

raízen

Sustainability Report
2011-2012

This publication consolidates information about the corporate and operational profile of Raízen, which began operations on June 1st, 2011, with the announcement of a joint venture between Royal Dutch Shell and Cosan S.A.

The purpose of this report is to provide Raízen's clients, employees, suppliers, and shareholders, as well as government representatives, residents in the communities that surround their facilities, and society in general with an overview of the activities and the sustainable ways used by the company to develop them. In the case of our employees, an abridged version of this report will also be published, with the themes oriented to this audience.

The next pages contain important information about Raízen's business, its principles and rules of conduct, the operating highlights of the first year of operation and main objectives in the areas of sustainable development and businesses. This section will also disclose Raízen's Policy of Sustainable Development, which formalizes the commitment of the company to sustainable development and excellence in production, distribution, and marketing of energy.

As part of this commitment, Raízen will provide an annual report of its performance in economic, social, and environmental aspects as of the end of the 2012-2013 harvest, when the first Sustainability Report will be published according to the Global Reporting Initiative (GRI) guidelines. With the adoption of this model, we intend to establish a clear and objective communication regarding the evolution of our operations.

Enjoy reading.

External Relations and Sustainable Development Team

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“ We invest in technology, in order to increase our efficiency in producing sustainable energy, and in the expansion of our infrastructure to supply Brazil. ”

Vasco Dias
President of Raízen

Dear readers:

This is Raízen's first Sustainability Report, a document that introduces the company, which has today the fifth largest sales volume in Brazil. The report also highlights major achievements of the company in the first months of operation.

Raízen was born of the integration of the Shell and Cosan businesses, in June 2011, having as one of its main objectives to turn ethanol into an international commodity. In search of this aim, it became the first company in the world to have a production unit certified by Bonsucro, an achievement that the company reached as soon as it was formed.

Other highlights were the registrations from the Environmental Protection Agency (EPA) and California Air Resources Board (CARB) for the units of the company that produce ethanol, and the formation of a trading business, which works strongly to achieve the worldwide recognition of Brazilian ethanol from sugar cane as a renewable alternative for fuel.

Also in these first eighteen months of operation, Raízen invested in the recovery of the sugar/ethanol industry, renewing sugar cane plantations in order to increase productivity, and also in the mechanization of both planting and harvesting activities. Today 85.9% of Raízen's sugar cane harvest activities are mechanized.

We invest in technology, in order to increase our efficiency in producing sustainable energy, and in the expansion of our infrastructure to supply Brazil. In partnership with state-of-the-art companies, we will produce more ethanol with the same sugar cane-cultivated area.

In terms of distribution, Raízen has focused on the expansion of infrastructure, with new terminals and more logistic structure, in order to take fuel to the entire country, and particularly, with investments in the Midwest region.

In the commercial area, we highlight the investments made by Raízen in the aviation business. To keep up with the evolution of this segment and the estimates of 50% growth in fuel volume by 2017, we have more supply points and trucks on the road. We are working together with Brazil to supply the demands of international events, such as the FIFA World Cup and the Olympic Games.

In retail, we have concluded the merger of two strong areas with the transition of about 1,400 resale points to the Shell brand. Today we have a network with approximately 4,700 service stations.

These are some of our achievements in this beginning of operations. And we have many other challenges that will be introduced in this report.

Raízen was born big and wants to grow even further, together with Brazil. I would like to thank our employees for their dedication, and our shareholders, clients, suppliers, and other partners for their trust, who, together with us, work to turn this company into one of the largest companies in the country.

Vision

To be globally recognized for excellence in developing, producing, and marketing sustainable energy.

Mission

To provide sustainable energy solutions through technology, talent, and agility, maximizing value for clients and shareholders and contributing to society.

Essence

Our energy generates a better future.

Attitudes

Five attitudes that are part of Raízen's culture



To value our clients

Raízen invests in an efficient relationship with its clients and seeks solutions to provide the best products and services. The role of our employees is to understand each client's reality, to exceed expectations and always fulfill their promises.



To do more and better each day

Raízen believes in the constant search for operational excellence, so good results today are improved and become even better tomorrow. To turn this into reality, the professionals need to have a view of the entire picture and act with confidence in all operations, so the resources may be used with intelligence, thus bringing improvement in products and services.



Think big

Raízen workers, relentless entrepreneurs in their search for opportunities, should always seek new solutions. To this end, they need willingness to learn new things, determination to execute projects, and courage to decide on and take calculated risks.



Be passionate in everything we do

The company is proud to be part of a group that is driven by the desire to grow together. To contribute to the constant development of this team is the expectation of Raízen for its employees. They must be enthusiastic and committed to the actions performed. To celebrate the achievements is also a part of this process.

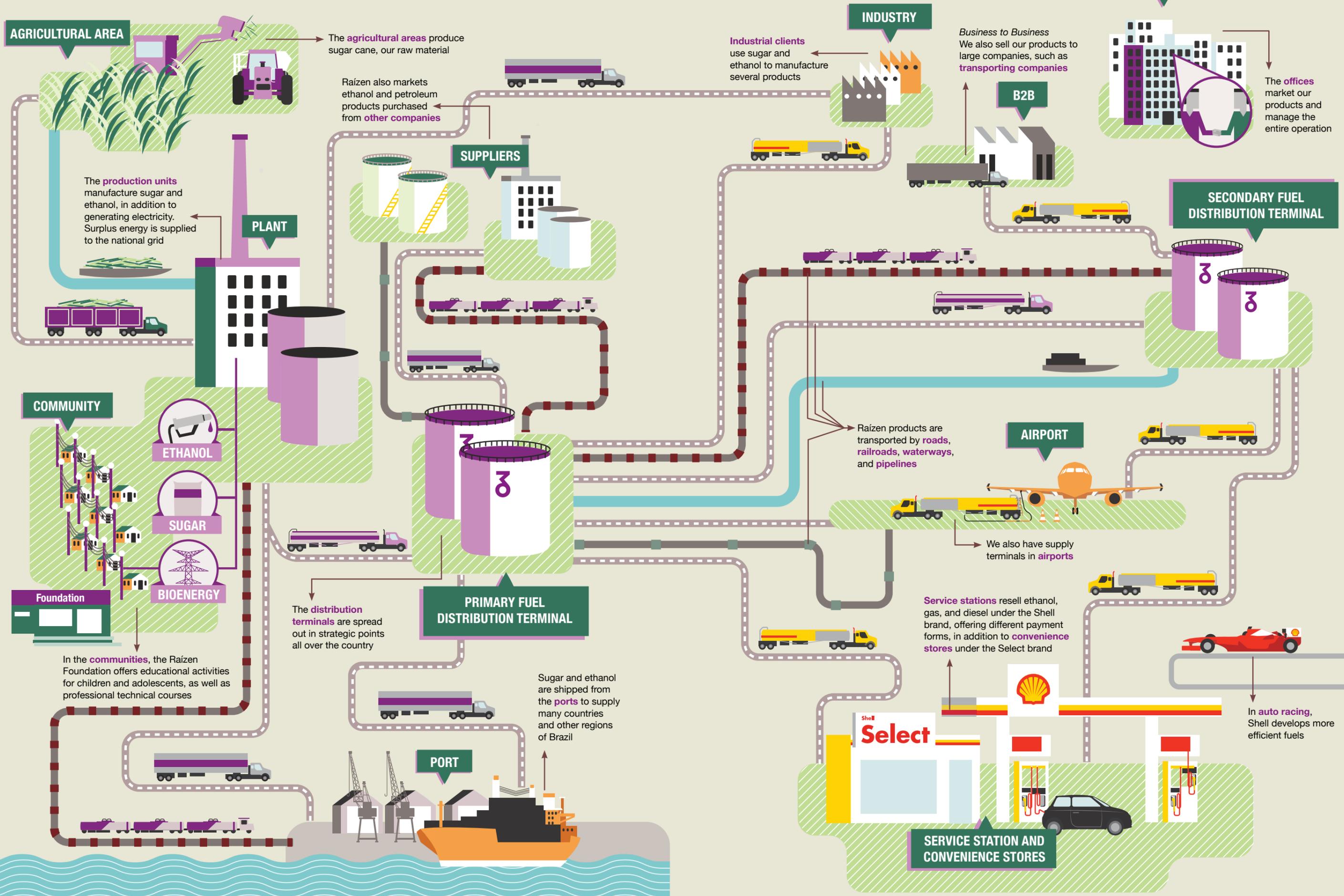


Act ethically and with respect

Raízen acknowledges its role in society and the importance of its actions in the lives of people, environment, and businesses. In order to achieve the company's goals, our professionals must act ethically and with respect to be an example to others. Criticism is always welcome, provided it is constructive, and good performance of employees must be duly recognized.

- For more details about the construction of the brand Raízen, see the chapter "Company and Industry Profile" on page 11.

Raízen's production, distribution, and marketing chain



To grow with Brazil

Integration between the production of renewable energy and distribution of fuel promises to drive the sustainable development of the country

Raízen was created in June 2011 to drive sustainable development in the energy sector. In the area of production, sugar cane is the raw material, a renewable resource that produces, in addition to sugar itself, the most efficient ethanol in the world. From the bagasse of this plant, electricity is generated to fuel the production units and supply the power distribution grid. At the other end of the chain is the distribution of fuel to consumers in the entire country and in other countries. This product is transported over roads, railroads, rivers, and oceans. The company was born big, but it wants to continuously contribute to society, generating jobs, increasing the share of Brazilian ethanol in the world energy matrix, and continuously improving operations to offer more benefits, with the consumption of fewer resources.

shareholder brought to Raízen its 23 sugar and ethanol production units – which today are 24 – as well as its operation of fuel distribution, under the Esso brand.

The union of these assets turned Raízen into one of the five biggest companies in Brazil in sales volume. Since the joint operation began, the newly integrated offer of products and services has provided gains in synergy and efficiency. Significant investments were made to renew the sugar cane plantations, and to modernize the production units; improvements were made in technology, in the increment of logistic and administrative infrastructure, and in the development of employees. The results achieved in the first year of operation show that the company has started out on a path to success.

Both shareholders who united to form Raízen, each one being holder of 50% of the brand, have wide experience in Brazil. Royal Dutch Shell is an energy group with headquarters in the Netherlands and with operations in more than one hundred countries. The company has invested in Brazil since the beginning of the nineteenth century and has brought to the new venture the activities it has developed in the sector of distribution and marketing of fuel in the country, in addition to participating in companies focusing on technological development and research on biofuels, represented by companies with state-of-the-art technology.

Its partner is Cosan, a group with national capital, which today does business in the sectors of energy and infrastructure. This

synergy



Production and distribution generate gains in efficiency



The Raízen brand

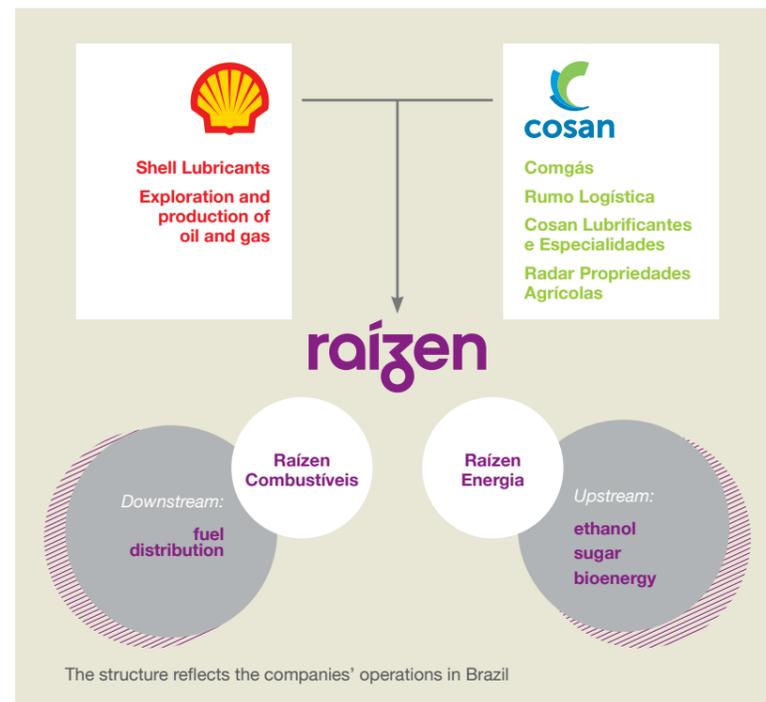
The name “Raízen” was formed after the union of two words representing the businesses of the company. Raiz (“root” in Portuguese) is the part of plants that extracts nutrients and water needed for life. Energia (“energy” in Portuguese), in turn, is critical for any movement to occur. The name was selected to reinforce the Brazilian nature, and the color purple resembles the color sugar cane.

The brand shows a value proposal, the essence of which is “Our energy generates a better future”, translating the best the company has to offer and inspiring a team that makes it happen. The pillars of brand personality are: “innovation and reliability”, “people are our differential”, “entrepreneurship”, and “intelligent solutions”.

The message of the brand is based on its essence and personality pillars, and translates into the following assumptions:

- we are the major players in searching for solutions of energy for a constantly changing world;
- our process is integrated, from the roots: we plant, we harvest, we produce and distribute energy;
- with several roots, we are a Brazilian company with global ambitions. Investments in research and state-of-the-art technology create more efficient solutions in sustainable energy;

- our team has the entrepreneur spirit and values our clients. Our energy generates a better future, because we create opportunities to build today the results of tomorrow;
- we are energy raised to maximum power.



