

# Cosan 2014 GRI Supplement

# CORPORATE

## Introduction

In 2014 Cosan monitored a combination of corporate and business indicators that have been defined based on consultations in addition to the materiality process carried out in 2012, as described below:

**Transparency, ethics and compliance**, above all in interactions with the government and the value chain  
 Related indicators: G4-SO4, G4-SO5, G4-HR3 and G4-HR12

**Value chain**, principally due to the need to take an integrated look at the universe of each operation  
 Related indicator: G4-LA16

**High business standards**, with business performance characterised by excellence (longevity and importance of the businesses)  
 Related indicators: G4-EC1, G4-EC4, G4-EC7 and G4-EC8

**High ethical standards**, with a focus on human rights and anti-discrimination practices  
 Related indicators: G4-HR3 and G4-HR12

**Valuing employees**, based on staff turnover and employee training indicators  
 Related indicators: G4-LA1, G4-LA9 and G4-LA11

## Summary

G4-EC1: Direct economic value generated and distributed, including revenue, operating costs, remuneration, grants and other investments in the community, accumulated profits and payments to capital providers and governments ..... 3

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## Economic indicators

### G4-EC1: Direct economic value generated and distributed, including revenues, operating costs, remuneration, grants and other investments in the community, accumulated profits and payments to capital providers and governments

Statement of value added (in %)	2013	2014
Shareholders (remuneration of equity)	11.9	14.5
Employees (remuneration, benefits and charges for employees)	10.6	11.5
Government (taxes and contributions)	31.7	33.4
Profit/loss for the financial year	2.3	2.2
Interest and rents (remuneration of third-party capital)	43.5	38.4

Value Added Statement - summary (R\$)	2013	2014
1 – Revenues	7,857,524	10,301,185
2 – Inputs acquired from third parties	(5,537,771)	(7,290,556)
3 – Gross value added (1 - 2)	2,319,753	3,010,629
4 – Retentions	(380,189)	(581,857)
5 – Net value added produced by the organisation (3 - 4)	1,939,564	2,428,772
6 – Value added received in transfer	621,830	873,508
7 – Total value-added to be distributed (5 + 6)	2,561,394	3,302,280

Value added statement - detailed (R\$)	2013	2014
<b>1 – REVENUES</b>	<b>7,857,524</b>	<b>10,301,185</b>
1.1) Sale of merchandise, products and services	7,154,361	9,671,899
1.2) Other revenues	724,272	648,922
1.3) Revenues related to the construction of own assets	-	-
1.4) Provision for bad debts– initial accounting entry /provision reversal	(21,109)	(19,636)
<b>2 – INPUTS ACQUIRED FROM THIRD PARTIES (includes ICMS and IPI)</b>	<b>(5,537,771)</b>	<b>(7,290,556)</b>
2.1) cost of products, merchandise and services sold	(5,157,575)	(6,247,464)
2.2) Materials, power, outsourced services and others	(380,196)	(1,043,092)
<b>3 – GROSS VALUE ADDED</b>	<b>2,319,753</b>	<b>3,010,629</b>
<b>4 – RETENTIONS</b>	<b>(380,189)</b>	<b>(581,857)</b>
4.1) Depreciation, amortization and depletion	(380,189)	(581,857)
<b>5 – NET VALUE ADDED PRODUCED BY THE ENTITY</b>	<b>1,939,564</b>	<b>2,428,772</b>
<b>6 – VALUE ADDED RECEIVED IN TRANSFER</b>	<b>621,830</b>	<b>873,508</b>
6.1) Equity income result	5,497	3,540
6.2) Equity income result from subsidiaries, combined	242,036	588,428
6.3) Financial revenues	374,297	281,540
<b>7 – TOTAL VALUE ADDED TO BE DISTRIBUTED</b>	<b>2,561,394</b>	<b>3,302,280</b>
<b>8 – DISTRIBUTION OF VALUE ADDED</b>	<b>2,561,394</b>	<b>3,302,280</b>
8.1) Personnel and charges	271,497	381,186
8.2) Taxes and contributions	812,359	1,101,860
Economic value accumulated (economic value generated – economic value distributed)	1,477,538	1,819,234

### G4-EC4: Financial resistance received from government

Tax incentives comprehended from amounts at federal level (IRPJ) and state level (ICMS). Through IRPJ, R\$ 4.9 million has been invested in projects related to culture and sport, and in funds for the support of children, adolescents and senior citizens. While with regard to ICMS incentives, R\$ 2.3 million was invested in projects linked to sport and culture in the state of São Paulo, mainly in the city of Santos. The government is not part of the organisation's shareholding structure.

Through “*Lei do Bem*” (law for the good), it proved possible to reduce research and development expenses, principally of Rumo project for the identification of insoluble particles in sugar samples, through ultraviolet fluorescence. Cosan also benefits from over 60% exclusion of its tax base, and more than 20% after the patenting of the project.

With respect to financing granted by the government (BNDES/Finep), this came to a total of R\$ 666 million. Comgás utilized more than half of this amount (60%), while Rumo used around 25%.

### G4-EC7: Development and impact of investments in infrastructure and services offered, principally for public benefit, through commercial engagement, in the form of products or services or pro-bono activity

*Comunitas initiative Juntos pelo Desenvolvimento Sustentável* (working together for sustainable development), received sponsorship of R\$1,150.000, from Cosan, with the objective of improving the public management of the following municipalities: Santos and Campinas, both in São Paulo; Paraty, in Rio de Janeiro; Teresina, in Piauí, and Pelotas, in Rio Grande do Sul.

In 2014, R\$ 4,551,659.46 was invested in initiatives for public benefit: 52% from the company's own capital and 48% through tax incentives focused on sport, culture and audio-visual projects. Rumo supports projects that represent 45% of this amount, while the initiatives of Comgás amounted to 17% of the total. The remainder (49%) comes from corporate funds.

#### Rumo



#### Cosan



#### Comgás



Among the various initiatives to encourage sporting memories, in Santos the Pelé Museum was refurbished, in addition to projects for encouraging sport such as *Santos Formando Campeões* (Santos training champions), Guga: Images of a Life and Taekwondo health – the Path to Social Inclusion”.

List of projects and activities supported by Cosan, Comgás and Rumo	
Remodelling of Casarão do Valongo (Pelé Museum)	Encouraging sporting memories, in Santos
Pequeno Príncipe Hospital	incentive for the treatment of children's health
Emcena Brasil	encouraging culture in the towns of Itirapina and Sumaré
<i>Bom de Bola – Bom na Escola</i> (good at football - good at school)	encouraging sport among children, in Santos
Santos Training Champions	encouraging sport for children in Santos
<i>Livro Piracicaba que Amamos Tanto</i> (Book Piracicaba we so much love)	encouraging culture in the town of Piracicaba
Itirapina Sounds and Art	encouraging culture in the town of Itirapina
Series “Brazil got it right – a history of the economy recounted by those who made it”	incentive for the historical record of Brazilian economy
Guga: Images of a Life	incentive to culture and sport
César Cielo Institute– Ano II Novos Cielos	incentive to the practice of sport by children and adolescents
Barretos Cancer Hospital (Pio XII Foundation)	support for the treatment of cancer among the elderly
Taekwondo Health Project — The Path to Social Inclusion (Olga Kos Institute)	Incentive for the inclusion of the disabled through sport
São Paulo School of Surf Meeting	incentive to the practice of support among children and adolescents
Fernando Henrique Cardoso Institute (IFHC)	incentive for the appreciation of Brazil's historic legacy
Corporate Social Investment Benchmarking	corporate socio-cultural incentive
Comunitas – Working Together for Sustainable Development	Improving municipal public management in Pelotas (RS), Teresina (PI), Paraty (RJ), Campinas (SP) and Santos (SP)
33th National Foreign Trade Meeting (Enaex)	Support for trade development
Caminho do Mar eco-tourism (Foundation for the Heritage of Energy and Sanitation)	incentive for national eco-tourism
58th Congress for municipalities in the state of São Paulo	Encouraging public debate for the development of the state of São Paulo
5th International Forum for Petroleum and Natural Gas Law (Firjan)	support for the development of the energy sector
Infrastructure Week (Fiesp)	support for the development of national infrastructure
Partners for Education	incentive to youth education and development
Confederação Brasileira de Rugby	Incentivo ao esporte
Acaia Pantanal	Incentive to education and citizenship of children in riverside communities

## Labour Practices and Decent Work

### G4-LA1: Total number and hiring rates of new employees, employee turnover by age group, gender and region

In 2014 the number of staff separated from the company fell compared to 2013. In Santos we saw the highest number of staff separated from the company, where the public who work in the port are largely male, mainly aged between 31 and 50 years. The rate of new hirings was also reduced (27% lower), which contributed to the variation in turnover rates. Cosan's general turnover rate amounted to 22.6% in 2014, while the rate of new hirings was 21.7%

Number of staff separated from the company, by gender	2012	2013	2014
Male	351	480	498
Female	86	187	139
<b>Total</b>	<b>437</b>	<b>667</b>	<b>617</b>

Number of staff separated from the company by age group	2012	2013	2014
Less than 30 years old	251	397	279
Between 31 and 50	160	227	286
Over 50	26	43	52
<b>Total</b>	<b>437</b>	<b>667</b>	<b>617</b>

Number of staff separated from the company, by region	2012	2013	2014
Interior of São Paulo	42	124	108
Rio de Janeiro	61	25	63
Rio de Janeiro – Ilha do Governador	0	33	2
Santos	313	271	329
São Paulo	21	214	115
<b>Total</b>	<b>437</b>	<b>667</b>	<b>617</b>

Number of staff hired, by gender	2012	2013	2014
Male	524	592	466
Female	124	218	125
<b>Total</b>	<b>648</b>	<b>810</b>	<b>591</b>

Number of staff hired, by age group	2012	2013	2014
Below 30 years of age	395	550	367
Between 31 and 50	247	249	215
Over 50	6	11	9
<b>Total</b>	<b>648</b>	<b>810</b>	<b>591</b>

Number of staff hired, by region	2012	2013	2014
Interior of São Paulo	83	94	127
Rio de Janeiro	26	37	66
Rio de Janeiro – Ilha do Governador	53	60	0
Santos	407	312	272
São Paulo	79	307	126

<b>Total</b>	<b>648</b>	<b>810</b>	<b>591</b>
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<b>Staff turnover rate, by gender (%)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Male	19.22	18.95	18.26
Female	4.71	4.42	4.36

<b>Staff turnover rate, by age group (%)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Less than 30 years old	13.75	14.00	10.23
Between 30 and 50	8.76	8.46	10.49
Over 50	1.42	0.90	1.91

<b>Staff turnover rate, by region (%)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Interior of São Paulo	2.30	4.79	3.96
Rio de Janeiro	3.34	1.33	2.31
Rio de Janeiro – Ilha do Governador	0.00	1.76	0.07
Santos	17.14	14.21	12.06
São Paulo	1.15	1.28	4.22

<b>Rate of new staff hirings, by gender (%)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Male	28.70	22.46	17.09
Female	6.79	4.79	4.58

<b>Rate of new staff hirings, by age group (%)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Less than 30 years old	21.63	16.76	13.46
Between 30 and 50	13.53	10.01	7.88
Over 50	0.33	0.48	0.33

<b>Rate of new hires, by region (%)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Interior de São Paulo	4.55	3.14	4.66
Rio de Janeiro	1.42	1.97	2.42
Rio de Janeiro – Ilha do Governador	2.90	3.19	0.00
Santos	22.29	16.23	9.97
São Paulo	4.33	2.71	4.62

\*the figures above include Comgás from 2013.

