					
GRI 103 Management approach 2016 ¹	103-1 Explanation of the material topic and its Boundary	24, 25, 26, 27, 28, 29, 30, 31 and 64	-	-	-
	103-2 The management approach and its components	24, 25, 26, 27, 28, 29, 30 and 31	-	-	-
	103-3 Evaluation of the management approach	21, 22, 24, 25, 26, 27, 28, 29, 30 and 31	-	-	-
GRI 201 Economic performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	24, 25, 28, 29, 30 and 31	-	7	13
GRI 302 Energy 2016	302-1 Energy consumption within the organization	27	-	7 and 8	7, 8, 12 and 13
	305-1 Direct (Scope 1) GHG emissions	26 and 27	-	7 and 8	3, 12, 13, 14 and 15
GRI 305 Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	26 and 27	-	7 and 8	3, 12, 13, 14 and 15
	305-3 Other indirect (Scope 3) GHG emissions	26 and 27	-	7 and 8	3, 12, 13, 14 and 15
Material topic Social and environmental responsibility					
GRI 103 Management approach 2016 ²	103-1 Explanation of the material topic and its Boundary	36, 37, 38 and 64	-	-	-
	103-2 The management approach and its components	36, 37 and 38	-	-	-
	103-3 Evaluation of the management approach	21, 22, 36, 37 and 38	-	-	-
GRI 308 Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	37	-	8	-
	308-2 Negative environmental impacts in the supply chain and actions taken	37	-	8	-
GRI 408 Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	37 and 44	-	5	8 and 16
GRI 409 Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	37 and 44	-	4	8
GRI 414 Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	37	-	2	5, 8 and 16
	414-2 Negative social impacts in the supply chain and actions take	37	-	2	5, 8 and 16

1. The management approach refers to all GRI topics in the material topic “CO₂ Reduction.”
2. The management approach refers to all GRI topics in the material topic “Social and environmental responsibility.”

GRI Standard	Disclosure	Page	Omissions	Global Compact	SDG
Material topic Governance and compliance					
GRI 103 Management approach 2016 ³	103-1 Explanation of the material topic and its Boundary	59, 60, 62 and 64	-	-	-
	103-2 The management approach and its components	59, 60 and 62	-	-	-
	103-3 Evaluation of the management approach	21, 22, 59, 60 and 62	-	-	-
GRI 205 Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	60	-	10	16
	205-3 Confirmed incidents of corruption and actions taken	59	-	10	16
GRI 307 Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	We did not record significant fines or sanctions related to environmental, social and economic aspects in the period. We consider sanctions with an amount equal to or greater than 1% of the revenue verified in the crop year to be significant and those that may harm the company's regular operation or the validity of operating licenses.	-	8	16
GRI 419 Socioeconomic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area		-	-	16
Material topic Corporate culture					
GRI 103 Management approach 2016 ⁴	103-1 Explanation of the material topic and its Boundary	40, 41, 42, 43, 44, 45, 46, 51, 52, 53, 54 and 64	-	-	-
	103-2 The management approach and its components	40, 41, 42, 43, 44, 45, 46, 51, 52, 53 and 54	-	-	-
	103-3 Evaluation of the management approach	21, 22, 40, 41, 42, 43, 44, 45, 46, 51, 52, 53 and 54	-	-	-
GRI 401 Employment 2016	401-1 New employee hires and employee turnover	41 and 42	-	6	5, 8 and 10
GRI 403 Occupational health and safety 2018	403-1 Occupational health and safety management system	51	-	-	8
	403-2 Hazard identification, risk assessment, and incident investigation	51, 52 and 53	-	-	8
	403-3 Occupational health services	54	-	-	8
	403-4 Worker participation, consultation, and communication on occupational health and safety	52	-	-	8 and 16
	403-5 Worker training on occupational health and safety	52	-	-	8
	403-6 Promotion of worker health	54	-	-	3
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	51	-	-	8
	403-8 Workers covered by an occupational health and safety management system	51	-	-	8
	403-9 Work-related injuries	53	-	-	3, 8 and 16
	404-1 Average hours of training per year per employee	46	-	6	4, 5, 8 and 10
GRI 404 Training and education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	45 and 46	-	-	8
	404-3 Percentage of employees receiving regular performance and career development reviews	45	-	6	5, 8 and 10