Raízen in numbers

August 2012

40,000

employees

720 retail

convenience stores (resellers)

860,000

hectares of cultivated agricultural area

61 fuel

distribution terminals

24 units

of sugar, ethanol, and
bioenergy production

4,700

service stations with
the Shell brand (resellers)

5 offices

in Brazil

54 airports

serviced

4 offices

abroad (United States, Switzerland,
England, and Singapore)

Products

- Sugar (nine types)
- Bioelectricity
- Ethanol (six types)
- Ethanol distillate
- Shell V-Power ethanol (additive-enriched ethanol)
- Regular gasoline
- Shell V-Power gasoline (additive-enriched gasoline)
- Regular diesel
- Shell Evolux diesel (additive-enriched diesel)
- Shell Evolux Arla 32
- Shell Aerojet (aviation)

Our markets

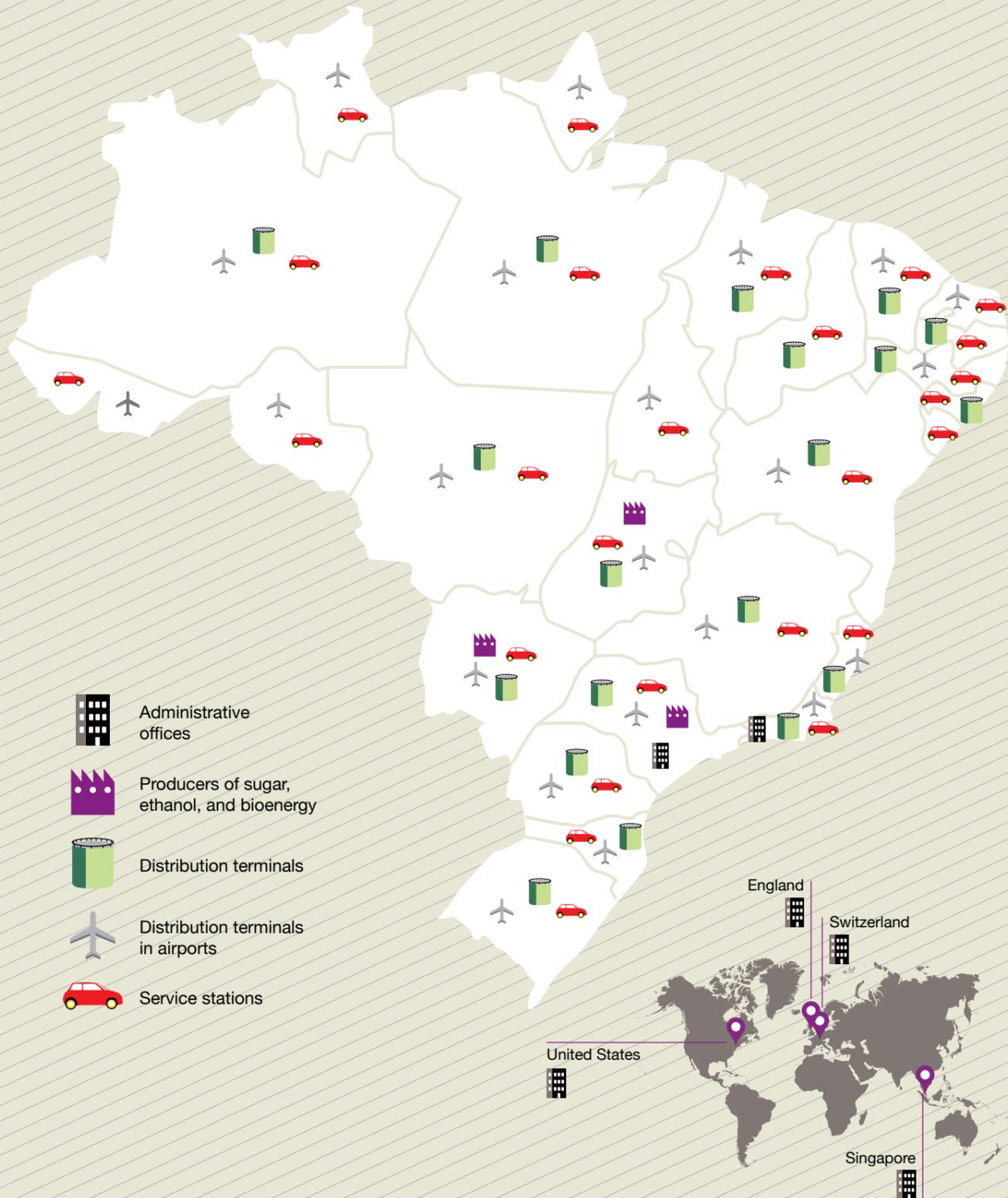
- Fuel distribution
- Production of ethanol, sugar, and bioelectricity
- Trading

Segments served

- Transportation companies
- Aviation companies
- Chemical industry
- Food industry
- Cosmetics and perfumery industry
- Retail fuel



Geographic coverage



Major businesses goals

2011-2012 (realized)		2016-2017 (goals)
65	Installed capacity of sugar cane milling (millions of tons)	80
4.0	Sugar production (millions of tons)	5.8
1.9	Ethanol production (billions of liters)	3.1
1.5	Sale of energy cogeneration (GWh)	2.2
21	Fuel distribution (billions of liters)	28

Certifications

NBR ISO 9001	Quality Management Systems
NBR ISO 14001	Environmental Management Systems
OHSAS 18001	Occupational Health and Safety Management Systems
PDV-GMP B2	Quality Control of Feed Materials
BONSUCRO	Sustainability certification in the production of sugar cane and by-products
EPA	Registration with the Environmental Protection Agency (USA)
CARB	Registration with the California Air Resources Board (USA).
FPA – SAFE	Food safety Certificate required by North American clients of organic sugar
IBD/IFOAM	Certificate of organic sugar required by European clients
IBS/USDA	Seal of the National Organic Program required by North American clients
JAS (Japan)	Certificate of organic sugar
KOSHER	Certificate given to food prepared according to Jewish laws for preparation of food
HALAL	Certification issued by the Federation of Muslim Associations in Brazil

Global demand for renewable energy is growing

559 million

tonsof sugar cane were produced in Brazil in the 2011-2012 harvest



According to União da Indústria da Cana-de-Açúcar (Sugar-Cane Industry Association – UNICA), an association of producers in the sugar/ethanol sector, of which Raízen is a part, sugar cane was grown in 2010 approximately over an area of nine million hectares, corresponding to about 2% of the area available for agriculture in Brazil. **The country is the largest producer of sugar cane in the world, having processed 559 million tons of sugar cane in the 2011-2012 harvest.**

This harvest was affected by weather factors, which resulted in a decrease compared to the previous period. The south-central states in Brazil, which concentrate a large part of the production, processed 11.4% less sugar cane than in the 2010-2011 harvest. Out of total production, 51.6% was processed into ethanol, while 48.4% was transformed into sugar.

Brazil continues to be the second largest producer of ethanol in the world, with 86.1 billion liters in 2011, according to the Ministry of Mines and Energy (MME). In addition to its use as fuel (in vehicles), ethanol is an input in the food, chemical, and cosmetic industries.

Sugar cane bagasse, in turn, which once was a simple by-product of the production process, is currently used to generate bioelectricity. According to Agência Nacional de Energia Elétrica (National Agency of

Electric Energy – ANEEL), in March 2012 this type of energy represented 5.8% of the electric matrix in Brazil, produced in 348 plants with 7,267,988 kW of installed capacity. Raízen is the largest generator of energy from biomass, with a 934 MW installed capacity, which meets the consumption need of its plants. The 2011-2012 harvest generated a 1.1 GWh surplus, which was marketed. The total volume of energy from biomass sold by Raízen in the 2011-2012 harvest corresponds to 1.5 GWh, equivalent to the consumption of 3.3 million inhabitants or 828,500 homes for one year.

Considering its many applications, the future outlook is encouraging. According to a projection by the Decennial Plan for Expansion of Energy, PDE 2021, prepared by Empresa de Pesquisa Energética (EPE), the average growth of renewable energy sources will be 5.1% per year in Brazil over the next ten years.

In the global plan, many studies, such as the one conducted by Royal Dutch Shell in 2012 (see chart on page 17), project the gradual increase of the demand for renewable sources of energy until 2050. According to the estimates, the share of biomass, including sugar cane, will more than double in the energy matrix compared to the current percentage.



Raízen production unit

PROJECTION OF POTENTIAL DEMAND FOR BRAZILIAN ETHANOL

(in billions of liters)*

	2013	2014	2015
Domestic demand for fuel ethanol	31.5	36.2	40.8
Domestic demand for non-fuel ethanol	2.8	2.9	2.8
International demand	2.5	3.2	3.9
Total demand	36.8	42.3	47.5

47.5

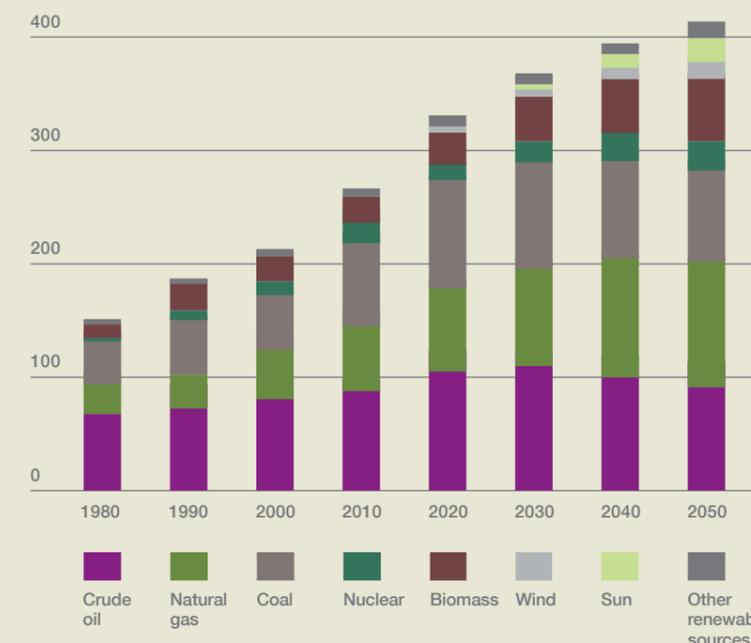
billion liters of Brazilian ethanol is the demand projected for 2015

Sources: Banco Nacional de Desenvolvimento Econômico e Social (BNDES), Ministry of Mines and Energy (MME) and Empresa de Pesquisa Energética (EPE) (2011).

* EPE's baseline scenario for the demand of fuel ethanol considers a constant addition of 25% of anhydrous ethanol to gasoline. Additionally, there is a macroeconomic baseline scenario in the EPE model, which contemplates, among other variables for the 2011 – 2015 period, an annual growth of 5% for the Brazilian GDP, 4.5% for the global GDP, and price of US\$ 88.1/barrel of oil (Brent).

PROJECTION OF GLOBAL DEMAND FOR ENERGY UNTIL 2050

In millions of barrel of oil equivalent per day



Source: Shell

Fuel distribution in line with Brazil's growth

In the last decade, Brazil lived through a cycle of economic growth that turned it into one of the six largest economies in the world. The market for fuel distribution participated in this boom, increasing the sales volume and its presence in poorly-served regions.

According to data from the National Agency of Oil, Natural Gas and Biofuels (Agência Nacional do Petróleo, Gás Natural e Biocombustíveis – ANP), domestic sales of distributors, considering petroleum prod-

ucts alone, went from 81.3 billion liters in 2003 to 111.3 billion liters in 2011, which represents an increase of 37%.

The consumption of ethanol in the domestic automotive market reached a volume of 19.1 billion liters in 2011, a decrease of 13.8% compared to the previous year.

This explains the low competitiveness of price in relation to gasoline in most Brazilian states during that period. Since 50% of light vehicles in the country are flex-fuel, i.e. they can run with any combination of ethanol and gasoline, consumers have temporarily migrated to fossil fuels. Ethanol, which in the past accounted for 50% of the fuel market for light vehicles in the country, ended 2008 with a 31.68% share.

For UNICA, the sugar-ethanol sector needs investments of R\$ 130 billion to regain ethanol's 50% share in the Brazilian fuel matrix.

These resources would be used to build 100 new plants for the exclusive production of fuel.

Distribution of fuels reaches all regions in Brazil



Sugar cane is the most efficient alternative for the production of ethanol



Registered trademark of Brazil's sustainable development

Since it is produced from cultivated plants, ethanol is considered the best alternative to replace gasoline in small engines, and naphtha as input for the chemical industry. As the plant grows, it captures CO₂, one of the main greenhouse gases, responsible for global warming. Ethanol may be produced from several raw materials, including corn, sugar beet, wheat, and cassava. However, none of them compare to sugar cane. Brazilian technology, developed since the 70's, enables the energy balance (unit of energy obtained x unit of energy needed for production) of fuel produced in the country to be five times greater than the corresponding ethanol produced from corn, according to the Worldwatch Institute, one of the largest environmental research organizations in the world, based in Washington, DC, USA. Also, Brazilian ethanol produced from sugar cane is the only fuel to comply with the requirements of the Re-

newable Fuel Standard (RFS2) for advanced fuels. The RFS2 Program is a federal mandate of the Environmental Protection Agency (EPA) of the USA. For a fuel to be considered "advanced" by the EPA, it must be capable of reducing greenhouse gases (GHGs) emissions by at least 50% compared to gasoline. According to the evaluation by EPA, ethanol from sugar cane was considered an advanced fuel providing a 61% reduction in the emission of greenhouse gases when compared to fossil fuels.