**G4-LA9: Average number of training hours per year per employee, broken down by gender and functional category**

In 2014 we registered approximately 11 training hours per employee in our system, with a total investment of approximately R\$ 3.6 million. The corporate training directive is that initiatives taken both within and outside the Company, be planned taking into consideration business strategy, opportunities for improvement for employees and individual targets programmed for the following year. By the end of 2015 the expanded use of the Learning Management System Platform (LMS) should be implemented in all the companies, making available online and classroom training, and encouraging self-development and management on the part of the Human Resources department, and the training of every

manager through learning initiatives.

Training hours, by gender	2014		
	Employees	Hours	Hours/Employee
Male	2,197	25,666	11.7
Feminino	679	5,242	7.7
<b>TOTAL</b>	<b>2,876</b>	<b>30,908</b>	<b>10.7</b>

**G4-LA11: Percentage of employees who receive regular performance analysis and career development advice, broken down by gender and functional category**

Meritocracy is a guiding principle for all the companies of Cosan. To ensure that practices are in line with this principle, it is necessary to have a solid performance management, whereby targets and behaviour expected are defined at the start of each cycle, ending with evaluation and a formal feedback meeting. Currently, the individual performance management system comprehends a portion of employees. The other employees are assessed by other means, and monitored through feedback meetings. The strategy is to gradually expand the use of the system, so that it reaches all levels of the organisation

Differently from other years, we have included Comgás in the indicator below. At Comgás, all full-time employees are eligible and the performance is monitored through the platform. As a function of this, and also due to the fact that all corporate employees of Cosan have had their targets and individual performance monitored by the system, the 2014 indicator reveals that 56% of the total workforce have their individual performance managed in a structured and formal manner.

Percentage of employees who received performance analysis	2014	
	Managers	Non-managers
Total number of employees	407	2,469
Total number of employees submitted to performance analysis and career development	273	1,333
Percentage by gender	67%	54%
Total percentage	56%	

**G4-LA16: Number of complaints related to labour practices recorded, processed and resolved through formal complaint mechanisms**

The ethics channel is a formal internal mechanism for the handling complaints with respect to labour practices. In 2015 no formal complaints were received with respect to labour practices through this channel. During the period were there no significant administrative or legal sanctions either with respect to non-fulfilment of laws and regulations.

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## Human Rights

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### G4-HR3: Total number of cases of discrimination and the measures taken to correct and mitigate new cases

### G4-HR12: Number of complaints related to impacts on human rights filed, processed and resolved through formal complaint mechanisms

There were no cases recorded of discrimination or complaints related to impacts on human rights through the formal sales channels established by the company

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## Society

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### G4-SO4: Communication and training on policies and procedures for the combat of corruption

Eight members of top governance have had Cosan's anticorruption procedures explained to them.

Twenty members of the Executive Board have also acquainted themselves with these procedures, with four of them undergoing training in 2014. Among the various management and supervisory positions, all these employees (116) have received training on this theme. The training sessions are carried out bi-annually and include all managers of Cosan and its subsidiaries. Topics such as internal controls, the Sarbanes-Oxley Act, risk management and a summarised content of anticorruption laws – Brazilian and American are addressed and discussed. These training sessions take 8 hours.

Also in this context, we highlight the following procedures:

### Code of Conduct

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Under the terms of the applicable laws, all executives and employees of Cosan and its subsidiaries must conduct business with integrity, avoiding fraud, bribery, corruption, falsification, dishonesty or money-laundering. It is prohibited to offer, promise, authorise or pay items of value to public employees, of any nationality. Employees of government commercial entities or entities controlled by government also fall under the category of public organisation.

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### Anti-corruption policy

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The company has an Anticorruption Policy which prohibits commercial relationships with clients, partners or suppliers which are not in accordance with the premises established under the policy or with the applicable laws, based on the American Foreign Corrupt Practices Act (Anti-corruption Law).

### Standard clauses in contracts with third parties

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Cosan evaluates the ethical practices and integrity of its suppliers and sub-contractors during the contracting process and contract implementation. The issues established in its anti-corruption policy are evaluated (such as fraud, corruption, dishonesty and money-laundering) as well as the compliance with the directives established by the American Foreign Corrupt Practices Act (Anticorruption Law).

### Clean Company Project

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The purpose is to work with companies in order to promote a more ethical market, with greater integrity. At the centre of this initiative is the Corporate Pact for Integrity and the Fighting of Corruption, which carries a series of directives and commitments to be adopted by signatory companies and entities. The principles of the pact are based on the Letter of Social Responsibility Principles, covered by the United Nations Convention against Corruption, the 10th principle of the Global Compact and the directives of the Organisation for Economic Cooperation and Development (OECD).

### G4-SO5: Confirmed cases of corruption and measures taken

In 2014 no cases of corruption were reported. When they occur, the records are taken to the Ethics Committee for analysis and assessment.

# GAS

## Introduction

The Gas segment is one of Cosan’s strategic arms for the development of Brazil. It is composed of Comgás, a publicly listed company controlled by Cosan and Shell. Comgás’s sustainability is managed based on the themes established in 2013 and revised in 2014, based on a materiality process which involved the consultation of various public audiences with respect to the company’s operation and impacts. Below we show the themes and indicators reported on in this GRI supplement.

**High ethical standards:** gas as a development tool for society.

Related indicators: G4-EC8, G4-SO8 and G4-PR7

**Interaction with government and society:** Comgás’ operation as a public service provider and a promoter, side-by-side with public and private entities, of regional development

Related indicators: G4-EC4, G4-EC7, G4-SO4 and G4-SO5

**Safety:** covers safety culture and the maintenance of a consistent safety management system by the company

Related indicator: G4-LA6

**Investment and development of new technologies:** research and development activities, with a particular focus on new applications in the supply of gas (there are no related indicators)

**Customer relationships:** focus on excellence in the service provided

Related indicators: G4-PR5 and G4-PR8

**Socio-environmental impacts:** monitoring of activities carried out and the management of impact on the environment and society.

Related indicators: G4-EC2, G4-EN11, G4-EN13, G4-EN23, G4-EN24, G4-EN27, G4-EN29 and G4-SO2

**Supplier relationships:** based on the systematic evolution of practices and standards adopted

Related indicators: G4-EN33, G4-LA14, G4-LA15, G4-HR6, G4-SO8 and G4-SO10

Other indicators which continue to be monitored and are important for Comgás also covered in this supplement: G4-10, G4-LA1, G4-LA9, G4-LA10 and G4-LA11

The indicators G4-EC4, G4-SO4 and G4-SO5 are also the subject of a corporate report drawn up in 2014, which can be consulted [here](#).

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Total number of workers by region (2014)	Men	Women
Interior of São Paulo	167	42
São Paulo	614	377
Total by gender	781	419
<b>Total</b>	<b>1.200</b>	

## General

### G4-10: Total number of workers, by type of employment, work contract and region, broken down by gender

The total number of Comgás' employees remained practically stable compared to the previous year (1210), amounting to a total of 1200 – 65% men and 35% women. Only four people have a fixed-term contract, while only interns and apprentices (130 people, of which 81 are women) work part-time.

In December 2014, Comgás also had 3837 outsourced workers (outsourcing of operations – known as subcontractors—and outsourced administrative services).

Number of employees by functional level (2014)	Men	Women
Vice Presidency	1	0
Executive Board	6	1
Management	54	16
Supervisors/coordinators	36	20
Administrative	233	237
Operational	358	26
Professional	42	37
Outsourced	2	2
Apprentices	7	13
Interns	42	67
Total by gender	781	419
<b>Total</b>	<b>1.200</b>	

## Economic indicators

### G4-EC2: Financial implications and other risks and opportunities for the activities of the organisation as a result of climate change

For Comgás, the control of leakages and the loss of gas involves two major impacts: economic and environmental. The financial implication from the loss of product is calculated monthly and discussed periodically by the Executive Board and the Board of Directors.

With regard to climate change, the impacts are mapped out in terms of risks and opportunities for the business and monitored continuously. Climate change may influence the sale of new bathroom natural gas heaters. In addition to this, a scenario of water shortage could negatively impact industrial production, reducing gas consumption in certain industrial sectors.

Considering the opportunities, the increase in the cost of electricity generation, natural gas offers an interesting and attractive alternative in response to this demand. From this perspective, natural gas is part of the energy mix to sustain the country's growth and development in a scenario of challenges for the reduction of greenhouse gas emissions.

### G4-EC7: Development and impact of investments on infrastructure and services offered, principally for the public benefit, through commercial engagement, in terms of products or services, or pro-bono activity

Comgás has invested R\$ 761,057 of its own capital in social development projects. In general, these are projects that encourage the sector's growth (gas and infrastructure) and education (including historic heritage). Other projects involving environmental compensation or offsetting measures, amounted to a total of R\$ 308,122.20. Even though these are projects are dependent on environmental licensing, Comgás seeks to implement projects that bring results for the community where it is present, as described below.

Project/Activity	Description and Objective
Caminho do Mar Ecotourism – Historic Heritage Foundation for Energy and Sanitation	Incentive for national eco-tourism
58th Congress of Municipalities in the state of São Paulo	Incentive for public debate for the development of the state of SP
5th International Forum on Petroleum and Natural Gas Law– Firjan	Support for growth of the energy sector
Infrastructure Week– Fiesp	Support for the development of national infrastructure
Partners for Education	Incentive for the education and training of young people
SOS Mata Atlântica Project – planting of 15,000 species of native saplings (R\$ 180,000.00)	New planting with the aim of restoring river bank vegetation in the municipality of Indaiatuba, contributing to the protection of water resources and fulfilling the Terms of Commitment to Environmental Restoration in a sustainable manner.  The booklet develop for the program is being used in schools covered by the Retap project/environmental education program (R\$ 93,000.00)
Projeto Retap/Programa de Educação Ambiental (R\$ 93.000,00)	Disseminate the work carried out by the company under this project for the population. Bringing knowledge of the past to schools
Santos project/publication of the book: History of the Earth: archaeological finds in the Baixada Santista (R\$ 200,000.00 in incentives)	Fulfillment of the Terms of Commitment to Environmental Restoration (TCRA) contributing to the protection of water

In 2014, Comgás invested R\$ 5,129,000 in programs for the encouragement of sports, audio-visual projects and health, under the federal and state incentive schemes (Rouanet Law). One of the highlights was the Barretos Cancer Hospital, a national reference and a provider of service to 100% of patients in the public health network.

