



Contents

4 Messages

Λ Message from the Board of Directors 6 Message from the CEO

8 Our Purpose

20 Our Governance

26 Management Progress

28 Our Business

32 Sugar 36 Ethanol 40

Logistics

48 **Financial Performance**

50 Our Commitment

56 Socio-environmental Management

62 People Management

> 68 Workplace Safety

72 **GRI** Annex

74 About the Report

75 Material Topics

76 Complement to the **GRI** Disclosures

> 85 **GRI** Content Index



Highlights of the 2017-2018 crop year

14.1 billion

liters of ethanol traded* persucar + Eco-Energ





BRL 28.6 billion net revenue

BRL 209 million in investments



Message from the Board of Directors

Copersucar proudly presents its Sustainability Report for the 2016-2017 and 2017-2018 crop years to its stakeholders. As well as being a register of the progress in management and introducing the achievements of the last biennium, this report highlights the company's performance as a protagonist in sustainability, which is a prerequisite for the continuity of the business and a value generating factor for society as a whole today and in the future.

In a biennium characterized by several difficulties both in the domestic economy and the global competitive environment, Copersucar has demonstrated its capacity to overcome challenges and generate results.

During the 2016-2018 period, Copersucar's leadership in global sugar trading was consolidated through its joint-venture Alvean and in the ethanol market through the activity of US-headquartered Eco-Energy, whose acquisition was finalized in 2017. Copersucar's global presence in the two main markets in which it operates is also a reflection of the robustness of its position in Brazil, where it is a leading supplier of sugar to industrial clients and a leading ethanol trader.

We also wish to highlight the growth of our logistics business and its contribution to the company's results. Our storage and intermodal transport capacity for sugar and ethanol, combined with operational excellence, is increasingly proving to be a competitive edge of our business model.

At the institutional level, the approval by the Brazilian government of the RenovaBio Program is particularly deserving of mention. This long-term public policy recognizes the contribution of biofuels towards meeting the country's targets and commitments for reducing greenhouse gases. RenovaBio has been strengthening the presence of ethanol in Brazil's energy matrix and could represent the required stimulus for new investments.

With the strengthening of the Brazilian sugar-energy sector we will be able to multiply the positive and sustainable impact of our products.

Luís Roberto Pogetti Chairman of the **Board of Directors**



From left to right: Julio Boada, Tomas Manzano, Paulo Roberto de Souza, Pedro Paranhos, André Camargo, Luis Roberto Pogetti and Augusto Durand

Message from the CEO

The two crop years between 2016 and 2018 were marked by high volatility in the sugar and ethanol markets. In the last cycle, sugar prices experienced a prolonged downturn, a drop of more than 30%, while ethanol recovered its competitiveness in relation to gasoline due to the new price policy in force in Brazil since July 2017. In such distinct scenarios, Copersucar was able to prove the efficacy of its management with the necessary readiness to meet market demands and ensure that positive results were obtained.

In 2017, Alvean - a sugar exporting joint venture created in partnership with Cargill - went into its third year of operations, consolidating as the most important global player in the sugar market. In Brazil, Copersucar leads in the industrial market with a 30% share.

In the fuel market, Brazil's new pricing policy resulted in greater competitiveness for ethanol and reestablished free market practices. Ethanol also stood out for its climate contribution through the Brazilian government approval of the RenovaBio program. Copersucar also reported impressive results in the logistics area between 2016 and 2018. Our terminals handled record-breaking volumes and provided logistics services to third parties, with volumes from non-partner mills now surpassing the raw crystal sugar handled for member producers.

The creation of a highly skilled and fast-paced team of professionals focused on reaching strategic targets has been of fundamental importance for our growth and will continue to be a strategic aspect of our management. As is attention to maintaining the health and quality of life of everybody who works at our terminals and corporate offices.

As it celebrates its tenth year in 2018, Copersucar S.A. is clear in its purpose. We connect the field to the rest of the world to take the benefits of our products to society as a whole while managing and sharing sustainable value. We remain steadfast on this path with solid business and strategic vision.

Paulo Roberto de Souza CEO



Our Purpose





CA BASA



Copersucar S.A. is a global leader in trading sugar and ethanol. It has a unique business model that connects the field and the sugar-energy industry to the rest of the world. Driven by the cooperative spirit of its shareholders, the company integrates all of the sugarcane value chains and generates value in a sustainable manner with products that meet the growing global demand for natural food and renewable energy.

The Copersucar purpose was drawn up by managing directors and managers in 2017 and validated by the Board of Directors in 2018. This broader definition guides the way in which the company's 641 employees work assuring greater clarity about the reason for Copersucar's existence, as well as its role in the sugar-energy sector and in society. Consequently, it generates wealth, well-being and environmental benefits and contributes to global sustainability from marketing of both commodities.

Natural food

As a source of energy and food flavoring, sugar is a 100% natural millennial ingredient that is present in the culture of Brazilians and various other peoples around the world. It contributes to a balanced diet, when combined with other healthy habits such as physical exercise. As a nutrient, sugar is associated with the food security policies of many nations. In the 2016-2017 and 20172018 crop years, Brazil produced almost 80 million tons of sugar, representing 23% of all the food consumed in the world in the past two years, according to data from the United States Department of Agriculture (USDA).

It is important to disseminate information about the benefits of sugar so that the population can have increasingly higher health and quality of life standards. For this reason, Copersucar supported initiatives such as the Doce Equilíbrio (Sweet Balance) campaign organized by the Brazilian Sugarcane Industry Association (UNICA) to inform society about maintaining a balanced consumption of sugar (learn more on page 35).

Seeking healthier lives, Copersucar also invests in education and in promoting food habit changes among the communities near its terminals, through talks about healthy diet and other related topics. These talks occur at the Fóruns em Roda (community members' meetings), which are part of the company's private social investment platform, the Conecta Program (learn more on page 60).



Copersucar's activities encourage the sustainable production of food. research and innovation in agriculture and the efficient functioning of food commodity markets



Copersucar's Purpose

Connecting our fields to the world, providing renewable energy and natural food for the well-being of society.

Our purpose was drawn up in collaboration and presented to employees in 2018



Renewable energy

Sugarcane ethanol is today an available and economically viable substitute for fossil fuels and a way to reduce the CO_2 emissions that contribute towards global warming. Copersucar, in partnership with UNICA and other associations in the sugar-energy sector, supports the signing into law of RenovaBio, a public policy approved in 2017 by the Brazilian government, which sets forth mechanisms for decarbonization of the domestic fuel chain.

RenovaBio is in line with the commitment to reduce greenhouse gases (GHGs), which Brazil took on at COP-21 in 2015, the year in which the Paris Agreement was signed with a view to preventing the planet's temperatures from rising more than 2°C above pre-industrial levels. The country's Nationally Determined Contributions (NDCs) foresee a 37% reduction in emissions by 2025, and a subsequent indicative contribution of a 43% reduction by 2030, compared with the 2005 levels.

A study drawn up by the Brazilian Ministry of the Environment shows that the sugarenergy sector has the potential to mitigate 756 million tons of CO_2 equivalent in the period between 2020 and 2030, with an investment of BRL 160 billion in expansion and modernization.

> The sale of ethanol in Brazil and international markets galvanizes the use of a renewable biofuel, which is produced from a raw material that contributes to CO2 capture from the atmosphere, and the replacement of petroleum derivatives

In the 2017-2018 crop year, ethanol had a greater share of Brazil's fuel matrix, with a 3.1% growth in sales compared to the previous period to 26.5 billion liters, while total consumption of gasoline C (which has a 27% anhydrous ethanol admixture) fell 1.4% to 43.1 billion liters in Brazil. The improved ethanol mix is due to a 7.2% increase in sales of hydrous ethanol at gas stations reaching 14.9 billion liters, according to figures from the National Agency of Petroleum, Natural Gas and Biofuels (ANP), compiled by the Brazilian Sugarcane Industry Association (UNICA).

The

sugar-energy sector has major potential for mitigating greenhouse gas emissions in Brazil



AÇÃO CONTRA A Mudança global



Our way of being and doing

We are challengers

We question the limits and create challenges. We are entrepreneurs. We make things happen with ethics and integrity.

We are responsible

We honor our word. We do what we say. We take risks considering the short- and long-term impacts of our decisions and actions.

We are agile

We have a sense of urgency, but we think before acting. We respond quickly to the needs of the market and of our clients with flexible and efficient processes.

We are professionals

We value meritocracy and high performance. We encourage dialogue and learning. We invest in the development of people and acknowledge their ideas and contributions.

We are collaborative

We work in a network. We act in an integrated and comprehensive manner. We share opinions, knowledge, and experience in search of business and personal development.

Copersucar's business strategy is supported by three pillars (internationalization, growth and structural gains) and was updated in 2017. The strategic priorities up until 2021 have coalesced around three main performance levers with guidelines aimed at strengthening our presence in the world's main sugar markets; the consolidation of supply and increase of structural gains in ethanol-related business; and increasing capacity, use and optimization of logistics assets. Investments made in the last biennium sought to enhance our business strategy and guarantee maximized shareholder return.

Our supply chain starts at the mills, which have their own management and produce sugar and ethanol exclusively traded by Copersucar S.A. to clients in Brazil and abroad.

Integration between the mills and the consumer market is done through the company's own logistics infrastructure, via multimodal terminals at Ribeirão Preto and São José do Rio Preto: the Copersucar Sugar Terminal in Santos; and the fuel terminal at Paulínia (São Paulo State), which became a joint venture between Copersucar and BP Biocombustíveis as of March 2018 (learn more on page 42). Within the logistics network,

Copersucar is responsible from withdrawal of sugar and ethanol from the mills to delivery of the products to the clients using road, rail and sea transport modes, and also the ethanol pipeline to connect producing regions to major consumer hubs.

Investee companies complement our operating model, boosting business growth by sharing investment and risk. Among these companies are: Alvean, a joint venture controlled by Copersucar and Cargill, which has increased its participation in sugar trading in strategic foreign markets; and Eco-Energy, a leader in biofuel trading in the U.S. and whose acquisition of 100% of its capital was finalized in the 2016-2017 crop year. The takeover deal has positioned Copersucar as one of the world's largest biofuel traders.

In the 2017-2018 crop year, Alvean traded 12.2 million tons of sugar on the global market, of which 7.9 million originating from Brazil. including the volume supplied by Copersucar. The company is a global leader in the sugar market with a 32% market share. Eco-Energy. for its part, traded 9.8 billion liters of ethanol in the biennium and was responsible for around 16% of the U.S. ethanol market.