Brazil also has greater productivity: according to UNICA, Brazilian producers reach about 6,800 liters per hectare, while in Europe, from sugar beets, this amount would not exceed 5,500 liters per hectare; and in the USA, the corn crop offers approximately 3,100 liters per hectare.

R\$ 130 billion
is the necessary investment, according to UNICA, to regain

ethanol's **50% share**
in the Brazilian fuel matrix

Tradition of quality

When receiving fuel from Raízen, consumers always find a very familiar brand. Shell has been recognized worldwide for more than one hundred years as a synonym for quality, high technology, and environmental concern. The mobile labs, which check their specifications at the points of sale, also guarantee the quality and origin of products.

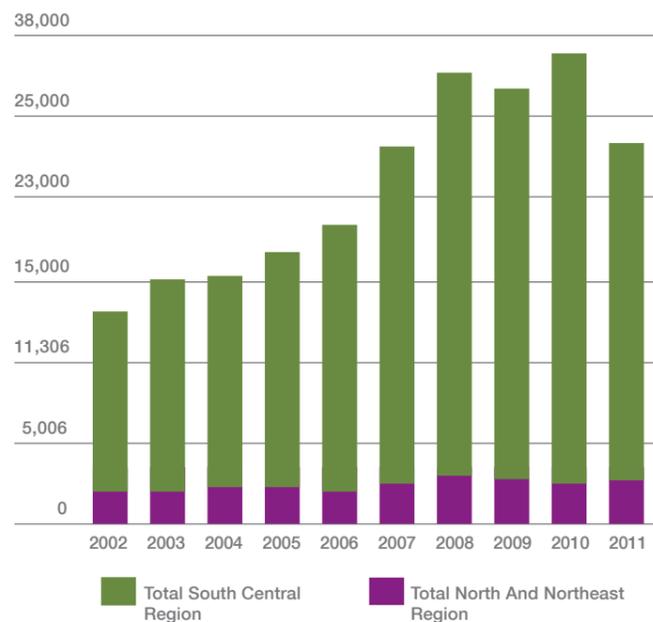
This same innovating profile has been allowing for the creation of high-technology products, capable of complying with the requirements of the most advanced equipment in the industry and the market, such as Shell V-Power fuels, with high-cleaning technology, which helps improve the performance and agility of vehicles, or V-Power Ethanol, exclusively developed for the Brazilian market, which applies the same cleaning power principles to flex-fuel engines.

In 2012, innovation continued with the launch of Shell Evolux Arla 32, a product created to help diesel engines reduce by up to 80% the emission of particulate matter and by as much as 60% the NOx* levels, complying with the environmental legislation. This new product was added to Shell Evolux Diesel, a fuel that provides a 3% reduction in the consumption of diesel compared to regular diesel, in addition to lower maintenance costs and lower emission of CO₂.

In addition to its products, Raízen also invests in the offer of services in service stations of the brand, highlighting the initiatives that focus on the relationship between brand and consumer. An example of this is the relaunch of the program *Clube Irmão Caminhoneiro Shell*, a success in service stations in the 80's and 90's. With the purpose of contributing to client loyalty, the program focuses on clients of roadside service stations. This, among other initiatives, is part of a set of marketing actions programmed to take place before March 2013.



EVOLUTION OF ETHANOL PRODUCTION IN BRAZIL



Source: ANP



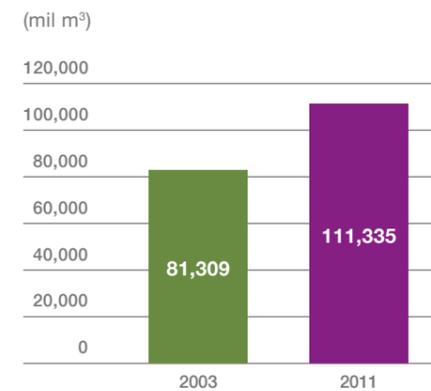
Tests performed by Shell on race cars led to the development of more efficient fuels

Test tracks

In 2011, Raízen announced the beginning of a three-year sponsorship by the brand Shell for Stock Car, Brazil's major auto-racing category. All cars in the competition run on the same Shell V-Power ethanol available in gas stations of the brand in the country.

In addition to communicating the benefits of ethanol, the agreement is part of the strategy for the Shell brand to use motor sports as a platform for the development of more efficient fuels. The Shell brand is also present in other categories of motor sports, such as Formula 1, consolidating technical partnership of more than 60 years with Ferrari, through which the Shell V-Power technology has been developed, and also in Formula Indy, Nascar, and Moto GP.

SALES OF PETROLEUM FUELS IN BRAZIL



Source: ANP

SALES OF FUELS FOR LIGHT VEHICLES IN BRAZIL IN 2011



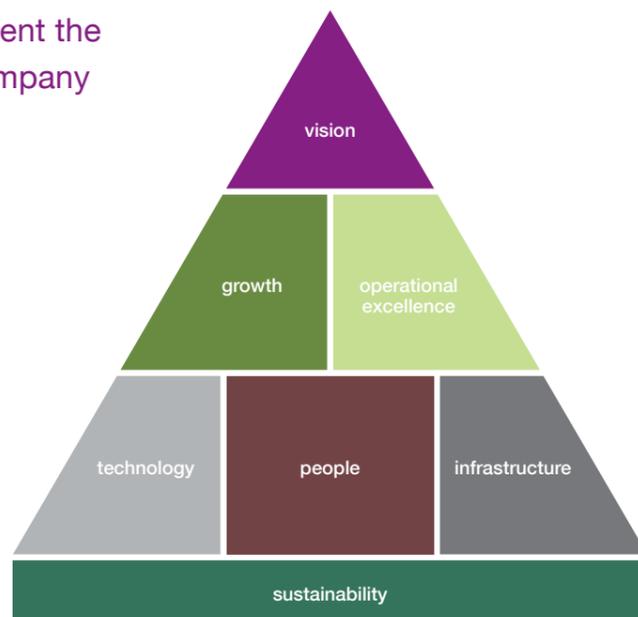
Source: ANP

Solid trajectory

Raízen's strategic pillars represent the main tools that will help the company to achieve its vision

In order to achieve its vision, Raízen has defined five strategic pillars of action. As represented in the pyramid (see at the side), sustainability is the foundation that fuels these pillars.

See below how the company intends to grow and what has been done in terms of technology, people, infrastructure, growth, and operational excellence.



Raízen's strategies to achieve its Vision

- Consolidate its global leadership in volume and productivity in the production of Ethanol, Sugar and Bioenergy,
- Manage ethanol flows in an integrated manner, maximizing the value of each drop through the control of the operation from the production plants to the markets,
- Become the largest trading and Brazilian ethanol operator, developing new markets in Brazil and abroad with the sale of the associated logistic service,
- Explore scale and penetration of the logistics and distribution network, providing greater competitiveness in the purchase and transport of products,
- Become the best downstream company in an increasingly better Brazil,
- Be recognized for the best value proposal delivered by the best team in the fuel industry.



Mechanized harvesting is one aspect of the modernization of the sugar/ethanol sector



The core sampler allows for a precise evaluation of the quality of sugar cane and the production process

Technology

Technology is present in all Raízen's activities, allowing for safer, more agile and efficient operations.

In production, automation starts in the fields. The use of machines to plant and harvest the sugar cane will increase year after year. **In the 2011-2012 harvest, mechanized harvesting reached 85.9% of sugar cane production.**

85.9%
of mechanized harvesting in the 2011-2012 harvest

The increase in productivity of sugar cane cultivation, in turn, is critical for Raízen to reach the production volume of 80 million tons of raw material processed by the 2016-2017 harvest. Internally, Raízen has made efforts to improve the handling of sugar cane, such as the system of planting in double rows, especially designed for mechanized harvesting.

research

Another strategy in this field is the growing investment in research on new varieties of sugar cane. This is done in partnership with scientific institutes and other companies. Raízen is part of the control of the Sugar Cane Technology Center (CTC), which, since 1969, has conducted studies on the topic, and which has partnerships with other companies, such as Bayer and Dupont. Some of the major foci of these works are the development of second-generation ethanol (see side text) and the use of biotechnology to create varieties of plants that have higher sugar content or that are resistant to diseases, among others. According to the CTC, using only local high-productivity varieties, it is possible to increase the productivity of a sugar cane plantation from 20% to 50% in a few years.

In the area of fuel distribution, it is critical that the company manages to deliver its products according to the expectations of its clients. For this reason, Raízen works to develop the most advanced technology platform for supply, fleet management, and payment in a quick and secure way. One of the practical results of this vision was the development of a management software called Integrated System for Marketing and Logistics of Ethanol (Sistema Integrado de Comercialização e Logística do Etanol – SICLE). SICLE was designed to help manage the storage capacity of Raízen throughout Brazil. The tool optimizes the marketing and use of the company's

infrastructure, allowing the identification of the best way to allocate production, based on real time performance evaluations.

The administrative area of the company is also increasingly technological. A good example of this is CSOnline, a virtual self-service platform, which, in its first year of operation, has obtained a 98% client satisfaction rate (see box below).

Technology improves service to resellers

CSOnline is one of the most important communication channels between Raízen and its resellers. Through the system, it is possible to place an order for fuel and transact other daily operations, such as the issuance of copies of payment slips and invoices with different payment dates, check reports of entries, and consult prices and status of orders, among other operations. By the end of 2012, the tool received approximately 210,000 hits per month and was responsible for 90% of the company's fuel orders.

For Raízen, CSOnline guarantees greater reliability and ensures that the order will be processed as requested. In addition, it offers agility and security, and reduces operating costs. In this last aspect, as a consequence of the success of the virtual platform, service to clients performed by Raízen's call center has decreased from 70,000 to 40,000 calls per month.

Growing investments in research aims to increase productivity in the production of ethanol



Second-generation ethanol is being developed

The next technological frontier of the sugar/ethanol sector is second-generation ethanol, which has this name because it uses sugar cane bagasse and straw. When using the waste by-product of the current process, the technology will allow a significant increase in productivity using the same cultivated area. Raízen has already advanced to be the pioneer in this trend and currently relies on shareholding interest in modern pilot plants and demonstration plants in Canada, as well as in the production of second-generation ethanol. Using corn and wheat, the experience has been providing encouraging results, which project its use on a commercial scale for the next few years.

In 2012, Raízen began shipping part of its sugar cane bagasse from its production to Canada. The evaluation of the production of second-generation ethanol will advance in the next few months, detailing the adjustment of technology for the use of this biomass. The company's plans are to begin the commercial production of second-generation ethanol in Brazil in the next three years.



Human capital represents the highest differential in an increasingly competitive environment



People

One of the first challenges when forming Raízen was the seamless integration of its teams, retaining talents that came from its shareholders. The success of this endeavor is evident in the formation of high potential and performance teams.

After this initial organization period, which included the relocation of many professionals, Raízen started work on developing its own culture, defining the attitudes that drive its businesses (*more details on page 7*).

Meritocracy is a value that has been stimulated by the company since its beginning, because it believes that the recognition of superior individual performance contributes to the improvement in performance as a whole. One way to do this is to pay variable remuneration associated with performance, based on objective criteria represented by specific goals and a simple form to define the bonus of each one. Also, after market research, an attractive package was developed for remuneration and benefits.

Another aspect that is important for the Raízen organization is communication among its employees, managers, and teams. The idea is to promote an increasingly open environment, where the leaders are flexible and their teams are comfortable interacting with them.

All business units have a focus on human resources. There is also the ethics channel, for the employees to express themselves about any matter, with full confidentiality.

Finally, Raízen's sustainability depends on the continuous training of leaders with management and technical skills. The company instituted several leadership development programs. These are customized modules for Raízen leadership, which are essential for the delivery and sustainability of our business strategies. In the 2011-2012 harvest, this program trained more than a thousand people.

Projects that represent Raízen culture are recognized

In 2012, in the Meeting of Raízen Leadership, the initiatives or projects that best represent the company's culture were recognized. The winners are:

Attitude

1. Act ethically and with respect
2. Think big
3. Value the client
4. Do more and better each day
5. Be passionate in everything we do

Winning Project

1. Raízen Project for the Development of Management System SIGO
2. Partnership with Mime, distributor of fuel in the State of Santa Catarina
3. CSOnline
4. Industrial maintenance in plants
5. Rebranding of service stations

Support for professional qualification in the field

The mechanization of agricultural activities is an irreversible trend, since it offers environmental, social, and economic benefits. However, this evolution has a very challenging aspect for all companies in the sector: the elimination of jobs with the end of the traditional sugar cane harvesting activity.

Aware of this challenge, Raízen invests in the qualification of workers who currently are performing such activity. The objective is to help them in their preparation for the labor market, whether in the sugar/ethanol industry itself, or in other sectors of the economy.

Through the Brotar Program, training courses were held during the 2011-2012 harvest, so the workers could perform functions such as operation of machines and harvest-

ers, automotive maintenance, and application of herbicides. On the other hand, the Raízen Foundation conducted five training courses for 430 people from the communities in the vicinities of the company's plants (*more details on page 54*).

Brotar
Program
trains for the
labor market

Raízen infrastructure includes fuel distribution terminals and bases in ports and airports



Infrastructure

Between the production area and the final consumer of its products, Raízen performs a series of activities that depend on logistic infrastructure. Raízen wants to be increasingly competitive and offer the best structure and logistic support in every location where it operates. This means 24/7 availability of operation bases using the best transport mode options.