Projects	Type of investment	description and objectives
Barretos Cancer Hospital	Investment under Federal Incentive Laws (Pronon and Idoso)	Encouragement for the perfecting of medical practices for the cure of cancer among children and the elderly in the Barretos Cancer Hospital, a global reference in the treatment of this disease
Museu Pelé Museum	Investment under state incentive laws (culture) and federal laws (Rouanet law).	Incentive to preserve the memory of one of Brazilian football's most renowned icons
Graac	Investment under the Federal incentive law (Fumcad)	encouragement for the perfecting of medical practices for the cure of cancer among children. This institution enables approximately 3000 consultations a year
Skating by the Stars	Investment under the Federal incentive law (Rouanet law)	Dance show on ice skating rink, to the sound of Broadway musicals, with Olympic and world renowned skating champions
University Tennis League	Investment under the Federal incentive law (Desporto)	Incentive for sport for students of public universities. Brazilian circuit carried out in the Ibirapuera gymnasium, in São Paulo. This is part of the Liga do Desporto (sports league) project for students 2014
Sugarcane Museum	Investment under state incentive laws (culture) and federal laws (Rouanet law).	Contribution to the policy of revitalising and restoring architectural assets in the region. Preservation and construction of a historical-cultural reference based on Engenho Central in the Sugarcane Museum

Maestro João Carlos Martins	Investment under the Federal incentive law (Rouanet law)	Event in the form of a presentation by maestro João Carlos Martins and the Bachiana Orchestra
Is Open	Investment under the state incentive law (sport)	incentive for tennis. International Tennis Tournament. Male tennis tournament on the ATP circuit
Book Em Alto e Bom Som (Loud and Clear Sound)	Investment under the Federal incentive law (Rouanet law).	This work demonstrates the power to transform the life of people who are deaf, dumb and blind, showing the daily life of these people.
Annual Sustainable Children's Theatre Show (Matis)	Investment under the state incentive law (culture).	The show, organised by Virada Sustentável, uses theatre as a way of educating children on the theme of sustainability. Shows are free and take place in the Água Branca Park
Cidade do Vôlei (volleyball city)	Investment under the state incentive law (sport)	Centre for initiation and training in the sport of volleyball for children and youngsters aged between 11 and 16 years from deprived areas
Emcena Brasil	Investment under the state incentive law (culture)	Mobile cultural Caravan with structure for theatre, shows, cinema etc., free of charge. This caravan has been to 4 towns and cities chosen in agreement with the Institutional Relations and Commercial departments
Sobre Rodas (on wheels)	Investment under the state incentive law (sport)	Supports the dissemination of the practice of artistic skating throughout the territory, particularly for more deprived communities
Exhibition "Made By", by Brazilians– Town of Matarazzo	Investment under the Federal incentive law (Rouanet law)	Exhibition by 100 artists from different countries taking place at the old Matarazzo Hospital
Exhibition. Burle Marx – Pinacoteca	Investment under the Federal incentive law (Rouanet law)	Incentive for culture. Exhibition in Pinacoteca in the state of São Paulo
Il 3x3 Basketball League	Investment under the state incentive law (sport)	Holding, for the second year running, the Fast League Tournament under the new 3x3 Olympic basketball class for pupils in the state education network.
Brazilian Economic Series	Investment under the Federal incentive law (audiovisual)	TV series which narrates the trajectory of the Brazilian economy from 1500 to 2014, with discussion about the risks and priorities for the future
Jovem Arqueiro	Investment under the state incentive law (sport)	Archery classes during time off class, with a view to serving 500 young people in five different centres
Lutas Olga Kos projects	Investment under the state incentive law (sport)	The Olga Kos Institute aims to work on the physical, motor and cognitive aspects of children and adolescents with Down's syndrome and/or intellectual deficiencies
Sport Caravan	Investment under the federal incentive law for sport	The objective is to contribute to the training of children and adolescents using corporal culture practices, games and sports as tools for education, social inclusion and transformation in low-income communities

#### G4-EC8: Description of significant indirect economic impacts

The principal indirect economic impacts are identified below.

Interest by the public powers for natural gas in towns in the concession area: in 2014, more than eight mayors and secretaries pleaded, in a public hearing carried out by the regulatory agency, for natural gas in their municipalities. This is because of security of energy supply, low greenhouse gas emissions, and cost, among other aspects.

The capacity for natural gas to attract companies: in 2014, industries established in São Paulo opened new units in the interior of the state thanks to the availability of this input (Itirapina and Iracemópolis are expected to be the location for new Honda and Mercedes-Benz, respectively). The benefits include reduction in the cost of electric power and liquefied petroleum gas (LPG), improvement in quality with respect to fuel oil and firewood, and an increase in safety and available space as storage tanks are not required.

Benefits for commerce: increase in safety due to the elimination of areas for the storage of gas bottles, convenience, cleanliness and economy in relation to LPG and electric power. The economy of Compressed Natural Gas (CNG) for use in transport: this input is more competitive than gasoline or ethanol.

## Environment

### G4-EN11: Operating units owned by the company, leased or managed within or adjacent to protected areas and areas of high biodiversity value located outside protected areas

Part of Comgás' network is located within or adjacent to a number of protection areas. The whole operation is licensed by the responsible body and evaluation of the environmental impact takes place before the installation of the network in areas that are environmentally protected. These are installed along public thoroughfares, areas dominated by highways or rights of way, determined by public utility decree, but the presence of which has a low environmental impact.

One of the areas with the highest biodiversity value is the Serra do Mar state park (Pesm), where the company has approximately 13 km of network within its limits (stretch from Cubatão-São Bernardo do Campo). There is also an odorization station in Pesm, of 1900 m<sup>2</sup>, with this complex added to the city-gate, having an area approximately 5000 m<sup>2</sup>. In 2014, Comgás maintained its program for the monitoring of land-based fauna within Pesm, as part of the High-Pressure Tubular Network project (Retap), significant with respect to biodiversity. R\$35,418 was invested in 2014, and the same amount of investment is planned for 2015 (with the end planned for January 2016).

Comgás also operates in other protected areas, such as the Várzeas do Tietê APA, Jundiáí APA, Piracicaba /Juqueri-Mirim APA (areas for sustainable use), the APRM Billings/ Guarapiranga (area for the preservation of spring water sources), the Cantareira State Park (fully protected area), among others.

### G4-EN13: Restored or protected habitats

Comgás has two projects for the maintenance and restoration of natural habitats for compliance with environmental licensing compensation. One of these is the Retap project, which covers 4.73 hectares in the Serra do Mar state park, where R\$ 76,416.33 was invested in 2014 for the maintenance of plantations carried out in the area.

Another project, the result of a partnership with the NGO SOS Mata Atlântica, has generated important results in the preservation of the riverbank vegetation on water bodies in the state of São Paulo. This is the second planting operation carried out by Comgás, and approved by the environmental body as sustainable initiatives. In 2014, Comgás invested R\$60,000 during the period for the preservation of six hectares of forest on the Água Branca Farm (Indaiatuba-SP).

### G4-EN23: Total weight of residues, by type and method of disposal

Comgás promotes various initiatives for the recycling of the materials generated by its units and operations. In 2014 243.9 tonnes of residues were recycled, reused or recovered. Another aspect of note was the development, together with a supplier, of a process for the recycling of multi-layered pipe residue, difficult to recycle as it contains three elements in its make-up: polyethylene, adhesive and aluminium. As a result, this residue is no longer sent to landfill sites, thus increasing its life-cycle.

Internally, everyone is given guidance about the management and correct destination of residues through online training in environmental awareness, available through Comgás' Intranet, and obligatory for all employees.

Non-dangerous residues	2013 (t)	2014 (t)	Obs.:
Recycling	111.6	229.0	Increased disposal of gas meters that fall outside specifications and the recycling of multi-layered pipe
Landfill	735.9	732.3	–
<b>Total</b>	<b>847.6</b>	<b>961.3</b>	–

Dangerous residues	2013	2014	Obs.:
Re-usage	3.0	7.9	Increased disposal of batteries
Recycling	0.0	0.1	
Recovery (including energy recovery)	2.0	7.0	Increased disposal of paint, oils and grease
<b>Total</b>	<b>5.0</b>	<b>14.9</b>	

**G4-EN24: Total number and volume of significant leakages**

	Total number of leakages	Total volume (cubic metres)
2011	536	117.961
2012	625	155.653
2013	771	150.413
2014	897	138.934

In 2014 we recorded 897 cases of accidental leakage, with a volume of gas 8% lower than in 2013. Leakages due to corrosion, fractures and degradation of pipe joints are not computed.

As a point of note, subsequently Comgás implemented its Damage Prevention Plan (PPD), which involves awareness initiatives for concessionaires and the general public to avoid damage to the gas pipe network

**Damage prevention plan (PPD)**

The natural gas distribution networks share the urban subsoil with other public service infrastructure, such as that necessary for the distribution of water, the collection of sewage and the supply of electricity and telecommunications services.

The ability to operate this infrastructure side-by-side is fundamental for the satisfactory functioning of our towns and cities and because of this, since 2003 Comgás has been promoting its Damage Prevention Plan (PPD). The PPD has the principal objective of promoting a preventer nest culture through other public agents and public service concessionaires.

Among the principal initiatives carried out, of particular note was the establishment of co-operation agreements with the main concessionaires, which makes it possible for training to be carried out, supplied and paid for by Comgás, promoting awareness with respect to the care necessary when digging close to gas pipelines, publicising the procedures necessary for carrying out these works and providing records of those registered in Comgás' supply network.

Between 2009 and 2014, 12,665 workers from concessionaires and public bodies were trained, including their own teams as well as those outsourced, throughout the concession area, with 2642 trained just in 2014.

Actions were also carried out for the prevention of damage to the internal installations of clients, with initiatives that range from publishing warnings on bills to the training of janitors on the premises of Comgás' Operational Centre, in São Paulo (Corm-SP).

Between 2009 and 2014, Comgás carried out the training of 6424 janitors, with 743 trained in 2014 alone, including courses provided by Corm and in partnership with the Union of Commercial and Residential Building Workers of São Paulo (Sindifícios).

In addition to this, the Network Inspection Department in 2014 provided 12,548 technical guidance consultations. Of these consultations, 769 involved works of major size and length, involving the actual presence of Comgás' technicians in activities involving a high degree of risk. In this way, the initiatives carried out by the Asset Integrity and Network Inspection Departments contributed to the results obtained in 2014, which saw a reduction in the volume of gas leaked (11,478.72 m3 compared to the previous year).