Recognition 2017

• ANUÁRIO VALOR 1000

Elected the best company in the Brazilian sugar and ethanol sector and the 18th largest company in Brazil. Copersucar was recognized for its positive performance in the 2016/2017 biennium and special mention in three of the eight assessed criteria: net revenue, profitability and asset turnover ratio.

• ANUÁRIO MELHORES DO AGRONEGÓCIO/GLOBO RURAL

Awarded in the Bioenergy and Foreign Trade categories.

• ANUÁRIO ÉPOCA 360°

Elected 1st place in Agribusiness Corporate Governance and the 18th largest Brazilian company in net revenue.





2016

• EMPRESAS MAIS/ **O ESTADO DE** S. PAULO

Elected one of the ten Leading Companies in Governance.

• PRÊMIO MARCO/ ÉPOCA NEGÓCIOS

Copersucar is elected "brand with greatest prestige" in the Agribusiness category.

• PREMIUM **SUPPLIERS**

Copersucar receives the bronze award from Coca-Cola Femsa Brazil for its continuous quest for quality enhancement.

PARTNER MILLS

🕦 Grupo Econômico Balbo -Santo Antonio Mill (Sertãozinho-São Paulo State) 2 Grupo Econômico Balbo -São Francisco Mill (Sertãozinho-São Paulo State) 3 Usina Uberaba (Uberaba-Minas Gerais State) 4 Cacu (Vicentinópolis-Goiás State) **5** Cerradão (Frutal-Minas Gerais State) 6 Cocal Narandiba (Narandiba-São Paulo State) 7 Cocal Paraguaçu Paulista (Paraguaçu Paulista-São Paulo State) B Ferrari (Pirassununga-São Paulo State) 9 Furlan Avaré (Avaré-São Paulo State) 10 Furlan Santa Bárbara (Santa Barbara D'Oeste-São Paulo State) 11 Ipiranga Descalvado (Descalvado-São Paulo State) 12 Ipiranga Iacanga (Iacanga-São Paulo State) 13 Ipiranga Mococa (Mococa-São Paulo State) 14 Jacarezinho (Jacarezinho-Paraná State) (15 Melhoramentos (Jussara-Paraná State) 16 Melhoramentos Nova Londrina (Nova Londrina-Paraná State) 17 Pedra Agroindustrial - Buriti Mill (Buritizal-São Paulo State) (16) 18 Pedra Agroindustrial - Pedra Mill (Serrana-São Paulo State) 19 Pedra Agroindustrial - Ipê Mill (Nova Independência-São Paulo State) 20 Pitangueiras (Pitangueiras-São Paulo State) 21 Santa Adélia Jaboticabal (Jaboticabal-São Paulo State) 22 Santa Adélia Pereira Barreto (Pereira Barreto-São Paulo State) 23 Santa Adélia Pioneiros (Sud Mennucci-São Paulo State) 24 Santa Lúcia (Araras-São Paulo State) 23 Santa Maria (Cerquilho-São Paulo State) 26 São José da Estiva (Novo Horizonte-São Paulo State) 27 São Luiz S.A. (Ourinhos-São Paulo State) 28 São Manoel (São Manuel-São Paulo State) 29 Umoe Bioenergy II (Sandovalina-São Paulo State)

30 Viralcool Castilho (Castilho-São Paulo State) 31 Viralcool Destilaria Santa Inês

27

14

(Sertãozinho-São Paulo State) 32 Viralcool Pitangueiras

4

22

30

296

15

23

34 7

- (Pitangueiras-São Paulo State) 33 Zilor - Barra Grande
- (Lençóis Paulista-São Paulo State) 34 Zilor - Acucareira Quatá
- (Quatá-São Paulo State)
- 35 Zilor Açucareira Zillo Lorenzetti (Macatuba-São Paulo State)

TERMINALS

(3)

17

18

8

24

(10)

25

13

3

5

26

(12)

35 33 28

9

- Copersucar Multimodal Terminal (São José do Rio Preto-São Paulo State)
- 2 Copersucar Multimodal Terminal (Ribeirão Preto-São Paulo State)
- **3** Fuel terminal (Paulínia-São Paulo State)
- 4 Copersucar Sugar Terminal (Santos-São Paulo State)

Stakes and joint ventures

• 100% ownership interest in Eco-Energy

Eco-Energy operates in marketing, trading, transportation and distribution of biofuels in the U.S.. Copersucar and Eco-Energy operations combined make up the world's largest biofuels platform.

• 50% ownership interest in Alvean

Alvean specializes in the origination, marketing and trading of raw and white crystal sugar. Alvean (a joint venture with Cargill) has commercial offices in eight countries and operations on every continent.

• 50% ownership interest in the Paulínia fuel terminal

In a joint venture with BP Biocombustíveis, the Paulínia fuel terminal in the state of São Paulo can store up to 180 million liters of ethanol.

• 24.72% ownership interest in Logum*

Logum is a company created to enable an integrated system of ethanol distribution by pipeline.

• 16.93% stake in CTC

CTC is the world's largest sugarcane bio-technology development center with stakes from key players in the sugar-energy sector.

*Accounts for 20.81% direct ownership interest plus 3.91% indirect ownership interest via Unidute

Our governance

Copersucar is comprised of 20 business groups, which own 35 partner mills and form its body of shareholders. Since it was founded in 2008, the company has adopted best corporate governance practices and a high level of professional executive management. The company's management structure is in line with the guidelines of the Brazilian Institute of Corporate Governance (IBGC).

Copersucar's highest governance body is the General Meeting, which elects its Board of Directors - made up of 11 members with a two-year term. Board members may be reelected and two are independent members.

To support the decision-making process and assess the context for Copersucar's activity, the Board of Directors is supported by advisory committees, which operate on a permanent basis (see page $\underline{22}$).

Execution of Copersucar's business strategy is the responsibility of the Executive Board, which is made up of six members from senior management and the CEO and is responsible for managing and overseeing the company's operating results. In March 2018, Copersucar underwent corporate restructuring aimed at an even more integrated management and focused on its different businesses.

All those responsible for Copersucar's governance are trained on the company's anti-corruption policies and guidelines, in accordance with the demands identified as a result of legislation changes or other factors.



Composition of the Board of Directors

in	Luís Roberto Pogetti
ember	Antonio Eduardo Tonielo
ember	Antonio José Zillo
ember	Carlos Dinucci
ember	Carlos Ubiratan Garms
ember	Clésio Antonio Balbo
ember - dent	Geraldo José Carbone
ember - dent	José Luciano Duarte Penido
ember	Luiz Roberto Kaysel Cruz
ember	Norberto Bellodi
ember	Sandro Henrique Sarria Cabreira

Composition of the Executive Board

	Paulo Roberto de Souza
rcial and Planning	Pedro Paranhos
s Director	Paulo Roberto de Souza (interim)
7, Business Development reholders Iship Director	Tomas Manzano
tration, Finance and Relations (CFO)	Augusto Durand
and Management Directo	r André Camargo
nd ance Director	Julio Boada

Copersucar governance structure



Ownership interests

Copersucar S.A.



Training and shareholder relationship

In the 2017-2018 crop year, Copersucar held the first edition of the Training and Shareholder Relationship Program, at which 17 representatives of the company's controlling business groups took part. The purpose of the training program is to strengthen the relationship with and enhance the knowledge of this audience about Copersucar's business model, operations and corporate governance structure and hone technical and managerial skills.

The training program modules totaled 130 hours. The modules were taught under the academic supervision of the Instituto de Ensino e Pesquisa (Insper) and attended by Copersucar executives. In addition to this, the program included field visits to the Santos Copersucar Sugar Terminal (TAC) and to the Paulínia fuel terminal, both in São Paulo State.

At the end of the program, participants presented projects that apply to Copersucar's situation and proposed improvements to results and to the relationship between the company, partner mills and its clients. A second group with 19 participants began attending the program in the 2018-2019 crop year.

Ethics and business compliance

In building its relationship with its different stakeholders, Copersucar is committed to maintaining the ethics and values that guide the business with integrity and transparency. These guidelines are expressed in the company's Code of Conduct and Ethics in Business, which drives the activities of all company employees and senior management. When joining up, all employees, from Copersucar offices and terminals are included in the Integration Program, which covers the concepts contained in the Code of Conduct, among other aspects.

In March 2018, Copersucar trained 100% of employees at all its units through a series of training programs to reinforce the concepts and importance of the Code of Conduct and Ethics in Business. This training included issues such as respect for Brazilian legislation, safety and the relationship with clients and suppliers, among other aspects that are relevant for the sustainable growth of the business.

The Ethics Channel is open for employees to clarify doubts about ethical values and to report everyday situations that might be at odds with the guidelines of the Code of Conduct and Ethics. The channel, which is managed by an outside and independent company, is also available to the company's other stakeholders and may be accessed confidentially or anonymously by website, email or telephone.

Aware of its entire value chain, Copersucar also has a Code of Conduct and Ethics for Suppliers, which defines the guidelines to be followed by the partners that provide services and materials to the company. In the last biennium, 111 suppliers out of 508



partners whose contracts were corporately assessed by the supply area, had formalized their adhesion to the Code, assuring their commitment to best practices and the responsible management of the environmental impacts of their activities.

Risk management

The Copersucar risk management model is constantly evolving. In 2016, the company began a process to broaden its risk management and bring together into a single matrix all the risks of its business models, aimed at financial, operating and market aspects.

This work was underpinned by a methodology that includes analysis of risk vulnerability, impact and responses, considering the effectiveness of existing mitigation plans. Alongside this methodology is the quest for monitoring indicators in order to foresee any occurrences, as well as create opportunities and the development of a business continuity plan.

To implement this model, Copersucar has a structure dedicated to risk management. The Internal Audit, which is linked directly to the Financial, Audit and **Risk Management Committee under** the Board of Directors, complements the Risk Management governance at Copersucar. With the support of an external, independent consulting firm, the company's internal audit model is in line with the market's best practices, has been very effective and has contributed to process enhancement and compliance.

• Management progress

With the purpose of enhancing its internal controls and processes, Copersucar continuously improves on the tools available for the management and administration of its business. With greater efficiency in its administrative areas, the company has ensured agility in strategic decision-making and in conducting its sugar and ethanol business and logistics business.

In the 2016-2017 crop year, Copersucar held a brand and image survey with the company's main stakeholders. The purpose of this survey was to assess communications and the relationship with and the degree of knowledge regarding Copersucar among a representative sample of its business chain.

The stakeholders involved in this survey were banks and insurance companies, clients, partner mills, logistics partners, sector-based bodies, government agencies, and the press. All the interviewed groups singled out Copersucar as a top-of-mind name in the sugar and ethanol sector. The relationship with the company was regarded as excellent by 72.1% of clients, 60.5% of mill representatives and 58.7% of logistics partners interviewed.