For decades Brazil has made insufficient investments in this area, which makes cargo moving and storage more costly and time consuming. The results of the 2011 Logistic Costs survey, carried out by the Institute of Logistics and Supply Chain, show a good example of the difficulties faced by the sector. In 2010 Brazil spent R\$ 391 billion on logistics alone, an amount equivalent to 10.6% of its Gross Domestic Product (GDP). In the country, the costs of logistics represent, on average, 8.5% of company's net income, while in the USA, for example, this percentage is 7.7%. This means that Brazil is lagging behind in global competition.

The situation of the transport modes is also critical. According to the Ministry of Transportation, approximately 60% of the entire transportation of cargo is made over roads,

25% over railroads, and 15% via waterways (rivers and sea). The distances and the poor conditions of roads turn this scenario even worse.

Considering this scenario, Raízen defined as strategic to its growth to get a head start in the advancement of the infrastructure in Brazil. **The company will earmark a total of R\$ 600 million for investments in this area until the end of 2013.** The resources involve the construction of new terminals, extension and remodeling of existing units, improvements in storage tanks (storage of liquids in tanks), and distribution through railroads and waterways.

In the 2011-2012 harvest, the company started new storage and distribution operations in Guararé (RN), Campos (RJ), Vitória (ES), São Luís (MA), and Alto Taquari (MT), and also acquired assets in Guarulhos (SP), Barueri (SP), Paulínia (SP), and Rondonópolis (MT). This was also the beginning of the expansion works at the Ethanol Export Terminal in Santos (TEAS), in which Raízen is a shareholder. In the 2012-2013 harvest, the company acquired assets in Esteio (RS) and will begin operations in Palmas (TO) and Ourinhos (SP).

R\$ 600 million
will be invested
in infrastructure

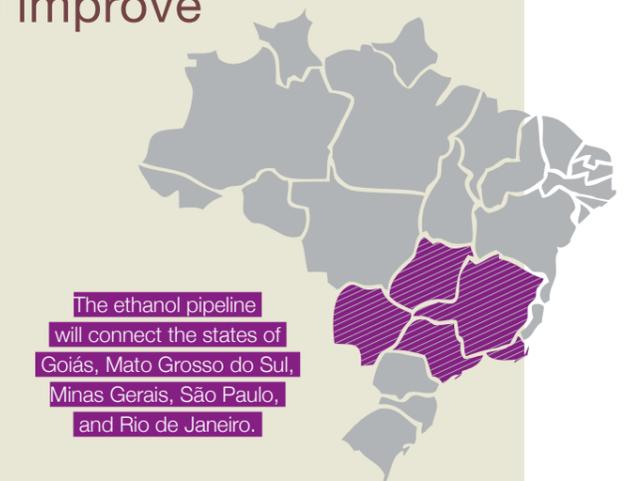
The company is also striving to make better use of the existing infrastructure. One way to do this is to include the transportation associated with the sale of Raízen's products, which occurs in about 40% of transactions. Since ethanol production is spread out over 24 production units, we are trying to centralize part of this production in distribution centers, promoting gains in scale.

The new system will improve ethanol distribution

Today, nearly 80% of ethanol production is concentrated in the states of São Paulo, Goiás, Mato Grosso, and Paraná, which requires highway transportation of more than 1,500 km to supply the southern, northern and northeastern regions. Therefore, the development of other transport modes is important for distribution.

Raízen holds a share in Logum, a logistics company that will implement an ethanol pipeline interconnecting the states of Goiás, Mato Grosso do Sul, Minas Gerais, São Paulo, and Rio de Janeiro.

The logistic system to be implemented for the transportation of ethanol includes 1,300 km of pipelines, with transportation capacity of 20.8 million cubic meters per year, and ten terminals for the storage of ethanol. The system will connect major producing regions with the consuming centers of Greater São Paulo and



The ethanol pipeline will connect the states of Goiás, Mato Grosso do Sul, Minas Gerais, São Paulo, and Rio de Janeiro.

Rio de Janeiro, as well as the marine terminals of Ilha D'Água (RJ) and Caraguatatuba (SP), where the product may be distributed to other consumer centers in the country and to other international markets through cabotage. The combination of pipelines and ships will form a fast transport mode, with lower cost and less pollution.

Fighting fuel adulteration

The adulteration of fuels is a threat to market sustainability, since it constitutes irregular and unfair competition. In addition to the harm caused to distribution companies, this practice also results in losses for vehicle-users and for the environment, since it interferes with full operation of engines and increases pollution.

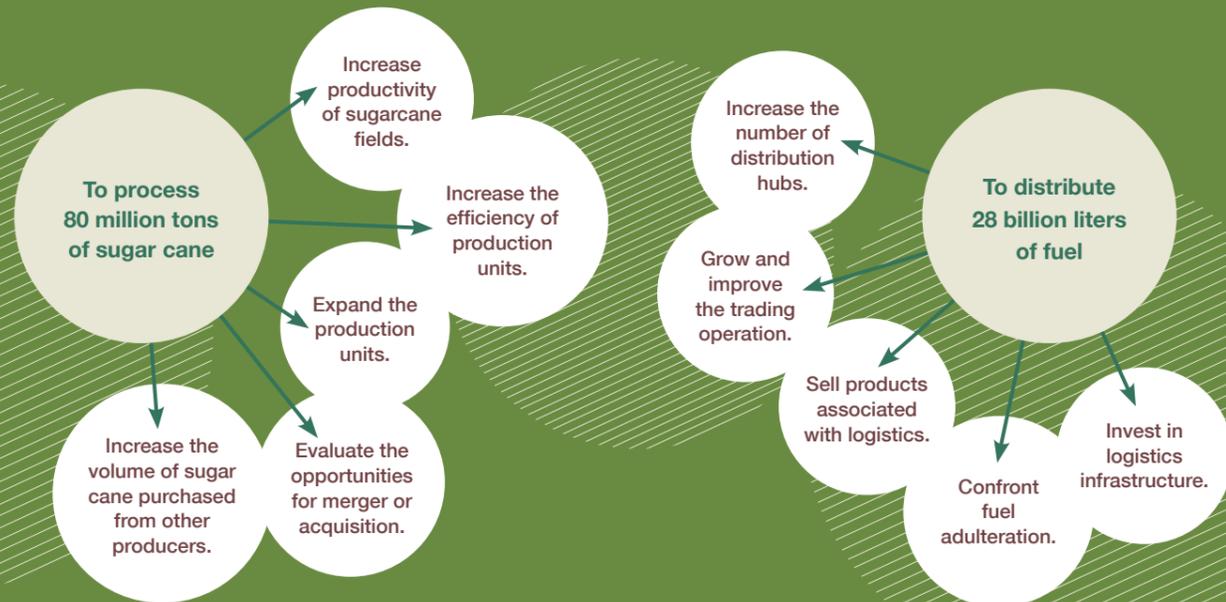
The practice was more common in the past, but it persists in the market.

Raízen curbs adulteration through the relationship with resellers and by terminating the agreements with resellers who are repeat offenders. ANP is in charge of supervising and combating such practices, with the support of the Public Authorities, Federal and Civil Police, in cooperation with the National Union of Fuel and Lubricant Distributors (SINDICOM).

Growth

Raízen was created having in mind a clear project for growth. Obviously, there are many challenges in the achievement of such an objective. Its performance in the first year of operation shows that the company has a realistic plan, which is already beginning to materialize.

How Raízen intends to achieve its objectives for 2016-2017



Strengthen the supply chain

Raízen provides on best practices and establishes standards of excellence with its value chain, with focus on the promotion of management quality and productivity of its sugar cane suppliers. In this aspect, certifications may be an important ally. Investing in these results, through a partnership with Bayer CropScience, Raízen implemented a project already applied with success in grape and corn cultures: the Valore certification program. The initiative, in its initial stage, involved eight Raízen suppliers in the region of Piracicaba (SP), totaling about 8,000 hectares

of cultivated area certified by Valore. The pilot project included methodologies such as integrated management system, adoption of best agricultural practices, and concern for the environment as well as the well-being of workers, in addition to strict compliance with the Brazilian legislation concerning agricultural production. This initiative represents the beginning of a systematic work for the engagement of suppliers with best practices, and for the support in obtaining global certifications.

Operational excellence

Operational excellence was one of the principles that grounded the creation of Raízen. Its shareholders believe that, united, they are able to offer the best products and services from the combination of assets and accumulated experiences.

In the 2011-2012 harvest many gains were already obtained in the integration process, which was a priority. The objective of capturing synergies was exceeded, sustained by quality, by the involvement of teams, and by state-of-the-art planning. Once this step was achieved, the focus shifted to cost reduction and efficiency.

In the administrative area, the major aspects of this work included projects for in-house services and reduction of travel and telecommunication costs. Another front is the renegotiation with suppliers, given the increase in the scale of the operation. Regarding efficiency, a good example of what CSOnline achieved is the virtual self-service platform that decreased call center costs (more details on page 24).

Another important action was the launch of a new corporate data center in Piracicaba (SP), which centralized all company systems.

In the production units, many steps have already been taken to provide more efficiency to the operation. One of these actions resulted in a change in organizational structure, granting to the managers of the center the responsibility both for the industrial area and the agricultural activity. With this, the leaders achieved gains from the integrated vision of business.

How Raízen intends to achieve the operational excellence

- Investments in health, safety, and the environment
- Efficiency in production
- Cost reduction
- Optimization of the administration area
- Focus on process
- Corporate sustainability

Also, there was an improvement in processes and controls, including those referring to Bonsucro certification, which must be extended to all Raízen's production units.

In logistics, the largest impact of synergy comes from scale, which provides better negotiation conditions, better operation in terminals, and consequently, lower unit cost. The network of services stations also offers many opportunities for improvement. An important step was the adoption of Shell as the sole brand and consequent standardization of products processes, and services, which will also generate many gains for the company and consumers. Once this phase is overcome, the company will invest even more in standard network offerings, including reseller training, in order to further improve services.

Professional management

Decision-making and administrative structures, principles of conduct, and control processes guarantee the proper search for business objectives



When formed, Raízen received from its shareholders a solid corporate governance structure, which has been constantly improving, including the development of new processes and adequate systems to support its operation.

The business objectives are clearly established, approved, communicated, and escalated to the proper hierarchical levels. In daily operations, a process to identify and periodic analyze risks that may affect these objectives is carried out, in addition to policies and procedures to guarantee that risks are minimized.

All the company's transactions are performed according to the Manual for the Delegation of Authority (MoA), which covers the main activities of the business, clearly defining levels of authority, and is regularly updated and disclosed to all levels of the company.

Raízen's other best corporate governance practices include autonomy of officers within their administration, a well-defined dividend policy, and treasury, trading, and compliance policies.

Compliance

Compliance has the objective of disseminating Raízen's Business Principles and Code of Conduct, as well as offering training to certain groups about matters referring to these principles and the compliance with applicable legislation, according to the respective areas of operation. It is also responsible for the Ethics Channel, through which the company receives reports or questions concerning the Code of Conduct. The reports are treated confidentially and the identity of the complainant is protected.

The Code of Conduct, which is constantly disclosed, has the purpose of helping the comprehension by employees, commercial partners, clients, suppliers, government, and society in general about the strength, purpose and reach of the company's values. The document established behavior rules, principles, values, and attitudes that define the organizational culture of the company, which is to ethically, honestly and sustainably pursue its business objectives in full compliance with current legislation. Every employee is responsible for complying with the Code of Conduct and each manager has the duty to actively promote the importance of maintaining behaviors with high ethical standards in every situation.

Financial reports

Raízen has defined specific processes in order to guarantee an adequate environment of financial and accounting controls.

The financial statements are prepared with accuracy, reflect the transactions and operations of the company, and comply with accounting standards and rules of regulatory and fiscal agencies. No consulting service is provided by the external auditor without formal approval of the Vice-President of Finance.

The company's assets have been protected against damages, losses, and misuse.

There are controls in place to prevent non-authorized acquisition or disposal of assets, loss or destruction of records/documents, and non-authorized access to assets.

On the other hand, internal controls are capable of monitoring compliance with applicable laws and regulations, in addition to actively identifying changes in such laws and regulations.

The treasury policies, approved by the Board of Directors of the company, cover all businesses and companies of Raízen.

The derivative instruments are limited to those approved in the Treasury and Trading Policy.

Management is responsible for establishing and maintaining adequate internal controls for financial reporting, as defined in the Sarbanes-Oxley Act of July 30, 2002. By the end of the 2011-2012 harvest, management had conducted an evaluation of the efficiency of internal controls, based on criteria established in the Integrated Structure of Internal Control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO – a non-profit organization, dedicated to the improvement of financial reporting). Based on this evaluation and criteria, we may conclude that the internal controls of financial reports were efficient at the time.

