

1. Introduction

On June 30, 2022, ComBio Energia S.A (ComBio) published its Sustainability Report for the first time, a document that demonstrates its performance from an environmental, social, and governance point of view. The publication also presents how our practices are in line with (i) the principles of the Global Compact, (ii) the Sustainable Development Goals of the 2030 Agenda (SDGs) and (iii) the dimensions of Sistema B.

This document presents the definitions, criteria and premises adopted for reporting the indicators present in the report. The purpose of the document is to bring greater transparency and clarity to the report to stakeholders, as well as to support the information assurance process. The report was prepared in accordance with the GRI Standards – essential option – and assurance of the report is performed independently by PwC Brasil.

2. Organizational boundaries and reservations to the reporting scope

The reported data corresponds to the period of the annual cycles of 2020¹ and 2021² and covers all the company's units³:

- (i) Administrative offices;
- (ii) Laboratory analysis;
- (iii) Steam production units (SPU);
- (iv) Biomass production units (BPU);
- (v) Thermoelectric Units (TU).

ComBio has a very specific business model and, for reporting purposes, we consider an exhaustive list of products (any item manufactured for sale) and services (the performance of work offered or contracted by third parties):

- (i) Products: biomass and steam;
- (ii) Services: O&M of thermal plants and third-party assets; leasing and services of biodigestion and energy efficiency equipment; and, project implementation.

Exceptions to the limits and reporting period are indicated in the table in section 5 “Detailing the reporting criteria” of this document.

3. Accounting information, currencies and conversion

The accounting information published in the Sustainability Report was compared by the company with the information available in the Financial Statements⁴ for the same period. Both documents consider the same organizational boundaries. Like the Sustainability Report, the statements were independently audited by PwC Brasil.

All monetary information is reported in local currency, Brazilian Real (BRL). If conversion into US Dollars (USD) is necessary, the Central Bank of Brazil rate on December 31 of the reporting year is considered.

¹ 1º de janeiro de 2020 a 31 de dezembro de 2020

² 1º de janeiro de 2021 a 31 de dezembro de 2021

³ As unidades estão detalhadas no Relatório de Sustentabilidade, seção “Onde estamos”

⁴ <https://combioenergia.com.br/relacoes-com-investidores/>

4. Reporting Considerations

In order to prepare the Sustainability Report, interviews were carried out with different areas of the company to collect indicators and gather information relevant to the report. Considering that this is the first report, there was also an alignment of criteria and premises that, from then on, become reporting standards.

The data is centralized with the administrative responsible persons; however, we count on the support of the operational areas to guarantee the completeness and coherence of the information. For the coming years, we are structuring a sustainability platform to collect information and evidence in a systemic and centralized manner.

5. Detailing the reporting criteria

The table inserted below presents the GRI indicators that need further details to ensure the reader's full understanding. The base should be used as a complement to the reading of the report, providing greater transparency to the data reporting.

GRI indicator	Name	Criteria and premises	Boundaries and reporting period exceptions	Assured indicator
102-1	Organization name	Trade name and corporate name are reported.	N/A	No
102-7	Scale of the organization	The report considers the same premises as indicator 102-8 and the premises reported in section 2 "Organizational boundaries and reservations to the reporting scope."	N/A	No

GRI indicator	Name	Criteria and premises	Boundaries and reporting period exceptions	Assured indicator
102-8	Information about the employees and other workers	<p>The People & Management area centralized at our headquarters, consolidates information on the staff, maternity/paternity leave and benefits. The data is extracted from the Datasul ERP, used internally for people management, among other management activities.</p> <p>The report considers permanent employees hired on a full-time basis (40h to 44h per week) and interns hired on a part-time basis (30h per week) active on the base date of 12/31. Directors are disregarded.</p> <p>We do not report data from third-party employees (service providers). The company is structuring the basis to consolidate such information. We emphasize that most of the third parties are mobile and work in specific activities of our operation.</p>	N/A	No
102-9	Supply chain	<p>When we approach the main products and services within our supply chain, we consider those that together represent more than 80% of the total costs allocated to suppliers. Expenses that include services performed at various units are excluded from the calculation, such as electricity bills, employee benefits and vehicle rental.</p> <p>The company understands:</p> <ul style="list-style-type: none"> (i) Product as any item manufactured for sale; (ii) Service as the performance of work offered or engaged by third parties. 	N/A	No
102-10	Significant changes to the organization and its supply chain	This is the company's first sustainability report. Therefore, this indicator is not applicable.	N/A	N/A
102-11	Precaution principle or approach	The company understands the precaution principle as the set of mechanisms to avoid and minimize threats and environmental degradation, even if there is no absolute scientific certainty.	N/A	No
102-41	Collective bargaining agreements	The report considers the same premises as indicator 102-8.	Does not include interns.	No