The findings supplemented the engagement survey conducted with employees in 2017 to find out the degree of adhesion to the values of the company's new culture and to assess aspects of its Human Resources Policy (read more on page <u>66</u>). With a focus on improving its supply chain, a supplier registration process was structured to assess the qualitative, financial and sustainability aspects of new and existing Copersucar partners. The company also began drawing up the Suppliers' Registration Policy, which encompasses those companies that provide products and services considered strategic for the business.

Since the 2017-2018 crop year, most suppliers that provide continuous services have signed agreements whereby they commit to follow the company's Code of Conduct and Ethics for Suppliers.

Copersucar was the standout name in the sugar and ethanol sector, according to a survey conducted in the 2016-2017 crop year



Our Business



E

3

Our Business

Copersucar and its partner mills providing the sugar and ethanol traded by the company adopt best practices to assure the traceability and sustainability of the products sold to clients in Brazil and abroad.

Copersucar's products

Bonsucro[™]

Bonsucro[™] certification is a global benchmark for sustainability in the production of sugarcane and its derivatives. It analyses the chain's entire process and the impacts on biodiversity, on the ecosystem and on human and labor rights. It also assesses how production and continuous improvement requirements are being met. Since 2011, Copersucar and eight partner mills have been certified by Bonsucro. Certified production responds for a volume of 11 million tons of sugarcane. In 2015, a few months after it began operating, Alvean was certified by Bonsucro.

Market certifications and requirements

SO 22000 Certification – Food Safety Management System	9
SSC 22000 Certification - Food Safety System Certification 22000	6
Kosher	12
Bonsucro™	8
RFS2 (Renewable Fuel Standard)/Environmental Protection Agency (EPA)	33
/IETI (Japan)	27
CFS (Low Carbon Fuel Standard)/California Air Resources Board (CARB)	11
SMETA (Sedex Members Ethical Trade Audit)	8

Product certifications attest to the commitment of Copersucar and its partner mills to a responsible production model, where respect for human rights and dignified work conditions are the rule

Copersucar's logistics

as determined

by the Brazilian

government.

manufacturers and in

50 kilogram bags to

both the domestic and

foreign markets.

Multimodal terminals for road, rail, sea and ethanol pipeline transport.

Market requirements for ethanol

The ethanol sold by Copersucar in the U.S. meets federal regulatory requirements set forth by the Environmental Protection Agency (EPA) and the California Air Resources Board (CARB), specifically for the California market. For the European market, in addition to Bonsucro certification the company adopts the International Sustainability and Carbon Certification (ISCC). For sales in Japan, Copersucar meets the requirements defined by the country's Ministry of Economy, Trade and Industry (METI).

These and other market quality standards met by Copersucar and its partner mills are major tools to provide clients with proof-of-origin and traceability guarantees for the products sold. They encompass adoption of best social and environment practices from growing sugarcane to converting it into raw material.

Total number of mills that meet the standard

Sugar

Copersucar's sugar reaches clients in both the Brazilian and foreign markets. In Brazil, the main food and beverage industries buy white and raw crystal sugar and sales are supported by a specific team. On the foreign market, sales are conducted via Alvean and the main clients for our sugar are refineries in the Middle East, North Africa and Asia.

In the 2017-2018 crop year, Copersucar sold 4.5 million tons of sugar, the same volume as for the 2016-2017 crop year, when excluding prepaid exports. Export volume accounted for 2.9 million tons in the last crop year and 2.7 million tons in the previous crop year.

The 2017-2018 crop year marked the third full year in which Alvean operated as a major player in the global sugar market. The establishment of the trading company in partnership with Cargill, in 2014, was a successful move in Copersucar's internationalization strategy.

In accordance with the business model, Alvean turned into the exclusive buyer of Copersucar's sugar destined for the foreign market, becoming very active at origination and also acquiring white and raw crystal sugar for export from other sources in Brazil and from other production hubs in the world.

This model of activity expanded Alvean's market share of the sugar market and increased the scale at which Copersucar's logistics infrastructure is used, as the company is the preferential provider of these services to Alvean (learn more on page 40).

2015-2016 2016-2017 2017-2018

Traded by Alvean (millions of tons)

Global sales

foreign market

domestic market

strategy

Client relationship

On the Brazilian market, Copersucar's role goes beyond delivering sugar to food and beverage industries. In this segment, the company fulfills its mission of connecting field to industry, investing in long-term relationships that allow the demands of the large producers to be identified. It thus contributes towards improving the production process of the mills, which produce and supply the raw material.

One of Copersucar's objectives is to bring sugar producers closer to the reality of the industrial sugar market. In the 2017-2018 crop year, the company held five workshops with partner mills to discuss the actions undertaken in industrial processes for improving product quality.

The workshops included presentation of cases developed by the mills and the sharing of experiences and knowledge to help prevent sugar from caking and colour changes, among other things. With this initiative, Copersucar seeks to reduce occurrences of clientreported non-conformances to the technical aspects of the products and to disseminate the best practices adopted by partner mills.

The proximity to the technical areas of the mills has also allowed advances in the use of new technologies and solutions that improve the performance of sugar in the clients' production processes. Since 2015, Copersucar has developed a project to enhance filterability and reduce turbidity of sugar syrup used in the production of beverages.

The initiative involves the use of the alpha-amylase enzyme in the production of white crystal sugar. The

biotechnology improves aspects such as color reduction, crystallization and flocculation, as well as benefitting filterability. In 2017, some partner mills carried out a pilot project to test the solution and as of the 2018-2019 crop year all producers will be able to use it in the production process of type 3C raw and white crystal sugar, with assurance that the end product will not have residual traces of the enzyme. The connection between the mills and sugar end clients allows the development of new solutions for productivity gains

Balanced sugar consumption

Copersucar was a supporter of the "Doce Equilíbrio" project, which was developed by UNICA to inform the public about the benefits of sugar as part of a balanced diet and a lifestyle that combines physical activity and healthcare. Growing obesity in the world's population, especially among children and young people, has led to a surge of organized campaigns that tend to spread information without a scientific basis and which in some cases is guestionable as regards the impacts of sugar consumption on human health.

In view of this scenario, between 2015 and 2018 UNICA developed the project in order to divulge accurate and useful information about the product for consumers, the media, government agencies and other actors in the value chain. The "Doce Equilíbrio" platform had the support of multidisciplinary experts and spontaneous media reports, as well as a blog and publications on social media networks.

Among the content produced are educational texts about sugar and recipes that help to position the product as one of the ingredients for a more pleasurable, healthy and well-balanced life.

Ethanol

Direct operations in Brazil combined with the operations undertaken by Eco-Energy, Copersucar's full subsidiary in the U.S., has led to the company's creating the largest ethanol sale and distribution platform in the world. This integration allows synergy gains, as these markets are the largest producers and consumers of ethanol in the world, with import and export opportunities in both countries. Part of the ethanol is also sold in Japan and South Korea, thus broadening the range of environmental benefits brought about by the Brazilian product.

The continuous evolution of the sugarcane ethanol production chain, with particular attention to environmental issues makes the Brazilian biofuel one of the most efficient options for greenhouse gas reduction and climate change combat.

The capacity of the mills to generate energy needed for production via biomass (sugarcane bagasse) along with gains in transport of raw materials r educe their carbon footprint in relation to other biofuels.

In the 2017-2018 crop year, Copersucar sold 4.3 billion liters of anhydrous and hydrous ethanol. In the 2016-2017 crop year the volume was 4.2 billion liters. Of the total traded in the last crop year, 3.6 billion liters went to the domestic market and 0.7 billion liters to the foreign market. In the 2016-2017 crop year the breakdown was 3.7 billion liters to Brazil and 0.5 billion liters for export. Copersucar's ethanol strategy in the last biennium included the structuring of long-term contracts with Brazilian clients. In this way the company has managed to reduce its exposure to trading market volatility and to obtain structural results, adding value via logistics services.

In line with its strategy of broadening the internationalization of its business and structural gains, at the end of the 2016-2017 crop year, Copersucar completed the acquisition of 100% of the share capital of Eco-Energy, as part of a process that began in 2012.

Ethanol handled by Eco-Energy accounts for 16% of market share in the U.S.

70% of the volume was handled by Eco-Energy

SUSTAINABILITY REPORT - 2016-2018 37

Eco-Energy'

operations

As in Brazil, Copersucar has sought to widen its structural gains in the U.S. through investments in logistics. Before 2012, Eco-Energy owned only half of a terminal.

In the 2016-2018 biennium, investments in assets for Eco-Energy totaled BRL 114.1 million. The resources were destined for the completion of three new multimodal ethanol terminals and for building a new terminal, bringing the number of terminals in the U.S. to nine. In the 2016-2017 crop year, Copersucar completed the acquisition of 100% of the share capital of Eco-Energy

Increased sustainability for Brazil's energy matrix

The RenovaBio Program, which was developed by the Brazilian government to increase the presence of biofuels in Brazil's energy matrix, has the potential to give a fresh boost to the country's ethanol investments and production. As a leader in the sector in Brazil, Copersucar actively participated in discussions and contributed ideas and proposals, leading to the formulation of a public policy aligned with a national strategy to decarbonize the economy. The policy was sanctioned in December 2017 by the President of Brazil under Law 13.576.

For the next biennium, the sector expects that the Executive Branch will regulate the RenovaBio Program implementation. The approved legislation foresees the possibility for Brazilian fuel distributors to have individual targets to reduce or offset their greenhouse gas emissions resulting from the use of fossil fuels, such as gasoline. To offset their emissions, distributors can opt

- to purchase Cbios, which are monetary securities issued by biofuel producers, among which Copersucar's partner mills. Each Cbio certifies that one ton of CO2 ceased to be emitted into the atmosphere due to ethanol production and use. This ratio will be guaranteed by the RenovaCalc calculator, which measures the intensity of biofuel carbon (gCO2e/MJ) in its life cycle. This standard is under development by the Brazilian Agricultural Research Company (Embrapa), Unicamp University and the Brazilian Bioethanol Science and Technology Laboratory (CTBE).
- For the sugar-energy sector, the main contribution from RenovaBio is to provide greater predictability for the insertion of ethanol into the energy matrix. By recognizing and pricing the environmental benefits of biofuel, the government policy creates incentives for producers to plan production increases and invest with the aim of obtaining long-term sustainable results.