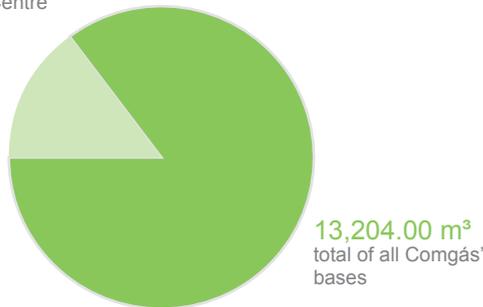
**G4-EN27: Extent of the mitigation of environmental impacts from products and services**

The principal environmental aspects resulting from Comgás' activities are:

Sound pollution	Caused by the use of equipment that emits noise above the limit of acoustic comfort (compressors, hammers, saws and generators). Mitigation is carried out with the use of equipment using noise suppressors or EPIs (individual protection equipment - IPE).
Leakage of odorant	Odorant is added to the gas at city-gates with the introduction of a mixture of ethyl mercaptans to make it possible to detect leaks. To minimise the impact of this, a system has been developed with the supplier for adding odorant in a closed-circuit, which avoids leakage of this component.
Generation and disposal of residues	All the residues generated undergo selected waste disposal, with each material being disposed of correctly (recycling and others, in the case of dangerous residues). The principal residues generated by the operations are metal scrap, polyethylene, meters and pipe (aluminium, steel and other metals) – plastics in general and cardboard. In 2014, approximately 490 tons of this material was generated, with metal scrap corresponding to 43% and polyethylene, 28% of the total.
Gas leakage	These occur due to damage to the network or as a result of corrosion, cracks or degradation of the pipe. Comgás has a program in place for the renewal of its cast-iron pipe network with polythene pipe and also a Damage Prevention Plan (PPD), which concentrates on initiatives to raise awareness of concessionaires and the general public, with a view to avoiding damage to the network.  In terms of the emission of greenhouse gases, gas leakages emitted 95,051 tons of CO2 equivalent. However through the renewal of the cast-iron pipe network and the repair of the pipeline, we have managed to cut 4,180 tons of CO2 e. of these emissions.

**Consumption and reuse of water at the bases**

2,330.50 m<sup>3</sup>  
 utilisation of re-used  
 water in 2015  
 at Comgás' Opera-  
 tional Centre



**G4-EN29: Monetary value of significant fines and total number of non-monetary sanctions resulting from environmental laws and regulations**

In 2014, Comgás was not subject to any significant environmental fines (over R\$ 1 million).

**G4-EN33: Significant negative environmental impacts, real or potential, in the supply chain and measures taken in this regard**

Comgás has been certified under ISO 14001 Standard and periodically carries out assessment of the environmental impacts of its principal suppliers. It establishes processes for the mitigation of these impacts, such as risk evaluation and operational training for all its own employees and its subcontractors. In 2014 there was an average of 3 man-hours of training for the employees of its subcontractors and 17 man-hours of training for its own employees, totalling more than 13,000 man-hours for subcontractors and 25,000 man-hours for its own employees.

Comgás' principal environmental impacts occur when works are carried out, during the installation of gas networks, and operation of its network. These are sound pollution, the generation and disposal of materials and leakages of gas (see more details on G4-EN27).

In the management of suppliers, those that provide operational services for civil and infrastructure works were identified as constituting the highest risk of environmental impact for the company.

Termination of contracts may take place when performance aspects are not met, whether with regard to operations, labour-related aspects, health, safety or the environment, integrity of assets or other financial health-related aspects. Contracts entered into with providers of operational services establish rules for operational, and social conduct, standardised procedures and immediate access to any guidance necessary. There is also an annual technical auditing program in place which covers various aspects of suppliers with respect to operational and logistics issues, regular training of their teams, quality and safety in the workplace, use of individual protection equipment and collective protection equipment, etc.

**Labour practices and decent work**

**G4-LA1: Total number and rates of new engagements of employees and employee turnover by age group, gender and region**

In 2014, 245 new employees were hired – 70% of these were under 30 years of age, working mainly in the city of São Paulo. During the period, 144 employees left the company, with the same profile as those hired. engagements, the total rate of employees separated from the company in 2014 amounted to 12%.

Turnover rate by gender (%)	2013	2014
Male	10.2	6.2
Female	8.6	5.8

Total turnover by age bracket (%)	2013	2014
Less than 30 years old	11.1	8.8
Between 30 and 50	5.6	2.5
over 50 years old	2.1	0.7

Turnover rate by region (%)	2013	2014
Interior of São Paulo	2.8	0.7
Santos	0.3	0.1
São Paulo	15.7	11.3

**G4-LA6: Type and rates of injuries, occupational diseases, days lost and absenteeism and number of work-related deaths, broken down by region and gender**

Safety Indices	2013				Total
	Workers		Outsourced Workers		
	Male	Female	Male	Female	
Number of accidents involving time off work (LTI)	0	0	1	0	1
Rate of injuries (LTIF)	0	0	0.10	0	0.08
Number of accidents without time off work (TRC)	1	0	8	1	10
Rate of incidents (TRCF)	0.39	0	0.80	0.10	0.79
Number of first aid applications	3	0	81	3	87
Rate of first aid applications	1.17	0	7.84	0	6.75

Safety Indices	2014				Total
	Workers		Outsourced Workers		
	Male	Female	Male	Female	
Number of accidents involving time off work (LTI)	0	0	2	0	2
Rate of injuries (LTIF)	0	0	0.22	0	0.17
Number of accidents without time off work (TRC)	0	0	4	0	4
Rate of incidents (TRCF)	0	0	0.44	0	0.34
Number of first aid applications	2	0	55	5	62
Rate of first aid applications	0.77	0	5.99	0	5.27

LTIF – Lost Time Injury Frequency (involving time off work) = number of accidents involving time of work/total man-hours worked  
 1,000,000 TRCF – rate of restricted work = number of incidents without time off work/total number of man-hours worked\* 1,000,000  
 Rate of first aid applications = number of first aid applications/total number of man-hours worked 1,000,000

in 2014, improvements were carried out such as changes to the tool used for risk analysis for teams in the field, revising the content of training in the SU of work permits for critical activities and internal auditing of the Integrated Management System. We believe that these efforts have allowed for a reduction in the LTIF rate (from 0.17 in 2014), by which we have managed to reach our target of keeping this below 0.20, as well as our global benchmarking of 1.25.

**G4-LA9: average number of training hours per employee, broken down by gender and functional category**

In 2014, 649 employees underwent training, with an average of 6.3 hours, considering all employees. We made improvements to controls and the recording of training sessions, while we also increased the availability of training sessions at the Business School.

Training hours, by gender	2014		
	Employee	Hours	Worker Hours
Men	781	4,099	5.2
Women	419	3,489	8.3
<b>Total</b>	<b>1,200</b>	<b>7,588</b>	<b>6.3</b>

Functional Category/ gender	2014		
	Employee	Hours	Worker Hours
Managers	134	2,446	18.3
Non-managers	1,066	5,142	4.8
<b>Total</b>	<b>1,200</b>	<b>7,588</b>	<b>6.3</b>

Managers: Executive Board, Management, Supervisors and Coordinators.  
 Non-managers: other functional categories and outsourced staff.

**OPERATIONAL TRAINING**

During 2014, 440 training sessions were carried out on 94 different themes (including safety, work execution and processes ). Our average training satisfaction rate is 90%. We also have approximately 30 training sessions available through our Knowledge Portal. In 2014, we had the target of training at least 90% of Comgás’ employees in our five obligatory training sessions, and we managed to accomplish 95% thereof. For 2015, our objective is to create more than 100 training content modules and begin and begin our knowledge module sessions.

The main operational training content modules includes issue of work permits; preventative management; training of multiplying agents (SSM and integrity of assets); Operational safety; working at heights; training on heaters – bathroom improvement projects; Field first aid and brigade crew; safe driving of light vehicles; mobility project; and loss of contention.

**G4-LA10: Programs for the management of skills and continuous learning, providing support for the continued employability of employees and end of career management**

Initiatives to encourage skills and provide support for employability and end of career management	Number of employees benefited	Amount Invested (R\$)
Internal courses	1,146	33,272.48
Grants for degree courses, language courses and IT training	51	243,381.72
Program for better living in retirement years	10	32,500.00
<b>Total</b>		<b>309,154.20</b>

#### **G4-LA11: Percentage of employees that regularly receive performance analysis and career development advice, broken down by gender and functional category**

Comgás has a cycle for management and informal tool for assessing the development of its employees: the Performance Management System. At the end of each year, all managers and directors, have their objectives defined (targets and projects) for the following year. Subsequently, all non-managers also have their targets and projects defined and approved by managers, and the information remains in the system for consultation. A formal conversation for the monitoring of targets is scheduled halfway through the year, when the performance contract can be reviewed. At the end of the cycle, each employee carries out self-assessment and the manager carries out evaluations through a formal conversation with each member of his team.

In addition to performance evaluation, there is also the Caminhos de Carreira (career paths) program, which provides guidance and prospects for promotion to leadership positions. Sessions are carried out with all managers of the company and, thus, all employees receive feedback on their performance and undergo a formal conversation with respect to career expectations and future moves by their leaders. Performance analysis was carried out for 100% of our active employees

#### **G4-LA14: Percentage of new suppliers selected based on labour-related criteria**

All providers of operational and infrastructure services are evaluated based on skills required for the activities and undergo a process which includes the observation of labour related and environmental criteria, as well as their operational capacity, resources and financial health.

At the moment of being authorised, the history and experience of the supplier is evaluated, which must also be in accordance with Comgás' policies, procedures and business principles and Code of Conduct.

In a prequalification assessment, SSMQ (health, safety, environmental and quality) aspects are assessed, in accordance with the procedure established by Comgás. With respect to labour related criteria, legal requirements are assessed (such as registration of work papers and other obligations), fulfilment of regulatory norms, subcontracting procedures, work conditions, skills and professional aspects. Monitoring is carried out as well as reports, technical audits, field visits, technical and operational training, etc.

#### **G4-LA15: Significant negative impacts, real and potential, referring to labour-related practices in the supply chain and measures taken in this regard**

The identification and assessment of real potential risks is carried out as the work progresses, as well as through the constant monitoring in the field of these companies. Generally, the main labour-related impact observed in the supply chain is the non-payment of overtime hours, redundancy payments, etc.

Within the environment of the Commission for the Monitoring of Contracted Staff, a monthly assessment is carried out of cases identified and the action necessary decided

upon, including retention of payment to make provision for coverage of these issues whenever possible, with provision made for the possible retention of payment in the contract. Subcontracting, when practical, is duly approved by Comgás before the subcontractor begins activity with other companies. With a view to avoiding double taxation, payments to these third parties are made directly by Comgás.

In 2014, one supplier was shown to be below par in this area, this being identified in the work carried out and as a consequence of the constant monitoring of these companies in the field. The worsening of this company's labour relations was due to its deterioration in terms of financial capacity and consequent delayed payments to employees, as well as the non-payment of redundancy settlements, among other items. As a result of this, we terminated our relationship with this company based on the assessments s carried out. Financial health, disciplined planning, the adequate management of resources and high labour turnover are all elements that have proven to be critical for the sustainability of subcontractors.

## **Human rights**

#### **G4-HR6: Operations and significant suppliers identified as incurring a significant risk of forced or compulsory labour, and measures that contribute to eliminating all forms of forced or compulsory labour**

No suppliers or operations were identified to present significant risk of the occurrence of forced or compulsory labour. According to the existing procedures, monitoring is carried out as the works progress, and by the constant monitoring of the companies, which involves technical audits, field visits and safety days, as well as the direct role of the contract manager.

If unhealthy work conditions are identified, remedial measures and actions are demanded from those responsible and if the conditions do not change, measures are taken, which range from the retention of payment to termination of the contract.

## **Society**

#### **G4-SO2: Operations with significant potential impacts or real negative impacts on local communities**

Distribution of natural gas incurs an inherent risk which is managed as part of the operation of our networks, so that there are no gas leakages which could impact the environment and the local population. Being lighter than air, natural gas dissipates rapidly which reduces the risk of explosions during operations and installations.