GRI indicator	Name	Criteria and premises	Boundaries and reporting period exceptions	Assured indicator
102-49	Changes in reporting	This is the company's first sustainability report. Therefore, this indicator is not applicable.	N/A	N/A
103-1	Explanation of the material topic and its Boundary	Details on the location of impacts and the organization's involvement are described throughout the sustainability report.	N/A	No
201-1	Direct economic value generated and distributed	The DVA is presented according to the format provided for in the Financial Statements and in CPC 09.	N/A	No
204-1	Proportion of spending on local suppliers	<p>For reporting, the following premises are considered:</p> <p>In this indicator, there is a selection of the most significant suppliers, which together represent 80% of the total expenses allocated to the supply chain.</p> <p>(ii) Local suppliers are those less than 80 km from our units.</p> <p>(iii) All units that had expenses with suppliers are considered in the report.</p> <p>(iv) Expenses that include services performed at various units are excluded from the calculation, such as electricity bills, employee benefits and vehicle rental.</p> <p>The financial department is responsible for providing the report with all payments made to suppliers in the year, while the infrastructure department extracts the registration data of suppliers through the Datasul ERP.</p>	N/A	Yes
205-3	Confirmed incidents of corruption and actions taken	<p>The company deems as corruption any type of direct or indirect favor, whether with a private company or public agencies. Confirmed cases are those analyzed and considered valid by the management.</p> <p>The report considers the same premises as indicator 102-8.</p>	N/A	Yes

GRI indicator	Name	Criteria and premises	Boundaries and reporting period exceptions	Assured indicator
206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	The company deems anti-competitive behavior or improper commercial practice any action that interferes with free enterprise and disrespects its competitors. Antitrust practice is defined as actions to limit, adulterate or in any way impair free competition or free initiative; dominating the relevant market for goods or services; arbitrarily increasing profits; abusively exercising a dominant position. We emphasize that our market share still does not correspond to antitrust practice. Confirmed cases are those analyzed and considered valid by the management.	N/A	Yes
301-1	Materials used by weight or volume	The production of steam uses specific raw materials, as shown below with their respective origin: (i) Water: Tax bases and operational reports; (ii) Biomass: Inventory change report (production report); (iii) Chemicals: purchase and consumption report. The calculation rationale considers: (i) Sum of weight of materials broken down by typology; (ii) Estimates are duly indicated in the report; (iii) Renewable materials are those that, normally, are not easily depleted due to the rapid speed of renewal and maintenance capacity, such as biomass and water; (iv) Non-renewable materials are those considered to be exhaustible and have a low rate of renewal, such as chemical products and fossil fuels.	The indicator considers only the company's main activity, steam generation.	Yes
302-1	Energy consumption within the organization	Energy consumption is reported in GJ and considers the following premises: (i) Electricity and burning of fuels whose purchase and/or control are under the company's liability; (ii) Data for unit conversion is based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (IPCC 2006), calculation tool of the Brazilian GHG Protocol Program and the National Energy Balance (BEN); (iii) Data is based on internal information only for the steam produced.	N/A	Yes