Logistics

Copersucar has a logistics infrastructure in place in Brazil for the transport of sugar and ethanol, which includes warehousing facilities and transshipment terminals and a wide-ranging road, rail and maritime contract transport network. Along with its partner mills, the company boasts the largest sugar (2.5 million tons) and ethanol (3 billion liters) storage capacity in Brazil.

In the past two crop years, Copersucar has consolidated itself as an important logistics operator for the sugar-energy sector and reached the target of structuring the segment as a company's own business unit, thus maximizing the use of its assets through the provision of services for Alvean and other clients, both in the transportation of goods and in port lifting capacity.

In freight logistics, there was significant increase in handling products from nonpartner mills that supply Alvean. Of the total of 5.5 million tons of bulk sugar transported in the 2017-2018 crop year, 48% originated from non-partner mills. The rail modality accounted for 56% of transport to the port confirming Copersucar's competitive edge, which is the fruit of its logistics infrastructure integrated with intermodal terminals located in the interior of São Paulo State.

With the use of more efficient logistics modes, such as rail for transporting sugar and pipelines for transporting ethanol, Copersucar also seeks to reduce the impact of CO₂ emissions caused by consumption of fossil fuels by trucks

Efficient terminals

The strategic location of the terminals in the interior of the state, close to the main sugarcane producing areas, is a competitive edge for Copersucar's logistics structure, reinforced by the export terminal in the port of Santos. Furthermore, the operating efficiency of these assets has resulted in significant productivity gains.

In the last biennium, the Copersucar Sugar Terminal (TAC) in Santos set up the Operations Control Center (CCO), which allows real-time monitoring of all of the activities, from the reception and dispatch of goods to handling them at silos and hoppers. With greater efficiency, the TAC handled

Copersucar's storage capacity*

*Considering the capacity of Copersucar + partner mills With increased origination of sugar in Brazil, Alvean also promotes greater use of Copersucar's logistics assets

5.584 million tons of products during the 2017-2018 crop year and 6.144 million tons during 2016-2017. In the 2017-2018 crop year, the Ribeirão Preto Terminal handled around 1.0 million tons of sugar, a volume close to the previous year record.

In February 2018, Copersucar promoted the integration of the workers of the São José do Rio Preto Miltimodal Terminal with its own team. Through initiatives like this. the company seeks to standardize management and operating processes and obtain efficiency and productivity gains by improving maintenance and safety activities.

Another development from the last crop year was a joint venture with BP Biocombustíveis to operate the Paulínia fuel terminal independently. The partnership was formalized in March 2018, with the establishment of TCE Participações S.A. Each partner has a 50% stake in the new company. The purpose of the joint venture is to make the terminal more efficient in handling ethanol and thus optimize the use of assets and biofuel distribution channels.

In addition to productivity, the terminals operations are focused on the safety of Copersucar employees. In the last biennium, the company continued implementation of Operação Segura, a safety program begun in 2015 at the Santos TAC and extended to other terminals in the 2016-2017 crop year. The chief goal of Operação Segura is the identification of risks in operations and the continuous improvement of safety procedures, with a focus on risk mitigation, raising employee awareness and training (learn more on page 68).

improvement

At the start of 2017, Copersucar structured the Integrated Continuous Improvement System (SIM), a program to increase the efficiency of processes and strengthen the culture of continuous improvement among employees. In its first year, the initiatives implemented by the Copersucar Sugar Terminal (TAC) at Santos (São Paulo State) resulted in gains, such as growth in the daily average unloaded and a 12.6% increase in productivity.

Based on the Lean management philosophy, SIM started off at TAC and has been extended to other Copersucar terminals. Among the initiatives developed are the Kaizen Weeks, which encourage employees to observe logistics procedures and then identify waste and propose actions for greater efficiency. Kaizen is one of the Lean tools for improving productivity.

Throughout 2017, 118 Kaizens were conducted resulting in:

22 hours

of time saved, approximately

Continuous operational

Another area of activity within SIM is employee training. Training sessions held in 2017 totaled 272 hours. Four new programs have been scheduled for 2018 to be given to teams at the terminals.

The positive results obtained by SIM led the program to be extended to partner mills, in a preliminary format of monitoring indicators. Together with sugar and ethanol producers, Copersucar monitors continuous improvement indicators related to the following aspects: Service; Quality; Sustainability; Efficiency and Productivity; and Infrastructure and Processes.

SIM was introduced to the mills in June 2017. The results and improvements obtained will be monitored in the following crop years and the expectation is that the tool will become ever more robust for monitoring the development of processes, reducing noncompliance and disseminating best practices among the mills.

Sugar logistics

Rail is a competitive edge to Copersucar's sugar logistics infrastructure. The company has more than 500 Hopper wagons, which makes unloading of the product swifter.

In the last two crop years the company transported 6 million tons of sugar by rail, increasing cost efficiency and reducing the environmental impact from road transport.

There is continuous monitoring of operations compliance with the specification parameters for sugar cargoes, in order to improve the product's handling conditions and reduce particulates emission. In the 2016-2017 crop year, 76 refusals were

recorded totaling 3,278 tons of sugar sent back to its origin, the equivalent of 0.07% of the total volume handled at the terminals. In the 2017-2018 crop year, the number of refusals fell to 53, totaling 2,014 tons (0.05% of the total) sent back.

Copersucar also monitors occurrences of packaging damaged at the clients' facilities, which poses a safety risk when handling cargo. The rate of cases stemming from this type of complaint was 3.3% in the 2016-2017 crop year and it fell to 0.16% in the 2017-2018 crop year.

Highlights

	Crop year 2016-2017	Crop year 2017-2018
	58.4	62.3
ns of km)	29.9	32.8
s of km)	24.9	25.7

Ethanol logistics

In partnership with Logum, a Copersucar affiliated company, ethanol distribution has become more agile and efficient through the use of pipelines that connect production hubs to distribution centers. The Ethanol Logistics System, also known as the *etanolduto* (ethanol pipeline) went into operation in 2013 and currently links the biofuel producing regions of the Brazilian Mid-West region, Minas Gerais and São Paulo states to the consumer hubs of Campinas, São Paulo and Rio de

Janeiro. The *etanolduto* is served by 351 kilometers of pipeline between the cities of Uberaba, Ribeirão Preto and Paulínia.

The Paulínia fuel terminal in São Paulo State is integrated to the pipelines system. In the 2016-2017 crop year this terminal also began interlinked operations with the Paulínia Refinery, following authorization from the Brazilian Regulatory Oil and Biofuels Agency (ANP) for its new pipeline branches.

Highlights	Crop year 2016-2017	Crop year 2017-2018
Truck trips (thousand)	15.2	20.5
Export and import shipments	33	58
Volume transported by pipeline (thousand m ³)) 480	597

Financial nerformance

With significant gains from direct operations, notably logistics services, and from domestic ethanol and sugar sales. Copersucar maintained profitability in the 2017-2018 crop year, obtaining consolidated net profit of BRL 147.2 million.

Net sales reached BRL 28.6 billion, in line with the previous year. The participation of Eco-Energy in the composition of revenues reached 48% of the total, while sugar and ethanol operations in Brazil equally accounted for the remaining 52%.

These results were obtained in a distinctly different scenario to that of the 2016-2017 crop year. Last year, the sugar market recorded sharp price drops, reflecting above all the large global surplus due to production increases, especially in India, Pakistan, Thailand and the EU.

The effects of this on the sugar-energy sector were partially offset by a recovery of the ethanol competitiveness, whose prices reflected the fossil fuels policy adopted by Brazil as of July 2017.

With the execution of structural investments to grow the business (logistics assets in Brazil and the U.S., the establishment of Alvean and the completion of the full acquisition of Eco-Energy), which were concluded in the 2016-2017 crop year, Copersucar reduced the pace of investments in the 2017-2018 crop vear. Investments totaled BRL 209 million (BRL 313.1 million in 2016-2017), being mainly capital allocations to Logum (a Copersucar affiliate company that operates the ethanol pipeline) and to strengthening Eco-Energy's logistics infrastructure.

The company reported net indebtedness, excluding inventories, of BRL 1.539 billion in the 2017-2018 fiscal vear, down 2.5% over the previous period (BRL 1.579 billion).

Of particular note is the lengthened debt profile. Short term maturities went from 44% at the end of the 2016-2017 crop year to 26% in the later period. Consequently, the current liquidity index went from 1.13 to 1.51.

In the 2017-2018 crop year, Copersucar made a public offering of Agribusiness Receivables Certificates (CRAs) and raised BRL 355 million in the capital market with securities aimed at individual investors. The result surpassed the initial offering of BRL 300 million and marked the company's return to the capital market, following an issue of securities in 2015 that contributed to lengthening its debt profile.

Net equity (BRL million)

Distribution of added value in the 2016-2017 crop year (BRL million)

Personnel Taxes and contributions Third-parties' capital remuneration Remuneration on equity

Distribution of added value in the 2017-2018 crop year (BRL million)

Personnel Taxes and contributions Third-parties' capital remuneration Remuneration on equity

SUSTAINABILITY REPORT - 2016-2018 49

Our Commitment

At Copersucar, sustainability management is supported by three pillars - Energy for Life, Energy for Growth and Energy for Movement and it is fundamental for the company to ensure generation of value in a sustainable manner. Copersucar's Sustainability Policy establishes guidelines that steer employees and investee companies' activities towards sustaining a long-term business model, alongside the development of communities surrounding the company's operations.

Copersucar's sustainability pillars

Ensure competitive quality, continuously improving processes and services to meet the expectations of customers and suppliers

Ensure readiness to the

and production systems

GRI 103-1 | 103-2 | 103-3 | 201-2

global market and supply of

products with national and

international recognition for its sustainable management

0

8

Prevent, manage, and act in mitigating the risks that could affect the company's business and operations

> Consider social and environmental aspects in assessing of new businesses and/or expanding operations

Foster a corporate culture for sustainability and influence the company' value chain

> Strengthen the relationship with suppliers of logistics, seeking greater efficiency, less impact, and reduction of cost in the logistics chain

ENERGY FOR MOVEMENT

Copersucar is committed to being the link between the field and the industry with the sugar and ethanol market in Brazil and abroad. In this context, the company's strategy of nurturing closer ties with partner mills, who draw up their strategies and conduct their operations independently, becomes even more relevant. The company's role is to build a bridge between clients and the producers' technical teams, boosting the search for a more sustainable production model, for better management and for the mitigation of socio-environmental impacts. In the last biennium, Copersucar intensified its relationship initiatives with the mills, setting out levels of sustainability management and the performance of producers in relation to the most significant socio-environmental aspects identified for the sugar and ethanol value chain. This meeting provided details of the best practices adopted by the mills as well as the challenges and opportunities for improvement. As part of this same project, Copersucar individually provided an analysis report about the development of sustainability at each partner mill, with highlights and development opportunities.