During the installation of networks, there is a temporary impact on the local population as a result of noise and inconvenience to traffic. Comgás prioritises construction methods that minimise these impacts, such as directional drilling, which reduces the number of open ditches and allows the location to be restored to its original state more rapidly.

**G4-SO8: Monetary value of significant fines and the total number of non-monetary sanctions resulting from non-compliance with laws and regulations**

In 2014, Comgás was not subject to any significant fines (of over R\$ 1 million) referring to non-compliance with laws and regulations, including in the consumer and labour-related spheres.

## Responsibility for the product

**G4-PR5: Results of customer satisfaction research polls**

The Regulatory Agency for Sanitation and Energy in the state of São Paulo (Arsesp) carries out an annual satisfaction poll among users of piped gas (residential, commercial, industrial and CNG) and covers questions that are both wide-reaching as well as specific for the sectors. The average score attributed to Comgás was 8.2 (GNV and industrial), 8.3 (commercial) and 8.6 (residential).

Arsesp carries out annual survey among piped gas users, covering various different sectors (residential, commercial, industrial and CNG), involving questions that are both wide-ranging and specific to the sectors, and which assess satisfaction with respect to the supply of gas and the service provided.

The average evaluation score in 2015 was a satisfaction rate of 95%, an improvement of 4% on 2013. Another significant aspect in 2014 was the reduction of 34% in the number of complaints received by the ombudsman service and a reduction of 14% in the general number of complaints registered with the Call Centre

Supply problems

	Residential	Commercial	Industrial	CNG
Yes	5.30	13	6.70	1.20
No	94.60	86.60	92	96.40
NR	0.10	0.40	1.3	2.40

Level of satisfaction with the service

	Residential	Commercial	Industrial	CNG
Yes	73	83	93	89
No	25	16	5	11
NR	2	1	2	0

**G4-PR7: Total number of cases of non-compliance with regulations and voluntary codes related to marketing communications, including publicity, promotion and sponsorship, broken down by type of result**

In 2014 The Company was not subject to any fines as a result of non-compliance with regulations or voluntary codes referring to marketing communication

**G4-PR8: Violation of privacy and loss of data.**

In 2014, we received only one complaint referring to the undue publication of user data. In this specific case, as a result of a systemic inconsistency already resolved, when a response to a request made via our “Speak to Us” communication channel on the Comgás website, was sent out together with other complaints and the data of other users. Having become aware of the incident, Comgás took immediate measures to resolve the problem. On the question of avoiding leakage of client information and maintaining confidentiality and reliability, we have the following actions in place:

- service provider contract with confidentiality clause;
- restricted access profile for users of SAP CRM/CCS –
- in accordance with attribution/responsibility of the operator;
- blocking to avoid the change of customer name for inappropriate or insulting words–list of words;
- all contacts made by the client through the toll-free 0800 number are subject to data confirmation;
- access to automated services is dependent on the providing of CPF and customer code.

# LOGISTICS

## Introduction

**This Indicator Handbook contains information that depicts the business performance under the financial and non-financial standpoint. The following topics were defined from a materiality process carried out in 2013 by Rumo. In 2014, interviews were conducted with suppliers (carriers) and customers to reinforce the importance of the material issues for the business. The following are the topics and related indicators in the workplace and operations:** safe environment to guarantee day-to-day operations, including the health and safety of employees

Related indicators: G4-EN23, G4-EN24, G4-EN27, G4-EN30, G4-LA6, G4-LA7, G4-SO2 and G4-PR1

**Product integrity:** technologies and procedures for the guaranteeing integrity of cargoes and maintenance of the original characteristics of the product transported  
Related indicators: G4-EN24 and G4-PR1

**Logistics performance:** efficient management of terminals and stock, ensuring flexibility of transport, loading and dispatch of freight  
Related indicators: G4-EN27, G4-EN30 and G4-EN33

**Interaction with the public sector:** transparency and bargaining power with the government to develop the sector and reduce logistics bottlenecks  
Related indicators: G4-EC4, G4-SO4 and G4-SO5

**Corporate Attributing worth to employees:** Attention given to ensuring good working conditions in the ports and terminals  
Related indicator: G4-LA7

**Emission and mitigation of impacts on climate:** anticipation of risks inherent in climate change including the management of greenhouse gas emissions and particle material  
Related indicators: G4-EN27 and G4-SO2

**Value chain management:** attention to projects and relationships with public audiences, particularly transport firms (truck drivers) and plants, given the degree of inter-dependence of the operation  
Related indicators: G4-EC7, G4-EN30, G4-EN33 and G4-LA15

The indicator G4-EN11 was already being reported by Rumo and still appears in this supplement. Indicators such as G4-EC4, G4-SO4 and G4-SO5 were still reported corporately in 2014 and can be consulted [here](#).

## Summary

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## Economic indicators

### G4-EC7: Development and impact of investment on infrastructure and services offered, principally for the public benefit, through commercial engagement, in the form of products or services or pro-bono activity

In 2014, Rumo invested R\$ 3,575,602.46 in initiatives for the public benefit. This figure is 100% associated with incentive laws focused on sport, culture and social assistance. In addition to this, in 2014 R\$180,000 was allocated to works at the Sumaré Orchid Centre, carried out in response to a Term for the Adjustment of Conduct (TAC), signed with the municipal authority of Sumaré. The TAC was developed as a compensatory measure for works on the terminal's internal draining gallery, which passed through a permanent protection area (APP).

List of projects supported by Rumo	
Remodelling of the Valongo Mansion (Pelé Museum)	incentive to encourage sporting memories, in Santos
Pequeno Príncipe Hospital	incentive for the treatment of children's health
Emcena Brasil	incentive for culture in the towns of Itirapina and Sumaré
Bom de Bola – Bom na Escola (good at football-good at school)	incentive for children's sport in Santos
Santos Formando Campeões (Santos training champions)	incentive for children's sport, in Santos
Sons e Artes Itirapina (sounds and art for Itirapina)	incentive for culture in the town of Itirapina
Guga: Images of a Life	incentive for culture and sport
César Cielo Institute– Year II New Skies	incentive for the practice of sport by children and adolescents
Barretos Cancer Hospital (Pio XII Foundation)	Support for the treatment of cancer in senior citizens
Taekwondo Health Project – paths to inclusion– Olga Kos Institute	incentive for the inclusion of disabled people through sport
São Paulo Schools for Surf Meeting	incentive for sporting memories, in Santos
Construction of the Itirapina amphitheatre	incentive for culture in the town of Itirapina
The book entitled Piracicaba, The Town We Love so Much	incentive for culture in the town of Piracicaba

## The Environment

### G4-EN11: Operational units that are owned, leased or managed within or adjacent to protected areas and areas of high biodiversity value located outside protected areas

The principal activities of Rumo's operations are: the movement of freight; loading and unloading of vehicles for highway and railway travel; and administrative activities at the offices, which can be summarised as the receipt, dispatch and registration of tax invoices, and supporting sectors (HR, IT, QSSMA, and warehousing).

In addition to the Port of Santos (SP), Rumo has terminals in Sumaré (SP), Jaú (SP) and Itirapina (SP). The operation at

the port of Santos is carried out in a rented constructed area of 0.132 km<sup>2</sup>, with management of the seagoing operation being the responsibility of Codesp. Together, these operations comprise an area of approximately 3,710 km<sup>2</sup> and in Itirapina alone, there is an area of legal reserve amounting to 0.58 km<sup>2</sup>. Even without a detailed study, it is estimated that the reserve has a high biodiversity value, seeing that it is situated in a rural area of the municipality, which cuts across the Cobras Stream. The other units of the company are not located in protected areas or areas of high biodiversity value.

### G4-EN23: Total weight of residues, by type and method of disposal

In Santos, there has been a reduction in composting based on preventative measures against spillages and increased action by the cleaning team, with the use of trucks that increase the level of product (sugar) reuse. Meanwhile, the increase in the generation of garbage sent to landfill has resulted in the enlargement of the cleaning area at the terminal, and an increase in staff (outsourced and employees) at the terminal, as a result of the new terminal works.

Itirapina and Jaú, with the work on raising the awareness of employees about the importance of recycling, it has been possible to reduce the rate of residue not sent to landfill. In 2014, the disposal area was enlarged for composting, subsequently reducing the volume of waste sent to landfill. In Sumaré, the halting of the animal feed storage operation in the general cargo storage areas resulted in a reduction in the level of composting. The generation of scrap and recyclable material increased as a result of additional civil works carried out. (Yara project, regulatory yard, etc.).

Non-dangerous residues (2014)	Jaú	Santos	Sumaré	Itirapina	Consolidated Rumo
Composting	–	37.2 t	66 t	19.7 t	122.9 t
Recycling	0.48	14.2 t	92 t	860 t	966.68 t
Landfill	4.66 t	401. t	223 t	11 t	639.66 t
<b>Total per Terminal</b>	<b>5.14 t</b>	<b>452.4 t</b>	<b>381. t</b>	<b>890.7 t</b>	<b>1.729.24 t</b>

Non-dangerous residues (2014)	Jaú	Santos	Sumaré	Itirapina	Consolidated Rumo
Co-processing	–	7.8 t	1.7 t	–	9.5 t
Re-refining	–	5.6 t	–	–	5.6 t
<b>Total per terminal</b>	<b>0.0 t</b>	<b>13.4 t</b>	<b>1.7 t</b>	<b>0.0 t</b>	<b>15.1 t</b>

**G4-EN24: Total number and volume of significant leakages**

In 2014, there were no significant spillages of products (sugar) with an impact on the environment. In the case of the fire that occurred at Warehouse X at the Port of Santos, approximately 2000 m<sup>3</sup> of water residue were used. For this reason, Rumo carried out monitoring of the estuary waters after the fire, which showed no proof of any impact on the environment. There was no alteration in the quality of water or in the fish mortality rate. This is because the residue generated by the fire was directed to one of the storage galleries, and subsequently siphoned off to tanker trucks for appropriate treatment.

The procedures adopted to ensure that the spilled products are returned to the process are:

- cleaning team, which, with the help of excavators and vacuum trucks, collects up the product and returns it to the production process;
- Retention trays on transport conveyor belts, which reduce spillages from the belts onto the roads;
- scrapers installed on the terminal conveyor belts, which make the excess sugar fall in one concentrated spot, which is then collected;
- compressed air system in all the discharge hoppers at the terminal, for cleaning of railcars and trucks after unloading;
- truck wheel washer at the terminal, to avoid the spreading of the product by the wheels onto the roads in the port.

In the event of spillage during the journey:

- The railway collect all the spilled cargo and compensates Rumo for the loss;
- before the journey begins, all railcars are checked for possible leakages. If such a leakage is found, the railcar is separated and sealed before being dispatched.

**G4-EN27: Extent of the mitigation of the environmental impact of products and services**

**Use of materials:** in 2014 we carried out a campaign to avoid the use of disposable cups, also distributing water canteens to all employees. Pieces of conveyor belt (rubber, which would have been disposed of) were reused for hand protection in the use of tools that assist with the operation of the railcars.

**Water:** in Santos, Rumo began to introduce hand dryers in bathrooms and water flow limiters on taps. In the operational area, we began to use vacuum trucks, which dispense the use of water in the cleaning of roads and/or the collecting up of products.