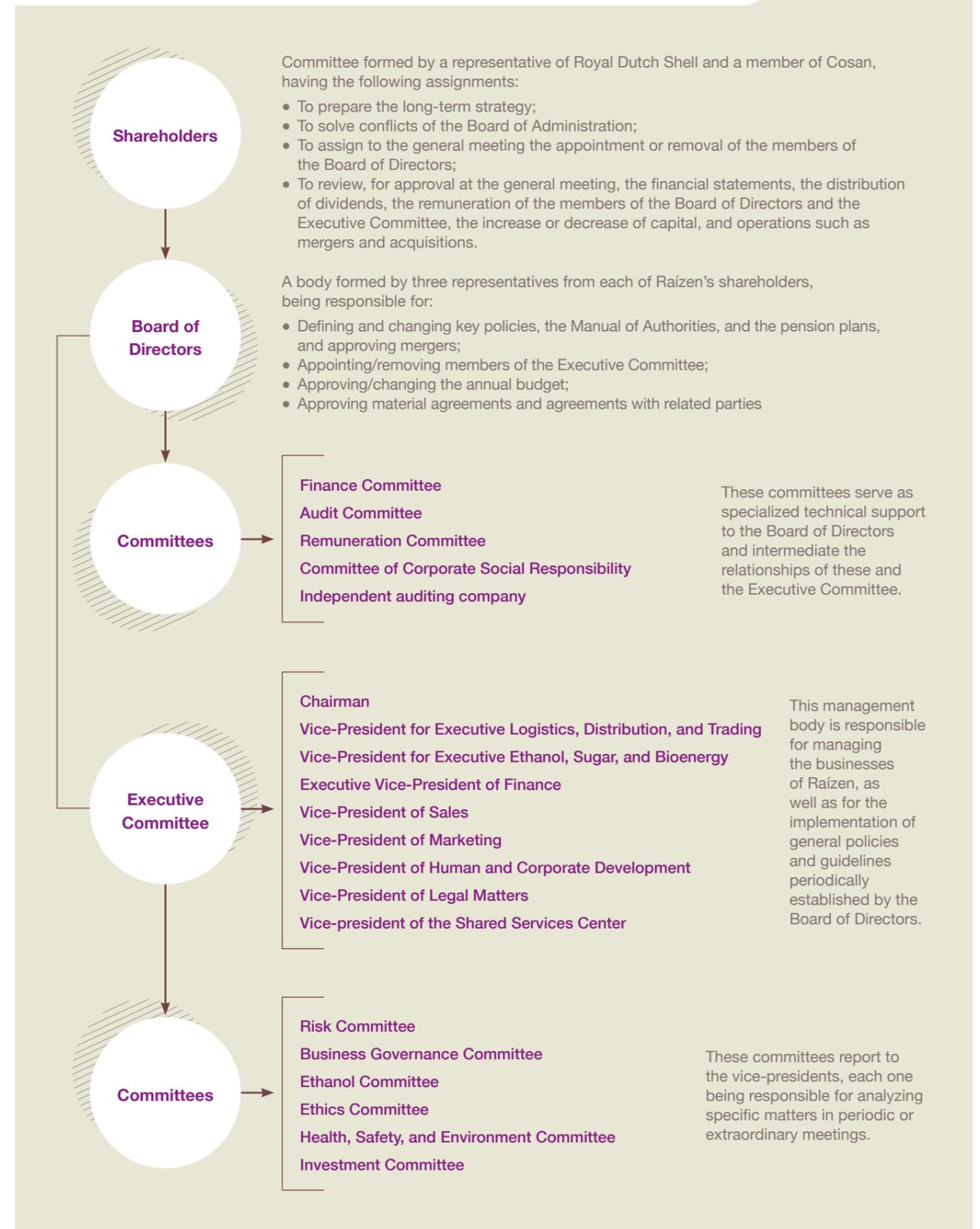
Risk management

Each business area has a complete Risk Matrix, including a detailed record of risks and action plans. Every semester, these matrices are updated by the respective vice-presidents, together with a representative of the Finance area. Such updates are submitted to the Corporate Control area.

The consolidated Risk Matrix is then discussed by the Finance Leadership Team (including Auditing) in order to be discussed and approved by the Executive Committee and by the Audit Committee.

Once approved, the document is used by the business areas as a map of priorities, for analysis and risk mitigation.

Decision-making and administrative structures



More rigor and balance

Guidelines to make operations more efficient, safe, and inclusive are defined in Raízen's Sustainable Development Policy

When it was created, Raízen established that the perpetuity of its businesses depended on a balanced operation in the three levels of sustainability – economic, social, and environmental. Therefore, this commitment must be reflected in all its activities, from sugar cane plantation to fuel distribution. To turn ethanol into an international commodity, a decisive factor to decrease the global emission of greenhouse gases will complement its contribution to society and will bring the company close to its essence: “our energy generates a better future.”

In order to improve operations, the company tried to identify the major impacts referring to its operations. In the environmental area, Raízen considers critical themes such as the use of land, a factor that is increased by the need for expanding agricultural production, and water, for its intensive use in sugar cane washing. Additionally, emissions of greenhouse gases is a major concern, especially in cargo transportation.

On the other hand, the company tries to understand the needs of its major audiences, both for employees and for suppliers, clients, surrounding communities, governments, and other stakeholders. From there, the idea is to create a strategy to engage these audiences, in order to systematically involve them in the conduct of business. One of these initiatives is the annual publication of a sustainability report. This first project has generated a materiality matrix that will help prioritize critical matters to be dealt with by the company (see more details on page 41).

Another important task in the relationship with stakeholders is performed by the Raízen Foundation, formerly the Cosan Foundation, which develops projects of

education and qualification for the labor market in surrounding communities of sugar and ethanol production units (see more details on page 54).

Internally, Raízen has a governance structure dedicated to sustainability and labor safety (see more details on page 40). The main objective of this initiative is to disseminate the sustainability criteria in every level of the organization, from strategic decision-making to operations and daily relationships.

On the other hand, as an effective result of such efforts, Raízen defined its Sustainable Development Policy in December 2012. The document defines three principles that must guide the company's strategies and operations: relationship with internal and external stakeholders, sustainable practices and processes, and generation of value

for shareholders. The next step is to define key indices for the implementation of this policy, in addition to creating a monitoring system. Once a historical series of these indices is available, specific performance goals will be established, both corporate and individual, for each employee – in this case, being part of the variable remuneration plans.

USD 350 million are invested by Raízen in Sustainable Development and Health, Safety and Environment (SHSE) initiatives until the 2016-2017 harvest.



Sustainable Development Policy

Raízen seeks excellence in the production, distribution, and marketing of ethanol, sugar, fuel, and energy co-generation. To this end, our business must be conducted with commitment and responsibility, in order to provide sustainable solutions in every process involved in these activities. Through the implementation of new technologies, selection and retention of talent, and application of short- and long-term actions, we search for the highest social and environmental standards in our value chain.

We understand that the sustainability of our business must guide our strategy and decision-making process, according to the following principles:

Relationship with internal and external audiences

- respect for the interests and needs of our employees, third-parties, suppliers, and surrounding communities.

Sustainable Practices and Processes

- evaluation, monitoring, and mitigation of risks and social and environmental impacts from our operations and in the entire value chain, including from our suppliers and clients.

Generation of Value for Shareholders

- perpetuity of business through the above practices with maximization of value.

In our vision, the excellence of sustainability management promotes efficiency in the use of natural resources, guarantees the operation license today and in the future, attracts and retains talent, enables access to low-cost capital sources, identifies and increases business opportunities, and optimizes risk management. Therefore, we always strive to perform a leadership role in the adoption and promotion of best practices in our industry.



Scope

This policy is applicable to the units under operational control of Raízen in every country where we operate and we require of our suppliers, clients, and commercial partners the adoption of our policy or a similar policy.

Objective

Through this Sustainable Development Policy, we established our commitments with the theme, defining the bases for the establishment of goals, communicating our position to society.

The commitments of this policy must be based on Raízen's strategic guidelines, in order to respect the needs and expectations of our employees, clients, suppliers, surrounding communities, institutions from civil society, governments, shareholders, and other stakeholders.

This policy was based on the Code of Conduct, the Shareholder Agreement, IFC indicator, Bonsucro, ISO 14001, OHSAS 18001, and market practices.

Guidelines

We promote an organizational culture where all employees share our commitment to sustainability defined in this policy. Such commitment must be managed with the same responsibility with which the matters referring to production, distribution and marketing of ethanol and sugar, and distribution of fuel and energy co-generation are treated.

Raízen's Sustainable Development Policy establishes the following commitments:

1. To act ethically and with respect toward people and society, always being open to dialogue with our internal and external audiences, and in accordance with our organizational values;
2. To compete in the market in an ethical and transparent way, and conduct our activities in compliance with the laws and regulations of the countries where we operate;
3. To guarantee a safe and healthy work environment for our employees, contractors, and suppliers;
4. To offer equal opportunities to all employees and applicants to jobs, promoting diversity and guaranteeing that no discrimination or embarrassment of any kind occurs;
5. To implement and maintain SIGO and Alerta! systems in all units, in addition to obtaining and maintaining the certification of our production units according to Bonsucro international standards, and in every distribution unit use the standards established by ISO 14001 and OHSAS 18001;
6. To identify and evaluate in an integrated way the social and environmental risks and impacts of our current and future operations; to monitor and manage them in order to avoid, reduce, mitigate, and offset any eventual negative effect;
7. To manage the operational processes with goals that establish the efficient use of natural resources, decreasing the environmental impacts, as well as seeking to implement eco-efficient technologies;
8. To maximize the generation of value for shareholders, seeking competitive advantages, long-term partnerships, and cash flow optimization, in order to ensure the financial sustainability of business;
9. To promote the integration with our value chain and empower it to implement this policy, with the purpose of aligning best practices in sustainability;
10. To systematically evaluate our performance in terms of the commitments assumed in this policy and to disclose this information to society and to our stakeholders in an accurate and understandable way.



Sustainability governance

Since the beginning of activities, Raízen has established structures dedicated to defining and implementing its governance strategies referring to sustainability. With a team fully focused on sustainability matters, the company has developed a mechanism that allows the flow between decision-making, a committee of shareholders, and the implementation of initiatives and tools on daily operations.

This governance began with the CSR (Corporate Social Responsibility Committee), with the participation of three representatives of each shareholder (Cosan and Shell). The CSR committee is responsible for defining strategies and providing resources, and for follow-up on the performance of sustainable management of Raízen.

The sustainability commitments and standards of the company were defined in the document Raízen's Sustainable Development Policy (see page 38), which is based on international standards, such as OHSAS 18001, Bonsucro, ISO 14001, and others, which guide the decision-making processes concerning the following core principles:

- Relationship with internal and external audiences.
- Sustainable Practices and Processes
- Generation of Value for Shareholders

This governance structure aims to provide in the future that all operations of Raízen develop clear and specific commitments of performance in several related areas, such as the environment, health and safety, and management of stakeholders.

The monitoring of adherence to this policy will be performed via a computer system and the indices will be followed up on in the several executive committees, in order to guarantee the correct application of the policy.

Reporting on sustainability and defining materiality

In 2012, Raízen started a wide movement to empower its employees, the collection of standardized information and implementation of software to manage the indicators that are part of the structure of sustainability reports, according to the model proposed by Global Reporting Initiative (GRI).

The activities developed to structure the first Sustainability Report according GRI standard, to be launched in 2013 by Raízen, include the preparation of its materiality matrix.

In order to identify the material themes that shall guide the report, in the second semester of 2012 four steps were taken:

1st Analysis of Raízen's communication material and the strategic planning of the company for the 2012-2013 harvest.

2nd Online research, with the participation of 189 persons, including 136 employees, 28 suppliers, 9 clients, 8 media representatives, 5 from academia, 1 from government, 1 from an NGO and 1 from the community.

3rd Interviews with Raízen vice-presidents who pointed out five relevant themes for publication.

4th Final consolidation of materiality, which considered different weights for each previous step, standardizing the relevant themes.

As a final result of materiality, Raízen has obtained 13 themes that will guide contents and the scope of its Sustainability Report, which will also feature GRI indicators concerning the 2011-2012 and 2012-2013 harvests. The 13 material themes are:

- Slash and burn, and automation (13%)
- Environmental management (9%)
- Social responsibility (9%)
- Climate changes (9%)
- Innovation and sustainability (8%)
- Outlook (8%)
- Waste management (8%)

- Health and safety (7%)
- Renewable energy (7%)
- Internal audience (7%)
- Management of sustainability (6%)
- Management of water resources (6%)
- Certifications (6%)

Occupational safety is a top priority

Raízen obtains a 49% reduction in the Lost Time Injury Frequency (LTIF) and 25% in the Rate of Accidents Involving Injury to Persons as compared to the previous year's harvest

Similar to most production activities, Raízen's operations have their risks mapped and managed in a structured way, in order to guarantee the safety of its employees and contractors.

In the 2011-2012 harvest, the lost time accident rate was 1.93 (events per million hours worked). As compared to the previous harvest, there was a decrease of 49% in the Lost Time Injury Frequency (LTIF) and 25% in the Accidents Involving Injury to Persons. Raízen's objective is to achieve a zero accident rate.

To this end, the company conducts awareness campaigns with the motto "If it is not safe, don't do it!" — and worked during the 2011-2012 harvest to provide uniformity of the Integrated System of Operation Management (SIGO) in all its business lines. **This system consists of procedures that contain a continuous improvement cycle and has as a cornerstone total commitment of the company's senior management in safety, health and environmental management.**

One of the major initiatives developed by Raízen to guide behaviors and procedures in health and safety is the Alerta! system, which is part of the requirements of SIGO concerning the practice of a "Behavioral Safety System". The Alerta! system, which has Safety Self-Evaluation (AAS) as a critical tool, was implemented in every distribution terminal and in airport operations. The system is also in advanced implementation phase in the area of sugar and ethanol, in the region of the municipalities of Araraquara and Jaú, with the purpose of training more than 8,000 employees.

continuous improvement



The SHSE Management System (SIGO) standardized occupational safety procedures in Raízen's operations



Permanent control and awareness campaigns guarantee good results

In the production area, a major effort was made to standardize procedures in Raízen's 24 ethanol production units. At the same time, stricter controls were implemented. The process for obtaining Bonsucro certification (see more details on page 46) was finished in seven production units, and it has been a great help with this work.