In the 2017-2018 crop year, Copersucar held 13 in-person meetings with partner mills In other events of the same type held over the last crop year, representatives of the mills had access to information on the quality of products, process improvements, innovation sharing and best practices in production. They also visited the Copersucar Sugar Terminal (TAC) at Santos, where they learned about the initiatives related to the culture of safety implemented at the company.

Meetings with partner mills are also important to strengthen perceptions of the products' positive externalities and of Copersucar's actions in this regard. The meetings address matters such as certifications for the foreign market and procedures for producers' compliance with the requirements of certification bodies, such as those of the U.S., Japanese and European markets.

, Socio-environmental management

Boasting a unique business model that integrates different links of the sector's production chain, Copersucar manages social and environmental impacts within a broad context. This encompasses both logistics operations that are executed by contract suppliers and the areas in which partner mills operate. The environmental and social aspects of sugarcane production and processing are monitored continuously through a

system that gathers information and enables the development of action plans aimed at disseminating best practices.

Partner mills

Copersucar has robust mechanisms in place to monitor partner mills' performance as regards the environmental and social management aspects of the business. The company encourages best practice sharing among the mills by publishing information on electronic platforms, such as Newsletter Sinergia, and by holding regular meetings.

Water consumption of the 35 partner mills' units shrank by 9% between 2016 and 2018. Producers have water recirculation systems in their plants allowing the reuse of water harvested more than once during the production process. Around 800 million cubic meters of water were reused in industrial operations in each crop year.

Almost 50% of effluents and 99% of waste generated by sugar and ethanol production are reused by producers in other production

activities. Vinasse, filter cake and boiler ash are used in agricultural activities for soil fertilization, while bagasse is the biomass used for electricity generation.

Water consumption at the mills (millions of m³)

Reuse of waste (millions of tons)

Effluents disposed of at the mills (m ³)*		Crop year 2016-2017
	Fertirrigation	52,166,582
	Disposal in bodies of water	48,641,493
	Yard washing	340,089
-	Others	3,409,548
	Total	104,557,712

*Partner mills effluents largely come from residual water and vinasse. At the Copersucar terminals only domestic effluents is discarded

99% of waste generated by the mills is reused in agricultural activity

Crop year 2017-2018

52,532,108	
41,935,105	
240	
3,846,719	
98,134,172	

Partner mills generate the electricity required for their industrial activities by burning sugarcane bagasse, which is a renewable source. The rate of renewable fuel use among the partner mills was approximately 96% in the 2016-2017 and 2017-2018 crop years. Fossil fuels, diesel in particular, are mainly used for running equipment utilized in agricultural activity. The mills' agricultural and industrial

production activities are also in compliance with the best practices to avoid impacts on biodiversity. The adoption of advanced techniques for agricultural cultivation and the continuous monitoring of environmental controls mitigate the risk of soil contamination from the application of vinasse and from dust and particulates emissions caused by sugarcane transportation and industrial chimneys. Partner mills areas cover more than 30,000 hectares of legal reserves and around 8,000 hectares of permanent preservation areas within or adjacent to their properties.

Emissions

Management of the environmental impact of Copersucar's logistics and terminals focuses on monitoring and increasing efficiency in order to reduce impacts related to:

- Greenhouse gas (GHG) emissions
- Fugitive emissions at the ethanol pipelines
- Emissions of particulates during transportation of products
- Noise, traffic and spillages on transport routes

Copersucar draws up an annual inventory of its GHG emissions, in accordance with the

Fuel consumption at the mills (GJ)	Crop year 2016-2017	Crop year 2017-2018
Diesel	8,706,547	8,895,481
Natural gas	1,117	1,125
Gasoline	12,521	9,939
Avgas	1,554	95
LPG	14,764	16,353
Aviation kerosene	2,369	2,236
Bagasse	201,957,699	200,342,044
Bio-diesel	246,894	17,067
Ethanol	290,841	262,107
Fuelwood	7,061	1,843
Total	211,241,366	209,548,290
Percentage of energy generated from renewable fuel sources	95.9%	95.7%

Consumption of energy acquired at the mills (kWh)	Crop year 2016-2017	Crop year 2017-2018
Steam	31,442,732,437	29,670,519,672
Electricity	43,490,240	45,913,614
Total	31,486,222,677	29,716,433,286

guidelines of the Brazilian GHG Protocol Program. The inventory is aimed at monitoring the environmental impact of its activities. In the last biennium, the company recorded a rise in its emissions average as the scope of activities and inventoried sources was increased to include rail and maritime modes in distribution and downstream transportation, as well the treatment of liquid effluents. GHG emissions totaled 120.9 thousand tCO2e in 2017, of which 98% in scope 3. In the previous year, the three scopes totaled 28,000 tCO2e.

Reduced emissions of particulates

At the Santos TAC, Copersucar has invested in the installation of equipment that reduces the emission of particulates during the unloading of grains at the hoppers. The solution consists of applying vegetable oils to the grains before unloading, which helps to prevent dust suspension at the Port of Santos. In the case of sugar operations, the company has adopted the same practice with water sprinkling, which reduces emission of particulates.

In addition to these improvements, quality control of the cargoes has been enhanced by the installation of pneumatic samplers that allow sugar to be collected directly from trailers before unloading starts. The equipment has been installed at the Santos TAC and at the multimodal terminals of Ribeirão Preto and São José do Rio Preto.

Community relations

Copersucar is committed to the positive transformation of society. Its business model includes investment in social responsibility activities that benefit the communities surrounding its operations. The Conecta Program is the main social initiative developed with this purpose.

Created in 2015 in Paulínia, Conecta was then extended to Santos and in 2018 it reached São José do Rio Preto. These are cities in the state of São Paulo where Copersucar operates. The program promotes ties between government, private initiative and the third sector to train and capacitate young people in entrepreneurship, appreciation of education and culture, dialog about community matters, and in the promotion of sports and health.

The Conecta Program also creates opportunities for Copersucar employees to serve as volunteers. As of 2018, the company's goal is for this group of volunteers to grow drawing them even closer to the program's participants.

The partner mills also make social investments that benefit local communities, while also promoting social, economic and cultural development. In the 2016-2017 and 2017-2018 crop years, 74% of the mills (26 altogether) had these types of initiatives in place.

The social relevance of Copersucar and the partner mills' investments in socioenvironmental projects lies in their contribution to the technical and professional qualification of local communities, thus creating opportunities to improve income generation and reduce social inequality

Commitment to Human Rights

Copersucar and its partner mills are committed to combating child, forced and slave-like labor. The company mitigates the risk of these illegalities occurring by adopting several practices, in particular:

- Copersucar establishes contractual clauses expressly prohibiting the use of child, forced or slave-like labor;
- The adoption of workplace health and safety systems and tools.

In the 2016-2017 and 2017-2018 crop years there were no known cases of child, forced or slave-like labor across Copersucar's value chain.

The presence of the mills in the municipalities fosters the generation of income and economic development. This kind of activity also contributes to the growth of inclusive supply chains in those municipalities.

Conecta Program figures

190 young people trained*

25 employee volunteers*

BRL 2.7 million invested by Copersucar*

6,000+ people

impacted by the initiatives since the start of the program

*In the 2016-2017 and 2017-2018 crop years

Engagement with local communities surrounding the Copersucar terminals is done through the Conecta Program

People management

Copersucar's employees are trained and permanently prepared to apply their knowledge of the business model and market, in search of a better performance in the company's operations and to underpin the its strategic growth pillars. Human capital management seeks to uphold the teams' skills and alignment to the company's mission and to the explicit cultural values of Our Way of Being and Doing.

Copersucar's Corporate Education Program is comprised of the Culture School, Business School and Leadership School. Through the program, Copersucar organizes training sessions to disseminate knowledge about its corporate culture, business model and efficient leadership practices.

> In the last biennium, the company invested BRL 983.5 thousand in training, resulting in an average of 10 hours of training per employee

Corporate Education Program

• Leadership School

This school is dedicated to training leaders, looking at the management tools and skills needed for managing teams. One of the strategic priorities in the last biennium - the Leadership Development Program - is aimed at the company's supervisors, coordinators, managers and executives and offers talks, workshops and forums that promote professional and personal enhancement.

Culture School

This school is aimed at the employees' behavioral development in line with the company's values and strategies.

Business School This school disseminates knowledge about the

- company's business model to all employees. Courses
- cover processes, the value chain, growth strategies,
- safety practices, and environmental preservation.

Since 2017, the employees who meet or exceed expectations in their performance assessment can join the Accelerated Learning Program (PAA). The meetings provide training on issues that are identified as of critical importance for growth strategies. Team leaders take part in some modules as mentors of the employees to complement the training sessions.

Interaction between teams and leaders is also boosted by the Performance Management Program. Each crop year, at an initial stage, the employees' performances are assessed individually, considering the targets met and alignment with the attitudes contained in Our Way of Being and Doing. Following this, the calibration committees fine-tune the assessment for each staff level:

Accelerated Learning Program:

The Accelerated Learning and Performance Management programs seek to strengthen the relationship between leadership and teams

executives, managers and coordinators; and experts and senior analysts. This process seeks to encourage joint decision-making and alignment with the company's parameters and criteria, providing greater visibility to employees.

Mobiliza Progam

In the 2017-2018 crop year, Copersucar began development of the Mobiliza Program, an initiative that encompasses an Engagement Survey with employees and building a Corporate Engagement Plan - to be conducted institutionally and also by leaders of different areas in the next crop year.

The Engagement Survey was completed by 83% of Copersucar's employees. The results were discussed with the Board of Directors and Executive Board in two meetings held in 2017. Following these meeting, the content was disseminated among all employees in person.

In the final quarter of the 2017-2018 crop year, the Corporate Engagement Plan was presented to employees. This plan establishes five pillars to be worked on by leaders and their teams during the coming crop years.

- Meaning and Purpose
- Effective Communication
- Agility and Collaboration
- Development Opportunities
- Recognition and Reward

Activities to be developed within the Mobiliza Program will be monitored every two months by the Board of Directors, with the support of the HR area for the execution of action plans drawn up by the areas. At the end of the 2018-2019 crop year, Copersucar plans to carry out an impact assessment of these initiatives and of the employees' perceptions.

Engagement and information

In order for the employees of the company and partner mills to be continuously aligned to Copersucar's initiatives and progress, new communication channels with the teams were created.

• Integração News

All employees receive a print version of the Integração News containing news about the company's main initiatives undertaken over the previous two months and information about day to day operations. Nine issues have been published so far, with 800 copies per print run.