**Emissions and particulate material:** we have put into a measuring and monitoring plan at the Port of Santos and in Itirapina, whereby we inspect black smoke emissions. We also analyse the exhaust systems of a monthly sample of suppliers' trucks. In 2014, the Santos terminal installed dust removal systems in two discharge hoppers (M3 and M4) to avoid the escape of particulate material (as per the schedule authorised and approved with the agency Cetesb in Santos). In 2015, we plan to introduce the same system in the highway discharge hopper in Jaú.

We also have, at one of our shiploaders, a piece of equipment known as a Dust Suppressor – DSH, with the same objective, but for operation during ship loading (loading of the holds). In 2015, this device will be installed at the other two shiploaders. These initiatives, together with increasing the size of the cleaning teams, has resulted in a reduction of 72% in sugar sent for composting, thus enabling greater reuse of the product in the production process.

**Effluents and residues:** we have a Solid Residue Management Plan which in addition to selective waste disposal and the segregation of residues, also maximises correct residue destination. In general our processes do not generate effluents, however sewage disposal at the units has a specific destination in each operation.

- In Santos, the sewage system is connected to Sabesp's sanitation network. We have achieved a reduction of 50% in the generation of dangerous residues (class 1), due to the lower amount of leakages at the terminal.
- Itirapina terminal has its own Sewage Treatment Station (ETE), which should also be introduced in Sumaré (currently, the unit uses septic tanks, as does Jaú). We have managed to reduce the volume of common garbage by 24.2% as a result of better awareness by employees about the importance of recycling, which in turn saw a real increase of 69%
- In Sumaré, we have introduced an environmental education program to improve the collection of recyclable material and routine cleaning, so ensuring the correct destination of residues resulting from maintenance procedures.

**Noise:** the Santos unit (the group's largest terminal) every two years carries out an evaluation of external noise, in accordance with NBR 10151. The noise levels found during these measurements do not characterise sound pollution, because they are lower than the noise emitted by movement outside the terminal.

**G4-EN30: Environmental impacts referring to the transport of products and workers**

The use of the railway mode of transport system reduces the emission of pollutants and transports a volume equivalent to 2.5 truckloads, thus contributing also to reducing the flow of vehicles on the highways and the end-cost of the product. Compared to 2013, Rumo in 2014 transported 1,395.105 fewer tons by road (a drop of 23%) and 3,014,148 additional tons by railway (98% increase).

Rumo has an Emergency Response Plan (PRE) in place at the Santos terminal, and in the interior, as an environmental mitigation and risk prevention measure. It also uses vans for the transport of its employees at the Itirapina and Jaú terminals, reducing the use of individual vehicles.

**G4-EN33: Significant negative environmental impacts, real and potential, in the supply chain and measures taken in this regard**

Rumo has a supplier authorisation system in place which also defines the method of monitoring and qualification of the service to be carried out. Depending on the type of service, it requires specific documentation, with a view to meeting environmental, quality and safety requirements. The objective is to ensure that outsourced services are in line with legal and normative requirements, as well as guaranteeing workers' physical integrity and the quality of services carried out. Any supplier that fails to meet the standards required will not be hired for the providing of the service, thus avoiding post contract disqualification. In the case of failure to meet requirements in works already ongoing, the company is informed and notified of the need to immediately correct the failures occurring, with activity being partially or totally halted pending meeting the requirements.

Rumo, in all its terminals, inspects and monitors any deviation in standards, whether it be environmental, quality related or safety-related, by suppliers and service providers, calling a halt to work and even terminating contracts if necessary, depending on the recurrence or impact of the failure.

Through the application of operational checklists, environmental mitigation equipment (such as dust removal) and permission for the procedure of critical services, Rumo increasingly seeks to mitigate/eliminate possible environmental impacts in all its terminals and concession areas.

As a legal requirement, Rumo applies residue management in a preventive and correct manner, collecting and separating residues, independent of the generating source responsible, and the time of processing.

## Labour-related practices and decent work

**G4-LA6: Types of injuries and injuries rates, occupational diseases, days lost and absenteeism and number of work-related deaths common broken down by region and gender**

In 2014, there was a drop in the number of days lost in relation to 2013, as well as a correction in the calculations, which had not considered the days lost by employees in previous years. The hours in the calculation of absenteeism do not consider bank hours and holidays.

The management of injuries and accidents at Rumo does not yet differ in terms of calculation by gender, because the control of hours of work is carried out in a consolidated manner and dealing with accidents follows a rigorous investigation procedure and efficiency analysis. All the units have been considered in the calculation. Rumo does not manage these incidents for self-employed or outsourced staff, or days lost or absenteeism, because immediate replacement of hours worked is provided for in the contract.

Incidence of accidents and days lost (2014)	Employees		Outsourced		Total (E+T)
	Men	Women	Men	Women	
Number of accidents <sup>1</sup>	18	0	2	1	21
Injury rate	1.50	0.0	0.34	0.17	1.18
Number of days lost <sup>2</sup>	575		-	-	575
Taxa de absentismo	47.90		-	-	32.25

<sup>1</sup>The incidents specified refer to registrable occurrences (with or without time off work). Simple cases of consultation and first aid have not been included.

<sup>2</sup>Refers to days lost due to accident at work, begun in 2014, duly formalised by HR

**G4-LA7: Employees with a high incidence or high risk of occupationally related diseases**

Rumo's operations include operational activities that pose a risk of specific diseases, such as those of warehouse helper and bag handlers, who are subject to a risk of lesion of the following body parts: shoulders, wrists and fingers, lower back, upper back and vertebra, knees and ankles. The activities below are carried out through campaigns on specific dates to raise awareness, and also during Sipat 2014 (Internal Week for Accident Prevention in the Workplace).

Type of program	Themes Covered	Employees Included
Education and Training	Oral hygiene and prevention; campaigns against dengue; rescue operations at heights; rescue of men at sea; APR – preliminary risk analysis; Fire Brigade; and other obligatory/normative training sessions	1,401
Advice	Women's Day Campaign; Pink October (Pink October) and Blue November (prostate cancer); Carnival; and health week	124
Prevention/control of risks	Importance of safety behaviour; Defensive driving; a fire-fighting; Health circuit; and alcohol, drug and tobacco addiction	2,424
Treatment	Flu vaccination campaign; ergonomic evaluation of workstations; assessment of temperature on location	700

**G4-LA15: Significant negative impacts, real and potential, referring to labour-related practices in the supply chain and measures taken in this regard**

Rumo's supplier hiring process involves the monitoring and re-evaluation of suppliers, defining specific conditions for labour claims, quality, safety and the environment. After hiring, Rumo requires and demands documentation of the entire team that will be carrying out the work, including the regulatory documents, company certification, workers' occupational health, and training of the team to carry out the work. With this process concluded, the employees are called together, and made aware of internal standards and policies

In order to ensure the quality of all outsourced work and the protection measures applied, Rumo carries out audits and service inspections, assessing the meeting of time limits and safety and environmental requirements, as well as the carrying out of campaigns, DDS, seminars and updating procedures, and items for the prevention of occupational risks, and work safety. With respect to truck drivers, in Santos, Rumo monitors the flow of vehicles on the dockyards, and the meeting of schedules for unloading in the port, to ensure that the motorist complies with the minimum rest requirements and carries out downloading in the normal and safe manner. Among other activities are included:

- monitoring of services in the field, and failures found serving as Service Quality Evaluation for the companies hired;
- training on recycling and corrective measures are carried out with a view to re-emphasising supplier management requirements, in accordance with existing procedure;
- awareness campaigns for motorists, about operating flows and standards of conduct in the port

## Society

### G4-SO2: Operations with potential significant impacts or real negative impacts on local communities

We do not have any dangerous product or substances that can cause impacts on society, because we work with products from vegetable source.

The more evident potential impacts are noise and particulate material deriving from sugar. For this reason, we carry out a bi-annual assessment of noise (which has always been recorded as being within technical standards), and we are installing equipment for the control of particulate material in the discharge hoppers, in accordance with the agreement with Cetesb, to be completed by the end of 2015.

**Impacts and exposure to risk:** Santos terminal is the one closest to the community, but there were no complaints registered in 2014. As this is a concession area, the roads around the warehouses are public, and it is difficult to control access by people. To mitigate risks related to this traffic, Rumo has installed video cameras and hired professional security staff throughout the port, installing security patrols around it.

## Responsibility for the product

### G4-PR1: Percentage of product categories and significant services for which impacts on health and safety are assessed, with a view to seeking improvements

Health and safety impacts are evaluated for 100% of Rumo's activities within all its terminals, taking into consideration storage activity and loading of products with a vegetable origin.

The company's efforts to promote health and safety during the product life-cycle, both for employees and consumers, can be summarised as follows:

- all the trucks are fitted with tracking devices so that there are no deviations from set routes, and no product contamination;
- all the locals (trucks and railcars), undergo analysis of the cargo at the time of unloading (these analyses check for colour, polarisation, humidity and presence of insoluble materials);
- Optical Character Recognition System (OCR) on highway scales and at the entrance/exit for the control and field operations, ensuring that trucks are identified from the moment of entry into the regulatory stockyards, to their exit from the port;
- New system of sampling sugar on trucks (known as the sample collector ), which collects sugar from the bottom of the truck for sampling. In 2014 a specific sampling area was installed before the weighing machines and sample collectors were installed to ensure that these samples are taken in an homogenous manner;
- Laboratory hired by Rumo at the Santos, Sumaré, Itirapina and Jaú terminals;
- Introduction of Accident Prevention Program, applicable to employees of Rumo as well as outsourced staff, involving the observation of conditions and other safe conduct in the working environment, and the more critical activities;
- Introduction of a task observation routine by operation leaders to minimise risks in the process, with respect to safety, quality and the environment;

Rumo is engaged in a permanent quest for technology to reduce spillages during its processes at the port of Santos, also ensuring greater quality and security in the various processes, and consequently, the product. We can cite the installation of a dust suppressor at the main loading points, eco-loading which protects against the emission of particulate material during loading, automated process review, air curtains at the hoppers, avoiding possible propagation of particulate material, dust removal systems at the discharge hoppers M3 and M4, the installation of a truck wheel washer at one of the exits from the weighing area and the use of compressed air at the hoppers for cleaning of trucks and railcars.

# ENERGY

## Introduction

For companies that make up the energy segment, Cosan carries out sustainable management based on themes and indicators mapped out by Radar and Cosan Lubrificantes. Raízen, the result of a joint-venture with Shell, has specific management in this regard, and its report can be consulted [here](#).

The list of indicators uses materiality, a process for the identification of priority themes carried out by Radar and Cosan Lubrificantes to define which information best reflects the performance of the business from a financial and non-financial perspective. The themes below were identified based on the processes carried out in 2013 by the companies and revised in 2014 including additional consultations. In the case of Radar, leaseholders and service providers were consulted, while Cosan Lubrificante engaged the participation of transport firms, distributors and customers. Below we show the themes and indicators of each business.

## RADAR

### Introduction

The review of themes at Radar suggested a leaner approach on subject of greater priority for the business. With this, the main themes are described below.