In the fuel distribution area, the company has intensified the controls in cargo trans-

portation and operations in the distribution terminals, in order to maintain the safety of employees and contractors. The company certified 21 terminals through the ISO 14001 environmental management standards, and the OHSAS 18001 occupational health and safety management standards.

The company also develops campaigns according to the profile of each business, which has been generating with good results the correct understanding and adherence to the policies and management of health and safety in the work environment.

This is the case, for example, with the campaign referred to as "I Practice AAS", where the participants were encouraged not only to think about the existing risks in the work environment, but also to develop a more efficient way to mitigate such risks.

The great motto used was "You cannot miss out on moments like this", where the participants were asked to reflect about the importance of returning home safely and in good health, not missing out on important moments with their families.

LOST-TIME INJURY FREQUENCY

(LTIF: Events / Mh)



Initial success

Amid the integration of teams and processes, Raízen is achieving good results in every area where it operates, making investments and growing

On June 1st, 2012, Raízen closed out its first year of operations. This was a period of many challenges and major achievements.

The first large task, which was successfully achieved, was to integrate teams and processes from Shell and Cosan, capturing synergies from the joint operation. This involved reallocation of employees, simplifying the activities, and standardizing procedures, while maintaining service and product quality.

With this effort, the company started developing its own organizational culture, formed from two solid heritages.

Company leadership met to discuss which values should be a reference in the conduct of business. The first result of this was the definition of attitudes valued by Raízen (more details on page 7).

Sustainability and occupation safety are two core values of the culture for this new company. Therefore, Raízen has invested in disseminating these principles among employees and other stakeholders, which has been generating results, such as the decrease of 49% in the Lost Time Injury Frequency and 25% in the Accidents Involving Injury to Persons (TRC). The meritocracy, which involves the definition of objective criteria for remuneration of performance, encourages the engagement of employees (more details on page 26).

solid heritages

From an investment standpoint, the priorities were the areas of Health, Safety and Environment (HSE), the renewal of sugar cane plantations, and the expansion of the logistics infrastructure. The integrated business vision allowed for a higher added value to Raízen products. An example of this was the joint work of the production and commercial areas, which allowed an optimal balance between internal market supply and exports, optimizing the financial results for the company. Also, the company has imported the product in a timely manner, generating financial gains.



The integration of teams was successful



Drive toward internationalization

Although the priority is supplying the domestic market, since the beginning, Raízen has announced the intention to increase the presence of Brazilian ethanol abroad.

An important step toward this objective was taken in the first year of operations, with the opening of the offshore trading company, which has assets in Switzerland, Singapore, England, and the United States. This area operates in the purchase and sale of third-party ethanol in any part of the world, in addition to marketing the ethanol produced in its production units.

Currently, approximately seven billion liters of renewable fuel are traded per year by Raízen trading desks, in Brazil and abroad.

With this new structure, Raízen strengthens its strategies open new markets abroad. As part of this effort, tanking agreements were extended in Houston (USA) and Rotterdam (Netherlands). In addition, the company has entered into agreements and operations in the Philippines, in Asia. In order to export to the USA, the biggest market in the world for biofuels, 22 production units of ethanol from Raízen are registered with the Environmental Protection Agency (EPA) in that country. Therefore, the company is qualified to take advantage of the opportunity that was opened with the end of the North-American import duties levied on Brazilian ethanol, which was not renewed after 31 years of protectionism.

Another highlight in international commerce was the export of the first shipment of Raízen's ethanol to Europe, with Bonsucro certification, totaling 3,000 cubic meters in August 2012 (more details on page 46).

Market recognizes Raízen's good financial policy

In July 2012, the three major credit-rating agencies – Moody's, Standard & Poor's, and Fitch – assigned to Raízen an investment grade on a global scale and maximum scores at the national level. This was evidence of the confidence that the market has in the company's financial policy, and in its capability to generate results.

In order to grow sustainably, Raízen intends to maintain an efficient capital structure

with a solid balance sheet. Thus, the company policy is to cap indebtedness at twice the EBITDA.

Also, the strong and continuous cash generation from downstream operations (distribution) complements the volatility of income from upstream (production) in the company. Therefore, it is possible to maintain a continuous flow of dividends for shareholders and the plan to invest in maintenance and growth.

Awards in communication, IT, HSE and research

In its first year of operation, Raízen obtained important recognition from the market for the quality of its production. The magazine *Negócios da Comunicação* chose Raízen as one of the winners of the 2012 Companies that Best Communicate with Journalists Award, in the category Biofuels and Clean Energy. To achieve this result, a survey involving 25,000 journalists was performed throughout the entire country.

In the area of technology, the project of remodeling of the administrative facilities of the Costa Pinto unit received the Furukawa Green IT award. Furukawa is a manufacturer of components for telecommunication and IT infrastructure. The difference was the practice of recycling and reuse of existing network cables, which, in addition to reducing the consumption of new cables, provided financial savings. According to calculations by the manufacturer, with such efforts in the production process, approximately 600 kg of heavy material were kept out of industrial landfills, avoiding

the extraction of more than one hundred tons of copper ore, and preventing the consumption of more than 11,000 kWh, which is sufficient to supply 76 households for one month.

The MasterCana Award, in turn, selected Raízen's production area as a highlight in health, safety, and the environment. The recognition reflects the consistent work to eliminate labor-related accidents.

Finally, the partnership of the company with Iveco, FPT Industrial, and Bosch for the development of a prototype that allows a reduction in the consumption of diesel through the adoption of ethanol was honored with the 2nd Top Ethanol award promoted by União da Indústria da Cana-de-Açúcar (UNICA). The project was the winner in the Technological Innovation category, within the category Transportation, since it allows the replacement of diesel with ethanol at variable rates, according to truck use, which may reach 85% under certain conditions.

A world pioneer in certifying sustainability in production

In June 2011, Raízen became the first company of the sugar energy sector in the world to certify a production unit, the Maracá Unit (Maracá/SP), with the Bonsucro™ sustainability seal (Better Sugarcane Initiative). Also in the 2011-2012 harvest, the company included another three units in this initiative: Costa Pinto (Piracicaba/SP), Bom Retiro (Capivari/SP), and Jataí (Jataí/GO). In order to export ethanol and sugar to Europe, one of the most demanding markets in the world, a company must, in addition to certifying its production units, extend this certification to its entire chain of suppliers.

By the end of 2012, seven units of Raízen were certified, including Bonfim (Guariba/SP), Gasa (Andradina/SP), and Univalém (Valparaíso/SP), and these are responsible for about

Growth and efficiency in the production area

The production area, or upstream, manages the agricultural, sugar cane cultivation, and industrial operations, including 24 units of sugar, ethanol, and bioenergy production. In the field, approximately 3,800 partners supply 50% of processed raw material. In industry, Raízen's installed capacity is for crushing 65 million annual tons of sugar cane.

During the 2011-2012 harvest, the company invested in planting and renewing sugar cane fields, and the results should be seen in the next few years, as well as in the increase of the percentage of mechanized harvesting – in its own sugar cane production, the mechanization rate is 85.9%.

As in the entire company, there was also significant improvement in terms of management, with standardization of procedures, simplification of processes, and improvement of controls. An example was the union of the agricultural and industrial areas in the Production Department, an initiative that guarantees the integrated management of all processes.

People management complements these efforts, promoting a real transformation inside the company. For this reason, Raízen has invested in the qualification and education of almost 5,000 professionals in the production area, including the development of programs to prepare and update more than 1,200 managers in the area.

The Health, Safety, and Environment (HSE) indices show that these efforts are already generating results. **The accident frequency rate decreased by 49%, as compared to the previous fiscal period.** The objective, however, is to reach a zero accident rate.

Although climate conditions were not favorable, compromising the harvest, Raízen ended the 2011-2012 harvest year with a volume of 53 million tons of processed sugar cane, increasing from 9.8% to 10.7% its market share in the south-central region, the main producing region in the country. Also, there was an increase in its presence in the sugar and ethanol market, which went respectively from 11.7% to 12.7%, and from 8.7% to 9.3%.

49%
reduction in
accidents

The industrial operation closed the year with an efficiency index of 88.9%, a result better than the one for the previous harvest, which was 88.4%, and significantly above the average of other companies in the sector.

This set of initiatives has taken the production area to an increase of 13.4% in net income and 4.9% of EBITDA in the 2011-2012 harvest, when compared to the previous harvest.

22% of the total crushed sugar cane of the company, and approximately 448,000 cubic meters of ethanol are produced there. Based in London, Bonsucro is a non-profit organization with 63 members from several countries and sectors, including agricultural producers, plants, consumers, and NGOs. It was created to measure, through indicators, the environmental, social, and economic performance of the sugar/energy activities. Valid for three years, with the possibility of being renewed, the certification requires the companies to follow at least five essential principles: compliance with law, respect for human and labor rights, increase of sustainability (efficient management of inputs, production, and processing), active management of biodiversity and ecosystem services, and constant improvement of key business areas.

In order to strengthen its leadership position in the sector, as an inducer of sustainability practices, in addition to becoming a member of the Executive Board of Bonsucro, Raízen has also started efforts to promote best practices among its sugar cane suppliers. Through a partnership with Fundação Solidaridad, a international non-profit organiza-

tion specializing in the development of sustainable production chains, Raízen has prepared a self-evaluation guide for sugar cane producers.

The purpose of this publication is to help sugar cane producers think about the practices adopted in their properties, identifying points for improvement. Divided into economic, social, and environmental themes, the questionnaire is filled out individually by the producers. The answers are submitted to the Fundação Solidaridad, which processes them and maintains their confidentiality.

As a result of this survey, Solidaridad prepares a report with the balance of production and management practices that were presented, compared with the practices of other producers in that same region. By the end of the process, the producer will also receive guidelines for better planning of its property, in accordance with legislation and international sustainability standards.

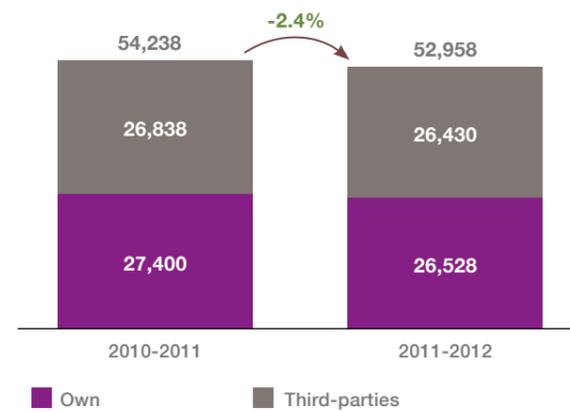
BONSUCRO®

Raízen Energia (production and marketing of ethanol, sugar, and bioelectricity)

2011-2012 Harvest

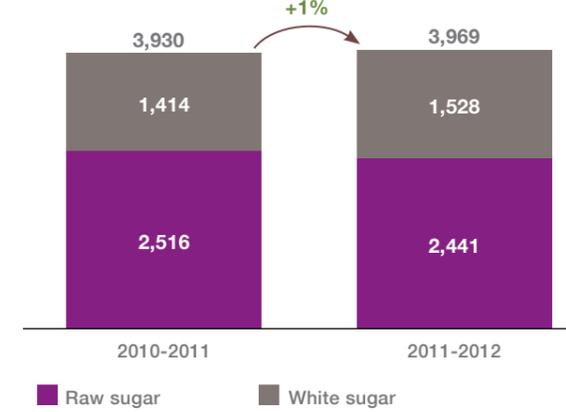
CRUSHED SUGAR CANE

(Thousand tons)



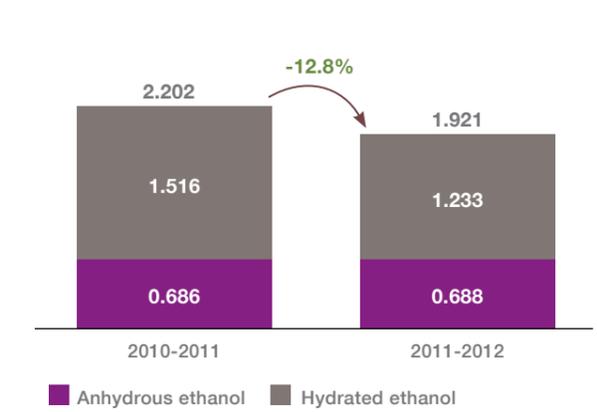
SUGAR PRODUCTION

(Thousand tons)



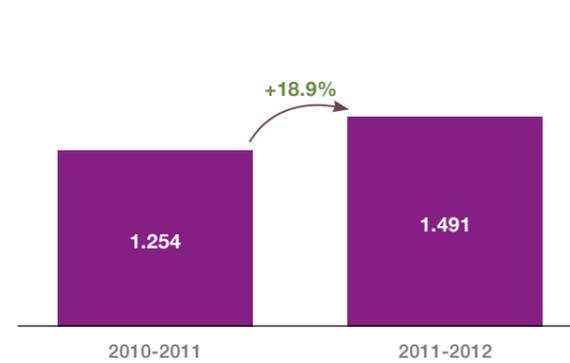
ETHANOL PRODUCTION

(Billion liters)



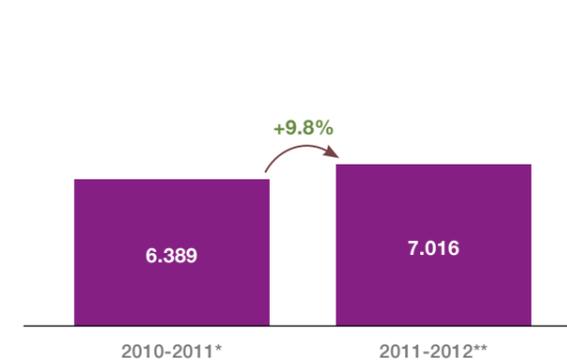
COGENERATION

(Thousands of GWh)