3. The management approach refers to all GRI topics in the material topic "Governance and compliance."

4. The management approach refers to all GRI topics in the material topic "Corporate culture."

GRI Standard	Disclosure	Page	Omissions	Global Compact	SDG
Material topic Innovation and technology					
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its Boundary	7, 8, 28, 29 and 64	-	-	-
	103-2 The management approach and its components	7, 8, 28 and 29	-	-	-
	103-3 Evaluation of the management approach	7, 8, 21, 22, 28 and 29	-	-	-
Material topic Water, waste and effluents					
GRI 103 Management approach 2016	103-1 Explanation of the material topic and its Boundary	32, 33, 34, 35 and 64	-	-	-
	103-2 The management approach and its components	32, 33, 34 and 35	-	-	-
	103-3 Evaluation of the management approach	21, 22, 32, 33, 34 and 25	-	-	-
GRI 303 Water and effluents 2018	303-1 Interactions with water as a shared resource	33 and 34	-	8	6 and 12
	303-2 Management of water discharge-related impacts	33 and 34	-	8	6
	303-3 Water withdrawal	34	-	7 and 8	6
	303-4 Water discharge	34	-	7 and 8	6
	303-5 Water consumption	34	-	8	6
GRI 306 Waste 2020	306-1 Waste generation and significant waste-related impacts	34 and 35	-	8	3, 6, 11 and 12
	306-2 Management of significant waste-related impacts	34 and 35	-	8	3, 6, 11 and 12
	306-4 Waste diverted from disposal	35	-	8	3, 11 and 12
	306-5 Waste directed to disposal	35	-	8	3, 11 and 12
Material topic Diversity and inclusion					
GRI 103 Management approach 2016 ⁵	103-1 Explanation of the material topic and its Boundary	47, 48, 49 and 64	-	-	-
	103-2 The management approach and its components	47, 48 and 49	-	-	-
	103-3 Evaluation of the management approach	21, 22, 47, 48 and 49	-	-	-
GRI 405 Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	48	-	6	5 and 8
GRI 406 Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	49	-	6	5 and 8
Material topic Education and development of communities					
GRI 103 Management approach 2016 ⁷	103-1 Explanation of the material topic and its Boundary	43, 49, 50 and 64	-	-	-
	103-2 The management approach and its components	43, 49 and 50	-	-	-
	103-3 Evaluation of the management approach	21, 22, 43, 49 and 50	-	-	-
GRI 202 Market presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	49	-	6	1, 5 and 8
GRI 203 Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	43 and 50	-	-	5, 9 and 11
GRI 413 Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	43 and 50	-	1	-

5. The management approach refers to all GRI topics in the material topic “Water, waste and effluents.”

6. The management approach refers to all GRI topics in the material topic “Diversity and inclusion.”

7. The management approach refers to all GRI topics in the material topic “Education and development of communities.”

ASSURANCE report



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Limited verification report

To the Board of Directors and Executive Officers
FS Agrisolutions Industria de Biocombustíveis Ltda.
São Paulo - SP

Introduction

We have been engaged by FS Agrisolutions Industria de Biocombustíveis Ltda. (FS or the "Company") for the purpose of applying limited verification procedures on the sustainability information disclosed in FS's Sustainability Report 2021/2022 and the following FS 2030 Sustainability Commitments, relating to the crop year 2021/2022, which comprises the period from April 1st, 2021 to March 31th, 2022:

- Reduction of CO2 emissions;
- Responsibility in the Value Chain;
- Water, Waste and Effluents;
- Education and Development of Communities;
- Diversity and Inclusion;
- Governance and Compliance.

Responsibilities of FS management

FS management is responsible for the preparation and fair presentation of the sustainability information disclosed in the Sustainability Report 2021/2022 in accordance with the Global Reporting Initiative - GRI Sustainability Reporting Standards and the six 2030 Sustainability Commitments with such internal control as it determines is necessary to enable the preparation of this information free from material misstatement, whether due to fraud or error.