**Portfolio management/social impacts:** identification of direct and indirect impacts and relationships with local communities present or adjacent to areas leased.  
Related indicators: G4-EC7, G4-EC8, G4-SO1 and G4-SO2

**Portfolio management /labour relations and human rights:** observation of labour-related questions and human rights present in the activities of tenants.  
Related indicators: G4-HR6, G4-HR8, G4-LA14 and G4-LA15

**Portfolio management/environmental impacts:** emphasis on soil quality, water preservation, biodiversity and the impact of climate change on land management.  
Related indicators: G4-EN11, G4-EN13, G4-EN27 and G4-EC2

**Business performance and practices:** top professional stock, performance and transparency of the company.  
Related indicators: G4-SO3, G4-SO4, G4-SO5 corporate and G4-EC4

**Compliance:** transversal for the viability of the business from the perspective of land legalization, with emphasis on environmental licensing.  
Related index: G4-EN29

Indicators such as G4-SO4, G4-SO5 and G4-EC4 were also the subject of a corporate report in 2014, and can be consulted [here](#).

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## Economic indicators

### G4-EC2: Financial implications and other risks and opportunities for the activities of the organization as a result of climate change

The success of Radar's investments is related to the local climatic configuration of its properties. Radar for example carries out the study of the Water Balance Sequence, the goal of which is to cross-reference climatic and soil information for measuring the risk that the property offers for the different agricultural operations.

For carrying out the study, climate data are used from several years (historical series of 30 years, where available) to increase awareness of changes and the risks inherent to the investment in certain regions, while cushioning the influence of atypical years. The result of the Sequential Water Balance helps in the perception of the regularity and distribution of rainfall in a particular area, as well as including the effect of temperature on the water cycle (transpiration of vegetables and evaporation in the soil). These data are then used as inputs to assess the scale of the productive capacity of the land and assess its possible financial return, setting maximum values to be invested in the property analysed.

Due to the lack of climate data in Brazil, the use of geo-processing technology together with statistical data results in an important opportunity and competitive advantage for the company. Radar has dominated this knowledge since its inception, which has become fundamental in helping to provide investment guidance and ensure good financial returns on assets under management. The use and improvement of these technologies allows us to better understand the effects of climate change in regions where investments already exist or where they are likely to be made. This provides a trading advantage and reduces the risk of variability in production. Radar carried out a Sequential Water Balance on 98% of its acquisitions in 2014, exceeding the figure in 2013. In 2015, Radar aims to reach 100%.

### G4-EC7: Development and impact of investments in infrastructure and services offered, principally for the public benefit, through commercial engagement, in the form of products or services, or pro-bono activities

In 2014, Radar opened a formal channel for dialogue and to gain an understanding of some of the specific needs of the municipalities of Rafard, Capivari, Porto Feliz and Mombuca (all located in São Paulo), which addressed, among others, the housing deficit and the maintenance of the historical heritage and culture of these towns. The initiative resulted in partnerships with local governments of these towns, involving also a civil inter-municipal commission, Abaçai (social culture organization), and Raizen (lessee of land in that region).

The most tangible outcomes of these partnerships were the investment of R\$ 80,000 in the remodelling the Itapeva Chapel, a landmark in the Rafard and Capivari region, located on one of the company's properties, and the commitment by Radar to donate the São Bernardo colonies, listed as a national heritage site, and Itapeva. Some important issues have been agreed between the parties for such donations. The municipality of Rafard, for example, has committed to making investments in infrastructure (sewage, street layout, water treatment, public transport) in the colony then handed over by Radar, meeting

a long-standing request by the local community. Radar, in turn, has committed to donating unencumbered assets and helping to intermediate the dialogue among the society, the public authorities and companies involved in the process, Radar and Raizen. The building of partnerships and various complementary aspects carried significant weight in the starting of projects, which contributed positively to the relationship between company and community.

Radar has taken a proactive stance in order to identify and measure the direct impact of its farm management operations. The results so far can be considered positive due to good acceptance by the local community.

### G4-EC8: Description of significant indirect economic impacts

Although empirical studies have not yet been carried out for the identification of indirect impacts, Radar recognises:

- the generation of jobs and the knock-on effect of services provided by tenants;
- improvement of environmental conditions with respect to soil conservation, surface water and biodiversity by carrying out adjustments to the properties to comply with the current legislation in force as per Law No. 12,651 / 2012, which requires the landowner to protect and/ or restore permanent preservation areas and remnants of native vegetation; and also social conditions, based on labour laws for agriculture, livestock, forestry, exploitive forestry and fishery, in accordance with the NR-31 regulatory standard (for occupational health and safety in agriculture, livestock, forestry, exploitive forestry and fishery);
- influence on the price of agricultural land in the localities where it operates, due to the marking of price for a particular region after a transaction has been made;
- resolving conflicts generated by irregular demarcation of land through studying of the property ownership chain, which allows the continuation of farming operations, thus generating jobs and income for the owners.

The company operates in consolidated agricultural areas, acquiring and improving properties from an environmental standpoint. This land is leased to specialist operators, and this contributes to the development of communities in regions where it operates.

## Environment

### G4-EN11: Operational units that are owned, leased or managed within or adjacent to protected areas and areas of biodiversity value located outside protected areas

Being a company that manages rural properties, a key element of the operation is to meet the requirements of the environmental bodies, which provide guidance on the best practices for the preservation of biodiversity. The area which comprises Radar's land portfolio amounts to 254,226 hectares, 68% of which is suitable for farming.

Approximately 95% of the portfolio contains permanent preservation areas (APP) and/or legal reserves (RL). Of the total, 61 properties are within areas of high biodiversity value or protected areas, with seven being adjacent to conservation units. The properties are found in the biomas of the Atlantic Forest and the Brazilian Cerrado, and biodiversity is characterised by land-based ecosystems (vegetation types) and freshwater (springs, rivers, lakes and wetlands). All these states of the conservation are observed, from open and anthropic areas to large continuous stretches of conserved primitive vegetation. Classification is in accordance with national and state legislation.

### G4-EN13: Protected or restored habitats

All the planting carried out by radar is at a satisfactory stage, and in accordance with the schedule proposed in the various projects, as a result of commitments assumed with the regional environmental body for forestry restoration. In 2014, planting was carried out over an area of 135.48 hectares, while the planting carried out in 2012 was maintained. The Laboratory Ecology and Forestry Restoration (Lerf), part of the University of São Paulo (USP), is a partner in the activities at Porto Feliz (SP). For 2015, the planting of 91.74 hectares is planned, on four properties distributed over, São Paulo and Mato Grosso.

### G4-EN27: Extent of the mitigation of environmental impacts from products and services

We maintain an environmental policy aimed at regularizing rural properties and the restoration of unprotected land, in accordance with the law and also promoting good practices. Being a manager of properties operated by third parties, we concentrate our efforts in checking the operations of our tenant partners to ensure preservation of the land. To this end, we are improving our site visit methodology (field visits) to ensure better control of our partners' operations. In 2014, we started discussing internal certification to establish an expected standard of sustainability for the properties.

### G4-EN29: Monetary value of significant fines and total number of non-monetary sanctions resulting from non-compliance with environmental laws and regulations

All the court cases and agreements conducted or monitored by the company in 2014 form part of the liabilities of the land acquired. During the year, the company was not subject to any sanctions for non-compliance.

### G4-HR8: Violation of the rights of indigenous people

The company maintains an up-to-date database on land reserved for indigenous people or any other ethnic group that holds the rights to use the land. The objective is to not allocate investment in the land that may give rise to conflict or such is close to these areas

## Labour practices and decent work

### G4-LA14: Percentage of new suppliers selected based on employment criteria

### G4-LA15: Significant negative impacts, real and potential, relating to labour practices in the chain of suppliers and measures taken in this regard

### G4-HR6: Operations and significant suppliers identified as posing a significant risk for incidents of forced or compulsory labour, and measures that contribute to the elimination of all forms of forced or compulsory labour

Radar establishes partnerships with operators in the market, who maintain a direct link with a significant volume of agricultural workers. These companies adopt the most rigorous practices with respect and labour issues and are constantly audited, both by the public authorities as well as the certification institutions, as is the case of Bonsucro, for sugarcane, and the Round Table on Responsible Soy (RTRS), for the responsible production of soybeans. At the moment of signing a partnership agreement, we make the companies' expected conduct clear as well as our expectations with respect to rigorous compliance to labour standards, such as NR-31, and at non-tolerance of any type of compulsory labour. Furthermore, we carry out periodic checks, when we go through all the properties in the portfolio, checking to see whether standards have been complied with. In 2014, the portfolio manager visited 100% of the properties from this standpoint, there having been no indication of any compulsory or forced labour.

At the interface with suppliers, we use a contractual clause by which all of them must declare compliance with the legislation in force, in general, Radar hires specialist services, such as legal firms and environmental and meteorological service providers, on a small scale. In 2014, HGH suppliers were submitted to the evaluation of the impact of labour practices, with only one of them being required to establish a plan to improve its labour practices

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## Society

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### **G4-SO1: Percentage of operations with programmes implemented in local communities for the evaluation of impact, development and engagement**

If we consider the activities of our operating partners, we have various examples of programmes implemented in the local communities, such as Raizen foundation, created more than 10 years ago and managed by the Social Responsibility Department. In addition to engaging the internal public, the foundation offers professional training, education and citizenship courses through projects that have benefited more than 3500 pupils and approximately 530,000 people in initiatives carried out in the cities where it operates. The professional training project, for example, carried out programs preparing young people and adults for integration in the labour market, even including some towns where it has no operations, as a result of its Mobile Centre.

### **G4-SO2: Operations with potential significant impacts or real negative impacts on local communities**

Radar, as an asset manager, has a potential impact on the local community when it has a large volume of properties in a particular municipality. The community of Rafard, located in the interior of São Paulo, became part of this scenario when the municipality became independent of Capivari, with respect to ownership of sugarcane production, and remains so up to the present day.

During 2014, the company mapped out its current impact on the community and developed a partnership with local government with a view to drawing up projects which meet and respond to existing social challenges. The trading of land with values lower than those practised in the market for the promotion of industry, the donation of land and the remodelling of the Itapeva Chapel, are all examples of projects that came into being as a result of this partnership, which also involves engagement by members of the local community.

### **G4-SO3: percentage and total number of business units subjected to risk evaluation with respect to corruption**

In all our operations (buying, selling, leasing and in contracts with third parties), we consult the database of the Financial Industry Regulatory Authority, which lists people or companies involved in cases of corruption. Up to now, there have been none such record, but if they should occur, the team must communicate this to the ethics channel and those responsible for verification of the infraction. With respect to the internal environment, we periodically carry out training on this theme for all employees, as a standard corporate procedure.

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# LUBRICANTS

## Introduction

A review of material themes at Cosan Lubricants suggested the application of a leaner approach on priority issues. Below we show the themes and indicators defined.

**Health and safety:** covers both operational safety and prevention and preparedness in the face of major accidents.

Related indicators G4 and G4-EN11-LA6

Value chain management: focus on distributors and customer relations; also includes relationship with the surrounding community.

Related indicators HR6-G4, G4-EN30 and EN32-G4

**Social and environmental impacts:** ability to implement management plan and manage environmental impacts.

Related indicators EC7-G4, G4-EN11, EN24-G4, G4-EN27 and G4-EN32

**Management and operational efficiency:** product quality assurance from the perspective of innovation and technology aimed at operational efficiency.