• Liderança Newsletter

Employees holding management positions periodically receive the Liderança Newsletter, which contains strategic issues for company managers, tip-offs about ongoing programs and tips on best management practices.

• Sinergia Newsletter

Copersucar's dialog and exchange of information with partner mills has intensified since May 2016 when it began sending the Sinergia Newsletter to the mills' employees on a monthly basis. This digital newsletter focuses on business cases, new industry developments, the mills' operating activities, and Copersucar's initiatives in areas where it interacts with these companies, such as Logistics, Sustainability and Quality, Planning, and Accounting. To date, 21 issues of the newsletter have been published and sent to more than 500 employees.

Intern Program

The first edition of Copersucar's Intern Program began in the 2016-2017 crop year with participation of ten students to work in different areas of the company. With this initiative, Copersucar proposes a career plan for young people who take part in training sessions on issues related to the professional world and who develop end-ofcourse projects.

The program lasted one year and a half and three of the ten participants were hired by the Risk Management and Internal Control. Planning and Quality. and Sales areas. Another five remained as company interns by the end of the 2017-2018 crop year. The training of young professionals who are engaged with the company's mission and business model is part of Our Way of Being and Doing and is one of the ways in which Copersucar creates value in a sustainable manner within the scope of the management of its human capital.

Workplace safety

The safety of employees in conducting logistics operations for handling sugar and ethanol is a priority for Copersucar's management. The company continually invests in mechanisms to raise employee awareness and improve the terminals' facilities in an effort to reduce risks and accidents.

With a focus on raising employee awareness, Copersucar has carried out wide-ranging risk mapping and risk management work at its logistics terminals. The Operação Segura project began in 2015 at the Santos TAC and was extended to other units. In the last

biennium, the program developed activities with a focus on two pillars: Attention and Procedures.

In the 2016-2017 crop year the company organized the Operação Segura communications campaign with the goal of raising employee awareness about the importance of assessing risks and adopting behaviors and measures to prevent workplace accidents. The initiative complements continuous investments in physical facilities and team training to guarantee an increasingly safer working environment.

Operação Segura Campaign

86.5%

of employees changed their attitudes following the Operação Segura campaign*

84.5%

of employees felt that they were informed about questions related to safety*

*Involving 109 people.

*Involving 106 people.

84.9%

of employees noted the most active leader with regard to safety*

*Involving 107 people.

62.7%

of employees spoke or still speak about safety with their families*

*Involving 79 people.

As well as improving its processes, the company structured a communications campaign for employees to become aware of the importance of safe behavior and monitor risk in all their activities. The action also involved putting up posters with photos of employees alongside their families, distribution of a booklet containing tips and a description of mandatory procedures, and the distribution of videos containing employees' testimonials. among other initiatives.

The Operação Segura project helped create closer ties and dialog among leaders and their teams in regard to the safety of operations. One of the practices adopted is the Safe Friday, whereby activities cease for a given period of time in order for employees to reflect on safe behaviors. In addition, the annual campaigns of the Internal Workplace Accident Prevention Week (SIPAT) and the Internal Port Workplace Accident Prevention Week (SIPATP) also further build on the safety culture at Copersucar terminals.

As a result of these initiatives, the rate of accidents at Copersucar's terminals improved between the 2016-2017 and 2017-2018 crop years.

The Operação Segura project helped raise employee awareness as to the issue of safety and involved their families, leading to improved safety indicators at the terminals

Rate of accidents at the terminals*

Education campaigns are initiatives to promote the employees' quality of life and raise their awareness regarding safe behavior. These campaigns have had a positive impact on Copersucar's employees and many have become safety agents among their families and communities

TAC gains international maritime safety certification

In the 2017-2018 crop year, the Copersucar Sugar Terminal (TAC) in Santos was recognized with ISPS Code certification, which endorses the unit as a terminal that follows international maritime safety rules. The certification was developed by the International Maritime Organization, headquartered in London, and inspections in Brazil are carried out by the National Public Safety Commission for Ports, Terminals and Waterways (Conportos). In addition to this certification, the TAC is also certified in accordance with the ISO 9001, ISO 14001 and OHSAS 18001 standards.

Safe Friday held at TAC.

GRI Annex

WAR MAN America

10

About the Report

Copersucar publishes its Sustainability Report as a way to show to all its stakeholders how it generates sustainable value across the sugar and ethanol chain. This is in line with the company's mission of connecting the field to the rest of the world and of providing renewable energy and natural food for the well-being of society. The company also seeks to demonstrate how its management balances out the economic. environmental and social aspects that have an impact on its business model, taking into account the most relevant aspects for decision-making by stakeholders and the actors within its value chain.

This Report is published biennially and encompasses the 2016-2017 and 2017-2018 crop years. It is in compliance with GRI Standards, the latest guidelines published by the Global Reporting Initiative to guide the publication of corporate sustainability reports. The indicators are prioritized in accordance with the Materiality Matrix developed by the company and include all of Copersucar's operations and those of its full subsidiaries to March 2018:

- São Paulo head office
- Copersucar Sugar Terminal (TAC) at Santos
- São José do Rio Preto multimodal terminal
- Ribeirão Preto multimodal terminal
- Paulínia fuel terminal.

The joint ventures and companies in which Copersucar has equity interest are mentioned in the Report in order to contextualize investments and business strategy, but they do not fall within the scope of the GRI indicators. Eco-Energy, Copersucar's ethanol trader in the U.S. and a full subsidiary of the company, is included in some of the indicators, which are always indicated throughout the chapters as necessary.

The far-reaching vision of Copersucar's business model means it believes that the sustainable benefits and impacts of sugar and ethanol extend into field operations carried out by partner mills in its value chain. For this reason the Report also contains performance indicators related to agricultural operations, over which Copersucar does not have direct managerial influence.

Copersucar's partner mills offer up this information voluntarily through a computerized system. With this practice, business partners enable management improvements and contribute for clients and consumers to better understand the generation of value in a sector that provides natural food and renewable energy for a more sustainable future for the whole society.

Copersucar welcomes queries, comments and suggestions about the content of this Report by email at sustentabilidade@copersucar.com.br.

For its Sustainability Report to be drawn up in line with GRI Standards guidelines and best market practices, Copersucar has identified the most relevant issues to be covered when defining content, as well as the limits and scope of the document. To this end the company has a Materiality Matrix composed of nine topics that cover the main economic, environmental and social impacts of its business model within and outside the boundaries of its activity.

The current Materiality Matrix was designed in 2014 from a wide-ranging cycle of consultations and engagement with Copersucar' stakeholders. The company involved ten stakeholder categories in this dynamics:

- Business leaders
- Shareholders
- Partner mills
- Sector and trade associations
- NGOs
- Clients
- Government bodies
- Press
- Financial sector agents
- Suppliers

The subjects of interest raised in the consultation stage with these stakeholders were further supported by two panel discussions - one involving employees from Copersucar's 20 areas and the other with representatives of the partner mills. By cross referencing these assessments, the company identified nine topics that constitute its Materiality Matrix.

- Atmospheric emissions
- Water management and consumption
- Management of socio-environmental risks in the suppliers chain
- Management of the impacts on biodiversity
- Health and safety
- Local socio-environmental development
- Recognition and economic appreciation of sustainable practices by society
- Quality and innovation of products and services
- Socio-environmental impacts of Copersucar's operations

In the last biennium, Copersucar has been maturing management of these topics. Assessment of the externalities and dynamics of the sugar-energy sector in the last biennium has led the company to identify no need to review the Materiality Matrix topics that guide its sustainability management. This process will be conducted in a structured way only when the company believes that significant changes to the business model or macro environment justify a new consultation with external stakeholders.

Complement to GRI disclosures

102-8

Number of employees per employment contract *	Crop year 2016-2017		Crop year 2017-2018	
By gender	Permanent	Temporary	Permanent	Temporary
Men	528	2	538	2
Women	101	2	103	2
Total	629	4	641	4
By region				
São Paulo - capital city	188	4	188	4
São Paulo - interior	52	0	82	0
São Paulo - coast	389	0	371	0
Total	629	4	641	4

*Considers Copersucar's terminals and office only. All employees work full time.

102-13 | Copersucar and its partner mills actively participate in trade associations that are representative of the sugar energy sector. The main entity is Brazilian Sugarcane Industry Association (UNICA), which hosts sector forums and conferences to advocate for institutional issues of interest to the sector, such as valuing ethanol in the Brazilian energy matrix and the healthiness of sugar consumption. Through UNICA and the chairman of the Board of Directors (who is also on the entity's Deliberative Council), Copersucar relates to other sector entities, such as the National Confederation of Industry (CNI), the National Confederation of Agriculture (CNA), the Brazilian Executive and the Brazilian Congress - at which, in particular, the Parliamentary Front for the Appreciation of the Sugar-Energy Sector and the Agricultural Parliamentary Front (FPA).

102-41 | All Copersucar employees are covered by a collective bargaining agreement with the exception of executive managers, directors and the CEO. In this latter group, work contracts contain the same terms and conditions as for the other employee categories, except that collective bargaining clauses are not applicable.

102-45 | The Copersucar Sustainability Report encompasses the same entities covered by its financial statements, and contains information from partner mills for socio-environmental indicators. Click here to access Copersucar's financial statements.

102-48 | There was no resubmission of the information.

102-49 | There were no significant changes to the scope and limits of material topics.

102-51 The last report was published in 2016, in reference to the activities of the 2014-2015 and 2015-2016 crop years. Click here to read it.

201-1

Added Value Statement (BRL thousand)	Crop year 2016-2017	Crop year 2017-2018
Revenues	29,825,624	29,439,878
Inputs acquired by third parties	(29,019,078)	(28,173,847)
Gross added value	806,546	1,266,031
Depreciation and amortization	(62,977)	(63,950)
Added value received in transfer	1,136,713	708,833
Total added value to distribute	1,880,282	1,910,914
Personnel	213,857	188,375
Taxes and contributions	94,159	721,062
Remuneration of third party capital	1,315,302	854,311
Remuneration on equity	256,964	147,166

102-54 | This report was prepared in accordance with the GRI Standards: Essential option.

102-56 As in previous editions, this Report was submitted for external audit. In this cycle, the company responsible for the audit was PwC. Click here to view the assurance report.

205-3 | There have been no confirmed corruption in the 2016-2017 and 2017-2018 crop years. Likewise, the company or its employees are not defendants of lawsuits related to the matter.

302-1 The logistics terminals account for most of Copersucar's energy consumption. Between the 2016-2017 and 2017-2018 crop years there was a 10% reduction in electricity consumption at these facilities.