Verifiers' Responsibility

Our responsibility is to express a conclusion on the information disclosed in the Sustainability Report 2021/2022 and the six 2030 Sustainability Commitments, based on the limited verification work conducted in accordance with the Global Reporting Initiative - GRI Sustainability Reporting Standards and the methodology developed globally by KPMG for verification of social and environmental information disclosed in sustainability reports, called KPMG Sustainability Assurance Manual - KSAM, applicable to historical non-financial information.

These standards require compliance with ethical requirements, including independence requirements, and that work be performed with the objective of obtaining limited security that the information disclosed in the Sustainability Report 2021/2022 and the six Sustainability Commitments 2030, taken as a whole, is free from material misstatement.



A limited verification work conducted in accordance with the Sustainability Reporting Standards of Global Reporting Initiative - GRI and the methodology KPMG Sustainability Assurance Manual - KSAM consists mainly of making inquiries of FS management and other Company personnel involved in the preparation of the information contained in the Sustainability Report 2021/2022 and the six Sustainability Commitments 2030, as well as applying analytical procedures to obtain evidence that enables us to conclude in the form of a limited verification on the sustainability information taken as a whole. A limited verification engagement also requires the performance of additional procedures when the verifier becomes aware of matters that lead him to believe that the information disclosed in the Report 2021/2022 taken as a whole might present material misstatements.

The procedures selected were based on our understanding of the aspects relating to the compilation, materiality and presentation of the information in the Sustainability Report 2021/2022 and other circumstances of the work and our consideration of areas and the processes associated with the material sustainability information disclosed in the Sustainability Report 2021/2022 where material misstatements could exist. The procedures comprised:

- (a) planning the work: consideration of the materiality of the aspects for FS activities, the relevance of the information disclosed, the volume of quantitative and qualitative information, and the operational and internal control systems that served as a basis for the preparation of FS's 2021/2022 Sustainability Report and the six 2030 Sustainability Commitments. This analysis defined the indicators to be tested in detail;
- (b) understanding and analyzing the disclosed information in relation to how material aspects are managed;
- (c) analysis of the processes for the preparation of the Sustainability Report 2021/2022 and of its structure and content, based on the Content and Quality Principles of the Sustainability Reporting Standards of the Global Reporting Initiative - GRI (GRI - Standards);
- (d) evaluation of the sampled non-financial indicators:
 - understanding of the calculation methodology and procedures for the compilation of the indicators through interviews with the managers responsible for the preparation of the information;
 - applying analytical procedures on the quantitative information and inquiring about the qualitative information and its correlation with the indicators disclosed in the FS Sustainability Report 2021/2022;
 - analysis of evidence that supports the information disclosed;
- (e) analysis of the reasonableness of the justifications for the omission of performance indicators associated with aspects and topics indicated as material in the Company's materiality analysis;

We believe that the information, evidence and results obtained in our work are sufficient and appropriate to support our conclusion in the limited form.

Scope and limitations

The procedures applied in a limited verification engagement are substantially less extensive than those applied in a reasonable verification engagement. Consequently, they do not



enable us to obtain security that we would become aware of all matters that would be identified in a reasonable verification work, the objective of which is to issue an opinion. Had we performed a reasonable verification work, we might have identified other matters and possible misstatements that may exist in the information contained in the Sustainability Report 2021/2022 and FS's six 2030 Sustainability Commitments.

Non-financial data are subject to more inherent limitations than financial data, given the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretations of materiality, relevance and accuracy of the data are subject to individual assumptions and judgments. Additionally, we did not perform any work on data reported for prior periods for the assessment of the adequacy of its sustainability policies, practices and performance, nor in relation to future projections.

Conclusion

Based on the procedures performed, as described in this report, we have not identified any relevant information that leads us to believe that the information in the FS Sustainability Report 2021/2022 and the six 2030 Sustainability Commitments is not fairly stated in all material aspects in accordance with the Global Reporting Initiative - GRI Sustainability Reporting Standards (GRI - Standards) and with the records and files that served as the basis for its preparation..

São Paulo, August 12th, 2022

KPMG Assessores Ltda.
Original report in Portuguese signed by
Marcio Barreto

CREDITS

General coordination

Sustainability & Business
Development Dept

Cover

Brivia

Photos

FS's collection and Shutterstock