Related indicator: G4-EN23

**Waste management:** theme recognized by sector and specialists, focusing on reverse logistics for packaging lubricating oil used/contaminated.

Related indicators G4-EN23 and EN28-G4

## Summary

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## Economic indicators

### G4-EC7: Development and impact of investment in infrastructure and services offered, principally for the public benefit, through commercial engagement, in the form of products or services or pro-bono activity

The company maintains a relationship and dialogue with the community from around the operation on Ilha do Governador, where R\$ 222,360.88 was invested in social projects.

On Ilha do Governador, in Rio de Janeiro, we prioritize sponsorship for cultural and sporting activities for young people in the region. Since 2002 we have supported the Sports Education Project, the objective of which is the integration of young people and children into a routine of sports education and music. In 2014, R\$ 141,591.28 was invested in the project. We have also been supporters of the Holiday Colony Project, offering sports, cultural and social activities during holiday periods, since 1989. In 2014, we contributed with R\$ 16,240, in partnership with companies in the industrial complex (Cosan Lubricants, ExxonMobil Chemical and Infineum).

We also support the Music Project School, consisting of promoting education and music making among young people and children. The goal is to train musicians and instruct audiences in critical opinion. In order to participate, the child must attend school. The project was begun in May 2013 and expanded in 2014. In 2014, it started to offer lessons for a greater number of instruments, with investment of R\$ 64,529.60.

## The Environment

### G4-EN11: Operational units owned, leased or managed within or in the vicinity of protected areas and areas of high biodiversity value located outside protected areas

Located in the Ilha do Governador complex, Cosan Lubricants has an area of 63,000 m<sup>2</sup>. And beside Guanabara Bay, a protected area of high biodiversity value as it constitutes an important marine ecosystem.

The company participates in the Guanabara Bay Area Plan (PABG), which was presented to The State Environmental Secretary of Rio de Janeiro in 2013. The plan, which is complete and mutually agreed upon, makes provision for emergency actions and contingency responses in a scenario of major impact on the bed, and consists of 33 companies that operate around it, as well as government bodies, such as civil defence, and INEA, the State Environmental Institute, among others.

### G4-EN12: Description of significant impacts on biodiversity of activities, products and services in protected areas and areas with a high incidence of biodiversity value outside protected areas

The activity in the industrial complex does not have a significant impact on biodiversity, particularly Guanabara Bay. We have had a zero accident rate in our maritime operation over the last years. We have a system for the evaluation of effluents in accordance with the pertinent legislation from the State Environmental Institute (Inea). Emission levels are low due to the nature of the activity, but even so we carry out periodic monitoring.

### G4-EN23: Total weight of residues, by type and method of disposal

The main Class 2 residues generated in the plant are paper, plastic, cardboard, scrap metal, empty drums and regular garbage. Because of the raising of workers' awareness selective garbage collection, mainly by focusing on new employees when joining the company, we have managed to significantly increase the quantity of recycled waste and decrease the quantity of waste sent to landfill site (common garbage), as stimulated by Law No. 12,305 / 10 of the National Solid Waste Policy. With regard to Class 1 residues, the main ones generated at the plant are plastic packaging, waste oil, oily water, oily sludge and slop oil (mixture of oils resulting from the periodic cleaning of tanks).

Disposal of Class 2 residues (tons)	2013	2014
Reuse	916.5	859.7
Recycling	301.4	434.5
Landfill	330.5	281.0
<b>Total</b>	<b>1,548.3</b>	<b>1,575.1</b>

Class destination 1 (tons)	2013	2014
Incineration (burning mass)	3.3	1.9
Reverse Logistics	0.0	14.1
Blending	553.5	284.2
Biological and physicochemical treatment	731.6	860.2
Re-refining	11.5	11.1
<b>Total</b>	<b>1,299.9</b>	<b>1,171.5</b>

In 2014, we began the process of reverse logistics for packaging damaged or with manufacturing defects, which began to be handled by the Jogue Limpo Institute (play clean). In 2013, these materials were sent to waste handlers to carry out the blending process, while after the program, this waste became part of the reverse logistics. Thus, we obtained a reduction of 48.65% in waste sent for blending.

The waste sent for incineration is TBN (solvent residues), which was reduced thanks to the implementation of a new method devised in the laboratory, which uses less solvent in the process, showing an improvement in the performance management system.

### G4-EN28: Percentage of products and associated packaging recovered in relation to the total products sold, by product category

Cosan Lubricants participates in the Used or Contaminated Lubricant Oil Program Oluc), by which agreements are signed with specialist companies, also involving the National Union of Fuel and Lubricant Distributors (Sindicom), for the collection of used oil. This oil is sent for re-refining. The collection process for used oil and associated packaging is in compliance with Conama Resolution No. 362, of June 23, 2005.

	2013	2014
Percentage of products recovered	37.40%	38.60%

**Jogue Limpo (play clean) Institute**

The entire initiative by Cosan Lubrificantes is carried out through the Jogue Limpo Institute, whose initiatives involve collection centres for used packaging, that is subsequently cleaned and recycled. The significant increase in the quantity of packaging recycled between 2013 and 2014 is due to the increase in the number of municipalities served: in 2013, the program covered 33% of municipalities in Brazil, while in 2014, this number had increased to 70%. The quantity of recycling companies also jumped, in the period, from 6, to 13. 2016, the Institute has the objective of reaching 100% of all the municipalities covered by the program.

Volume of packaging recovered and reused at the end of its useful life	2013	2014
Volume of packaging recovered	452.4 t	735.05 t
Volume of packaging reused	916.48 t	859.660. t
Percentage of packaging recovered (plastic packaging)	17.25%	67.54%
Percentage of packaging reused (drums in 200l)	100.00%	100.00%

**JOGUE LIMPO INSTITUTE**

In 2014 the Jogue Limpo Program became the Jogue Limpo Institute, set up as an association, with its headquarters in Rio de Janeiro. The Institute has the purpose of gathering together manufacturers and importers of lubricant oil, who promote and carry out initiatives for the management of solid residues, throughout Brazil. It also develops reverse logistics initiatives, as well as initiatives for protecting the environment, and sustainable development.

The collection centres are managed by a specific team trained by the National Union of Fuel and Lubricant Distributors (Sindicom) with the support of the companies. The volumes collected are monitored monthly by this team. The cost of the program is born among the companies, in proportion to their respective market share. In 2015, all the management and administration of the project will be the responsibility of the Jogue Limpo Institute.

**G4-EN32: Percentage of new suppliers selected based on environmental criteria**

Cosan Lubrificantes has procedures in place for the establishment of HSE requirements for the acquisition of goods and services, according to scope. These procedures are analysed periodically for applicability and continual improvement. The outsourcing process adopted establishes formal criteria for qualifying companies, proportionate to the risk in relation to HSE, by type of service performed. The process also uses specific questionnaires to evaluate the company's performance after completion of the service. In 2014, two new suppliers were hired in accordance with these environmental criteria.

**G4-EN33: Significant negative environmental impacts, real and potential, in the supply chain and measures taken in this regard**

Cosan Lubrificantes has in its Integrated HSE Management System (Health, Safety and Environment), procedures for the approval and evaluation of suppliers of products and services, with specific requirements from its Integrated HSE Policy, that go beyond compliance with the applicable legal requirements. The

companies providing the distribution service are also evaluated during the approval process and during the carrying out of the services (inspection plan). The delivery trucks, for example, undergo inspection for black smoke testing prior to loading. In the case of reverse logistics for used or contaminated lubricating oils (Oluc), the companies are also evaluated prior to approval, as well as in the course of providing the service. For the reverse logistics of lubricant oil packaging, the process of approval and continuous evaluation of packaging recycling is carried out by the consultancy firms hired by the Jogue Limpo Institute, which is responsible for analysing the overall results.

Cosan Lubrificantes understands that the most significant environmental impact is from the atmospheric emissions by the transport firms that carry our products (scope 3 greenhouse gas reporting). In addition to emissions, there is a potential risk of soil and/or water contamination due to road accidents. However, Cosan Lubrificantes has a policy in place setting out prevention and mitigation procedures, should this type of incident occurs. As an example, we can cite the qualification and auditing process for transport firms, in addition to the contingency plans in place aimed at further minimizing damage to the environment. In 2014, no contracts were discontinued due to these assessments.

**Labour practices and decent work**

**G4-LA6: Rates of injuries, occupational diseases, days lost and absenteeism, as well as work-related deaths, by region and gender**

In 2014 there was an accident with time off work involving two outsourced workers. Despite the accident, the company has good results in work safety area with efficient operational controls in place and due concern about the health and the safety of its employees. Taking this accident into consideration, we reached the end of the year with an injury rate of 0.24.

*\*The monitoring of Cosan Lubrificantes considers days lost from the calendar counting from the day after the accident; data do not include first aid cases. To calculate the index (injury rate), an average of 351 contractors and 274 employees was considered (484 men and 141 women), working 220 hours per month, for HH composition. This estimate meets the NBR 14280 standard.*

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## Human Rights

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### **G4-HR6: Operations and significant suppliers identified as representing a significant risk for the occurrence of forced or compulsory labour, and measures that contribute to the elimination of all forms of forced or compulsory labour**

Forced or compulsory labour was not identified as being material in the risk matrix of Cosan Lubricants and its chain of suppliers. However Cosan Lubricants' contracts include a clause that repudiates and prohibits forced or analogous slave labour. In addition to this, there is a structure in place dedicated to the qualification, training and monitoring, both of distributors as well as transport firms. For these partnerships, it is mandatory that the HSE and Code of Conduct requirements are followed.

Our intention is to maintain HSE audits and operation of the Distributor Integrated Resource Management Program (Grid), with the aim of certifying that there will be no occurrence of forced or compulsory labour. In the audits, the installations and work conditions are evaluated for each worker, while Grid monitors the hiring process and the qualifications other professional staff who work at the distribution company. Thus, the risk of hiring illegal labour or labour that does not comply with the company's is avoided.

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## Society

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### **G4-SO2: Operations with potential significant impact or real negative impact on local communities**

Cosan Lubricants has identified its truck traffic around the plant as having a significant social impact, and something which has considerably increased over the last few years. These trucks impact local traffic, although this is to some extent reduced during the day, seeing that the control exits in accordance with hours of greatest traffic movement. There are also controls in place for transport firms, with a view to eliminating the flow of trucks entering and leaving the plant at night, between 10 p.m and 6 a.m, with a view to preventing disturbance of the surrounding communities.

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## Responsibility for the product

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### **G4-PR1: Percentage of product categories and significant services for which impacts are evaluated on health and safety, with a view to making improvements.**

Quality, health, safety and environmental standards and procedures are applied to 100% of significant categories of products and services. Cosan Lubricants holds all the rights for the production and sale of products carrying Mobil brand name.

Cosan Lubricants ISO 9001 (quality) and ISO 14001 (environmental management) certification and ISO/TS 16949, being periodically audited to confirm that processes are in compliance with a standards and procedures. The audit also serves as evaluation for the continuous improvement of the company's production processes.