Fuel consumption (GJ)	Crop year 2016-2017	Crop year 2017-2018
Office		
Diesel	5	5
Terminals		
Diesel	2,244	1,825
Gasoline	27	22
LPG	112	111
Ethanol	142	136
Total	2,525	2,094
Percentage of energy generated from renewable fuel	5.6%	6.5%

Consumption of

acquired electricity (kWh)	Crop year 2016-2017	Crop year 2017-2018
Office	413,800	395,237
Terminals	13,423,052	12,053,017

303-2 | Of the 35 partner mills, 30 have mechanisms to identify the vulnerability of bodies of water. Of these, 13% use sources that are considered relevant for local or indigenous communities and 27% take water from bodies that are considered of high value in terms of biodiversity.

304-1

Protected or high-value areas in terms of biodiversity within or adjacent to the Copersucar's properties by location (hectares)*	Legal Reserve	Permanent Preservation Areas	Total
	l .		
Camamu (Bahia State)	12.67	11.37	24.04
Piracicaba (São Paulo State)	107.14	51.75	158.89
Paulínia (São Paulo State)	12.88	12.91	25.79

*The areas reported in this indicator are the property of Copersucar.

305-1 305 -2 305 -3 The inventory of Copersucar's emissions is consolidated in accordance with the guidelines of the Brazilian GHG Protocol Program, considering the calendar year. This is different to the other indicators, which consider the crop year. Click here to access the full inventory at the Emissions Public Register of the Brazilian GHG Protocol Program.

Greenhouse gas emissions

inventory (tCO2e)	2016	2017
Scope 1		
Gross emissions	198.11	807.43
Biogenic emissions	1,803.88	38.02
Scope 2		
Indirect emissions (consumption of electricity)	1,113.36	1,183.65
Scope 3		
Other indirect gross emissions	24,953.90	118,915.10
Other indirect biogenic emissions	1,743.33	4,553.05

306-2 The following tables present the waste disposal methods of Copersucar's supply chain, considering the partner mills and logistics operations controlled by the company.

Waste that the mill use to generate electricity (thousand tons)	s Crop year 2016-2017	Crop year 2017-2018	Waste tha incorpora agricultur (thousanc
Bagasse	19 420	19 227	
	17,420	17,221	Boiler ash
			Filter cake

Waste that the mills incorporate into their agricultural activity (thousand tons)	Crop year 2016-2017	Crop year 2017-2018
Boiler ash	1,021	806
Filter cake	3,251	2,481
Vinasse	38,521	41,812
Total	42,793	45,099

Disposal of other non-hazardous waste at the mills (tons)

	Crop year 2016-2017	Crop year 2017-2018
Composting	509,281	512,758
Recycling	20,588	20,161
Recovery (including energy)*	185,330	216,159
Sanitary or industrial landfill	5,157	24,990
Co-processing	6	38
Incineration	3,819	7,489
Total	724,780	782,621

*Sugarcane straw and remaining bagasse not considered in the table above.

Disposal of hazardous wasto at the mills (tons)

	Crop year 2016-2017	Crop year 2017-2018
Composting	12	0
Recycling	511	602
Recovery (including energy)	89,857	148,886
Sanitary or industrial landfill	205	179
Co-processing	18,194	45,253
Incineration	253	67
Reuse	852	1,835
Total	109,884	196,822

Disposal of Copersucar's non-hazardous waste (tons)*	Crop ye
Terminals	
Recycling	
Sanitary or industrial landfill	
Total	
*Not considering waste generation at the office.	

Disposal of Copersucar's hazardous waste (tons)*	Crop year 2016-2017	Crop year 2017-2018
Terminals		
Recovery (including energy)	8,970	19
Recycling	0	1
Co-processing	9	608
Total	8,979	628
*Hazardous waste is not generated at Copersucar's office	es.	

306-3 No significant spillages were reported in the last biennium.

307-1 e 419-1 | The company is challenging in court a claim for compensation of environmental damage at the port of Santos by the public authorities, which is a request for compensation equivalent to BRL 13.4 million, it being understood that said claim is in a preliminary stage and there was no decision to date. There are no significant fines at the company's discretion, and in the year 2017 only 02 (two) small-scale notices were received at its establishment in the port of Santos, and the company filed an administrative defense.

ear 2016-2017

Crop year 2017-2018

		_
83	244	
226	269	-
309	513	_

401-1

Hiring*	Crop year 2016	Crop year 2016-2017		Crop year 2017-2018	
By age bracket	Number of employees hired	Hiring rate	Number of employees hired	Hiring rate	
Under 30	42	6.68	44	6.83	
30 to 50	60	9.54	64	9.94	
Over 50	6	0.95	5	0.78	
By gender					
Men	88	13.99	93	14.44	
Women	20	3.18	20	3.11	
By region					
São Paulo - capital city	32	5.09	31	4.81	
São Paulo - interior	17	2.70	55	8.54	
São Paulo - coast	59	9.38	27	4.19	
Total	108	17.17	113	17.55	

*Considers only information from Copersucar's office and terminal. There were no reports of termination of company employees, interns or outsourced employees. The hiring rate is calculated by the formula: (hiring numbers/total staff) * 100.

Employee termination

and turnover*	Crop year 201	Crop year 2016-2017		Crop year 2017-2018	
By age bracket	Number of terminations	Turnover rate	Number of terminations	Turnover rate	
Under 30	23	5.17	25	5.36	
30 to 50	45	8.35	14	6.06	
Over 50	20	2.07	57	4.81	
By gender					
Men	71	12.64	80	13.43	
Women	17	2.94	16	2.80	
By region					
São Paulo - capital city	30	4.93	33	4.97	
São Paulo - interior	10	2.15	17	5.59	
São Paulo - coast	48	8.51	46	5.67	
Total	88	15.58	96	16.23	

*Considers only information from the Copersucar office and terminals. There were no reports of termination of company employees, interns or outsourced employees. The turnover rate is calculated by the formula: {[(hiring numbers + number of dismissals) / 2] /total staff} * 100.

403-2 | Health and safety indicators related to Copersucar's office and terminals are set out in the tables below. Partner mills recorded four deaths in the last biennium.

Health and safety indicators for Copersucar's employees *	Crop year 2016-2017	Crop year 2017-2018		
Rate of accidents with or without lost time	6.86	7.47		
Rate of days lost (severity rate)	22.86	48.56		
Rate of occupational illness	1.14	0.00		
Rate of absenteeism	0.006	0.134		
Number of deaths	0	0		
 There were no records of work-related accidents with employees at the Copersucar office in the period. Indicators by gender are not available as these are not monitored in this format. Information corrected on February, 2019. Health and safety indicators for Copersucar's outsourced employees Crop year 2016-2017 Crop year 2017-2018 				
Rate of accidents with or without lost time	13.53	5.20		
Rate of accidents with or without lost time Rate of days lost (severity rate)	13.53 106.27	5.20 17.33		

*There were no records of work-related accidents with outsourced employees at the Copersucar office in the period. Indicators by gender are not available as these are not monitored in this format. Information corrected on February, 2019.

403-3 | At Copersucar there are no employees involved in workplace activities that are pose a high health risk or are hazardous to health.

404-1

Average hours of training per employee* Crop year 2016-2017 Crop year 2017-2018 By gender 8 Men 6 Women By status in company 8 Directors 8 Executive managers and managers

*Considers only training for Copersucar's office and terminals

413-1 | All operations at the terminals are covered by mechanisms for communications, engagement, complaints and local development.

413-2 | The company adopts permanent best management practices and control mechanisms in order to prevent the occurrence of contamination by waste, ethanol spillages, particulates emissions and fire risk.

415-1 | Copersucar did not make any donations to political parties or candidates in the 2016-2017 and 2017-2018 crop years.

418-1 | In the 2016-2017 and 2017-2018 crop years no complaints were recorded in relation to violation of privacy or loss of clients' data.

416-2 | Complaints about noncompliance with health and safety standards are insignificant in relation to the total volume traded by Copersucar. In the 2016-2016 crop year we received two fines in this regard, one related to noncompliance with a voluntary code and the other for regulatory noncompliance.

9

12

Consumer health an safety noncompliance	d Crop year 2016-2017	Crop year 2017-2018
Internal market End-consumer health and safety noncompliance	15,200 tons, equivalent to 0.86% of the total volume	6,200 tons, equivalent to 0.40% of the total volume
Foreign market Penalties for noncompliance with product specifications	BRL 1.03 million in 49 bookings for Alvean	BRL 639,000 in 20 bookings for Alvean

GRI Standard	Disclosure	Page	Omissions
GRI 101 Foundation	1 2016		
General standards			
	Organizational profile		
	102-1 Name of the organization	10	_
	102-2 Activities, brands, products, and services	30	-
	102-3 Location of headquarters	74	-
	102-4 Location of operations	18	-
	102-5 Ownership and legal form	20	-
	102-6 Markets served	30	-
	102-7 Scale of the organization	3	-
	102-8 Information on employees and other workers	76	-
	102-9 Supply chain	16 and 25	-
	102-10 Significant changes to the organization and its supply chain	42 and 65	-
GRI 102	102-11 Precautionary principle or approach	31	-
General disclosures	102-12 External initiatives	35 and 39	-
2016	102-13 Membership of associations	76	-
	Strategy		
	102-14 Statement from senior decision-maker	6 and 7	_
	102-15 Key impacts, risks, and opportunities	25	-
	Ethics and integrity		
	102-16 Values, principles, standards, and norms of behavior	24 and 25	-
	Governance		
	102-18 Governance structure	22	
	Stakeholder engagement		
	102-40 List of stakeholder groups	75	-
	102-41 Collective bargaining agreements	76	-
	102-42 Identifying and selecting stakeholders	75	-
	102-43 Approach to stakeholder engagement	75	-
	102-44 Key topics and concerns raised	75	-

Materiality Disclosures Copersucar S.A.