GRI indicator	Name	Criteria and premises	Boundaries and reporting period exceptions	Assured indicator
303-5	Water consumption	The company has some specificities in relation to water, as our customers are responsible for the stages of capturing, storing and treating the water used in our operation. Control is carried out through tax bases and operational reports. The Aqueduct Water Risk Atlas of the World Resources Institute (WRI) is used to define areas of water stress. We consider water stress those classified as high risk (3-4) or very high risk (4-5).	For reporting the indicator, exclusively water consumed in our operating activities is considered.	Yes
305-1	Direct (Scope 1) of GHG emissions	<p>Our GHG inventory includes our direct emissions (Scope 1) and indirect electricity emissions (Scope 2) and is assured by an independent third party.</p> <p>The data collected used to prepare our GHG Inventory encompass all our units, thus allowing a consolidated view of the company's CO2e emissions.</p> <p>The calculation of direct and indirect GHG emissions considers:</p> <ul style="list-style-type: none"> (i) Standards and tool of the Brazilian GHG Protocol Program; (ii) All gases (CO2, CH4, N2O, HFCs, PFCs, SF6, NF3); (iii) Operational control as an approach. <p>The data is obtained through internal control sheets, tax reports, production reports, among others. The source of the data is further detailed below, according to the inventory categories:</p> <ul style="list-style-type: none"> (iv) Fixed combustion: Inventory change report (production report) and purchase and consumption report; (v) Mobile combustion: Purchase and consumption report; (vi) Refrigerant gases: Purchase and consumption report and internal controls; (vii) Electricity: Electricity bills. 	N/A	Yes

GRI indicator	Name	Criteria and premises	Boundaries and reporting period exceptions	Assured indicator
305-2	Energy indirect (Scope 2) GHG emissions	<p>Our GHG inventory includes our direct emissions (Scope 1) and indirect electricity emissions (Scope 2) and is assured by an independent third party.</p> <p>The data collected used to prepare our GHG Inventory encompass all our units, thus allowing a consolidated view of the company's CO2e emissions.</p> <p>The calculation of direct and indirect GHG emissions considers:</p> <ul style="list-style-type: none"> (i) Standards and tool of the Brazilian GHG Protocol Program; (ii) All gases (CO2, CH4, N2O, HFCs, PFCs, SF6, NF3); (iii) Operational control as an approach. <p>The data is obtained through internal control sheets, tax reports, production reports, among others. The source of the data is further detailed below, according to the inventory categories:</p> <ul style="list-style-type: none"> (iv) Fixed combustion: Inventory change report (production report) and purchase and consumption report; (v) Mobile combustion: Purchase and consumption report; (vi) Refrigerant gases: Purchase and consumption report and internal controls; (vii) Electricity: Electricity bills. 	N/A	Yes
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<p>The HSE area is responsible for requesting and filing the monitoring reports of the company's boilers.</p> <p>For calculation, the following is considered:</p> <ul style="list-style-type: none"> (i) Emissions contemplated in CONAMA Resolution No. 382/2006; (ii) Average emission rate (kg/h) contained in the monitoring reports, multiplied by the boiler availability hours. 	Does not include SPU Porto Franco emissions.	Yes
306-3	Waste generated	<p>Waste data is obtained through tax reports, internal controls and waste disposal certificates. The source of the data is further detailed below, according to the materials:</p> <ul style="list-style-type: none"> (i) Non-hazardous: Disposal certificates, internal controls and tax bases; (ii) Hazardous: Disposal certificates and internal controls. 	It does not include hazardous and non-hazardous waste whose disposal is not under our liability (administrative waste, PPE, etc.).	Yes

GRI indicator	Name	Criteria and premises	Boundaries and reporting period exceptions	Assured indicator
307-1	Noncompliance with environmental laws and regulations	The company deems as significant fines and noncompliance with environmental laws and/or regulations any fines regardless of the value, provided they are officially recognized (official letters, formal notices, etc.).	N/A	Yes
401-1	New hires and employee turnover	Fees are calculated monthly using the following formulas: (i) Layoff rate: Number of voluntary and involuntary layoffs / Number of active employees in the month) * 100 (ii) Movement fee: Number of hirings + number of voluntary and involuntary layoffs / Number of active employees in the month) * 100 The report considers the same premises as indicator 102-8.	N/A	No
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	The report considers the same premises as indicator 102-8.	N/A	No
401-3	Parental leave	The report considers the same premises as indicator 102-8.	N/A	No
403-1	Occupational health and safety management system	The HSE area is made up of employees spread across the operational units and at our headquarters, which is responsible for consolidating and controlling data. The report considers the same premises as indicator 102-8.	Although the company is structuring the basis to consolidate the number of third-party employees (service providers), they are part of the scope of activities and practices described in the indicator.	Yes