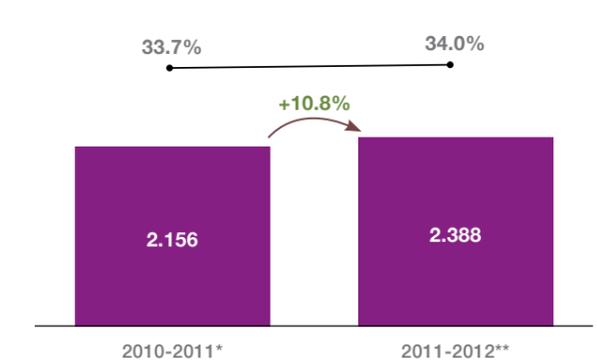
NET INCOME

(R\$ Billion)



EBITDA

(R\$ Billion)



* Proforma ** April and May proforma

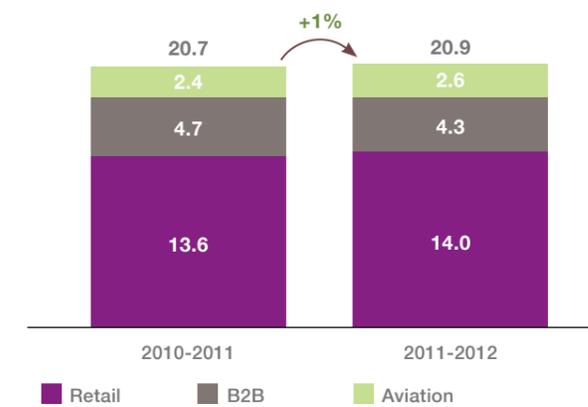
→ EBITDA margin * Proforma ** April and May proforma

Raízen Combustíveis (distribution and marketing)

2011-2012 harvest

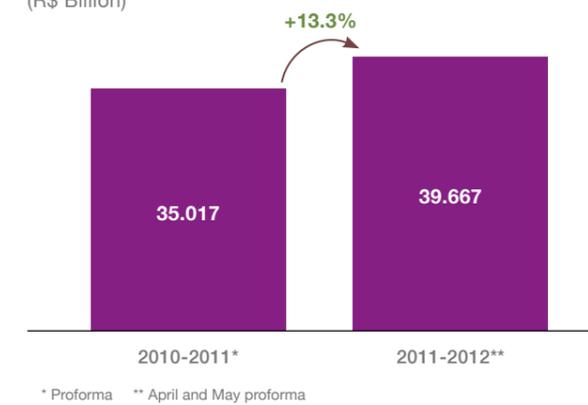
COMMERCIAL VOLUME

(Billion liters)



NET INCOME

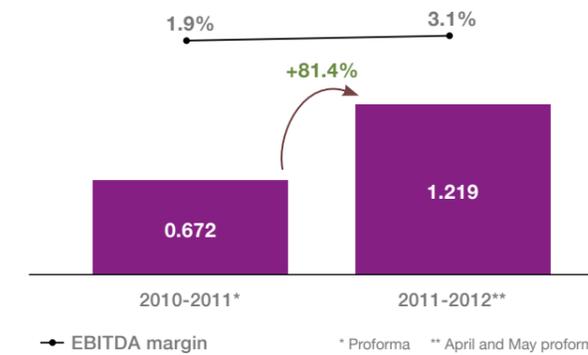
(R\$ Billion)



* Proforma ** April and May proforma

EBITDA

(R\$ Billion)



* Proforma ** April and May proforma

Rebranding: The Shell brand in every gas station

In Raízen's first year of operations, the Shell and Esso networks were successfully integrated, based on the principle of adopting the best practices from both sides. In aspects where both networks were complementary, there were improvements for the clients. Also, many synergies were captured, promoting gains in scale and operational efficiency.

For strategic reasons, the company has decided to adopt the Shell brand as its only brand for service stations, which rebranded approximately 1,400 Esso service stations. The unified network became stronger and more efficient, providing benefits to resellers, who could rely on a better portfolio of products and services, in addition to integrating a brand with the greater penetration in the country.

The company has also achieved good results with its network of convenience stores, promoting the contracting of new stores, extending the store network, and reaching the highest sale rate per square meter in the industry. By the end of 2012, there were more than 700 Select stores in all regions of the country.

a larger supply of
**products and
services**

Integrated networks for the distribution of fuel

Raízen's fuel company is responsible for the distribution and marketing of this product in Brazil and abroad. This represents the management of transportation and storage of cargo outside the units of the production company, the relationship with reseller fuel stations, and the supply to industries and transportation companies, including the aviation segment.

In the first year of operations, the major challenge faced by the company was to integrate the systems and processes of credit contracting, customer service, and delivery of goods, among others.

The retail segment is a good example to illustrate the challenges and benefits resulting from Raízen's creation. In January 2012, Raízen partnered with Mime Distribuidora de Petróleo, one of the most important companies in the southern region of Brazil, in order to develop the fuel market in Santa Catarina. With the union of distribution assets of both companies in that state, a network of approximately 270 gas stations, 70 convenience stores, and 5 distribution terminals was formed, in a deal that will involve more than 700 million liters of fuel per year.

The operation is strategic for Raízen, since the partnership allows for reaching markets that are complementary for both companies. **Consumers already rely on a larger number of stations with the union of both networks, with a larger supply of high-quality products and services.** Resellers are close to local distributors offering world-class services and products.

Mime has a history of commercial relations with Raízen shareholders. By partnering with the group of the State of Santa Catarina, the company increases its presence in a state where it had a market share below its average in Brazil.



Before reaching the reseller stations and airports, fuels are stored in distribution centers

Also concerning retail, in the aviation segment important supply agreements were executed, which together total 11 million additional liters per month for this business line. To take advantage of the cycle of great expansion of aviation in Brazil, Raízen focuses on the opening of new operation points, in the growth of operations with its main clients, and in the executive aviation market.

Efforts in the industry and transportation company segments, in turn, had a focus on centralizing the management of prices and the reduction of the cost base, among other impact measures that would leverage the financial results. One of the highlights of the year was the launch our own of fleet management system, the Exprers, in partnership with Ecofrotas. With this system, Raízen helps clients to control the consumption of fuels, and consequently, the emission of pollutants.

Another highlight in the 2011-2012 harvest was the formation of a single integrated trading desk of fuels in Brazil, which generates a competitive advantage in the sale of ethanol, gasoline, diesel, and associated logistics services.

Behind all the initiatives for marketing and services to clients is Raízen's logistics network, with distribution hubs spread throughout the country, in addition to the export terminals. Investment in the improvement of this infrastructure is strategic for the sustainability of business, and therefore, the plan is to allocate R\$ 600 million in this area by the end of the 2012-2013 harvest. In the first year alone, the company began new operations with storage and distribution in Guamaré (RN), Campos (RJ), Vitória (ES), São Luís (MA), and Alto Taquari (MT), in addition to the acquisition of assets in Guarulhos (SP), Barueri (SP), Paulínia (SP), and Rondonópolis (MT). This was also the beginning of the expansion works of the Ethanol Export Terminal in Santos (TEAS), of which Raízen is a shareholder.

In the 2012-2013 harvest, the company acquired assets in Esteio (RS) and will begin operations in Palmas (TO) and Ourinhos (SP). A new plant was also inaugurated in Araucária (PR), for the bottling of Shell Evolux Arla 32, a residue-reducing agent used in new diesel engines.

The results achieved by the end of the year showed that the distribution operation was successful, even amidst the integration process. There was a sales increase of 5.5% in the volume of aviation fuel and 19.1% in the volume of gasoline, contributing to the total volume of 20.9 billion liters of distributed fuels, generating income of R\$ 39.7 billion.

Greater presence

The Raízen Foundation expands the activities of social responsibility in the communities, with professional management and creative solutions

Raízen is present in all regions of Brazil, with offices, fuel terminals, and sugar and ethanol production units. This penetration increases the responsibility of the company to the communities where it operates.

Through partnerships with educational institutions, the company intends to maximize its social contribution.

Investments by Raízen in the communities are basically made in two ways. The first is through the Raízen Foundation, formerly the Cosan Foundation, which, since 2002, has already benefited more than 500,000 people through its community activities. This is done through continuous programs of education and professional qualification, provided in the institution's six centers, located in cities of the state of São Paulo in Piracicaba, Barra Bonita, Dois Córregos, Jaú, and Valparaíso, in addition to Jataí, in Goiás – locations that have sugar, ethanol, and bioenergy production units. Currently, about 90,000 people participate in the activities every year.



The Raízen Foundation has about 90,000 beneficiaries of its activities every year

Raízen also makes spot investments in cultural programs and campaigns to collect food and gifts for the needy. The policy of cultural sponsorship is integral to its strategic planning, and particularly, to its values. For Raízen, the performing arts, music, and fine arts have the objective of promoting the integration of communities, culture, and education, and also recovering the historical memory and identity of each region.

During the 2011-2012 harvest, for example, the company promoted a blood drive in the cities of Jaú, Barra Bonita, and Dois Córregos, supported theater performances in municipal and state education networks in the cities of Ipaussu, Tarumã, Maracá, and Paraguaçu Paulista, collected toys in Barra Bonita to be sent to charity, and donated gifts for the Christmas Campaign for underprivileged children. Environmental education activities, in turn, were performed in several cities.



They include professional and supplementary education



90,000 people participate in the activities

Raízen Foundation

In the 2011-2012 harvest, the Raízen Foundation advanced in the consolidation of changes in the way it operates, which had already been in place for nearly three years, still under the management of Cosan. Basically, these changes consist in the professionalization of its administration and in the focus of its activities in the area of professional training. Another highlight of the year was the inauguration of new centers in Jataí, Igarapu Paulista and Valparaíso, and of its mobile center (see box), which will maximize the reach of educational initiatives.

Another important change took place in the governance of the Foundation, which, until December 2011, had a family-managed nature. When it was created, Raízen's understanding was that the Board of Directors of the entity should reflect the company's Board, with executives from the shareholders, in addition to having an independent member (see organizational chart). Currently, Board meetings are held quarterly and matching of accounts is conducted every six months. These are also important steps for the Foundation to become a Civil Society Organization Of Public Interest (OSCIP), an objective being developed.



In turn, the choice of professional training as a priority is a strategic movement. The sugar/energy sector lacks qualified professionals, whether for agricultural operation, which is increasingly more automated, or in the industrial operation. In this context, it is important to train professionals who are up-to-date with the needs of the production sector, whether performing their functions in Raízen or at other companies.

During the 2011-2012 harvest, 430 students attended the professional courses opened for people up to 30 years of age and performed in partnership with renowned institutions, such as the National Commercial Learning Service (SENAC) and the National Industrial Learning Service (SENAI). The courses provided include those referring to the sector itself, such as machine operator, and more general activities, such as administrative, human resources, and client service activities, and careers in other sectors. In the latter, Raízen has received from the city of Jataí, with strong tourism activity, a request for chambermaid courses. 40 people were trained in this activity.

The other activity performed in the centers of the Foundation is the supplementation of formal education for students up to 16 years of age. The subjects include ethics, citizenship, and environmental education. During the 2011-2012 harvest, 440 students participated in these programs, which are offered in off-school hours.

Complementary education

Traveling education

In August 2012, Raízen opened the first mobile center of its Foundation, installed in a trailer truck. Capable of offering more than 30 professional courses within the scope of maintenance, electric, and automation, the unit should train about 100 students per year.

The objective of this project is to take the social aims of the company to the cities that are not included as yet in the programs of the Foundation, complying with the demands for professional qualification of local communities, and empowering them to hold positions at Raízen and in other companies in the region. The trailer truck that holds the mobile unit is 15 m long, 4.3 m high and 2.7 m wide. The space will have a capacity to hold up to 24 students per course, with a modern structure and state-of-the-art equipment. A major differential of this unit is its full accessibility to people with disabilities and reduced mobility.



The mobile units extend the reach of social initiatives

For its construction, the company invested R\$ 1 million, in partnership with the National Bank for Economic and Social Development (BNDES), as well as with the support of partner companies Frato, Luitex, Sense, Siemens, SKF, Weg, and Bray.



Courses retrain sugar cane cutters

The professional education activities of the Raízen Foundation contribute to the facing of one of its major social challenges: requalification of sugar cane cutters.

Therefore, the focus of the professional courses is in five activities: training of harvester operators, automotive maintenance assistants, and maintenance operators, and qualification of mechanics and leadership school.

In the 2011-2012 harvest, Raízen trained 312 professionals to work as harvester operators, of which 128 were rural workers in the activ-

ity of sugar cane cutting. The course had 60 hours of theory and 320 hours of monitored practice. This training course is provided 100% in-house, by using the train-the-trainers concept, with the purpose of valuing the knowledge of the company's professionals. In another course prepared with SENAI, about 300 young people from the communities close to the company facilities learned how to perform as assistant mechanics in agricultural maintenance, dealing directly with the routine of conservation of the harvesters.

Beyond sugar cane

More than simply producing goods from a renewable raw material, Raízen wants to be an environmental example in every activity it performs

More than simply producing goods from a renewable raw material, Raízen wants to be an environmental example in every activity it performs. Due to the many environmental benefits it brings, the use of sugar cane as raw material is an important competitive advantage for Raízen. The company intends to increase production and this also represents a contribution for society with the increase of renewable sources in the global energy matrix.