GRI Standard	Disclosure	Page	Omissions
General standards			
	Reporting practice		
	102-45 Entities included in the consolidated financial statements	77	
	102-46 Defining report content and topic Boundaries	75	-
	102-47 List of material topics	75	-
	102-48 Restatements of information	77	-
GRI 102 General	102-49 Changes in reporting	77	_
disclosures 2016	102-50 Reporting period	74	-
-	102-51 Date of most recent report	77	-
	102-52 Reporting cycle	74	_
	102-53 Contact point for questions regarding the report	74	_
	102-54 Claims of reporting in accordance with the GRI Standards	77	_
	102-55 GRI content index	85, 86, 87 and 88	-
	102-56 External assurance	77, 89, 90 and 91	-
Material topic Atmo	ospheric emissions	,,	
GRI 103 Management	103-1 Explanation of the material topic and its Boundary	52, 53, 54, 55, 58 a	nd 59 –
approach 2016	103-2 The management approach and its components	52, 53, 54, 55, 58 a	nd 59 _
	103-3 Evaluation of the management approach	52, 53, 54, 55, 58 a	nd 59 _
GRI 302 Energy 2016	302-1 Energy consumption within the organization	58 and 78	
GRI 305 Emissions	305-1 Direct (Scope 1) GHG emissions	59 and 79	
2016	305-2 Energy indirect (Scope 2) GHG emissions	59 and 79	
.010	305-3 Other indirect (Scope 3) GHG emissions	59 and 79	
Material topic Wate	r management and consumption		
GRI 103 Management	103-1 Explanation of the material tonic and its Boundary	52 53 54 55 56 a	nd 57 _
annroach 2016	103-2 The management approach and its components	52, 53, 54, 55, 56 al	nd 57
	103-3 Evaluation of the management approach	52, 53, 54, 55, 56 al	nd 57 _
2PI 303 Water 2016	303-1 Water withdrawal by source	56	
	303-2 Water withdrawal by source	78	-
	303-3 Water sources significantly affected by withdrawaron water	56	_
	306.1 Water recycled and redsed	57	-
and waste 2016	206-2 I Water distributes and disposal method	56 90 and 91	-
	206-2 Waste by type and disposal method		-
Material tonic Mana	soos a significant spins	01	-
	102-1 Evplanation of the material tonic and its Boundary	21 25 26 52 53 5/	1.55 and 60
or 105 Malayellent	103-2 The management approach and its components	24, 25, 20, 52, 53, 52	1,55 and 60
approach 2016	103.2 The management approach and its components	24, 23, 20, 32, 33, 34	4, 55 and 60
		24, 23, 20, 32, 33, 34	+, 55 and 60 -
GRI 308 Supplier	506-1 New suppliers that were screened using environmental cirteria	20	-
environmental			
assessment 2016	400.1 Convertions and supplians the institute of inside the of shild labor	(0	
abor 2016	408-i Operations and suppliers at significant risk of incluents of child labor	60	-
GRI 409 Forced or	409-1 Operations and suppliers at significant risk for incidents of forced or	60	-
compulsory labor 2016	compulsory labor		
GRI 414 Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	26	-

GRI Standard	Disclosure	Page	Omissions
Material topic Man	agement of the impacts on biodiversity		
GRI 103	103-1 Explanation of the material topic and its Boundary	52, 53, 54 and 55	-
Management	103-2 The management approach and its components	52, 53, 54 and 55	-
approach 2016	103-3 Evaluation of the management approach	52, 53, 54 and 55	-
GRI 304	304-1 Operational sites owned, leased, managed in, or adjacent to,	79	-
Biodiversity	protected areas and areas of high biodiversity value outside protected	ed areas	
2016			
	304-2 Significant impacts of activities, products,	56 and 58	-
	and services on biodiversity		
Material topic Heal	th and safety		
GRI 103	103-1 Explanation of the material topic and its Boundary	52, 53, 68, 69, 70 and 71	-
Management	103-2 The management approach and its components	52, 53, 68, 69, 70 and 71	-
approach 2016	103-3 Evaluation of the management approach	52, 53, 68, 69, 70 and 71	-
GRI 403	403-2 Types of injury and rates of injury, occupational diseases,	70 and 83	-
Occupational	lost days, and absenteeism, and number of work-related fatalities		
health and safety	403-3 Workers with high incidence or high risk of diseases	83	-
2016	related to their occupation		
Material topics Loc	al socio-environmental development and Socio-environmental	impacts of Copersucar's	operations
GRI 103	103-1 Explanation of the material topic and its Boundary	52, 53, 54, 55, 60, 61, 62, 63, 6	4, 65, 66 and 67 –
Management	103-2 The management approach and its components	52, 53, 54, 55, 60, 61, 62, 63, 6	4, 65, 66 and 67 _
approach 2016	103-3 Evaluation of the management approach	52, 53, 54, 55, 60, 61, 62, 63, 6	4, 65, 66 and 67 _
GRI 203 Indirect	203-2 Significant indirect economic impacts	60, 61 and 65	-
economic impacts			
2016			
GRI 307	307-1 Non-compliance with environmental laws and regulations	81	-
Environmental			
compliance 2016			
GRI 401	401-1 New employee hires and employee turnover	82	-
Employment 2016			
GRI 404 Training	404-1 Average hours of training per year per employee	62 and 84	-
and education	404-2 Programs for upgrading employee skills and transition	62 and 63	-
2016	assistance programs		
GRI 413 Local	413-1 Operations with local community engagement, impact	60, 61 and 84	-
communities	assessments, and development programs		
2016	413-2 Operations with significant actual and potential negative	84	-
	impacts on local communities		
Material topic Reco	ognition and economic appreciation of sustainable practices by	' society	
GRI 103	103-1 Explanation of the material topic and its Boundary	39, 48, 49, 52 and 53	-
Management	103-2 The management approach and its components	39, 48, 49, 52 and 53	_
approach 2016	103-3 Evaluation of the management approach	39, 48, 49, 52 and 53	-
GRI 201 Economic	201-1 Direct economic value generated and distributed	49 and 77	-
performance 2016	201-2 Financial implications and other risks and opportunities	39, 52 and 53	-
	due to climate change		
GRI 205 Anti-	205-3 Confirmed incidents of corruption and actions taken	77	_
corruption 2016			
GRI 415 Public	415-1 Political contributions	84	_

GRI Standard	Disclosure	Page	Omissions
Material topic Quality	and innovation of products and services		
GRI 103 Management	103-1 Explanation of the material topic and its Boundary	30, 31, 34 and 35	-
approach 2016	103-2 The management approach and its components	30, 31, 34 and 35	-
	103-3 Evaluation of the management approach	30, 31, 34 and 35	-
GRI 416 Customer	416-1 Assessment of the health and safety impacts of product	31	-
health and safety 2016	and service categories		
	416-2 Incidents of non-compliance concerning the health	84	_
	and safety impacts of products and services"		
GRI 418 Customer	418-1 Substantiated complaints concerning breaches of customer privacy	84	_
privacy 2016	and losses of customer data		
GRI 419 Socioeconomic	419-1 Non-compliance with laws and regulations in the social	81	-
compliance 2016	and economic area		

Credits

Copersucar Sustainability Report 2016-2018

EDITORIAL BOARD People and Management Director André Camargo

Sustainability Area Monica Jaén, Dorothee Luisa Polzer and Rafael Moura

Corporate Communications and Institutional Relations Area Guilherme Patrus Mundim Pena and Aline Molica

GRI CONSULTING, EDITORIAL COORDINATION AND DESIGN usina82

ENGLISH TRANSLATION AND REVISION Daniel Cooke and João Moris - JMM Traduções

IMAGES

Ricardo Rollo, Ricardo Teles and Copersucar collection

Assurance report

(A free translation of the original in Portuguese)

Independent auditor's limited assurance report on the sustainability information included in the 2018 Sustainability Report

To the Board of Directors and Stockholders Copersucar S.A. São Paulo - SP

Introduction

We have been engaged by Copersucar S.A. ("Copersucar" or "Company") to present our limited assurance report on the compilation of the information related to sustainability included in the 2018 Sustainability Report of Copersucar S.A. for the period from April 1, 2016 to March 31, 2018.

Responsibilities of the Company's management

The Company's management is responsible for the preparation and fair presentation of the information related to sustainability included in the Company's 2018 Sustainability Report in accordance with the guidelines of the Global Reporting Initiative (GRI-G4) and for such internal control as management determines is necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

Independent auditor's responsibility

Our responsibility is to express a conclusion on the information included in the 2018 Sustainability Report, based on our limited assurance engagement carried out in accordance with the Technical Communication CTO 01, "Issuance of an Assurance Report related to Sustainability and Social Responsibility", issued by the Brazilian Federal Accounting Council (CFC), based on the Brazilian standard NBC TO 3000, "Assurance Engagements Other than Audit and Review", also issued by the CFC, which is equivalent to the international standard ISAE 3000, "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we comply with ethical requirements, including independence requirements, and that we perform our engagement to obtain limited assurance that the information included in the 2018 Sustainability Report, taken as a whole, is free from material misstatement.

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

PricewaterhouseCoopers, Av. Francisco Matarazzo 1400, Torre Torino, São Paulo, SP, Brasil, 05001-903, Caixa Postal 61005, T: +55 (11) 3674 2000, www.pwc.com.br

The procedures selected were based on our understanding of the aspects related to the compilation and presentation of the information included in the 2018 Sustainability Report, other circumstances of the engagement and our analysis of the areas in which significant misstatements might exist. The following procedures were adopted:

- planning the work, taking into consideration the materiality and the volume of quantitative and qualitative information and the operating and internal control systems that were used to prepare the information included in the Company's 2018 Sustainability Report;
- (b) understanding the calculation methodology and the procedures adopted for the compilation of indicators through interviews with the managers responsible for the preparation of the information;
- (c) applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the information included in the Sustainability Report.

The limited assurance engagement also included the application of procedures to assess compliance with the guidelines of the Global Reporting Initiative (GRI - Standards) applied in the compilation of the information related to sustainability included in the 2018 Sustainability Report.

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

Scope and limitations

The procedures applied in a limited assurance engagement are substantially less detailed than those applied in a reasonable assurance engagement, the objective of which is the issuance of an opinion on the information included in the 2018 Sustainability Report. Consequently, we are not able to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an assurance engagement, the objective of which is the issue of an opinion. If we had performed an engagement with the objective of issuing an opinion, we might have identified other matters and possible misstatements in the information included in the 2018 Sustainability Report. Therefore, we do not express an opinion on this information.

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

The information related to sustainability included in the Sustainability Report related to the 35 Associate Plants has been compiled from the information that these plants provided. Therefore, the internal controls and registration related to the information from these 35 Associate Plants were not scoped in our work. Despite this fact, our review considered the compilation and the analysis of the reasonableness of the data used by Copersucar.

Conclusion

Based on the procedures performed, described herein, no matter has come to our attention that causes us to believe that the information included in the 2018 Sustainability Report of Copersucar S.A. has not been compiled, in all material respects, in accordance with the guidelines of the Global Reporting Initiative (GRI-Standards).

São Paulo, July 25, 2018

Price waterhouse loopers

PricewaterhouseCoopers Contadores Públicos Ltda. CRC 2SP023173/O-4

Contadora CRC 1SP212496/0-5