GRI indicator	Name	Criteria and premises	Boundaries and reporting period exceptions	Assured indicator
403-2	Hazard identification, risk assessment and incident investigation	The report considers the same premises as indicator 102-8.	Although the company is structuring the basis to consolidate the number of third-party employees (service providers), they are part of the scope of activities and practices described in the indicator.	Yes
403-3	Occupational health services	The report considers the same premises as indicator 102-8.	N/A	Yes
403-4	Worker participation, consultation, and communication on occupational health and safety	The report considers the same premises as indicator 102-8.	Although the company is structuring the basis to consolidate the number of third-party employees (service providers), they are part of the scope of activities and practices described in the indicator.	Yes
403-5	Worker training on occupational health and safety	The report considers the same premises as indicator 102-8.	N/A	Yes
403-6	Promotion of worker health	The report considers the same premises as indicator 102-8.	N/A	Yes

GRI indicator	Name	Criteria and premises	Boundaries and reporting period exceptions	Assured indicator
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	The company deems as significant impacts on occupational health and safety any accident with leave or occupational disease produced or triggered by performing the work.	N/A	Yes
403-8	Workers covered by an occupational health and safety management system	The report considers the same premises as indicator 102-8.	Although the company is structuring the basis to consolidate the number of third-party employees (service providers), they are part of the scope of activities and practices described in the indicator.	Yes
403-9	Work-related injuries	<p>The report considers the same premises as indicator 102-8, that is, its employees.</p> <p>The company adopts the following definitions:</p> <ul style="list-style-type: none"> (i) Workplace accidents with serious consequences are those that result in hospital/surgical treatment with more than 30 days of leave; (ii) Pursuant to national legislation, accidents that must be mandatorily reported are those at work or on the way that occurred in performing the professional activity at the service of the company or when commuting home/work/residence, and that causes bodily injury or functional disturbance that causes the loss or reduction - whether permanent or temporary - of the ability to work or, ultimately, death. (iii) All accidents and incidents are reported internally; (iv) Rates were calculated based on 1,000,000 hours worked; (v) Hours worked are made available monthly by The People & Management area. 	N/A	Yes

GRI indicator	Name	Criteria and premises	Boundaries and reporting period exceptions	Assured indicator
403-10	Work-related ill health	The report considers the same premises as indicator 102-8, that is, its employees. According to national legislation, the company considers mandatory communication diseases to be those occupational diseases produced or triggered by the performance of work pertaining to a specific activity included in the list of the Ministry of Labor and Social Security.	N/A	Yes
404-3	Percentage of employees receiving regular performance and career development reviews	The People & Management area controls information regarding development (trainings, courses, leadership programs) and performance reviews and feedbacks. The indicators related to performance reviews are extracted from the SER HCM platform and include information from the company's Competency Assessment Cycle. Training is controlled through internal spreadsheets. The report considers the same premises as indicators 102-8 and 405-1.	Does not include interns.	No
405-1	Diversity of governance bodies and employees	To report diversity in the staff, segregation into seven work categories is made: (i) Executive Board (officers); (ii) Management (managers); (iii) Coordination (coordinators, supervisors, leaders and unit managers); (iv) Specialist (specialists, instrumentalists and consultants); (v) Administrative (assistants and analysts in administrative and project areas and laboratory technicians); (vi) Operational (drivers, operators, mechanics, firefighters, electricians, analysts and forestry, general services and O&M assistants); (vii) Intern (interns). The report considers the same premises as indicator 102-8.	N/A	No
419-1	Noncompliance with laws and regulations in the social and economic area	The company deems as significant fines, significant non-monetary sanctions and noncompliance with laws and/or regulations in the socioeconomic area any fines/sanctions regardless of the value, provided they are officially recognized (official letters, formal notices, etc.).	N/A	Yes