The search for operational excellence, one of the company's strategic pillars, imposes some challenges for the environmental management of Raízen's operations.

In the production area, the main environmental concern is the efficient use of water and soil. Other carefully managed aspects are the use of herbicides and fertilizers, waste management, and the slash-and-burn activity of sugar cane in manual harvesting. Currently, about 660 hectares of native forests, riparian woods, rivers, and streams are under the care and attention of the company.

In the area of fuel distribution, the main environmental impacts are the emissions of greenhouse gases, because of the extensive cargo movement required by the company.

In the 2011-2012 harvest, the company achieved a reduction of 30% in the spill/leakage rate and 15% in the contamination rate in offloading at client facilities.

Raízen has also prepared its first inventory of greenhouse gases emissions, the results of which will serve as the basis to identify the opportunities for improvement in all its activities.

Other highlights of the year were the programs in environmental education in communities surrounding the production units, the crop rotation with soybean and sweet sorghum, and the generation of carbon credits through a project of the Clean Development Mechanism (MDL).



Environmental benefits of sugar cane

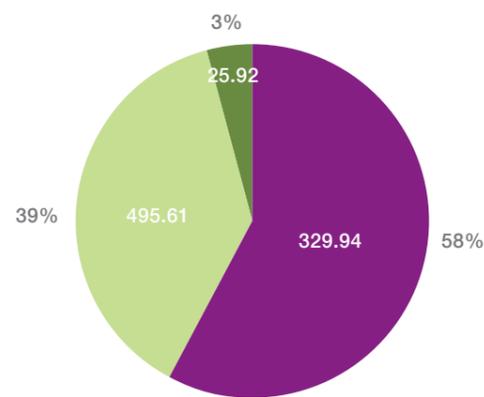
The use of sugar cane as a source of energy offers many advantages from an environmental standpoint, compared to other sources such as coal and oil. First, as with other plants, it is renewable, i.e. it does not deplete natural resources. Also, when growing, sugar cane captures CO₂, partially offsetting the CO₂ that is released in burning the ethanol as vehicular fuel. According to studies from the USA's Environmental Protection Agency (EPA), ethanol is capable of providing a reduction in greenhouse gases emissions (GEE) by as much as 61% when compared to fossil fuels. Furthermore, the sugar cane crop practically does not require water, since the volume of rain in the south central region, Brazil's main producing area, is sufficient. The use of water occurs in the industrial phase, for cleaning raw material and in other processing phases. According to UNICA, the industries have been increasingly efficient in this aspect, going from about five cubic meters per ton to about one cubic meter per processed ton.



Another advantage of the production process of Brazilian ethanol is that most production units are self-sufficient in terms of electricity. This happens because the sugar cane bagasse, after plant processing, is burned, in a process called cogeneration, in which there is the production of thermal energy, which is then transformed into electricity. Many units provide their surplus production of energy to the public energy grid. As shown in the chart below, Brazil has ample availability of land for agriculture.

VERY HIGH POTENTIAL FOR THE SUSTAINABLE EXPANSION OF SUGAR CANE

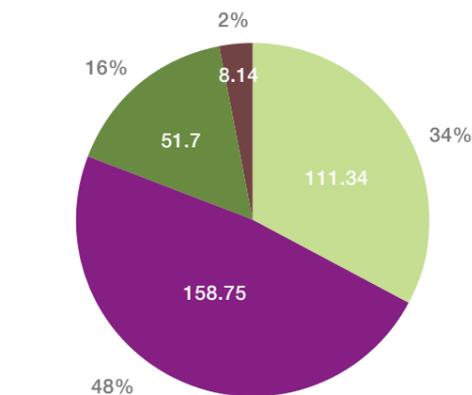
(millions of hectares)



Protected/Native
Arable land
Others

DISTRIBUTION OF ARABLE LAND IN BRAZIL

(millions of hectares)



Available
Pasture
Agriculture
Sugar cane

Agricultural and environmental protocol

Raízen, previously represented by its shareholder Cosan, was the first group to adhere to the Agricultural and Environmental Protocol. This document establishes a series of principles and technical guidelines of an environmental nature, in order to promote best practices in the sugar/energy sector.

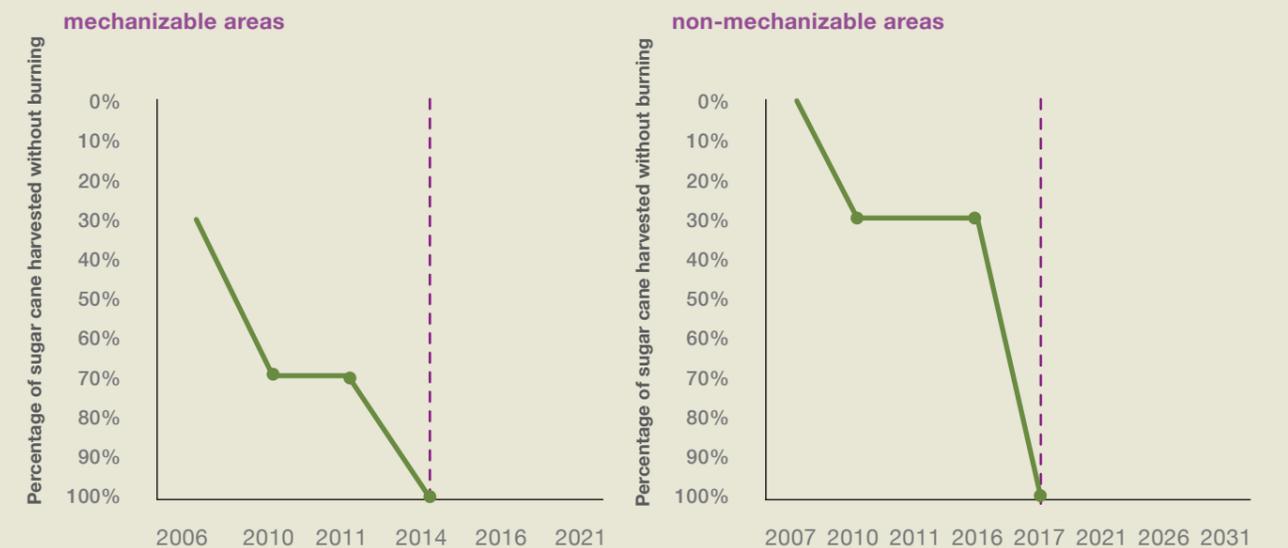
The main commitment concerns with the end of slash and burn practices in the sugar cane harvest, a process required in manual harvesting, done by the traditional method.

This necessarily implies the adoption of mechanized harvesting. Therefore, Raízen will gradually eliminate slash and burn by 2017 (see chart below). By the end of the 2011-2012 harvest, the company was already in an advanced stage of compliance with the Protocol, since it used mechanized harvesting in 85.9% of the production of its own sugar cane.

Other aspects containing commitments to the Agricultural and Environmental Protocol are: conservation of soil and waters resources, protection of riparian woods, recovery of springs, decrease of atmospheric emissions, and careful use of agricultural pesticides.

commitment

SCHEDULE FOR ELIMINATION OF THE SLASH AND BURN PRACTICE OF SUGAR CANE STRAW IN THE STATE OF SÃO PAULO



—●— Agricultural and environmental protocol

Note: the points highlighted in the lines of the chart show the specific years mentioned in the Protocol

Prepared by UNICA



Surplus electricity generated in the production units is supplied to the power distribution grid

Raízen achieves carbon credits awarded by MDL

The Serra unit, one of Raízen's 24 production units of sugar, ethanol, and bioenergy, located in Ibaté (SP), generated carbon credits from the cogeneration of electric energy. The project was approved by the United Nations (UN) according to the model of the Clean Development Mechanism (MDL).

Currently, Raízen's combined production units are self-sufficient in electricity, with 934 MW of nominal installed capacity, equivalent to the residential needs of a city with about five million people.

During the 2011-2012 harvest, Raízen made investments in three plants in order

to increase electric cogeneration, increasing from 400,000 MWh the surplus energy produced from sugar cane biomass.

In addition to the Barra unit, other units that were modernized included Univalem and Ipaussu, which received high pressure and high temperature boilers (100 bar) that generate thermal energy from processed biomass. With the increase in efficiency, in its first year of operations, Raízen marketed 1.5 GWh of electricity.



Expers: a solution for sustainable transportation

EXPEERS

uma solução



For Raízen, sustainability is part of all steps of its businesses and Raízen promotes initiatives involving all suppliers in this process. In this aspect, one of the relevant issues is the promotion of more efficient and sustainable transportation. In addition to preparing an inventory of missions from its activities, Raízen sought a solution capable of generating gains in scale, with a reduction in the consumption of fuel by the fleet and consequent reduction of CO₂ emissions by its suppliers.

In October 2011, in partnership with Ecofrotas, Raízen launched an innovative tool for fleet management, which allows the transporting companies to access online and in real time all information about the supply of each vehicle in its fleet. Through a modular service platform, applied according to the need of each client, Expers translates into an efficient and safe solution, which allows monitoring and consequent improvement in fleet management.

With this system, the transporting company determines its needs and establishes the best solution, the areas where best results can be obtained in terms of reducing consumption, emissions, and costs. Supply is done via card, in the service stations of the Shell network, which allow payment by drivers and the control of fuel per unit of fleet and/or driver, according to the distance traveled. Since the standards of consumption and emissions of each vehicle and driver are monitored, Expers may also generate, for each transporting company, an emission report, certified by the global auditing company, KPMG.

With the solution offered by Expers, the transporting companies also have one more tool in their kit of sustainable services. The service stations supplying the fleet also offer the Shell Evolux product line, with more efficient diesel, which guarantees better engine performance and consequently lower consumption and lower emissions of pollutants into the atmosphere.

In the first year of operations, Expers already added several clients, including direct suppliers of Raízen.

Biological pest control

As with any other agricultural crop, sugar cane suffers from the attack of pests, such as *diatraea saccharalis* and plant hoppers (*mahanarva fimbriolata*), which may entail a significant loss of productivity.

To avoid this in its fields, Raízen uses biological control, a way to combat pests without the use of agrochemicals. Cosan, one of the partner companies that created Raízen, built, in 1973, the first private biological pest control laboratory in Brazil.

Today, five Raízen laboratories produce every month about 130 million *cotesia flavipes* wasps, which kill the larvae of *diatraea saccharalis*. From the other three laboratories, 13 tons of spores are produced of the fungus *metharizium anisoplea*, an organism that naturally controls *mahanarva fimbriolata*.



Reuse of by-products

By-products resulting from the activities of sugar and ethanol production in Raízen production units have a clear destination, with the purpose of decreasing their impact on environment. Namely:

- Vinasse, resulting from alcohol distillation and the water used to wash the sugar cane used in agriculture to irrigate the plant, in a process known as fertigation;
- The filter cake, resulting from filtering of sugar cane juice and the ashes from boilers, originating from the burning of bagasse, is used in agriculture as organic fertilizer;
- The sugar cane bagasse, obtained after crushing, is used for energy cogeneration.



Vinasse, a by-product of the ethanol production process, is used in irrigation

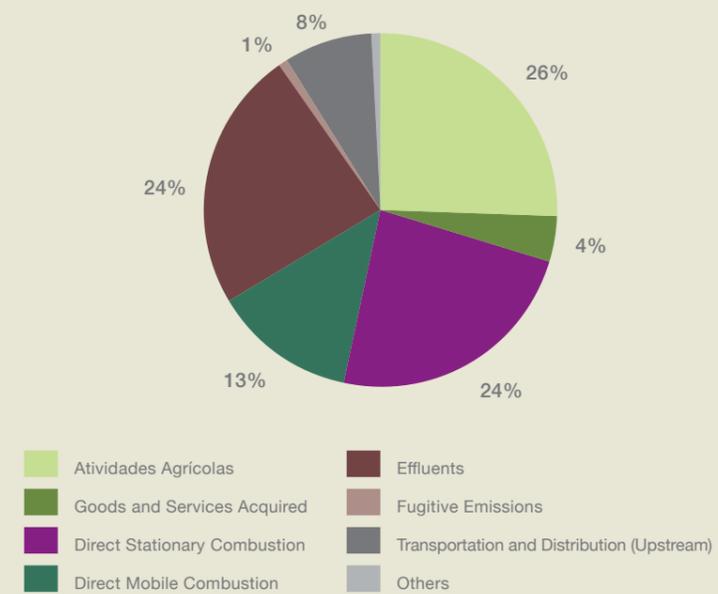
Raízen prepares its first inventory of emissions

With the purpose of mapping greenhouse gas emissions from its operations, Raízen has prepared its first Inventory of Emissions. The study shows the responsibility of each part of the process in the total emissions of the company, helping with management of the issue.

For example, the Inventory showed that the use of additives and fertilizers to the soil when planting sugar cane contributed to 26% of the emission of gases by the company. The so-called "stationary combustion", in turn, referring to the burn of sugar cane bagasse the boilers of its plants, represents about 24% of greenhouse gas (GHGs) emissions. This result has led Raízen to plan investments in more efficient burners and gas scrubbers.

The Inventory received the Gold Classification in Quality of Preparation, the highest recognition by the Brazilian GHG Protocol Program, which relies on technical support from Fundação Getúlio Vargas (FGV), for adjustment of methodology to the national reality.

GREENHOUSE GAS EMISSIONS BY RAÍZEN (2011)*



*According to the 2011 Corporate Inventory of Greenhouse Gases.

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